

# 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,

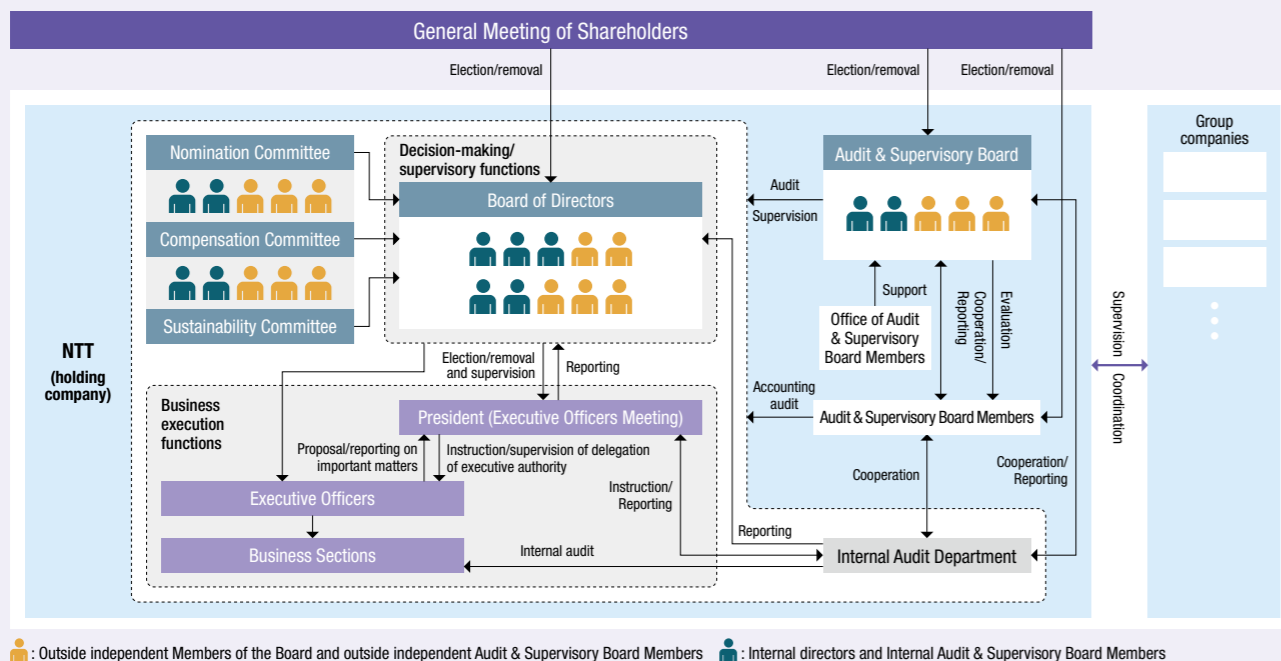
as well as customers, business partners, and employees. Therefore, we are working to strengthen corporate governance based on our fundamental policies of ensuring sound management, executing appropriate decision-making and business activities, clarifying accountability, and maintaining thorough compliance.

## 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 appointments 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 the Board

\*As of the end of June 2024

 <b>Jun Sawada</b> Chairman of the Board	 <b>Akira Shimada</b> President and Chief Executive Officer	 <b>Katsuhiko Kawazoe</b> Senior Executive Vice President	 <b>Takashi Hiroi</b> Senior Executive Vice President	 <b>Sachiko Oonishi</b> Executive Vice President and Member of the Board
 <b>Ken Sakamura</b> Outside Member of the Board	 <b>Yukako Uchinaga</b> Outside Member of the Board	 <b>Koichiro Watanabe</b> Outside Member of the Board	 <b>Noriko Endo</b> Outside Member of the Board	 <b>Natsuko Takei</b> Outside Member of the Board

## Members of the Audit & Supervisory Board

\*As of the end of June 2024

 <b>Keiichiro Yanagi</b> Full-Time Audit & Supervisory Board Member	 <b>Kanae Takahashi</b> Full-Time Audit & Supervisory Board Member	 <b>Kensuke Koshiyama</b> Full-Time & Outside Audit & Supervisory Board Member	 <b>Hideki Kanda</b> Outside Audit & Supervisory Board Member	 <b>Kaoru Kashima</b> Outside Audit & Supervisory Board Member
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### Skills 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	●	●		●	●	●
Sachiko Oonishi	●	●	●			
Ken Sakamura	●	●	●			
Yukako Uchinaga	●	●	●			
Koichiro Watanabe	●	●				●
Noriko Endo	●		●	●		
Natsuko Takei	●	●		●		
Keiichiro Yanagi		●		●	●	●
Kanae Takahashi			●	●	●	●
Kensuke Koshiyama				●	●	●
Hideki Kanda				●	●	●
Kaoru Kashima				●	●	●

\*Up to five fields in which each director and Audit & Supervisory Board Member is expected to contribute in particular are listed. Note that the above list is not intended to comprehensively show all the knowledge and experience of each director and Audit & Supervisory Board Member.

## Board of Directors

The Board of Directors consists of ten directors, including five Outside Independent Members of the Board and five internal directors, so 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 Group management strategies and makes decisions on matters stipulated by laws and regulations and on important matters related to company 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.

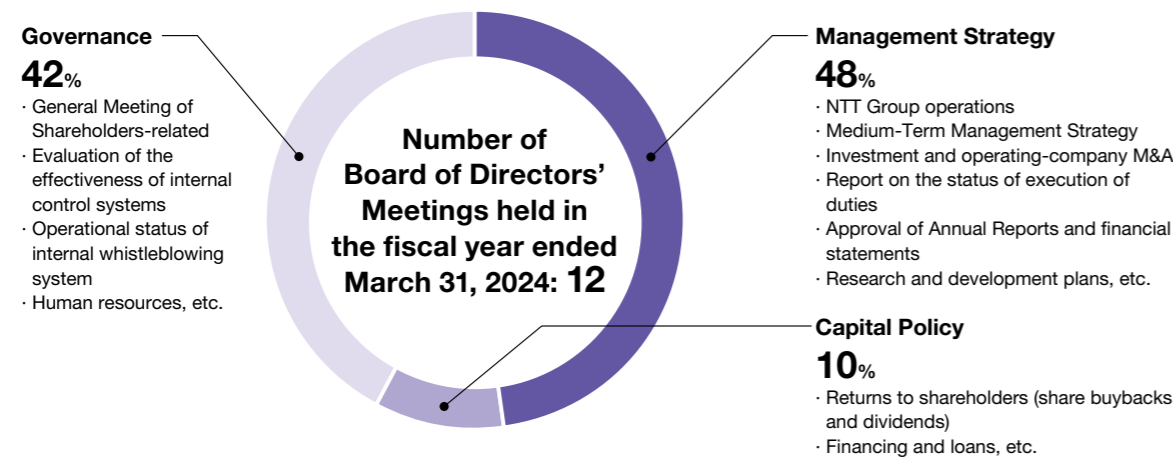
Each outside independent Member of the Board has extensive experience and a high level of integrity and insight. We believe that the outside independent Members of the Board will

help strengthen the supervisory function for business execution and expect to incorporate the opinion they provide from their wide-ranging managerial perspectives.

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

NTT's Board of Directors monitors the specific business operations of Group companies based on the Group's medium to long-term business strategy.

In addition, the Board of Directors decides on important matters related to the Group's management and monitors the execution of duties by directors and executive officers based on deliberations at Executive Officers Meetings—which are attended by executive officers, etc.—and various meetings of committees—which are chaired by presidents and senior executive vice presidents and attended by relevant executive officers, etc.

Based on the jurisdiction of each director, the Board of Directors reports and deliberates on issues related to the Group's current management and initiatives to resolve them as well as initiatives aimed at business expansion, including investment and alliances.

In FY2023, the Board of Directors held active discussions focused on the NTT Group's future direction and key initiatives starting with *New value creation & Sustainability 2027 powered by IOWN*, which is called for by our Medium-Term Management Strategy.

In addition, NTT implements an evaluation of the effectiveness of the Board of Directors annually for the purpose of strengthening the governance of top management through continuous improvement of the effectiveness of the Board of Directors. In FY2023 as well, we appointed a third-party institution to conduct a Board of Directors-related questionnaire survey targeting all our directors and Audit & Supervisory Board Members in order to evaluate the effectiveness of the Board of Directors. This survey included questions on the roles and responsibilities, composition, operations, and level of satisfaction with our Board of Directors. Based on the results of this survey, which were compiled by a third-party institution, many respondents expressed positive opinions in response to all the questions, and we confirmed that our Board of Directors is effectively carrying out the important roles and responsibilities expected of it.

In addition, through feedback sessions implemented to invigorate strategic discussions and to enhance discussions on important issues such as the business direction the NTT Group should aim for and future key initiatives, all members expressed positive feedback. Therefore, we have evaluated that the effectiveness of the Board of Directors is being ensured.

## Questionnaire Survey on the Evaluation of the Effectiveness of the Board of Directors

<b>Goal</b>	To strengthen the governance of our top management by continuously improving the effectiveness of the Board of Directors
<b>Survey frequency</b>	Once per year
<b>Participants</b>	All directors and Audit & Supervisory Board Members (anonymous survey) · Ten directors (including five Outside Members of the Board) · Five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members)
<b>Implementation period</b>	March 2024
<b>Number of questions and response format</b>	· Four-rank evaluation (4: <i>I think so.</i> , 3: <i>I kind of think so.</i> , 2: <i>I don't really think so.</i> , 1: <i>I don't think so.</i> ): 27 questions · Open-ended questions: one question
<b>Major subjects</b>	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
<b>Result aggregation and utilization method</b>	After questionnaire implementation and aggregation by a third-party organization and analysis by the Board of Directors' organizing office, the results are shared and issues and improvement measures are discussed at Meetings of the Board of Directors.
<b>Main results</b>	· Percentage of all question responses that indicated a positive evaluation: 99% ( <i>I think so.</i> : 69%, <i>I kind of think so.</i> : 29%) · There was not a single response of <i>I don't think so</i> , and <i>I don't really think so</i> only accounted for 1.3% of all responses. · Every respondent indicated that they think the effectiveness of the Board of Directors has been ensured (question 6-2). · Regarding the open-ended question, we received a lot of constructive comments, and no one pointed out any major inadequacies.

Questions		Positive Evaluation Percentage (Average Value)
1. Roles and responsibilities of the Board of Directors	1-1 The Board of Directors supervises the management from an independent and objective standpoint.	<b>99%</b> (3.6pt/4.0pt)
	1-2 The Board of Directors deliberates on matters of high importance in terms of management.	
	1-3 The Board of Directors sufficiently deliberates on the Management Strategy.	
	1-4 The Board of Directors regularly supervises the progress of the Management Strategy.	
	1-5 The officer compensation system provides incentives suitable for facilitating sustainable growth.	
	1-6 The Board of Directors suitably confirms progress on setting up and supervises internal control and risk management systems.	
2. Composition of the Board of Directors	2-1 The number of directors is suitable.	<b>98%</b> (3.8pt/4.0pt)
	2-2 The number of Outside Members of the Board is suitable.	
	2-3 The ratio of Outside Members of the Board is suitable.	
	2-4 The Board of Directors sufficiently considers how governance systems (institutional design, committees, etc.) should be to promote sustainable growth.	
	2-5 The Chairman of the Board of Directors objectively and fairly fulfills their role as a leader in terms of supervising the management.	
	2-6 The diversity of directors is ensured, including their knowledge, experience, expertise, gender, and internationality.	
3. Operation of the Board of Directors	3-1 The Board of Directors spends sufficient time discussing matters of high importance in terms of management.	<b>98%</b> (3.7pt/4.0pt)
	3-2 The discussion topics proposed to the Board of Directors are suitable.	
	3-3 The management and other officers sufficiently exchange opinions outside of meetings of the Board of Directors as well.	
	3-4 Board of Directors materials are compiled so as to be easy to understand and explained.	
	3-5 Board of Directors materials are distributed far enough in advance to enable preparation ahead of time.	
	3-6 Meetings of the Board of Directors are held with a suitable frequency.	
	3-7 Meetings of the Board of Directors take a suitable amount of time.	
	3-8 Discussions by the Board of Directors are open and free.	
4. Roles and responsibilities of directors and Audit & Supervisory Board Members	4-1 I understand my role and sufficiently contribute to improving the quality of deliberations and decision-making by the Board of Directors (and elsewhere).	<b>100%</b> (3.7pt/4.0pt)
	4-2 Directors other than me understand their roles and sufficiently contribute to improving deliberation and decision-making by the Board of Directors.	
5. Questions for Outside Members of the Board and Audit & Supervisory Board Members	5-1 Important management information is provided as necessary outside of meetings of the Board of Directors as well.	<b>100%</b> (3.6pt/4.0pt)
	5-2 The Company provides opportunities to obtain the knowledge, etc. necessary to fulfill personal roles and responsibilities.	
	5-3 Working as an Outside Member of the Board or Audit & Supervisory Board Member for the Company is extremely rewarding and satisfying.	
6. General questions	6-1 The Board of Directors considers all stakeholders and formulates, discloses, and suitably supervises policies related to sustainability.	<b>100%</b> (3.7pt/4.0pt)
	6-2 Generally speaking, the effectiveness of the Board of Directors has been ensured.	

## Messages from Outside Members of the Board



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

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

For around 40 years, I have been involved in research, development, and standardization in the TRON Project\*, a computer operating system designed to ensure that devices operate reliably with accurate timing. As an open innovation project, which was rare at the time, we made the source code and specifications freely available, thereby contributing to the advancement of the IoT.

I believe that the Medium-Term Management Strategy, announced in May 2023 after extensive discussions, achieves a well-balanced integration of growth areas such as IOWN, AI and robotics, and public-oriented areas that only the NTT group, as a company supporting the telecommunications infrastructure underpinning society, can accomplish. With regard to AI, the rapid progress in generative AI research and its growing impact are evident. I therefore proposed that the NTT Group engage in Group-wide discussions on AI initiatives and work on communicating these efforts externally. One such initiative, which I rate highly, is the establishment of the position of chief artificial intelligence officer (CAIO) and the clarification of the CAIO's responsibilities in promoting AI initiatives.

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. By providing advice and oversight from a neutral position as an Outside independent Member of the Board, I intend to continue contributing to the sustainable growth of the NTT Group, a group committed to creating new value.

\* "TRON" is an abbreviation of "the real-time operating system nucleus." TRON is a Japan-developed operating system with a market share in the IoT field of approximately 60%. It has been certified as an "IEEE standard" by the Institute of Electrical and Electronics Engineers (IEEE) in the United States.



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

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

During my tenure as IBM Japan's first female director, I established a non-profit organization called the Japan Women's Innovative Network. Technological progress is driving the rapid evolution of business models. To succeed in this environment, companies need to transform their corporate culture and the very nature of their organizations. In 2010, Japan ranked 97th in the Global Gender Gap Index published by the World Economic Forum. Despite progress with the advancement of women in Japanese society, Japan ranked 118th in the June 2024 report, highlighting the significantly faster pace of the advancement of women in other countries compared to Japan. I believe that energizing corporations through the promotion of diversity and inclusion (D&I) can be a key driver of innovation and an effective management strategy, as can the creation of new business models leveraging the talents of individuals with diverse perspectives while fostering greater mutual understanding and respect.

At a meeting of NTT's Board of Directors, I proposed that reorganization to bolster R&D functions should be approached in a way that unifies both domestic and global perspectives. Through my recommendations on governance and global business expansion, I contribute to sound decision-making.

Through initiatives like the Remote Standard system, which offers employees the opportunity to enjoy greater flexibility in their living arrangements, the NTT Group is poised to become a leading force in advancing diversity and inclusion (D&I) in Japan. I aim to contribute, from an independent and objective standpoint, to enhancing corporate value over the longer term through the provision of highly effective oversight and support for appropriate risk-taking.



**Koichiro Watanabe**  
Outside Independent  
Member of the Board

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

As representative director and president of Dai-ichi Life Holdings and Dai-ichi Life Insurance, I was responsible for overseeing the overall management of both companies. I also led reforms aimed at driving the growth of the Dai-ichi Life Group, including the transition of Dai-ichi Life Holdings from a mutual company to a listed company, and its listing on the First Section of the Tokyo Stock Exchange.

At NTT Board of Directors meetings, I have contributed to sound decision-making through proactively making suggestions based on my experience in corporate management. These contributions include advising on the need for swift decision-making in the data center business aligned with the conditions of the operating environment of the sector, a key growth area in the Medium-Term Management Strategy, and providing guidance on establishing appropriate management structures and risk management for financial operations.

At the 39th Ordinary General Meeting of Shareholders, I received questions from shareholders regarding NTT Group's challenges and I responded in my capacity as an Outside Member of the Board. I recognize that a key challenge for the NTT Group in creating new value as outlined in the Medium-Term Management Strategy is whether it can achieve not only domestic growth but also global expansion. I am confident that discussions at Board of Directors meetings have made steady progress towards addressing this issue, and I believe the Group is evolving into one with significant future potential. I will continue to contribute to the NTT group's sustainable growth and the enhancement of corporate value. I will do this by overseeing the executive management team's strategy formulation and business execution from an independent and objective standpoint, and engaging in proper judgment and evaluation to contribute to the achievement of the aims of the Medium-Term Management Strategy.



**Noriko Endo**  
Outside Independent  
Member of the Board

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

Following my experience as the Deputy Editor-in-Chief for an economic journal as well as research conducted with the University of Tokyo, Keio University, and other institutions, I started focusing on research related to energy policy and economic security at Waseda University. I am also involved in national deliberations on public policies related to energy, economic security, commerce and trade, space, finance, defense, and other fields.

In the Medium-Term Management Strategy document that the NTT Group released last year, the company declared its goal of achieving carbon neutrality by 2040 through the "NTT Green Innovation toward 2040" initiative. This involves eliminating Scope 1 and 2 emissions, and aiming for the elimination of Scope 3 emissions. The demand for electricity is increasing due to electrification—the shift from primary energy to electricity, including digital transformation (DX) and electric vehicles (EVs)—the spread of artificial intelligence (AI), and large-scale information processing at data centers. I believe it will become increasingly important in this era of growing electricity consumption for the NTT Group to expand its renewable energy generation business and accelerate its efforts to commercialize IOWN-related technologies, which facilitate reductions in power consumption.

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 have therefore proposed that further consideration be given to continuing to boost R&D funding and securing human resources to ensure that the NTT Group remains an industry leader. Leveraging my expertise as a researcher of industrial and science/technology policy, I intend to provide insights and advice that will contribute to the NTT Group's sustainable growth, while also fulfilling my role in providing proper oversight of business execution.



**Natsuko Takei**  
Outside Independent  
Member of the Board

Assumed the position of  
Outside Member of the  
Board of the Company  
in June 2024

I long served as head of Sony Group's Legal and Compliance Divisions. In that capacity, I provided legal affairs-related support for acquisitions, tie-ups, and the exploration of new business areas, both domestically and internationally. I have also led the building of frameworks aimed at ensuring sound business practices and the fostering of a corporate culture that underpins proper group management. The NTT Group's Medium-Term Management Strategy calls for proactive investment, particularly in growth areas, to enhance cash generation capacity. I believe that appropriate risk-taking in pursuit of growth will therefore become increasingly important. The growth sectors that have been identified, including the Smart Life business, AI, and digital data centers, are all areas where the pace of change is rapid. I recognize that, as a corporate group conducting business globally, there are ongoing challenges that we need to continue to address, including the enhancement of Group governance.

One of the key roles of an Outside Independent Member of the Board is to support healthy risk-taking. By leveraging the expertise I have cultivated in areas such as legal affairs, risk management, governance, and global strategy, I aim to provide adequate support for the NTT Group's efforts to strengthen its initiatives in growth sectors and global markets. I also intend to monitor management from a longer-term perspective through overseeing areas such as decision-making and business execution.

## 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

In FY2023, in line with our Medium-Term Management Strategy, which we announced during the year, we increased our investment in growth areas and enhanced our initiatives aimed at increasing our cash-generating ability to continue making major changes to our management with the aim of transforming the NTT Group into an organization capable of achieving new value creation and sustainability. In this connection, the Audit & Supervisory Board focused on auditing in line with the audit plan, including auditing based on laws, the implementation and progress of our Medium-Term Management Strategy, the status of initiatives aimed at maintaining or improving our corporate governance—including subsidiaries both in Japan and abroad—our compliance status, increasing the resilience of our business foundation starting with communication networks, and handling issues related to sustainability. The Audit & Supervisory Board also flexibly conducted audits as necessary in response to events and changes that occurred during the year and strived to conduct effective auditing that considered dialogues with investors by those responsible for execution.

In FY2023, we held 25 Audit & Supervisory Board meetings. (Takashi Iida attended all nine meetings that were held while he was an Audit & Supervisory Board Member, while the other Audit & Supervisory Board Members attended all 25 meetings.) In addition to these meetings, we also held 31 Audit & Supervisory Board Member Preliminary Deliberation Meetings, which are aimed at collecting and sharing information. For example, at these meetings, Audit & Supervisory Board Members receive explanations from corporate officers on matters to be discussed at the Executive Officers Meeting. In addition, our Audit & Supervisory Board Members, who include Outside Independent Audit & Supervisory Board Members, attended meetings of the Board of Directors and other important meetings. On top of that,

they participated in 42 meetings to exchange their opinions with Representative Members of the Board and Outside Independent Members of the Board as well as interviews with heads of organizations, etc., during which they discussed the handling of management issues while also auditing the execution of duties by directors, etc. The Audit & Supervisory Board also held 14 meetings to exchange opinions with Accounting Auditors in order to facilitate close collaboration aimed at confirming the auditing status and ensuring proper accounting auditing, including discussions of major considerations related to auditing. In addition, the Board held 18 meetings to exchange opinions with the Internal Audit Department in order to facilitate close collaboration with them, including explanations of the audit plan, holding regular discussions based on the reported status of internal control systems and other details, and offering recommendations as necessary.

In FY2023, as efforts related to Group companies, the Audit & Supervisory Board made 82 on-site visits to the leadership of each company and held meetings to exchange opinions with the Representative Members of the Board, the management, and the Audit & Supervisory Board Members of Group companies—including overseas subsidiaries—in order to hear about and discuss the above key auditing items while also gaining an opportunity to understand the status of the execution of duties by directors, etc. and offer recommendations as necessary. In addition, to increase the sophistication of the Group's auditing system, the Audit & Supervisory Board strived to unify the awareness of important risks selected based on a big-picture view of the NTT Group as a whole among the Audit & Supervisory Board Members of major Group companies, conducted audits through these members, and held meetings to exchange opinions based on the auditing results and other details reported

by each company. Furthermore, the Audit & Supervisory Board held liaison conferences for both major companies and the Audit & Supervisory Board Members of Group companies to share risk awareness and provide training based on auditing themes, thereby implementing initiatives that contribute to improved auditing activities by the Audit & Supervisory Board Members of each company.

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.

### Evaluation of the Effectiveness of the Audit & Supervisory Board

In FY2023, we reflected on our auditing activities and applied them to our annual audit plan. In fact, we have been annually evaluating the effectiveness of our Audit & Supervisory Board to improve our audit quality since FY2018. During our FY2023 effectiveness evaluation, we sent questionnaires to all our Audit & Supervisory Board Members, interviewed them, and analyzed the status of our activities based on various materials related to auditing activities. In addition, given that collaboration with the Audit & Supervisory Board Members of our Group companies is extremely important in terms of the activities of our holding company Audit & Supervisory Board Members—a company that has a lot of Group companies under its umbrella—we interviewed two additional major-Group-company Audit & Supervisory Board Members to verify the status of our collaboration. In addition, to ensure anonymity and introduce a truly objective perspective, we utilized a third-party institution to handle our questionnaire and interviews and to analyze the aggregated results. The main evaluation items were as follows: our audit plan, recommendations for the management, business execution auditing, our Group auditing system, fraud handling, three-party auditing (auditing by Audit & Supervisory Board Members, auditing by Accounting Auditors, and internal auditing by the Internal Audit Department) collaboration, and Audit & Supervisory Board operations. During the analysis of the questionnaire, interviews, etc., the Audit & Supervisory Board discussed and verified the situation based on the results of considering not only changes over time but also the auditing status of the key auditing items mentioned above. As a result, our evaluation found that the effectiveness

of the Audit & Supervisory Board has been ensured. Going forward, we will continue to consider factors that include both the business expansion and domestic and foreign reorganization of the NTT Group as we strengthen collaboration between the Internal Audit Department, Group company Audit & Supervisory Board Members, and other relevant parties to work towards upgrading our Group auditing system. In addition, we formulate an audit plan every year based on consideration of changes in the internal and external environment as well as the status of the NTT Group's business operations, but we will also flexibly conduct audits as necessary in response to events and changes that occur during the year to focus more closely on the status of efforts by our directors and executive officers and more actively offer recommendations. In terms of audits that target the management, we will continue striving to increase the effectiveness of the Audit & Supervisory Board, such as by more closely collaborating with Outside Members of the Board, Group company Audit & Supervisory Board Members, etc.

Note that—regarding the incident where a former temporary employee of an NTT Group company illegally stole customer information and leaked it to a third party—it has already been reported that provisional action has been taken to address inadequacies that became clear as a result of research, etc. The Audit & Supervisory Board will continue focusing on regularly confirming the progress of initiatives being pursued across the Group to further strengthen and improve the Group's overall security level.

### ■ Activities of the Audit & Supervisory Board

Opinion exchange meetings with Representative Members of the Board, etc. and interviews with heads of organizations, etc.	42 times
Audit & Supervisory Board Meetings	25 times
Audit & Supervisory Board Member Preliminary Deliberation Meetings	31 times
Opinion exchange meetings with Accounting Auditors	14 times
Opinion exchange meetings with Internal Audit Department	18 times
Opinion exchange meetings with Representative Members of the Board, etc. from Group management companies	82 times

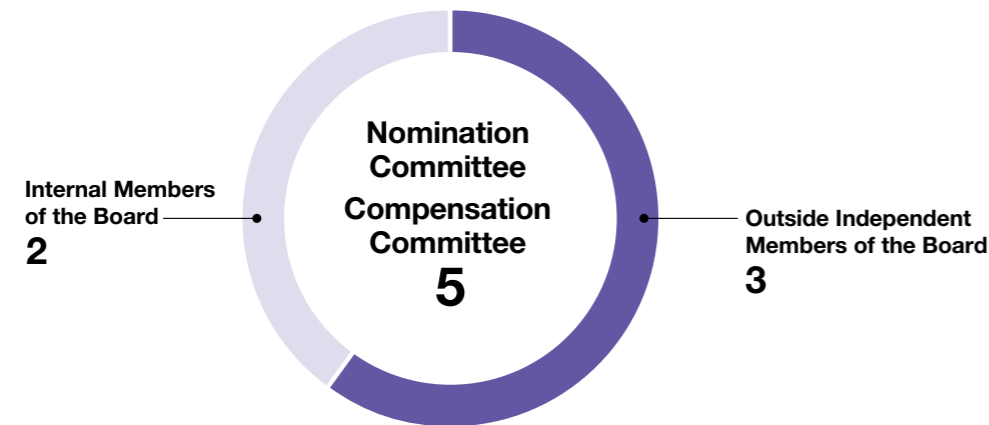
## Nomination Committee and Compensation Committee Composition and Activities

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 2023, 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 committee members in attendance.

During fiscal 2023, the Nomination Committee convened six 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 Chairperson</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 such authority 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 judgments from an outside

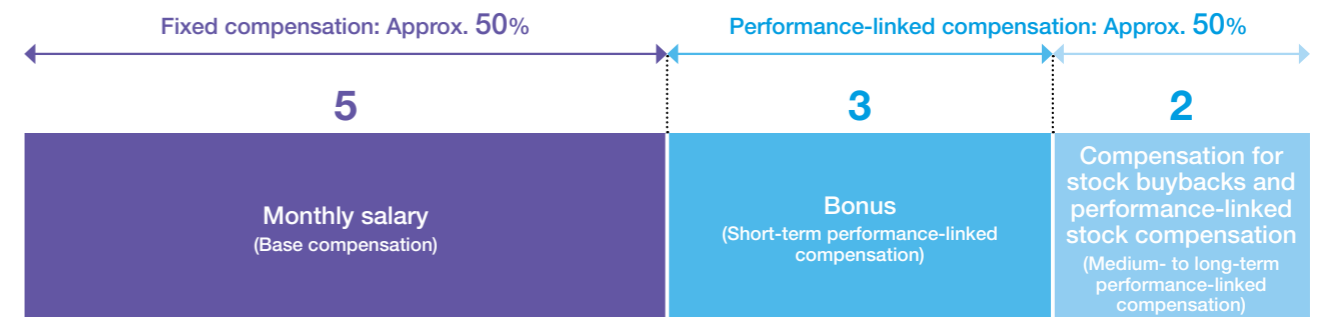
perspective while also taking a bird's-eye view of the Company's overall performance.

Compensation of individual directors (excluding outside Members of the Board) consists of a monthly salary (base compensation) and a bonus (compensation related to performance over the short term), NTT stock buybacks through the 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.
- Note that, due to the announcement of our new Medium-Term Management Strategy, we extended the trust period starting in FY2024 and changed our performance indicator (from EPS to EBITDA, a financial-target indicator under our new Medium-Term Management Strategy).

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	FY2022 Results	FY2023 Results
Financial indicators	EBITDA	25%	Year-on-year improvement	¥3,290.2 billion	¥3,418.1 billion
	EPS (earnings per share)	10%		¥13.9	¥15.1
Sustainability indicators	Employee engagement rate	2.5%		57%	54%

Category	Performance Indicators	Evaluation Weight	Evaluation Method	FY2023 Targets	FY2023 Results
Financial indicators	EBITDA	25%	Achievement of targets	¥3,390.0 billion	¥3,418.1 billion
	Operating profit	10%		¥1,950.0 billion	¥1,922.9 billion
	Overseas operating profit margin	10%		8.3%	8.6%
	ROIC for existing areas (return on invested capital)	5%		8.3%	8.1%
Sustainability indicators	Greenhouse gas emissions	5%		2.466 million tons or less	2.419 million tons
	New female manager promotion rate	5%		30%	28%
	Amount of B2B2X revenues	2.5%		¥873.1 billion	¥1,058.1 billion

(Notes) 1. NTT conducted a 25-for-1 stock split of its common stock with an effective date of July 1, 2023. We calculated our EPS based on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.  
 2. The scope of aggregation for the employee engagement rate is based on the percentage of positive responses to four NTT Group KPIs that measure engagement. The scope of aggregation includes the major companies and their designated subsidiaries. The major companies are NTT DOCOMO<sup>\*1</sup>, NTT East, NTT West, NTT DATA Group, NTT Urban Solutions, and NTT Anode Energy.  
 3. The scope of aggregation for the overseas operating profit margin is consolidated for the NTT DATA Group. In addition, the calculations exclude temporary expenses, such as M&A-related depreciation costs of intangible assets.  
 4. Existing areas refer to NTT DOCOMO's consumer telecommunications businesses, NTT East, and NTT West.  
 5. The target for GHG emissions is GHG protocol Scope 1 + 2.  
 6. The scope of aggregation for new female manager promotion rate is five major domestic Group companies (NTT, NTT DOCOMO<sup>\*2</sup>, NTT East, NTT West, and NTT DATA Group<sup>\*3</sup>).  
 7. The scope of B2B2X revenues includes the Integrated ICT Business Segment, the Regional Communications Business Segment, and the Global Solutions Business Segment.  
 8. The FY2023 result for greenhouse gas emissions is a preliminary figure used in the calculation of officer bonuses. The finalized figure for FY2023 was 2.32 million tons.  
<sup>\*1</sup> Figures for NTT DOCOMO include those for NTT Communications.  
<sup>\*2</sup> NTT DOCOMO includes figures from NTT Communications. Furthermore, NTT DATA Group includes figures from NTT DATA and NTT DATA, Inc.

Starting in FY2024, we plan to change the performance indicator for bonuses from the amount of B2B2X revenues to customer engagement (NPI, NPS) in order to strengthen the customer experience (CX).

Category	Performance Indicators	Evaluation Weight	Evaluation Method
Financial indicators	EBITDA	25%	Year-on-year improvement
	EPS (earnings per share)	10%	

Category	Performance Indicators	Evaluation Weight	Evaluation Method
Financial indicators	EBITDA	25%	Achievement of targets
	Operating profit	10%	
	Overseas operating profit margin	10%	
	ROIC for existing areas (return on invested capital)	5%	
Sustainability indicators	Greenhouse gas emissions	5%	
	New female manager promotion rate	2.5%	
	Employee engagement rate	2.5%	
	Customer engagement	NPI	2.5%
		NPS	2.5%

(Notes) 1. The scope of aggregation for the overseas operating profit margin is on a consolidated NTT DATA Group basis. In addition, the calculations exclude temporary expenses, such as M&A-related depreciation costs of intangible assets.  
 2. Existing areas refer to NTT DOCOMO's consumer telecommunications businesses, NTT East, and NTT West.  
 3. The target for GHG emissions is GHG protocol Scope 1 + 2.  
 4. The scope of aggregation for new female manager promotion rate is five major domestic Group companies (NTT, NTT DOCOMO<sup>\*1</sup>, NTT East, NTT West, and NTT DATA Group<sup>\*1</sup>).  
 5. The scope of aggregation for the employee engagement rate is based on the percentage of positive responses to four NTT Group KPIs that measure engagement. The scope of aggregation includes the major companies and their designated subsidiaries. The major companies are NTT DOCOMO, NTT DOCOMO<sup>\*2</sup>, NTT East, NTT West, NTT DATA Group, NTT Urban Solutions, and NTT Anode Energy.  
 6. Customer engagement Next Purchase Intention (NPI) indicates whether a customer intends to continue using a product, while Net Promoter Score<sup>®</sup> (NPS<sup>®</sup>) <sup>\*2</sup> indicates the degree to which a customer would recommend the product to others. The scope for customer engagement includes services for small and medium-sized corporations and services for consumers, which are the focus areas of NTT East, NTT West, and NTT DOCOMO<sup>\*2</sup> (there are plans to expand the scope to include services for large corporations in future).  
<sup>\*1</sup> NTT DOCOMO includes figures from NTT Communications. Furthermore, NTT DATA Group includes figures from NTT DATA and NTT DATA, Inc.  
<sup>\*2</sup> The figures for NTT DOCOMO include NTT Communications.  
<sup>\*3</sup> Net Promoter Score and NPS used in the text are the registered trademarks of Bain & Company, Fred Reichheld, and SatMetrix Systems (present-day NICE Systems, Inc.).

**Group Management Approach and Policies**

NTT respects the mutual independence and autonomy of its Group companies while concluding agreements with Group companies that cover their operations and are aimed at maximizing each Group company's profit. Based on these agreements, we formulate management strategies for the NTT Group as a whole and offer suitable advice and mediation to each company, which in turn consider this as they bear responsibility for their own management and independently manage their business. In addition, under our Medium-Term Management Strategy, we are expanding our investment in new growth areas and strengthen-

ing initiatives based on cash-generating ability aimed at sustainable growth in line with the goal of transforming our Group into one capable of achieving new value creation and global sustainability. To formulate our Medium-Term Management Strategy, we make proposals to and hold discussions with the Board of Directors, etc., including expanding our investment in the growth areas of IOWN, Smart Life, AI and robots, data centers, green solutions, and circular economy businesses as well as other considerations related to the direction of our business portfolio.

**Meaning of Having Listed Subsidiaries Based on Our Group Management Approach and Policies**

The meaning of NTT having listed subsidiaries is described below, but we respect the independence and autonomy of our subsidiaries as we maintain close collaboration with them and strive to achieve the sustainable growth and development of the NTT Group.

- As a result of owning NTT DATA Group, we believe we can provide global solutions to our business users—including everything from applications to IT infrastructure—thereby providing our customers with total new value solutions. In addition, by listing the company, we can raise funds from the market that are necessary for our growth and development, thereby gaining the ability to flexibly develop our business in response to the changing IT market.
- As a result of owning INTAGE HOLDINGS Inc., we believe we can provide marketing solutions that combine the company's data utilization know-how with the behavioral data of NTT Group customers, thereby enhancing our marketing capabilities to enrich the lives of our customers. In addition, because listing the company to maintain the independence and autonomy of its corporate culture and management is important for achieving sustainable development and the company has a strong need for neutrality given that it provides data, marketing, and research services to its customers, we are maintaining its independence as a listed company.

**Policies Related to Ensuring the Effectiveness of Governance Systems of Listed Subsidiaries**

In terms of the establishment and operations of listed-sub subsidiary governance systems, each listed subsidiary independently appoints independent outside officers, etc., and NTT respects the independence of such subsidiaries.

- To appoint officer candidates, NTT DATA Group obtains an explanation of candidates before the company's Board of Directors meeting and then offers suitable advice in response. Next, the company's Board of Directors considers and makes decisions on each candidate from the perspective of improving the company's corporate value. We also believe NTT ensures this company's independence. In addition, the company thoroughly considers its decisions before exercising voting rights at its General Meeting of Shareholders.
- To appoint officer candidates other than officers nominated by NTT, INTAGE HOLDINGS Inc. fully respects the findings of its Nomination and Compensation Committee, which consists mainly of Outside Members of the Board. Next, the company's Board of Directors considers and makes decisions on each candidate from the perspective of improving the company's corporate value. We also believe NTT ensures this company's independence. In addition, the company thoroughly considers its decisions before exercising voting rights at its General Meeting of Shareholders.

\*For details on the meaning of owning listed subsidiaries under the umbrella of NTT DATA Group as well as our policies on ensuring the effectiveness of governance systems, see the company's Corporate Governance Report.

**Cross-Shareholding Policy**

NTT's net investment goal for stock ownership is as follows: to own stock for the purpose of taking advantage of short-term fluctuations in interest rates, currencies, and stock market prices as well as market gaps, etc. to earn profit, secure dividends, etc. Meanwhile, our main goal for cross-shareholdings is to own stock as necessary to promote collaboration and open innovation with partners in various industries to improve our medium to long-term corporate value.

One of NTT's core business policies is to promote collaboration and open innovation with partners in various industries to improve our medium to long-term corporate value. Based on this policy, we hold Investment Strategy Committee meetings, etc., where we comprehensively consider how to contribute to NTT's medium to long-term performance, our progress related to business collaboration, future issues to consider in terms of business collaboration, the performance trends of owned stock and our future management strategy, and other issues in order to verify the suitability of owning individual stock brands as well as whether to hold or sell such stock. In addition, NTT Group companies annually examine their cross-shareholdings to verify the suitability of owning individual stock brands and decide whether to sell them or handle them in some other way.

## Stakeholder Engagement

The 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 the 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 the 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 of individual investor seminars</li> <li>▶ Hosting of institutional investor seminars</li> <li>▶ Issuing integrated reports, etc.</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 at 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 the 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 will fulfill our corporate social responsibilities and aim for sustained growth together with our business partners.

### Competitors and Industry Associations

Everyone involved in ICT services similarly to the NTT Group as well as all the industry associations working on developing information communications

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.