

NTT Communications Corporation CSR Report 2018


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In accordance with its Fundamental CSR Policy, the NTT Communications Group respects employee diversity and strives to create workplace environments that champion self-fulfillment. Realizing “workplaces with high professional awareness” and “fair workplaces in which personnel maintain a mutual respect for diversity” naturally requires developing employee self-initiative and building structures to encourage independent thinking. Following these concepts, we have positioned the Groupwide initiatives to be addressed as core measures and are promoting ongoing improvements. These include the fair treatment of personnel and the development of training systems, the creation of workplaces where diversity is respected, and the upgrading of measures designed to maintain and enhance employee health. In view of the recent trend toward borderless economies, we are following our customers’ lead and continuing to conduct our international business seamlessly. As an ITC professional capable of providing services around the world, we fulfill our social responsibilities by maintaining high ethical standards throughout our corporate activities.

Our Ambition

A society where everyone acknowledges and lifts each other higher

- ◆ A society where diversity is respected in terms of individuality, attributes and ideology
- ◆ A society where people can use their abilities to the fullest

Targeted
SDGs



Fiscal 2017 Activity Results and Fiscal 2018 Targets

Actions Implemented in Line with CSR Indexes

After our materiality reassessment from fiscal 2015 to fiscal 2016, which included external opinions, we expanded the range of our activities for addressing "Respect for Human Resources," one of our CSR Priority Activity. Particularly in recent years, spurred on by global initiatives such as the UN's SDGs and GRI Guidelines, and responding to the growing public interest in such concerns as building mutually beneficial relationships with human resources and demonstrating commitment to "decent work" (satisfying work with human dignity), we expanded the priority activities for this area. The addition of "Human Resource Development" and "Maintaining and Improving Employee Health" established a more diverse set of medium-term targets.

In fiscal 2016, the first year for conducting activities under these new targets, we were able to record "achieved" or "almost achieved" for most of them. In fiscal 2017, in light of the results of respective activities, we intend to take further action as a corporate group that pursues ever-greater emphasis on respect for diversity and the vitality of human resources.

◆ 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
Human Resource Development	Maintenance and improvement of motivation	To consistently maintain and improve motivation among NTT Communications Group employees	<ul style="list-style-type: none"> Implement measures to continuously maintain and improve employee motivation through surveys to all employees Expand implementation of employee awareness surveys across the Group companies 	<ul style="list-style-type: none"> Continuously maintained and improved employee motivation based on employee satisfaction surveys Conducted trial employee satisfaction surveys in overseas Group companies 	<ul style="list-style-type: none"> The employee satisfaction survey results indicated improvement (positive response ratio: 59.8%, +1.1 points above the previous year) Recognized as the best large corporation to work in 2018 by Great Place To Work® 	★★★	Review and analyze employee satisfaction survey responses to identify issues and develop and implement action plans to continuously maintain and improve employee motivation	Within organization	Group companies in Japan and overseas
	Building a career development program	Environmental enhancements for improving Companywide skills in new business fields	Training time per person: more than 19 hours	In data science and intellectual property, the specialty fields (subcategories) that were newly added in 2016, Milestone Level 3, was achieved for the first time; executed activities for raising skill levels Companywide and increasing the number of talented employees capable of major contributions, such as setting up new communities and organizing workshops by top engineers in the industry	Training time per person: 21 hours	★★★	Training time per person: more than 19 hours	Within organization	Group companies in Japan and overseas
Respect for Diversity and Equal Opportunities	Employment and promotion of diverse human resources	<ul style="list-style-type: none"> Foster female employees and support measures to improve the ratio of women in managerial positions Further promotion of hiring persons with disabilities 	Continue department level and domestic Group company level activities that involve discussions with female managers to influence and improve employee career-mindedness	Held the "Open Cafe" event for first-year employees, including a panel discussion on female manager career paths; also organized discussion sessions for female managerial candidates with current female managers (manager of HR, manager of the Diversity Promotion Office), and both of these activities were intended to raise career-mindedness of female employees	<ul style="list-style-type: none"> Received "Platinum Kurumin" certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children On a non-consolidated basis, NTT Communications' ratio of employees with disabilities in 2017 was 2.2% (as of June 1). The Company expects to receive compensation from the national government for hiring of people with disabilities, for the third consecutive year. 	★★★	Continue department level and domestic Group company level activities that involve discussions with female managers to influence and improve employee career-mindedness • As part of promoting diverse human resources, promote the hiring of people with disabilities; maintain the ratio of employees with disabilities at 2.2% or higher	Within organization	Group companies in Japan and overseas
	Training global personnel	In every country and at every level, provide flexible and appealing workplaces based on business demands	Promote seconding employees to new companies and also accepting such employees; plan to send 50 seconding employees and accept 20	As destinations for secondment, create more posts that lead to greater software development skills and technical capabilities, which will be critical to business going forward. In addition, take in a greater number of human resources (six out of 22 people) from acquired companies, not only from locally established affiliates.	There were 52 seconded employees. The Company has taken in 22 employees.	★★★	Promote seconding employees to new companies and taking employees in; plan to send 30 seconding employees and take 15 employees in	Within 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
Maintaining and Improving Employee Health	Respect for work-life balance	Creation of more satisfying workplaces and improvements in employee work-life balance	Accelerating working style reform • Promotion of not working after 20:00 for all employees (late night work is in general not permitted) • Designating months for leaving work at regular times (August, November) Promotion of remote working (expand working from home to all employees, provide a secure work space) • Consider and implement systems for flex/shift working/modified working styles • Management level reforms (work inventory, clearance of unnecessary tasks)	Accelerated working style reform • Promoted "not working after 20:00" for all employees (late night work is in general not permitted) • Designated months for leaving work at regular times (August, November) • Promoted remote working (e-work (working from home) for all employees, provided a secure work space) • Implemented flextime for all Group companies • Conducted management level reforms (work inventory, clearance of unnecessary tasks)	• Annual total work time (1,895 h, -14 h), overtime (246 h, -22 h), both reduced from the previous year • 95% of employees responded "want to continue using flextime system" • The results of the employee satisfaction survey showed an increase in positive responses to "the company is fully committed to realizing a highly productive work style" (ratio of positive responses: 68.2%, +5.2 points above the previous year)	★★★	Accelerating working style reform • Further disseminate existing working arrangements such as remote working and flextime • Establish work environments and tools that reduce load and increase productivity • The initiatives related to working style reform are to become widely accepted and rooted	Within organization	Group companies in Japan and overseas
	Thorough implementation of occupational safety and health	Maintenance of healthy and comfortable workplace environments	Health checkup rate 100%	Various groups to work together and recommend checkups for those who have not yet received them	99.8%	★★	Health checkup rate: 100%	Within 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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Priority
Activities

Human Resource Development

Our Approach

A company that invests in human resource development and building sustainable, mutually beneficial relationships with its employees is the foundation for achieving SDG 8 "Decent Work and Economic Growth." These are important management issues. Our goal is to develop our employees so that they become capable of independently operating our businesses. To that end, we have positioned our Professional Human Resource Development Program as the main pillar of our human resource development policy and encourage all Group companies to take advantage of it. Under the program, we first define the ideal employees and visualize the required skillsets. We then assess each individual's skills and identify current gaps. Finally, we take these into consideration when assigning duties and reviewing training needs. This is a virtuous cycle that supports continuous growth. The implementation rate for our Professional Human Resource Development Program reached virtually 100% in fiscal 2010 and remains steady. We have also achieved solid progress in both raising employee skills and increasing the number of senior rank employees.

In striving to bolster corporate competitiveness through accelerated globalization, we are currently promoting measures that emphasize the "cultivation of global human resources." While maintaining our belief that practical experience is the most effective, we will particularly develop human resources that strengthen specialist expertise with a view toward cultivating human resources in line with our medium-term growth strategies.

Primary Concept

Customer needs are becoming more diverse, sophisticated and complex, and the pace of transition into new businesses and new consumption models is accelerating. Given these changes in the operating environment and customer needs, NTT Communications is investing in developing its frontline professionals to be more globally competitive. Specifically, we have established nine specialized categories for our professional human resources. For each category, we have identified necessary skill standards from both internal and external perspectives, including applied expertise, experience and skills, ability to communicate with employees on-site, and specialization. In this way, we help each employee to become an expert in their specialized category. We flexibly revise these specialized categories and the skill standards on an ongoing basis while also taking into account changes in the market and evolving operational strategies.

Main Achievements in Fiscal 2017 and Goals for the Coming Years

We offer expanded opportunities to enhance specialized skills, based on the career development plan (CDP) that aligned with our Professional Human Resource Development Program. Specifically, we conduct skill level checks annually for all employees, encourage them to acquire public certifications, and offer an extensive range of training options so that they can be the most appropriate ones for their development needs. As of April 2017, NTT Communications offers 795 skills enhancement courses, 192 skills enhancement support courses (such as distance learning) and 101 personal development support

courses. Looking ahead, in light of business globalization, we plan to further strengthen our career development options.

◆ Nine Ideal Employees

Main Categories Units Monitoring Employee CDPs	Subcategories Units Ascertaining Employee Skills	
1. Sales	<ul style="list-style-type: none"> • Corporate sales • Partner sales • Consumer and SME sales 	
2. Service planning, Marketing	<ul style="list-style-type: none"> • Colocation • Networks • Cloud • Applications 	<ul style="list-style-type: none"> • Voice • Security • Managed ICT
3. Operational planning	<ul style="list-style-type: none"> • Charges • Delivery 	<ul style="list-style-type: none"> • SO • Maintenance
4. Engineering	<ul style="list-style-type: none"> • Software development • Applications • IP networks • Servers and storage • Data centers 	<ul style="list-style-type: none"> • Infrastructure networks • Voice • Security • Intellectual property • Data science
5. Service management, Project management	-	
6. ICT consulting	-	
7. Finance	-	
8. Legal affairs	-	
9. Staff	<ul style="list-style-type: none"> • Management strategies • Business planning • Labor and welfare • Personnel 	<ul style="list-style-type: none"> • Publicity • General affairs • Procurement

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Systems for Human Resource Development and Evaluation

> Education and Training Systems

We provide a range of training programs designed to improve employee skills and to encourage appropriate career paths. The new employee training program covers not only NTT Communications Group strategies and systems but also principle business conduct and attitudes. This helps to deepen employee understanding of the value and importance of always seeing and acting from the customer's perspective. All employees develop their career development plans (CDPs) and gain hands-on knowledge and experience. At the same time, in discussions with their superiors they decide which training courses to take. The training menus are modified

based on employee surveys and other considerations to make the content more practical and appropriate. Moreover, training options are constantly reviewed to ensure consistency with the overall training program. Average training cost and hours per employee were 66,000 yen and 21 hours.

> Extension of Young Employee Development Program

NTT Communications has implemented an overseas secondment program to develop globally competitive human resources. The program's scope was expanded in fiscal 2011 to include younger employees. Under the program, employees are sent overseas for one year to undergo on-the-job training and acquire global communications skills through first-hand experience. In fiscal 2017, we sent 52 employees overseas through this program.

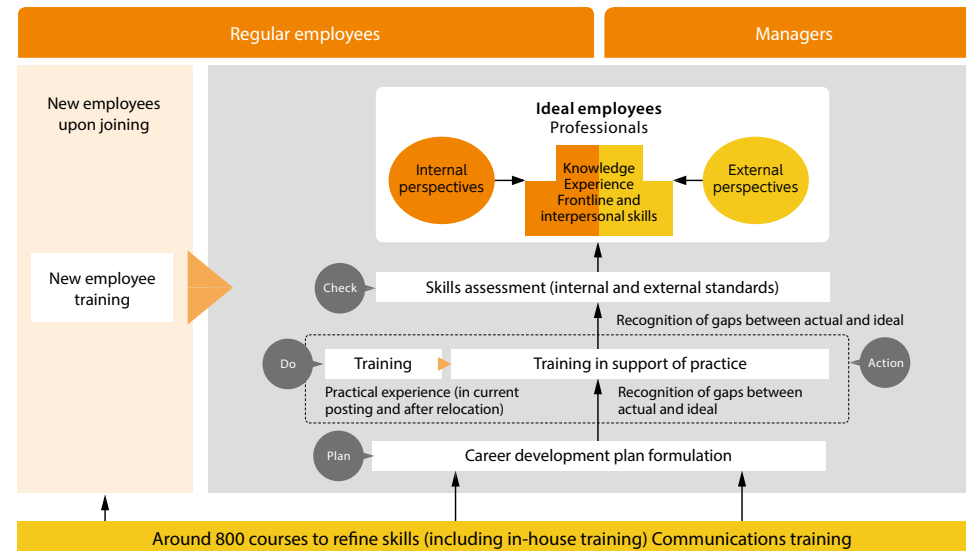
> Internal Job Posting System

We have implemented an internal job posting system to provide motivated employees with a wide range of challenging opportunities. The system is being extensively used by employees of all ages, with job postings from within NTT Communications Group and NTT Group. Recently, we have particularly focused on leveraging the internal posting system for IoT and AI related positions.

Focus for Human Resource Development

- Global business
- Cloud-related services
- Security-related services
- Upper layer-type services
- Human resources capable of bolstering Group companies toward the maximization of total Group power

◆ System of Human Resource Development Measures



In fiscal 2017, approximately 70 employees were assigned to departments of their choice within the NTT Communications Group and the NTT Group. Looking ahead, we will continue to actively use the internal job posting system to facilitate career advancement and revitalize the organization. We also plan to create job postings in specific focus areas associated with achieving our business vision.

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> Personnel Evaluations

NTT Communications intends to motivate employees to take on new challenges and perform at their highest level. While we value fairness and transparency, we have also implemented promotion and compensation systems that are based on results and performance. Under this system, it is crucially important to accurately assess employee willingness to take risks and act with a sense of urgency on behalf of customers as well as their level of performance against their goals. For this reason, we pay attention to execution and

take action to ensure the process remains transparent and rational. For example, we encourage each employee to take ownership of creating their own goals and reviewing progress against these goals, and we also create opportunities for employees to discuss their performance with their superiors at least twice a year. In addition, to increase the fairness of evaluation for employees in managerial positions we conduct 360-degree feedback, in which their supervisors, colleagues and subordinates all provide feedback.

◆ Employee Data

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Number of employees*1	Non-consolidated	6,850	6,500	6,450	6,350	6,250
	Male	5,900	5,550	5,500	5,350	5,250
	Female	950	950	950	1,000	1,000
	Consolidated	20,400	21,500	21,650	21,550	22,050
Ratio of females in managerial positions (%)*2		4.0	4.3	4.7	4.8	5.4
Turnover rate (%)*3		2.2	2.4	2.7	3.4	3.2
New employees (of which are non-Japanese nationals)*4	Male	223(29)	219(36)	195(22)	201(34)	203(16)
	Female	56(11)	70(17)	47(14)	73(20)	67(7)
Re-hiring rate (%)*4		39	43	50	43	45
Ratio of employees with disabilities (%)*5	Non-consolidated	1.9	2.1	2.0	2.1	2.2
	Non-consolidated and domestic Group companies*6	1.8	2.0	1.9	2.0	2.2

*1 As of March 31 for each fiscal year.

*2 As of March 31 for each fiscal year. Scope: NTT Communications Corporation, including seconded employees.

*3 As of March 31 for each fiscal year. Scope: NTT Communications Corporation, excluding seconded employees.

*4 As of April 1 for each fiscal year. Scope: NTT Communications Corporation.

*5 As of June 1 of the following year for each fiscal year.

*6 NTT Communications Corporation and 9 domestic Group companies.

Maintaining and Improving Motivation

> Ongoing Employee Satisfaction Surveys

We have been conducting employee satisfaction surveys since fiscal 2011 and implementing measures to address issues identified in survey results, in order to improve employee job satisfaction and productivity. In fiscal 2014, we started using Great Place To Work®* indexes as benchmarks. The company specializes in researching and analyzing job satisfaction, and their indexes help us to objectively recognize our strengths and weakness as we seek to further improve employee job satisfaction.

*Great Place To Work® is an agency specialized in research and analysis relating to job satisfaction. Active in more than 60 countries, the agency publishes a list of companies and organizations that are recognized as having attained a certain level using influential media.

◆ Outline of Survey

- Period conducted: December 2017
- Survey targets: NTT Communications Group employees, contract workers, etc., in Japan
- Number of respondents: 13,579 (response rate: 93.4%)

> Incorporating Employee Feedback

We recognize that good communication with employees is a key factor for cultivating a corporate culture in which employees feel motivated and satisfied. Our goal is to create an open environment where employees feel free to voice their opinions and where feedback is incorporated into our management and business processes in a timely manner.

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As part of that commitment, we launched the KAIZEN (Continuous Improvement) initiative (now called Digital KAIZEN Design Office) in July 2006. We also implemented the Direct Line program, which allows employees to offer constructive feedback without worrying about organizational boundaries and reporting lines. In May 2011, the program was renamed KAIZEN Support Line and the policy was changed to make it easier to submit feedback. Employees are now able to report on a problem without the previous additional requirement to propose a solution at the same time.

Problems and the status of solutions can be viewed through the KAIZEN Portal on the intranet. To encourage more submissions in fiscal 2018, we implemented a KAIZEN awards system and started recognizing employees for their role in identifying and addressing problems, which led to outstanding results. We have seen increased efficiency in a number of processes as a result of this initiative. We received 1,131 submissions to the system as of July 9, 2018. Looking ahead, we will continue to ensure that our work environment offers employees opportunities to identify areas for improvement and a means for gathering a wide variety of feedback and incorporating it into business processes in a timely manner.

> External Awards

NTT Communications is focused on employee-led activities that improve job satisfaction, and under our slogan "Making DIGITALIZATION fun," we have been organizing a variety of events, including hands-on sessions for employees to experience AI and IoT. As a result of these efforts, we have been recognized as "A Great Company to Work" in the large corporation category (over 1,000 employees) by Great Place To Work®, a company that specializes in research and analysis of job satisfaction. We were ranked 25th in the category.

> Raising Employee Motivation through the "COTOHA/AI Contest"

To expand its future horizons, the NTT Communications Group has always actively invited employees to submit ideas for new services. To this end, we held a "COTOHA/AI Contest" in November 2017 focusing on new uses for AI. Altogether, 82 teams participated in the contest, which was intended to encourage inter-organizational relationships while bringing "Fun to Work" and promoting further digitalization and innovation. Over the three days of the contest, about 600 people engaged in the qualifying and final rounds as a great opportunity to enjoy the challenge of putting AI to practical use. The winners were "Mitaking (Meeting Task Integration System)" by NTT Com Engineering in the digitalization category and "Personal Sport Commentator" by an inter-organizational team led by Cloud Services in the innovation category. Mitaking is an advanced meeting tool that automatically transcribes voice data and creates meeting minutes. It uses COTOHA to search past meeting minutes and find answers to questions. The other winner, Personal Sport Commentator, is an assistant service for viewing sporting events. Users can easily access information about a game, from rules to tactics, to experience greater enjoyment.

Going forward, we will continue to work on initiatives that raise employee motivation while at the same time seeking ideas for new services.

◆ COTOHA/AI Contest



> Labor-Management Relations

We value active dialogue based upon independent and responsible labor-management relations. Any issues related to employment, working conditions, or other operational management matters are vigorously discussed toward reaching mutual understanding before taking any action toward remediation.

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Respect for Diversity and Equal Opportunities

Our Approach

The NTT Communications Group focuses on creating workplaces that allow personnel with diverse backgrounds to work to the best of their ability, regardless of gender, sexual orientation or sexual identity, age, birthplace, nationality, or disability. We established the Diversity Promotion Office in April 2008, and our diversity-related initiatives have mainly focused on supporting career development for women and hiring people with disabilities as well as work style reforms and establishing a shared understanding of diversity in the workplace. The general public has demonstrated particular interest in promoting active roles for women. For example, in Japan more advanced measures are being implemented through public-private partnerships based on the Act of Promotion of Women's Participation and Advancement in the Workplace. On a global scale, corporations are expected to lead by example to achieve SDG 5 "Gender Equality." To this end, we are taking steps to advance in this area as well. In addition, given the increased globalization of our own business activities, we are also advancing diversity in terms of nationality. In response, we have been working to expand the scope of Global Human Resource Management (GHRM) since 2010. In 2016, we created a position in the Human Resource Department so that someone would be specifically responsible for driving GHRM-related initiatives together with offshore representatives.

Diversity promotion is thus positioned as being essential for the sustainable development of business. In order for diversity to take root, top management shares messages focused on diversity in and outside of the Group.

Primary Concept

To respond to diversifying customer needs, the NTT Communications Group is striving to create a work environment that encourages employees with different personalities and backgrounds to work together, maximizing each other's abilities as they deliberate over values, and generate ideas that open up new business opportunities. Therefore, we are actively promoting and disseminating diversity across the organization.

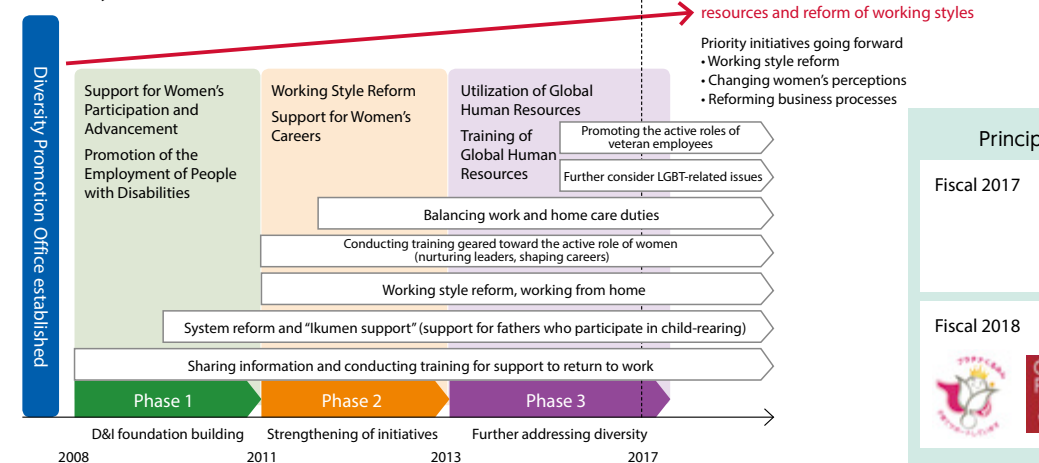
◆ Promotion of Diversity Fundamental Policy

- Foster a corporate culture that leverages employee diversity to achieve targets stated in management strategies
- Continue to create environments that allow employees to perform at their full potential to develop human resources who further their own transformation and creativity

Main Achievements in Fiscal 2017 and Goals for the Coming Years

In fiscal 2017, we did not limit ourselves to just striving to boost the ratio of female employees in managerial positions. We recognize that in a few years the employee population at the veteran tier will increase. In addition, we need to face up to the reforms of businesses and the challenge of new growth fields in the next few years. We also need a new work style suitable for employees who are rehired after retirement age. To address all these challenges, we have been building tailor-made careers for employees in their 50s to provide new challenges and opportunities for fully exercising their expertise, allowing them to keep working at a high level of motivation. In addition, to further promote the diversification of our global human resources, we are continuing to hire students from overseas and conducting employee exchanges with overseas Group companies.

◆ Diversity and Inclusion Trends



Principal External Evaluations

Fiscal 2017



Fiscal 2018



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Employment, Training, and Promotion of Diverse Human Resources

> Promoting Women's Participation and Advancement

To further increase opportunities for engaging diverse human resources, the NTT Communications Group supports employees at various stages of their career development. In line with the NTT Group's declaration to double the number of female managers in its organization, the Company also has set a goal of increasing its female manager ratio to 7.0% by the end of 2020 (compared to 5.4% at the end of 2017). The Company is actively hiring female employees to achieve this goal. As a result of supporting career development efforts that lead to more women in managerial positions and continuously implementing policies and measures that support female employees with young children, we received the highest order of certification for "Eruboshi" in May 2016 from the Minister of Health, Labour and Welfare based on the Act of Promotion of Women's Participation and Advancement in the Workplace*¹ as well as "Platinum Kurumin" certification in October 2017 based on the Act on Advancement of Measures to Support Raising Next-Generation Children*². In fiscal 2017, we organized discussion sessions for female managerial candidates with current female managers and also hosted an "Open Café" including a panel discussion of women serving as role models to raise career planning by young employees.

*¹ Act of Promotion of Women's Participation and Advancement in the Workplace: In light of the rapidly decreasing population and anticipated labor shortages, this act was established to promote women's participation in the workplace. It is intended to create an environment in which women can choose how they work, demonstrate their abilities, and succeed in their professional lives. Large companies with more than 300 employees are obligated to draw up action plans to encourage the active participation of female employees.

*² Act on Advancement of Measures to Support Raising Next-Generation Children: This was established to drive measures to support raising the next generation of children. Its initiatives are not all government led, and large companies with more than 100 employees are obligated to draw up action plans to support employees who are raising young children.

> Employing Persons with Disabilities

Based on the concept of normalization, when employing persons with disabilities NTT Communications confirms their desires in relation to type of work and working environment, so that everyone can make the most of their skills, while giving due consideration to their suitability and determining their job descriptions. The Company also hires persons with mental disabilities by leveraging a trial program for hiring people with disabilities.

As of June 1, 2018, the NTT Communication Group's rate of employees with disabilities is 2.17% at the Group level. We also hire at the new graduate level as well as mid-career level through employment agencies. In addition, we have retention programs to ensure these employees stay with the company. Employees are positioned and actively contributing in various parts of our organization including sales and engineering.

> Varied Career Designs

NTT Communications has established a continued employment system that allows employees reaching the mandatory retirement age of 60 to continue working, if they wish, until they reach 65. We recognize that in the next few years we will need to address reforms in existing businesses and the challenge of new growth fields. In addition, we will need a new work style suitable for employees who have been rehired after their mandatory retirement age. To overcome these challenges, we have been working on building tailor-made careers for employees in their 50s to provide them with new challenges and opportunities to fully exercise their expertise, allowing them to keep working and remain highly motivated.

> Home-Based Call Center Operations, Home Visit Support Operations Provide Employment Opportunities for Human Resources Nationwide

At NTT Com CHEO, staff contracted as independent contractors handle contact center operations as well as the home visit support operations provided to various companies. They base their operations out of their homes and are distributed nationwide. In order to provide employment opportunities across Japan, we are actively pursuing the digitalization of training and task management. We are building systems and operational flows in which the entire onboarding cycle, from new applications to the selection process, training, and ultimately starting the job, can take place over the Internet. By offering positions that do not require commuting but do encourage working from home and allow flexible working styles, the Company is providing opportunities for those who cannot commit to working fulltime due to moving into a new house, child-birth, raising young children, taking care of elderly family members, and other reasons.

NTT Com CHEO's telecommuting contact center operates at a very high standard in terms of service level, service quality, and customer satisfaction. It has received a COPC® Customer Experience Standard certification, an international standard for contact center operations. This was the first time a work-from-home contact center has received this certification in the Asia-Pacific region (obtained in March 2018).

Moving forward, we will continue to work on initiatives that further encourage the adoption of teleworking and in turn create a society in which everyone with motivation and the ability to work is able to work.



For more information on NTT Com CHEO's initiatives on telework, see:
<https://www.nttcheo.com/corporate/telework/>

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Promotion and Training of Global Human Resources

> Recruiting Global Human Resources

Taking into consideration the rapid and dynamic changes in its operating environment, the NTT Communications Group established Vision 2020, a medium-term policy that focuses on faster business development. The Group is striving to strengthen its human resources to achieve this vision by actively hiring diverse, capable employees who can contribute to bolstering the Group's competitiveness and its globalization. For example, to locate diverse talent from across the world, beyond our domestic hiring market, we conduct on-site recruiting activities overseas. We are particularly interested in finding candidates for engineering positions. In addition to hiring overseas students and Japanese nationals who have graduated from universities outside Japan, we currently participate in job fairs in various international cities and also conduct recruiting activities at overseas universities. In fiscal 2017, we conducted local recruiting activities in India and England.

> Global Human Resource Management (GHRM) Initiatives

Diversity management is attracting attention as a way to leverage the various benefits of a diverse workforce in business management. We expect all Group companies to work on GHRM as a unit with "Global One Team" as our key message to create an environment in which global resources can excel.

In the long-term secondment program that started in fiscal 2009, a total of 22 locally hired overseas employees have been seconded to the head office and are promoting global business in Japan. In fiscal 2004, we introduced a

program to bring mid-career employees from overseas subsidiaries to work at the head office for six months. These programs facilitate the leveraging and sharing of the skills and expertise of overseas employees at the head office, and these interactions promote the realization of the "Global One Team."

In fiscal 2017, NTT Communications expanded its mutual exchanges of resources with overseas subsidiaries. Continuing from the previous fiscal year, we conducted training in international communication and pre-assignments. In addition, eligibility for secondment assignments in various regions of Asia, Europe, North America, and South America was extended to young employees in July 2011. This was done to expose employees with less than five years tenure in the Company with genuine hands-on experiences at an overseas location and to develop them more rapidly as globally competitive resources.

In the coming years, we will continue to expand GHRM initiatives through the development and assignment of managers at overseas subsidiaries who are capable of leading global business for the entire Group as well as through the promotion of global human resource exchanges.

Initiatives for LGBT Issues

We are actively nurturing awareness of LGBT and other sexual minorities across our organization and implementing policies to support them. To ensure accurate understanding of LGBT and related issues, we have included these topics in our standard human rights training curriculum, which targets all employees. To this end, we hold study sessions that invite external instructors. We have implemented a helpdesk where employees can discuss their sexual orientation, sexual identity, and other related matters, and have included life-event related benefits (such as special leave, condolence, and congratulation money) as applicable to same-sex partners in November 2016. These efforts have been recognized externally, and we were certified for the second consecutive year in 2017 by the non-profit organization "work with Pride" for its highest ranking of Gold in its PRIDE Index, which evaluates corporate efforts to foster inclusiveness.

◆ PRIDE Index



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Priority
Activities

Maintaining and Improving Employee Health

Our Approach

The concept of “decent work” as declared by the International Labour Organization (ILO) at the 1999 International Labour Conference has been widely adopted by many global corporations, with the goal of implementing human resources and occupational safety and health initiatives to ensure that employees find satisfaction and human dignity in their work. In addition, spurred on by SDG 8 “Decent Work and Economic Growth,” there has been a greater public expectation for building a framework in which people can lead healthy, satisfying lives that include working.

Thoroughly implementing occupational safety and health policies is clearly a key to establishing work environments in which employees can perform to the best of their abilities. However, we have always believed that another factor is just as important: ensuring that the work environment is and remains a place that allows employees to lead healthy and satisfying working lives. We therefore value both “respect for work-life balance” and “thorough implementation of occupational health and safety practices,” and these provide the pillars for our actions directed toward maintaining and improving employee health.

Primary Concept

The Work-Life Committee at NTT Communications, established to create more satisfying workplaces and help employees improve their work-life balance, is the core organization for advancing Groupwide initiatives in this area. The committee, comprised of management and employee representatives, continually strives to implement a range of measures for realizing work styles that are more efficient and productive while also ensuring that duties are carried out effectively and thoroughly.

In fiscal 2017, we implemented dramatic measures such as a flextime system and remote working at the group level. We also developed initiatives to raise awareness of efforts to encourage leaving work at standard times by such measures as designating promotional months, early planning of annual leaves, and periodic distribution of e-mail newsletters that feature improving work efficiency and communications. In addition, in order to optimize employees’ working hours, we utilize their login/out data to visualize working hours and the percentage rate of using annual leave. We are also actively working to prevent workplace accidents.

Main Results in Fiscal 2017 and Goals for the Coming Years

In fiscal 2017, in our “respect for work-life balance” pillar we focused on realizing work styles that are more efficient and productive. With regard to annual total work time and overtime work volume, we observed quantitative improvements over the previous year and thus successfully achieved our goal for this year.

In our “thorough implementation of occupational health and safety practices” pillar, we focused on reducing the number of workplace accidents. We endeavored to raise awareness of workplace accidents and promoted preventive measures. The four workplace accidents reported this year were essentially at the same level as last year (three incidents). Combined with a health checkup rate of 99.8%, we can report having come close to meeting our goal for this year. Going forward, we will continue with our efforts to maintain and improve employee health across all our workplaces.

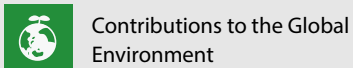
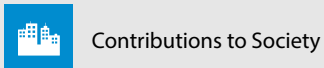
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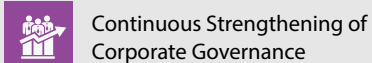
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Work-life Balance

> Supporting the Balance between Career and Child Raising/Nursing Care

NTT Communications is committed to implementing the Measures to Support Next-Generation Childcare, which emphasize the importance of the healthy upbringing of children, who will lead the next generation. We have formulated a General Business Action Plan to strengthen an overall environment that offers a variety of working arrangements to all employees, including those not raising children. We are steadfastly making progress toward achieving the targets outlined in this plan.

We are engaged in action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children*1, and as a result we were designated as a certified business operator by the Tokyo Bureau of the Ministry of Health, Labour and Welfare in fiscal 2008, 2011, 2015, and 2017. We are currently working on our Fifth Action Plan (April 1, 2017 through March 31, 2022) and enhancing our work environments so they become places where every employee can excel with a sense of personal satisfaction and diverse working styles are mutually accepted and understood. These efforts have been externally recognized, and as a result we received "Platinum Kurumin" certification in October 2017.

In May 2016, NTT Communications received the highest (Class 3) certification among the certifications granted by the Minister of Health, Labour and Welfare based on the Act of Promotion of Women's Participation and Advancement in the Workplace (hereinafter the Women's Participation Promotion Act*2). This certification is granted to corporations that demonstrate outstanding efforts in promoting women's participation in the workplace. We received it due to a variety of efforts and achievements, including the implementation

of policies that enable women to continue working after childbirth, initiatives supporting a sound work-life balance, career development support for women, a high female hiring rate, an extensive range of career path options, and the active promotion of women into managerial positions. Certified companies are entitled to use the Eruboshi logo.

*1 Act on Advancement of Measures to Support Raising Next-Generation Children: This act was established to encourage actions to support raising next-generation children. Its initiatives are not completely led by the government; companies with more than 100 employees are obligated to draw up action plans that support employees who are raising young children.

*2 Women's Participation Promotion Act: In light of a rapidly decreasing population and anticipated shortages in the working population, this act was established to promote women's participation in the workplace. It is intended to create an environment in which women can choose how they work, demonstrate their abilities, and succeed in their working lives. Companies with more than 300 employees are obligated to draw up action plans that promote the active participation of their female employees.

◆ New Kurumin logo



◆ Eruboshi logo



◆ Number of Employees Who Took Maternity, Childcare, or Nursing-care Leave

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Maternity Leave	60	83	76	74	84
Childcare Leave	153	104	154	152	89
Female	148	101	150	141	84
Male	5	3	4	11	5
Nursing-care Leave	5	5	5	3	4
Female	0	1	2	2	2
Male	5	4	3	1	2

Scope: NTT Communications Corporation

> Promotion of Working Style Reform

We respect the diverse values and lifestyles of individuals and believe that having a lifestyle that produces a sense of satisfaction will also lead to feeling satisfied at work. Therefore, we are driving our working style reform to support employee satisfaction and growth, boost the productivity and creativity of our company, and provide greater value to our customers, with a focus on three areas: "policies and rules," "environment and tools," and "awareness and culture."

Under "policies and rules," a telework option, previously available only to employees who demonstrated a need to balance work and family life, was made available to all staff in fiscal 2017. In addition, we are actively introducing policies to allow different working styles such as flextime. Under "environment and tools," we have introduced thin clients and BYOD*, and we are actively leveraging digitization to achieve automation and efficiency. Under "awareness and culture," we are disseminating communications to all employees that promote taking annual leaves and share best practices. We also conduct employee-led workstyle reform projects (CO-CREATION FES).

Moreover, we encourage management level reforms in which managers lead in taking inventory of operations toward improving or eliminating specific steps, thus enhancing overall business processes.

*BYOD (bring your own device): A policy under which employees are permitted to use their personal mobile devices at work.

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> Promotion of Diverse Working Styles and Increasing Productivity

We have been focusing on work style reforms since fiscal 2011, including the establishment of smart device environments that support an efficient and productive working style unrestricted by time or space. We leverage these environments to promote greater efficiency as well as paperless meetings. As a result, we obtained certification under the Top Hundred Telework Pioneers, established in April 2016 by the Ministry of Internal Affairs and Communications.

Increasing the productivity of our business operations will lead to improving the balance between work and life for our employees, and we want to cultivate a work culture in which they can perform and maintain their health. We will continue to drive our work style reform toward that goal. In diversifying our global workforce, we are continuing to recruit foreign national students and conduct resource exchange programs with our overseas Group companies as well as similar activities.

In July 2017, we participated as a special supporting corporation for Telework Day, a campaign led by local businesses and government bodies such as the Ministry of Health, Labour and Welfare, the Ministry of Land, Infrastructure and Transport, and the Cabinet Office. This activity was part of a social movement related to work style reform, with the intention of alleviating commuter traffic congestion. Altogether, 800 of our employees worked from home during the event.

> Cafeteria Plan

NTT Communications offers various benefits to its employees at different points of their careers, based on their needs and lifestyles. Specifically, we have implemented a "Cafeteria Plan" system, which allows employees to choose from a wealth of benefit options (44 options in fiscal 2017) based on their individual lifestyle. We also established a Life Design Consultation Office to support employees in designing their own lives. A total of 135 employees came to the office for consultation in fiscal 2017. In addition, we offer life design training to employees aged 30 and second-life seminars to those aged 59. In fiscal 2017, 185 employees participated in the former, while 112 employees attended the latter. We will continue developing this system and an even more employee-friendly menu.

> Encouraging Employees to Take Various Leaves

As part of its work-life balance initiatives, NTT Communications encourages employees to take their entitled leaves. We strive to establish work environments that support them by raising awareness of entitled leaves and encouraging them to schedule their leaves to coincide with long national holidays. In fiscal 2017, 16.5 paid leave days were used per person, on average. Our Life Plan Leave system also entitles employees to a certain number of leave days for the purpose of lifecycle-related downtime, nursing of family members, volunteer activities, recurrent training, and childcare. In fiscal 2017, 1,723 employees took advantage of this leave system.

Thorough Occupational Safety and Hygiene Management

Safety and Health Committees, established for each of the buildings in which we operate, take the lead in implementing Groupwide safety and health measures. We are focused on a wide range of issues, including workplace hygiene, prevention of workplace accidents, and reduction of long working hours. In fiscal 2017, we undertook a number of activities based on those issues, including on-site workplace inspections and campaigns for a 100% health checkup rate, both of which were executed at each building.

◆ Number of Workplace Accidents (Occupational Accidents)

Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
3	2	6	3	4

Scope: NTT Communications on a non-consolidated basis (excluding a rugby team of the Symbol Team activities)

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Health Management

> Improving Employee Health

As well as ensuring the safety of our work environments, we are committed to creating places where employees can lead healthy and fulfilling work lives. A number of actions have been implemented to achieve that goal. We conduct seminars for employees to raise their awareness of healthy working lives. In addition, our welfare program, which previously operated under different policies for permanent and nonpermanent employees, was updated in May 2018 to integrate our policies for all employees. We used the opportunity to disseminate a message across the entire Group to promote health management. In the area of improving our health checkup rate, the list of employees who have not yet received health checkups is reviewed, and they are encouraged to follow through to receive checkups.

As one strategy for managing mental health in each workplace, 169 employees took the “mental health keeper” training course, bringing the total number of those certified to 2,954 in fiscal 2016. We offer counseling on an ongoing basis as well as other types of support for high-risk employees based on reports issued by Japan’s Ministry of Health, Labour and Welfare (265 participants in fiscal 2017). Other measures aimed at further expanding our support include setting up consultation desks, both inside and outside the organization, as well as counselling programs for employees who are being sent on overseas assignment. Also, our new Employee Assistant Program (EAP) and follow-up programs were set up for lateral hires.

These actions have been recognized outside the Group, and in February 2018 we were designated as an outstanding enterprise under the “White 500” Recognition for Excellence in Health and Productivity Management for Fiscal 2018 by

the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. In the coming years, we will continue to implement measures across all Group companies in Japan toward maintaining healthy and comfortable work environments and further strengthening the capability or those providing mental health care at each workplace.

◆ Health and Productivity Management Certification (White 500) logo

