



**NTT Group**  
CSR Report 2009



Leveraging the merits of both print and online formats to address the concerns of our stakeholders and cultivate understanding of our activities

During fiscal 2007, the NTT Group established the NTT Group CSR Charter to provide fundamental guidelines to enable better implementation of NTT Group CSR activities. The NTT Group Corporate Social Responsibility Report 2009 has been created to foster communication with all of our stakeholders by reporting the various CSR activities of the NTT Group that were implemented during fiscal 2009 in accordance with the NTT Group CSR Charter.

In addition to content such as the president's message and the basic vision, policies, and systems that guide our CSR activities, the 2009 report includes a special feature on the NTT Group CSR Priority Activities adopted in November 2008. This report also introduces key CSR activities of Group companies under four sections that accord with the four CSR goals set forth in the NTT Group CSR Charter.

Reporting scope

Period: April 1, 2008 to March 31, 2009

- Certain activities implemented after March 31, 2009 and outlook for the future are also included.

Organization: NTT and the NTT Group companies (479 companies)

- The figures given for the NTT Group in fiscal 2009 are tabulated from figures for NTT, NTT East, NTT West, NTT Communications, NTT DATA, NTT DOCOMO, and their group companies (479 companies). The scope of specific reports is noted in relevant areas.
- Organization names are current as of March 31, 2009. However, some organization names are from fiscal 2010.

Month published: November 2009

Previously published: December 2008

Next report: November 2010 (provisional)

Reference guidelines

This report has been created with reference to the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 2006 and the Ministry of the Environment's Environmental Reporting Guidelines FY2007 Version.

About the contents

- In this report, NTT refers to NIPPON TELEGRAPH AND TELEPHONE CORPORATION, NTT Group refers to NTT and its group companies, and NTT [name] refers to individual companies within the NTT Group.
- Should any errors be found in this report after publication, a report and table of errata will be provided on our website.
- The contents of this report refer not only to past events, but also cover future plans and forecasts at the time of publication. Such descriptions include assumptions and judgments based on information that was available at the time of printing. Please note that actual future activities and results may differ from those described herein.
- The names of services and products appearing in this report are the registered trademarks or trademarks of NTT and NTT Group companies.



Website

Explaining activities in more detail online

[http://www.ntt.co.jp/csr\\_e/](http://www.ntt.co.jp/csr_e/)



Latest information available on our regularly updated CSR website

After this report is published, we will continue to provide timely new information about the NTT Group's CSR initiatives through website updates as occasion demands. The latest information can be seen in the Topics section on the top page of the site.

Posting detailed information In-depth coverage on the website

The CSR website presents more information than can be displayed within the limited space of this report, including examples of CSR activities and environmental data, and provides broader, more in-depth information about the NTT Group's CSR activities. There are also links on the website to CSR information of NTT Group companies.

CSR website designed to be easy-to-read and user-friendly

The CSR website has been designed according to NTT official homepage guidelines and evaluated by NTT CLARUTY employees with visual and hearing impairments and other employees with disabilities. NTT CLARUTY applied its accessibility checklist to the design of the website to help ensure that it is accessible to elderly users and people with disabilities.



Printed Report

Providing stakeholders with information on new and important initiatives

Editorial policy 1  
Special feature on Group CSR management

The special feature focuses on the NTT Group CSR Priority Activities established to unite the whole NTT Group behind efforts to contribute to the solution of social issues. The feature introduces the ideas underlying these activities and their formulation and operation, together with a roundtable discussion between Group employees and Professor Hiroji Tanaka of the Tokyo College of Transport Studies.

Editorial policy 2  
Sections based on the NTT Group CSR Charter's four goals

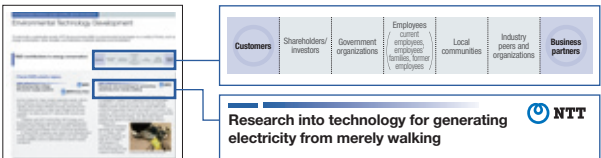
This report introduces the key CSR activities of Group companies under four sections that accord with the four CSR goals set forth in the NTT Group CSR Charter, namely: communication between people and their communities, communication between people and the global environment, safe and secure communication, and Team NTT communication.

Editorial policy 3  
Each main section headed by special articles on topics of particular interest

Each main section of this report is headed by a "Close Up" article on topics of particular interest to the public based on dialog with our stakeholders.

Editorial policy 4  
Display of names of companies conducting activities and target stakeholders

To enable readers to better understand the significance of each CSR activity, individual sections display the names of the main stakeholders targeted and the logos of companies\* conducting the featured activity.



\*Conventions for names of Group companies in this report:  
• This report covers nine of the major NTT Group companies that issue CSR reports, namely NTT and the eight companies featured on p. 8.  
• NTT subsidiaries are referred to by their company name, such as NTT CLARUTY.  
• Subsidiaries of major Group companies other than those of NTT are referred to by the company name of the major group company to which they belong, such as NTT Resonant which is listed as its parent NTT Communications.

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The NTT Group is working as one to contribute to the creation of a sustainable society as a responsible member of the information and telecommunications industry.



The recent upheaval in the world's financial market has had global repercussions. Japan's economy was hit particularly hard by the crisis, with exports and production dropping markedly and bringing concomitant declines in corporate profits and jobs. While the recession appears to have bottomed out, I think that real recovery will still take some time.

On the environment front, leaders at last year's G8 Hokkaido Toyako Summit declared that they would seek to share the long-term goal of reducing greenhouse gas emissions by at



least 50% by 2050 with all Parties to the United Nations Framework Convention on Climate Change (UNFCCC). As a corporate citizen, we too will need to make even greater efforts to address this and other urgent issues within the framework of our CSR activities.

The information and telecommunications fields continue to undergo major changes as the spread of broadband and IP<sup>1</sup> networks drives the further evolution, diversification, and convergence of services in both the fixed-line and mobile communications markets.

Under our "Road to Service Creation Business Group" Medium-Term Management Strategy announced in May 2008, we are building a new IP-based network that delivers high quality and even greater economy and reliability, and further creating and deploying an increasing range of customer-oriented ubiquitous<sup>2</sup> broadband services provided through this new network. We will also continue to pursue diversification into solutions business, energy, environment, and

other new fields.

Regarding environmental initiatives, we are taking two approaches to reducing CO<sub>2</sub> emissions under our catchphrase "Connected. That's eco." The first is to reduce CO<sub>2</sub> emissions generated by our own business. We have long taken measures to reduce electricity consumption in our offices and communications facilities, and in May 2008 we launched our Green NTT initiative to promote the use of solar and other renewable energy sources on a groupwide basis. The second approach is to help society as a whole to reduce CO<sub>2</sub> emissions through information and communication technology (ICT). ICT can help mitigate global warming significantly through bringing about big changes in both lifestyle and business models, and through streamlining work processes and reducing the need for movement of people and goods.

**1. IP (Internet Protocol):** A standard communications protocol adopted for communications over the Internet

**2. Ubiquitous services:** Services that can be accessed at any time from any location

ICT also holds great promise as a means for resolving other social issues such as an aging and shrinking population and for connecting people with each other, their communities, and the global environment to create a safe, secure, and prosperous society. We will continue to work with a wide range of business partners to provide the best possible services and reliability.

With this CSR report, we have endeavored to provide a rich assortment of information to help all of our stakeholders gain a better understanding of the NTT Group. We put high value on engagement with our stakeholders, and we hope that you will not hesitate to offer your candid views and suggestions regarding our activities.

*Satoshi Miura*

Satoshi Miura  
President & CEO  
NIPPON TELEGRAPH AND TELEPHONE CORPORATION



## Outline of the NTT Group

Under our “Road to Service Creation Business Group” vision, we are creating and deploying customer-oriented ubiquitous broadband services on a full IP network infrastructure.



Business overview		Company name (including consolidated subsidiaries and Group companies)	
	<b>Regional communications business</b> Domestic intra-prefectural communications services and related ancillary services • Capital investments: ¥879.3 billion • R&D expenses: ¥127.4 billion	Operating revenues (for the year ended March 31, 2009) <b>¥4,064.8 billion</b> (33.5% <sup>1</sup> )	Number of employees (for the year ended March 31, 2009) <b>104,236 employees</b> (53.1% <sup>2</sup> )
	<b>Long distance and international communications business</b> Domestic inter-prefectural communications services, international communications services, and related ancillary services • Capital investments: ¥140 billion • R&D expenses: ¥18.7 billion	Operating revenues (for the year ended March 31, 2009) <b>¥1,315.5 billion</b> (10.9% <sup>1</sup> )	Number of employees (for the year ended March 31, 2009) <b>13,923 employees</b> (7.1% <sup>2</sup> )
	<b>Data communications business</b> System integration and network system services in Japan and overseas • Capital investments: ¥180 billion • R&D expenses: ¥10 billion	Operating revenues (for the year ended March 31, 2009) <b>¥1,127.2 billion</b> (9.3% <sup>1</sup> )	Number of employees (for the year ended March 31, 2009) <b>31,238 employees</b> (15.9% <sup>2</sup> )
	<b>Mobile communications business</b> Mobile phone services and related ancillary services in Japan and overseas • Capital investments: ¥737.6 billion • R&D expenses: ¥100.7 billion	Operating revenues (for the year ended March 31, 2009) <b>¥4,448 billion</b> (36.7% <sup>1</sup> )	Number of employees (for the year ended March 31, 2009) <b>21,831 employees</b> (11.1% <sup>2</sup> )
	<b>Other businesses</b> Real estate, finance, construction and electric power, system development, and leading-edge technology development • Capital investments: ¥208 billion • R&D expenses: ¥138.1 billion *Also includes the operations of NTT (holding company).	Operating revenues (for the year ended March 31, 2009) <b>¥1,165.2 billion</b> (9.6% <sup>1</sup> )	Number of employees (for the year ended March 31, 2009) <b>25,068 employees</b> (12.8% <sup>2</sup> )
		<b>Company name</b> (including consolidated subsidiaries and Group companies)	
		<ul style="list-style-type: none"> <li>• NIPPON TELEGRAPH AND TELEPHONE EAST</li> <li>• NIPPON TELEGRAPH AND TELEPHONE WEST</li> <li>• NTT EAST-TOKYOMINAMI</li> <li>• NTT WEST-KANSAI</li> <li>• NTT-ME</li> <li>• NTT NEOMEIT</li> <li>• NTT MARKETING ACT</li> <li>• NTT INFRASTRUCTURE NETWORK</li> <li>• NTT DIRECTORY SERVICES</li> <li>• NTT Quaris</li> <li>• NTT Solco</li> <li>• NTT CARD SOLUTION</li> <li>• TelWel East Japan</li> <li>• TelWel West Japan</li> <li>• NTT WEST ASSET PLANNING</li> </ul> (Also 84 other companies)	
		<ul style="list-style-type: none"> <li>• NTT Communications</li> <li>• NTT PC Communications</li> <li>• NTT Resonant</li> <li>• NTT Plala</li> <li>• Verio</li> <li>• NTT COM ASIA</li> <li>• NTT America</li> <li>• NTT AUSTRALIA</li> <li>• NTT EUROPE</li> <li>• NTT WORLD ENGINEERING MARINE</li> <li>• NTT BizLink</li> <li>• NTT Com Technology</li> <li>• NTT FANET SYSTEMS</li> </ul> (Also 42 other companies)	
		<ul style="list-style-type: none"> <li>• NTT DATA</li> <li>• NTT DATA FRONTIER</li> <li>• NTT DATA SYSTEM TECHNOLOGIES</li> <li>• NTT DATA Getronics</li> <li>• NTT DATA SYSTEMS</li> <li>• NTT DATA WAVE</li> <li>• Nihon Card Processing</li> <li>• NTT DATA FORCE</li> <li>• NTT DATA i</li> <li>• intelligence</li> <li>• Cirquent</li> <li>• JSOL</li> <li>• NTT DATA CCS</li> </ul> (Also 126 other companies)	
		<ul style="list-style-type: none"> <li>• NTT DOCOMO</li> <li>• DOCOMO Service</li> <li>• DOCOMO Engineering</li> <li>• DOCOMO Mobile</li> <li>• DOCOMO Support</li> <li>• DOCOMO Systems</li> <li>• DOCOMO Technology</li> <li>• DOCOMO Businessnet</li> <li>• DOCOMO interTouch</li> <li>• DOCOMO PACIFIC</li> <li>• DOCOMO.com</li> </ul> (Also 105 other companies)	
		<ul style="list-style-type: none"> <li>• NTT FACILITIES</li> <li>• NTT COMWARE</li> <li>• NTT Urban Development</li> <li>• NTT FINANCE</li> <li>• NTT Electronics</li> <li>• NTT ADVANCED TECHNOLOGY</li> <li>• NTT Software</li> <li>• NTT BUSINESS ASSOCIE</li> <li>• InfoCom Research</li> <li>• NTT LOGISCO</li> <li>• NTT ADVERTISING</li> <li>• NTT LEARNING SYSTEMS</li> </ul> (Also 58 other companies)	

### Overview of Corporation (As of March 31, 2009)

**Name:** NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)

**Head office:** 3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8116, Japan

**Date of establishment:** April 1, 1985

**Common stock:** ¥937.95 billion

**Number of employees:** 2,875 employees (196,296 employees on a consolidated basis)

**Number of consolidated subsidiaries:** 479

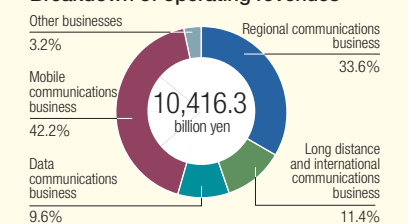
**Website:** [http://www.ntt.co.jp/index\\_e.html](http://www.ntt.co.jp/index_e.html)

(For additional information including details of management strategy: [http://www.ntt.co.jp/about\\_e/index.html](http://www.ntt.co.jp/about_e/index.html))

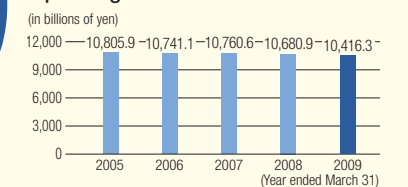
### Consolidated financial data

(for the year ended March 31, 2009)

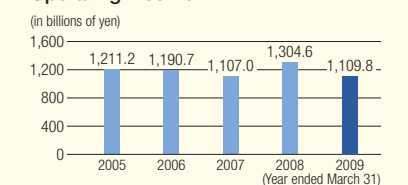
#### Breakdown of operating revenues



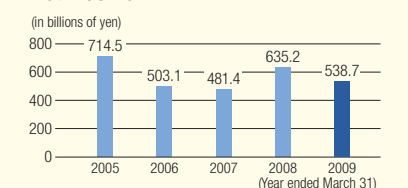
#### Operating revenues



#### Operating income



#### Net income



- In accordance with Accounting Principles Board ("APB") Opinion No. 18 "The Equity Method of Accounting for Investments in Common Stock," NTT has retroactively applied the equity method of accounting to prior years for an investment in an affiliate, following the acquisition by the NTT Group of additional shares of the affiliate during the fiscal year ended March 31, 2008. Accordingly, figures for the fiscal years ended March 31, 2005 to March 31, 2007 have been retroactively adjusted from previously announced figures.

1. Percentage of the simple sum of all segments (Includes intersegment transactions) 2. Percentage of total NTT Group employees

- "Kabushiki Kaisha" (KK) has been omitted from company names.



## Regional communications business

### NTT EAST

NTT East provides individual and corporate customers in its East Japan region with a wide range of telecommunications services including fixed lines and Internet access for personal and business use. It aspires to provide stable, high quality universal services, and is actively expanding its fiber optic services and other broadband business. It is also pursuing solutions business, providing system integration and other solutions for fields such as local government and education.



#### Main CSR activities

Only key entries are listed below (same for other companies).

- Activities that contribute to the further evolution of ubiquitous communications [▶P26](#)
- Initiatives to maintain and improve information security [▶P46](#)
- Promoting safe and secure ICT use and user etiquette [▶P47](#)
- Support for parents and caregivers [▶P54](#)

## Regional communications business

### NTT WEST

NTT West provides individual and corporate customers in its West Japan region with a wide range of telecommunications services including fixed lines and Internet access for personal and business use. It aspires to provide stable, high quality universal services, and also offers a full range of access line services, application services, digital content, and solutions for contributing to regional development as it strives for further growth centered on its fiber optic-based broadband business.



#### Main CSR activities

- Ensuring stable and reliable services as critical infrastructure [▶P44](#)
- Providing services to ensure child safety [▶P48](#)
- Pursuing customer satisfaction and providing a framework for quality management [▶P49](#)

## Long distance and international communications business

### NTT Communications

NTT Communications provides domestic long distance and international telecommunications services and classify its businesses under two major domains, namely enterprise business and Internet-related business. In its Vision 2010, it gives its mission as being to create new value in communication and bridge the present with the future for its customers worldwide as a trusted partner dedicated to creating a safe, comfortable, and prosperous society, and bases its business on the core concepts of solutions, network management, security, global, ubiquitous, portals/engines, and managed quality operation.



#### Main CSR activities

- Activities that contribute to the further evolution of ubiquitous communications [▶P26](#)
- Disaster preparedness and support [▶P45](#)
- Promoting safe and secure ICT use and user etiquette [▶P47](#)
- Support for parents and caregivers [▶P54](#)

## Data communications business

### NTT DATA

NTT DATA develops, provides, and maintains a variety of information systems and services that support individuals, business, and society both within Japan and overseas and span a wide range of industries from the public sector to financial and other enterprises. As expectations in the power of ICT to revolutionize society and business rise, NTT DATA is moving beyond systems integration to serve as a true innovation partner providing total support for the transformation that its customers seek, and contributing to the creation of value and further the development of society and business.



#### Main CSR activities

- Providing solutions, services, and products that help customers reduce CO<sub>2</sub> emissions [▶P37](#)
- Promotion of universal design [▶P50](#)
- Respect for diversity and citizenship activities [▶P52](#)

## Mobile communications business

### NTT docomo

NTT DOCOMO handles the NTT Group's mobile communications business. As competition among telecommunications carriers heats up, NTT DOCOMO, based on its corporate philosophy of creating a new communications culture, aims to enhance core businesses mainly by further expansion of its FOMA service, and to contribute to the creation of a flourishing and prosperous society through providing user-friendly mobile multimedia services tailored to the needs of both individuals and businesses.



#### Main CSR activities

- Waste reduction and mitigation of global warming [▶P30](#)
- Promoting safe and secure ICT use and user etiquette [▶P47](#)
- Providing services to ensure child safety [▶P48](#)
- Promotion of universal design [▶P50](#)

## Other businesses

### NTT FACILITIES

NTT FACILITIES is a comprehensive engineering services company that provides ubiquitous broadband telecommunications environments through the planning, design, construction, and maintenance of buildings, power systems and air conditioning systems, and the development and supply of high-reliability power systems necessary for telecommunications systems. Its mission is to apply its rich experience in information, energy, and construction technologies to provide facility solutions that best address society's increasingly diverse and complex information distribution needs.



#### Main CSR activities

- Waste reduction and mitigation of global warming [▶P30](#)
- Providing solutions, services, and products that help customers reduce CO<sub>2</sub> emissions [▶P37](#)
- Promoting occupational safety and health [▶P55](#)

## Other businesses

### NTT COMWARE

NTT COMWARE supports system aspects of ubiquitous broadband communications infrastructure through its three core competencies of (1) network technology for mission critical IP network solutions that support NGN ICT platforms, (2) systems and applications for providing high value-added services, and (3) advanced and comprehensive support and maintenance services that guarantee the continuity of customer businesses and services.



#### Main CSR activities

- Preserve biological diversity [▶P38](#)
- Reducing waste and promoting reuse and recycling within NTT [▶P39](#)
- Initiatives to maintain and improve information security [▶P46](#)
- Respect for diversity and citizenship activities [▶P52](#)

## Other businesses

### NTT 都市開発 NTT Urban Development Co.

NTT Urban Development is the NTT Group's only general real estate company, which focuses principally on the two areas of office space leasing and real estate sales such as its WELLITH brand of condominiums. It aims to maintain an optimum business portfolio also through other operations including the development of commercial facilities and concomitant expansion of its commercial real estate and property management business segments, and participation in fee-based businesses in the area of real-estate funds.



#### Main CSR activities

- Ensuring stable and reliable services as critical infrastructure [▶P44](#)
- Participating in and supporting citizenship activities [▶P57](#)



Guided by the NTT Group CSR Charter, NTT is committed to promoting CSR activities across the Group that meet the expectations and interests of its stakeholders.

The NTT Group consists of NTT and its subsidiaries and affiliates (including 479 consolidated subsidiaries). The Group's main businesses are regional communications, long distance and international communications, data

communications, and mobile communications. NTT is committed to promoting CSR activities across the Group to address the expectations of its stakeholders.



The NTT Group CSR Charter

NTT drew up the NTT Group CSR Charter in June 2006 as a basic guideline for the more active implementation of CSR activities by Group companies.

The NTT Group CSR Charter consists of a statement of our commitment to corporate social responsibility, and the four CSR goals that outline specific priority aspects of our CSR activities.



NTT Group CSR Charter

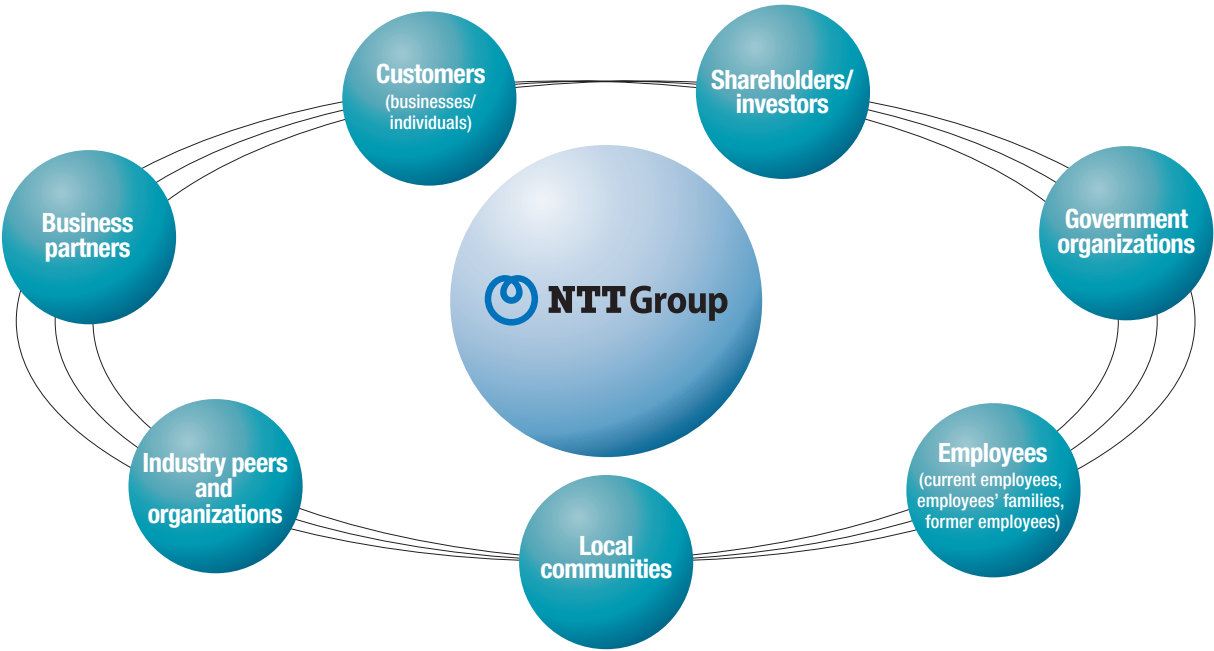
Our Commitment

As a leader of the information and telecommunications industry, the NTT Group is committed to providing reliable, high-quality services that contribute to the creation of a safe, secure and prosperous society through communications that serve people, communities, and the global environment.

Our CSR Goals

- **Communication between people and their communities**
  1. We shall strive to create a richer and more convenient communications environment, and utilize our technology to contribute to the resolution of the various issues faced by societies with aging and declining populations.
- **Communication between people and the global environment**
  2. We shall strive both to reduce our own environmental impacts and build environment-friendly forms of communications, and to provide information and communications services that help to reduce the impact of society as a whole on the global environment.
- **Safe and secure communication**
  3. While striving earnestly to ensure information security and resolve telecommunications-related social issues, we shall do our utmost to provide a safe and secure user environment and contribute to the creation and future development of communication culture.
  4. Fully recognizing the role that telecommunications plays as critical infrastructure supporting society and protecting our livelihoods, we shall strive to offer secure and reliable telecommunications services fortified to withstand disasters and capable of connecting people irrespective of time, location, and other circumstances.
- **Team NTT communication**
  5. All of us on Team NTT pledge to perform our duties with pride and a keen sense of responsibility in compliance with the highest of ethical standards, striving to fulfill our mission to society by working both for our own development as professionals, and for the further development of a flourishing and vibrant community.

- Team NTT comprises all NTT Group employees, including temporary employees, contract employees, employees of our corporate partners, and also former employees who endorse the NTT Group's CSR activities.



Main stakeholders		The NTT Group's stance with respect to stakeholder
Customers (businesses/individuals)	All people and organizations who are customers of NTT Group services	As we drive our evolution into a Service Creation Business Group, we will strive to ensure an even greater awareness of CSR among our employees and the provision of safe, secure, convenient, and high quality customer-oriented services.
Shareholders/investors	NTT Group shareholders, creditors, and other individual and institutional investors	As well as maintaining sound financial management and raising our corporate value, we will make appropriate returns to our shareholders. We will also endeavor to ensure timely, appropriate, and impartial disclosure of information on the Group.
Government organizations	Central and local governments responsible for information and telecommunications, economic, labor, environmental, and other policies	We will fulfill our responsibilities as a provider of information and telecommunications services based on the policies of central and local governments and administrative agencies.
Employees (current employees, employees' families, former employees)	All NTT Group employees and former employees who endorse the NTT Group's CSR activities	We will implement measures to provide agreeable work environments that enable our employees to realize their full potential and find fulfillment both in their work and private lives. We will also conscientiously maintain ties with former employees.
Local communities	Local communities connected to NTT Group companies through their various businesses	We will work closely with local communities in areas such as social contribution and disaster preparedness through our main fields of business.
Industry peers and organizations	Other members of the information and telecommunications industry, and industry organizations working for the development of Japan's telecommunications industry	We will foster further dialog on information and telecommunications industry affairs from both domestic and global market perspectives, and work with others in the industry for the development of ubiquitous broadband communications.
Business partners	Business partners helping the NTT Group to provide services	We will work with business partners to create and deploy ubiquitous broadband services and make an even greater contribution to quality of life and business productivity.



## Establishment of the NTT Group CSR Priority Activities

NTT has established the NTT Group CSR Priority Activities to further contribute to the resolution of social issues.

### Uniting as a Group behind CSR activities focused on global society

After adopting our NTT Group CSR Charter in June 2006, we established our NTT Group CSR Priority Activities in November 2008 as common themes to be followed by all Group companies to promote the further implementation of the Charter and make an even greater contribution to the resolution of social issues both in Japan and overseas.

We also drew up the Guidelines for NTT Group CSR Activities for Group companies to manage PDCA cycles in line with the Priority Activities. From fiscal 2010, Group companies are using the Guidelines to prepare and independently implement action plans for each Priority Activity according to the nature of their business through PDCA cycle management. We will also seek to take our activities to a higher level through leveraging Group synergy to promote active dialog between Group companies and the sharing of information on activities.

We will furthermore subject our Priority Activities to review and otherwise improve both the quality and scale of our CSR activities in line with core ISO 26000 themes and other international developments, and with the opinions of our various stakeholders.



**Kaoru Kanazawa**  
Senior Executive Vice President



## Establishment of the NTT Group CSR Priority Activities

We have established eight Priority Activities in line with the four CSR goals set forth in our NTT Group CSR Charter.

CSR goals	CSR Priority Activities	Examples of related major Group company initiatives*	
Communication between people and their communities	● Activities that contribute to the further evolution of ubiquitous communications	<b>NTTEAST</b>	Developing and providing services essential to the spread of broadband services for bridging the digital divide
		<b>NTT Communications</b>	Helping to enhance the productivity of customers through developing business communications tools that facilitate ubiquitous communication
Communication between people and the global environment	● Mitigation of global warming ● Waste reduction ● Reduction of paper consumption	<b>docomo</b>	Reducing waste and promoting the wise use of resources through enlisting the cooperation of customers to recycle mobile phones
		<b>NTTFACILITIES</b>	Using solar and other sources of renewable energy to reduce CO <sub>2</sub> emissions under the Green NTT initiative
Safe and secure communication	● Ensuring information security ● Ensuring stable and reliable services as critical infrastructure	<b>NTTWEST</b>	Creating a communications platform that people can depend on by strengthening measures to counter disasters and prevent communications system malfunctions in fiber optic-based broadband services
		<b>NTT都市開発</b> NTT Urban Development Co.	Providing safe and secure buildings and high quality services based on rigorous safety and quality guidelines
Team NTT communication	● Activities that contribute to respect for diversity and equal opportunity ● Corporate citizenship activities	<b>NTT Data</b>	Implementing diversity management to create workplaces that will motivate and fulfill all employees
		<b>NTT COMWARE</b>	Helping to reduce CO <sub>2</sub> emissions and improve healthcare in developing countries through supporting the Ecocap Movement

\*Initiatives of each company are covered in the Close Up special feature pages of each main section.

## CSR management structure

We will work with each Group company to manage PDCA cycles in line with our new Guidelines for NTT Group CSR Activities.

NTT created a CSR Committee chaired by a Senior Executive Vice President in June 2005 to establish a clear management structure for the sustained and systematic implementation of NTT Group CSR activities under two internal committees – the Global Environmental Protection Promotion Committee and Social Contribution Promotion Committee. Group CSR Liaison Meetings are also held periodically for Group companies to discuss issues and share information on their initiatives so as to coordinate CSR activities across the whole Group.

When we established the NTT Group CSR Priority Activities in fiscal 2009, we also drew up the Guidelines for NTT Group CSR Activities. Based on these Guidelines, the NTT Group works with Group companies to mutually monitor activity PDCA cycle status, and promote CSR activities that help to further cultivate Group unity.

### NTT Group CSR organization





## Formulating the NTT Group CSR Priority Activities

The NTT Group selected its CSR Priority Activities by considering its various initiatives in the light of public expectations regarding CSR.

### Step 1 February–March, 2007

#### Listing of priority CSR activities

To choose the activities that are of greatest importance both to the NTT Group and to its stakeholders, NTT looked at the NTT Group's most important initiatives in the light of domestic and international guidelines and a list of CSR activities regarded as important by stakeholders and society at large based on information gathered independently by the NTT Group. This process resulted in a list of 49 CSR activities.



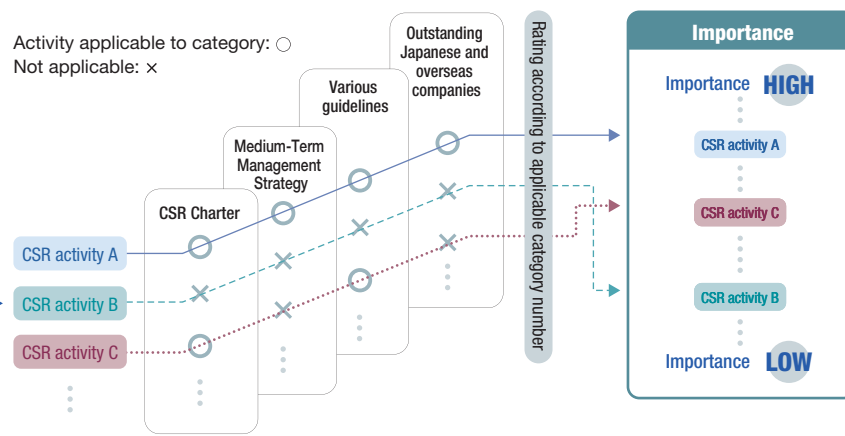
1. Opinions and suggestions submitted to the NTT Group through the *Kankyo goo* environmental portal site operated by NTT Resonant, questionnaires completed at NTT symposiums and other channels

### Step 2 February–March, 2007

#### Rating importance from four perspectives

We then rated the 49 activities for their importance to both the NTT Group and stakeholders from the four perspectives of (1) CSR Charter, (2) Medium-Term Management Strategy, (3) guidelines issued by various organizations, and (4) the initiatives of Japanese and overseas companies known for CSR excellence<sup>2</sup>.

2. Selected from holding companies, telecommunications carriers and other companies owning infrastructure, and companies noted for outstanding CSR initiatives

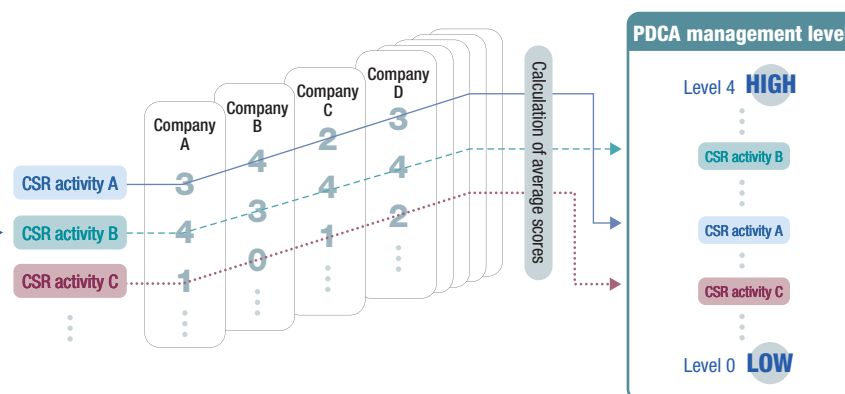


### Step 3 October, 2007–March, 2008

#### Rating PDCA management level

As the third step, the major Group companies<sup>3</sup> investigated the current status of the 49 CSR activities to ascertain the PDCA level at which they are managing them, rating PDCA management level for each activity on a scale of 0 to 4. We then rated the overall NTT Group PDCA management level for each activity by taking the average of the Group company scores.

3. NTT East, NTT West, NTT Communications, NTT DATA, NTT DOCOMO, NTT FACILITIES, NTT COMWARE, and NTT Urban Development



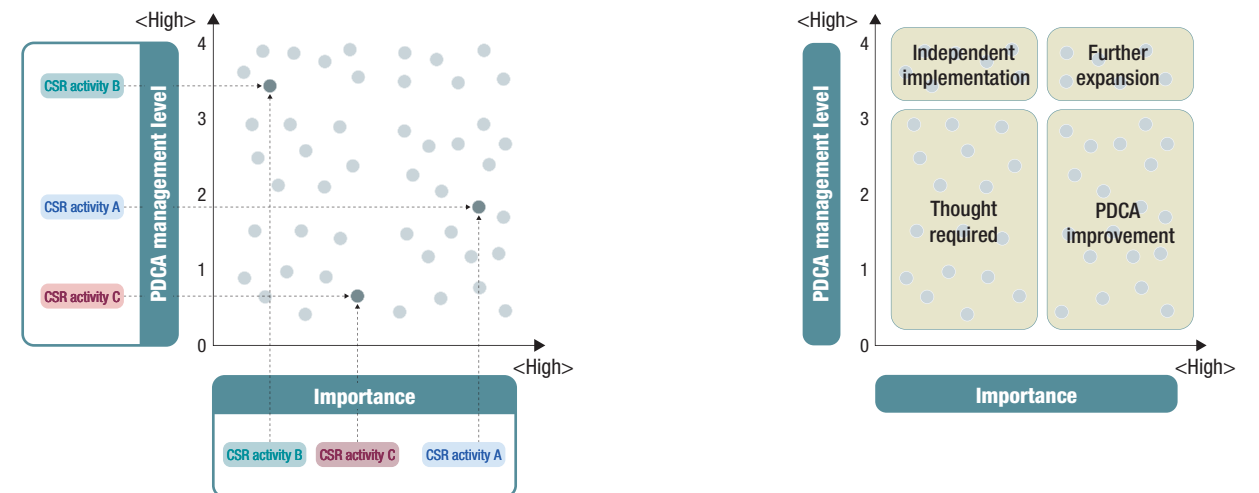
### Step 4 April–October, 2008

#### Creating matrix of importance and PDCA management level ratings

For the fourth step, we mapped out the ratings for importance arrived at in Step 2, and ratings for Group PDCA management level (average of eight companies) arrived at in Step 3 on a matrix with importance as its horizontal axis and PDCA management level as its vertical axis.

We also divided this matrix into four groups according to the four

CSR goals set forth in the NTT Group CSR Charter, and allocated each of the 49 activities to one of four domains. Activities earning high importance and PDCA management level ratings were placed in the "further expansion" domain, and activities of high importance but with low PDCA management level ratings were placed in the "PDCA improvement" domain.

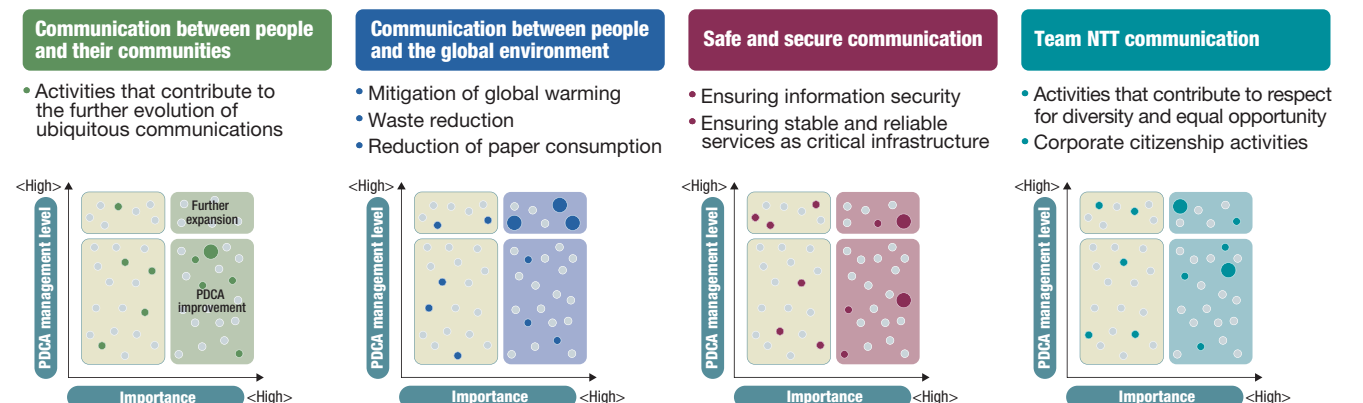


### Step 5 April–October, 2008

#### Selection of eight CSR Priority Activities from the two areas of high importance activities

Focusing on the two domains of high importance activities (further expansion and PDCA improvement), we selected one activity from each domain for each NTT CSR Charter goal to provisionally select a total of eight areas. We then considered these activities collectively in the light of public interests and NTT Group policies and plans to make a final selection of eight activities as our CSR Priority Activities<sup>4</sup>.

4. In the "Communication between people and the global environment" group, we decided to continue to pursue three Areas — mitigation of global warming, waste reduction, and reduction of paper consumption — that were established in March 2000 as NTT Group Principal Activity Plan Targets. In the "Communication between people and their communities" group, we combined several activities into one.





**An age in which companies are judged as “groups”  
Aiming for groupwide optimization**

**Tanaka:** Whether you’re implementing CSR as a single company or as a group, I think the most important element is your basic CSR philosophy. What is the NTT

Group’s thinking in this respect?

**Kanazawa:** The NTT Group adopted its CSR Charter in 2006, and it incorporates three key concepts. The first is that we should contribute to the resolution of environmental issues and social issues such as declining birthrate and aging population through

**Roundtable  
discussion**

## The Significance and Challenges of the NTT Group CSR Priority Activities

In fiscal 2009, NTT established its NTT Group CSR Priority Activities to unite the Group behind the implementation of CSR activities.

How should the NTT Group now make use of these CSR Priority Activities? What challenges do they pose?

And what should the NTT Group do to gain the further trust of society?

Tokyo College of Transport Studies’ Professor Hiroji Tanaka, a leading specialist in the promotion of corporate CSR activities who is also a member of the Japanese National Committee for ISO Working Group on Social Responsibility, joined Kaoru Kanazawa, NTT Senior Executive Vice President and Director in charge of CSR, and employees of Group companies to discuss these and other issues.

**Tomoko  
Morishita**  
Business Platform  
Division,  
NTT Resonant Inc.

**Tetsuhiro Tateno**  
Business Planning &  
Promotion Department,  
IT Management Services  
Business Division,  
NTT Communications  
Corporation

**Kaoru Kanazawa**  
Senior Executive Vice President,  
NIPPON TELEGRAPH AND  
TELEPHONE CORPORATION

**Hiroji Tanaka**  
President and professor at  
Tokyo College of Transport Studies

**Akiko Iwahori**  
Network Engineering  
Business Department,  
Network Service  
Business Division,  
NTT-ME CORPORATION

leveraging our business strengths. The second is that we should communicate with our stakeholders, listen to them, and address their wishes and views as part of our management policy. Remember, though, that different stakeholders have different interests, and so it’s important to strike the right balance. The third concept is compliance with international standards and rules. Driving the sustainable development both of society and our Group through these three concepts — that’s essentially the kind of the CSR that we seek to implement.

**Tanaka:** Speaking as someone who’s served on the Japanese National Committee for ISO Working Group on Social Responsibility now for eight years, I feel strongly that what you just said shows that the NTT Group has a very solid understanding of the essence of CSR and international CSR trends. What is your approach to CSR management as a Group?

**Kanazawa:** NTT views the “group” concept as being very important, and not just from the CSR perspective. With the recent advances in information and telecommunications technology and shift to IP networks, we’re seeing more and more convergence between broadcasting and communications, and between fixed line and mobile communications. As such, generating

synergy as a Group is vital to expanding and improving our services. And due to increasing focus on internal controls, consolidated accounting and so forth, companies have come to be treated as groups too, and we need to earn trust as a Group from the corporate governance and compliance perspective. That’s why we need to address CSR too as a Group and aim for overall optimization.

**Tanaka:** The NTT Group includes large companies that each have different attributes, but even so, most people see them all simply as NTT, don’t they? Given this situation, you really do need, as you say, a Group philosophy and shared rules of conduct to ensure that individual companies also earn the public’s trust.

**Tateno:** Yes, addressing customer needs and social issues that are broader than the concerns of individual companies does, I think, require actions based on a Group policy rather than each company optimizing its efforts independently.

**Implementing CSR activities tailored to company business  
in line with the NTT Group’s eight Priority Activities**

**Tanaka:** In that respect, you established the NTT Group CSR Priority Activities (see pp.11-14) last year to serve



as a guide, didn't you? How do you all of you at the business frontline view these Priority Activities?

**Morishita:** CSR covers so many different areas that the toughest part is deciding what to focus on, and then how to proceed. The Priority Activities have, I think, helped a lot to guide discussion on how to carry out CSR activities that make the most of your company's business strengths.



**Tateno:** I belong to a section that provides monitoring, operation, and data center services for the private networks of customers, and so our work is very closely related to the Priority Activity of "ensuring stable and reliable services as critical infrastructure." I feel that establishing the Priority Activities has made me more aware of the role I should play to implement CSR through my work.

**Tanaka:** So it would appear that the Priority Activities are indeed serving as guiding principles at the frontline. Have you come across any issues in putting them into operation?

**Iwahori:** Well, it's not necessarily an issue, but as someone at the frontline of operations, I find the term "CSR management" a somewhat strange concept, actually. The telephone business goes back over 100 years, and I'm proud of my work and feel a tremendous responsibility too, but in a way, that's only natural, and so I've never really made a big thing of it. As a result, I find it difficult at times to know exactly how to speak to my juniors on CSR.

**Kanazawa:** You're right. For example, we've done



our utmost over the years to provide absolutely reliable services, and I like to think that those efforts have led to the brand image we enjoy today, but if we keep quiet about our achievements in the traditional Japanese way, which views modesty as a virtue, we might fail to get across important information, and so I think we need to communicate our efforts properly.

**Tanaka:** Yes, earning trust depends on cultivating understanding by telling people what exactly the NTT Group is doing about this and that, and so explaining those activities in easy-to-grasp terms is very important.

**Morishita:** I think the first step is to re-examine how our work contributes to society, and explain that to customers. The next step is to consider ways of increasing the value for customers. If you take such an approach, I think that implementing CSR can be really exciting.

#### Initiatives that contribute to the sustainable development of both enterprise and society

**Tanaka:** Looking ahead, what kind of plans does the NTT Group have for CSR, and what issues exist?

**Kanazawa:** Basically each company will continue to conduct activities in line with the Group's Priority Activities and targets. The important thing is to practice good PDCA management and ensure one's activities are contributing as intended to the sustainable development of both the enterprise and society.



**Tanaka:** That's a very important concept. Enterprises aren't charities. Their basic mission is to provide outstanding products and services, and this in turn contributes to the development of society and results in profits for the company. This is also the United Nations' stance, and I think the NTT Group's approach is right on target.

What about specific issues, though? There must be some issues particularly relevant to the NTT Group, such as ensuring safety when a disaster occurs, or ensuring network security.

**Kanazawa:** Where disaster preparedness is concerned, we recognize that we manage infrastructure that serves as a vital lifeline, and so if anything happens to it, it could have a huge impact on society. That's why we try to ensure the continuity of our business at all times.

**Iwahori:** Right from the start, we employees see it as our mission to keep people connected around the clock every day of the year, and to keep any impacts to an absolute minimum, no matter what happens.

**Tanaka:** No matter what happens — that's a great attitude. I know that the NTT Group discusses various aspects of disaster preparedness with the government and also participates in various committees. I'm a member of a government working group too, and so I know how important it is for an enterprise like NTT to provide sound opinion based on its public role and its knowledge and experience in the field.



**Iwahori:** Regarding security, there are customers who have suffered despite the precautions taken by the NTT Group, and so we can't afford to assume that we're doing enough. We really do need to go all out to address emerging needs in society.

**Tateno:** I think that ensuring information security is crucial, and as one of our security solutions at NTT Communications, we have a dedicated team — our Security Operations Center — that monitors customer networks on a 24/7 basis.



**Kanazawa:** Something that's become a really serious issue is 'underground' and other problematic sites posting illegal or harmful information through i-mode or the Internet. The posting of illegal information is of course a problem in itself, but telecommunications providers too need to do what they can to protect society from such sites. NTT DOCOMO now provides filtering and various other services to protect users.

**Morishita:** At NTT Resonant too, we provide a search service for children on our *Kids' goo* portal site that hides any harmful information. We also support the activities of the Information Ethics Education Study Group\*. I think that getting involved in such activities also helps to foster understanding for the services and initiatives of the NTT Group.

#### \*Information Ethics Education Study Group

A study group dedicated to working with educational facilities to promote information ethics education through researching current attitudes among children and their guardians, and preparing guidance materials and analyzing their effectiveness.



Hiroji Tanaka

President and Professor at Tokyo College of Transport Studies (previously Professor at Rikkyo University Graduate School of Economics), Vice President of Japan Society for Business Ethics Study, Top Researcher at Business Ethics Research Center, member of the Ministry of Economy, Trade and Industry/Japanese Standards Association's Japanese National Committee for ISO Working Group on Social Responsibility and Group Leader of its Case Study Working Group

#### Five perspectives required to earn the trust of society

**Tanaka:** We've touched on a lot of what an enterprise needs to do to earn the trust of society in this discussion, but I'd just like to sum up the key points. First, take measures to ensure that everyone in the organization shares top management's message. Second, offer quality products and services. Today's discussion showed that you clearly regard disaster preparedness and security as part of that mission. Third, fulfill your corporate social responsibility through your business. In this respect, I think the NTT Group is very much aware of the public nature of its business and is indeed contributing through it to the sustainable development of society. Fourth, be conscious of stakeholder engagement, and this too is something that NTT is already putting a lot of effort into. Fifth, address environmental issues no matter what section you belong to. This barely came up in our discussion, but it's well-covered in the report. I feel that if you take all of these perspectives to heart in your CSR activities, you'll get even more out of those activities and get closer and closer to the ideal that you're pursuing as the NTT Group.

**Kanazawa:** Thank you very much. We'll continue to do our best to hone our awareness of social issues and work as one to tackle them.



## Group CSR management

The NTT Group continues to enhance its various management systems to support the sound development of its Group companies and establish a foundation of trust.

### Enhancing corporate governance and building internal control systems

We constantly strive to earn the trust of our customers through providing safe and secure services.

#### Basic stance

NTT believes that raising the effectiveness of corporate governance across the NTT Group is an important management issue for meeting the expectations of its customers and society at large and together achieving sustainable development. We are accordingly working to strengthen corporate governance based on the fundamental policies of (1) practicing sound management, (2) conducting appropriate decision-making and business activities, (3) clarifying accountability, and (4) ensuring thoroughgoing compliance.

#### Composition of Board of Directors and Board of Corporate Auditors

NTT maintains a board of 12 directors, two of whom are outside directors. In principle, the Board of Directors meets once per month to make decisions and report on important management issues. The rate of attendance at these meetings by outside directors in fiscal 2009 was 96%.

NTT maintains a Corporate Auditor system with a Board of Corporate Auditors composed of five members, three of whom are outside corporate auditors.

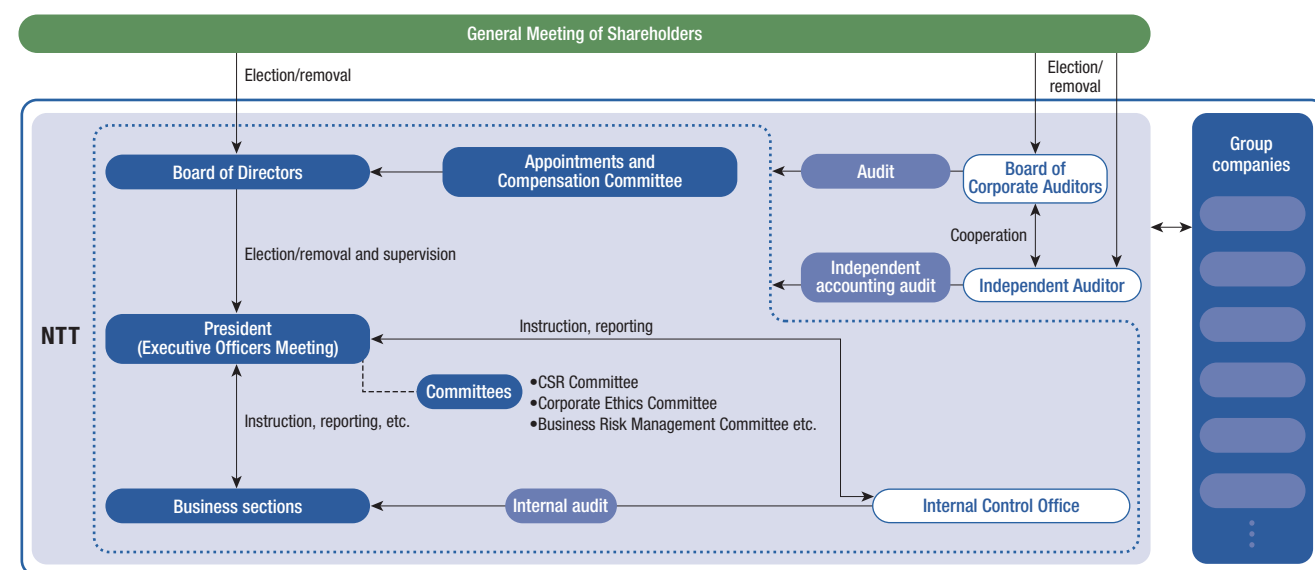
#### Executive Officers Meeting and committees

In principle, important company matters are discussed and decided by NTT's Executive Officers Meeting, which is made up of the President, Senior Executive Vice Presidents, directors with management responsibilities, and the heads of staff organizations. The Executive Officers Meeting members meet around once a week, and held 28 meetings in fiscal 2009. Under the Executive Officers Meeting, committees have been created to discuss specific areas of Group company management strategy. In principle, each committee is chaired by either the President or a Senior Executive Vice President, with other directors and senior executives involved in relevant areas participating as occasion demands.

#### Audits by the corporate auditors

Each corporate auditor of NTT audits the performance of NTT's directors in the execution of their duties as occasion demands. The corporate auditors work to bolster the audit system through regularly sharing information on audit plans and audit results with the Independent Auditor, in addition to conducting audits in partnership with the corporate auditors of group companies.

#### Corporate governance structure



### Ensuring thorough compliance

#### Internal control systems

NTT is working to strengthen the Group's internal control systems with the Board of Directors adopting a Basic Policy on the Maintenance of an Internal Control System to ensure the appropriate execution of duties within each Group company.

In line with the U.S. Public Company Accounting Reform and Investor Protection Act (Sarbanes-Oxley Act) and Japan's Financial Instruments and Exchange Law, the NTT Group is working to document business processes and conducts repeated tests to confirm the effectiveness of its financial reporting internal control system.

NTT's Internal Control Office monitors the status and operating effectiveness of internal controls across the Group as a whole through such measures as conducting standardized audits that target all Group companies and checking the work of internal auditors in each Group company, as well as implementing improvements to the Group's internal control systems.

#### Basic Policy on the Maintenance of an Internal Control System for NTT Group (Board of Directors Resolution)

- (1) NTT maintains a system of internal controls, including measures for the prevention and minimization of losses, to ensure compliance with applicable laws, appropriate risk management, and proper and efficient business operations.
- (2) To maintain the internal control system outlined above, NTT has established an Internal Controls Office to oversee the establishment and maintenance of rules and structures. This body also evaluates the effectiveness of the internal control system and makes necessary system revisions by conducting audit reviews and coordinating audits of high-risk matters common to group companies.
- (3) NTT also takes appropriate measures to ensure the reliability of its internal control system based on the U.S. Sarbanes-Oxley Act Sections 302 (disclosure controls) and 404 (internal control relating to financial reporting).
- (4) As the Chief Executive Officer, the President is responsible for ensuring the establishment, maintenance, and operation of the system of internal controls.

#### Defining accountability

NTT strives to maintain appropriate, timely, and fair information disclosure and is aware that obtaining proper corporate valuations in the market through such disclosure is essential. Accordingly, NTT announces quarterly financial results. In addition, the President and other officers will conduct briefings, and NTT Group management strategies are disclosed through press conferences and announcements. Information is also promptly disclosed on the NTT website to fulfill NTT Group's accountability responsibilities.

The NTT Group runs its businesses in compliance with its Corporate Ethics Charter

#### NTT Group Corporate Ethics Charter

Based on a core belief that it is imperative to conduct business in compliance with laws and the highest ethical standards in order to promote sound corporate activities, NTT drew up the NTT Group Corporate Ethics Charter in November 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 Charter are intended to remind everyone of their duty as members of a communications group that bears a major responsibility with respect to society to prevent dishonesty, misconduct, and the disclosure of corporate secrets, refrain from exchanging excessive favors with customers and suppliers, and ensure that they conduct themselves according to the highest ethical standards in both private and public activities.



NTT Group Corporate Ethics Charter website

#### Ethics education and awareness surveys

To ensure the effectiveness of the Corporate Ethics Charter, NTT Group companies provide their employees with education in corporate ethics and CSR, and conduct surveys to monitor employee awareness.

These surveys are conducted every year on temporary and contract employees as well as regular employees of Group companies to ascertain degree of awareness.

#### Help Line

To prevent dishonesty and misconduct, each company has in place a system for employees to report and consult on ethical issues. We have also established a groupwide Corporate Ethics Help Line to enable employees to go outside their company for help if required.

In line with Japan's Whistleblower Protection Act (effective as of April 2006) and other laws, the NTT Group also accepts reports from companies outside the Group that do business with the NTT Group.

## Risk management system

The NTT Group has a framework to prevent risks and to minimize the impact of any risks that do emerge.

Functioning as they do in a rapidly changing business climate marked by increasingly fierce competition in the fields of information and communications, NTT Group companies face a wide variety of business risks.

We make efforts to anticipate and prevent potential risks at hand and minimize the impact should they emerge. As part of these efforts, we have prepared a standard manual for distribution to all Group companies to ensure a unified approach to risk management. Each Group company also prepares its own manual or other mechanisms tailored to its specific business activities and environment to manage and mitigate business risks.

### Topics

#### Action plan to counter novel influenza

With the spread of H5N1 bird flu and occurrence of human infections in recent years, there is growing concern about the huge impact that a worldwide pandemic caused by a novel strain of influenza would have on human health and society as a whole. To address this risk, in April 2009 NTT drew up an NTT Group Novel Influenza Countermeasures Action Plan that it distributed to all Group companies. The plan details concrete countermeasures for each pandemic phase both to prevent infection and to help keep society functioning through ensuring the continuity of vital services and operations.

## Human rights awareness

We make groupwide efforts to raise human rights awareness and create a corporate culture that respects human rights and is free of any discrimination or harassment.

The NTT Group considers the creation of a corporate culture free of prejudice and discrimination to be essential to the formation of a well-adjusted society where human rights are respected.

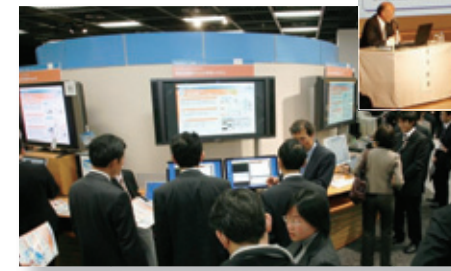
We also regard this as a prerequisite for fulfilling our corporate responsibility to all of our stakeholders, and we are accordingly tackling human rights issues on various fronts as an organization.

More specifically, we encourage employees to regard human rights as a personal issue, and work to deepen their awareness and understanding so that they show respect for human rights in their day-to-day business activities and take a firm stand against discrimination by others.

To this end, we provide a broad range of human rights education focused on such issues as prejudice against

specific social groups, people with disabilities, the elderly, foreign residents in Japan, sexual harassment, and power harassment, as well as on ISO 26000, systems for redressing human rights violations, and other developments in human rights standards and legislation in Japan and overseas.

Furthermore, all NTT Group companies provide workshops, e-learning courses, and other programs that enable employees to learn about these issues on a multifaceted continuing basis. Other activities to boost and establish awareness of human rights include soliciting slogans and ideas for posters promoting awareness of human rights from NTT employees and their families, the best of which are compiled into calendars and distributed around the workplace.



## R&D efforts in basic technologies

NTT conducts basic technologies R&D activities in three laboratory groups while also developing practical applications with its Group companies.

NTT has three laboratory groups: the Cyber Communications Laboratory Group, the Information Sharing Laboratory Group, and the Science and Core Technology Laboratory Group. These groups provide NTT with R&D muscle for the development of basic technologies that support the creation of safe, secure, and convenient ubiquitous broadband services and greater utilization of next generation networks. NTT's R&D results have steadily been put into practical use through the effective use of our "Comprehensive Commercialization Functions" and in close collaboration with the Group companies.

### Protection of intellectual property

NTT protects the results of its R&D to maintain its competitive edge, but at the same time makes its intellectual property available to a wider audience by licensing technologies that would contribute to the

development of industries and businesses as well as standardized technologies that are already used in society.

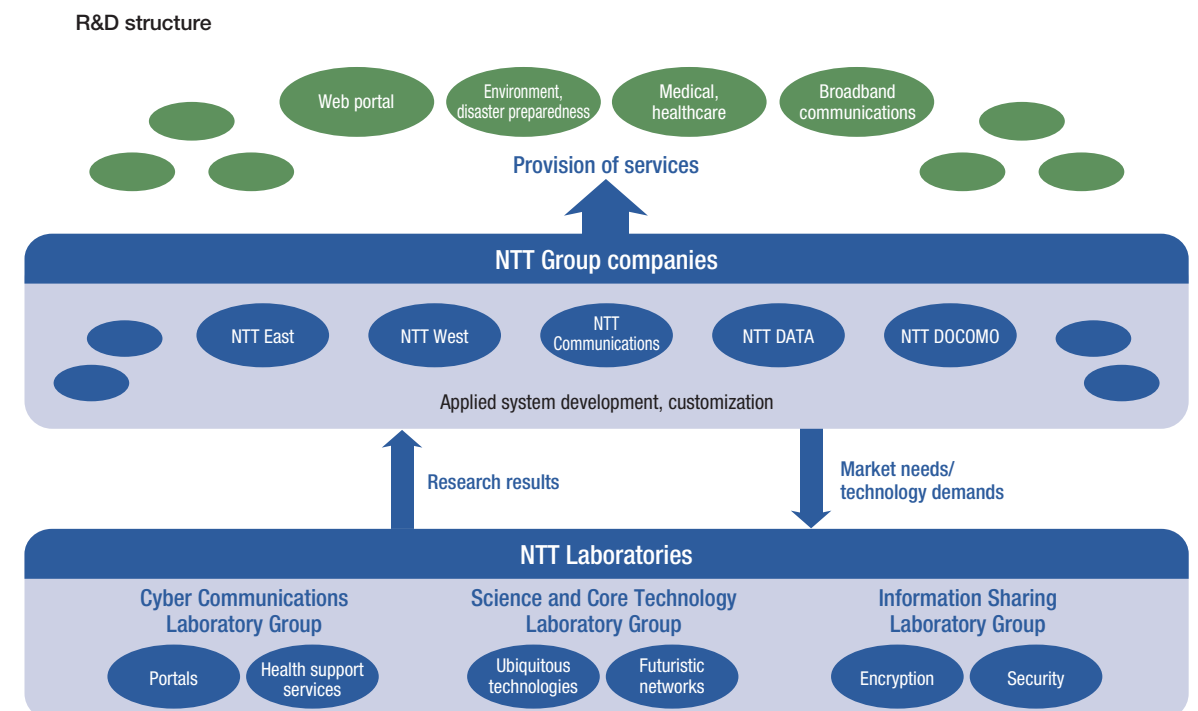
We also examine the third party rights of technologies used in our business to prevent infringement of third party intellectual property rights, and otherwise strive to comply with intellectual property-related laws and regulations and mitigate potential business risks by sharing information with our Group companies.

#### No. of patent and utility model applications in Japan and overseas

Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
2,900	2,500	1,800	2,000	2,100

#### No. of Japanese and overseas patents held (as of the end of each fiscal year)

Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
15,700	15,200	15,100	14,500	13,900





## Communicating with our shareholders and investors

The NTT Group strives to improve management transparency through proactive disclosure and IR activities.

### Basic ideals

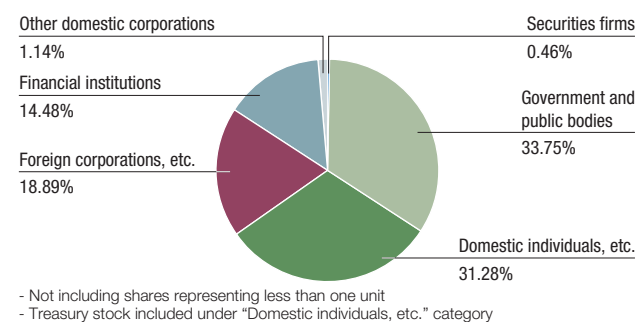
The NTT Group recognizes that enhancing its corporate value in the medium to long term and realizing appropriate returns to shareholders are crucial aspects of its business. At the same time, we are striving to improve the transparency of management through proactive disclosure and IR activities to enable our shareholders, investors, and other stakeholders to appropriately evaluate our business performance.

### NTT stocks

As a result of six offerings of government-owned shares since NTT's privatization in 1985, NTT stocks are in the hands of approximately 1.27 million\* shareholders as of the end of March 2009.

\*Including shareholders who own only shares representing less than one unit

### NTT shareholders



### Returns to shareholders

NTT seeks to enhance returns to shareholders over the medium term.

We determine the amount of dividends based on an overall consideration of factors such as business performance, financial position, and dividend pay-out ratio, focusing also on stability and sustainability. For the year ended March 31, 2009, NTT increased its yearly dividends from ¥90\* to ¥110 per share. The yearly ordinary dividends for the year ended March 31, 2010 are expected to rise to ¥120.

NTT has also repurchased shares of ¥200 billion in the year ended March 31, 2009, while taking into account market trends and other factors, following the ¥94.4 billion

buy back in the year ended March 31, 2008.

\*We have retroactively adjusted dividend per share to reflect a 100-for-1 split of common shares in January 2009.

### Disclosure and IR activities

NTT has listed its shares on several domestic and foreign stock exchanges (Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, New York, and London), and has issued domestic and foreign bonds to procure funds. We consider it important to establish and maintain relationships of trust with our shareholders and investors in both domestic and foreign capital markets, and accordingly disclose information in a timely, appropriate and fair manner, fulfilling our accountability as a business corporation.

To help shareholders and investors to better understand our management strategy, we also actively conduct IR activities and create opportunities for our top management to directly communicate with our shareholders and investors by holding various events in addition to the General Meeting of Shareholders, such as IR roadshows, presentation of corporate strategies and financial results, and presentations for corporate bond investors. We are also making efforts to enrich IR content on our corporate website.

## Topics

### Listed on Socially Responsible Investment (SRI) indexes in Japan and abroad

NTT has been highly rated by SRI evaluation organizations. As of April 1, 2009, we are listed on international SRI indices such as Ethibel Sustainability Index (ESI) Excellence Global (Belgium), and Morningstar Socially Responsible Investment Index (Japan).



## Prospering with our business partners

Working with our suppliers to equip society with ubiquitous broadband communications

To continue to provide customers with competitive, state-of-the-art services at reasonable prices, the NTT Group considers it essential to introduce cost-effective new technologies and products on a timely basis. To that end, it has become increasingly important for us to accurately identify customer needs, establish good partnerships with suppliers, and work closely with them to equip society with ubiquitous broadband communications.

Green procurement policies that encourage all relevant parties to consider the impact of procured products on the environment are also indispensable.

To build trust-based, open partnerships with our suppliers, we established and published our Basic Procurement Policy in 1999. (See Basic Procurement Policy on the right.)

For the benefit of suppliers, we also post procurement information on our website, and have procurement contact points in North America and Europe as well as in Japan for fielding inquiries and providing guidance on procurement.

### Basic Procurement Policy

When procuring products, NTT will:

- (1) conduct its procurement in an open and transparent manner, taking into account its business needs;
- (2) provide non-discriminatory and competitive opportunities to both domestic and foreign suppliers; and
- (3) conduct global and market-driven procurement of competitive products that meet its business needs.

### The NTT Group Guidelines for Green Procurement

These Guidelines represent the NTT Group's basic stance toward green procurement and set forth the general areas in which the NTT Group and its suppliers address environmental issues on a continuing basis.

### International Procurement website

<http://www.ntt.co.jp/ontime/index-e.html>

### Implementation of the Basic Procurement Policy

To procure required products openly on the global market, NTT Communications in May 2008 drew up an internal manual for the concrete implementation of the following three basic procurement policies: (1) to purchase openly and transparently in keeping with its business requirements; (2) to give domestic and overseas vendors equal opportunities to compete for its business; (3) to use global standards and market principles to procure competitive services and products that meet its business needs. NTT Communications will continue to implement this policy while paying due attention to global and market trends, economy, and other factors.

### Developing common software to promote global mobile phone development

In April 2008, NTT DOCOMO started to develop an operator pack for FOMA handsets as a new common software

package to boost the efficiency of FOMA development and enable more handset manufacturers to develop FOMA handsets and also market these handsets overseas.

The pack combines application software for implementing i-mode and other unique NTT DOCOMO services with a common globally compatible software platform. It will enable handset manufacturers to cut software development costs considerably by saving them the need to develop their own FOMA application software, an advantage likely to encourage more manufacturers to develop FOMA handsets. The global compatibility of the platform will also facilitate the development of phones that can be marketed overseas too, opening the way for Japanese handset manufacturers to enter the global market.

NTT DOCOMO is promoting the adoption of this operator pack to handset manufacturers as it intends to install the software in its mobile phones in the latter half of 2009.

# Communication between people and their communities

Close Up

## Activities that Contribute to the Further Evolution of Ubiquitous Communications

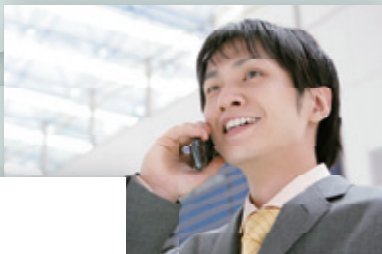


I want NTT to use its unique R&D capabilities to support the development of society.

I hope that NTT puts its technology and other core business resources to good use to address social problems.



I'd like to see NTT using its technology to make life easier for everyone.



### NTT Group initiatives

As a responsible member of the telecommunications industry, the NTT Group is committed to equipping society with ubiquitous broadband communications.

At the NTT Group, we believe ICT can solve many social problems and play a leading role in the development of a sustainable society, and we are creating and deploying customer-oriented ubiquitous broadband services using full IP network infrastructure. In March 2008, we became a world leader in next-generation network (NGN) technology with the commercial launch of our NGN service, and we

continue to expand the service and its usage. In our solutions business, Group companies work together to provide high value solutions as our customers' partners. We will continue to actively research and develop platform technologies for advanced networks and new services, and basic technology for telecommunications of the future.

### Expanding broadband communications to bridge digital divides



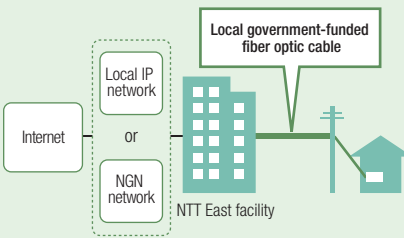
Building information technology infrastructure at the local community level doesn't just make Internet access readily available. It can also raise local living standards, revitalize local economies, make local government more efficient and effective, improve welfare services, and generate many other knock-on benefits. However, some mountainous and outlying districts are still without broadband access, and bridging such digital divides is a pressing issue for the local development of these areas.

NTT East is supporting local government efforts to eliminate all "zero broadband" areas and provide retransmission of television and other services by helping them to deploy fiber optic network-based IT infrastructure. Local governments use public and other funding to connect all households through fiber optic lines to provide various services, and NTT East borrows part of the bandwidth of these networks under IRU agreements\* to

provide FLET'S Hikari in the locality. Residents gain because they then have the option of subscribing to FLET'S Hikari as well as benefiting from services provided by their local governments.

NTT East will continue working to deploy information technology infrastructure in local communities in order to enhance living conditions and bridge digital divides.

**\*IRU (indefeasible rights of use) agreement**  
A contractual agreement whereby a local government leases a part of the bandwidth of a fiber optic network that it has deployed to NTT East, which uses the network to provide services



### Equipping communities in the Asahi and Sanpoku areas of Murakami City, Niigata, with fiber optic broadband

Fiber optic broadband can both bridge the digital divides of depopulated rural areas and improve aging cable TV and community disaster prevention wireless infrastructure. We enabled all areas to receive the same level of service, and it was very rewarding to see how grateful the local residents were. We want to continue working together to promote usage and bring further benefits to the local population.



Takanori Tanaka  
Sales Division,  
NTT EAST-NIIGATA CORPORATION

### Biz Communicator for enabling a ubiquitous ICT environment



As part of its drive to build a society of ubiquitous computing networks, NTT Communications offers the Biz Communicator, a business communications tool based on the BizCITY concept.

The Biz Communicator facilitates more rapid communications by allowing users to access frequently used tools such as telephones, faxes, the Web, and conference calls from their own computer.

Customers can also use the remote service on any computer with an Internet connection by using a special USB key to turn that computer effectively into a thin client through which they can remotely operate their office computer. This allows users to open and edit files, check their mail, and perform other in-office tasks while on the road or telecommuting. In July 2008 we added a USB softphone to the remote service package, enabling users to make softphone calls and hold

conference calls anywhere in Japan or abroad, dramatically facilitating work when outside the office.

The Biz Communicator enables customers to work when and where they want, making the ubiquitous office a reality for a range of business styles.



Special USB key

### Helping build the ubiquitous office

This service has a great deal to offer customers; they can get the latest information while on the move, respond to clients, protect client information, and maintain business operations even during pandemics. Our customers are using it in all aspects of their daily business activities. We received the Hot Topic Award in the MM Research Institute Grand Prize 2009 in recognition of our work to actively develop new products and markets with IT technology. We'll continue to offer services that will help make ubiquitous broadband communications a reality.



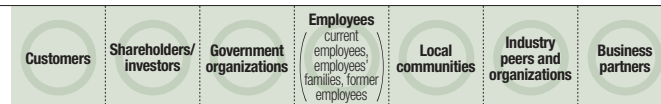
Masayuki Tamura  
Sales Promotion  
Department,  
Business Network Services  
Division



# Creating and Deploying Ubiquitous Broadband Services

Under its "Road to Service Creation Business Group" vision, the NTT Group is creating and deploying full IP network-based ubiquitous broadband services tailored to customer needs.

## Network services: expansion and R&D



### Fiscal 2009 priority topics

#### NGN technology receives government award



In March 2009, in the 38th Japan Industrial Technology Grand Prize awards sponsored by the Nikkan Kogyo Shimbun, NTT won a Minister of Education, Culture, Sports, Science and Technology Award in recognition of its NGN technology development efforts.

NGN technology preserves the stability and reliability of traditional telephone connections while providing a next-generation IT network with the flexibility and cost-performance of IP networks. The technology enables us to provide expanded services, from IP retransmission of digital broadcasts to integration with mobile networks.

Under our Service Creation Business Group vision, we are committed to the research, development, and full-scale deployment of ubiquitous broadband services.

#### Measuring the advertising impact of digital signage



Digital signage refers to network-connected electronic displays that provide information outdoors and in public spaces such as shops, buildings, and transportation facilities.

At the NTT Cyber Space Laboratories, we are helping make this a more effective marketing media by developing technology that automatically measures viewership and advertising impact. In fiscal 2009, we conducted trials of the advertising impact measurement tools we had developed, and confirmed that our image processing technology is able to accurately measure advertising impact.



Measuring advertising impact



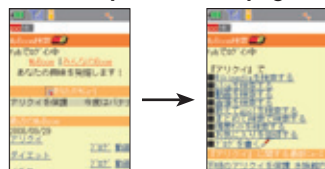
## New technology developed by NTT Laboratory Groups showcased on *goo labs*

*goo labs* serves as an online showcase for the latest NTT technology. In fiscal 2009, three new technical trials were launched: *MyBoom*, *Koko de Kensaku*, and *goo new navigation*.

#### MyBoom

A personalization service that uses the browsing history to display screens that match the user's interests

#### Access personalized page.



Display of keywords matching user interests

Just click to connect to other services.

#### goo new navigation

A search and recommendations service that makes it easy and fun for users to find content that suits their tastes



## FLET'S Hikari Next fiber optic service launched

NTT East and NTT West jointly launched the FLET'S Hikari Next service in March 2008. This service offers improved quality, reliability, security, and future potential. In fiscal 2009 FLET'S Hikari lines in NTT East and West combined increased by 2.36 million (net).

## FOMA HIGH-SPEED population coverage\* reaches 100%

On December 26, 2008, 28 months after the service was launched, FOMA HIGH-SPEED population coverage in Japan reached 100%.



#### \*Population coverage

An index of service area coverage for mobile communications and other services that is based on the percentage of municipal offices (town halls) lying within the service area

## Using ICT to support healthcare services



### Fiscal 2009 priority topics

#### Trials conducted on remote health guidance over fiber optic lines



The government now requires people to receive medical checkups and health guidance focused on preventing metabolic syndrome and conditions such as high blood pressure, diabetes, and angina, but it is difficult for some people in remote regions to reach hospitals.

To address this issue, NTT West has since February 2008 been working with the city of Nakatsugawa in Gifu Prefecture to run a trial of an ICT-based service to provide health guidance to such people.

Starting in November 2008 when FLET'S Hikari Next service was launched, we also began testing new remote health guidance services using video and other technology with NTT WEST Group employees, examining such issues as the difference between guidance provided over networks versus face-to-face consultations.

#### Developing support systems for public health nurses and clients



In July, 2009, NTT IT began sales of a mobile phone-based health guidance support system that combines health guidance support tools for public health nurses with a Health Diary to help people undergoing health guidance to maintain healthy lifestyle habits.

The Health Diary enables users to enter data such as steps walked, body weight, and blood pressure on their mobile phones. Based on this data, the Health Diary displays graphs, walk rankings, and other fun features designed to motivate users to adopt a healthier lifestyle.

The health guidance support tools for public health nurses include management of client schedules, health guidance content, and a point system, as well as the ability to export health guidance data into XML format.



## @OnDemand services to support community healthcare networks

Japanese healthcare facilities are in the process of enabling online access to healthcare receipts by fiscal 2012. The deployment of such healthcare-related ICT is expected to raise the quality of community healthcare services.

To address the ICT needs of community healthcare providers, NTT DATA has since September 2008 offered a specialized router that utilizes on-demand VPN technology to enable switching between 16 services, including Receipt Online Connection Service (a healthcare receipt access service) and a community healthcare integration service.

Switching between 16 services



Menu screen



## Development of Raku-Raku PHONE V for managing day-to-day health



Raku-Raku PHONE screen

Responding to increased awareness of the importance of early detection of metabolic syndrome, in August 2008, NTT DOCOMO released Raku-Raku PHONE V, the latest Raku-Raku PHONE handset in a series equipped with built-in health management features such as a pedometer and heart-rate meter.



## Solution to support pandemic countermeasures

As the threat from novel strains of influenza continues to grow, in March 2009 NTT IT launched sales of a solution to support pandemic countermeasures. The product collates essential data and provides information for employees within the context of a company's pandemic countermeasure program.



# Communication between people and the global environment

Close Up

## Waste Reduction and Mitigation of Global Warming



Environmental problems require large scale action, which is why efforts by leading companies are so important.

The Group needs to take a more united approach to environmental issues.



I want to learn more about effective use of ICT and resources.



### NTT Group initiatives

Under its Principal Activity Plan Targets, the NTT Group is making a concerted effort to address environmental issues in three specific areas.

With the aim of reducing its environmental impacts up to 2010, the NTT Group established Principal Activity Plan Targets in the three areas of combating global warming, reducing waste, and reducing paper consumption, and is taking actions to monitor and improve its progress towards achieving quantitative targets.

Where mitigating global warming is concerned, we are working to reduce both our own CO<sub>2</sub> emissions

and those of society as a whole, and to provide services that help to change consumer lifestyles and business models.

We are also reducing waste through recycling programs for communications equipment, phones, and batteries, and reducing paper consumption through providing Internet-based billing services and recycling telephone directories.

## Recycling mobile phones with the cooperation of customers

NTT docomo

NTT DOCOMO has long recycled mobile phones to reduce waste and make more effective use of resources. The company began to collect used battery packs in 1993, and all DOCOMO products including mobile phone handsets from 1998. Since 2001, as a member of the Mobile Recycle Network, an independent organization established by mobile and PHS carriers as well as handset manufacturers, DOCOMO has been collecting all applicable products irrespective of carrier.

Collected mobile phones are separated into handsets, chargers, battery packs, etc. and then incinerated or pulverized. In addition to retrieving gold, silver, copper, palladium, and other metal resources, DOCOMO is striving to achieve zero waste by measures such as turning recycling

process residues into slag (artificial sand) as a raw ingredient for concrete and cement, and utilizing the various plastics to make supplementary fuel for incinerators and recycled plastic.

To further boost handset collection, DOCOMO used dedicated tools during fiscal 2009 to explain recycling activities to customers visiting docomo Shops, and some shops played videos about recycling (Chuo, Kansai, and Tokai regions only). DVDs were also distributed for the training of all docomo Shop staff throughout Japan.



Collection publicity sticker

### Raising customer awareness

The cooperation of customers is vital for the collection of mobile phones. In fiscal 2009, we focused our efforts on raising customer awareness, putting particular priority on explanation at docomo Shops, the point of contact with customers, by providing dedicated tools and PR stickers. We also began playing videos on recycling at some shops for customers to watch while they are waiting their turn. We will continue our efforts to enlist the cooperation of even more customers.



Atsuko Murase  
Corporate Citizenship Department

## Expanding renewable energy use to support Green NTT

NTT FACILITIES

Green NTT is a project aimed at reducing CO<sub>2</sub> emissions by promoting the use of solar and other renewable energy in NTT Group business activities.

Leveraging its strong track record of deploying solar energy systems and technical prowess that has supported nationwide electrical and communications networks for more than 100 years, NTT FACILITIES is playing a major role in the Green NTT project by installing solar energy systems in research facilities, communications buildings, data centers and other Group facilities.

In August 2008, the NTT Group also set up NTT-Green LLP, a limited liability partnership charged with the task of developing energy supply services using solar energy and issuing Green Power Certificates\*. Eventually, NTT-Green LLP

has its sights on expanding the scope of its renewable energy activities to encompass society at large by attracting investment and installing systems on properties of other companies and local authorities.

**\*Green Power Certificate**  
Tradable certificates that carry the environmental value of power generated using renewable energy sources



Solar panels (NTT West, Kochi Branch)

### A business model for expanding solar energy systems

Normally, a company would install a solar energy system just on its own building, but the Green LLP project is working to install solar systems jointly with several corporations at once. I think that this environmental protection initiative not only boosts the company's green credentials, but also helps create a solar system business development model. We hope to create new environmental value through this initiative.



Ikuru Washizu  
Planning & Development Department,  
Solar Project Headquarters



# Basic Policies and Management System

At the NTT Group, we drew up an NTT Group Global Environmental Charter in 1999 to harmonize group business activities with goals for environmental protection, and formulated a corporate action plan that outlines goals up to fiscal 2011. Based on these principles and plans, NTT Group companies work together to implement Group environmental initiatives and address specific environmental issues.

## Establishing a shared Group charter and vision



In 1999, the NTT Group drew up its NTT Group Global Environmental Charter to formally define basic principles and policies for protecting the environment. Based on the fundamental principle that our business activities need to be compatible with protecting the environment, this Environmental Charter emphasizes the importance of combating global warming and reducing waste and paper consumption, and establishes a set of NTT Group Principal Activity Plan Targets to be achieved by fiscal 2011.

In May 2006, the NTT Group announced its Vision for Environmental Contribution. This vision clarifies our basic concept for providing ICT services that will enable our customers as well as society as a whole to reduce environmental impacts. The vision also defines our CO<sub>2</sub> emission reduction target for fiscal 2011 and the activities we intend to undertake to achieve this target.

## Formulation and operation of proprietary green guidelines



NTT Group operations have the following three key attributes: (1) procurement of a great many products; (2) in-house R&D facilities; (3) possession of many buildings. To promote the effective reduction of our environmental impacts, we have drafted green guidelines that address each of these three key attributes. NTT and Group companies apply these guidelines to their business activities.

## Developing a groupwide structure for environmental management



In 2005, the NTT Group established a CSR Committee charged with overseeing Group CSR activities, and the NTT Group Global Environmental Protection Promotion Committee, which drives group environmental protection activities, was brought under the CSR Committee's jurisdiction.

The Global Environmental Protection Promotion Committee oversees the Greenhouse Gases Reduction, Waste Disposal and Recycling, and Environment and ICT subcommittees, directs groupwide projects, formulates basic policies, manages targets, and addresses any issues that emerge.

### NTT Group Global Environmental Charter

#### Basic principle

To ensure the harmonious co-existence of people with nature and to achieve sustainable growth, we will do our utmost to protect the global environment in all our corporate activities.

#### Basic policies

- Compliance with laws and regulations and fulfillment of social responsibilities
- Reducing environmental loads
- Establishing and maintaining environmental management systems
- Developing environmental technologies
- Social contribution efforts
- Disclosure of environmental information

### NTT Group Vision for Environmental Contribution

The NTT Group is helping to reduce the environmental impacts of its customers and society as a whole by developing and disseminating ubiquitous broadband-based ICT services that promote positive changes in lifestyles and business models.

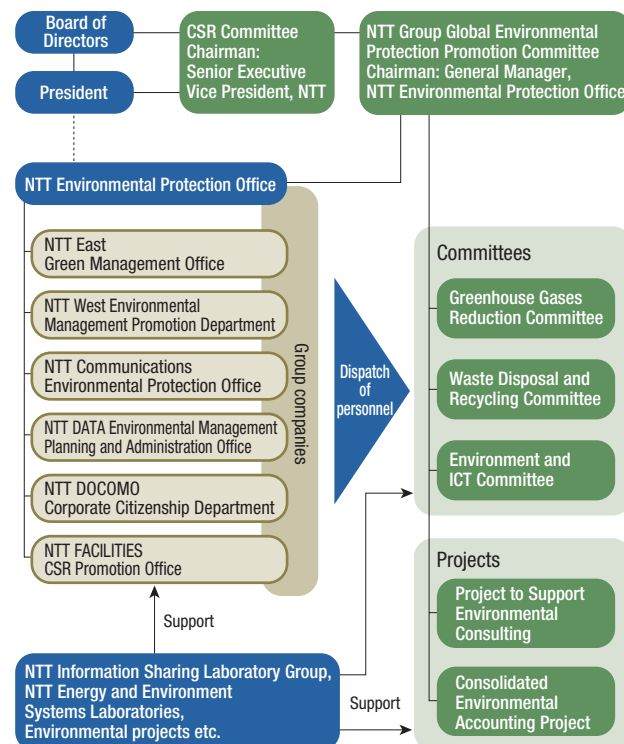
#### Reduction target for fiscal 2011

[Reductions in CO<sub>2</sub> emissions as a result of ICT services] – [CO<sub>2</sub> emissions from providing ICT services] = [10 million ton reduction in CO<sub>2</sub> emissions]

#### Activities for achieving our targets for fiscal 2011

1. Increase subscriber base for optical fiber services that enable lower impact lifestyles and business models.
2. Expand ubiquitous broadband services.
3. Reduce the environmental impacts of our business activities.
4. Reduce the electrical power required by customers' communications equipment.

### The NTT Group organization for promoting environmental protection



# Environmental Impacts Overview

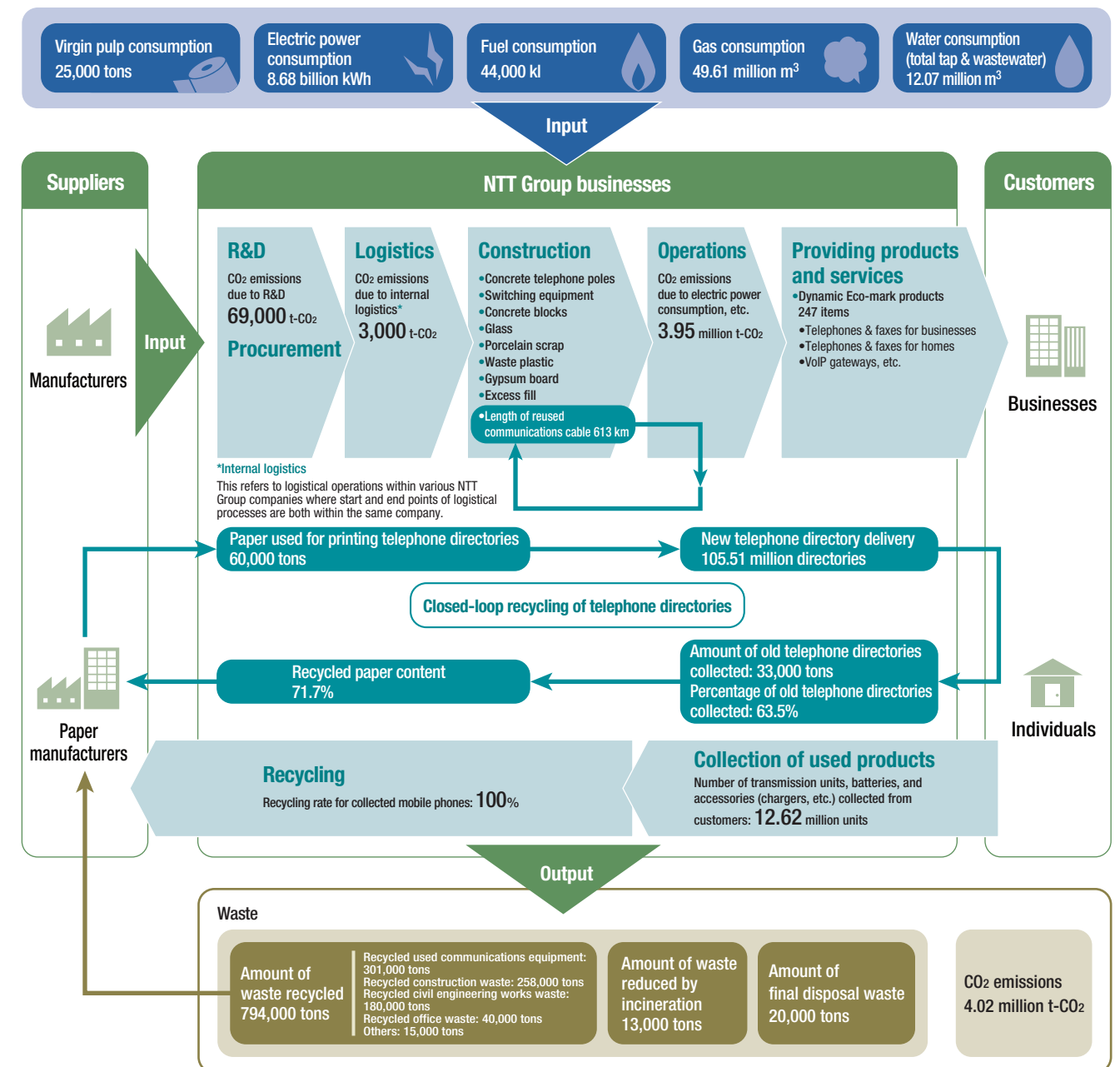
In order to minimize the environmental impact of NTT Group business operations, we monitor and analyze the types and amounts of resources and energy consumed by various processes and resulting environmental impacts.

At the NTT Group, we regularly quantify the environmental impacts of our various business activities, and are striving to reduce them by establishing concrete numerical targets for mitigating global warming, reducing waste, and reducing the consumption of paper resources based on the NTT Group Principal Activity Plan Targets.

Of the 4.02 million tons of CO<sub>2</sub> emissions generated by the NTT Group in fiscal 2009, 3.95 million tons (approximately 98%) were derived from business operation-related electricity consumption.

Of the 828,000 tons of waste generated, 794,000 tons (approximately 96%) were recycled, and the remainder was incinerated, resulting in a reduction of 13,000 tons to leave 20,000 tons of final disposal waste.

Each year, the NTT Group issues 105.51 million telephone directories throughout Japan, which translates into 60,000 tons of paper, equivalent to approximately 0.2% of the total amount of paper used in Japan. Of those 60,000 tons, 17,000 tons are from virgin pulp.



Results and Assessments for Goals in Fiscal 2009

To achieve its Principal Activity Plan Targets for reducing its environment impacts by fiscal 2011, every year the NTT Group analyzes achievement levels against specific goals for the three areas of preventing global warming, reducing waste products, and reducing paper consumption, and uses its findings to implement improvements.

Progress made on the NTT Group Principal Activity Plan Targets<sup>1</sup> (by fiscal 2011)



	Prevention of global warming <sup>1</sup>	Waste reduction	Reduction in paper use
Goals	<ul style="list-style-type: none"><li>•Reduce CO<sub>2</sub> emissions per subscriber for all telecommunications carriers by at least 35% based on fiscal 1991 levels. (Telecommunications carriers: NTT East, NTT West, NTT Communications, NTT DOCOMO)</li><li>•Reduce CO<sub>2</sub> emissions per unit of sales for all other Group companies by at least 25% based on fiscal 1991 levels. (Other Group companies: NTT DATA, NTT FACILITIES, NTT COMWARE, etc.)</li></ul> <p>1. Achievement level for reducing global warming is assessed as the five year average for fiscal 2009-2013.</p>	<ul style="list-style-type: none"><li>•Reduce amount of final disposal waste to no more than 15% of fiscal 1991 levels.</li></ul>	<ul style="list-style-type: none"><li>•Reduce consumption of virgin pulp to no more than 80% of fiscal 1991 levels.</li></ul>
Specific activities	<ul style="list-style-type: none"><li>•Reduce electricity consumption through the Total Power Revolution (TPR) campaign (see p. 35).</li><li>•Reduce CO<sub>2</sub> emissions in logistical and sales operations (see p. 35).</li></ul>	<ul style="list-style-type: none"><li>•Reduce the amount of final disposal waste through reduce, reuse, and recycling efforts (see p. 39).</li></ul>	<ul style="list-style-type: none"><li>•Reduce paper use by recycling telephone directories (see p. 39).</li><li>•Reduce paper use through Internet billing statement services (see p. 39).</li></ul>
Results (in graphs)	<p>CO<sub>2</sub> emissions reduction rates improved over last year, and both telecommunications carriers and other Group companies achieved their reductions targets.</p> <p>Compared with the previous fiscal year, CO<sub>2</sub> emissions reduction rates rose as a result of our deployment of energy-efficient communications equipment, efficient building and operation of communications facilities, and improvement of the CO<sub>2</sub> emissions conversion coefficient<sup>2</sup> for electricity usage.</p> <div><p>CO<sub>2</sub> emissions reduction rates of telecommunications carriers (base year: fiscal 1991)</p><p>CO<sub>2</sub> emissions reduction rates of other Group companies (base year: fiscal 1991)</p><p>CO<sub>2</sub> emissions from business operations (in thousands of tons-CO<sub>2</sub>)</p></div> <p>2. Coefficients used for calculating CO<sub>2</sub> emissions based on levels of power consumed were 0.378 kg/kWh for fiscal 2005 and 0.555 kg/kWh for fiscal 2006. For fiscal 2007-2008, the emissions coefficients of respective power suppliers were used. The CO<sub>2</sub> emissions reduction rate for fiscal 2009 was 0.34kg/kWh and CO<sub>2</sub> emissions from business activities were calculated using the emissions coefficients of respective power suppliers (based on fiscal 2008 data).</p>	<p>Amount of final disposal waste* declined and reduction target was cleared.</p> <p>Removal of outdated equipment in conjunction with the further deployment of IP network-related equipment and base stations for 3G mobile phones resulted in more waste output than the previous year, but gains in recycling efficiency limited the rise in final disposal waste to only 20,000 tons, enabling us to meet our waste reduction targets for the year.</p> <p>Waste output and final disposal waste</p>	<p>The amount of virgin pulp used cleared our reduction targets for the year, and fell compared with the previous year.</p> <p>The amount of virgin pulp used for telephone directory printing was reduced to 17,000 tons through efforts to reduce the net amount of paper used and increase the content of recycled paper.</p> <p>The total amount of virgin pulp used in all products was reduced to 25,000 tons, achieving our reduction target for the year.</p> <p>Virgin pulp consumption</p>

Environmental accounting



The NTT Group introduced environmental accounting in fiscal 2001 to boost the efficiency and effectiveness of its environmental conservation efforts by quantitatively determining both the cost of environmental conservation programs undertaken as part of its business activities and the returns gained. In fiscal 2009, higher levels of recycling pushed up our recycling costs by about 90 million yen compared with fiscal 2008, but these efforts allowed us to boost the amount of recycled waste by nearly 60,000 tons. A cost saving of 21.61 billion yen was also achieved through the reuse of certain resources.

According to NTT calculations, CO<sub>2</sub> reductions derived from customer use of NTT Group flagship services like B FLET'S and FOMA amounted to nearly 9.2 million tons across society in fiscal 2009.

We are determined to further improve our environmental management through quantitative measurement and analysis of our environmental activities.

1. Scope of data

The companies subject to consolidated environment accounting are NTT, NTT East, NTT West, NTT Communications, NTT DATA, NTT DOCOMO, and their group companies (175 companies in total).

2. Applicable period

Data for fiscal 2009 report is from April 1, 2008 to March 31, 2009. Data for fiscal 2008 report is from April 1, 2007 to March 31, 2008.

3. Accounting method

- Accounting is based on the NTT Group Environmental Accounting Guidelines. These guidelines comply fully with the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment.
- Environmental conservation costs are expressed in monetary units and benefits in monetary units and physical quantity.
- Environmental conservation costs are tabulated separately as environmental investments and environmental costs. From fiscal 2004, depreciation costs are included in environmental costs. Personnel costs are also included in environmental costs.
- Reductions in CO<sub>2</sub> emissions through energy conservation measures are calculated by subtracting actual emissions from estimated emissions in the event that no such measures were taken.

Environmental accounting

MOE Guidelines categories		Environmental investments (in millions of yen)		Environmental expenses (in millions of yen)		Economic benefits (in millions of yen)			Quantitative benefits (in thousands of tons)		
		FY 2009	FY 2008	FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008
(1) Business area costs		7,430	7,530	19,780	19,810						
•Pollution prevention costs		210	200	860	950						
•Global environmental conservation costs		6,990	7,180	4,070	4,120	Cost reductions through energy conservation		4,120	3,510	Reductions in CO <sub>2</sub> emissions through energy conservation measures*	
•Resource recycling costs		220	140	14,840	14,750	Revenues from sale of recyclable waste		3,380	10,420	Recycled used communications equipment	
						Cost reductions through reusing dismantled communications equipment		21,600	27,400	Recycled construction waste	
						Cost reductions through reusing office waste materials		10	10	Recycled civil engineering works waste	
										Recycled office waste	
										Other recycled items	
(2) Upstream/downstream costs		10	0	5,320	4,780	Revenues from sale of recyclable waste		3,280	630	Number of communications devices collected from customers (in thousands)	
						Cost reductions in postal expenses through computerization		3,830	4,080		
(3) Administration costs		10	80	5,090	4,910						
(4) R&D costs		5,990	6,170	11,620	12,730						
(5) Citizenship activity costs		0	40	100	160						
(6) Environmental remediation costs		0	0	0	0						
Total		13,440	13,820	41,900	42,390			36,220	46,050		

For reference: Amount of CO<sub>2</sub> reductions across society resulting from customers using B FLET'S and FOMA services (according to NTT calculations)\* 9,200

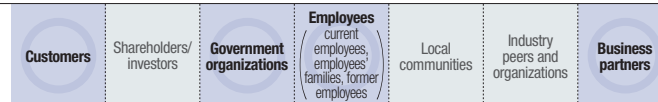
\*The conversion coefficient used to calculate the CO<sub>2</sub> emissions from power consumption in fiscal 2009 was 0.34 kg/kWh. The coefficients of respective power suppliers were used for fiscal 2008.



# Efforts to Address Global Warming

With the aim of reducing greenhouse gas emissions and achieving a low-carbon society, the NTT Group is working to reduce CO<sub>2</sub> emissions from its internal business operations and improve energy efficiency in society at large by driving the adoption and spread of ICT services and providing customers with solutions, services, and products that contribute to environmental management.

## Reducing CO<sub>2</sub> emissions from business operations



### Fiscal 2009 priority topics

#### Deploying energy-efficient office and communications equipment



Over 90% of the CO<sub>2</sub> emissions created by NTT Group business operations are attributable to office and communications equipment power consumption, and so reducing CO<sub>2</sub> emissions depends in large part on cutting the amount of energy used by such equipment. The NTT Group has created a groupwide energy conservation strategy called Total Power Revolution (TPR) to achieve such reductions.

To promote efficient energy management at the 4,000 NTT Group facilities nationwide, we have installed energy-efficient electrical power units and air conditioning systems, switched to energy-saving DC power supply for servers, routers, and other broadband equipment, and installed renewable energy systems using solar and wind power. Improvements made through the TPR program reduced power consumption within the NTT Group by 150 million kWh in fiscal 2009.

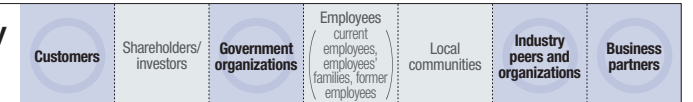
In May 2008 we also launched the 'Green NTT'

initiative to promote use of solar and other renewable energy with the goal of deploying enough renewable energy systems to generate 5MW by fiscal 2013. As of the end of fiscal 2009, we were generating a total of 2.1MW at 120 NTT facilities nationwide.



NTT FACILITIES' hybrid wind/solar power station on the island of Kumejima

## Reducing society's environmental impact by offering ICT services



### Fiscal 2009 priority topics

#### International standardization of environmental assessments at ITU-T



ICT services hold great potential to reduce CO<sub>2</sub> emissions across society by increasing the efficiency of production processes and reducing the need to physically move people and materials. However, evaluation and comparison of the effectiveness of deploying ICT services like teleconferencing or e-commerce on a per-service basis requires the calculation of standard units for evaluating equipment energy consumption or different methods of transportation. These evaluation methods need to enable comparisons not only in Japan, but worldwide, making standardization all the more important.

Through the Focus Group on ICTs and Climate Change founded by the Telecommunication Standardization Advisory Group (TSAG) in July 2008, the International Telecommunication Union Telecommunication Standardization Sector (ITU-T<sup>1</sup>) has begun to develop internationally standardized methods for objectively evaluating the level of climate change

mitigation made possible by utilizing ICT. The NTT Group is actively participating in this initiative.

#### Establishing an environmental label system for eco-friendly solutions



The NTT Group is working to establish an NTT Group Solution Environmental Label<sup>2</sup> System as a proprietary means of identifying those of its ICT solutions with notably low environmental impacts as eco-friendly solutions so as to better communicate their benefits to its customers.



## Eco Drive workshops for drivers of company vehicles

NTT East Iwate Branch Group has organized Eco Drive workshops to reduce CO<sub>2</sub> emissions by encouraging eco-friendly driving to improve the mileage of company vehicles. This program resulted in a 3.9% improvement in mileage in fiscal 2009 compared with fiscal 2005, an achievement that was recognized with an excellence award in the 2008 Eco Drive Contest.



Eco Drive workshop



## Optimizing temperature in communications facilities

To optimize the temperature environment within communications facility machine rooms that house so much of its communications equipment, NTT West Group is developing means of improving air circulation control to boost the amount of cool air reaching heat producing areas and recover more waste heat from communications equipment. These efforts help not only to maintain the stability of services, but also to reduce the energy consumption of air conditioning systems.



## 167 NTT Group companies participated in the Ministry of the Environment's Team Minus 6% project

(as of May 15, 2009).



## Building of test data center to promote the ICT Ecology Project

NTT DOCOMO Group is implementing an ICT Ecology Project throughout its communication facilities to save energy by employing 'intelligent' air conditioning, power saving DC-fed server systems, and other state-of-the-art energy saving technology.

As part of this project, NTT DOCOMO and NTT FACILITIES joined forces in February 2009 to launch the Tachikawa ICT Ecology Center as a facility for testing the latest energy saving technology and putting it to practical use. The Ecology Center is aiming for a 50% reduction in CO<sub>2</sub> emissions.



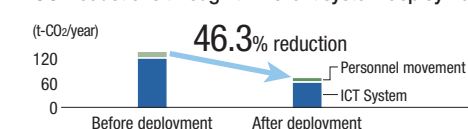
Tachikawa ICT Ecology Center



## Evaluating CO<sub>2</sub> reductions enabled by thin client systems<sup>3</sup>

Calculations performed at NTT Communications regarding CO<sub>2</sub> reductions enabled by the use of thin clients and free address (non-fixed seating) systems for offices with 1,000 users revealed that the resulting reduction in required office space and computer terminals would translate into an annual 46.3% reduction in CO<sub>2</sub> emissions.

### CO<sub>2</sub> reductions through thin-client system deployment



## Studying the effects of i-channel service on CO<sub>2</sub> reduction

Comparing CO<sub>2</sub> emissions derived from the acquisition of news, weather, and other various types of information through the use of FOMA's i-channel service to the acquisition of such information through conventional media, NTT DOCOMO found that the average i-channel user achieves a CO<sub>2</sub> reduction of approximately 2 kg per year. Based on the total number of i-channel users at the time the study was conducted, this result is equivalent to the amount of CO<sub>2</sub> absorbed annually by 2.36 million cedar trees.



**1. ITU-T**  
(International Telecommunication Union Telecommunication Standardization Sector)  
A department of the International Telecommunication Union (ITU), a United Nations agency that makes policy recommendations for developing international standards in telecommunications. Japan has participated in the ITU as a Council Member since 1959.

**2. Environmental Label**  
A label that displays quantitative environmental information for a product or service (or explains that such information will be provided if requested). Japan's Ministry of the Environment has drawn up its Guidelines for Eco-Labeling in accordance with the International Organization for Standardization (ISO). The NTT Group system is a self-declared environmental label (Type II) that is used for products that meet the criteria established by the declaring party's own standards.

**3. Thin client systems**  
A method for server-side management of application software and files so as to give only the minimum required processing capabilities to employee computers (clients) in corporate information systems. Since no data files are saved on the client side, thin clients can be used by any number of employees, thus reducing the number of clients needed.

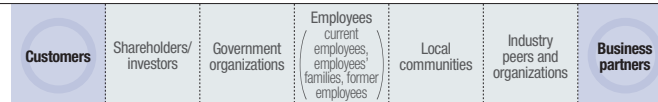


## Assessing environmental contributions of research topics

Objective assessment of the positive environmental contribution of eco-friendly ICT services and products is a vital aspect of the R&D that goes into them. To this end, the NTT Information Sharing Laboratory Group conducts quantitative evaluations of environmental contributions for a range of specific research topics.



## Efforts to Address Global Warming

Providing solutions, services, and products that help customers reduce CO<sub>2</sub> emissions

## Fiscal 2009 priority topics

## Reducing data center power consumption with Green Data Center service



NTT DATA launched a Green Data Center service in January 2008 to boost the benefits of ICT and reduce environmental impacts by improving server performance to reduce steeply rising data center power consumption and CO<sub>2</sub> emissions.

In fiscal 2009, NTT DATA launched a Shared IT Platform Service to leverage virtualization and other technologies to provide high quality yet affordable shared ICT infrastructure where discrete systems were previously the norm. The company has also installed solar power generation and energy efficient air conditioning systems, and in January 2009 launched the first ever trial in Japan of a high voltage DC power supply system. NTT DATA aims to achieve further energy savings by expanding the use of high voltage DC power supply systems based on the results of this trial.

## Monitoring services for visualization of energy use



NTT FACILITIES has provided Remoni, an energy monitoring service, since February 2009. Remoni, which was developed to support energy management in line with the revised Energy Conservation Law, enables the visualization of energy consumption at multiple locations.

Remoni is an application service provider (ASP)-based service that collects data such as cumulative and spot power consumption, temperature, humidity, and CO<sub>2</sub> concentration from customer sites via the Internet. This information can then be used for a wide range of applications such as energy management, environmental measurement, and remote monitoring of facilities.



## Customer server power consumption reduction

Nippon Information and Communication (NI+C) helps to reduce the power consumed by customers and society at large through offering server consolidation solutions that leverage virtualization technology to host multiple virtual servers on a single high-performance physical server. NI+C supplied 422 consolidated servers in fiscal 2009, resulting in energy savings of approximately 14 million kWh.

## NTTEAST Reducing power consumption of broadband equipment

At the end of fiscal 2008 NTT East introduced a low-power consumption Home Gateway router developed for home users of fiber optic broadband services.



## Switching to biomass CD-ROMs



NTT West delivers software to customers of its remote support service via CD-ROM, and in January 2009, started using biomass-based ECO&B brand CDs produced by NTT NEOMEIT for some of these CD-ROMs.

ECO&B CDs require 25% less petroleum products to manufacture and produce 53% less CO<sub>2</sub> emissions (total for both for manufacture and incineration) than do conventional CDs.

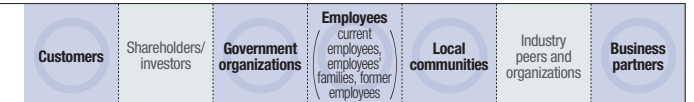
## NTT FACILITIES Eco-friendly GreenITy Buildings

NTT FACILITIES has leveraged its rich expertise to develop long-life, low impact GreenITy Buildings that efficiently combine various environmental technologies to reduce CO<sub>2</sub> emissions by approximately 40% compared with conventional office buildings.

## Conserving Nature and Local Living Environments

Building a sustainable society requires not only reducing the environmental impacts of our business operations, but also the direct protection of nature and local living environments. NTT Group companies engage in environmental conservation activities nationwide, while also protecting the environment and managing environmental risks.

## Preserve biological diversity



## Fiscal 2009 priority topics

## Forest conservation initiatives



As part of NTT Groups' environmental protection activities, each company within the Group is taking action to protect forest lands. As an example, since 1999 NTT DOCOMO has used the government's Company Forest Program and Green Fund Program and municipal forest areas to create DOCOMO Woods throughout the country.

NTT West has also participated in Wakayama Prefecture's Corporate Forest project and a similar scheme in Oita Prefecture, and has also planted cherry trees in Hyogo prefecture. NTT COMWARE too has been planting trees as part of its Forests of Corporations/NTT Comware (Ome) communal forest program.

## Preserving ecosystems near wireless relay stations



The NTT Communications Group strives to preserve habitat and mitigate environmental impacts around wireless relay stations through careful maintenance of telephone and television network facilities. As of March 31, 2009, NTT Communications Group has 102 wireless relay stations nationwide, with 24 in national parks. Because some areas in national parks lack road access, roads need to be constructed to perform regular relay station maintenance. In addition to strict adherence to relevant laws and regulations, the company uses its own environmental assessment methods to ensure that construction has minimum impacts on local biodiversity.

## Managing environmental risks



## Fiscal 2009 priority topics

## Safety assessments for chemical substances



The NTT Science and Core Technology Laboratory Group has created an environmental management system to conduct environmental conservation activities. The Group has obtained approval as an Environmental Management Office under the local Kanagawa Prefectural Ordinance on the Protection of Local Living Environments, and conducts annual chemical emissions hazard assessments based on Kanagawa Prefecture's approved assessment methods. Following the same result in fiscal 2008, the fiscal 2009 assessment showed the impacts on the ecosystem and human health of the Laboratory Group's activities to be low and requiring no immediate actions.

## Assessing the environmental impacts of research activities



Environmental impacts of the NTT Science and Core Technology Laboratory Group stem from chemical use, wastewater, gas emissions, material waste, as well as the power consumed by air conditioning for research clean rooms.

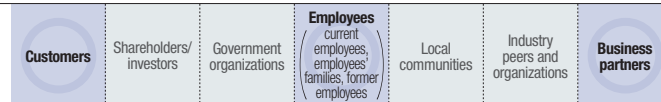
In addition to constant monitoring of water quality, the Group conducts periodical surveys of the atmosphere, rain and ground water, odors, soil, as well as noise and vibration in order to track and assess its environmental impacts. It has also established voluntary standards that are stricter than legally mandated pollution standards. A fiscal 2009 atmospheric environmental study found no atmospheric pollutants that exceeded these strict voluntary standards.



# Using Resources Effectively

Products and services offered by NTT Group companies, along with supporting communications equipment, require periodical upgrading in line with technological advances, life cycle management considerations, and other factors. At the NTT Group, we strive to use resources effectively and reduce waste output by reusing or recycling communications devices and equipment that have been taken out of service.

## Reducing waste and promoting reuse and recycling within NTT



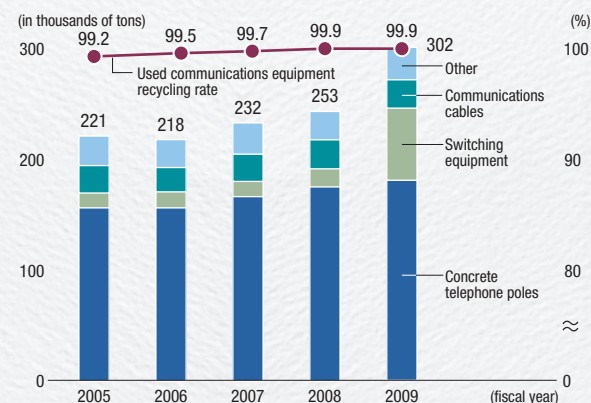
### Fiscal 2009 priority topics

#### Reusing and recycling waste from communications equipment installation/removal

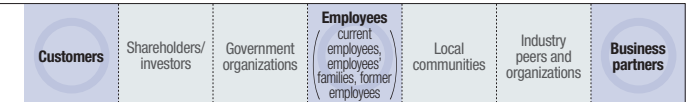
The NTT Group owns a variety of communications equipment used to provide telecommunications services, such as telephone poles, switching equipment, and communications cables. Naturally, such equipment needs to be removed and disposed of when it reaches the end of its service life or is replaced during system upgrades for new services and so forth. We promote the reuse and recycling of such removed communications equipment within the Group, and recycle whenever possible, for example recycling discarded concrete blocks as road building material.

For fiscal 2009, across the entire NTT Group, we recycled 180,000 tons of concrete telephone poles, 66,000 tons of switching equipment, and 26,000 tons of communications cables. These activities resulted in a recycling rate of 99.9% for all of our communications equipment, achieving zero emissions\* for the fifth consecutive year.

#### Amount and percentage of used communications equipment recycled



## Helping customers to reduce, reuse, and recycle



### Fiscal 2009 priority topics

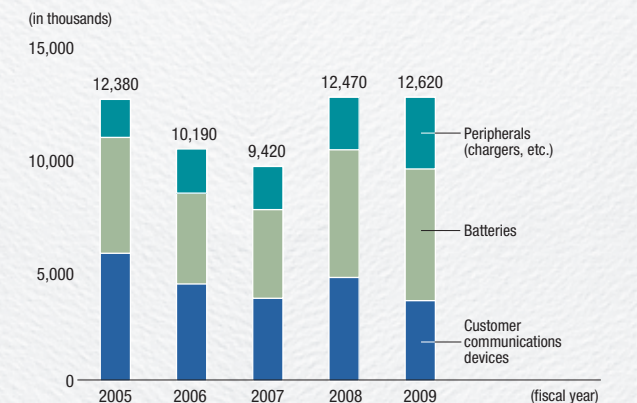
#### Reusing and recycling telephones, batteries, and personal computers

NTT East and NTT West both collect compact rechargeable batteries (NiCd, Li-ion batteries) from used telephones and cordless phones, toner cartridges used in fax machines, and other materials to reuse as resources.

NTT East and NTT West also offer an IT Equipment Collection Service to collect and reuse computers no longer required by businesses. After completely erasing data stored on internal computer hard disks, the computers are purchased as used computers and reused as commercial products, helping to prevent information leaks, reduce waste, and cut disposal costs.

In fiscal 2009, the NTT Group as a whole recovered 3.54 million communications devices, 6.05 million batteries, and 3.03 million chargers and other peripherals from customers.

#### Number of used communications devices and batteries collected

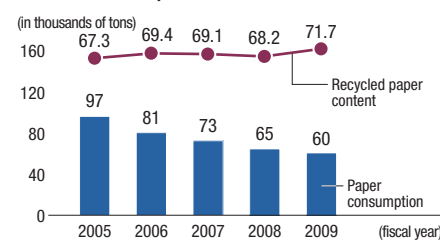


## NTT Group

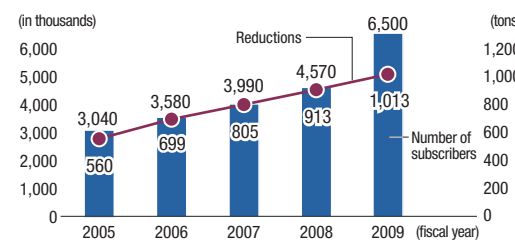
The NTT Group recycles returned telephone directories as paper for new telephone directories. The recycled paper content of new telephone directories has reached 71.7%. Also, the number of subscribers to our Internet billing statement services, which allow customers to check their billing statements online, or by e-mail, or mobile terminals, reached approximately 6.5 million in fiscal 2009, saving approximately 1,013 tons of paper resources annually.

## Reducing paper resources required for telephone directories and billing statements

#### Paper consumption and recycled-paper content of telephone directories



#### Paper resource reductions from NTT Internet billing statement services



## NTT COMWARE

### Achieving zero emissions of general waste materials

In the three year period starting with fiscal 2009, NTT COMWARE is working to achieve zero emission status for general waste, doing so partly by recycling food waste and reducing the amount of disposables used in the company cafeteria. Cafeteria food waste has been recycled as animal feed since September 2006, and in July of 2008, the cafeteria started serving pork raised on this animal feed.

## NTT LOGISCO

### Conserving water at distribution centers

NTT LOGISCO has been conserving water in company distribution centers by installing low-flow valves on water faucets. Low-flow valves were installed at the Chiba distribution center in January 2007, and at the Saitama distribution center in August 2007. A review conducted in fiscal 2009 of changes in water consumption at these two locations in the two months before and after installation showed that the low-flow valves enable a 20% reduction in annual water consumption.

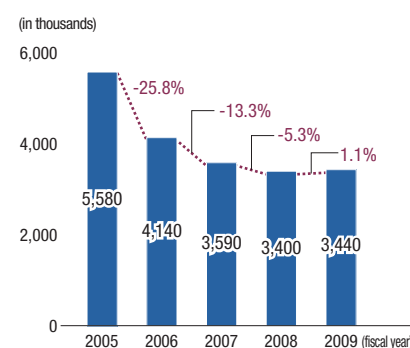
## docomo

### Collection of used mobile phones

NTT DOCOMO collects used mobile phones (handsets), batteries, chargers, and other items through docomo Shops and other locations nationwide, and publicizes this activity through various means including the display of collection PR stickers at collection counters, and provision of information and explanations at service counters using information sheets, and other means.

Mobile phones (handsets) collected from 1998, when collections began, to the end of March 2009 reached 68.78 million units. Phones are also collected from DOCOMO Group companies' employees and their families as an employee-initiated environmental activity. In the first month since this began, 4,680 mobile phones (handsets), 5,020 batteries, and 3,126 chargers and other items were collected.

#### Phone collection over the past five years



## NTT LOGISCO

### Nearly 13,000 tons of paper recycled through confidential document disposal service

NTT LOGISCO has built a recycling system for the safe and easy collection and processing of unneeded confidential documents. Approximately 13,000 tons of such paper waste was collected for recycling in fiscal 2009 from the 8,500-plus secure collection boxes deployed in companies throughout Japan as of March 31, 2009.



## NTT DATA

### Office paper consumption reduced nearly 20% with authentication-based printing

In May 2009, NTT DATA started offering [u:ma], an authentication-based print solution that uses a dedicated [u:ma]-G card reader compatible with a range of smart cards to restrict printing jobs to those required by authenticated users. The system prevents waste from unwanted or mistaken printing jobs, and contributes to an average reduction of over 20% in paper usage.

## Terminology

### \*Zero emissions

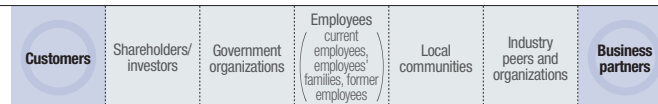
A concept proposed by the United Nations University that calls for reusing all waste materials and by-products from industrial activity as resource inputs for other types of production in order to eliminate waste on a lifecycle basis. The NTT Group considers a recycling rate of 99% or more to satisfy zero emissions conditions.



# Environmental Technology Development

To help build a sustainable society, NTT Group promotes R&D in environmental technologies on a variety of fronts, such as energy conservation, clean energies, and hazardous materials detection and remediation.

## R&D contributions to energy conservation



### Fiscal 2009 priority topics

#### Developing high voltage DC power supply systems



As the market for data centers expands rapidly, efforts are underway around the globe to make such data centers more energy-efficient through switching from 100/200V AC power to 400V high voltage DC power supplies\* for data center ICT devices like routers and servers.

Together with NTT FACILITIES, NTT Energy and Environment Systems Laboratories is researching and designing high voltage DC power supplies offering the kind of safety that enables their commercial application.

In fiscal 2009, progress was made in the development of high voltage power supply rectifiers and high voltage current splitters, and on optimization of power supply conditions.

#### Research into technology for generating electricity from merely walking



NTT Energy and Environment Systems Laboratories is engaged in research of walking power technologies designed to produce electricity from merely walking. Walking power systems consist of a liquid-filled tank, turbine and generator fitted to the bottom of a shoe. The systems, which work by converting the wearer's potential energy into electrical energy, can also help reduce greenhouse gases by generating electricity without emitting CO<sub>2</sub>.

Current prototypes generate an average of 1.2 Watts, with readings reaching as high as 2.5 Watts, and research is underway to bring this technology to the market in the future.



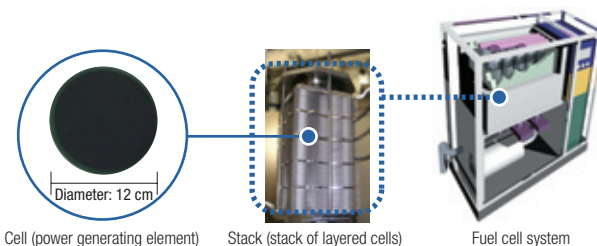
Prototype capable of generating electricity



## Developing more efficient fuel cell technology

Focusing on solid oxide fuel cells (SOFC), a highly efficient fuel cell technology, NTT Energy and Environment Systems Laboratories is using proprietary materials and designs to develop cells and cell-stacks that rank among the world's most efficient and long-lived fuel cells.

These fuel cells are being designed for use as highly efficient power supplies in communications facilities and office buildings, and NTT is aiming to develop systems capable of reducing CO<sub>2</sub> emissions by up to 10% compared to conventional commercial power sources.



#### \*High voltage DC power supply

High voltage DC power supplies provide electricity at higher voltages than those normally used by conventional communications equipment. The higher voltages allow the cross-sectional area of power transmission cables to be reduced to up to a tenth of conventional cables. This not only enables savings in cable costs and resource use, but also makes laying cables easier and improves transmission efficiency.



## Developing compact and efficient solar cell systems

NTT Energy and Environment Systems Laboratories has developed a proprietary ultra-low voltage booster module that provides ample voltage from a single photovoltaic cell. Using this technology eliminates the need to connect multiple cells in series, allowing solar panels to steadily produce electricity even when partially shaded or scratched.

NTT Energy and Environment Systems Laboratories is working with businesses and local authorities both in Japan and abroad to develop commercial applications that use these modules, which were successfully tested in fiscal 2009 in footlights at the Beijing Olympics' wrestling venue.



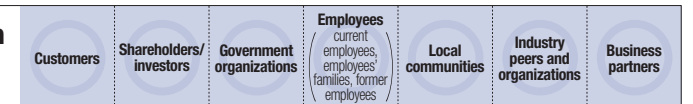
Compact solar panel

Footlights used at the wrestling venue

# Promoting Environmental Communication

With the aim of extending the reach of its environmental protection activities throughout society, the NTT Group not only distributes information through its website and various events, but also works to raise environmental awareness of its employees and conducts a range of environmental activities with customers, business partners, government agencies, NGOs and NPOs.

## Communicating and raising awareness both inside and outside the company



### Fiscal 2009 priority topics

#### Proactive communication of NTT Group environmental initiatives



The NTT Group actively conducts environmental advertising and other environmental communication aimed at cultivating understanding of its environmental activities among its stakeholders both within and outside the Group. We conduct environmental communication internally to raise employee awareness of environmental issues and involve the whole Group in activities that contribute to the environment, and we use environmental advertising as an effective means of cultivating awareness among our customers of the way in which our services can contribute to reducing environmental impacts across society.



Environmental print ad

#### Participation in the Tanabata Light Down Campaign



In an effort to promote individual action to counter global warming among Group employees in their daily lives, the NTT Group is an active member of the Light Down Campaign hosted by the Ministry of the Environment.

In fiscal 2010, the entire Group participated in the Tanabata Light Down held on July 7th to coincide with Cool Earth Day.

At 845 locations throughout Japan, participants were asked to turn off indoor lighting and illuminated signs after 8:00 at night, an act that resulted in estimated reductions of 42,000 kWh of electricity, equivalent to the power used by 4,200 homes in one day.



## Seven Group companies achieve top ranking in the 12th Nikkei Environmental Management Survey

#### 12th Corporate Environmental Management Survey (Nikkei Inc.): Communications/Service Sector

1st place	NTT FACILITIES	5th place	NTT DOCOMO
2nd place	NTT Communications	8th place	NTT COMWARE
3rd place	NTT East	10th place	NTT DATA
4th place	NTT West		



## Environmental/CSR Reporting Symposium

The NTT Group holds an annual Environmental/CSR Reporting Symposium with support from the Ministry of the Environment and Ministry of Economy, Trade and Industry.

The fiscal 2009 symposium, which was held on December 12 at the Eco-Products 2008 exhibition, featured a panel discussion on the theme of "Reducing Carbon Dependency and Protecting Biodiversity: Pressing Issues of the Next Decade," and a presentation of the results of an online opinion survey on environmental and CSR reporting conducted through NTT Resonant's *goo Research* service. The event drew an audience of about 550 people. NTT DOCOMO, NTT FACILITIES and NTT DIRECTORY SERVICES also exhibited at Eco-Products 2008.



Symposium



## Environmental awareness and education activities including poetry and photo contest

The NTT Group actively engages in projects designed to enlighten and educate Group members about environmental issues. In addition to displaying Cool Biz and Warm Biz\* posters throughout company buildings, environmental topics are shared over the intranet and company magazine. The Group also distributes eco-cards, and holds environmental poetry and photo contests, and an Eco-Theater event to screen movies on environmental themes.



Eco-Theater

Environmental photo contest winning entry

Environmental poem calendar



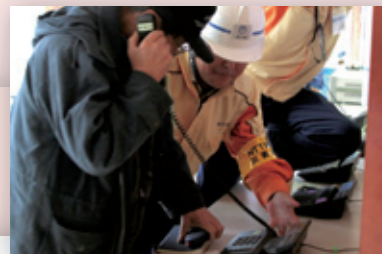
#### \*Cool Biz and Warm Biz

Japanese government initiatives to save energy and reduce CO<sub>2</sub> emissions through promoting dress codes that help limit the use of air conditioning.



Close Up

## Ensuring Stable and Reliable Services as Critical Infrastructure



Disaster preparedness is crucial in a country like Japan that's plagued with earthquakes, and I hope the NTT Group continues to ensure that its communications services are capable of withstanding disasters.

I hope that safe and secure communication continues to be one of the NTT Group's most important goals.



I have great confidence in the NTT Group's disaster preparedness, based as it is on many years of experience. I'm sure they'll keep up the good work.



### NTT Group initiatives

The NTT Group is committed to ensuring the safety and security of customers at all times.

Telecommunications services play a vital role as infrastructure that both supports today's information society and protects our livelihoods and safety. We are committed to preparing against disasters by providing communications services robust enough to withstand any eventuality, and securing communications when disasters occur. Focusing on the three key areas of enhancing communications network reliability, securing critical communications, and promptly restoring communications services, we pay constant

attention to our disaster readiness, and pledge to continue to provide robust communications services capable of withstanding disasters as the infrastructure supporting our livelihoods and society as a whole.

**NTT Group disaster preparedness measures**  
<http://www.ntt.co.jp/saitai/> (in Japanese only)

## Preventing fiber optic broadband system failures and enhancing disaster preparedness



In the wake of the large-scale *Hikari Denwa* (optical IP telephone service) failure that occurred in fiscal 2007, NTT West established "Hikari BB Service Quality Improvement and Enhancement Month" in fiscal 2008, and has been striving to provide communications services offering higher quality and reliability.

In the second Enhancement Month in 2008, on-site and remote training drills in information sharing, customer handling, malfunction procedures, and other areas were conducted jointly with other NTT West Group companies in the light of past malfunctions to help develop a stronger operation and maintenance framework for the expansion of NGN service areas.

To prepare for a Tokai earthquake (considered to be predictable from Japan Meteorological Agency and other seismic observations), NTT West Group companies also joined forces in February 2009 with government organizations to

conduct initial response training drills aimed at establishing information sharing systems, ensuring safety, securing communications, and establishing a wide-area support system.

NTT West will continue to enhance such measures and further improve the quality of its fiber optic broadband services.



Training drill

## Tokai earthquake initial response training drills to improve Hikari BB service quality

This is the first time large-scale initial response and other training drills have been conducted jointly between headquarters, business divisions, Tokai branch offices, and other sections. The drills were led by the President and involved 122 NTT West employees. Many participants commented afterwards that they felt the training will come in really useful in the event of an actual emergency. I plan to implement further training of various types to ensure that we're thoroughly prepared for emergencies and can take swift and appropriate action to provide our customers with the best possible service.



**Junichiro Akiyama**  
 Executive Manager,  
 Disaster Prevention  
 Planning Office,  
 Service Management  
 Department

## Making safety assurance a maximum priority and establishing Policy on Safety and Quality



In August 2009, NTT Urban Development established its Policy on Safety and Quality to set forth guidelines for maintaining and improving quality so as to provide safe and high-quality buildings and services.

Under this policy, NTT Urban Development will strive to meet the needs and wishes of its customers through continued efforts to assure safety and

quality in line with changing times. The policy also clearly frames the company's commitment to assuring the safety of its customers as a maximum priority.

NTT Urban Development is committed to further improving quality, and plans to produce manuals and other tools for the concrete implementation of the policy.

## New Policy on Safety and Quality

While we have long endeavored to ensure the safety and security of our customers through providing high-quality buildings and services, this new NTT Urban Development Group policy was formulated through coordination between our main business sections to set forth our safety and quality principles and initiatives as a component of the CSR management foundation outlined in our NTT Urban Development Group Medium-Term Management Plan 2010. We are now planning educational activities to ensure that this policy becomes a part of the mindset of all of our employees.



**Ikuro Okawara**  
 Quality Management Section,  
 Building Service Planning  
 Department,  
 Building Service Headquarters

## NTT Urban Development Policy on Safety and Quality (established August 2009)

We provide comfortable environments through the creation of safe, secure, and high-quality buildings and services.

We strive to assure safety in the present, future, and in emergency situations, and maintain and improve quality in all aspects of planning, design, construction, and management processes.

### Action policies

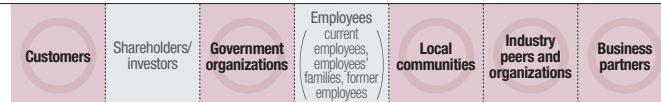
1. To meet the needs and wishes of our customers, we will strive to assure continued safety and quality in line with changing times.
2. We will implement measures based on our commitment to customer safety as a maximum priority.
3. We will endeavor to deliver maximum durability, reliability, and functionality, and also promote disaster preparedness, crime prevention, security measures, maintenance, and universal design.



## Providing Communications Services to Withstand Disasters

The NTT Group is engaged in building systems to ensure the prompt restoration of communications systems and the maintenance and securing of means of communications within and outside affected areas, even when a disaster has caused power outages or our network is inundated with calls or mail to the affected areas. We also provide various systems and solutions to assist our customers in preparing for disasters.

### Disaster preparedness and support



#### Fiscal 2009 priority topics

##### Measures to improve communications network reliability



The NTT Group has learned many lessons during past disasters that it applies to implement various measures aimed at enhancing the reliability of its communications networks. To prevent the failure of communications services during a disaster, we not only implement transmission line multi-routing, but also design communications equipment, buildings, steel towers, and other facilities to withstand disasters in accordance with predetermined standards.

110, 119, and 118 going.

We also provide Disaster Emergency Message Dial (171) and other services as a means of checking on the safety of relatives and friends in affected areas, make our public telephones available free of charge, and provide specially installed public telephones at evacuation sites and other locations in affected areas for use by residents.

##### Prompt restoration of communications services



The NTT Group stations highly mobile disaster response equipment such as power supply vehicles, portable satellite equipment, and portable mobile base stations at locations throughout the country to aid in the prompt restoration of services and securing of critical communications in disaster stricken areas. In the event of a major disaster, a disaster management headquarters and other emergency structures are also immediately set up and work to promptly restore communications services.

##### Securing critical communications

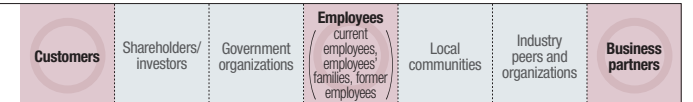


When a disaster strikes, the telephone system of the affected area is inundated with calls, causing network congestion. Under such conditions, we suppress ordinary phone traffic to secure critical communications services necessary to conduct emergency rescue and restoration operations and keep emergency number services such as

## Creating a Safe and Secure Environment for ICT Users

The NTT Group is actively implementing measures and developing technologies for maintaining and improving the security of ubiquitous broadband services.

### Initiatives to maintain and improve information security



#### Fiscal 2009 priority topics

##### Launch of *occrue*, a convenient information leakage prevention solution



NTT handles a wide variety of information on customers, equipment, and so forth during the course of its business operations. Since January 2009, we have been operating *occrue*, a service that facilitates the transfer of important or large-volume information between NTT Group companies without information leaking outside the NTT Group.

In the past, it was necessary to manually encrypt information when sending or receiving large numbers of files, but the *occrue* service authenticates users sending or receiving files, encrypts data automatically, and enables files of up to 5 GB to be sent or received. Based on its performance within the NTT Group so far, NTT plans to offer *occrue* to its customers too.

##### Developing technology to rigorously test for personal information leaks in e-commerce etc.



In 2007, NTT Communication Science Laboratories became the first in the world to develop a precise logical expression for the conditions under which privacy in information systems is protected (i.e. when an outsider is unable to acquire information pertaining to the actions of the user), and to devise a precise testing protocol.

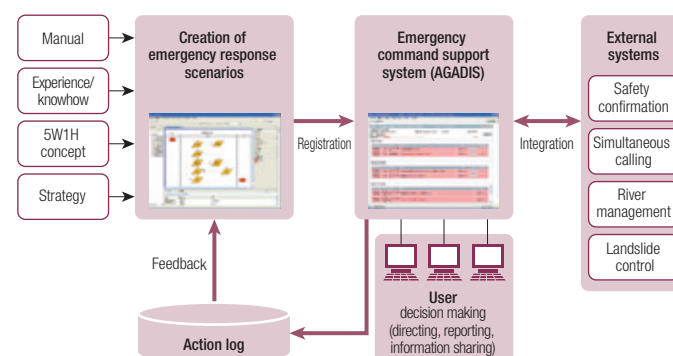
Thanks to this technology, it is now possible to rigorously test for personal information leaks in e-commerce and other information systems requiring a high level of security. NTT Communication Science Laboratories is now planning to develop technologies for automated privacy protection testing.



## A system to support prompt decision making in times of emergency

In March 2008, NTT DATA released its AGADIS emergency command support system, a computerized response manual for use in the event of a disaster or other emergency situations. This system supports quick decision making by emergency and disaster response managers by providing a database of criteria for decision making and response methods in given states of emergency.

### Outline of the emergency command support system (AGADIS)

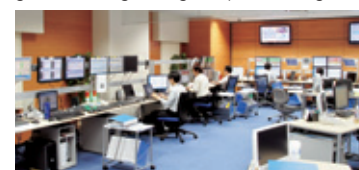


## Supporting business continuity in times of disaster

In June 2008, NTT Communications Group company NTT Com Technology established the Sapporo BC Center, an operation center that monitors and operates corporate ICT systems and networks.

The center was established to address increasing awareness of the importance of business continuity planning (BCP) and a desire by businesses to distribute their operations so as to facilitate the continuation of business activities in the event of a disaster or other contingencies.

The center provides round-the-clock, 365-day support for the operations management of customers' systems. It is housed in a quake-proofed building able to withstand earthquakes of level seven seismic intensity and equipped with in-house power generation to guard against power outages.



Sapporo BC Center



## Local disaster response information delivered via large-screen displays

In collaboration with FUJITSU FIP CORPORATION, NTT Communications Group company NTT Resonant provides an earthquake information delivery solution that displays earthquake early warning alerts and other useful information in the event of a disaster on large screens fitted to public facilities, office buildings, etc. Before the large tremors of an earthquake occur, an earthquake early warning alert is sent and information on anticipated seismic intensity and time until tremor is displayed to alert the public. After the earthquake strikes, video images depicting conditions in the area, maps, and evacuation routes are displayed to prevent commotion.



## Security through infrared sensing

On October 10, 2008, NTT AT released AT WATCH NET IR, a solution for crime prevention and other applications that connects an infrared human motion sensor, PC, and camera through simple USB connections.

Enabling 360-degree detection through multi-directional monitoring of three-dimensional space, AT WATCH NET IR sounds an alarm and sends an e-mail message to specified mobile phones or other devices when it detects a person. This product can also be used to watch over elderly people requiring such care.



## Tighter management of customer information

To tighten the management of customer information, NTT East has deployed an external storage media control system to prevent customer information from being carried out of company premises.

NTT East also promotes the use of security measures by its Group companies as well as companies to which operations are outsourced, actively improving its overall security.



## Improving security

NTT COMWARE in fiscal 2009 enhanced security diagnosis and eliminated vulnerabilities in its external use web servers, and strove to improve internal security by deploying systems for detecting and blocking access to internal networks by unauthorized terminals and for managing and restricting the copy and removal of data from company terminals.



## eLWISE Card awarded CC certification

In November 2008, eLWISE Card, a high-capacity hybrid smart card that was developed by NTT Service Integration Laboratories and is marketed by NTT Communications, was awarded CC (Common Criteria) certification based on ISO/IEC 15408 (JIS X5070), the international standard for security certification.

CC certification involves a detailed assessment of security-related issues from the development of a product to its actual deployment, and this is the first time that such certification has been awarded to a high-capacity multi-purpose smart card utilizing flash memory.

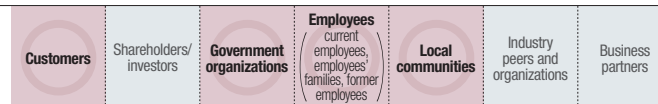
CC certification signifies recognition that the eLWISE Card provides a high level of security suitable for public use. Furthermore, CC certification is recommended for government agency tenders, boosting potential use of the eLWISE Card in new fields.



# Creating a Sound User Environment

The spread of the Internet and mobile phones has brought various problems, such as the misuse of such services and an increasing volume of harmful information. The NTT Group strives to leverage ICT to provide products, services and a communications environment that protect the safety of children in particular, and also conducts educational activities on the safe use of ICT.

## Promoting safe and secure ICT use and user etiquette



### Fiscal 2009 priority topics

#### Dream Kids summer holiday events where children can have fun learning about communications systems

Continuing on from fiscal 2008, the NTT Group held NTT Dream Kids Net Town 2008 summer holiday events where children have fun experiencing first-hand how a communications network operates and also learning about our latest communications services.

These events were held in the five major cities of Fukuoka, Sendai, Tokyo, Sapporo, and Osaka, and were attended by approximately 1,300 children. We also launched an interactive learning website during the period of these events to enable those unable to participate in person to study the same content online.



A Dream Kids event

#### .com KIDs: developing children's knowledge and judgment powers

NTT Com CHEO has been selling .com KIDs, an ICT-based learning support tool for children, since fiscal 2008, and it is now being used by school teachers, community instructors, and others in after-school classes, community centers, child-minding centers, and so forth. It is made up of two sections — Safety, which provides tips on safe Internet use and helps develop the powers of judgment that children require to avoid trouble; and Learning, which offers math, Japanese language, and other subject-based learning.



.com KIDs screenshot



## e-Net Caravan protects children from trouble

The NTT Group provides instructors for e-Net Caravan, an initiative organized by the Ministry of Internal Affairs and Communications and others to protect children from computer viruses, spam e-mail, theft of personal information, and other Internet-related trouble. Activities include talks on safe Internet use for students as well as parents/guardians and school personnel.



e-Net Caravan website



## Mobile Phone Safety Program classes attended by approximately 1.49 million students

Under its Mobile Phone Safety Program, NTT DOCOMO dispatches instructors to elementary, middle, and high schools and local communities nationwide to educate children on mobile phone etiquette and how to avoid trouble. As of the end of March 2009, approximately 9,200 classes have been held nationwide, with a total attendance of approximately 1.49 million.



Mobile Phone Safety Program class



## Internet Safety Workshops for elementary and middle school students

NTT East has since 2006 held Internet Safety Workshops that use anime (cartoons) and practical learning to educate school children in communication skills, netiquette, and trouble-free utilization of ICT. NTT East has expanded the program to cover middle schools too, and aims to hold 500 classes in fiscal 2010.



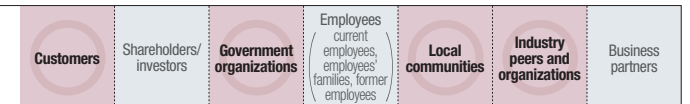
Internet Safety Workshop



## Stronger prevention of fraudulent contracts

Because mobile phones and PHSs registered with fraudulent identities are often used as a means of communications in bank transfer scams, NTT DOCOMO is stepping up measures to verify identity, screen applications, block fraudulent volume contracts and otherwise prevent fraudulent mobile phone use.

## Providing services to ensure child safety



### Fiscal 2009 priority topics

#### Unified NTT Group child safety framework launched

NTT Group companies have long implemented a wide range of initiatives to help protect children from accidents, crime, natural disasters, and other dangers.

To unify such activities across the whole Group, Group companies joined forces in fiscal 2009 to create a framework for discussing initiatives to ensure the safety of children.



#### ICT system developed to monitor the safety and security of students commuting on school buses

To ensure the safety and security of children commuting on school buses, NTT West has developed an ICT system providing information on the movements of school buses and location of children using them. This system was launched as the "School Bus Commute Student Monitoring Project" on an experimental basis from October 2007 to March 2008.

The system involves equipping school buses with GPS functionality to enable their movements to be monitored via cable TV or community intranet networks, and RFID tags attached to students' school bags that are read by sensors when the children board or de-board the bus, causing e-mail notifications to be sent to parents/guardians. Trials have already finished and the system is now in full operation.



## KIDS PASS student monitoring system utilizing smart cards

Since June 2008, NTT Com CHEO has been providing KIDS PASS, a student monitoring system utilizing smart cards tested first as a model project of the Ministry of Internal Affairs and Communications, to local governments, boards of education, schools, private tutoring schools, etc. With this service, when children pass their smart cards across card readers installed near school gates or school building entrances, an e-mail message noting time and location is sent to the registered mobile phones or other addresses of parents/guardians. This system can also be used to send out alerts on prowlers or emergencies simultaneously to all parties concerned. It comes with safety and security supporting features, such as the ability to check on points passed by a child via a web page in the event that the parent or guardian's mobile phone is outside the service area or when there are delays in receiving e-mail.



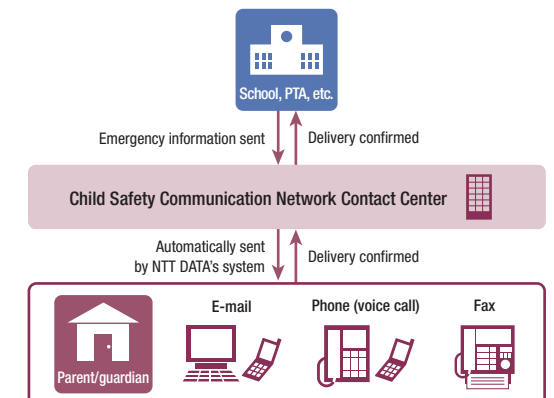
## Change in application process for Access Restriction Service (filtering service)

In the past, when customers under the age of 20 initially subscribed to and used its i-mode service, NTT DOCOMO would automatically enable Kids' i-mode Filter, which allows access to i-mode Menu sites other than those offering provocative content, social networking sites, etc., unless the applicant's parent or guardian specifically requested that Access Restriction Service not be applied. From August 2008, however, we have changed this to i-mode Filter, which also restricts access to dating sites, community sites, and illegal sites.



## FairCast Child Safety Communication Network

This system replaces the traditional telephone contact network to enable parents/guardians or school personnel to be contacted simultaneously and notified in an accurate, timely, and impartial manner by e-mail, fixed line/mobile phone (voice call), or fax in the event of an accident or any other situation impinging on the safety of children in the neighborhood. FairCast won a 2008 Good Design Award in recognition of its outstanding utility, and since its release in July 2006, has been installed by over 250 boards of education, schools, and other facilities and associations, and is used by approximately 110,000 households.

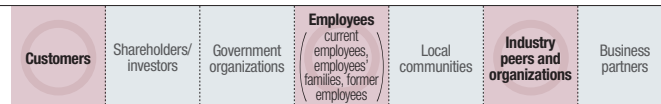




# Customer Satisfaction Initiatives

To provide telecommunications services that satisfy its customers, the NTT Group is striving to increase the quality and technological aspects of its products and services based on customer feedback. We are also implementing universal design on a groupwide basis to provide products and services that all of our customers will find easy to use.

## Pursuing customer satisfaction and providing a framework for quality management



### Fiscal 2009 priority topics

#### Customer satisfaction surveys to improve service quality



Since fiscal 2005, NTT West has conducted customer satisfaction surveys twice a year on customers who made inquiries about malfunctions or requested repairs. Respondents are asked questions such as how easy it was to get through, how courteously they were treated, how easy it was to understand the explanation they were given, and whether they have any requests for NTT West. The staff member who handled the call is then given feedback based on these responses in order to improve service quality. As a result of this initiative, customer satisfaction in IP-related services rose from 64% in fiscal 2006 to 89% in fiscal 2009 and customer satisfaction in traditional services rose from 74% to 84% during the same period.



#### Support center earns latest standard of international certification for quality



In January 2009, the OCN Service Center (Sendai) of NTT Communications again earned HDI Support Center Certification from the Help Desk Institute (HDI).

Under this program, support center services are assessed according to the criteria of the international certification standard for support centers developed by HDI. In November 2004, the OCN Service Center (Sendai) became the first Internet service provider support center in the world to earn this certification, and it has now earned the latest version of that certification standard, Version 4.1.



## Aiming for accurate and transparent advertising

In fiscal 2009, in an effort to ensure appropriate advertising, NTT East and NTT West each established internal rules concerning the content of advertising materials and created dedicated sections for vetting advertising. These sections vet all advertisements according to a list of criteria to ensure that their content is appropriate. They also strive to improve the quality of advertisements by amending criteria as occasion demands based on third party opinions and issues that have come to light in the vetting process, and by using monitor customers and surveying customers who have used the advertising materials. The two companies will continue to leverage these measures to create advertising materials that are clear-worded and easy for customers to understand.



## Establishment of quality management framework

As part of the NTT Group's initiatives to achieve safe and secure communications, we established a quality management framework and earned ISO 9001 certification, the international standard for quality management.

In 1999, NTT LOGISCO earned certification in the environmental management standard ISO 14001 as well as ISO 9001. In 2005, it also acquired certification in the international medical device standard ISO 13485 for safe and secure physical distribution services to medical device manufacturers.



#### \*Shared services

Shared services refers to a method of increasing business efficiency by separating out from individual organizations those operations that are common to multiple organizations, and then centralizing and integrating these operations by creating a separate organization or company to provide services to those organizations.



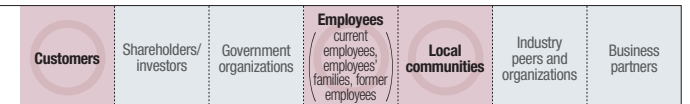
## Best Mature Shared Services\* Organization Award 2008

In April 2008, NTT BUSINESS ASSOCIE, which provides indirect operational services to the NTT Group in accounting, finance, human resources, remuneration, welfare, company housing management and other areas, became the first Japanese company to win the Best Mature Shared Services Organization Award at Shared Services Week 2008, an event held by the International Quality & Productivity Center (IQPC), a New York-based organization that provides seminars and training programs to managers around the world. The company was rated highly for the quality of its services in these areas, and also for business development to provide the same services to businesses outside the NTT Group.



Best Mature Shared Services Organization Award 2008 trophy

## Promotion of universal design



### Fiscal 2009 priority topics

#### Billing statements, product information guides, and user manuals printed in braille



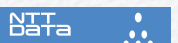
NTT East and NTT West send a braille printout of statements of telephone charges and prior notices of bank transfers to those with visual impairments who request information in braille. A braille version of Hello Information, which provides information for customers, is also sent together with billing statements.

NTT DOCOMO not only sends a breakdown of charges in braille, but also provides user manuals for the Raku-Raku PHONE series in both braille and voice (CD) format.



User manuals in braille and audio CD versions

#### Free public release of site for checking web accessibility



In August 2008, NTT DATA launched HAREL, a free web site for evaluating the accessibility of a given web page to the elderly and those with disabilities. HAREL checks approximately 130 items and displays the resulting evaluation as a score.

Accessibility can be checked simply by entering the URL of the web page, and areas that should be improved are also displayed, making it easy for web page developers to improve accessibility.



HAREL score display screen



## DOCOMO Hearty Plaza Umeda established

In February 2009, NTT DOCOMO opened Hearty Plaza Umeda in Osaka City (Umeda), an outlet offering facilities and services based on universal design concepts. This is the second DOCOMO Hearty Plaza in Japan after the Hearty Plaza store in Marunouchi, Tokyo.

Features include flat floors and corridors, guidelines printed on the floor to guide customers from the entrance to the counter or toilet, and spacious toilets and other areas that can be easily accessed by those in wheelchairs. Consideration has also been given to the service side, with the provision of sign language support staff and reception by service assistants, and the picking up and seeing off customers at the station closest to the store, etc.



Spacious toilets



Sign language support



## Raku-Raku PHONE support for audiobook delivery service

The Japan Braille Library delivers audiobook voice data for PCs via the Internet to those with visual impairments through a service called Biblio-Net. Since August 2008, NTT DOCOMO has been providing this content as an i-mode service for use on Raku-Raku PHONE V and Raku-Raku PHONE PREMIUM handsets. In recognition of this initiative, it was presented with a certificate of appreciation by the Japan Braille Library in November 2008.



## Fostering greater employee awareness of universal design in web pages

Each month, NTT Cyber Solutions Laboratories' Universal IT Design Center utilizes a system for vetting the universal design of websites to check compliance of the top pages of the official websites of the approximately 300 NTT Group companies. In fiscal 2009, rankings were announced in an effort to raise awareness about universal web design among employees of the NTT Group.



## Close Up Respect for Diversity and Citizenship Activities



Since NTT is a large corporation, I'd like it to continue offering a work-family balance that will be a model for other companies.

I want NTT to engage in citizenship activities in the local community.



I want NTT to get its large workforce actively involved in environment-related citizenship activities.



### NTT Group initiatives

The NTT Group is committed to becoming a good corporate citizen and creating an environment in which all people can realize their full potential.

The NTT Group has in place a range of measures to assure diversity in the workplace and enable all employees to grow and succeed, irrespective of sex, age, race, nationality, disability, or other factors. We also offer many programs and benefits that enable employees to achieve a good work-life balance and meet their various family and community commitments in line with changing life stages as well as work considerations.

We seek to address local community needs through

citizenship activities that can be divided into the following six categories: social welfare, education and cultural promotion, local community development and dialog, international exchange activities, environmental conservation, and sports promotion.

We endeavor to provide a secure, welcoming work environment for all of our employees as members of Team NTT, and to conduct citizenship activities that help to build strong ties with local communities.

## Promoting diversity management to create fulfilling workplaces



In April 2008, NTT DATA established a Diversity Promotion Office to manage diversity issues and implement the three core principles of diversity promotion, work style reform, and work-life balance to create workplaces where employees can realize their full potential.

In fiscal 2009, NTT DATA ran a range of career development seminars for female employees and forums for all group employees to raise awareness and understanding of diversity issues. It also joined forces with four other like-minded Japanese companies to host the Women's Summit Tokyo 2008, a cross-industrial event for women to discuss and study career issues.

In the area of work style reform, NTT DATA held group sessions across the company for department managers — the key workplace decision makers — to discuss and review work practices and related issues. To promote work-life balance, it implemented a number of

programs to help employees balance work and child-rearing, including "Papa Seminars" for male employees.

These efforts were recognized in May 2009 with the Organization Award in the 2009 Best Mother Awards.



Japan Mothers Society 2009 Best Mother Awards Ceremony

## Raising employee awareness and encouraging action

In fiscal 2009 when the Diversity Promotion Office was first established, we worked hard on measures to raise awareness of diversity issues among employees, and these measures have largely succeeded in their goal.

However, some employees are unable to participate in programs even if they want to due to busy work schedules, and some are not that interested. Going forward, our goal is to be rated as the IT industry No.1 for employee satisfaction, and to leverage such awards to promote diversity awareness across the entire NTT DATA Group.



Atsushi Tateno

Manager, Diversity Promotion Office, Personnel Department

## Reducing CO<sub>2</sub> emissions and contributing to health care in developing countries through supporting the Ecocap Movement



The Ecocap Movement is a non-profit organization that uses funds from collecting and recycling plastic bottle caps to provide vaccinations for children around the world. NTT COMWARE endorses these activities, and the entire company now participates in collecting bottle caps for the NPO.

The company's involvement began in September 2008 with the collection activities of a single employee that subsequently inspired other employees, and by February 2009, bottle caps were being collected on every floor of the head office. Employees at other NTT COMWARE locations have also joined in of their own accord, turning participation into a company-wide program run by volunteers from within the company during their lunch breaks and after work. As of the end of June, 2009, 71,000 bottle caps (177 kg) had been collected, enough to provide vaccinations for 88 people and

reduce CO<sub>2</sub> emissions by 557 kg.

This program and others such as environmental cleanups and fundraising campaigns are part of what is known across the NTT COMWARE Group as COM-HEART, and all NTT COMWARE employees work together to make a success of them.



Bottle cap collection box

## Promoting CSR activities from the bottom up

I started collecting bottle caps when I saw them thrown away with the plastic bottles. I made my own collection box and put it with the other recycling bins. I asked my colleagues to use the box, and within three months we collected 3,000 caps. I figured that we could collect a lot more caps if we did this throughout the company, so I submitted a proposal to management. I think it's great when a CSR program grows like this from the bottom up.



Toru Usuda

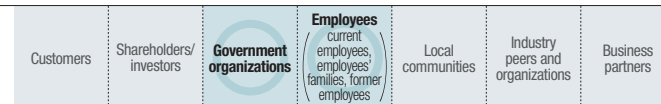
Research and Development Department, Core Technology and Program Management Division



## Promoting Diversity

The low birthrate, aging population, increasing number of baby boomers who have reached retirement age, and other changes are dramatically altering the employment environment. In line with these changes, the NTT Group is implementing various measures to diversify its workforce and provide opportunities for people to realize their full potential irrespective of age, sex, nationality, or disability.

### Creating a diverse workplace



### Fiscal 2009 priority topics

#### Group companies working together to promote diversity

The NTT Group has always striven to create a diverse workplace in which people can realize their full potential irrespective of sex, age, race, nationality, disability, or other factors. In October 2007, NTT established a Diversity Promotion Office to further bolster workplace diversity efforts, and by April 2008, diversity promotion supervisors were in place in other Group companies. They are working together across the group to share information and initiate measures that promote diversity.

To promote employee work-life balance, we created the Communication Handbook in March 2009 for distribution to all employees. By presenting specific case studies and their solutions, the handbook provides advice about communication in the workplace and information about programs that can assist in balancing work with marriage, childcare, and nursing responsibilities.

We have also produced and distributed pamphlets

to educate employees about diversity issues, and have organized seminars and other events to raise diversity awareness throughout the Group.



Diversity seminar



Communication Handbook

## NTT Group Employment in the NTT Group

The NTT Group actively recruits female employees and promotes gender equality, aspiring to be an enterprise in which all employees have equal opportunities irrespective of gender. As a result of these efforts, the proportion of female employees and managers at NTT has been growing over the years.



The above data represents NTT and five core NTT Group companies: NTT East, NTT West, NTT Communications, NTT DATA, and NTT DOCOMO. 1. As of March 31, 2009 2. As of April 1, 2009

### NTT Group

#### Hosting researchers from around the world

NTT Group laboratories employ researchers of many nationalities and host trainees and researchers from around the world.

NTT Basic Research Laboratories has established an advisory board of foreign researchers from outside the company — including Nobel prize winners — that provides feedback on research plans and results.

#### In fiscal 2009 NTT employed:

- 18 employees who are foreign nationals (NTT and NTT DOCOMO)
- 25 contract researchers (NTT)
- 44 trainees accepted through internship programs (NTT)

## NTT Group Percentage of employees with disabilities

1.93% (as of June 1, 2009)

The NTT Group has been working to actively recruit and expand employment opportunities for people with disabilities. The special subsidiary NTT CLARITY was established to further increase these opportunities, and from 2009, it began employing people with intellectual disabilities and launched new projects such as a business card printing business.

In July 2008, NTT DATA established NTT DATA DAICHI, a special subsidiary involved in the processing and sale of agricultural products, operating health and welfare massage rooms, and businesses such as website creation that can be undertaken by teleworkers who have disabilities that make it difficult to commute to the workplace. NTT DATA DAICHI acquired special subsidiary certification in December 2008.

### NTT Group NTTWEST

#### Retirement-age employees able to continue working

The NTT Group operates a continuing employment system that allows employees to work up to the age of 65. In fiscal 2009, 10,900 employees<sup>3</sup> made use of this system.

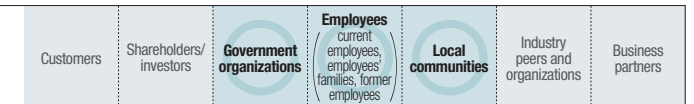
In July 2008, NTT West Group also established a Core Staff/Pro Staff system for providing officially former employees with further employment opportunities.

3. Yearly average number of employees in fiscal 2009.

## Supporting Work-Life Balance

The NTT Group aspires to make it possible for all of its employees to achieve a balance between their careers and personal lives in tune with individual life stages so that, in addition to careers, they may enjoy a diversity of lifestyles in terms of family, community involvement, and other lifestyle choices. To this end, we have initiated numerous measures to support our employees in their responsibilities as parents and caregivers, and enable diverse work styles that allow employees to work from home as occasion demands.

### Support for parents and caregivers



### Fiscal 2009 priority topics

#### Providing support programs and actively promoting their utilization

The NTT Group believes in the importance of balancing careers with private life, and offers child care and nursing care benefits that go beyond legally mandated levels. To address the issue of low birthrate and aging population, we also place no limits on the number of dependents that employees may claim under our family allowance system.

In 2008 we implemented a rehiring program for employees who previously left their careers to devote themselves to child rearing, and we instituted paid leave for those who are raising children of high school age or younger and for those undergoing fertility treatment. We also provide a full range of information about these programs on the company intranet to encourage their utilization.

#### Key benefit programs

	Program	Description
Child care	Child care leave	Available to parents of children less than three years old
	Reduced working hours	Allows parents to limit their workday to 4, 5, or 6 hours until the end of the fiscal year in which the child enters third grade.
	Re-employment of those who have left careers to raise children	Available subject to approval to employees who have submitted an application for re-employment within three years after their resignation and while the child is in third grade or under
	Child care support service	A variety of benefits are available, such as discount coupons for drop-off and pick-up of children at daycare centers.
Family care	Nursing leave	Up to 18 months of leave to provide family nursing care
	Reduced working hours	Allows those with family members in need of nursing care to limit their workday to 4, 5, or 6 hours, for up to three years.
	Nursing care support service	Discount coupons that can be used to pay care providers
Other	Maternity leave	Paid maternity leave (not applicable to employees on probation)
	Flexible use of unused annual leave for child care, family nursing care, or fertility treatments	Applicable also to sabbatical leave, volunteer work, or recurrent education
	Leave to take care of family members	For each instance, up to five days of leave is available to care for a family member who is ill or giving birth.
	Compensation for use of assets accumulated under employee savings scheme	Provides compensation when a withdrawal is made from an employee savings scheme for specific purposes such as child care and education.

### NTT Group

## Group companies awarded the Kurumin Mark

An increasing number of NTT Group companies have earned the Kurumin Mark, a certification provided by the Ministry of Health, Labor and Welfare in recognition of company efforts to support child rearing by employees. We are currently implementing our 2<sup>nd</sup> Next-Generation Child-Rearing Action Plan.

NTT Group companies that have earned the Kurumin Mark include: NTT, NTT East, NTT West, NTT Communications, NTT DATA, NTT DOCOMO, NTT COMWARE, Nippon Information and Communication, NTT Software



## Seminars to raise awareness and re-examine work styles

In October 2008, NTT Communications held Work-Life Education Seminars for management-level employees. The seminars gave attendees an opportunity to think about the efficient use of time and daily work practices in the office, in order to reduce the time they spend at work.



Guest lecturer conducts seminar

### NTTEAST



## Group companies establish telework programs

For one year starting in April 2008, NTT East conducted telework trials in the main company and other select NTT East Group companies. This year, it aims to fully implement the system in all of its regional branches.

In August 2007, NTT Communications established its e-Work telework program. Under the program, employees with family childcare or nursing obligations can work up to two times a week from home. The program is becoming firmly established, with the number of employees using it rising from 60 at start-up to about 100 by March 2009.

NTT DATA began trials of its Telework program in fiscal 2007. The program went into full operation in February 2008. In fiscal 2009, about 300 employees participated, with approximate equal participation between men and women. Managers accounted for 15% of participants.



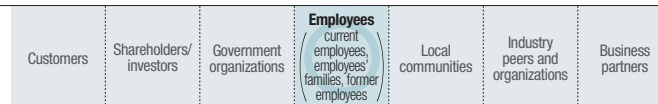
Manager teleworking from home (NTT DATA)



# Creating Safe and Healthy Workplaces

Workplace stress and illness stemming from overwork have increased considerably in recent years to become a serious social issue. The NTT Group is committed to creating vibrant workplaces for all employees and safeguarding both the mental and physical health of employees through health management and occupational safety and health measures.

## Promoting occupational safety and health



### Fiscal 2009 priority topics

#### Helping employees to manage their health for the prevention, early detection and treatment of illness

Recognizing the importance of proper employee health management, including the prevention, and early detection and treatment of illness, the NTT Group makes counseling available to employees, provides healthcare services, implements measures to prevent illness caused by overwork, and encourages employees to actively monitor and manage their health.

We have in recent years been putting special priority on mental health issues, and provide preventative programs such as mental health assessment through the NTT intranet, outside counseling, and mental health seminars.

We also provide workplace managers with training to help them



Screenshot of mental health assessment questionnaire

maintain effective communication with their employees and detect changes in the well-being of their employees early on.

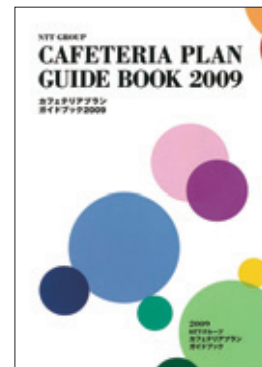
#### Promoting occupational safety and health in line with workplace needs

The NTT Group has established workplace safety regulations that clearly specify its obligations with respect to maintaining safety management systems and ensuring employee safety throughout the organization.

Safety and health committees have been set up in NTT Group companies to consider and carry out workplace inspections, safety improvements, and measures to promote employee safety and health based on the above regulations.



## Helping to promote employee health



Cafeteria Plan Guide Book

The Cafeteria Plan is an employee welfare program operated by the NTT Group that offers a full menu of employee benefits from health promotion and asset management to childcare, nursing, and housing assistance.

In fiscal 2010, we added PC-enabled pedometer purchase assistance for employees, spouses, and dependents over the age of 40. Walking is an effective way to avoid lifestyle diseases, and this program is designed to boost employee motivation to walk regularly. Under the program, employees can apply for cafeteria points when they purchase a PC-enabled pedometer and receive some of the cost back from the company.



## Using ICT to reduce long working hours

In order to reduce long work hours, in January 2009 NTT DATA installed software (Do! Refresh) for all employee computers that automatically records log-in and log-out times. The software shows how long employees have been working at their desk. Based on this data, managers and employees discuss ways of improving work styles and habits.



Do! Refresh screenshot



Poster and mouse pad



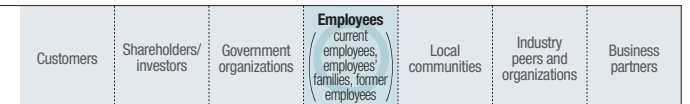
## Safety and Health Day observed on the 15th of every month

Since May 2004, NTT FACILITIES has designated the 15th of every month as Safety and Health Day to further enhance its efforts to promote safety and health through workplace meetings, "no overtime" days, and other means of raising employee awareness of safety and health issues.

# Supporting Fair Evaluation and Skills Development

In addition to enhancing employee performance, the NTT Group is keenly aware of its responsibility to build employee competency and support career development, and it spurs employee motivation through fair job performance evaluation and active support for employees to develop their abilities.

## Performance-based pay and a range of training opportunities



### Fiscal 2009 priority topics

#### Boosting employee motivation and satisfaction with the evaluation process

The NTT Group operates personnel management and pay systems that raise employee motivation by focusing on performance. This performance-based pay system requires accurate evaluation of the goals that employees set themselves, and their success in meeting those goals.

Our performance evaluations accordingly utilize Challenges Worksheets as tools for employees to set their workplace goals and review their performance, and to promote employee-manager communication. For managers, we use a 360 degree feedback process based on observations by supervisors, peers, and subordinates, and provide training for evaluators to foster employee satisfaction with the performance evaluation process, boost motivation, and help employees develop their abilities.

#### In-house recruitment program and training opportunities for employees eager to learn and grow

In addition to refining our performance-based pay system, we strive to motivate our employees and encourage them to show initiative, purpose, and self-discipline in fulfilling their duties by providing strong support for their efforts to develop their abilities.

In addition to field-specific group training, we provide many other training opportunities including e-learning materials, distance learning courses, in-house certification of skill levels, and support for earning qualifications. In order to provide ambitious employees with the opportunity to seek new challenges, we also run in-house recruitment programs such as the NTT Group Job Challenge and NTT Group Venture programs.



## Responding to employee ambitions through various company programs

We make in-house recruitment information available via the NTT intranet and distribute brochures for distance learning courses within the NTT Group. Employees who are on leave can take distance learning courses from home to help them make a smooth return to work.



NTT Group Job Challenge screenshot

NTT Group Venture screenshot



Brochure featuring distance learning courses



## Program for non-permanent personnel to become full company employees

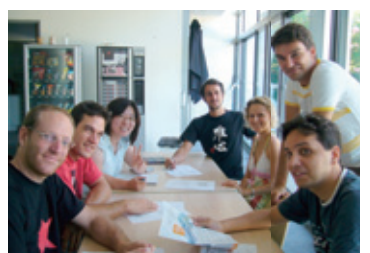
The NTT West Group operates an employment program that enables exceptionally skilled non-permanent personnel engaged in call centers and other customer service operations to become full employees. In fiscal 2009, 210 employees became full employees under the program.

**Participating companies:** NTT MARKETING ACT, all IT-MATE companies, all HOMETECHNO companies



## Global OJT Nurturing employees capable of performing on the world stage

NTT DOCOMO's Global OJT program develops employees capable of performing at the global level by sending personnel to work in overseas companies. In fiscal 2009, the Global OJT program sent six employees for roughly six-month terms to companies in the U.S.A., Spain, China, and elsewhere.



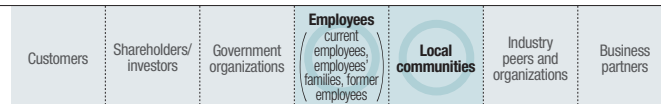
The Global OJT program



# Citizenship Activities

The NTT Group actively engages in a wide range of citizenship activities involving all NTT Group personnel as well as former employees and people from local communities.

## Participating in and supporting citizenship activities



### Fiscal 2009 priority topics

#### Supporting citizenship activities



All NTT Group company personnel as well as former NTT employees and people from local communities participate in our citizenship activities as members of Team NTT. We also believe that citizenship activities help to foster a broader worldview and consideration for others, and NTT Group companies accordingly endeavor to give full support to employee citizenship efforts.



Operation Clean Environment event

#### Citizenship activities policy formulated



In May 2008, NTT Urban Development drew up and announced a Citizenship Activities Policy to serve as a guideline for the implementation of its citizenship activities.

##### Citizenship Activities Policy

As a corporate citizen, we shall work with others to promote community development activities and contribute to the prosperity of society.

##### When implementing citizenship activity programs, we shall:

- 1. Leverage our core business**  
We shall endeavor to enhance our contribution to society by effectively leveraging our resources as a general real estate company and integrating achievements with our business activities.
- 2. Work with communities**  
We shall foster dialog with communities and conduct activities that contribute to their development.
- 3. Support the personal growth of employees**  
We shall provide our employees with learning opportunities to grow not only as employees but also as members of society so as to develop their awareness of corporate citizenship and motivate them to participate in citizenship activities.



## Denyukai activities

Members of the Denyukai, a club for former NTT Group employees, participate in social welfare, education, environmental, and many other volunteer activities.



Volunteer activities



## Ikimono Johokan website launched

NTT DATA created a user participation site called *Ikimono Johokan* (= "Living World Information Depot" [in Japanese only]) in support of the Nature Conservation Society of Japan's goal to preserve ecosystems and biodiversity, and build a sustainable society. The site was donated to the Conservation Society in March 2009.



## "Please Call" notebooks for people with disabilities

NTT East and NTT West have distributed "Please Call" notebooks since 1983 to help people with hearing or speech impairments to make phone calls when outside the home.



"Please Call" notebook



## Christmas presents for children's homes

Continuing a program that began in 1998, in December 2008 employees of NTT West visited children's homes in Kanazawa City, Ishikawa Prefecture, and distributed Christmas presents.



Visiting a children's home



## NTT Open Lectures

NTT Yokosuka Research and Development Center holds NTT Open Lectures to introduce the latest technological advances and NTT research and development achievements to members of the general public.



An NTT Open Lecture



## Dispatching staff to Japan Overseas Cooperation Volunteers

In order to help spread and improve telecommunications technology in developing countries, the NTT Group has sent 480 engineers to 47 countries since 1966.



Volunteer activities

## Third party opinion



### Junichi Mizuo

Ph.D.(Business Administration); Professor, Faculty of Economics and Director, Institute for Economic Research, Surugadai University; Lecturer (concurrent), Graduate School, Tokyo Institute of Technology; Visiting Researcher, Research Institute of Business Ethics, Waseda University; member of the Ministry of Economy, Trade and Industry BOP Business Policy Study Group; author of *Seven Rules of Management to Adversity* (Asahi Shinsho), *Enhancing Management Capabilities through CSR* (Toyo Keizai Inc.), and other works

The NTT Group is steadily implementing initiatives under its new "Road to Service Creation Business Group" medium-term management strategy announced in fiscal 2009. I have long advocated the integration of CSR theory and practice, both as a corporate employee overseeing the implementation of CSR activities and now as a university researcher engaged in developing a theoretical framework for CSR. It is from this standpoint that I offer this third party opinion.

### Aspects that deserve praise

#### Good presentation of defensive and proactive CSR for "the creation of a safe, secure, and prosperous society connecting people with each other, their communities, and the global environment"

This year's report sheds light on the strategic processes that the NTT Group has adopted to strengthen groupwide CSR management in line with its CSR Charter. As well as PDCA-based analysis of progress made to date, the report explains how the NTT Group has considered its activities in the light of public expectations regarding CSR in order to select eight CSR priority activities in four areas.

Among these priority activities, the strengthening of corporate governance and building of internal controls and compliance systems are defensive CSR components that underpin the Group's continued growth by serving as a rock-solid guard against risks to its trust and credibility. And in the area of safe and secure communication, providing services for protecting children and

communications that as critical infrastructure are capable of withstanding disasters could be rightly regarded as CSR that protects society.

Where its core competence — the provision of ubiquitous broadband communications — is concerned, the NTT Group can call on proactive CSR components such as its commercial NGN-based services, Biz Communicator ICT platform, and FLET'S Hikari Next to support its sustainable growth. These components are covered well in the "Communication between people and their communities" section. The initiatives for proactively protecting the environment outlined in "Communication between people and the global environment," and the respect for diversity, citizenship activities, and support for work-life balance outlined in "Team NTT communication" also contribute to the NTT Group's sustainable growth.

### Aspects that could be improved

#### Expectations for Team NTT Supporter-type of CSR activities that unite all employees

Involving employees in CSR activities is of tremendous importance, since employees are not only key stakeholders, but also key drivers of such activities. To help promote Team NTT activities too, I would like the NTT Group to launch a Team NTT Supporter-type program to recruit personnel capable of playing a central role in the Group, and to solicit ideas for CSR activities from employees that would unite everyone from top management to the business frontline. Aiming for CSR that focuses on society from the eye level of ordinary employees would, I think, boost employee satisfaction, and this would in turn boost customer satisfaction and serve as a cornerstone for the Group's sustainable growth.

Looked at from this perspective, working with the employee unions will be critical to implementing CSR that unites employees behind the company. I would like to see the NTT Group make even greater efforts to work with its employees and the unions to implement CSR that connects people with each other, their communities, and the global environment and helps to create a safe, secure, and prosperous society.

## Our response

As with our 2008 report, we endeavored in this report to present the activities of NTT Group companies in a form that our stakeholders will find easy to understand. We also put more emphasis on the Group as a whole by including a special feature on Group CSR management and introducing the specific initiatives of Group companies in each section in the light of our Group CSR Priority Activities.

Professor Mizuo endorsed our efforts to strengthen Group CSR management as presented in the special feature, and interpreted our various initiatives favorably in terms of defensive and proactive CSR. His comments will serve as invaluable encouragement to us as we continue to implement our CSR activities.

As an aspect that could be improved, Professor Mizuo says that he would like to see more CSR activities that unite all Group employees. We are grateful for this valuable opinion and will take it to heart as an important priority in our future endeavors. His proposal of CSR that focuses on society from the eye level of ordinary employees is particularly meaningful, highlighting as it does the way that the possession of a CSR mindset — in other words, an eagerness by

all Group employees to contribute to the sustainable development of society through their work — would enhance relationships with our stakeholders and lead by extension to the sustainable growth of the NTT Group itself. In this respect, although it is only a small step, we participated as a Group in the Tanabata Light Down event held by the Ministry of the Environment in July 2009 to raise awareness of the importance of addressing global warming and protecting the environment. We will make every effort to further promote the participation of our employees in such initiatives.

We intend to implement Professor Mizuo's suggestions in our efforts to make further CSR improvements. We will continue to put priority on communication with our stakeholders and do our utmost to fulfill our corporate social responsibility to contribute to the sustainable development of society.

CSR Promotion Office  
NIPPON TELEGRAPH AND TELEPHONE CORPORATION



[http://www.ntt.co.jp/csr\\_e/](http://www.ntt.co.jp/csr_e/)

Detailed information pertaining to NTT Group CSR activities can be accessed via our website.  
We are grateful for any comments or suggestions that we receive through the website.

## NTT Group CSR Report 2009

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