

Building the Health and Transparency of Our Business Based on a Strong Sense of Ethics

The NTT Communications Group is mindful of its responsibilities to society as a global IP solutions company. We are focusing on strengthening corporate governance, establishing a compliance framework, and promoting awareness of human rights as vital issues of business.

Corporate Governance

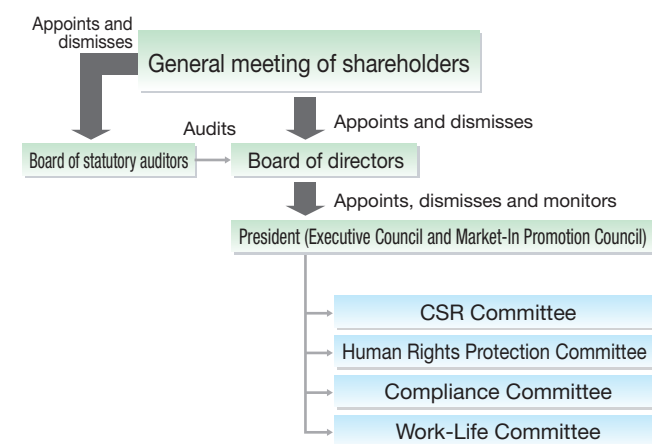
The NTT Communications Group holds a keen sense of ethics and is determined to instill a robust and transparent business culture. We are establishing the following management structures to grapple with the vital business issues of corporate governance.

Governance Framework

The board of directors of NTT Communications is composed of 14 directors (as of September 30, 2005) and in principle meets once a month to decide and report on important matters of business. To strengthen its ability to supervise the fairness with which it executes its business activities, the board also includes one outside director, who observes and participates in the board's deliberations from an independent perspective.

The board of statutory auditors includes three outside statutory auditors. These statutory auditors are present at all important meetings, including those of the board of directors, to audit the execution of Company activities. To provide assistance in the duties, the outside statutory auditors have their own staff and dedicated organization.

Governance framework



To discuss important matters regarding the management of the Company and the Group, the appropriate councils and committees are convened as necessary, and decisions are made after due deliberation. To assist the president in deciding specific measures, a number of councils and committees are established, including the Executive Council, Market-In Promotion Committee, CSR Committee, Human Rights Awareness Promotion Committee, Compliance Committee, and Work/Life Committee.

Internal Regulation

NTT Communications and its main Group companies maintain internal auditing departments that meet annually with other members of the NTT Group. These meetings enable this group to establish consistent auditing of important matters that constitute serious risks for all group companies.

Based on this unified approach, the companies establish self-evaluation processes, internal auditing systems, and internal regulation. After careful evaluation of the effectiveness of these programs, recommendations and instructions for improvement are issued. In this way processes of review of work sequences and other vital processes are continuously repeated, enhancing the value of the NTT Group's internal regulatory functions.

Audits by Statutory Auditors

Under the statutory auditors' leadership, persons responsible for carrying out audits ordered by statutory auditors conduct appropriate audits of the status of the directors' execution of their duties. These auditors meet regularly with accounting auditors and other specialists, maintaining close liaison on audit plans, results of audits, and other information, striving to enhance the strength of the auditing framework.

Compliance (corporate ethics)

The NTT Communications Group recognizes that in order to establish strong corporate ethics, an enterprise must approach all business operations with a strong ethical compass and not merely consent to comply with the law. The Group is actively driving forward a broad array of actions in compliance and corporate ethics guided by the NTT Group Charter on Business Ethics, proclaimed in November 2002.

Building a Framework to Promote Corporate Ethics

The NTT Communications Group is proud of its long history of vigorous efforts to establish corporate ethics. To bolster this stance still further, in November 2002 a Compliance Committee was established within NTT Communications, establishing a framework of responsibility that embraces directors, structures and organizations tasked with responsibility for corporate ethics.

The Corporate Hotline

When NTT Communications established the Compliance Committee, the Company also established an NTT Communications Group Hotline. This hotline is available to employees across the Group, including those at overseas affiliates.

In addition, our parent group (the NTT Group) has established an external office staffed with attorneys for reporting and consultation, which assists in fostering free and frank communication within the group.

Raising Awareness About Corporate Ethics

The NTT Communications Group offers its employees a full menu of options on a continuous basis to learn about corporate ethics, including training programs for all employees, programs tailored to particular management grades, and

external classes/lectures. We are constantly implementing novel and attention-getting ways of stressing concepts of corporate ethics on employees, such as a Group-wide call for compliance slogans.

NTT Group Corporate Ethics Charter

1. Recognizing the establishment of corporate ethics as one of its most important missions, top management shall exert its leadership to ensure that the spirit of this Charter is adopted throughout the company, and shall assume full responsibility for solving any problems when any event inconsistent with that spirit occurs.
2. Every person with subordinate employees shall not only act in a self-disciplined manner, but shall also always provide guidance and assistance to his/her subordinate staff to ensure that their conduct is in conformity with our corporate ethics.
3. Every officer and employee of NTT Group shall not only comply with all laws and regulations, social standards and internal company rules whether in Japan or overseas, but officers and employees shall also hold the highest ethical philosophy within himself/ herself both in public and in any private situations. Among other things, each officer and employee, as an officer or employee of a member of a Global Information Sharing Corporate Group, shall keep himself/herself fully aware that any disclosure of customer or other internal privileged information constitutes a materially wrongful act. Also, as a member of a group of companies which holds great social responsibilities, he/she shall strictly refrain from giving or receiving excessive gratuities from customers, business partners, or other interested parties.
4. Each NTT Group company, at the first opportunity, shall take initiatives to provide training programs in order to help its officers and employees enhance their awareness of our corporate ethics.
5. Every officer and employee of NTT Group shall direct his/her efforts to prevent wrongful or scandalous acts which may potentially occur as specialization and advancement of our business proceeds. Each NTT Group Company shall improve its system to prevent such acts, including, for instance, the re-assignment of contract representatives who have remained with the same customers for a long period of time, and the improvement of monitoring tools to protect customer and other information.
6. Any officer or employee who may come to know of the occurrence of any wrongful act or any scandal shall promptly report the wrongful act or scandal to his/her superior or other appropriate persons. If he/she is not able to make such a reporting, he/she may contact the "Corporate Ethics Help Line (Consulting Center)". It should be noted that every officer and employee who reports the occurrence of any wrongful act or scandal shall be protected so that the reporting party shall not suffer any negative consequences due to such reporting.
7. In the event of an occurrence of any wrongful act or scandal, each NTT Group company shall be committed to the settlement of the problem by taking appropriate steps through a speedy and accurate fact finding process, and responding in a timely, suitable and transparent manner in order to fulfill its social accountability.

Raising Awareness of Human Rights

The NTT Communications Group places great importance on solving inequality and other human rights issues to build a prosperous and livable society that respects human rights. We aim to ensure that our corporate culture does not tolerate discrimination in any form, and we are working every day to solve human-rights and equity problems on an organizational Group-wide basis in the course of our routine business operations.

We believe that each employee must deal with human-rights issues on a personal level. To encourage better understanding and awareness of these issues and foster a deep-rooted understanding of human rights in the context of everyday operations, we provide a wide range of training and awareness-raising programs. Topics covered include equality issues, the disabled, persons of other nationalities residing in Japan, the elderly, sexual harassment, power harassment, and trends in human rights issues in Japan and overseas.

Framework for Promoting CSR

To clarify its management framework for the promotion of CSR, in August 2005 NTT Communications established the CSR Committee with a vice president of the Company as its chair. Two subcommittees reporting to the CSR Committee were also established: the Social Contribution Promotion Committee and the Global Environmental Protection Protection Committee.

Tasked with promoting CSR at NTT Communications, these organizations hold ongoing discussions to formulate basic CSR strategy and issue CSR reports. This CSR promotional framework also maintains close liaison with the companies in the NTT Group.

