NTT Communications Corporation Sustainability Report

2022

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. We will always place compliance at the foundation of our operations as a trusted corporate group.

To achieve sustainable corporate growth and continuously contribute to realizing a sustainable future, we are committed to practicing efficient governance and solid compliance across the Group. In particular, as advances in the remote world have heightened the importance of ensuring information security as a social concern, we have been actively preventing problems and providing countermeasures. We will remain faithful to our corporate mission, core beliefs, and policies in order to ensure each and every employee takes action with a sense of responsibility and strive to establish corporate governance and compliance systems throughout the Group to construct an efficient, legally compliant, and ethical management foundation.

Up to the present and into the future, we will endeavor to realize solid governance and enhance corporate value as we continue to advance as a company that has earned the public's trust.

Targeted SDGs

| 4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

Priority Activities

❯ 094 **Thorough Compliance and Risk Management**

❯ 101 **Enhanced Value Chain Partnerships**

❯ 106 **Continuously Strengthening Information Security**

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Priority Activities

Thorough Compliance and Risk Management

Our Approach

Under the NTT Group Corporate Ethics Policy, NTT Communications will not only adhere to laws and ordinances but will also engage in its daily operations with high ethical standards as a corporate group that retains the trust of all stakeholders, including customers, business partners, shareholders, and society as a whole. We have been developing our compliance promotion framework in accordance with our Global Compliance Regulations, through measures such as establishing a Compliance Committee and assigning compliance promotion leaders and staff to each unit and Group company. At the same time, we consistently promote compliance management across the NTT Communications Group by disseminating top management messages, educating and training employees, and operating points of contact for internal reporting.

We also prepare against various business risks, including large-scale disasters, by establishing systems and mechanisms that enable us to effectively respond to risks in our business operations. This is done under the leadership of the Business Risk Management Committee and involves annually reviewing and revising risk identification, response policies, and countermeasures. In addition to improving Groupwide risk sensitivity and handling the risks that have materialized, these activities are intended to build a system for addressing environmental and social risks in the future through a concerted Group effort.

Main Achievements in Fiscal 2021 and Goals for the Coming Years

As part of our ongoing compliance efforts, we are fostering awareness of risk management and conducting compliance training, with attendance rising to 98.9% in fiscal 2021 from 93.1% in fiscal 2020, while the implementation rate for the corporate ethics survey rose to 94.1% from 83.8% in fiscal 2020. We also conducted training for reviewing management to prevent harassment. We will continue to work on establishing a compliance foundation with integrity to promote harmony and mutual understanding among employees and adapt to the new structure and processes.

In addition, we are striving Companywide to continuously enhance our risk management system. In fiscal 2021, the Business Risk Management Committee met twice and Business Risk Management Subcommittee meetings were held 12 times. We have also designated the COVID-19 pandemic, information security, and resilience as material risks that require a focused effort.

Continuous Strengthening of Corporate Governance

Our Foundational Mission, Core Beliefs, and Business Vision

■ **Business Activities under Our Mission, Core Beliefs, and Business Vision**

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 can 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. At times,

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we may become uncertain about the decisions and actions that meet the needs of stakeholders in our relationship with them. Whenever this concern arises, we will reflect on our proper course of action as a company serving society by returning to business activities based on our mission and core beliefs. Through these actions, we will strive to become a trusted company that satisfies the needs of customers and society.

In addition, the NTT Communications Group is upholding its new medium-term business vision of Re-connect X to fulfill its corporate mission in the "new normal" society that has been forced to undergo rapid change due to the spread of the COVID-19 pandemic.

As a general variable, "X" can signify anything. Together with our customers and partners, we will strive to help bring about a sustainable future by safely and securely connecting and re-connecting everything, and by collecting, storing and analyzing data, and providing feedback.

We believe that maintaining our business activities based on our mission, core beliefs, and business vision in a lawful, fair, and ethical manner contributes to meeting the SDG 10 "Reduced Inequalities" and SDG 16 "Peace, Justice and Strong Institutions."

For more information on our mission, core beliefs, and business vision, see:
https://www.ntt.com/about-us/we-are-innovative/vision.html?link_id=ostp_mdd_about
(in Japanese only)

For more information on Re-connect X, see:
https://www.ntt.com/en/about-us/re-connectx.html

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 and has recently assigned outside directors to bolster its governance functions. The board comprises seven 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.

We have set up an Internal Audit Department at 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. 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 conduct their audits in close cooperation with accounting firms and the Internal Audit Department by periodically sharing information on audit plans and results.

[Corporate Governance Structure]
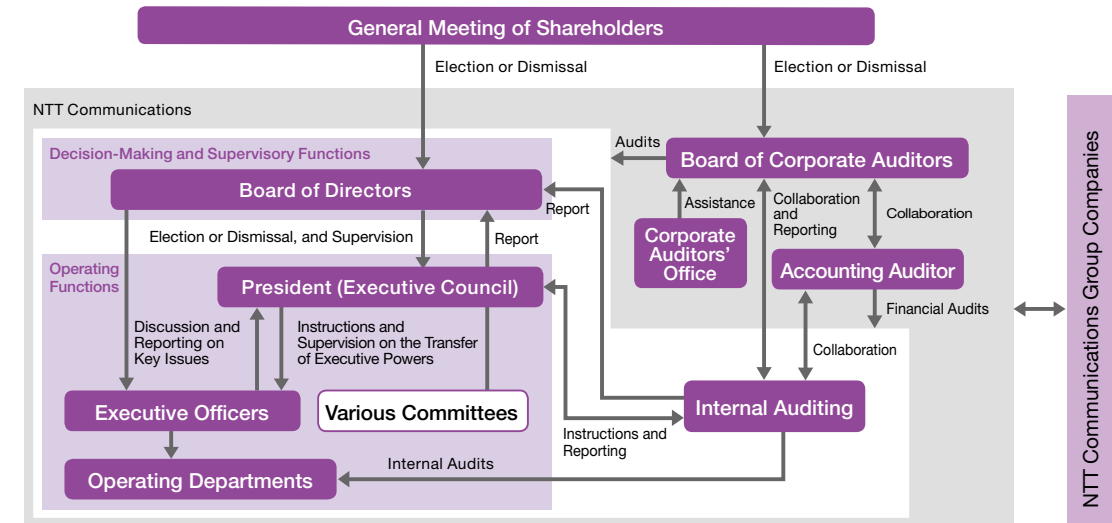
Appointing Directors

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

[Composition of Board Directors and Auditors (as of December 1, 2022)]

| Directors	Name	Main Responsibilities and Roles
President and CEO Representative Member of the Board of the Company	Toru Maruoka	
Senior Executive Vice President Representative Member of the Board of the Company	Hidemune Sugahara	Executive Vice President of Business Solution Division Senior Vice President of Smart World Business, Business Solution Division In charge of Global Business In charge of Digital Transformation
Senior Executive Vice President Representative Member of the Board of the Company	Keigo Kajimura	Executive Vice President of Platform Service Division In charge of Technology & Innovation, and Information Security
Senior Vice President Member of the Board	Hisashi Fujishima	Senior Vice President of Corporate Planning
Member of the Board	Masaaki Shintaku	
Member of the Board	Sadaaki Yokouchi	
Member of the Board	Minako Tsumenaga	
Audit & Supervisory Board Members	Kazuhiko Aramoto	
Audit & Supervisory Board Members	Sakuo Sakamoto	
Audit & Supervisory Board Members	Shuji Ota	

Thorough Compliance

Compliance Promotion Framework

The NTT Communications Group acts in accordance with the NTT Group Corporate Ethics Policy, established by Nippon Telegraph and Telephone Corporation and applied throughout the NTT Group. To address compliance issues in Japan and overseas that have become increasingly complex in nature, NTT Communications will not only adhere to laws and ordinances but will also engage in its daily operations with high ethical standards as a corporate group that retains the trust of all stakeholders, including customers, business partners, shareholders, and society as a whole.

[Framework of Important Internal Rules on Corporate Ethics]
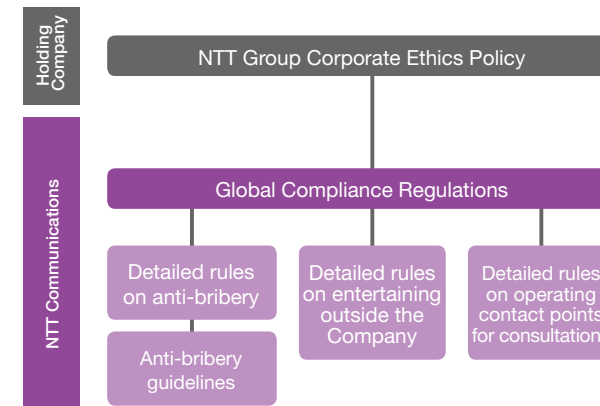
Specifically, we have established the relevant rules centered on the Global Compliance Regulations that serve as the standard compliance policy for the NTT Communications Group. We also promote compliance under a framework led by the Compliance Committee, which is by a senior executive vice president and supervises compliance promotion leaders and staff assigned to each unit and Group company. Under this framework, we consistently promote compliance management across the NTT Communications Group by disseminating top management messages on compliance, training employees, operating points of contact for internal reporting, and conducting internal audits to confirm and improve the ongoing initiatives at each Group company.

The Compliance Committee consists of compliance promotion leaders (heads of each unit) of NTT Communications and presidents of each Group company and meets regularly every six months to provide a forum for sharing the status of reporting at internal points of contact and holding discussions on measures for establishing corporate ethics. The committee reports on the content of its discussions for each fiscal year to the Executive Council and Board of Directors of NTT Communications.

[Compliance Promotion Framework]
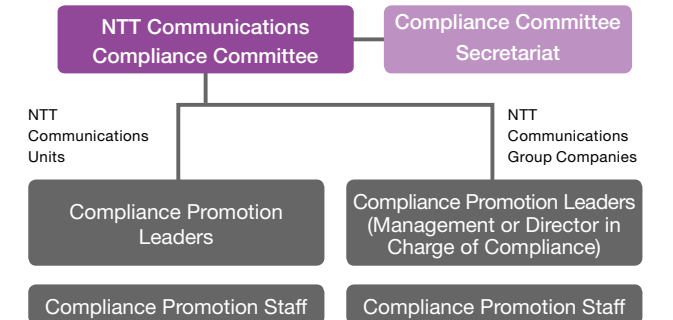
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Looking ahead, even as we respond to regulatory changes in Japan and overseas and the evolving business environment, management and all Group employees will engage in ethical business practices and seek to strengthen the Group's compliance system worldwide.

For more information on the NTT Group Corporate Ethics Policy, see:
https://group.ntt/en/csr/governance/compliance.html

Awareness-raising Programs and Training for Thorough Compliance

To ensure thorough legal compliance and fair business activities, companies are required to implement ongoing awareness and training programs for employees and directors. The NTT Communications Group is actively pursuing internal awareness-raising activities through various programs including compliance training, and by conducting employee awareness surveys on corporate ethics, inviting entries for compliance slogans, and regularly providing information via the internal website.

Every year, we provide compliance training for all employees and directors. In fiscal 2021, we covered basic themes related to legal compliance in Japan and overseas, such as anti-monopoly laws and the prevention of bribery, including overseas cases, and insider trading. We also organized additional training on specific themes such as the appropriate handling of customer information and confidential internal information, from the standpoint of information security, and establishment of discipline premised on new workstyles such as remote work. Attendance

for the NTT Communications Group as a whole was 98.8%.

We are continuing training in fiscal 2022 on themes that address changes in social and economic conditions, such as management of personal information, key considerations for conducting remote work, prevention of harassment, and sincere dealings with stakeholders. By enhancing content and increasing attendance, we are working to strengthen compliance management across the Group.

We also believe it is important to establish integrity as the key to raising awareness of compliance and realizing compliance management. In fiscal 2021, we conducted training on integrity for all employees and compliance promotion staff in each organization and focused on establishing integrity at both the personal and organizational levels.

In light of the increasing importance of supply chain compliance, including enforcing legal compliance among subcontractors, we include a clause seeking compliance with guidelines such as the NTT Communications Corporation Guidelines for Sustainability in Supply Chain in our subcontracting agreements as part of an ongoing effort to ensure compliance across our operations, including the supply chain.

For more information on our procurement activities, see:
https://www.ntt.com/en/about-us/procurement.html

Initiatives for Preventing Corruption

To ensure compliance with the prevailing laws and regulations in Japan and overseas on preventing

corruption, including bribery and bid-rigging, NTT Communications adheres to the Anti-Bribery Handbook compiled by its parent company Nippon Telegraph and Telephone Corporation, as well as its own internal rules, to prevent corruption.

We have stipulated detailed rules against bribery as well as prevention guidelines under the Global Compliance Regulations to clearly demonstrate we have proper measures in place to combat this concern, and we are determined to stringently address specific acts of bribery such as facilitation payments. As part of our Groupwide effort to prevent corruption, we follow procedures in various countries with regard to prior approval in cases where providing benefits to public officials are tolerated under law and examine the eligibility of agents and consultants hired to execute our operations. We also include prevention of corruption as a topic in our compliance training in an ongoing effort to raise awareness.

In August 2021, we established rules on entertaining outside the Company under the Global Compliance Regulations and began applying them to practical situations to ensure that employees of NTT Communications Group companies will engage in highly ethical conduct when entertaining outside stakeholders, including public officials. Through these rules, we seek to ensure fairness in operating our business and earn shareholder trust.

Appropriate Advertising

Telecommunication services such as the Internet and smartphones have become indispensable

infrastructure for daily life and business. Moreover, these areas are undergoing rapid technological innovation in which the content, providers, contracts, and other aspects related to services used by customers are becoming increasingly sophisticated and diverse.

NTT Communications will create new value by proposing fixed-mobile convergence services and integrated solutions under the new corporate business brand "docomo business" and will provide these services to all types of customers, from large corporations to small and medium enterprises. In light of the evolution of the business environment, such as expanded service offerings and the rising number of customers, we are required to provide customers with more appropriate information and to display advertisements in an easy-to-understand manner. To this end, NTT Communications practices established operational procedures, including an accountability system related to advertisements and a screening system for advertising. At the same time, we continuously strive to ensure the proper display of advertisements by reviewing our advertising screening system and business processes in light of "docomo business."

Initiatives on AI Ethics

Accompanying the rapid progress in technology, AI has spread through incorporation into products and service functions, while concrete applications of AI are being promoted in various areas. On the other hand, ethical concerns over AI-based evaluation and

judgment, such as the potential for discrimination and prejudice, have also materialized. In view of our pursuit of businesses such as Smart World and B2B2X, we formulated the NTT Communications Group Basic Policy on AI in April 2021 with the objective of ensuring the sound and reliable use of AI founded on an understanding of its possibilities and inherent risks, and we began applying the policy to manage service development and other processes.

🌐 For more information on the NTT Communications Group Basic Policy on AI, see:
https://www.ntt.com/about-us/cs/principle.html (in Japanese only)

Consultation Hotline

The NTT Group has established a common external contact point for consultation and reporting operated by a law firm for all Group companies. The NTT Communications Group has also set up its own hotline for reporting and consulting on compliance issues and a contact point for consulting on human rights issues. We are fostering an open corporate culture by creating an environment that encourages employees to seek consultation and by swiftly and appropriately responding to their concerns and reports.

In fiscal 2021, a total of 52* incidents related to the NTT Communications Group (30 related to harassment, 27 to dissatisfaction in the workplace, 2 to labor, and 7 others based on a broad categorization) were reported through the channels described above. The Compliance Office responded appropriately to the reports after investigating the facts

and implemented the necessary actions to prevent recurrence.

The contact points are being operated in accordance with internal rules such as the Global Compliance Regulations, which stipulate the ability to submit reports anonymously, the necessary measures that will be implemented to ensure that whistleblowers are not treated unfairly as a result of filing a report, and that those involved in an investigation will be bound by confidentiality with regard to information contained in the report.

Following the enforcement of Japan's revised Whistleblower Protection Act in June 2022, we have been reviewing and improving our internal rules and regulations to make the hotline even more accessible for reporting and consultation.

*The total figure does not add up because a single report may include several incidents.

🌐 For more information on the external contact point for the NTT Group Corporate Ethics Helpline, see:
https://group.ntt/en/csr/governance/pdf/Help-Line.pdf

Risk Management

Business Risk Management

The basic elements of risk management are defined in the Risk Management Rules we established to achieve sustainable corporate growth by anticipating and preventing the occurrence of potential risks that exist in and around our business and by minimizing any loss in the event they materialize. As a system and

mechanism for effectively addressing major risks that may affect our business management, we set up the Business Risk Management Committee, chaired by the senior executive president, to construct and implement a PDCA cycle for risk management.

The heads of units and presidents of Group companies comprising the Business Risk Management Committee meet twice a year to address the changing business environment by defining risks that require action, identifying material risks, and discussing issues such as initiatives for promoting risk management. In fiscal 2022, the committee focused on the current status of internal and external risks as well as their impact and scope to identify 19 items, including risks related to environmental issues, responsibility for human rights, information security, governance, supply chain, human resources, compliance, business resilience, and pandemics. The risk items were also assessed according to their assumed frequency of occurrence and impact. As a result, the COVID-19 pandemic and information security were identified and addressed as material risks for the second consecutive fiscal year. Furthermore, in addition to taking countermeasures against the growing number of natural disasters, resilience was selected as a new material risk in response to the need to address a decentralized society and the expanded business domains following reorganization into the new DOCOMO Group, and measures for risk management were reinforced accordingly. Each risk item, including material risks, is handled by a Business Risk Management Subcommittee consisting of the relevant units that meet each month to implement a practical PDCA cycle for risk management by examining and

analyzing the occurrence of risks and discussing countermeasures. Operational audits are conducted to confirm the status of each unit's measures against risk, and similar activities are extended to principal Group companies in Japan to promote risk management throughout the Group.

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. 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.

In July 2021, we established the Supply Chain BCP Guidelines to strengthen business continuity across the entire supply chain. We are working to ensure stable procurement with the cooperation of our suppliers.

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.

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 DOCOMO, INC. 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 DOCOMO, INC.'s Basic Policies Concerning the Maintenance of Internal Control Systems.

Internal Audits

At NTT Communications, Internal Auditing plans to achieve its goal of implementing audits that benefit management by taking 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 2021, we further developed risk-based auditing and addressed emerging risks in a timely manner by reevaluating and reidentifying risks in the middle of the fiscal year to add audit items and adopt an agile internal auditing method[1]. In the area of continuous risk monitoring based on CAAT[2], we created and analyzed new risk scenarios in response to changes in various systems in order to realize new workstyles based on remote work. We are also visualizing the skill map and skill areas to be strengthened for the purpose of continuously educating internal auditors and encouraging individual auditors to improve their skills. Seven of them have recently obtained qualification from the Institute of Internal Auditors – Japan as certified internal auditors. In fiscal 2022, we will review the development and operational aspects of internal controls across the NTT Communications Group with an emphasis on the impact of the business integration with NTT Docomo. Furthermore, with regard to risks that cannot be detected by conventional risk scenario-based auditing,

we will pursue data analysis-based auditing methods that can detect risks based on abnormal values and trends through big data analysis, thereby contributing to further strengthening internal controls for the NTT Communications Group as a whole.

*1 Agile auditing is a method that places greater focus on risk and by which audits are conducted within a short period so that advice and reporting can be provided on a near-real-time basis.
*2 Computer-assisted audit techniques is an auditing method centered on big data analysis.

Priority Activities

Enhanced Value Chain Partnerships

Our Approach ▼

We will manage the entire supply chain with high ethical standards by promoting and strengthening the sustainability of NTT Communications Group suppliers to ensure a reliable procurement system for our customers. To that end, we established NTT Communications Corporation Guidelines for Sustainability in Supply Chain and focus on developing mutual understanding and relationships of trust with our suppliers. At the same time, we are developing a procurement system based on the concept of sustainable procurement, which extends beyond environmental issues, with thorough consideration of humanitarian and social issues as well. We will strive to enhance our partnerships to properly understand and address the impact of our business activities on the value chain and engage in a dialogue with our stakeholders to meet the various requests and expectations from society, toward operating business on the trust of our stakeholders.

[Summary of NTT Communications Corporation Guidelines for Sustainability in Supply Chain]

Procurement Policies

1. NTT will strive to provide competitive opportunities with fairness to both domestic and foreign suppliers, and to build mutual trust and understanding.
2. NTT will conduct economically rational procurement of competitive goods and services that meet its business needs, deciding suppliers based on quality, price, delivery times and stable supply in a comprehensive manner.
3. NTT will contribute to realizing a sustainable society by doing procurement with an emphasis on human rights, the environment, safety, and other critical issues, in compliance with laws and social norms.

With the basic ideas of the previous Guidelines for CSR in Supply Chain, the new guidelines clarify the positioning of our requests to suppliers (code of conduct). The guidelines as a whole now require stronger cooperation, such as requesting primary suppliers to take responsibility for seeking compliance from upstream suppliers, establishing management systems to comply with each guideline, and taking actions such as suspending business with suppliers who do not correct violations. The content of each specific item has also been enhanced.

[NTT Communications Corporation Guidelines for Sustainability in Supply Chain]
★ Indicates the main additions and enhanced item

Content

Introduction ★
Requests to Suppliers (Code of Conduct): Common Matters
1. Build management systems ★
2. Detect inappropriate activities early by building complaint processing mechanisms
3. Publicize and disclose the status of initiatives related to these guidelines

I. Human Rights and Labor
1. Prohibit forced labor ★
2. Prohibit inhumane treatment
3. Prohibit child labor and make considerations for young workers
4. Prohibit discrimination ★
5. Proper wages and allowances
6. Regulate working hours
7. Respect the right to freedom of association and collective bargaining
8. Implement human rights due diligence in the supply chain ★
9. Promotion of "Technology that is based on high ethical standards."

II. Occupational Health and Safety
1. Occupational Safety

2. Apply safety measures for equipment and instruments
3. Promote hygiene in the workplace
4. Apply appropriate measures for occupational injuries and illnesses ★
5. Prepare for and respond to emergencies
6. Consider physical workload
7. Promote safety and hygiene in company facilities
8. Conduct health maintenance programs for employees
9. Communicate about safety and hygiene

III. Environment
1. Obtain environmental permits and report to the government
2. Manage chemical substances contained in products
3. Manage chemical substances
4. Minimize environmental pollution (wastewater, sludge, exhaust, noise, vibration, etc.)
5. Reduce energy consumption and greenhouse gas emissions ★
6. Reduce environmental burden by implementing product assessment
7. Effectively use resources and manage waste
8. Conserve biodiversity ★
9. Implement environmental investigations in the supply chain

IV. Fair Trade & Ethics
1. Prevent corruption and illegal political contributions, prohibit improperly providing or receiving benefits
2. Prohibit abuse of dominant bargaining position
3. Execute business fairly
4. Respect intellectual property
5. Appropriately manage imports and exports
6. Prevent improper acts
7. Responsibly procure minerals and carry out due diligence

V. Product Quality and Safety Product Quality and Safety
1. Ensure product safety
2. Provide accurate product and service information

VI. Information Security
1. Provide products and services that take into consideration security and privacy ★
2. Prevent the leaking of confidential information
3. Protect personal information
4. Take countermeasures against cyber attacks on one's own company
5. Respond to security incidents ★

VII. Formulate business continuity plans

🌐 For more information on the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, see:
https://www.ntt.com/content/dam/nttcom/hq/en/about-us/procurement/pdf/SustainabilityGuidelines_E_202211.pdf

Main Achievements in Fiscal 2021 and Goals for the Coming Years

In order to realize the sustainable procurement concept, we will thoroughly promote the procurement of products with minimal impact on the environment by conducting product assessments with the cooperation of suppliers. Also, we will encourage the worldwide adoption of supply chains that do not engage in the trade of conflict minerals or in any way intensify social and humanitarian problems. Under this concept, we continue to have suppliers complete sustainable procurement promotion surveys, which began in fiscal 2016, and also strive to identify the related risks. Moreover, we are focused on more clearly stating our accountability to companies with consideration for NTT Communications as a supplier.

We have been providing supplier information to EcoVadis[1], an international sustainability rating organization. In fiscal 2022, we will continue to build on the supplier surveys while simultaneously taking steps to promote the exchange of opinions with suppliers and increase information disclosure.

Furthermore, we are engaged in multifaceted activities with a primary focus on continuous customer satisfaction surveys as our main measure for continuously improving customer satisfaction. In fiscal 2020, we revised the methodology of our voice of customer (VOC) survey. The

process enabled us to respond to survey results by identifying priority issues from the customer perspective and quickly improving these issues, which we continued to do in fiscal 2021.

In our customer satisfaction survey on our services, we standardized the wording of the questions, which enabled us to conduct a trend analysis across all our services and identify issues that could not be discovered in a standalone survey covering a single service. This led to the implementation of measures related to the business portal[2].

In fiscal 2022, we intend to improve our sales activities and service development by conducting surveys to understand customer expectations for "docomo business," the corporate business brand of the new DOCOMO Group, and what customers who are engaged in rebuilding local communities require from ICT providers.

[1] An organization that evaluates supply chain sustainability. Providing platforms for evaluating the sustainability of companies related to policy, measures, and achievements, EcoVadis conducts surveys and evaluations of suppliers in 175 countries and 200 industries from the perspective of four areas: the environment, labor conditions, business activities, and the supply chain.

[2] A free portal site that allows centralized management and operation of corporate services provided by NTT Communications, such as Arcstar Universal One, Arcstar IP Voice, and the Smart Data Platform.

Collaboration with Suppliers

Dissemination of Sustainable and Green Procurement

■ **Promoting Sustainable Procurement**
We have formulated the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, which encourage procurement policies for respecting human rights and protecting the environment, ensure the quality and safety of products and services, and recognize the overall needs of society. When selecting and entering into agreements with new business partners, we have designated our own sustainability compliance items, in addition to credit screening criteria, which include confirming corporate initiatives on human rights and labor issues. When we determine that a company has failed to meet our criteria and thus represents a risk, we do not trade with them.

To promote sustainable procurement, we conduct a survey that targets suppliers designated by Nippon Telegraph and Telephone Corporation (NTT) from among 140 major suppliers to the NTT Group, to confirm the management status of the Guidelines for Sustainability in Supply Chain. After the compiled results are analyzed, we consider means of improvement for dealing with high risk concerns. In fiscal 2021, we received responses from all 15 companies and found no high-risk issues. We also engaged in dialogue with five suppliers that are particularly key in terms of large transaction volume and other aspects. Starting in fiscal 2022, we will

begin incorporating EcoVadis surveys and evaluations into our questionnaire surveys to conduct higher quality evaluations. Looking ahead, we will continue to work with our suppliers to promote sustainable procurement.

🌐 For more information on the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, see:
https://www.ntt.com/content/dam/nttcom/hq/en/about-us/procurement/pdf/SustainabilityGuidelines_E_202211.pdf

📖 For more information on green procurement, see: Contributions to the Global Environment.

■ **Developing Procurement Professionals**

In maintaining sound Group management, we uphold our Sustainability Policy to thoroughly establish and enhance our sustainability through efforts that also involve suppliers. We encourage our employees to obtain the Certified Procurement Professional (CPP) qualification, designated by the Japan Management Association, so they can have specialized knowledge in purchasing and procurement. As of fiscal 2021, a total of 74 employees have been certified (Grade A: 30, Grade B: 44), including those transferred in fiscal 2021 and excluding those certified while working in other organizations. Looking ahead, we will continue nurturing human resources in each area to practice sustainable and responsible procurement.

The Procurement and Billing Department has also acquired ISO 14001 certification and engages in environmental protection. Every fiscal year, employees responsible for activities as core members are required to participate in ISO 14001 internal auditor training, and four employees took part in fiscal 2021. Along with

this training, we provided video training in fiscal 2022 on the outline of ISO 14001 and our environmental protection activities as an organization so that all employees in the department can actively participate in protecting the environment.

■ **UK Modern Slavery Act Statement**

The NTT Communications Group had been disclosing its statement on slave labor and human trafficking in accordance with the UK Modern Slavery Act 2015. Due to the closure of our London branch on March 31, 2021, the Group is no longer subject to the disclosure of statements under this act. However, we will continue to build honest and sustainable relationships with a wide range of suppliers in Japan and overseas, procure quality services and products in an economical and timely manner, cooperate with suppliers to prevent slave labor and human trafficking, and continue to promote and strengthen our activities based on the Guiding Principles on Business and Human Rights.

📖 For more information on human rights efforts in the value chain, see: Governance.

■ **Response to Conflict Minerals**

The NTT Communications Group will conduct procurement activities in accordance with the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, (IV. 7. Responsibly procure minerals and carry out due diligence). The response to conflict minerals by major suppliers is confirmed by conducting a questionnaire survey aimed at checking the operational status of the NTT Communications Corporation Guidelines for

Sustainability in Supply Chain.

■ **Disclosure of Supply Chain through EcoVadis**

Rising public expectations for sustainability activities that also encompass the supply chain have increased the importance of companies knowing the status of their suppliers' sustainability activities and disclosing that information to clients. Since fiscal 2016, we have registered supply chain information with EcoVadis. We have also been proactively disclosing information to our clients and to companies considering doing business with us. We received a Silver rating in 2022 as a result. Our stance on the environment in particular was highly evaluated for setting quantitative targets for multiple related issues. We will continue to work to improve our sustainability performance in the areas of the environment, fair labor and human rights, ethics, and sustainable procurement.

■ **Environmental Protection Activities as a Procurement Organization**

The procurement promotion and strategy sections of the Procurement and Billing Department engage in environmental protection by appropriately operating their environmental management system, which has been ISO 14001 certified since October 1999. The efforts are called "EP Activities" and undertaken throughout the department by setting and managing environmental targets as KPIs in line with business operations and by soliciting and selecting activities from all members to reach beyond specific staff and ensure everyone in the department is actively involved. In fiscal 2022, the scope of certification was expanded to include the Billing Service section,

which is responsible for billing and collection of Companywide charges, to create an environmentally sound society in a shared effort by the entire Procurement and Billing Department.

For more information, see: Acquiring ISO 14001 Certification.

Enhance Stakeholder Engagement

Our Approach to Stakeholder Engagement

Our stakeholder relationships are extremely important for the NTT Communications Group in maintaining sustainable business operations. As part of our efforts to disclose information on sustainability, we have categorized our stakeholder engagement from the perspectives of required information, information that should be shared, and communication media. In addition to this report, we will engage with our stakeholders through our website, various events, and surveys.

[NTT Communications Stakeholders]

[Dialogue with Stakeholders and Major Topics]

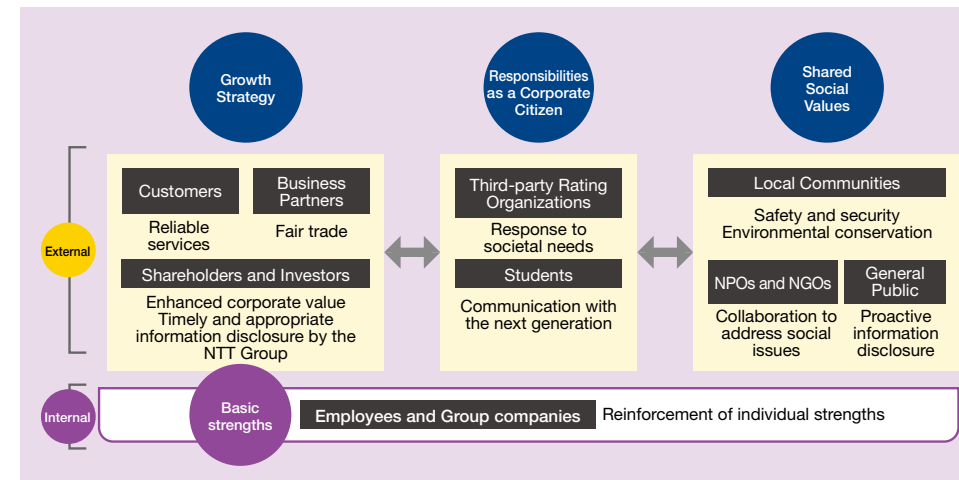| Stakeholder	Opportunities for Engagement	Main Purposes
Customers	We gather feedback through such means as customer satisfaction (CS) surveys and take steps to improve satisfaction levels.	• Voice of customer (VOC) survey, CS surveys • Exchange of opinions at the docomo business Forum • Exchange of opinions based on daily interaction with customers	• 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 sustainability throughout the supply chain.	• Supplier due diligence • Surveys, daily exchange of opinions	• Improve the quality of products and services • Explore new products and services • Ensure fair business practices • Ensure sustainable 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.	• Dialogue with stakeholders • Exchange of opinions with NPOs, NGOs • Social contribution activities • Environmental protection activities	• 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.	• Comments from executives during dialogue meetings and lectures • e-learning programs and questionnaires • Feedback collected through the corporate website and helpline • KAIZEN Support Line • Employee satisfaction surveys	• Broadly establish the corporate vision and philosophy • Broadly establish the Sustainability Policy • Create customer value and seek self-development • Realize value in work
Third-party Rating Organizations	We meet the public need for information disclosure and cooperate with various surveys concerning the SDGs to develop a broad understanding of the status of our initiatives.	• Participation in surveys conducted by research institutions in Japan and overseas • Publication of the Sustainability Report and information disclosure via the corporate website	Report on the status of various initiatives for social issues, human resources, the environment, and corporate governance

■ Ongoing Customer Satisfaction Surveys

In order to remain the service provider of choice for customers around the world, daily contact with customers cannot be limited to sales personnel. All employees consider customer interaction as a top priority and make every effort to increase customer satisfaction through innovative services and daily improvement efforts. One such initiative is the annual VOC survey on customer satisfaction. We take the comments seriously and are working diligently to make improvements.

In fiscal 2021, we conducted the VOC survey to understand customer trends and challenges in addressing social issues through the use of ICT (including carbon neutrality, flexible and hybrid workstyles, and protecting personal information), in addition to the level of overall satisfaction with NTT Communications as well as its service and sales activities. We also received responses from many small and medium enterprise customers (several hundred more than the actual results in fiscal 2020), which enabled us to accurately grasp business strategies and trends across a wide range of customer segments.

Looking ahead, we will continue to pay close attention to what our customers have to say as we strive to make permanent improvements to ensure their satisfaction.

Guidelines for Diverse Business Activities

Society has entrusted us with diverse responsibilities to fulfill through our operations, from developing products and services that address 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 the Priority Areas defined under our Sustainability Policy.

[Examples of Policies and Guidelines for Sustainability Priority Areas and Priority Activities]

Sustainability Priority Areas and Priority Activities		Policies and Guidelines	Page in Report
Society	Promotion of DX to connect society with the future	Our Mission	006 032 035
	Promotion of innovations that break through limits		
	ICT transformation	NTT Communications Three Disaster Policy Fundamentals	036
	Promotion of corporate citizenship	Social Action Principles	040
Environment	Promotion of a decarbonized society	Global Environmental Charter	044
		Environmental Statement	044
	Development of a closed-loop society	Eco Strategy 2030	045
		Biodiversity Action Plan	063
Human Resources	Development of human resources	Talent Profile of Ideal Employees	071
	Promotion of diversity and inclusion	Promotion of Diversity Fundamental Policy	078
	Respect for human rights	Basic Policy on Human Rights Education	089
Governance	Thorough compliance and risk management	Basic Approach for Maintaining an Internal Control System	094
	Enhanced value chain partnerships	NTT Communications Corporation Guidelines for Sustainability in Supply Chain	101
	Continuously strengthening information security	NTT Communications Security Declaration	106

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Priority Activities

Continuously Strengthening Information Security

Our Approach

To address information security issues that are growing in sophistication and severity due to social trends such as advances in the remote world, we will continuously strengthen security governance and our cyber security measures. We are conducting information security audits and implementing cyber security measures in accordance with the ISO/IEC 27001 international standard for information security management systems to reinforce its governance across the Group. As ICT professionals, we will also focus on establishing environments that prevent the occurrence of personal information leakage by developing human resources capable of maintaining a seamless framework across information and operational technologies.

Main Achievements in Fiscal 2021 and Goals for the Coming Years

We are continuously strengthening our information security, including reinforcing our ongoing security management and appropriately managing personal information. In fiscal 2021, we achieved our goal of zero serious incidents, and we will continue to strengthen our efforts to maintain this level of success. From the viewpoint of security enhancement, we worked on establishing a zero-trust network by completing the introduction of Endpoint Detection and Response (EDR) into all NTT Communications Group companies by the end of June 2021 and began deploying multilayer defense solutions such as NDR and UEBA. Furthermore, we held a Security Committee meeting to strengthen and implement security governance. In fiscal 2022, we will link our IT/OT asset management system with our network asset management system.

In fiscal 2021, there were no serious personal information leaks. To ensure proper management of personal information, we revised our internal regulations in fiscal 2021 in light of the revision of Japan's Personal Information Protection Law. Going forward, we will continue to explore the creation of an effective mechanism to ensure proper disposal and management of confidential information.

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

At NTT Communications, we believe that our most important mission is to provide our customers with services which they can use with the assurance that their critical information is being protected and to contribute to improving the security of our customers. We view security as the single most important issue to be addressed in providing services, and we pledge to work together with our customers to provide the best in security for their needs. To achieve this end, we do our utmost to ensure security throughout all aspects of the value chain, from the development of technologies and services to the construction and operation of systems.
As ICT professionals, all of us at NTT Communications are committed to improving our capabilities to respond to security 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.

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Protection of Customer Information and Personal Information

We protect customer personal information in compliance with the relevant laws and regulations as well as guidelines published by the Ministry of Internal Affairs and Communications, operating under an effective system of information management to stringently implement our Customer Information Protection Rules, which define the basic elements of protecting customer information and personal data. When subcontracting the handling of customer personal information, we select subcontractors that meet the required standards.

　We have been operating since 2002 under the ISMS certification[1], which is primarily for our corporate sales and maintenance divisions, and since 2004 under the PrivacyMark certification[2]. In response to the revised Personal Information Protection Law that came into effect in April 2022, we have revised our internal regulations to strengthen our operations, including lifecycle management of customer information. With regard to raising employee awareness, we are taking actions such as conducting annual training sessions for all directors, employees, and partner employees. With regard to GDPR, we had been operating under the EU Customer Personal Information Management Guidelines, which stipulate the handling of personal information in the EU. We have also reviewed the terms and conditions of our contracts with business partners following the release of the revised standard contractual clauses by the European Commission, which apply to the transferred personal data from

within the EU to outside the region. In addition, in fiscal 2022, we took the opportunity of becoming a member of the new DOCOMO Group to introduce the Privacy Impact Assessment System (PIA System) to ensure appropriate use of personal data based on the Behavioral Principles of the NTT DOCOMO Personal Data Charter, and we implemented and started operating a pre-assessment function to give full consideration to customer privacy.

　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

🌐 For more information on the NTT DOCOMO Personal Data Charter, see:
https://www.docomo.ne.jp/english/utility/personal_data/charter/

Raising Workplace Awareness and Providing Thorough Training

We have consistently pursued our initiatives by positioning "Continuously strengthening information security" as a key item in the Priority Area of "Governance" under our Sustainability Policy and by designating it as a main initiative. 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. We proactively provide training for employees in order to raise workplace awareness as a critical responsibility for an ICT enterprise.

　In fiscal 2021, we bolstered our training program for each area of operations and improved safety by indicating the specific security measures that should be taken into consideration. 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 Group companies.

[Information Security Training Attendance]

Type of Training		FY2018	FY2019	FY2020	FY2021
Information security training (total)		15,055	11,641	16,449	19,783
	Companywide security training and assessment of understanding	14,941	11,527	16,291	19,588
	Training for managers and leaders in charge of implementing security management	114	114	158	195

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Information Security Management Structure

We set common targets on information security management for our operations in Japan and overseas, based on the requirements of ISO/IEC 27001. Specifically, we implement the following measures under the leadership of the chief information security officer (CISO): formulate rules and standards and educate all employees to raise their awareness, draw up and implement Companywide information security policies, monitor compliance with information security regulations and take any necessary corrective action, and ensure a unified response to information security incidents.

In fiscal 2021, we shifted CSIRT operations to remote work in advance under the impact of the pandemic, and we also expanded its scope in terms of maintenance and service infrastructure networks to bolster the security measures of the NTT Communications Group as a whole by developing a seamless framework across information and operational technologies. In response to the security incident we experienced in 2020, involving unauthorized access to the SSL-VPN, we continued to take action to prevent a recurrence, which included moving up a vulnerability assessment to an earlier stage of development, documenting management based on the level of confidentiality, reviewing the remote access environment, introducing User and Entity Behavior Analytics, and identifying vulnerabilities by a Red Team (ethical hackers). We achieved the objectives of our plan for developing advanced security specialists by jointly operating a remote training program with N.F. Laboratories, Inc.

[Security Management Framework]

President (Executive Council)

Chief Information Security Officer (CISO)

Information Security Advisory Board

Information Security

Information Security Specialist Group (IRT Member) Legal Affairs and Internal Auditing, Corporate Planning and Human Resources

Security Specialist Committee (Computer Security Incident Response Team)

Divisions (2nd Tier Organizations)

Units (3rd Tier Organizations)

Security Committee (Secretariat: Information Security)

Security Implementation Administrator

Security Coordinators for Each Field*2

Security Implementation Managers

Security Subcommittees

Information Administrator and Assistants for Each Type of Information*1

- CSIRT Function Examination Subcommittee
- Security Specialist Sharing Committee
- ITOT Asset Management Subcommittee
- Security Review Subcommittee

Security Operation Implementation Administrator

Security Operation Implementation Managers

*1 Customer Information, Employee Information, Partner Employee Information, and Other Information
*2 Systems, Partners, Areas, Buildings, Poster Information Asset Installation Environments

Group Companies

Security Implementation Administrator

Security Implementation Managers

Security Operation Implementation Administrator

Security Operation Implementation Managers

Third-party Assessment and Certifications

As of March 2022, 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.