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Continuous Strengthening of Corporate Governance Remaining Trustworthy and Mission-oriented

Society expects companies to fulfill a wide range of responsibilities, from providing new value through products and services to maintaining a corporate culture of integrity and fairness. As a leading global ICT company, the NTT Communications Group remains faithful to its corporate mission, core beliefs, and policies in order to ensure each and every employee takes action with a sense of responsibility. Toward establishing an efficient, legally compliant, and ethical management foundation, we have established corporate governance and compliance systems throughout the Group.

CSR Priority Activities

- ◆ Thorough Compliance
- ◆ Respect for Human Rights
- ◆ Risk Management
- ◆ Ensuring Information Security

Targeted
SDGs



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Fiscal 2019 Activity Results and Fiscal 2020 Targets

Actions Implemented in Line with CSR KPIs

To address changes in the business environment and public expectations, including the needs arising from the advance of ICT throughout society and supply chain management, we designated thorough compliance, respect for human rights, risk management, and ensuring information security as our CSR Priority Activities. All of our employees personally strive to fulfill our new corporate mission and put our core beliefs into practice to ensure the sustainability of business operations.

This has enabled us to meet, for the most part, our goals in fiscal 2019. With particular respect to risk management, we reviewed the documents defining risks in terms of the restructuring of our organization and business and also guided Group companies in this area. To ensure information security, we revised our guidelines for protecting customer information for the EU region in accordance with the newly enacted regulations on protecting this data.

We intend to incorporate the results into developing our initiatives further in fiscal 2020 on a Groupwide basis.

◆ Fiscal 2019 Activity Results and Fiscal 2020 Targets

| Initiatives | Medium-term Targets (Form We Want to Take in Five Years) | Fiscal 2019 Activity Results | | | | Fiscal 2020 Targets | Boundary | |
|-------------|---|------------------------------|---------------------|----------------------|------------|---------------------|-------------------------|--------------------------|
| | | Targets | Specific Activities | Quantitative Results | Assessment | | Within the Organization | Outside the Organization |

CSR Priority Activities | Thorough Compliance Relevant SDGs ▶ **10 16**

| | | | | | | | | |
|--|---|---|--|--|----------------------|--|-----|--|
| <p>Raise awareness and establish compliance throughout the Group</p> | <p>Becoming a company that practices corporate ethics, including compliance with laws, social norms, and internal rules</p> | <ul style="list-style-type: none"> Bolster the compliance promotion framework through such measures as updating rules and processes according to the current state of applications and addressing diversity Visualize compliance initiatives Continue to organize job level-based training for senior executives, full-time employees, and temporary employees Thoroughly establish risk-based auditing in line with international standards on internal audits and conduct well-balanced audits through focused investment of auditing resources in high-risk areas Strengthen preventive auditing by effectively use data analytics commensurate with our standing as a DX Enabler | <ul style="list-style-type: none"> Emphasized communication with whistleblowers, regardless of whether or not their identity is known, to address dissatisfaction (cultivate a sense of satisfaction) Standardized the investigation process by reviewing the flow of addressing reports Reviewed the agreement format to stringently enforce confidentiality to protect targeted individuals (persons identified in the report and other individuals involved in the matter) Held job level-based training for new employees, the NTT Com Group in Japan, newly appointed directors, and all employees Used a risk map to conduct audits based on themes selected through discussions with management; conducted focused audits by selecting target organizations and subsidiaries in accordance with each theme Began continuous risk monitoring based on CAAT (Computer Assisted Audit Techniques); visualized the issues in each organization with a focus on labor compliance and proper use of expenses, and shared the results with each organization | <ul style="list-style-type: none"> Conducted focused audits at 6 organizations on controlling technology exports and 4 organizations and 2 companies on fraudulent contracts Expanded the scope of monitoring to areas that could not be addressed by the scope of past audits, such as employees of partner companies approving the duty roster by proxy (one organization) and duplicate applications related to credit card payments of travel expenses (71 cases at NTT Com) | <p>★ ★ ★</p> | <ul style="list-style-type: none"> Enhance quality in line with Japan's revised Whistleblower Protection Act, such as by shortening the investigation period after verifying the whistleblowing process, including confidentiality and investigation of reported content Promote collaboration with auditors from the standpoint of implementing Company-wide risk management, including corporate ethics Formulate and execute audit plans that reflect changes in the business structure associated with NTT Com's organizational restructuring Concentrate auditing resources in high-risk areas by stringently practicing risk-based auditing Establish preventive auditing | ● | |
| <p>Appropriate prevention and response to violations and misconduct</p> | <p>Maintaining and operating points of contact that consumers and whistleblowers can safely contact as needed Ensuring thorough protection for individuals who report incidents</p> | <ul style="list-style-type: none"> Strengthen functions for following up on individuals who report incidents and individuals targeted in reports to make regular improvements Pursue open and highly interactive initiatives to raise the reliability of points of contact for internal reporting so that employees and others can consult with a sense of security Consider developing a platform (system) for operating points of contact for internal reporting Consider obtaining the whistleblowing compliance management system certification | <ul style="list-style-type: none"> Planned and held trials for management review training and planned full-scale training Followed up on whistleblowers by conducting a corporate ethics survey to confirm how the contact point is being evaluated and to seek responses on other related issues Posted disciplinary action cases on the knowledge management portal, to be shared with Group companies in Japan | <ul style="list-style-type: none"> Conducted a trial for the management review training targeting 7 members of the Compliance Committee secretariat and the Human Rights Education Department of the Human Resource Department Conducted a corporate ethics survey targeting employees of NTT Com's 26 organizations and 15 Group companies in Japan as well as employees of partner companies (received approximately 15,000 responses) | <p>★ ★ ★</p> | <ul style="list-style-type: none"> Implement training and education centered on measures for preventing workplace harassment (collaboration between the Human Rights Education Department of the Human Resource Department and the Compliance Committee secretariat) Strengthen efforts to raise awareness by conveying messages from top management and visualizing initiatives on compliance (open and two-way effort) | ● ● | |

Achievement levels based on self-assessment ★★★: Target achieved ★★: Target almost achieved ★: Target only partially achieved

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Continuous Strengthening of Corporate Governance | Fiscal 2019 Activity Results and Fiscal 2020 Targets

| Initiatives | Medium-term Targets (Form We Want to Take in Five Years) | Fiscal 2019 Activity Results | | | | Fiscal 2020 Targets | Boundary | |
|-------------|--|------------------------------|---------------------|----------------------|------------|---------------------|-------------------------|--------------------------|
| | | Targets | Specific Activities | Quantitative Results | Assessment | | Within the Organization | Outside the Organization |

CSR Priority Activities | Respect for Human Rights Relevant SDGs ▶ 10 16

| | | | | | | | | |
|--|--|---|---|--|-----|---|---|---|
| Raise awareness and establish compliance 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 | <ul style="list-style-type: none"> Strengthened and reconsidered human rights due diligence by reviewing and implementing action plans for overseas affiliates, based on the results of their human rights due diligence in fiscal 2018, and by sharing the plan among relevant affiliates Conducted a human rights management survey targeting affiliates in Japan | <ul style="list-style-type: none"> Following the reorganization of the NTT Group in fiscal 2019, in which overseas affiliates became Group members of the NTT holding company, the responsibility of conducting human rights due diligence for the relevant overseas affiliates was transferred to the Shareholding Association Conducted a human rights management survey targeting affiliates in Japan (from January 2020) | Conducted a human rights management survey with the participation of affiliates in Japan | ★★ | Analyze results of the human rights management survey targeting affiliates in Japan and identify issues | ● | |
| 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"> Raised awareness of the NTT Group Harassment Hotline set up in fiscal 2018 by covering the issue as a separate topic in the All-Employee Human Rights Education Training sessions; also continued sending information on other contact points via the monthly e-mail to all employees Set up a link to contact points for consultation and whistleblowing on the homepage of the knowledge management portal for access by all employees | Included a question about the functions of the contact points in the exam given during the All-Employee Human Rights Education Training, and 95% of respondents answered correctly | ★★ | Continue to operate contact points under remote working conditions to respond effectively and sufficiently to consultations and reports on diverse issues and communicate this information to employees | ● | ● |
| Promotion and stringent practice of respect for human rights through content and services | <ul style="list-style-type: none"> Contribute to raising human rights awareness in society by utilizing ICT Thoroughly eliminate elements from content and services that appear to encourage human rights abuses | Protect children's human rights by maintaining access restrictions for goo, and OCN services based on a list of child pornography website addresses provided by the ICSA | Protect children's human rights by maintaining access restrictions for goo, and OCN services based on a list of child pornography website addresses provided by the ICSA | <ul style="list-style-type: none"> Number of queries received by the Human Rights Education Department: 0 Number of access-restricted domains: 20 goo: 300 child pornography website addresses added to the restricted access list per week | ★★★ | Protect children's human rights by maintaining access restrictions for goo and OCN services based on a list of child pornography website addresses provided by the ICSA | ● | ● |

CSR Priority Activities | Risk Management Relevant SDGs ▶ 9

| | | | | | | | | |
|---|--|---|--|--|----|--|---|---|
| Continuous upgrades to risk management structure | <ul style="list-style-type: none"> Business risks - Develop domestic and overseas management structures that enable us to consistently respond in the appropriate way to environmental and social risk elements such as climate change and scarcity of resources, in addition to economic risk elements Crisis risks - Develop BCP measures for promptly responding to pandemics and natural disasters | <ul style="list-style-type: none"> Business risks: in light of global business reorganization, review and revise documents defining risks, with regard to risk management activities, and also upgrade risk scenarios Crisis risks: consider and implement measures for priority risks designated by the Business Risk Management Committee | <ul style="list-style-type: none"> In light of the global business reorganization, the Business Risk Management Committee reviewed the documents defining risks; major risks anticipated with respect to the global reorganization did not materialize, allowing it to go forward as planned Meanwhile, with respect to business reorganization, focus remained on priority risks and equivalent management in light of the expanded scope of consumer service operations consigned to NTT Resonant, in addition to NTT Com's business restructuring, as well as the impact of the COVID-19 pandemic | In addition to considering the risks associated with our global restructuring, we conducted a "caravan" to grasp the risk management situation at each of the 12 Group companies in Japan, and we instructed each company to manage their own risks independently while developing closer collaboration across the Group | ★★ | <ul style="list-style-type: none"> Address the COVID-19 pandemic by rapidly implementing practical risk management, including the review and revision of documents defining risks, based on experience and with due consideration to "new normal" lifestyles In doing so, the Business Risk Management Committee will meet twice a year, and a Business Risk Management Subcommittee will meet every month to quickly reflect the results of deliberations on risk management, improve the efficiency of sharing information, and maximize the effects | ● | ● |
|---|--|---|--|--|----|--|---|---|

Achievement levels based on self-assessment ★★★: Target achieved ★★: Target almost achieved ★: Target only partially achieved

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| Initiatives | Medium-term Targets (Form We Want to Take in Five Years) | Fiscal 2019 Activity Results | | | | Fiscal 2020 Targets | Boundary | | | | | | | | |
|--|--|--|--|---|------------|---|-------------------------------------|--|--|--|--|-----|--|--|--|
| | | Targets | Specific Activities | Quantitative Results | Assessment | | Within the Organization | Outside the Organization | | | | | | | |
| <p>CSR Priority Activities Ensuring Information Security Relevant SDGs ▶ 9 11</p> | | | | | | | | | | | | | | | |
| 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"> Conduct system audits and information security audits for all corporate organizations in collaboration with the Legal and Internal Audit Department and System Department Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%) | <ul style="list-style-type: none"> Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%) Conduct system audits and information security audits internally and on Group companies | <ul style="list-style-type: none"> Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%) Conducted paper audits and onsite audits in combination and provided feedback on audit results to all the target organizations | ★★★ | <ul style="list-style-type: none"> Conduct Companywide security training to raise awareness and limit occurrences of security incidents (attendance: 100%) Continue conducting and developing system audits and information security audits | ● | ● | | | | | | | |
| | | | | | | | Development of Security Specialists | <ul style="list-style-type: none"> Develop security training to raise individual skills required for responding to security issues as ICT professionals Fiscal 2020 target: more than 2,400 people (advanced level: several people; intermediate level: 1,900; elementary level: 500 people) | Develop personnel who provide support to stationary daily operations (expand the scope and raise skill levels from no skills to the elementary level and from the elementary level to the intermediate level), develop personnel to support major events in 2020 and personnel capable of creating new businesses after the events | <ul style="list-style-type: none"> Expanded the scope of activities by organizing NTT Communications CTF contests and concurrent study sessions Held focused and unified employee training for major events in 2020 under the Center of Excellence (CoE) framework | Number of personnel who qualified in fiscal 2019 Advanced level: 3 new; 8 renewals Intermediary level: 0 new Elementary level: 215 new | ★★★ | Develop personnel who provide support to stationary daily operations (expand the scope and raise skill levels from no skills to the elementary level and from the elementary level to the intermediate level), develop personnel to support major events in 2021 and personnel (consultants, auditors, and others) capable of creating new businesses after the events | ● | |
| | | | | | | | | | | | | | | 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 |

Achievement levels based on self-assessment ★★★: Target achieved ★★: Target almost achieved ★: Target only partially achieved

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Our Foundational Mission and Core Beliefs

> Business Activities under Our Mission and Core Beliefs

The NTT Communications Group took the opportunity of its 20th anniversary in 2019 to establish its mission, "Creating communication methods that open up new possibilities for people and our world," and its core beliefs, "Take the initiative," "Inspire Each Other," and "Respond to Society's Needs."

Our mission expresses the purpose of our business while also reflecting our stance of generating innovative businesses to realize a world in which the inherent strengths and qualities of individuals, organizations, and societies are demonstrated to maximum effect. Our core beliefs embody the values that all of us should uphold in meeting our mission, with the underlying intention of creating value that exceeds society's expectations by exercising individual initiative.

These represent the cornerstone for management and individual employees as all of us think and act at our own initiative to accomplish our mission of creating innovative and unprecedented communication methods and new value for the future.

We will advance toward achieving our goals by sharing and broadly establishing our mission and core beliefs, which are the result of a united effort drawing upon repeated discussions by employees, the president, and members of management. In our relationship with stakeholders, we may at times become uncertain as to what constitutes the right decision or action. Whenever this concern arises, we will return to our mission and core beliefs in order to determine the right action as a company serving society. Through these actions, we will strive to become a trusted company that satisfies the needs of customers and society.

We believe that maintaining our business activities based on our mission and core beliefs in a lawful, fair, and ethical

manner contributes to meeting the SDGs, particularly goal 10 "Reduced Inequalities" and goal 16 "Peace, Justice and Strong Institutions."



> For more information on our mission and core beliefs, see: [https://www.ntt.com/en/about-us/we-areinnovative/vision.html\(Japanese Only\)](https://www.ntt.com/en/about-us/we-areinnovative/vision.html(Japanese%20Only))

> Our Approach and Results of Stakeholder Engagement

Our dialogues 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 dialogue, 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.

◆ Dialogue with Stakeholders and Major Topics

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



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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 of our CSR Priority Areas.

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

| CSR Priority Areas and Priority Activities | | Policies and Guidelines | Page in Report |
|--|--|--|----------------|
| Contributions to Society | Ensuring Stable and Reliable Services as Mission-critical Infrastructure | NTT Communications Three Disaster Policy Fundamentals to Address Disasters | 20 |
| | Robust Network Security for Customers | NTT Communications Security Declaration | 22 |
| | Continuous Improvement in Customer Satisfaction | Our Mindset | 24 |
| | Collaboration with Suppliers | Basic Policy on Procurement | 26 |
| | Social Contributions and Fostering of Communities | Social Action Principles | 28 |
| Contributions to the Global Environment | Basic Philosophy and Vision | NTT Communications Group Global Environmental Charter | 34 |
| | | Environmental Statement | |
| | Preserving Biodiversity | Biodiversity Action Plan | 47 |
| Respect for Employees | Nurturing Human Resources | Talent Profile of Ideal Employees | 59 |
| | Respect for Diversity and Equal Opportunities | Promotion of Diversity Fundamental Policy | 63 |
| Continuous Strengthening of Corporate Governance | Respect for Human Rights | Basic Policy on Human Rights Education | 79 |
| | Internal Controls | Basic Approach for Maintaining an Internal Control System | 81 |
| | Ensuring Information Security | NTT Communications Security Declaration | 83 |

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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 18 members and is chaired by the president. In principle, it 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 auditors. In addition to attending important meetings such as those 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

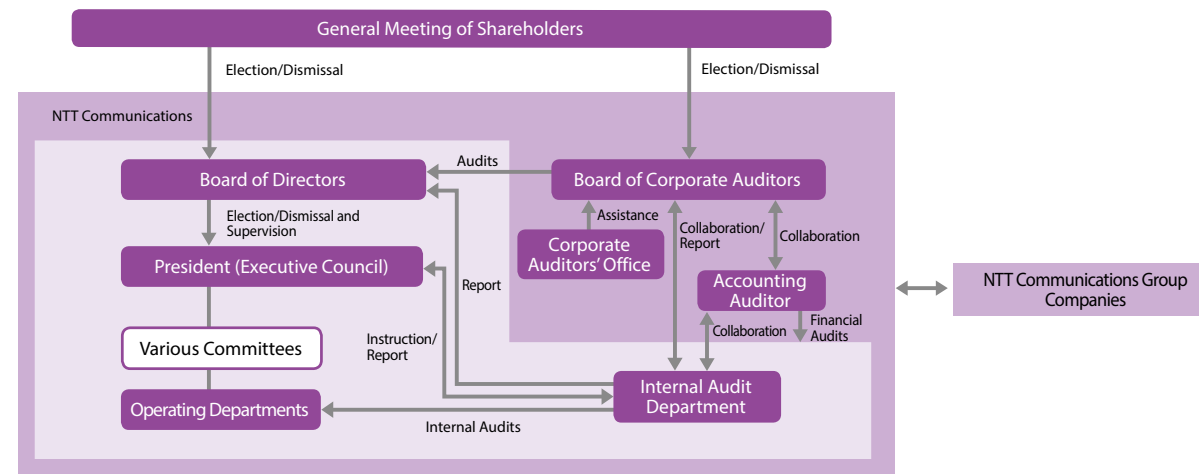
appropriateness of management decisions. A dedicated organization and staff facilitate efficient audit operations. The corporate auditors seek to strengthen the audit structure by periodically sharing information on audit plans and results with accounting firms and relevant parties to maintain close cooperation.

We also set up an Internal Audit Department within the head office to conduct annual internal audits by selecting audit items based on the results of risk assessment to minimize or prevent management risks and boost corporate value.

> Appointing Directors

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

◆ Corporate Governance Structure



◆ Composition of Board Directors and Auditors (as of July 1, 2020)

| Directors | Name | Main Responsibilities and Roles |
|---------------------------------|---|---|
| President & CEO | Toru Maruoka | |
| Senior Executive Vice President | Hidemune Sugahara | Head of Platform Service Division In charge of Technology & Innovation Information Security Digital Transformation Promotion Special Assignment |
| Senior Executive Vice President | Hiroki Kuriyama | Head of Business Solution Division Corporate Global Business 2020 Project |
| Executive Vice President | Tomohiro Ando | CSR |
| Senior Vice Presidents | Shuichi Sasakura | Head of Data Platform Services, Platform Service Division |
| | Hiromasa Takaoka | Head of Managed & Security Services, Platform Service Division |
| | Junichi Kudo | Head of Application Services, Platform Service Division |
| | Mamoru Watanabe | Head of Infrastructure Design, Platform Service Division |
| | Hidetaka Nishikawa | Head of Business Planning, Business Solution Division Head of Tokyo 2020 Taskforce |
| | Toshio Kanai | Head of Corporate Planning |
| | Katsushige Kojima | Head of Fourth Business Solutions, Business Solution Division |
| | Shuji Inaba | Head of Innovation Center |
| | Masayuki Oikawa | Head of Innovation Center |
| | Sachiko Oonishi | Head of Third Business Solutions, Business Solution Division |
| Yoshiyuki Kobayashi | Head of Second Business Solutions, Business Solution Division | |
| Hiraku Otsuchi | Head of Solution Services, Business Solution Division | |
| Satoshi Daimon | Head of Sales & Marketing, Platform Service Division | |
| Takashi Ohira | | |
| Corporate Auditors | Kazuhiko Aramoto | |
| | Sakuo Sakamoto | |
| | Ikuo Izutsu | |

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Compliance Promotion Framework

In view of the growing awareness of compliance, the NTT Communications Group goes well beyond merely adhering to laws and ordinances. We engage in our daily operations in accordance with high standards of corporate ethics to retain the trust of all stakeholders, including customers, business partners, shareholders, and society as a whole.

We have established a system to promote compliance with the Compliance Committee, chaired by the director in charge of compliance, and compliance promotion leaders and staff are assigned in each unit. With the ongoing globalization of the Group's business, compliance risks have become increasingly complex in nature. In response, we formulated Global Compliance Regulations in July 2015 as a common compliance policy for Group companies in Japan and overseas. We have been promoting compliance management across the Group through disseminating top management messages, training employees, and conducting internal audits to confirm and improve ongoing initiatives at each Group company.

Looking ahead, even as we respond to the evolving business environment, management and all Group employees will engage in ethical business practices and seek to strengthen the Group's compliance system worldwide.



> For more information on the NTT Group Corporate Ethics Charter, see:
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 anti-bribery guidelines as well as detailed rules under the Global Compliance Regulations. We also formulated similar guidelines for Group companies to prevent corruption throughout the Group. In addition, prevention of corruption has been incorporated into reference materials used in our compliance training to remind employees of the associated risks.

Appropriate Advertising

Telecommunication services such as the Internet and mobile phones represent lifelines for our customers. Moreover, these areas are undergoing rapid technological innovation in which the content, providers, and contracts related to services used by customers are becoming increasingly sophisticated, diverse, and complex. For this reason, we must provide customers with appropriate information and produce advertisements that are readily understood.

To earn customer trust, NTT Communications adheres to the Voluntary Standards and Guidelines on Advertisement of Telecom Services, established by the Telecom Services Promotion Conference*, so that customers can safely choose and use our services.

We also strive to convey proper, easily understood information to customers by adhering to our internal Rules on Advertising and following the basic principles of complying with the Act

against Unjustifiable Premiums and Misleading Presentations as well as associated laws, regulations, and guidelines. In concrete terms, we have established operational procedures to ensure compliance with prevailing laws and regulations, which includes setting up a screening system for advertising and designating leaders in each department who conduct voluntary screening. The Legal and Internal Audit Department is responsible for screening specific types of advertisements. In February 2019, we sought to address the diversification in contemporary advertising media and methods by revising the Specific Screening Method for Advertising in an effort to ensure appropriate implementation. In addition to complying with the Act against Unjustifiable Premiums and Misleading Presentations and other relevant laws, we will further strive to reassure customers about the accuracy of our advertising when they choose NTT Communications' services.

*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 employees and directors on an ongoing basis. The NTT Communications Group provides annual compliance training to all employees and directors.

In fiscal 2019, we offered training on various topics, including information leakage and harassment, to understand the mental mechanism of fraudulent behavior such as motivation and justification. We also conduct surveys on corporate ethics targeting all Group employees as well as internal awareness programs by inviting entries for compliance slogans, and we regularly provide information via the internal website.

We view the surveys as particularly important because they allow us to gain a detailed understanding of employee views and attitudes over time. In response to the survey results in fiscal 2019, we organized topic-oriented training for discouraging the use of certain words and actions that could lead to harassment. In addition, we improve various initiatives as needed in order to further raise compliance awareness across the entire Group.

In light of the increasing importance of supply chain compliance, including enforcing legal compliance among subcontractors, we use subcontracting agreements as a means of ensuring adherence to our guidelines while also consistently striving to raise awareness among Group companies and subcontractors.

Consultation Hotline

We established the NTT Communications Group Hotline, which is accessible to all employees across the Group.

Additionally, the NTT Group operates an external contact point for consultation and reporting, staffed by lawyers, to foster an open corporate culture.

In fiscal 2019, a total of 87 incidents related to the NTT Communications Group were reported through these two channels in Japan. The Compliance Office responded appropriately to the reports after investigating the facts and implemented the necessary actions to prevent recurrence.



For more information on the external contact point for the NTT Group Corporate Ethics Helpline, see:

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 to raise employee awareness. Also, we set up the Human Rights Education Promotion 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 to 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: https://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 vibrant workplaces. Our approach to preventing workplace harassment is based on the Rules for Preventing Harassment, established in May 2020 in accordance with the NTT Communications Group's Basic Policy on Human Rights Education. In conjunction with the establishment of these

rules, we organized a seminar on anger management, which was attended by around 200 people, including staff in charge of human rights education at all Group companies as well as full-time and temporary employees who had signed up voluntarily.

◆ NTT Communications Group Framework for Promoting Human Rights Education

Human Rights Education Promotion Committee

Human Rights Education Promotion Executive Committee

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 risks using various related data as well as a potential impact assessment based on interviews with stakeholders in regard to the results of the first assessment. More specifically, we use the human rights management surveys conducted by the NTT Group to grasp priority issues,

designate priority themes, 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 human rights protection frameworks 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, designed to foster a heightened sense of awareness in each and every employee.

We began the training session with a detailed explanation of measures implemented in June 2020 to prevent harassment in the workplace and introduced actual Company-related cases as well as human rights issues such as discrimination. In the area of corporate activity and human rights, we highlighted our efforts to address the SDGs and the UK Modern Slavery Act of 2015. We seek to ensure that employees remain conscious of these concerns in their daily operations by cultivating a broad understanding of harassment and intercultural communication, encouraging them to frequently review the NTT Group Human Rights Charter and NTT Communications Group's Basic Policy on Human Rights Education, and widely disseminating information on our multiple contact points for consultation. For new employee training for fiscal 2019, we implemented a program on LGBT issues based on the All-Employee Human Rights Education Training from the previous fiscal year, to provide an opportunity for employees to think for themselves. In addition to training, we invite entries on human rights and

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compliance slogans as an opportunity for each employee to consider the importance of this public concern.

In fiscal 2019, we received 9,174 entries from 4,174 people, comprising full-time and temporary employees at all Group companies, including overseas subsidiaries, and members of employees' families.

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

◆ 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.

We had been providing a monthly opportunity for employees to personally consult a counsellor in the workplace. However, due to the COVID-19 pandemic, we switched to a Web-based remote interview, which proved to be more convenient. The contact points are absolutely committed to confidentiality and protecting the rights of individuals who seek consultation.

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 violations and that no business partner responsible for providing services is or has been involved with an offender. Accordingly, we are making an industry-wide effort to eliminate violence and pornography by blocking 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 (Japanese Only)

Contributing to the Welfare of Children

> Industry-wide Countermeasures against Child Pornography

Blocking child pornography on the Internet is an important issue that must be addressed, not only to protect the human rights of children but also to prevent children from falling victim to human rights abuses and to ensure the provision of a safe Internet environment. In particular, since the Japanese government launched a national campaign against child pornography in 2010, an ongoing private-public initiative has established a proactive system that includes the voluntary blocking of access to child pornography websites by Internet service providers. Under these circumstances, the NTT Communications Group joined other ISPs, search engine service providers, filtering service providers, and related businesses to form the Internet Content Safety Association (ICSA). The ICSA has been effectively compiling and managing information for forcibly blocking access to child pornography images and providing member companies with the list of addresses for websites that publish child pornography.

Specifically, the NTT Communications Group's goo and OCN services restrict access based on child pornography website address lists provided by the ICSA. Individual ISPs have begun blocking child pornography images based on these lists as well. In response, NTT Resonant has implemented measures on the search engines it offers.

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Risk Management

Business Risk Management

We established the Business Risk Management Committee, chaired by the senior executive president and consisting of the heads of each organization, to develop a system and mechanisms for more effectively responding to major business risks that may affect our corporate management.

The risks were categorized into 25 items as of March 31, 2020, and we have identified and addressed three as material risks for fiscal 2019. We adopted a mechanism in which the management status of material risks is monitored through audits, sorted our risk-related operations, and boosted efficiency. Every year, we ask each organization to identify the risks and review and revise their policies 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 in order to provide the structure for gathering accurate information and making effective decisions. Thereafter the Disaster Response Headquarters will take the lead in addressing the situation on the ground.

Crisis Management

Since 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. In response to the COVID-19 pandemic, we have taken the following measures.

- Set up a Disaster Response Headquarters headed by the president
- Established our operational policy based on guidelines published by the Telecommunications Carriers Association and other entities
- In line with our responsibilities as a designated public institution, we sought to secure telecommunications through operations such as monitoring networks, repairing equipment, and opening communication lines. We also sought to protect people's lives and health by taking appropriate actions against infection.

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> (Japanese Only)

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 NTT. The necessary improvements are made following assessments of system effectiveness.
3. NTT Communications will cooperate with NTT and take appropriate measures to ensure the reliability of its system of internal controls for financial reporting under Japan's Financial Instruments and Exchange Law.
4. 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 NTT's Basic Policies Concerning the Maintenance of Internal Control Systems.



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Internal Audits

At NTT Communications, Internal Auditing takes the lead in conducting internal audits of internal organizations and Group companies, with an emphasis on business risks. Through the audits, we seek to reduce and prevent the manifestation of management risks while also proposing operational improvements to enhance the corporate value of the entire NTT Communications Group.

In fiscal 2019, we began continuous risk monitoring with CAAT* and organized various training events to develop the data analysis skills of internal auditors while also doubling the number of certified internal auditors. Furthermore, we will accelerate and intensify our drive to reform our internal auditing functions to bolster risk control and operational efficiency.

*Computer-assisted audit techniques that utilize big data

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CSR Priority
Activities

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.

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. When subcontracting the handling of customer personal information, we select subcontractors that meet the standards for handling this information.

In 2002, we obtained the Information Security Management Systems (ISMS) certification*¹, primarily for our corporate sales and maintenance divisions, and the PrivacyMark certification*² in 2004. Furthermore, to comply with the General Data Protection Regulation, 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 all executives, employees, and staff of partner companies.

We continue to protect our customers' information and personal data so they can use 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 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.

 > 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 CSR Priority Area in which we seek continuous strengthening of corporate governance, we have consistently pursued our initiatives by setting CSR KPIs. These encompass a wide range of activities such as strengthening the reliability of our information handling processes, obtaining and maintaining ISMS certification, and conducting security surveys. Additionally, 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

| Type of Training | FY2017 | FY2018 | FY2019 |
|---|--------|--------|--------|
| Information security training (total) | 13,050 | 15,055 | 11,641 |
| Companywide security training and assessment of understanding | 12,928 | 14,941 | 11,527 |
| Training for managers and leaders in charge of implementing security management | 122 | 114 | 114 |

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Information Security Management Structure

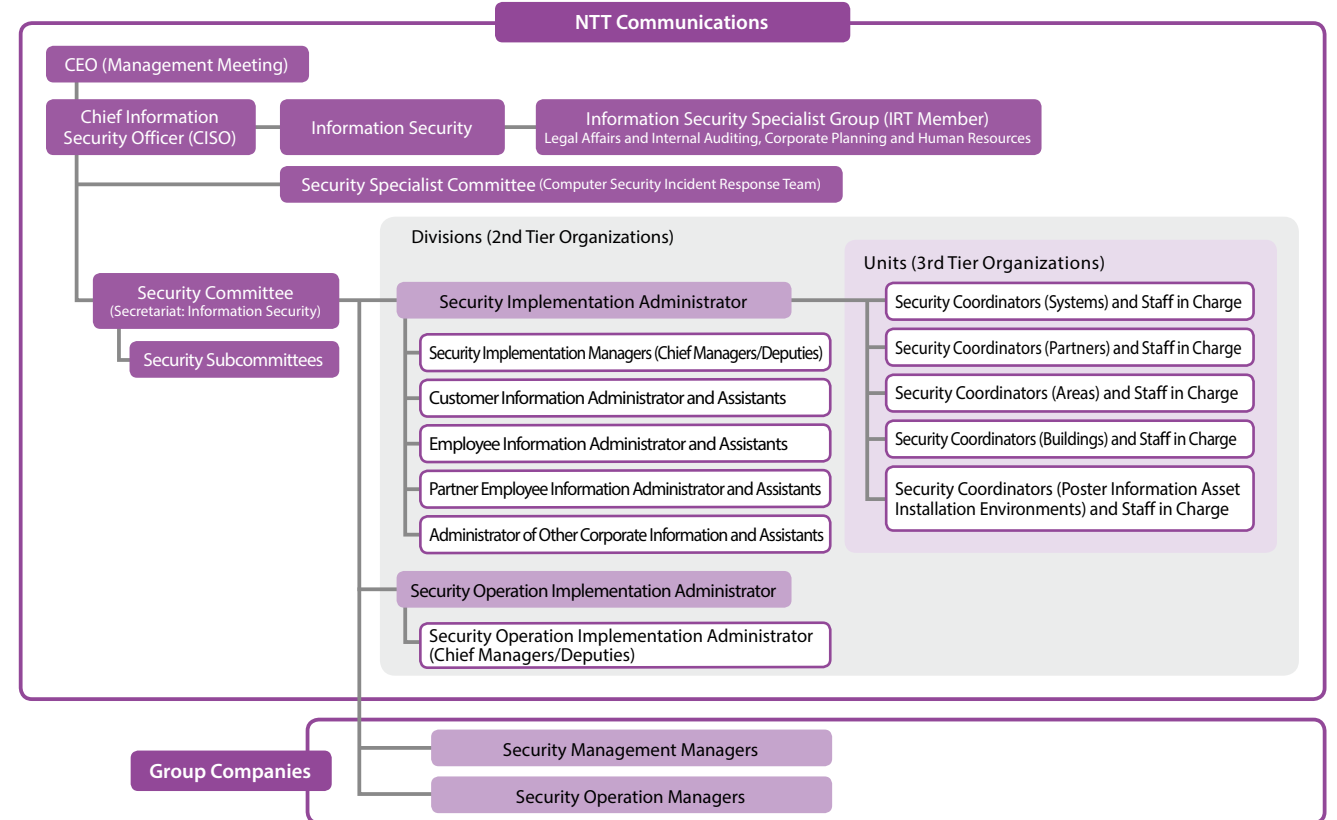
We have established common benchmarks on information security management for our operations in Japan and overseas, based on the requirements of ISO/IEC 27001, the international standard for ISMS. Also, we are enhancing the Group's information security governance through ongoing management activities 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 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 2019, 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 2020, eight companies in Japan have obtained external ISMS certification for their information security management systems.

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