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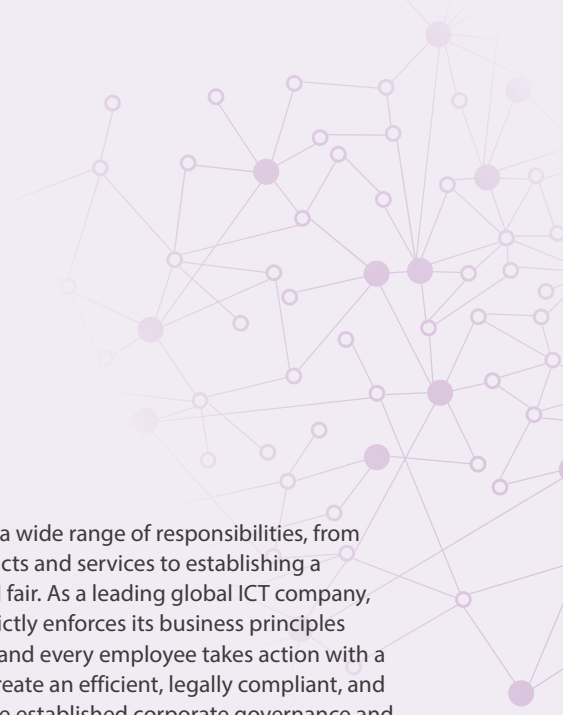
Society expects companies to fulfill a wide range of responsibilities, from providing new value through products and services to establishing a corporate culture that is sincere and fair. As a leading global ICT company, the NTT Communications Group strictly enforces its business principles and other rules to ensure that each and every employee takes action with a sense of responsibility. In order to create an efficient, legally compliant, and ethical business foundation, we have established corporate governance and compliance systems throughout the Group.

### Our Ambition

**A society built on coexistence and mutual trust between stakeholders and companies**

- ◆ A society where corporate actions are closely aligned with laws, regulations, and ethics
- ◆ A society that benefits from corporate activities and daily dialog with stakeholders

Targeted  
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## Fiscal 2017 Activity Results and Fiscal 2018 Targets

### Actions Implemented in Line with CSR KPIs

Following an external reassessment of the materiality conducted from fiscal 2015 to fiscal 2016, we reviewed the range of priority activities toward achieving the “continuous strengthening of corporate governance,” a top corporate priority. We have focused on improvements to accommodate the business environment and social needs, which have changed since the priority activities were originally determined, including advancing ICT throughout society and globalizing the supply chain. Our priority areas for action have accordingly become even more diverse, ranging from compliance and respect for human rights to information security. In fiscal 2017, we attained all our targets, and we intend to incorporate the results into developing our initiatives further in fiscal 2018 on a Groupwide basis.

◆ Fiscal 2017 Activity Results and Fiscal 2018 Targets

Priority Activities	Initiatives	Medium-Term Targets (Form We Want to Take in Five Years' Time)	Fiscal 2017 Targets	Fiscal 2017 Activity Results			Fiscal 2018 Targets	Scope	
				Specific Activities	Quantitative Results	Self-Assessment		Activities	Data
Compliance	Raise awareness and establish compliance throughout the Group  Appropriate prevention and response to violations and misconduct	Becoming a company that practices corporate ethics, including compliance with laws, social norms and internal rules  Maintaining and operating points of contact that consultants and whistleblowers can safely contact as needed Ensuring thorough protection for individuals who report incidents	<ul style="list-style-type: none"> <li>Deliver executive messages on corporate ethics from members of top management to all employees</li> <li>Issue an e-magazine on compliance for all employees</li> <li>Conduct job level-based training sessions, including compliance seminars for senior executives, compliance training for all full-time and temporary employees, new employee training, and other rank-based training</li> <li>Enhance corporate ethics training materials for NTT Communications Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Delivered an executive message on corporate ethics from the president</li> <li>Issued an e-magazine on compliance for all employees</li> <li>Conducted job level-based training sessions, including compliance seminars for senior executives, compliance training for all full-time and temporary employees, new employee training, and other rank-based training</li> <li>Created training materials for overseas Group companies</li> </ul>	—	★★★	<ul style="list-style-type: none"> <li>Deliver executive messages on corporate ethics from members of top management to all employees</li> <li>Issue an e-magazine on compliance for all employees</li> <li>Conduct job level-based training sessions, including compliance seminars for senior executives, compliance training for all full-time and temporary employees, new employee training, and other rank-based training</li> <li>Enhance corporate ethics training materials for NTT Communications Group companies</li> <li>Seek entries for slogans on human rights and compliance</li> </ul>	Within organization	Group companies in Japan and overseas
			<ul style="list-style-type: none"> <li>Maintain and operate various contact points to provide an appropriate and adequate response to consultations and report on diverse issues, and support consultations in languages other than Japanese</li> <li>- NTT Group Corporate Ethics Help Line set up at a law firm</li> <li>- NTT Communications Compliance Hotline</li> <li>- Compliance Hotline set up at NTT Communications Group companies</li> <li>- Workplace Problem Consultation Helpdesk that receives consultations on work-related issues</li> <li>- Human Rights Consultation Helpdesk</li> <li>Conduct training for staff in charge of promoting compliance</li> <li>Strengthen auditing to facilitate the discovery and prevention of illegal activity</li> </ul>	<ul style="list-style-type: none"> <li>Maintained and operated various contact points to provide an appropriate and adequate response to consultations and report on diverse issues, and supported consultations in languages other than Japanese</li> <li>- NTT Group Corporate Ethics Help Line set up at a law firm</li> <li>- NTT Communications Compliance Hotline</li> <li>- Compliance Hotline set up at NTT Communications Group companies</li> <li>- Workplace Problem Consultation Helpdesk that receives consultations on work-related issues</li> <li>- Human Rights Consultation Helpdesk</li> <li>Conducted training for staff in charge of promoting compliance</li> <li>Strengthen auditing to facilitate the discovery and prevention of illegal activity</li> </ul>	—	★★★	<ul style="list-style-type: none"> <li>Maintain and operate various contact points to provide an appropriate and adequate response to consultations and report on diverse issues, and support consultations in languages other than Japanese</li> <li>- NTT Group Corporate Ethics Help Line set up at a law firm</li> <li>- NTT Communications Compliance Hotline</li> <li>- Compliance Hotline set up at NTT Communications Group companies</li> <li>- Workplace Problem Consultation Helpdesk that receives consultations on work-related issues</li> <li>- Human Rights Consultation Helpdesk</li> <li>Conduct training for staff in charge of promoting compliance</li> <li>Strengthen auditing to facilitate the discovery and prevention of illegal activity</li> <li>- Incorporate CAAT (Computer Assisted Audit Techniques) into analysis as part of internal auditing, begin full-scale deployment and expand scope of companies covered</li> </ul>	Within/outside organization	Group companies in Japan and overseas

Achievement levels (self-assessment set at three levels) ★★★: Target achieved, ★★: Target almost achieved, ★: Target only partially achieved



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				Specific Activities	Quantitative Results	Self-Assessment		Activities	Data
Respect for Human Rights	Raise awareness and establish respect for human rights throughout the Group	Understand issues related to human rights awareness at NTT Communications and domestic Group companies as well as overseas Group companies to strengthen initiatives for raising human rights awareness as a global enterprise	Strengthen efforts for developing a Groupwide framework for promoting human rights awareness, including identifying human rights issues at overseas Group companies	Conducted potential human rights impact assessment related to overseas Group companies to understand human rights issues and risks in relevant businesses	Assessment conducted for overseas Group companies: 26 companies	★★★	Strengthen initiatives on human rights due diligence, including identifying priority regional/human rights issues for overseas Group companies and considering and implementing action plans	Within organization	Group companies in Japan and overseas
	Appropriate prevention and response to human rights abuses	Create a Companywide consultation and reporting mechanism capable of preventing and appropriately responding to human rights abuses	Continue to operate and disseminate information on contact points that can effectively and sufficiently respond to consultations and report on diverse issues	<ul style="list-style-type: none"> <li>Disseminated a schedule of face-to-face consultations with professional counselors and information on various internal contact points</li> <li>Disseminated information on contact points through Companywide human rights training and the corporate intranet</li> </ul>	<ul style="list-style-type: none"> <li>Notice on availability of contact points: 12 times (monthly)</li> <li>Participation in human rights training: 17,436 employees</li> </ul>	★★★	Continue to operate and disseminate information on contact points that can effectively and sufficiently respond to consultations and report on diverse issues	Within/outside organization	Group companies in Japan
	Promotion and stringent practice of respect for human rights through contents and services	<ul style="list-style-type: none"> <li>Contribute to raising human rights awareness in society by utilizing ICT</li> <li>Thoroughly eliminate elements from contents and services that appear to encourage human rights abuses</li> </ul>	Protect children's human rights by maintaining access restrictions for "goo," "plala," and "OCN" services based on a list of child pornography website addresses provided by the ICSA	Protected children's human rights by maintaining access restrictions for "goo," "plala," and "OCN" services based on a list of child pornography website addresses provided by the ICSA	<ul style="list-style-type: none"> <li>OCN: more than 200 restricted sites</li> <li>goo: 200 child pornography website addresses added to the restricted access list per week</li> </ul>	★★★	Protect children's human rights by maintaining access restrictions for "goo," "plala," and "OCN" services based on a list of child pornography website addresses provided by the ICSA	Within/outside organization	Group companies in Japan
Risk Management	Continuous upgrades to risk management structure	<ul style="list-style-type: none"> <li>Business risks</li> <li>- Develop a domestic and overseas management structure that enable consistently appropriate responses to environmental and social risk elements such as climate change and scarcity of resources, in addition to economic risk elements</li> <li>Crisis risks</li> <li>- Develop BCP measures for promptly responding to pandemics and natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Business risks</li> <li>- Maintain ongoing efforts to develop a business risk management structure by incorporating activities of overseas Group companies into domestic risk management activities</li> <li>Crisis risks</li> <li>- Implement personal safety confirmation measures for overseas employees during the fiscal year to enable response to crisis risks outside Japan</li> </ul>	<ul style="list-style-type: none"> <li>Business risks</li> <li>- Implement business risk management activities at 8 overseas subsidiaries in fiscal 2017 as a follow-up to measures implemented at the 5 regional headquarters in 2016</li> <li>Crisis risks</li> <li>- Began operating an overseas personal safety confirmation program for employees on business trips, expats, and senior managers at acquired companies</li> </ul>	<ul style="list-style-type: none"> <li>Business risks</li> <li>- Implemented business risk management activities at all 8 overseas subsidiaries</li> <li>Crisis risks</li> <li>- Incorporated data for about 4,000 employees who take business trips each year, expats, and senior managers of 11 acquired companies into the overseas personal safety confirmation program</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Business risks</li> <li>- Further enhance the business risk management activities of the NTT Communications Group by incorporating the 8 acquired overseas companies</li> <li>Crisis risks</li> <li>- Consider and implement measures for the 3 priority risks of human resources, BCP, and press relations as designated by the Business Risk Management Committee</li> </ul>	Within/outside organization	Group companies in Japan and overseas

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				Specific Activities	Quantitative Results	Self-Assessment		Activities	Data
Information Security	Strengthening of Security Management	Deploy various measures to strengthen security management based on collaboration with domestic Group companies as well as overseas Group companies	<ul style="list-style-type: none"> <li>Strengthen security management through collaboration with domestic Group companies to raise competitiveness</li> <li>Bolster process management to ensure the safe handling of confidential information, including personal information</li> <li>Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%)</li> <li>Improve and strengthen security measures at each Group company based on security survey results</li> <li>Bolster collaboration regarding responses to security incidents, including cyberattacks</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a survey of Group companies (12 in Japan, 25 overseas) to confirm the implementation of PDCA cycles for security management</li> <li>Introduced application rules for seeking special access to integrated networks to ensure greater safety in the handling of customer information</li> <li>Established procedures for managing customer information downloaded from operational systems, which were enforced along the security line of all corporate organizations</li> <li>Deployed targeted email attack training at Group companies (4 in Japan, 1 overseas), conducted specialized training for staff in charge of security management, including staff in charge of security at domestic Group companies</li> <li>Confirmed the installation of CSIRT functions at domestic Group companies and visualized functions that will be required by each company</li> <li>Established procedures for handling security incidents at 7 overseas Group companies</li> </ul>	Attendance in Companywide security training: 100%	★★★	<ul style="list-style-type: none"> <li>Strengthen security management in collaboration with domestic Group companies to raise competitiveness</li> <li>Aim for Companywide deployment of internal inspections based on standards for system audits and information security audits, conduct trial operations related to service fees</li> <li>Bolster process management to ensure the safe handling of confidential information, including personal information</li> <li>Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%)</li> <li>Improve and strengthen security measures at each Group company based on security survey results</li> <li>Bolster collaboration regarding responses to security incidents, including cyberattacks</li> </ul>	Within organization	Group companies in Japan and overseas
	Development of Security Specialists	<ul style="list-style-type: none"> <li>Develop security training to raise individual skills required for responding to security issues as ICT professionals</li> <li>Fiscal 2020 target: more than 2,400 people (Advanced level: several people; Intermediate level 1,900; Elementary level 500 people)</li> </ul>	Raise the skills of intermediary-level personnel Advanced level qualification: 12	Sought to bolster security skills by participating in security contests hosted by the holding company, organizing training for obtaining intermediary-level qualifications, and expanding the training menu	Number of personnel who qualified in fiscal 2017 Advanced level: 221 Intermediary level: 4 Elementary level: 11	★★	Develop personnel who provide support to stationary daily operations (expand scope and upgrade: no skills → Elementary level → Intermediate level), develop personnel to support major events in 2020	Within organization	Group companies in Japan
	Appropriate Management of Personal Information	Maintain a sharp sense of awareness concerning the importance of customer information and consistently develop advanced mechanisms based on cutting-edge technologies to prevent information leakage	Comply with the revised Personal Information Protection Law	Revised rules on information security and protection of customer information in line with revisions in Japan's Personal Information Protection Law	Same as left	★★★	<ul style="list-style-type: none"> <li>Comply with the European Union's General Data Protection Rules</li> <li>Upgrade PrivacyMark</li> </ul>	Within organization	Group companies in Japan

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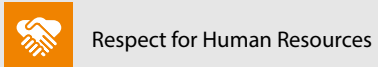
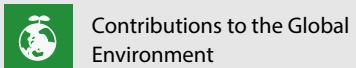
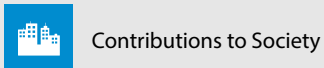
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## Continuous Strengthening of Corporate Governance

### Our Core Business Principles and Guidelines

#### Our Business Principles and Commitment to Stakeholders

Our Business Principles (OBP) clearly expresses the principles that must be understood and adopted by each and every employee of the NTT Communications Group.

Complying with OBP and putting it into practice is intrinsically connected with maintaining a perspective that respects the needs of stakeholders. In the course of engaging with various stakeholders, we may at times become uncertain as to what constitutes the right decision or action. OBP is shared among employees so that we get back to the basics and can depend on ourselves to take the right action. Guided by OBP, we will strive to become a trusted company that satisfies the needs of customers and society.

We believe that by continuing to ensure that our actions are lawful, fair, and ethical, we are helping to meet the SDGs, particularly SDG 10 "Reduced Inequalities" and SDG 16 "Peace, Justice and Strong Institutions." This philosophy is shared globally among Group companies and employees as well as with our business partners.



For more information on Our Business Principles, see:  
<https://www.ntt.com/en/about-us/we-are-innovative/obp/>

#### Our Approach and Results of Stakeholder Engagement

Our dialogs with stakeholders provide invaluable opportunities for listening to their opinions and incorporating these into our business. We strive to maintain close contact with stakeholders by flexibly creating diverse opportunities for dialog, from periodic events to discussions on specific topics. Through these activities, we will continue to engage with stakeholders to reflect their opinions in our business.

##### Dialog with Stakeholders and Major Topics

Stakeholders	Opportunities for Engagement	Main Purposes	
Customers	<ul style="list-style-type: none"> <li>We gather feedback through such means as customer satisfaction (CS) surveys and take steps to improve satisfaction levels.</li> </ul>	<ul style="list-style-type: none"> <li>Voice of Customer (VOC) Survey, CS surveys</li> <li>Exchange of opinions at the NTT Communications Forum</li> <li>Exchange of opinions based on daily interaction with customers</li> </ul>	<ul style="list-style-type: none"> <li>Improve the quality of products and services</li> <li>Explore new products and services</li> <li>Continuously enhance customer service</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>We constantly exchange opinions to raise customer satisfaction and establish CSR throughout the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Arcstar Carrier Forum (ACF)</li> <li>Customer Council</li> <li>Partner Summit</li> <li>Surveys, daily exchange of opinions</li> </ul>	<ul style="list-style-type: none"> <li>Improve the quality of products and services</li> <li>Explore new products and services</li> <li>Ensure fair business practices</li> <li>Ensure green procurement and respect for human rights</li> </ul>
Society at Large	<ul style="list-style-type: none"> <li>We create opportunities for engaging with diverse stakeholders in society to understand the issues and current status.</li> </ul>	<ul style="list-style-type: none"> <li>Dialog with stakeholders</li> <li>Exchange of opinions with NPOs, NGOs</li> <li>Social contribution activities</li> <li>Environmental protection activities</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to the development of a sustainable society</li> <li>Participate in social contribution and community activities</li> <li>Seek harmony with local communities</li> <li>Fulfill responsibility as a corporate citizen</li> </ul>
Employees	<ul style="list-style-type: none"> <li>We consistently incorporate employees' opinions to ensure effective employment and sustain employee motivation.</li> </ul>	<ul style="list-style-type: none"> <li>Comments from the president during dialog meetings and lectures</li> <li>Feedback collected through the corporate intranet and helpline</li> <li>KAIZEN Support Line</li> <li>Employee satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Broadly establish the corporate vision and philosophy</li> <li>Ensure decent work</li> <li>Create customer value and seek self-development</li> <li>Realize value in work</li> </ul>



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## > Guidelines for Diverse Business Activities

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

### ◆ Examples of Policies and Guidelines for Priority Areas and Priority Activities

Priority Areas and Priority Activities		Policies and Guidelines	Page in Report
Contributions to Society	Innovation that supports a networked society	Corporate Vision 2020	15
	Ensure highly reliable mission-critical infrastructure	NTT Communications Three Disaster Policy Fundamentals to Address Disasters	17
	Creating robust network security for our customers	NTT Communications Security Declaration	19
	Continuous improvement in customer satisfaction	Our Mindset	21
	Cooperating with suppliers	Basis Policy on Procurement	23
	Social contributions and community development	Social Action Principles	26
Contributions to the Global Environment	Basic Philosophy and Vision	NTT Communications Group Global Environmental Charter	33
		Environmental Statement	33
		Eco Strategy 2030	34
Preserving biodiversity	Action Guidelines with Regard to Preservation of Biodiversity	50	
Respect for Human Resources	Nurturing human resources	Policy on Human Resources Development and Nine Ideal Employees	61
	Respect for diversity, equal opportunity, and other objectives	Promotion of Diversity Fundamental Policy	65
Continuous Strengthening of Corporate Governance	Respecting human rights	Basic Policy on Human Rights Education	82
	Internal controls	Basic Approach for Maintaining an Internal Control System	84
	Ensuring information security	NTT Communications Security Declaration	86

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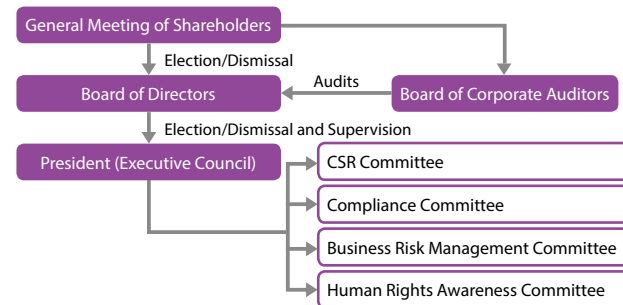
### Corporate Governance

#### > Corporate Governance Structure

NTT Communications has adopted a governance structure based on a system of Board of Directors and Board of Corporate Auditors to bolster its governance functions. The Board of Directors comprises 17 members and is chaired by the president. In principle, the board meets once a month to make key management decisions in compliance with laws and regulations, the Articles of Incorporation, and the Board of Directors' rules.

The Board of Corporate Auditors comprises three external auditors. In addition to attending important meetings, such as the meetings of the Board of Directors, they hold meetings of the Board of Corporate Auditors to audit the execution of directors' duties with an emphasis on confirming the legality and appropriateness of management decisions. A dedicated organization and staff facilitates efficient audit operations. The corporate auditors seek to strengthen the audit structure by periodically sharing information on audit plans and results with accounting firms and relevant parties to maintain close cooperation.

#### ◆ Corporate Governance Structure



#### ◆ Composition of Board Directors and Auditors (as of June 22, 2018)

Directors	Name	Main Responsibilities and Roles
President & CEO	Tetsuya Shoji	
Senior Executive Vice Presidents	Toru Maruoka	Sales Corporate 2020 Project
	Masaaki Moribayashi	Technology Services Operations Information Security Global Business
Executive Vice Presidents	Eiichi Tanaka	CSR
	Denji Sakurai	Head of Fourth Sales Division
Senior Vice Presidents	Kazuhiro Gomi	President and CEO of NTT America, Inc.
	Ken Kusunoki	Head of Third Sales Division
	Takanobu Maeda	Head of Global Business
	Shuichi Sasakura	Head of Network Services
	Yoichiro Takaya	Head of Fifth Sales Division
	Naoki Kajita	Head of ICT Consulting Dept.
	Keigo Kajimura	Head of Solution Services
	Hiromasa Takaoka	Head of Customer Services
	Junichi Kudo	Head of Voice and Video
	Mamoru Watanabe	Head of Applications and Content
Corporate Auditors	Hidetaka Nishikawa	Head of Service Infrastructure
		Head of Second Sales Division
		Head of Tokyo 2020 Taskforce
	Satoshi Shinoda	
	Yoko Kobayashi	

#### > Appointing Directors

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

### CSR Governance

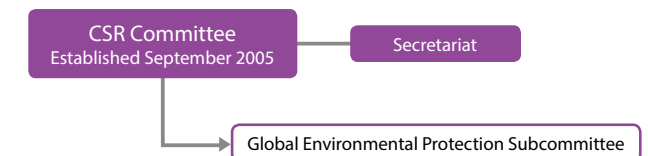
#### > CSR Promotion Structure

The NTT Communications Group promotes CSR initiatives through the CSR Committee. Chaired by the managing director in charge of CSR, the committee is responsible for establishing a structure for implementing management initiatives from economic, environmental, and social perspectives. Under this committee we have set up the Environmental Protection Subcommittee.

The CSR Committee meets annually to issue CSR reports, report on CSR activities, and consider and implement measures for promoting CSR activities. In fiscal 2017, representatives of 13 major Group companies attended the CSR Committee meeting. Matters reported to and discussed by the committee, including important information related to social or environmental risks, are shared with the Board of Directors as needed.

We will continue to promote and establish our CSR initiatives across the entire NTT Communications Group by continually discussing the issues during regular meetings of the CSR Committee.

#### ◆ CSR Promotion Structure



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## > Assessment Process for CSR Governance

To ensure the effective functioning of our structure for promoting CSR activities, we have continuously operated an established mechanism for reviewing the results of our activities.

Specifically, we regularly establish CSR KPIs that serve as targets for key CSR activities for each fiscal year. Moreover, we gauge the effectiveness of our CSR governance by verifying and reviewing the level of achievement every year.

The CSR KPIs are determined by the CSR Committee, and the chairman is responsible for overall results. In addition to verifying the level of achievement, the CSR Committee also assesses the effectiveness of the KPIs themselves. The committee meets once a year.

It is charged with continually reviewing the CSR management mechanism, including reviewing the Fundamental CSR Policy and updating the KPIs. In fiscal 2017, we linked our priority activities with the UN Sustainable Development Goals (SDGs) and confirmed and evaluated the effectiveness of our KPIs. From fiscal 2018 forward, we will seek to help achieve the SDGs and steadily implement PDCA cycles in our CSR activities by setting fiscal 2018 targets in accordance with our medium-term targets (vision).

## > Outside Advice for Management

As a global ICT company, we believe that we have an important responsibility for conducting business with due consideration to the diverse outlook of our stakeholders. With this in mind, each executive not only participates in dialogs as part of daily business but also takes part in internal and external meetings and individual interviews. To incorporate the perspective of sustainability into our business strategies, we believe it is important to exchange opinions with internal and external experts, and we will continue to convene dialogs involving management and outside experts.

Following our dialog in fiscal 2016, we invited Kaori Kuroda, Executive Director of CSO Network Japan, for another dialog with our CSR Committee chairperson in fiscal 2017. We discussed the significance and results of our efforts to incorporate the SDGs into our priority CSR activities and our expectations for the future as the central themes of our discussion and received a number of important ideas for management strategy moving forward. Ongoing dialog with experts by department personnel delegated by management to promote the sustainability strategy is shared with management as appropriate by the CSR Committee.

### ◆ Dialog Between Experts and the CSR Committee Chairperson



Kaori Kuroda, Executive Director, CSO Network Japan (left)  
Eiichi Tanaka, Executive Vice President and Chairperson of the CSR Committee (right)



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## Thorough Compliance

### Compliance Promotion Framework

For the NTT Communications Group, compliance goes well beyond merely adhering to laws and ordinances. We believe that compliance also entails operating a business in accordance with the highest ethical standards for living up to public expectations, and we strive to establish similarly high standards of corporate ethics.

Specifically, we have created a system of accountability with our fiscal 2002 launch of the Compliance Committee, chaired by the director in charge of compliance, and by assigning compliance promotion leaders and staff to each unit. With the ongoing globalization of the Group's business, compliance risks have become increasingly complex and global in nature. In response, we formulated Global Compliance Regulations and disseminated them in both Japanese and English as a common compliance policy for Group companies in Japan and overseas. We have since conducted audits to confirm the status of compliance and implementation and delivered messages from top management for reinforcing corporate ethics across the Group to establish widespread understanding of the rules.

Looking ahead, we will continue to pursue various initiatives based on the NTT Group Corporate Ethics Charter toward establishing an environment in which everyone in the Group, from top management to each individual employee, engages in their job with high ethical standards. We will also seek to bolster the global compliance promotion framework of the NTT Communications Group.



For more information on the NTT Group Corporate Ethics Charter, see:  
[http://www.ntt.co.jp/csr\\_e/governance/compliance.html](http://www.ntt.co.jp/csr_e/governance/compliance.html)

### Initiatives for Preventing Corruption

To prevent corruption, including bribery and bid-rigging, NTT Communications adheres to the National Public Service Ethics Code and formulates and operates guidelines and manuals for preventing bribery of foreign public officials. To clarify the appropriate measures we have in place against bribery, we abolished our guidelines on preventing bribery of foreign officials in August 2017 and formulated new guidelines and detailed rules against bribery in line with the aforementioned Global Compliance Regulations. We also formulated similar guidelines for Group companies to prevent corruption throughout the Group. In addition, we take up the prevention of corruption as a topic in our compliance training to remind employees of the associated risks.

### Appropriate Advertising

The moral and ethical impact on society of advertising has come under greater public scrutiny. Meanwhile, as telecommunication services such as the Internet and mobile phones become foundations for daily life for our customers, service menus and fee structures have become increasingly complex and diverse, requiring the need to present information in a way that is easier to understand.

NTT Communications adheres to the Voluntary Standards and Guidelines on Advertising Displays for Telecommunication Services established by the Telecom Services Promotion Conference\* to ensure the reliability of information it presents so that customers can safely choose and use our services.

Specifically, we have established a structure for ensuring the appropriateness of our advertising by formulating our Rules on Advertising in November 2008 to incorporate a list of

expressions that may be misleading or appear to encourage gambling. While we seek to raise employee awareness and understanding of the proper approach to advertising, we have also set up a screening system for certain types of advertising, and designated leaders in each department conduct voluntary screening, thereby establishing the procedures for ensuring compliance with the Act against Unjustifiable Premiums and Misleading Presentations.

As well as complying with this and other laws, we will make further efforts to reassure customers with regard to our advertising activities when they choose services provided by NTT Communications.

\*Telecom Services Promotion Conference: A council consisting of four telecommunications industry groups: the Telecommunications Carriers Association, Telecom Services Association, Japan Internet Providers Association, and Japan Cable and Telecommunications Association.

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## Awareness-Raising Programs and Training for Thorough Compliance

To ensure thorough legal compliance and fair business activities, companies are required to implement awareness and training programs for Group employees and directors on an ongoing basis. At NTT Communications, we provide annual compliance training to all employees and directors, and we expanded the scope of participation to include all members of management, including non-Japanese managers, in fiscal 2017. We also actively conduct internal awareness programs, including surveys on corporate ethics, invite entries for compliance slogans, and issue email newsletters.

Specifically, during compliance training, which forms the basis of compliance awareness development and education for the entire Group, we examine concrete case studies that may involve compliance violations to confirm the appropriate action. We attach great importance to surveys on corporate ethics because they allow us to listen closely to those at frontline business sites. We conducted a survey in fiscal 2017 and are seeking to enhance initiatives based on the results toward further raising compliance awareness across the entire Group.

## Consultation Hotline

We established the NTT Communications Group Hotline, which is accessible by Group employees in all countries. Additionally, the NTT Group operates an external contact point for consultation and reporting, staffed by lawyers, to foster an open corporate culture.

In fiscal 2017, there was a total of 94 incidents reported through these two channels that were related to the NTT Communications Group. The Compliance Office responded appropriately to these reports after investigating the facts, and actions were taken as needed to prevent a recurrence.



Access the external contact point for the NTT Group Corporate Ethics  
Helpline at:

[http://www.ntt.co.jp/csr\\_e/pdf/Help-Line.pdf](http://www.ntt.co.jp/csr_e/pdf/Help-Line.pdf)

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## Respect for Human Rights

### Promoting Human Rights Education

To create a rich corporate culture founded on respect for human rights, we laid out our Basic Policy on Human Rights Education in July 1999 to raise employee awareness. Also, we set up the Human Rights Awareness Committee to firmly establish a corporate constitution that does not tolerate discrimination of any kind as well as to promote awareness of the issues. Guided by the NTT Group Human Rights Charter, established in 2014, the committee reports on human rights education activities and plans related measures.

#### Basic Policy on Human Rights Education

As a company that develops business on a global basis, NTT Communications places the utmost importance on solving human rights issues, including discrimination, as a part of its efforts to build a rich corporate culture that respects human rights. As we strive to maintain a corporate constitution that does not tolerate any form of discrimination, we are working to find solutions to human rights and discrimination issues through every facet of our day-to-day business activities.

For more information on the NTT Group Human Rights Charter, see:  
[http://www.ntt.co.jp/csr\\_e/communication/team-ntt/02.html](http://www.ntt.co.jp/csr_e/communication/team-ntt/02.html)

### > Corporate Constitution that Respects Human Rights

Placing the utmost importance on human rights, we seek to establish a corporate constitution that does not tolerate any form of discrimination and is intended to establish bright and energetic workplaces.

#### ◆ NTT Communications Group Framework for Promoting Human Rights Education

Human Rights Education Promotion Committee

Human Rights Education Promotion Executive

Human Rights Education Department

#### Respective Responsibilities in the Promotion Framework

Human Rights Education Promotion Committee	Formulates basic policies, action plans, and measures for initiatives pursued by the NTT Communications Group
Human Rights Education Promotion Executive Committee	Responsible for executing the actions determined by the Human Rights Education Promotion Committee
Human Rights Education Department	Serves as the secretariat for the Human Rights Education Promotion Committee and Human Rights Education Promotion Executive Committee, responsible for the Groupwide deployment of initiatives

### > Human Rights Due Diligence

To identify any negative impact our business activities may have on human rights, we exercise due diligence by conducting a potential impact assessment of human rights risks using various related data as well as a potential impact assessment based on interviews with stakeholders on the results of the first assessment.

In concrete terms, we conduct human rights management surveys in collaboration with our holding company Nippon Telegraph and Telephone Corporation to grasp priority human rights issues, designate priority human rights themes for the NTT Group, and plan and implement action plans that address the designated human rights concerns.

### > Measures for Raising Human Rights Awareness

Companies have recently been subject to growing public demand for creating frameworks for protecting human rights that are closely aligned with the nature of each business. The NTT Communications Group is a global ICT provider, and a diverse array of full-time and temporary employees participate in our business operations. Accordingly, we promote respect for human rights with due consideration for diversity.

We have made it mandatory for all full-time and temporary employees of the NTT Communications Group to attend the All-Employee Human Rights Education Training sessions, which are designed to foster a heightened sense of awareness within each and every employee. During training for fiscal 2017, we sought to encourage a deeper understanding of harassment and cross-cultural communication by enhancing the content of seminars on LGBT issues and introducing more examples of our internal response to concerns such as the UK Modern Slavery Act of 2015. We will seek to ensure that employees remain conscious of human rights in their daily operations by encouraging them to frequently review the NTT Group Human Rights Charter and NTT Communications Group's Basic Policy on Human Rights Education and by widely disseminating information on our multiple contact points for consultation.

In addition to training, we invite entries for human rights and compliance slogans as an opportunity for each employee to consider the importance of human rights.

In fiscal 2017, we received 20,405 entries from 11,215 people, comprising full-time and temporary employees at all Group companies, including overseas subsidiaries and members of employees' families.

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We will continue to engage in various educational measures and to foster respect for diversity and acceptance of differences toward creating brighter and more vibrant working environments.

### ◆ Contact Points for Human Rights Issues

The NTT Communications Group has set up internal and external contact points for employees to consult on issues that arise in the workplace. We also disseminate information through training sessions and email newsletters to raise awareness of the contact points among full-time and temporary employees.

## Respect for Human Rights in Content and Services

Internationally, companies are required not only to do their utmost to avoid infringing on human rights but also to take action from the standpoint of preventing complicity, which includes ensuring that any information they release does not contain any elements possibly encouraging human rights violations, and that no business partner responsible for providing services is or has been involved with a human rights offender. Accordingly, we are making an industry-wide effort to eliminate violence and pornography. For example, we block the Internet access of our individual customers to websites containing such content. Moreover, we conduct procurement practices with due consideration for CSR when selecting suppliers.



For more information on initiatives against child pornography, see:

[https://www.ocn.ne.jp/info/announce/2011/04/21\\_1.html?\\_ga=2.90582362.1582685654.1509433276-864394619.1509433276](https://www.ocn.ne.jp/info/announce/2011/04/21_1.html?_ga=2.90582362.1582685654.1509433276-864394619.1509433276)



Please see the "Contributions to Society" section of this report for information on our participation in public initiatives against child pornography.

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## Priority Activities Risk Management

### Business Risk Management

We established the Business Risk Management Committee to develop a system and mechanisms for more effectively responding to major business risks that may affect our corporate management.

We reorganized the system in fiscal 2010, identifying 25 material risk items in our Risk Definition Report and adopting a mechanism in which the management status of material risks is monitored through audits. At the same time, we sorted out our risk-related operations and boosted efficiency. Since then, we have continuously requested that each organization identify the risks as well as review and revise their policy and measures for addressing risks. Furthermore, we ask the heads of each organization, including directors, for a self-evaluation on the status of organizational risk management, confirmation that no risks have been overlooked, and operational audits of the status of each organization's measures against risk. We have extended these activities to principal Group companies in Japan to promote risk management throughout the Group.

In the event that a material risk occurs, we will set up a Disaster (Accident)/Risk Response Headquarters headed by the president or senior executive president as needed, to provide the structure for gathering accurate information and making appropriate decisions.

### Crisis Management

In the aftermath of the Great East Japan Earthquake, we have seen growing public interest in crisis management for times of emergency, such as large-scale natural disasters. With a renewed awareness of our mission as a company responsible for maintaining social infrastructure through communication, we have strengthened our management structure to accelerate our response to contingencies and have sought to instill that awareness in all departments by ensuring strict adherence to manuals and organizing drills. Particularly since fiscal 2013, we have laid out an operational plan to prepare against a pandemic in compliance with the Act on Special Measures for Preparedness and Response against Pandemic Influenza and New Infectious Diseases, and we are currently formulating a related concrete business continuity plan (BCP). Furthermore, to comply with Japan's Disaster Countermeasures Basic Act and Act on Measures for Protecting Japanese Nationals in Armed Attack and Other Situations, we have established and publicly disclosed our Operational Plan for Disaster Prevention and Operational Plan for the Protection of Japanese Nationals in order to fulfill our responsibility as a designated public institution.

 For more information on NTT Communications' initiatives against disaster, see:  
<https://www.ntt.com/about-us/cs/saitai.html>

### Internal Controls

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

#### Basic Approach for Maintaining an Internal Control System

1. In maintaining a system of internal controls for complying with laws and regulations, managing any risk from losses and carrying out proper and efficient business operations, NTT Communications takes a variety of measures to prevent and minimize loss.
2. NTT Communications has established the Legal and Internal Audit Department to maintain and assess effectiveness with regard to operational status of the above system of internal controls. As a monitoring organization, the department is responsible for regular audits and special audits of high-risk areas common to the NTT Group, in keeping with the standardized auditing criteria of Nippon Telegraph and Telephone Corporation. The necessary improvements are made following assessments of system effectiveness.
3. NTT Communications will cooperate with Nippon Telegraph and Telephone Corporation and take appropriate measures to ensure the reliability of its system of internal controls based on the U.S. Public Company Accounting Reform and Investor Protection Act (Sarbanes-Oxley Act) and Japan's Financial Instruments and Exchange Law.
4. As the chief executive officer, the president is responsible for ensuring the development and implementation of the system of internal controls.
5. We will take all necessary steps to comply with Nippon Telegraph and Telephone Corporation's Basic Policies Concerning the Maintenance of Internal Control Systems.

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## Internal Audits

NTT Communications conducts internal audits of its internal organizations and Group companies including those based overseas. Led by the Legal and Internal Audit Department, these audits meet the needs of a global, seamless business management, with an emphasis on business risks. Through the audits, we are working to reduce risk at individual organizations and Group companies while proposing operational improvements to strengthen internal controls throughout the entire NTT Communications Group.

We have been focusing on auditing our labor management from fiscal 2017 to fiscal 2018, and no major inadequacies have been found to date.

Our various efforts have earned us recognition as a company that proactively audits overseas Group companies and makes use of cutting-edge auditing techniques such as computer-assisted audit techniques (CAAT), which utilizes big data. In September 2017, we received the 31st Chairman Award of the Institute of Internal Auditors of Japan's, which recognizes the contributions of companies and management organizations in relation to the dissemination and development of internal audits. In the years ahead, we will widen the scope and begin full-scale application of CAAT.

Part of the prize money was donated to an organization supporting children who are unable to live with their families, an activity that was recognized with the Employee Award for Social Contribution Activities presented by NTT Communications as part of its social contribution.

◆ Award ceremony for the 31st Chairman's Award of the Institute of Internal Auditors of Japan



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## Ensuring Information Security

### Basic Policy

The NTT Communications Security Declaration has been our basic policy for conducting business based on our belief that adhering to strict security management standards will lead to improving security and delivering benefit to our customers.

#### NTT Communications Security Declaration

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 ICT 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 ICT solution partner entrusted with our customers' vital information, we will work with them at all times to ensure their security.
3. Business partners and contract employees are also important supporting members of NTT Communications. We will therefore collectively strive to ensure our own security.



For more information on our Security Declaration and Information Protection Policy, see:

<https://www.ntt.com/en/about-us/we-are-innovative/obp/support-obp.html>

### Protection of Customer Information and Personal Information

We operate in strict compliance with laws and regulations as well as the Ministry of Internal Affairs and Communications' guidelines relating to the protection of personal information. In situations in which we subcontract the handling of customer personal information, we select subcontractors that meet the standards for handling customer information. In fiscal 2017, we conducted study meetings on the revised Act on the Protection of Personal Information with about 100 participants, including staff in charge at Group companies.

In 2002, we obtained the Information Security Management Systems (ISMS) certification, primarily for our corporate sales and maintenance divisions, and the PrivacyMark certification in 2004. Furthermore, to comply with the General Data Protection Regulation (GDPR), enacted in the European Union in May 2018, we revised internal rules, confirmed the conditions for providing service, established Standard Data Protection Clauses, and organized training for employees.

We continue to protect our customers' information and personal data so they can utilize our services without concern.

\*1 A screening and certification system for assessing whether an information security management system conforms to JIS Q 27001 (ISO/IEC 27001) standards.

\*2 A registered trademark granted for use by companies that have been certified by the JIPDEC (Japan Information Processing Development Corporation) as having established a system for appropriately protecting personal information in compliance with Japanese Industrial Standard JIS Q 15001 requirements for personal information management systems.



WEB For more information on our policy concerning the handling of personal information, see

<https://www.ntt.com/en/about-us/hp/privacy.html>

### Raising Workplace Awareness and Providing Thorough Training

Having positioned "ensuring information security" as a key focus of our management foundation (governance) in the field of CSR activities, we have consistently pursued our initiatives by setting CSR KPIs, which encompass a wide range of activities such as strengthening the reliability of our information handling processes, obtaining and maintaining Information Security Management Systems (ISMS) certification, and conducting security surveys. Furthermore, we provide training for employees in order to raise workplace awareness as a critical responsibility for an ICT enterprise.

As an entity working to sustain a safe and secure networked society, NTT Communications will accelerate the pace of its ongoing initiatives, including those at overseas Group companies.

#### ◆ Information Security Training Attendance

Types of Training	FY2016	FY2017
Information security training (total)	15,753	13,050
Companywide security training/ Assessment of understanding	15,635	12,928
Training for managers and leaders in charge of implementing security management	118	122

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## Information Security Management Structure

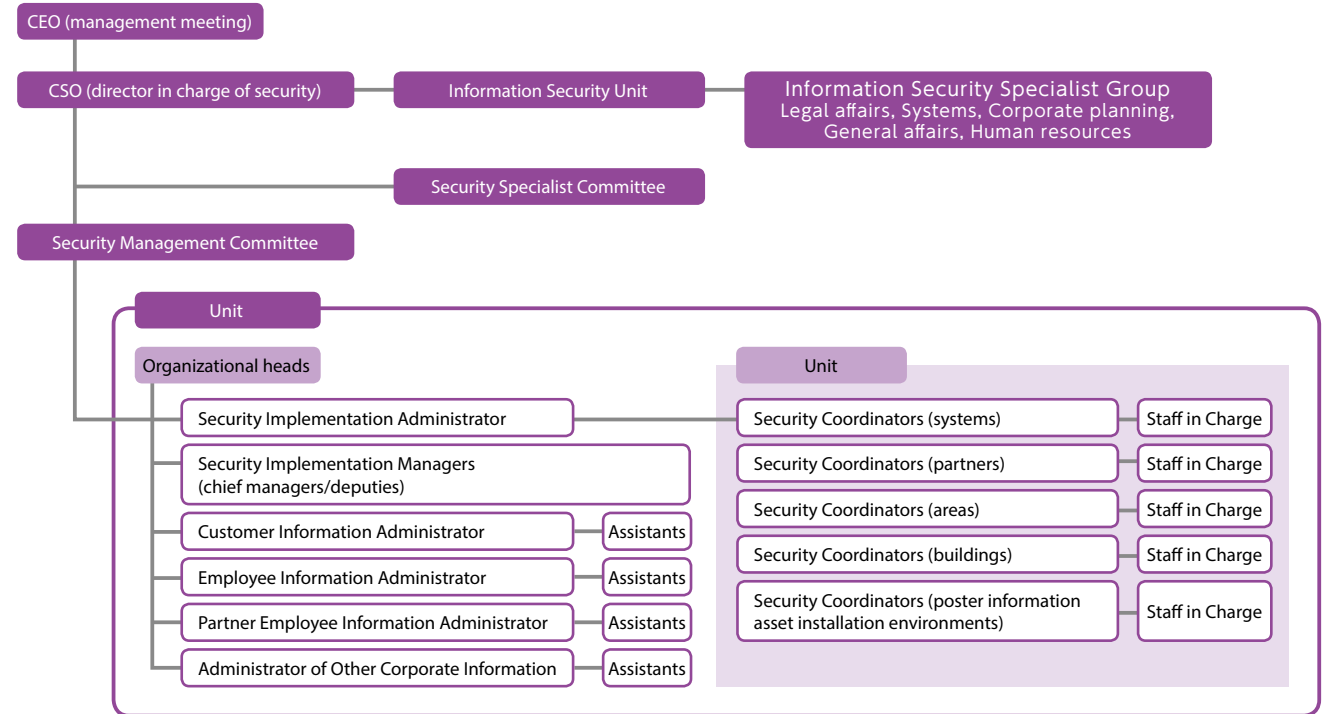
We have established common benchmarks on information security management for our operations in Japan and overseas, based on the requirements of ISO/IEC 27001, the international standard for ISMS. Also, we are enhancing the Group's information security governance through ongoing management activities aimed at raising the standard of our initiatives, centered on regular monitoring of compliance and corrective action.

Specifically, the Security Management Office under the Chief Security Officer (CSO) does the following.

1. Formulates rules and standards and educates all employees to raise their awareness
2. Draws up and implements Companywide information security policies
3. Monitors compliance with information security regulations and takes any necessary corrective action
4. Ensures a unified response to information security incidents

In fiscal 2017, we implemented major initiatives, led by the information security department (NTT Com-SIRT). We addressed software vulnerabilities and continued to apply the WideAngle comprehensive risk-management service to IT systems throughout the Company to reduce security risks. We also sought to enhance the level of our security risk management through initiatives that included the implementation of centralized management over Companywide IT systems using the platform for distributing information on vulnerability assessments.

### ◆ Security Management Framework



## Third-Party Assessment and Certifications

As of March 2018, 21 Group companies, comprising 8 Group companies in Japan and 13 Group companies overseas, have obtained external certification for their information security management systems.

Seven companies that primarily handle personal information entrusted by customers have obtained PrivacyMark accreditation in recognition of their systems for protecting personal information.