NTT Communications Corporation CSR Report 2020
Expanded Version

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Fundamental CSR Policy

The NTT Communications Group is committed to addressing social issues through ICT. We believe that it is essential to identify the diverse potential risks inherent within the global society and strive to avoid or mitigate such risks.
While we prepare for global risks as the responsibility of an ICT company that is sustained by stakeholders around the world, we also view this responsibility as an opportunity to focus on the four priority issues for realizing our goals for society.

Diverse Risks and Social Issues

- Failure to mitigate or adapt to climate change
- Major natural disasters
- Cyberattacks
- Breakdown in mission-critical information infrastructure and networks
- Failure to implement global governance
- Spread of infectious diseases etc.

Reference: World Economic Forum "Global Risks Report 2020"

Fundamental CSR Policy

As a partner that links the present to the future, the NTT Communications Group contributes to the realization of a safe, comfortable and abundant society by working to solve social issues and create new value for society on a global scale through ICT.

Four Priority Areas

Society — Contributions to Society

We shall contribute to the resolution of social issues in Japan and overseas through the development and provision of innovative ICT while providing highly reliable services for the sustained development of society. As a group of companies that provides key infrastructure that supports society and protects our lifestyles, we shall provide secure environments for communications that are fortified against cybersecurity threats and resilient to natural disasters.

Environment — Contributions to the Global Environment

We shall endeavor to solve environmental problems on a global scale through initiatives to use ICT to reduce the impact of society on the environment, while lightening the environmental burden of our business activities as a Group.

People — Respect for Employees

We shall create work environments that invigorate each and every employee, while respecting the diversity of our employees and other stakeholders. Moreover, we shall contribute to the creation of an abundant society by changing ourselves for the better and seeking to break free from our own limitations.

Management — Continuous Strengthening of Corporate Governance

While valuing opportunities to communicate with all our stakeholders, we shall contribute to the sustainable development of society by engaging in business with high ethical standards and respect for human rights.

Our Goals for Society

A society where everyone is connected through ICT

- **A society unrestricted by time, distance or language**
- **A society with always secure and fast networks**

A society in harmony with nature, preserving the planet's abundance

- **A low-carbon society with a light environmental footprint that thoroughly recycles resources**
- **A society that respects biodiversity and protects abundant natural resources**

A society where everyone acknowledges and lifts each other higher

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

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

- **A society where corporate actions are completely in line with laws, regulations and ethics**
- **A society that benefits from corporate activities and daily dialogue with stakeholders**

Supporting the UN's SDGs as the NTT Group

In fiscal 2016, the NTT Group announced its support for the UN's Sustainable Development Goals (SDGs). As a member of the NTT Group, we also began promoting efforts to contribute to the SDGs in fiscal 2016. We have been training employees to raise awareness of CSR and the SDGs and will seek to achieve these goals through business activities, including the CSR Priority Activities linked to them.

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CSR Management

NTT Communications CSR Management

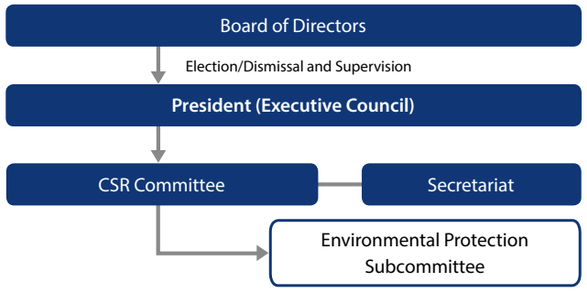
CSR Promotion Structure

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

The CSR Committee meets twice a year to report on the progress of CSR activities and to consider and implement measures for promoting the activities. In fiscal 2019, representatives of 13 major Group companies attended the CSR Committee meeting. Matters reported to and discussed by the committee, including important information related to social or environmental risks, are shared with the Board of Directors as needed.

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

◆ CSR Promotion Structure



Assessment Process for CSR Management

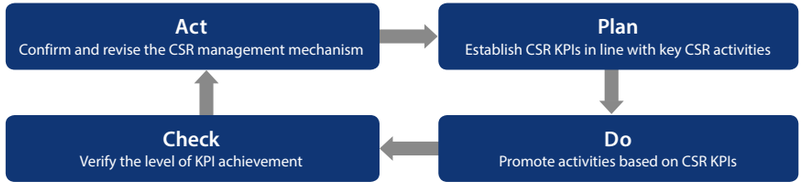
To ensure the effective functioning of our structure for promoting CSR activities, we have continuously operated an established mechanism for reviewing the results of our activities.

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

These processes are implemented by the CSR Committee, and the chairperson is responsible for achieving the CSR KPIs and executing the activities.

The committee is charged with confirming and revising the CSR management mechanism as needed, including reviewing the Fundamental CSR Policy and updating the KPIs.

◆ PDCA Cycle for CSR Management



In fiscal 2019, we considered our next CSR strategy based on our newly established Mission and Core Beliefs, and in fiscal 2020 we plan to promote initiatives that place even greater emphasis on diverse, newly emerging social issues and SDGs through our business activities.

Process of Identifying Materiality

Having decided on the medium-term targets and guidelines to steadily disseminate and put into practice the Fundamental CSR Policy, NTT Communications Group has been stipulating CSR Priority Activities based on an analysis of their importance and deploying PDCA activities. The CSR Priority Activities were identified through the following process.

Step 1
Sorting the Issues

We assessed the impact of each stage of the NTT Communications Group value chain by referencing a variety of international guidelines and initiatives, such as the UN Global

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Compact and SDGs, ISO 26000, and the GRI Guidelines, and sorted our material CSR issues based on a broad view of the value chain.

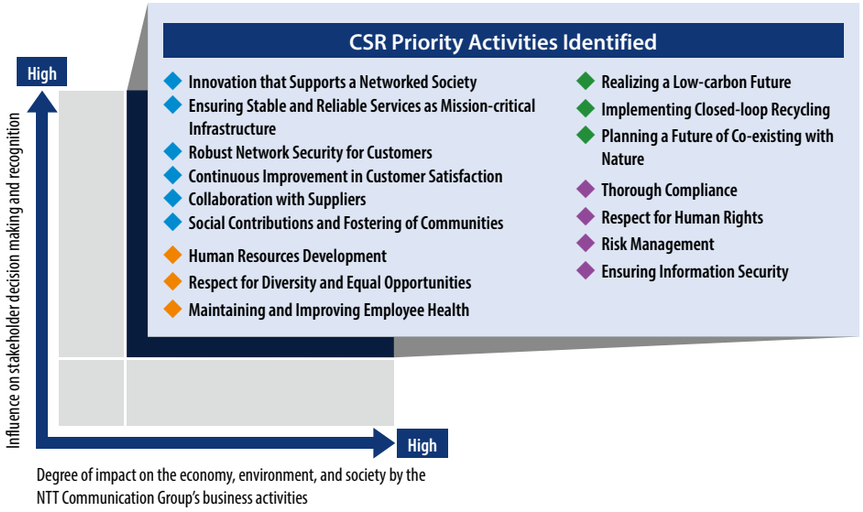
> NTT Communications Value Chain P.11

Step 2 Evaluating the Significance of the Issues

We evaluated the issues to be addressed by plotting them on a matrix according to their influence on stakeholder decision making and recognition and their degree of impact on the economy, environment, and society by the NTT Communication Group's business activities.

Step 3 Identifying Materiality

We identified the CSR Priority Activities to be addressed by the NTT Communications Group based on the results of prioritization with due consideration for maintaining consistency with our Fundamental CSR Policy.



CSR Priority Activities and Medium-term Targets

The NTT Communications Group sets medium-term targets for each initiative of the CSR Priority Activities and pursues them through PDCA cycles.

> For more information, please refer to the list of Fiscal 2019 Activity Results and Fiscal 2020 Targets provided in the first part of our report on each activity.

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Outside Advice for Management

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

Dialogue with an external expert (January 2020)

In fiscal 2019, we invited President Masahiko Kawamura of Sun Messe Innovative Network Center to take part in a dialogue with our CSR Committee chairperson. Having reached the milestone year of our 20th anniversary, we addressed issues such as meeting public expectations as exemplified by the SDGs as well as our challenges and outlook for the future, and we received valuable advice for our management strategy. Ongoing dialogue with experts by department personnel delegated by management to promote the sustainability strategy is shared with management as appropriate by the CSR Committee.

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Relationship with the NTT Group

As a Member of the NTT Group

◆ Promoting CSR throughout the Entire Group

There has been increasing demand for a commitment to a sustainable society on a global scale. This includes the adoption of the SDGs and the Paris Agreement. The NTT Group has therefore revised the CSR Priority Activities that represent key issues (materiality) for promoting CSR through the united effort of every Group company, and it formulated the NTT Group CSR Charter in May 2019. Applying this charter, the NTT Communications Group is engaged in resolving social issues on an ongoing and Group-wide basis.

◆ NTT Group CSR Charter

◆ NTT Group CSR Committee

In fiscal 2015, the NTT Group established the NTT Group CSR Committee, chaired by the chairperson of NTT's CSR Committee (a representative director and senior executive vice president) and comprising the chief CSR executives (senior executive vice presidents and executive vice presidents) from the eight main NTT Group companies, and it is working toward adopting CSR management across the Group.

◆ Participation in NTT Group CSR Conferences

The NTT Group has been holding NTT Group CSR Conferences since fiscal 2013 to encourage awareness of the SDGs for understanding and promoting CSR activities. NTT Communications received awards at the conference for three consecutive years from fiscal 2016.

◆ NTT Group CSR Conference

Relationship with External Entities

Participation in External Groups

NTT Communications actively participates in external organizations and shares information so that initiatives for addressing social issues can be shared beyond corporate boundaries.

Participation in External Organizations (Major Groups Only)	• Okinawa Open Laboratory (Member of the Board) • Advanced IT Architect Human Resource Development Council (Member of the Board) • Internet Content Safety Association (ICSA) (Member of the Board) • The Green Grid • Security Promotion Council (SPREAD)

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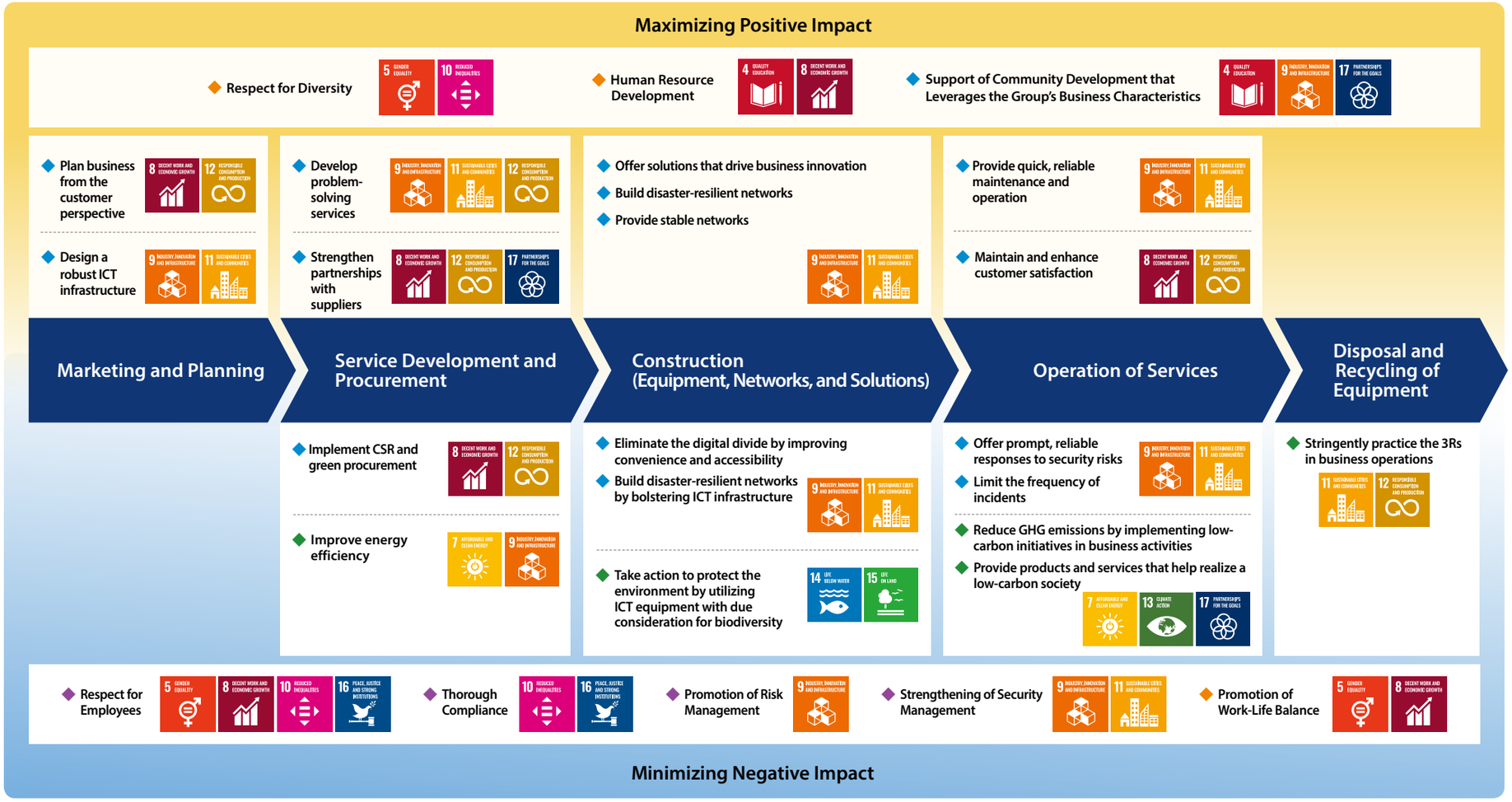
NTT Communications Value Chain

We will maximize the positive impact and minimize the negative impact of our business activities toward achieving the SDGs. Therefore, we determined how society and the environment will be impacted by the business activities of NTT Communications across its entire value chain and clarified the scope and direction of the Group's initiatives for resolving social issues with respect to the SDGs.

Four Priority Areas
- Contributions to Society
- Respect for Employees
- Contributions to the Global Environment
- Continuous Strengthening of Corporate Governance