

# Compliance

## Policies and Concepts

It is imperative to conduct business in compliance with laws and regulations in the jurisdictions where we operate, and maintain high ethical standards in order to promote sound corporate activities. Recognizing this, NTT drew up the NTT Group Corporate Ethics Charter in 2002.

The charter, which applies to all officers and employees of the NTT Group, lays out the basic principles of corporate ethics and provides specific guidelines for ethical behavior. The stipulations in the guidelines are intended to remind everyone of their duty as members of a telecommunications group that bears significant responsibility to society in terms of preventing dishonesty, misconduct, and the disclosure of corporate secrets, as well as refraining from exchanging excessive favors with customers and suppliers, and ensuring that they conduct themselves according to the highest ethical standards in both private and public activities.

### NTT Group Corporate Ethics Charter

1. Recognizing the establishment of corporate ethics as one of its most important missions, top management shall exert its leadership to ensure that the spirit of this Charter is adopted throughout the Company, and shall assume full responsibility for solving any problems when any event inconsistent with that spirit occurs.
2. Every person with subordinate employees shall not only act in a self-disciplined manner, but shall also always provide guidance and assistance to his/her subordinate staff to ensure that their conduct is in conformity with our corporate ethics.
3. Every officer and employee of the NTT Group shall not only comply with all laws and regulations, social standards, and internal company rules whether in Japan or overseas, but officers and employees shall also hold the highest ethical philosophy within himself/herself both in public and in any private situations. Among other things, each officer and employee, as an officer or employee of a member of a Global Information Sharing Corporate Group, shall keep himself/herself fully aware that any disclosure of customer or other internal privileged information constitutes a materially wrongful act. Also, as a member of a group of companies which holds great social responsibilities, he/she shall strictly refrain from giving or receiving from customers, business partners, and other interested parties excessive gratuities.
4. Each NTT Group company, at the first opportunity, shall take initiatives to provide training programs in order to help its officers and employees enhance their awareness of our corporate ethics.
5. Every officer and employee of the NTT Group shall direct his/her efforts to prevent wrongful or scandalous acts which may potentially occur as specialization and advancement of our business proceeds. Each NTT Group company shall improve its system to prevent such acts, including, for instance, the re-assignment of contract representatives who have remained with the same customers for a long period of time, and the improvement of monitoring tools to protect customer and other information.
6. Any officer or employee who may come to know of the occurrence of any wrongful act or any scandal shall promptly report the wrongful act or scandal to his/her superior or other appropriate persons. If he/she is not able to make such a reporting, he/she may contact the Corporate Ethics Help Line (Contact Point). It should be noted that every officer and employee who reports the occurrence of any wrongful act or scandal shall be protected so that the reporting party shall not suffer any negative consequences due to such reporting.
7. In the event of an occurrence of any wrongful act or scandal, each NTT Group company shall be committed to the settlement of the problem by taking appropriate steps through a speedy and accurate fact finding process, and responding in a timely, suitable, and transparent manner in order to fulfill its social accountability.

📄 [NTT Group Corporate Ethics Charter](https://www.ntt.co.jp/csr_e/governance/compliance.html) [https://www.ntt.co.jp/csr\\_e/governance/compliance.html](https://www.ntt.co.jp/csr_e/governance/compliance.html)

## Organization for Implementation

NTT has a Corporate Ethics Committee under the Executive Officers Meeting with a senior executive vice president as chair. The committee meets twice a year with the aim of thoroughly promoting the NTT Group's corporate ethics and maintaining discipline. It reports to the Board of Directors twice a year, particularly concerning the status of reports made to the Corporate Ethics Help Line, and the Board of Directors discusses reported matters when necessary.

The NTT Group has Corporate Ethics Committees and corporate ethics officers at Group companies. We foster a corporate climate of observing laws and corporate ethics, investigate wrongful acts and scandals based on our Corporate Ethics Help Line operational rules, hold regular meetings for the compliance officers of Group companies, and work across the Group to promote compliance.

## Main Initiatives

### Prevention of Bribery

The NTT Group Corporate Ethics Charter mandates compliance with all laws and regulations, social standards, and internal company rules whether in Japan or overseas. With regard to the prevention of bribery, we have an Anti-Bribery Handbook containing important matters to be understood and complied with by our employees. The contents of this handbook are made known to all employees in Japan and overseas through emails and other means.

In addition, NTT, NTT East and NTT West stipulate that taking bribes is forbidden under the Act on Nippon Telegraph and Telephone Corporation, etc. (hereafter "the NTT ACT") and that breaches are punishable by law. Following the Act on Prevention of Unjust Acts by Organized Crime Groups, contributions and other types of support are only given to charitable

organizations deemed suitable by the NTT Group. We have a zero tolerance approach to corruption.

In fiscal 2019 no illegal conduct associated with bribery or contribution/support was confirmed within the NTT Group.

### Political Contributions

As a holding company, and in compliance with Japan's Political Funds Control Law, NTT does not make political contributions, while a few Group companies make political contributions at their own discretion and in accordance with the relevant laws and regulations as well as the companies' respective codes of corporate ethics.

### Request to Business Partners for Compliance and Risk Assessment

The Guidelines for CSR in Supply Chain, the operational guidelines we issue to our suppliers, clearly outlines fair trade practices and business ethics (nine articles). With respect to critical suppliers, we conducted a survey on the status of CSR procurement. We checked activities concerning compliance in general, including their response to preventing corruption, illegal political contributions and antisocial forces, and also requested further improvements where necessary.

### Compliance with Anti-Monopoly Laws

The NTT Group has adhered to the Anti-Monopoly Act to ensure its business activities align with a fair and competitive business environment. These initiatives have been effective, as evidenced by the fact that continuing from the previous fiscal year, we were not fined for violation of anti-monopoly regulations in fiscal 2019.

### Initiatives to Promote Awareness of the NTT Group Corporate Ethics Charter

At NTT, top management demonstrates that compliance requires the NTT Group to comply with laws and conduct business with everyone having strong ethics. Also, the presidents of each NTT Group company have declared their commitment to identify risks related to illegal or illicit activities and never tolerate any form of impropriety. To ensure the effectiveness of the NTT Group Corporate Ethics Charter, we offer training sessions on corporate ethics to employees and, through a website for employees, we explain the declaration in detail and give examples of corporate ethics issues. Employees are reminded of the importance of ethics in June and December each year in an effort to raise their level of understanding. Furthermore, NTT conducts annual surveys of employees to measure their awareness, and the results are then used for awareness enhancement initiatives.

### Corporate Ethics and Compliance Training

Corporate ethics training is conducted as part of continuous educational activities for all officers and employees. This training is tailored to meet the specific compliance and corruption risks of each company throughout the NTT Group. Furthermore, training for officers is also conducted every year.

### Anti-Bribery Handbook

As a tool to help employees prevent corruption, we created the new Anti-Bribery Handbook in fiscal 2014, which is made known to all employees at NTT Group companies inside and outside of Japan through emails and other means. Along with a message from the president, the Anti-Bribery Handbook provides examples regarding the basics of bribery and facilitation payments to instill correct knowledge and understanding in all employees.

### Competition Law Handbook

The NTT Group created a Competition Law Handbook in fiscal 2019 as a tool for ensuring compliance with competition law among employees and it has been made known to all employees at NTT Group companies inside and outside of Japan. The handbook contains the basics regarding compliance with competition law within a Q&A format, as well as specific examples that might be found within the Company's business activities, in order to instill correct knowledge and understanding of competition law compliance in employees.

### Check System for Penetration of Corporate Ethics

NTT conducts an annual survey that includes NTT Group companies in order to ascertain the extent to which employees are aware of compliance. At each NTT Group company, monitoring is performed under four different functions, comprising the departments in charge of business operations, compliance and internal auditing, as well as the Audit and Supervisory Board members, to ensure neutral and multifaceted checks are being performed.

NTT checks the status of compliance audit implementation at NTT Group companies with an internal auditing department and directly confirms the status of compliance initiatives inside NTT and at NTT Group companies without an internal auditing department.

### Establishment of Corporate Ethics Help Line Contact Point

To prevent illegal conduct or a scandal, each Group company has set up an internal consulting center to handle reports of improper activities. In addition, NTT has established the Corporate Ethics Help Line as an external contact point for NTT Group companies and outsources its operation to a law firm. The help line also handles consultations and reports related to human rights issues (see page 069).



The NTT Group Corporate Ethics Charter clearly states that people who file reports with these help lines will be protected from any disadvantage arising from the fact that they filed a report. The content of the consultations and reports are investigated and handled by the staff member in charge, and a report is submitted to the Corporate Ethics Committee of each Group company. All reports are collected at least once a year by NTT, where the response status is ascertained and reported to the Board of Directors.

In addition, since the contact point is independent from management, there is an independent reporting route to Audit & Supervisory Board members. Reports made through our Corporate Ethics Help Line (external contact point) are in principle sent directly to Audit & Supervisory Board members at the same time; reporting only to Audit & Supervisory Board members is also possible.

### Number of Reports Received by the Corporate Ethics Help Line (External Contact Point)

We monitor the number of reports received by the Corporate Ethics Help Line, and publish this number in our Sustainability Report and on the NTT Group’s CSR website.

### Reports to the corporate ethics help line by type of violation

	FY2017			FY2018			FY2019		
	Number of Reports			Number of Reports			Number of Reports		
		Disciplinary actions	Warnings		Disciplinary actions	Warnings		Disciplinary actions	Warnings
Overall Number of Reports	350	23 (1)	75	334	18 (1)	77	359	30 (2)	74
Compliance Violations	98	23 (1)	75	95	18 (1)	77	104	30 (2)	74
Violation of Internal Rules	98	23 (1)	75	95	18 (1)	77	104	30 (2)	74
Violation of Laws and Regulations	0	0	0	0	0	0	0	0	0
No Violation	252	—	—	239	—	—	255	—	—
Harassment: Number of Reports	168	15 (0)	23	184	10 (1)	34	222	16 (0)	43
Compliance Violations	38	15 (0)	23	44	10 (1)	34	59	16 (0)	43
Violation of Internal Rules	38	15 (0)	23	44	10 (1)	34	59	16 (0)	43
Violation of Laws and Regulations (Violation of Human Rights)	0	0	0	0	0	0	0	0	0
No Violation	130	—	—	140	—	—	163	—	—
Misconduct: Number of Reports	73	1 (0)	23	44	2 (2)	10	47	6 (0)	13
Compliance Violations	24	1 (0)	23	12	2 (2)	10	19	6 (0)	13
Violation of Internal Rules	24	1 (0)	23	12	2 (2)	10	19	6 (0)	13
Violation of Laws and Regulations (Bribery, Accounting Fraud, Disguised Contracting, etc.)	0	0	0	0	0	0	0	0	0
No Violation	49	—	—	32	—	—	28	—	—
Fraud (personal use of company funds): Number of Reports	32	5 (1)	7	28	3 (0)	5	39	6 (2)	6
Compliance Violations	12	5 (1)	7	8	3 (0)	5	12	6 (2)	6
Violation of Internal Rules	12	5 (1)	7	8	3 (0)	5	12	6 (2)	6
Violation of Laws and Regulations	0	0	0	0	0	0	0	0	0
No Violation	20	—	—	20	—	—	27	—	—
Other: Number of Reports	77	2 (0)	22	78	3 (0)	28	51	2 (0)	12
Compliance Violations	24	2 (0)	20	31	3 (0)	28	14	2 (0)	12
Violation of Internal Rules	24	2 (0)	20	31	3 (0)	28	14	2 (0)	12
Violation of Laws and Regulations	0	0	0	0	0	0	0	0	0
No Violation	53	—	—	47	—	—	37	—	—

Note: Numbers in parentheses indicate dismissals.

The Whistleblowing Mechanism Guidelines, revised in December 2016 by the Consumer Affairs Agency, recommend that neutral and fair third-party assessments be carried out. We had such an assessment carried out in May 2017 and received the comment that overall, a whistleblowing mechanism is in place and is being administered appropriately.

**Details of assessment**

- Investigation of the mechanism and operational status of the help line in order to verify its effectiveness in terms of utilization and reliability.
- Sample survey on the establishment of regulations and responses to whistleblowers, etc.
- Confirmation of compliance with the Whistleblowing Mechanism Guidelines.
- Interviews with administrators and discussion about operational issues.

**Disciplinary Actions against Confirmed Violations**

A compliance violation or breach of the NTT Group Corporate Ethics Charter is dealt with using the disciplinary measures taken in accordance with the disciplinary code established at each Group company. This includes pay cuts and work suspension, and may also be reflected in assessments (evaluations) and personnel transfers.