



NTT's Governance Reform

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- * "E" in this material represents that the figure is a plan or projection for operation.
- ** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.
- *** "1Q" in this material represents the three-month period beginning on April 1 and ending on June 30, "2Q" represents the six-month period beginning on April 1 and ending on September 30, "3Q" represents the nine-month period beginning on April 1 and ending on December 31, and "4Q" represents the twelve-month period beginning on April 1 and ending on March 31.

How the Corporate Governance Code was introduced



Japan Revitalization Strategy

- Third arrow of Abenomics: Stimulating private investment
- Strengthening corporate governance as a growth strategy



Ito Review

- Importance of dialogue with investors
- Setting an ROE target of 8%



Introduction and revision of the CG Code

- Introduced in 2015
- Revised in 2018 (diversity of the board, optional committees, etc.)

Main principles included in the CG Code



Responsibilities of the Board of Directors, etc.	Evaluation of the effectiveness of the board	Supplementary Principle 4.11.3
	Diversity of the board (gender, international experience)	Principle 4.11
	Appointment of several independent directors	Principle 4.8
Ensuring transparency	Establishment of nomination committee and remuneration committee	Supplementary Principle 4.10.1
	Policies and procedures in the appointment of candidates for executives	Principle 3.1 iv
	Policies and procedures in determining the remuneration of executives	Principle 3.1 iii

NTT's response to the main principles of the CG Code

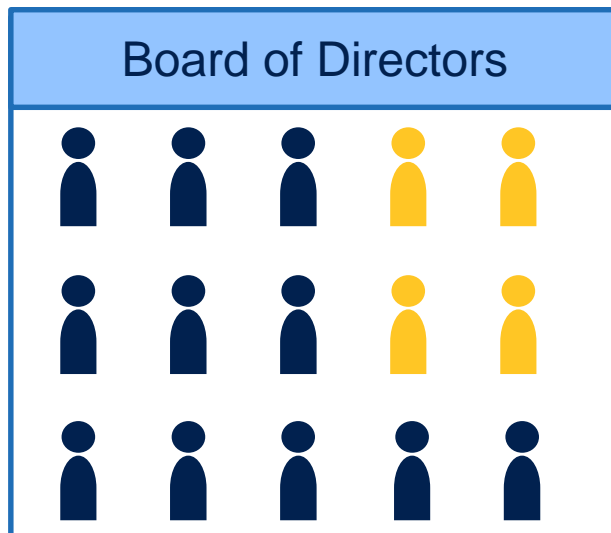


Supplementary Principle 4.11.3 Evaluation of the effectiveness of the board	<ul style="list-style-type: none">- Meeting to exchange ideas and opinions were conducted.(2015~)- Surveys of all executives, including auditors, were conducted.(2018~)
Principle 4.11 Diversity of the board	<ul style="list-style-type: none">- Three female executives were appointed, and four foreign executives were appointed at the intermediate holding company for global operations.
Principle 4.8 Independent directors	<ul style="list-style-type: none">- Alternation the number of directors from 15 to 8.- Of the eight directors, four are independent directors. (50%)
Supplementary Principle 4.10.1 Optional committees	<ul style="list-style-type: none">- The Appointment and Compensation Committee was established as a deliberative body to assist the board. It consists of four persons, including two independent directors. (2005~)
Principle 3.1 iv Appointment of candidates for executives	<ul style="list-style-type: none">- Discussions were held at the committee through diverse candidates.
Principle 3.1 iii Determination of remuneration for executives	<ul style="list-style-type: none">- KPIs were clarified.

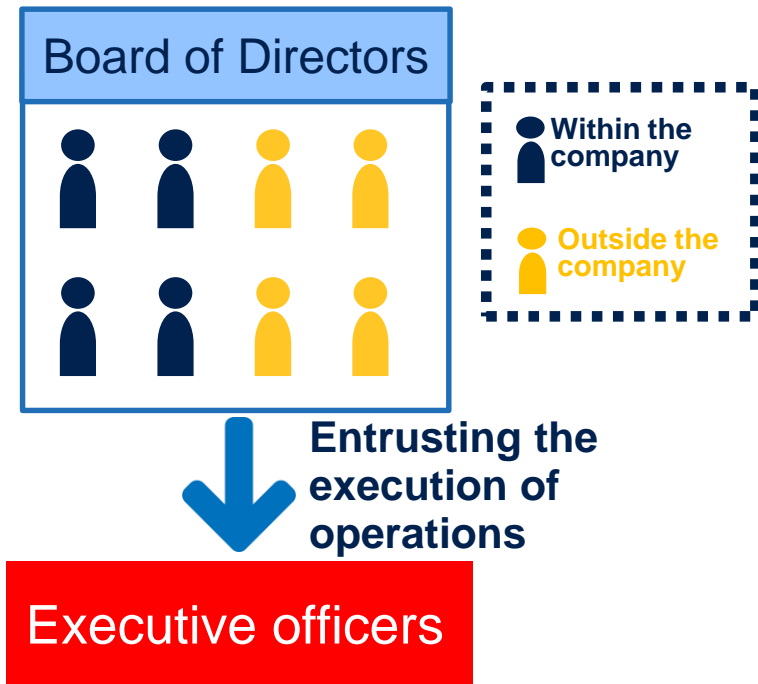
NTT's efforts (reform of the board)

- **Activation of strategic discussions** by reducing the size of the board
- **Improvement of management mobility** by adopting an executive officer system
- Improvement of the ratio of independent directors to total directors (from 26.7% to **50%**)

Before change: 15 directors



After change: 8 directors



Diversity of the board

- **Three** of the 13 directors and corporate auditors (23%) are female. NTT has established a structure where diverse values are incorporated into management.
- **Four** foreign executives were appointed at the intermediate holding company for global operations (NTT, Inc.).

	Directors	Auditors	Total
Number of people	8	5	13
(Mentioned above) Female	1	2	3

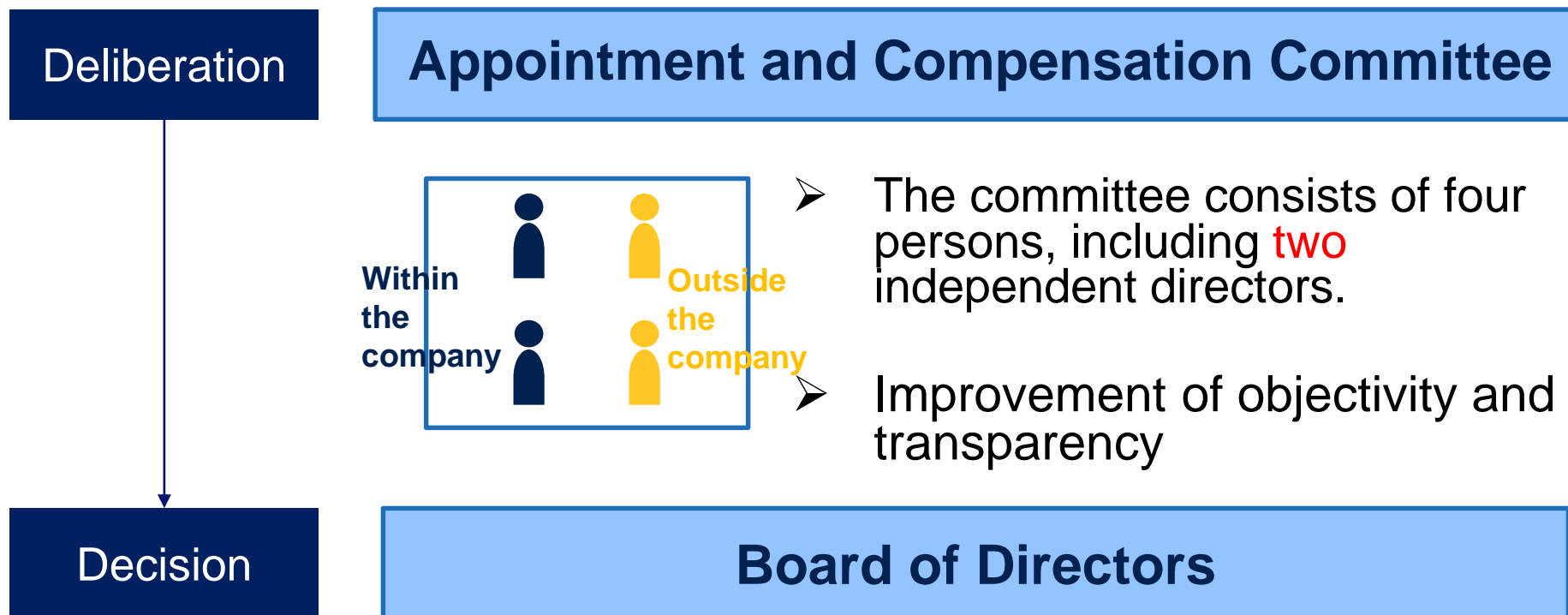
Ratio of female: **23%**

Foreign directors at NTT, Inc.



Appointment and Compensation Committee

- As for decisions concerning the appointment and remuneration of directors, the Appointment and Compensation Committee has been established.
- Five committee meetings were held in fiscal 2019, and active discussions were made.



- The board selects candidates for directors after deliberation at the Appointment and Compensation Committee, which includes two independent directors.

Clarification of expected missions and specifications

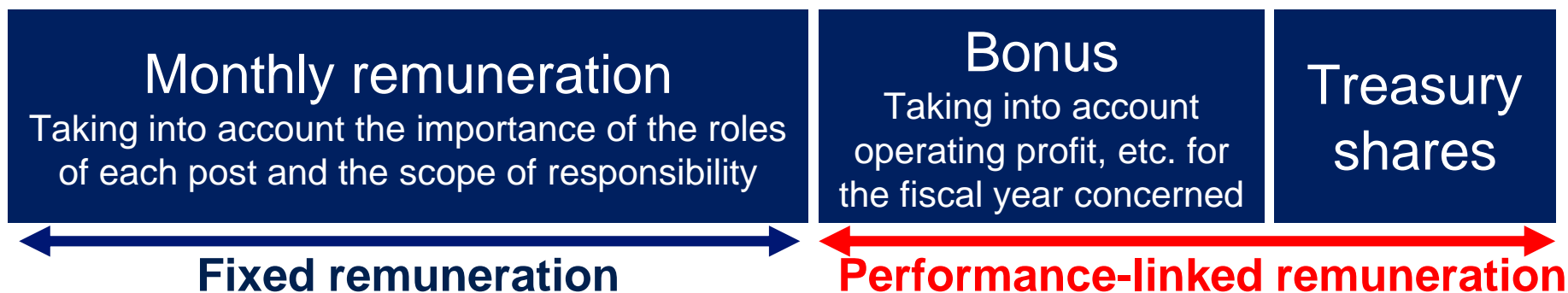
Selection of diverse candidates

The Appointment and Compensation Committee narrows down candidates.

Policies and procedures in determining the remuneration of executives

- The board determines the remuneration of executives after deliberation at the Appointment and Compensation Committee, which includes two independent directors.

<Image of Performance-linked remuneration>



Financial targets, etc. set in the Medium-Term Management Strategy

<concrete example>

EPS, operating profit, ROIC, CAPEX to sales, overseas sales, overseas operating profit margin, number of projects for the B2B2X model



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