

# Corporate Governance

— Reinforcement of Governance for Sustained Growth —

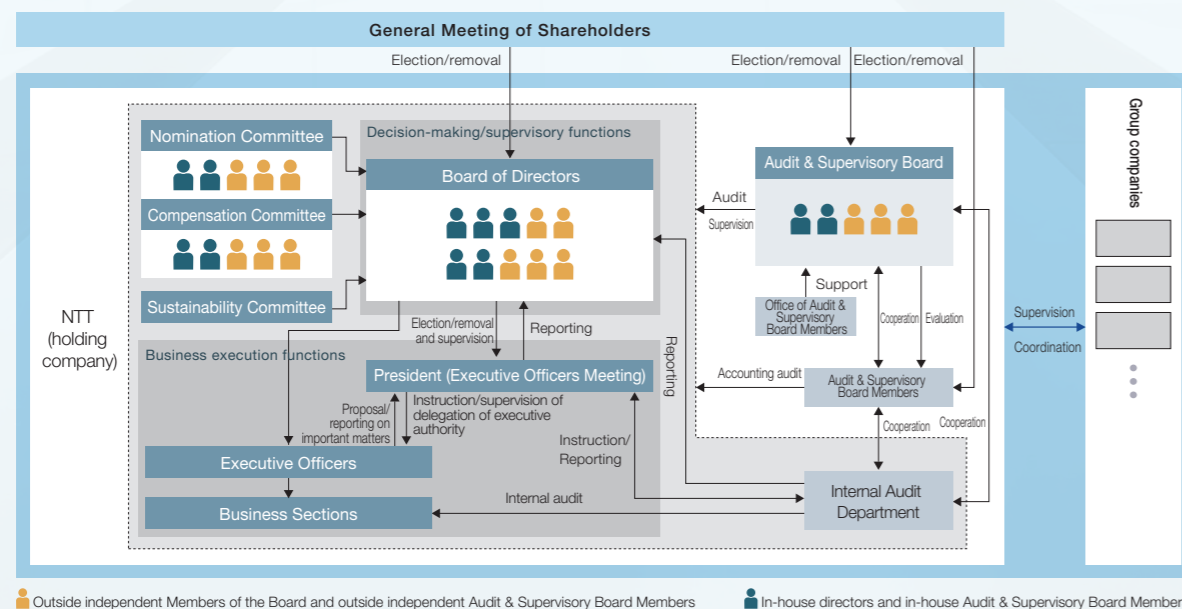
## Basic Views of Corporate Governance

We believe that strengthening the system of corporate governance in accordance with the purposes of each principle of the “Corporate Governance Code” of the Tokyo Stock Exchange is an important management issue for maximizing corporate value while meeting the expectations of various stakeholders, including shareholders and other investors, as well as customers, business partners, and employees. Therefore, we are working to strengthen corporate governance based on our fundamental policies of ensuring sound management, executing appropriate decision-making and business activities, clarifying accountability, and maintaining thorough compliance.

## Overview of Corporate Governance Structure

NTT believes that an auditing system based on Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, is an effective means of supervising management. Accordingly, we have adopted the model of being a company with an Audit & Supervisory Board. In addition, through the election of outside independent Members of the Board, NTT has strengthened the function of appropriately supervising business execution. Furthermore, through its adoption of an executive officer system, NTT intends to clearly separate management-related decision-making and supervisory functions from business execution functions and improve its management flexibility. Additionally, NTT has voluntarily established a “Nomination Committee” and a “Compensation Committee,” each of which consists of five directors, including three outside independent Members of the Board, to further increase the objectivity and transparency of decisions relating to appointment and compensation. NTT has determined that governance functions based on an Audit & Supervisory Board are sufficiently effective to achieve this purpose.

## Governance Chart



## Members of our Board

\*As of the end of June 2023



**Jun Sawada**  
Chairperson and Executive Director



**Akira Shimada**  
President and Chief Executive Officer



**Katsuhiko Kawazoe**  
Senior Executive Vice President



**Takashi Hiroi**  
Senior Executive Vice President



**Akiko Kudo**  
Member of the Board



**Ken Sakamura**  
Outside Member of the Board



**Yukako Uchinaga**  
Outside Member of the Board



**Ryoji Chubachi**  
Outside Member of the Board



**Koichiro Watanabe**  
Outside Member of the Board



**Noriko Endo**  
Outside Member of the Board

## Members of the Audit & Supervisory Board

\*As of the end of June 2023



**Keiichiro Yanagi**  
Full-Time Audit & Supervisory Board Member



**Kanae Takahashi**  
Full-Time Audit & Supervisory Board Member



**Kensuke Koshiyama**  
Full-Time & Outside Audit & Supervisory Board Member



**Hideki Kanda**  
Outside Audit & Supervisory Board Member



**Kaoru Kashima**  
Outside Audit & Supervisory Board Member

## Skill Matrix

Name	Field					
	Business Administration	Marketing/Global Business	IT/DX/R&D	Law/Risk Management/Public Policy	HR	Finance
Jun Sawada	●	●	●		●	●
Akira Shimada	●	●		●	●	●
Katsuhiko Kawazoe	●	●	●	●	●	
Takashi Hiroi	●	●		●	●	●
Akiko Kudo	●	●	●			
Ken Sakamura	●	●	●			
Yukako Uchinaga	●	●	●			
Ryoji Chubachi	●	●	●			
Koichiro Watanabe	●	●				●
Noriko Endo	●		●	●		
Keiichiro Yanagi		●		●	●	●
Kanae Takahashi			●	●	●	●
Kensuke Koshiyama				●	●	●
Hideki Kanda				●	●	●
Kaoru Kashima				●	●	●

(For background information and other details about the Directors and Audit & Supervisory Board Members, please see [page 78](#).)

## Board of Directors

The Board of Directors comprises ten directors, including five outside independent Members of the Board (including two women) and five internal directors (including one woman), and accordingly, the ratio of outside independent Members of the Board is 50%. In addition, the introduction of an executive officer system that clearly separates the management decision-making and oversight functions from the business execution function ensures closer supervision of execution and enhanced management flexibility. In principle, the ordinary meetings of the Board of Directors are held once per month, and extraordinary meetings are held as needed. The Board of Directors discusses the group management strategies and makes decisions on matters stipulated by laws and regulations and on important matters related to company management and group management. Moreover, through such means as periodic reports from Directors and Executive Officers on the status of business execution, the Board of Directors supervises the business execution of the Directors and Executive Officers.

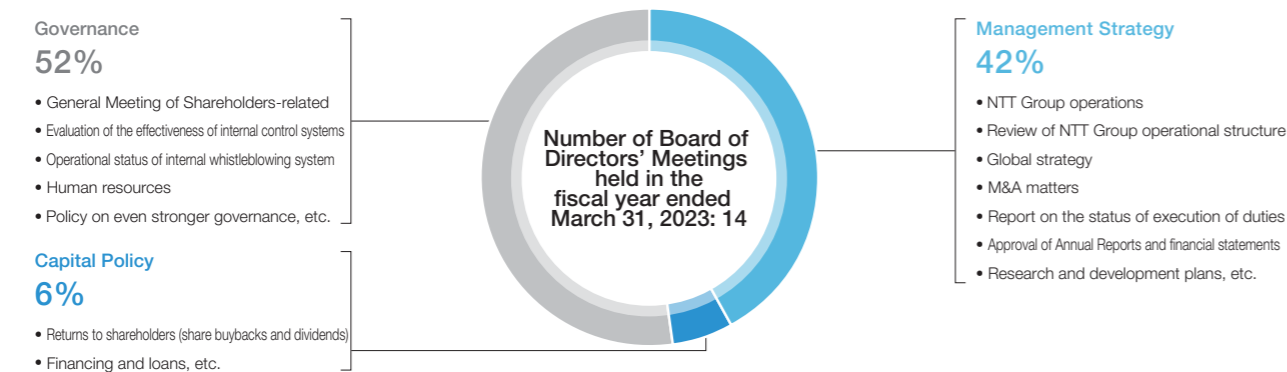
Each outside independent Member of the Board has extensive experience and a high level of integrity and insight.

We believe that the outside independent Members of the Board will help strengthen the supervisory function for business execution and expect to incorporate the opinion they provide from their wide-ranging managerial perspective.

With the objective of further strengthening the independence, objectivity, and accountability in decisions with respect to appointments and compensation of officers and related matters made by the Board of Directors, the Company has voluntarily established a Nomination Committee and Compensation Committee, each consisting of five directors, of which a majority (three) are outside independent Members of the Board, as preliminary review institutions of the Board of Directors, thereby increasing the effectiveness of governance.

Moreover, in recognition of the fact that response to sustainability issues is an important management issue, the Company has voluntarily established a Sustainability Committee that reports directly to the Board of Directors. The committee will work to further promote initiatives after important issues and indicators have been decided by resolution of the Board of Directors.

### ● Details on Board of Directors Resolutions and Reporting Items



## Evaluation of the Effectiveness of the Board of Directors

### Overview of Evaluation

Participants	All 10 Directors and all 6 Audit & Supervisory Board Members
Period	March 2023
Questionnaire Format	Anonymous surveys comprised 27 questions involving 4-level rankings as well as open-ended questions
Major Subjects	Roles and responsibilities of Directors and of the Board of Directors itself, composition of the Board of Directors, operation of the Board of Directors, support systems for outside Members of the Board
Results Aggregation and Analysis Method	After aggregation by third-party organization and analysis by Board of Directors' organizing office, the results are shared and issues and improvement measures are discussed at Board of Directors' meeting

### Evaluation Results

NTT implements an evaluation of the effectiveness of the Board of Directors annually for the purpose of strengthening the governance of the top management through continuous improvement of effectiveness of the Board of Directors. The FY2022 evaluation results confirmed that the Board of Directors was sufficiently fulfilling its important role and responsibilities, with a majority of positive opinions for all of the questions.

In addition, through feedback sessions implemented to invigorate strategic discussions and to enhance discussions on important issues such as important matters related to corporate and Group management, including restructuring to strengthen our global business, and formulation of policies to further strengthen governance, all members expressed positive feedback. Therefore, we have evaluated that the effectiveness of the Board of Directors is being ensured.

## Audit & Supervisory Board

The Audit & Supervisory Board comprises three outside independent Audit & Supervisory Board Members (including one female member), who have experience and knowledge in a range of fields—as a university professor, and Certified Public Accountant—and two internal Audit & Supervisory Board Members (including one female member) for a total of five members. NTT conducts effective audits by combining the independence of outside Audit & Supervisory Board Members with the superior information collection capabilities

of internal Audit & Supervisory Board Members. Among the Audit & Supervisory Board Members, Auditor Keiichiro Yanagi is a certified member of the Securities Analysts Association of Japan, while Auditor Kensuke Koshiyama has experience developed through his work at the Board of Audit of Japan, and Auditor Kaoru Kashima is a Certified Public Accountant, all of whom have considerable knowledge in the areas of finance and accounting.

### Activities of the Audit & Supervisory Board

For the fiscal year ended March 31, 2023, amid continued significant changes in management such as the restructuring of our global business, the Audit & Supervisory Board conducted an efficient and effective audit in collaboration with the Internal Audit Department, Accounting Auditors and Group company corporate auditors on both audit matters required by law and on other matters such as the progress of the Medium-Term Management Strategy and initiatives to maintain and improve corporate governance, the status of compliance, and stable provision of telecommunication services on the basis of the audit plan.

Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, attend meetings of the Board of Directors and other important meetings. In addition, Audit & Supervisory Board Members meet with Representative Members of the Board and outside independent Members of the Board to exchange ideas and opinions, as well as hold meetings to exchange ideas and opinions for certain topics with representative Members of the Board and Audit & Supervisory Board Members of Group companies, including overseas subsidiaries, in order to maintain an understanding of the status of the execution of duties by Directors and Executive Officers, and to provide their opinions as needed.

In the fiscal year ended March 31, 2023, Audit & Supervisory Board Members met to exchange ideas and opinions with Representative Members of the Board, Outside independent Members of the Board and others 40 times about management issues and responses. In fiscal 2022, we held 26 Audit & Supervisory Board meetings (Kanae Takahashi and Takashi Iida both attended all 26 meetings, Hideki Kanda and Kaoru Kashima both attended 25 out of 26 meetings, Keiichiro Yanagi and Kensuke Koshiyama both attended all 17 of their respective meetings, and Takao Maezawa attended all 9 of his respective meetings).

Moreover, separate from meetings of the Audit & Supervisory Board, the Audit & Supervisory Board Members Preliminary Deliberation Meeting was held 36 times. These meetings provide a venue for the sharing of information. For example, at these meetings Audit & Supervisory Board Members receive explanations from corporate officers of matters to be discussed at the Executive Officers Meeting. Furthermore, the Audit & Supervisory Board Members work closely with the Accounting Auditors and the Internal Audit Department. The Audit & Supervisory Board Members exchanged opinions with Accounting Auditors 11 times and with the Internal Audit Department 13 times, and received explanations of audit plans and reports on the status of internal control systems and provided advice as needed.

In initiatives related to Group companies, in order to improve the Group audit structure and on the basis of materiality and risk approach, NTT aligned risk awareness between the Audit & Supervisory Board Members of major Group companies and then conducted audits through

the Audit & Supervisory Board Members of major Group companies. In the fiscal year ended March 31, 2023, the Audit & Supervisory Board Members held meetings to exchange opinions with the Representative Members of the Board and Audit & Supervisory Board Members of Group companies 65 times to inquire about and hold discussions on the status of progress on the Medium-Term Management Strategy, the status of corporate governance and initiatives to maintain and improve it, the status of compliance, and stable provision of telecommunication services, among other topics. In addition, the Audit & Supervisory Board Members of each Group company received reports and held meetings to exchange opinions on audit results for audit matters based on their unified risk awareness. In addition, the Audit & Supervisory Board is implementing initiatives that contribute to enhancing the auditing activities of the Audit & Supervisory Board Members of major Group companies, including holding liaison conferences for major Group companies and between the Audit & Supervisory Board Members of major Group companies to share risk awareness.

Through these activities, the Audit & Supervisory Board Members support the sound, steady growth of NTT and Group companies from an independent perspective that differs from that of executives. In addition, Audit & Supervisory Board Members contribute to the strengthening of corporate governance systems and the fostering of awareness of compliance matters.

Additionally, with regard to coordination with related audit organizations and inspections, we have been handling matters through a combination of web conferencing systems and site visits to enhance the effectiveness of audits.

### ● Opinion Exchange Meetings Held

Opinion exchanges with Representative Members of the Board	40 times
Audit & Supervisory Board	26 times
Audit & Supervisory Board Member Preliminary Deliberation Meeting	36 times
Opinion exchange meetings with Accounting Auditors	11 times
Opinion exchange meetings with Internal Audit Department	13 times
Opinion exchange meetings with Representative Members of the Board and Audit & Supervisory Board Members from Group companies	65 times

# Message from an Outside Member of the Board



Outside Independent Member of the Board  
**Ken Sakamura**

Assumed the position of Outside Member of the Board of the Company in June 2019

I have been involved in research and development and standardization activities for over 40 years on a computer system responsible for controlling various machines named TRON (The Real-time Operating system Nucleus), and have contributed to the realization of ubiquitous computing and IoT by openly and freely disseminating its achievements worldwide. Based on this experience, I have made suggestions primarily in the field of technology, including research and development, DX promotion, and social implementation of technology, at NTT's Board of Directors meetings.

The new medium-term management strategy, which has been publicized after discussions that also involved Outside Members of the Board, is well-balanced, incorporating growth areas like IOWN, AI, and robotics, as well as the public sectors unique to NTT, which supports the communications infrastructure that is the foundation of society. With regard to AI, I have recommended that the NTT Group comprehensively consider both the risks involved in using generative AI in operations and the risks that may affect the Group's performance and services if the utilization of generative AI does not progress. From the perspective of Japan's national security, I believe it is important to promote and strengthen the domestic development infrastructure for AI, and I think NTT is best suited to be the leading entity in this regard.

On the Nomination Committee and Compensation Committee, I have been supervising strategy formulation and execution by the management team by giving suggestions regarding the appointment of officers, succession planning, and remuneration systems, while also conducting appropriate evaluations. Going forward, by offering advice and oversight from a neutral position as an outside independent Member of the Board, I aim to contribute to NTT Group's sustainable growth as it takes on the challenge of new technologies like IOWN and continues to create value.



Outside Independent Member of the Board  
**Yukako Uchinaga**

Assumed the position of Outside Member of the Board of the Company in June 2022

Due to advancements in technology, business models are undergoing rapid changes. To thrive in such an environment, it is insufficient to run a company solely with individuals who share the same values. Rather, it is essential to incorporate fresh perspectives and value systems through the promotion of diversity, thereby driving innovation forward. I became the first female Board Member at IBM Japan. While there, I established the NPO Japan Women's Innovative Network and have worked hard to promote diversity management at companies.

Within NTT's Board of Directors, I contribute to informed decision-making by offering insights and recommendations that cover not just a human resources strategy inclusive of diversity, but also global business development with a conscious regard for our relationships and positioning vis-a-vis competitors worldwide, as well as assured responses to risks associated with global governance.

Given that Japan stands at 125th out of 146 countries in the World Economic Forum's (WEF) "Gender Gap Index" for 2023, it appears that many Japanese companies have yet to fully grasp the core essence of promoting diversity. Given the context, I commend the various initiatives that the NTT Group has undertaken, including the promotion of active roles for women, foreign nationals, and external talent, as well as the implementation of a remote work standard system to enhance flexibility in living location. For fiscal 2022, the percentage of women newly promoted to management positions narrowly missed the 30% target. I sincerely hope that this goal will be achieved in fiscal 2023.

As an outside Member of the Board, it is equally crucial for me to support the company in taking calculated risks. Going forward, I aim to leverage my past experience and continue to contribute to the proper business operations of the NTT Group and medium- to long-term corporate value enhancement through vigilant oversight of decision-making and business execution from an independent, objective standpoint.



Outside Independent Member of the Board

## Ryoji Chubachi

Assumed the position of Outside Member of the Board of the Company in June 2022

After joining Sony as an engineer and subsequently leading the company as a manager, I took the helm of a national research institute as the Chairman of the National Institute of Advanced Industrial Science and Technology. Drawing on this experience, I have been conducting management oversight at NTT through Board of Directors and exchanges with the representative directors, offering opinions on research and development and competition policies, as well as giving advice on timely and appropriate responses during major telecommunications failures and monitoring executive performance, all with the goal of achieving sustainable growth.

NTT Group is engaged in a wide range of research and development activities, from basic research to practical applications. IOWN, which is also the title of our new medium-term management strategy, is a groundbreaking next-generation network that is not only eco-friendly, but also crucial for strengthening Japan's industrial competitiveness. I greatly appreciate the direction given for continued investment to accelerate the manufacturing and practical application of photonics-electronics convergence devices as part of the IOWN initiative under the slogan from concept to implementation.

I also commend the bold 1:25 stock split announced concurrently with the new medium-term management strategy as a progressive initiative. This reduces the investment per unit and makes it easier for people across various age groups to purchase shares. I look forward to NTT leading changes in the Japanese stock market. I plan to continue to encourage the realization of medium-term management strategies by leveraging my experience in corporate management to make proactive suggestions and monitor management from a medium- to long term perspective.



Outside Independent Member of the Board

## Koichiro Watanabe

Assumed the position of Outside Member of the Board of the Company in June 2022

Drawing on my experience in corporate management at Dai-ichi Life Insurance and as the Chairman of the Central Council for Education under the Ministry of Education, Culture, Sports, Science and Technology, I have been making suggestions to management while actively participating in decision-making as needed, particularly with regard to the effects of investments and the risks of new funding projects, confirming the appropriateness of capital policies, and strengthening human capital, all in an effort to strengthen the competitiveness of the NTT Group.

The prolonged COVID-19 crisis and Russia's invasion of Ukraine have highlighted various issues in Japan, such as food and energy self-sufficiency problems and the slow social implementation of DX. To cope with these changes to the social structure, human resources are indispensable, and human resource development is becoming ever more important. Given the circumstances, I think it is very commendable that NTT has clearly stated in its new medium-term management strategy its commitment to enhancing support for autonomous career development and expanding human investment to support business growth.

This past July, as an outside Member of the Board of NTT, I had meetings with institutional investors and discussed the current understanding of IOWN, the aim of the newly launched growth strategy focusing on EBITDA, and initiatives aimed at improving employee engagement scores, among other things. I will continue to contribute to the sustainable growth and improvement of corporate value of the NTT Group through proactive suggestions based on my independence as an outside Member of the Board and experience in corporate management, always keeping in mind the voices of shareholders and investors at Board of Directors meetings and other forums.



Outside Independent Member of the Board

## Noriko Endo

Assumed the position of Outside Member of the Board of the Company in June 2022

After contributing to economic journals in the electronics and IT sectors, as well as engaging in research activities at the University of Tokyo, I am now focusing on research projects about energy policy and economic security at Keio University. Energy and environmental policies are not merely important national issues that influence the macroeconomy through fuel resource trading; they also significantly impact industrial and corporate competitiveness, further reverberating back to the macroeconomy.

The NTT Group has publicly announced in its new medium-term management strategy, "NTT Green Innovation Toward 2040," its aim to achieve carbon neutrality by the year 2040. This goal includes efforts for Scope 1 and 2 emissions, with the intention of expanding into Scope 3. To promote the use of renewable energy, the NTT Group is proactively investing in companies specializing in renewable energy development. In the Board of Directors meetings, I thoroughly scrutinize each investment opportunity's scale, the appropriateness of the investment amount, and the associated risks before offering my endorsement, thus fulfilling my role as an outside Member of the Board.

I believe that the technological and R&D capabilities of the NTT Group are not only at an exceptionally high level in Japan, but also globally. I am convinced that, if harnessed effectively, these strengths will offer competitive advantages as we develop our services and business activities. Leveraging my insights as a researcher in industrial policy and science and technology policy, I intend to offer my feedback and advice while also properly overseeing the execution of business operations, thereby contributing to the sustainable growth of the NTT Group.

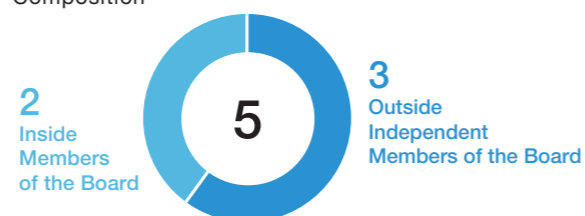
## Nomination Committee and Compensation Committee Composition and Activities

With the objective of further strengthening independence, objectivity, and accountability in decisions made by the Board of Directors with respect to appointments and compensation of the Members of the Board and officers, the Company has voluntarily established a Nomination Committee and a Compensation Committee, each consisting of five Directors, of which a majority (three) are Outside Independent Members of the Board, as preliminary review institutions of the Board of Directors, thereby increasing the effectiveness of governance. As of the end of fiscal 2022, the membership of each committee consisted of Akira Shimada (Representative Member of the Board, President), Takashi Hiroi (Representative Member of the Board, Senior Executive Vice President), Ken Sakamura (Outside Member of the Board), Yukako Uchinaga (Outside Member of the Board) and Koichiro Watanabe (Outside Member of the Board), with Akira Shimada (Representative Member of the Board, President) serving as chairperson to oversee the proceedings of each committee. As of the submission date of this report, there have been no changes in the members or chairpersons of both committees

who oversee meeting operations and agenda setting. In each committee, resolutions are made with the approval of the majority of the attendance of more than half of the committee members.

During fiscal 2022, the Nomination Committee convened five times, and the Compensation Committee once, engaging in robust discussions on matters such as the appointment of officers, succession planning, and the nature of the executive compensation system (all committee members were present at all meetings).

### ● Nomination Committee and Compensation Committee Composition



Nomination Committee	Preliminary Deliberation Items	<ol style="list-style-type: none"> <li>1. Policies with respect to the appointment and dismissal of directors and executive officers of the whole group, and the nomination of candidates</li> <li>2. Matters related to the appointment and dismissal of Directors</li> <li>3. Matters related to the selection and dismissal of representative Members of the Board of major group companies</li> <li>4. Selection and dismissal of representative Members of the Board and other named roles of Directors</li> <li>5. Selection and dismissal of the Chairman</li> <li>6. The order of Directors to assume the responsibilities of the President of the Company in the event that anything occurs to the President</li> <li>7. Determination of the allocation of responsibilities for Directors and assignment of employee duties</li> <li>8. Appointment and dismissal of executive officers and assignment of duties</li> <li>9. In addition to the foregoing matters, other nomination-related matters regarding directors, executive officers and others, for which the committee receives requests for deliberation from the Board of Directors</li> </ol>
	Specifically Delegated Items	Nomination-related matters regarding directors, executive officers and others, for which the committee receives requests for deliberation from the Board of Directors
Compensation Committee	Preliminary Deliberation Items	<ol style="list-style-type: none"> <li>1. Policies for determining compensation of directors and executive officers, and composition and levels of compensation</li> <li>2. In addition to the foregoing matters, other compensation-related matters regarding directors and executive officers, for which the committee receives requests for deliberation from the Board of Directors</li> </ol>
	Specifically Delegated Items	<ol style="list-style-type: none"> <li>1. Ratios, calculation methods and amounts of compensation for each individual directors and executive officers</li> <li>2. Other matters that are specifically delegated by the Board of Directors regarding the determination of compensation-related decisions of directors and executive officers</li> </ol>

## Board Member Compensation

### Board Member Compensation Determination Policy and Process

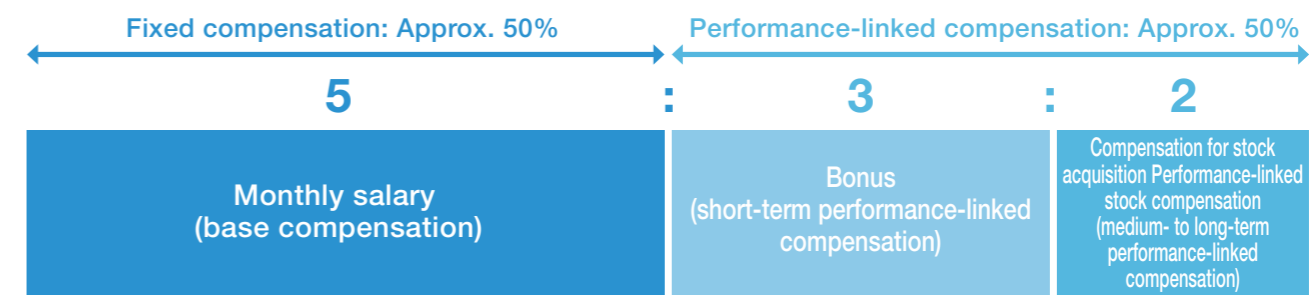
Regarding the composition and level of compensation for directors of NTT under the Determination Policy, in order to secure objectivity and transparency, NTT established the Compensation Committee, comprising five directors, including three outside independent members of the Board. Moreover, decisions on the ratios and calculation methods for compensation for Members of the Board, and amounts of compensation for individual Members, are delegated from the Board of Directors to the Compensation Committee. The reason for delegating these authorities to the Compensation Committee is that such committee is composed of two Representative Members of the Board and three Outside Members of the Board, and we believe that it is able to make the appropriate judgements from an outside perspective

while also taking a bird's-eye view of the Company's overall performance.

Compensation of individual directors (excluding outside Members of the Board) consists of a monthly salary (base salary) and a bonus (compensation related to performance over the short term), NTT stock purchase through Board Members Shareholding Association and performance-linked stock compensation (compensation related to performance over the medium to long term). The composition ratio of compensation in a case where standard business results are achieved is roughly as follows: Fixed compensation: Short-term performance-linked compensation: Medium- to long-term performance-linked compensation = 50%: 30%: 20%.

- **Monthly salary (base compensation):** The base salary is a fixed compensation paid monthly on the basis of the scope of each Member of the Board's roles and responsibilities.
- **Bonus (short-term performance-linked compensation):** The bonus is paid in June each year, taking into account NTT's business results for the current fiscal year. The amount of this bonus is based on the achievement of indicators based on targets in the Medium-Term Management Strategy.
- **Stock buybacks and performance-linked stock compensation (medium- to long-term performance-linked compensation):** NTT shares shall be purchased through the Board Members Shareholding Association by means of monthly stock acquisition compensation. Purchased shares are to be held by the Members of the Board throughout their terms of office.  
For the performance-linked stock compensation, a trust, established by NTT is used. The Members of the Board are granted points corresponding to their role in June each year and a performance-linked coefficient corresponding to the level of achievement of the performance indicator is determined in June of the year following the final fiscal year of the Medium-Term Management Strategy, and the number of shares to be granted to each Member of the Board is calculated by multiplying the performance-linked coefficient by the number of points that has been accumulated. The granted shares are delivered to the Member of the Board upon retirement.  
Regarding performance-linked stock compensation, given that the target year for the medium-term management strategy announced in November 2018 is fiscal 2023, Earnings Per Share (EPS) will continue to serve as the performance indicator.

In order to maintain a high level of independence, compensation of outside Members of the Board consists of a monthly fixed compensation only, and is not linked to NTT's business results. Compensation of Audit & Supervisory Board Members is determined by resolution of the Audit & Supervisory Board and consists of a monthly salary only, for the same reasons as those cited above with respect to outside Members of the Board.



## ● Bonus Performance Indicators

Category	Performance Indicators	Evaluation Weight	Evaluation method	FY2021 Results	FY2022 Results
Financial indicators	EPS (earnings per share)	35%	Year-on-year improvement	¥329	¥348
Category	Performance Indicators	Evaluation Weight	Evaluation method	FY2022 Targets	FY2022 Results
Financial indicators	Operating profit	35%	Achievement of targets	¥1.82 trillion	¥1.829 trillion
	Overseas operating profit margin	10%		7.0%	7.2%
	ROIC (return on invested capital)	5%		7.6%	7.4%
Sustainability indicators	Greenhouse Gas Emissions	5%		3.075 million tons or less	2.534 million tons
	Amount of B2B2X Revenues	5%		¥600.0 billion	¥815.4 billion
	New Female Manager Promotion Rate	5%	30%	29.7%	

(Notes) 1. The Earnings Per Share (EPS) figures are presented based on amounts before taking into account the impact of the 25-for-1 stock split of common stock, effective as of July 1, 2023.  
2. The scope of aggregation for the overseas operating profit margin is subsidiaries of NTT, Inc. at the time the medium-term management strategy was established (NTT DATA Corporation's overseas operations, NTT Ltd., NTT Communications' overseas operations, etc.). In addition, operating profit is calculated while excluding temporary expenses, such as M&A-related depreciation costs of intangible assets.  
3. The target for GHG emissions is GHG protocol Scope 1 + 2.  
4. The scope of B2B2X earnings includes the Integrated ICT Business Segment, the Regional Communications Business Segment, and the Global Solutions Business Segment.  
5. The scope for the percentage of women newly promoted to management positions includes six major domestic companies: NTT, NTT DOCOMO, NTT Communications, NTT East, NTT West, and NTT DATA Japan.

Additionally, starting from fiscal 2023, for the performance indicators associated with bonuses, we plan to introduce EBITDA as part of the financial indicators. This shift aligns with our new medium-term management strategy, which places greater emphasis on growth and cash generation capabilities than before. As for sustainability indicators, we incorporated Engagement Rate, aimed at fostering an environment where employees, the source of revenue generation, can elevate their expertise and experience both growth and job satisfaction.

Category	Performance Indicators	Evaluation Weight	Evaluation method	FY2022 Results
Financial indicators	EBITDA	25%	Year-on-year improvement	¥3.2902 trillion
	EPS (earnings per share)	10%		¥348
Sustainability indicators	Engagement rate	2.5%		57%
Category	Performance Indicators	Evaluation Weight	Evaluation method	FY2023 Targets
Financial indicators	EBITDA	25%	Achievement of targets	¥3.39 trillion
	Operating profit	10%		¥1.95 trillion
	Overseas operating profit margin	10%		8.3%
	ROIC for existing areas	5%		8.3%
Sustainability indicators	Greenhouse Gas Emissions	5%		2.466 million tons
	New Female Manager Promotion Rate	5%	30%	
	Amount of B2B2X Revenues	2.5%	¥870 billion	

(Notes)  
1. The Earnings Per Share (EPS) figures are presented based on amounts before taking into account the impact of the 25-for-1 stock split of common stock, effective as of July 1, 2023.  
2. The scope of aggregation for engagement rate is approximately 100 domestic Group companies (in the future, we plan to expand the scope to include overseas Group companies).  
3. The scope of aggregation for overseas operating profit margin is NTT DATA Group consolidated. Calculation excludes temporary expenses, such as M&A-related amortization of intangible fixed assets.  
4. Existing areas refer to NTT DOCOMO's consumer telecommunications businesses, NTT East and NTT West.  
5. GHG emissions are for GHG protocol Scope 1 + 2.  
6. The scope of aggregation for new female manager promotion rate is six major domestic Group companies (NTT, NTT DOCOMO, NTT Communications, NTT East, NTT West, and NTT DATA Japan).  
7. The scope of aggregation for B2B2X revenues is the Integrated ICT Business Segment, the Regional Communications Business Segment, and the Global Solutions Business Segment.



# Stakeholder Engagement

NTT Group delivers products and services to a diverse set of stakeholders worldwide, and its value chain is expanding on a global scale and becoming increasingly complex each year. Given these developments, there is also a diversification in what our stakeholders expect and require from our business. It is crucial to accurately grasp and incorporate these demands and expectations into our operations through stakeholder engagement.

## Customers (Corporations and Individuals)

All individuals and corporations making use of NTT Group's services

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
In our aspiration to be "Your Value Partner," every employee upholds a high level of awareness toward sustainability and is committed to delivering high-quality, convenient, and secure services from a customer's perspective.	<ul style="list-style-type: none"> <li>▶ Establishment of a point of contact for customer inquiries</li> <li>▶ Implementation of customer satisfaction surveys</li> <li>▶ Utilization of websites and social media</li> </ul>	The objective is to understand our customers' needs and positions to deliver higher-quality services and products. This will not only improve customer satisfaction, but also position NTT Group as "Your Value Partner."

## Shareholders and Investors

All individual and institutional investors, including shareholders and creditors of the NTT Group

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We are committed to maintaining a sound financial structure while enhancing corporate value and providing returns to our shareholders. Additionally, we are dedicated to the timely, accurate, and fair disclosure of all information related to the Group.	<ul style="list-style-type: none"> <li>▶ Shareholder Meetings and financial results announcements</li> <li>▶ Hosting individual investor seminars</li> <li>▶ Hosting institutional investor seminars</li> <li>▶ Issuance of annual reports</li> </ul>	The purpose is to provide information essential for investment decisions through communication with our shareholders and investors, receive appropriate evaluations, and also consider your opinions as references in our group management.

## Employees (Employees, Families, Retirees)

Employees working in the NTT Group and their families, as well as retirees who support the NTT Group's sustainability

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We are committed to creating a workplace where a diverse range of employees can work with peace of mind, and we engage in a variety of measures to allow them to maximize their capabilities and find fulfillment in both work and life. Communication with retirees is also highly valued.	<ul style="list-style-type: none"> <li>▶ Implementation of employee satisfaction surveys</li> <li>▶ Regular one-on-one meetings</li> <li>▶ Dialogue between labor and management</li> <li>▶ Establishment of the Corporate Ethics Help Line</li> <li>▶ Hosting of sustainability conferences</li> </ul>	We aim to provide a supportive work environment and support for the livelihood of our employees so that each employee can fully utilize their skills and approach their work with a high awareness of CSR.

## Local Communities

Local communities engaged with the NTT Group through our business activities

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We are committed to moving forward with local communities by contributing to society and engaging in disaster management through our business activities.	<ul style="list-style-type: none"> <li>▶ Conducting supportive and collaborative activities through social contributions</li> <li>▶ Negotiations with local residents regarding construction and infrastructure projects</li> <li>▶ Support through donations and sponsorships</li> </ul>	Our objective is to contribute to prosperous local communities through our business by understanding and tackling the challenges they face.



## Business Partners

All the business partners who provide various forms of cooperation in delivering NTT Group's services

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We strive to collaboratively create and develop services aimed at resolving various social issues.	<ul style="list-style-type: none"> <li>▶ Setting up an inquiry form</li> <li>▶ Disclosure of procurement policies and guidelines</li> <li>▶ Implementation of supplier-focused questionnaires</li> <li>▶ Hosting of supplier briefing sessions</li> </ul>	Our aim is to procure products that are considerate of the environment and human rights, and to build fair partnerships. By doing so, we fulfill our corporate social responsibilities and aim for sustained growth together with our business partners.

## Competitors and Industry Associations

All those engaged in ICT services like the NTT Group, and industry associations dedicated to the advancement of information and communication technology

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We include a global market perspective in deepening our collective discussions about the state and strategies of the information and communication industry. We work to address various societal issues through these discussions.	<ul style="list-style-type: none"> <li>▶ Participation in industry organizations and initiatives</li> <li>▶ Attendance at conferences, etc.</li> </ul>	Our aim is both to promote overall vitality within the industry and to contribute to society through the development and advancement of information and communications technology.

## National and Government Agencies

Agencies governing policies in fields like information and communications, employment, economy, and environment at the national, administrative, and local government levels

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
In line with the policies of national, administrative, and local governments, we will fulfill our responsibilities as a key player in the information and communications industry.	<ul style="list-style-type: none"> <li>▶ Compliance with laws and regulations</li> <li>▶ Policy recommendations</li> <li>▶ Participation in public-private partnership projects</li> </ul>	We aim to properly comply with the policies, laws, and regulations set forth by national, administrative, and local governments and conduct appropriate business activities, and contribute to solving the societal issues these governments and citizens face.

## NGOs, NPOs/Experts

NGOs, NPOs, and experts focused on the domains where the NTT Group operates, including sustainability

NTT Group's Approach	Methods of Engagement (Examples)	Reasons for Engagement
We aim to leverage the specialized knowledge and experience of NGOs, NPOs, and experts in the information and communications industry, contributing to the creation of a sustainable society.	<ul style="list-style-type: none"> <li>▶ Participation and collaboration in study groups and activities conducted by various organizations</li> <li>▶ Conducting dialogue</li> <li>▶ Carrying out collaborative projects</li> </ul>	The goal is to carry out appropriate and effective business activities by gaining specialized insights from NGOs, NPOs, and experts, as the services provided by the NTT Group extend beyond just information and communications to broader fields.