

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.

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.