

CSR Management

Eight Sustainability Focuses and KPIs for CSR Management

Of the eight sustainability focuses identified through materiality assessment, NTT DOCOMO considers the following three to be particularly important. We have established mid- to long-term goals for these items and are managing their progress.

Sustainability Focuses	Goals	Actual Results (Fiscal 2015)
Reinforce protection of information security and data privacy	All employees attend information security training more than once (fiscal 2020)	All employees carried out training at least once
Ensure stability and reliability of communication service	Provide stable services covering all of our service area (fiscal 2017)	99.99%
Contribute to society and the environment through ICT	Operating income for the Smart Life Business and other businesses Segment: 130 billion yen (fiscal 2017)	Operating income for Smart Life Business and other businesses Segment: 74.2 billion yen

KPIs are established for environmental and social areas to support CSR management. Progress for each indicator is being managed and reported.

	KPIs	Goals and Target Years	Actual Results		
			FY2013	FY2014	FY2015
Environment	Energy consumption for data communications	Reduce to 1/4th (or 75%) by fiscal 2016, compared to fiscal 2012	30% reduction	47% reduction	58% reduction
	Promotional materials prepared in paper format	Reduce by more than 40% by fiscal 2016, compared to fiscal 2012	37% reduction	53% reduction	63% reduction
	Final disposal rate of waste	Reduce to 1% or below by fiscal 2030	1.43%	1.92%	1.59%
Social	Ratio of female managers	7.5% by fiscal 2020	2.7%	3.0%	3.6%
	Number of participants to smartphone and mobile phone safety class	1.3 million people by fiscal 2020	0.98 million people	1.03 million people	1.05 million people
	Ratio of persons with disabilities	2.0% or above each year by fiscal 2020	2.10%	2.10%	2.16%

Emerging Risks Created by Changes in Society in Mid-to-long Term

● Stability and reliability of communication services are affected by more frequent and larger scale natural disasters caused by climate change

In modern society, communication infrastructure has become an indispensable part of industries and people's lives. Natural disasters brought on by climate change are occurring more frequently and on a larger scale, and they may cause more communication service interruptions. Unstable service provision such as interruption of communication service will result in significant damage for our customers and may result in a decline of our reputation, cause damage to our corporate brand, or lead to a loss of customers to other service providers.

NTT DOCOMO addresses these risks by making appropriate capital investments and carrying out technological developments to meet requests related to such areas as speed, stability, and cost. In addition, we are constructing and maintaining more resilient networks that are more resistant or less vulnerable to natural disasters. We have also implemented measures that will allow us to resume operations promptly in case of a disaster. Additionally, we have set out a basic set of matters to be referred to in the event of large-scale disasters and are performing drills regularly. Also, we have set out a business continuity plan process manual that deals with important platforms and internal systems.

● Security threat is becoming more sophisticated and increasingly serious, requiring further strengthening of information security and data privacy protection

Due to the rapid spread of smartphones and social medias in recent years, cyber attacks targeting corporate confidential information have become more complex and increasingly serious. As a communication service provider, our reputation and brand image, not to mention the basis of our business, are adversely affected by risks relating to information security. Occurrence of any such risk would have great impact on our business performance.

Therefore, the NTT Group has implemented an information security strategy to foster information security experts and raise awareness of information security among employees.

Sustainable Supply Chain Management

Sustainable Supply Chain Management Approach

DOCOMO has a basic policy of providing domestic and foreign suppliers with competitive opportunities to compete in a fair and open manner and procures competitive goods and services in line with business needs on the basis of sound economic principles. From the perspective of sustainable procurement, we formulated the “NTT DOCOMO CSR Procurement Guidelines” in 2009 with the belief that it is essential to respect human rights, uphold labor practices in production processes, and ensure occupational health and safety during the whole production process of products procured from suppliers. The NTT Group reformed its CSR procurement in December 2013, and we strengthened our efforts on that occasion by revising the guidelines to the “NTT DOCOMO Guidelines for CSR in Supply Chain.” We itemized rules for seven CSR-related areas: human rights and labor, occupational health and safety, the environment, fair trade and ethics, product quality and safety, information security, and contribution to society.

From many of DOCOMO’s supply chains, we define network facility suppliers, communication device suppliers, and telecommunication equipment construction companies who supply products at a certain volume, or those who supply non-fungible products as a particularly important primary supplier in sustainable supply chain management, and we apply our guidelines when dealing with these suppliers. We also consider it important, from a sustainability viewpoint, to understand the risks of certain secondary suppliers and so on. These are the suppliers who manufacture general-purpose items to be used in network construction or a customer’s system, and they either provide supplies of a certain amount or provide supplies used to form a high proportion of some of the main new control intervals. Other suppliers provide the main materials used for the products that go through the procurement process for communication devices.

	KPIs	Targets for Fiscal 2017	Actual Results			
			FY2013	FY2014	FY2015	FY2016
Sustainable supply chain management	Rate of conducting a questionnaire survey to important primary suppliers and their response rate	100%	100%	100%	100%	100%
	Rate of conducting an audit of primary suppliers with high sustainability risk	100%	100%	100%	100%	100%
	Rate of conducting training for purchasing staff	100%	100%	100%	100%	100%

We regularly monitor sustainability risks pertaining to these important suppliers. Corrective measures are planned and executed in regard to those who are identified as having been exposed to risks. To ensure that these steps are fully implemented, we carry out periodical training for those in charge of procurement.

Sustainable supply chain management at DOCOMO is led by the senior executive vice president, who is responsible for procurement, and our basic stance is to work together with suppliers. Target KPIs are established and their progress is managed by the company.

Assessing and Managing Sustainability Risk

Every year, DOCOMO conducts assessments of particularly important primary suppliers using the “CSR Procurement Check Sheet,” which is based on “NTT DOCOMO Guidelines for CSR in Supply Chain.” The checklist (self assessment questionnaire) contains 140 items in the seven areas: human rights and labor, occupational health and safety, the environment, fair trade and ethics, product quality and safety, information security, and contribution to society. In the area of human rights, for example, we monitor violations of workers’ freedom of association and right to collective bargaining as well as child labor and forced labor. Each of the 140 items are assessed on a scale of 0 to 5, with 5 being the best score. If a supplier either scores 2 or lower in as many items that make up a certain percentage of the whole questionnaire or gets low scores for designated questions, then the supplier is defined as a “high sustainability risk supplier.”

We visit the high sustainability risk suppliers for further confirmation and plan, implement, and monitor corrective actions if they are deemed necessary.

In fiscal 2015, we received responses from all of the important primary suppliers. As a result of evaluating the check sheet, one supplier was indicated as high sustainability risk supplier. We conducted a detailed hearing at the supplier’s site and confirmed that there was no problem.

Considering Sustainability in Selecting Suppliers

DOCOMO requires that all of its suppliers be free from connections with anti-social groups. Meeting this criteria is essential in carrying out appropriate procurement. Accordingly, our contract with all of the suppliers includes a relevant provision. In addition, we have a minimum standard for new suppliers that includes criteria such as implementing an environmental assessment based on “Guidelines for Green Procurement” and meeting standards for the use of restricted substances.

Other CSR Information and Data

Political Donations

With respect to political donations, we make it absolutely clear that donations are to be extended through legitimate channels in accordance with the “NTT DOCOMO Group Code of Ethics” and “NTT DOCOMO Guidelines for CSR in Supply Chain,” and in compliance with the Political Funds Control Law in Japan. In fiscal 2016, DOCOMO made political donations totaling 7 million yen to a telecommunication administration.

	Indicator	Actual Results			
		FY2013	FY2014	FY2015	FY2016
Political donation	Amount of political donations (telecommunication administration)	7 million yen	7 million yen	7 million yen	7 million yen

Network Reliability

Network interruption such as communication failures are reported to the supervising ministry of the Ministry of Internal Affairs and Communications, based on “Guidelines on Application of Applicable Laws and Regulations etc. within the Telecommunications Business Act in Relation to Telecommunication Accidents.” At the same time, we inform our customers about the matter thoroughly using our website. One interruption occurred during fiscal 2016.

	Indicator	Actual Results			
		FY2013	FY2014	FY2015	FY2016
Network reliability	Average network interruption frequency*	0	0.0005	0	0.0013
	Average network interruption duration*	0	0.0015	0	0.0102

* These indicators are calculated following the disclosure index defined by the US Sustainability Accounting Standards Board (SASB).

Protection of Privacy

The following table shows the number of complaints received from a regulatory authority and external institutions regarding breaches of personal information and privacy as well as the number of leaks of personal information and data theft/loss. In the event of any personal information leakage or data theft/loss, our customers are informed of the matter through our website.

	Indicator	Actual Results			
		FY2013	FY2014	FY2015	FY2016
Protection of privacy	Complaints from external institutions	-	-	-	0
	Complaints from Regulatory authorities	-	-	-	0
	Personal information leaks, data theft/loss	0	1	0	1

Impact Valuation

Since fiscal 2016, DOCOMO has begun to measure and attach value to the impact of initiatives that address the sustainability focuses. Our very first report will focus on the two important services provided by DOCOMO, the smartphone and mobile phone safety class and “Aruite-Otoku,” an application that helps to promote the health of users. The report will measure the impact of each of the services on society and also attach value to them, and the results will be disclosed to the public.

● Impact Valuation Report



https://www.nttdocomo.co.jp/english/binary/pdf/corporate/csr/about/pdf/e_csr2016w_impactvaluationreport.pdf

Human Rights Management

Basic policies on human rights

The NTT Group Human Rights Charter, also practiced at NTT DOCOMO, was established based on the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work, and also by incorporating the ideal of the Guiding Principles on Business and Human Rights, endorsed by the United Nations. In addition, the NTT DOCOMO Group has independently formulated the Basic Policies on Human Rights (revised in fiscal 2016) to raise awareness about human rights by setting out more concrete approaches and policies. We also have guidelines for our suppliers, the NTT Group Guidelines for CSR in Supply Chain, the NTT DOCOMO Group Basic Procurement Policies, and the NTT DOCOMO Group CSR Procurement (policies for conflict minerals), based on the ideals of the NTT Group Human Rights Charter. The guidelines lay out our expectations of suppliers to respect human rights.

As part of our activities and procedures for delivering on our commitments, we prepared an e-learning program aimed at promoting understanding of the NTT Group Human Rights Charter. This effort supports employees by helping them gain an understanding of the NTT Group's policy on respecting human rights. Moreover, we are making headway with an initiative on human rights due diligence as a framework to adopt the ideals of the Charter into the Group's business practice.

Human rights due diligence

The NTT Group has developed human rights due diligence process in accordance with the NTT Group Human Rights Charter and is moving forward with its gradual introduction and implementation.

In fiscal 2015, in order to better understand social conditions, etc., that our businesses face across the world and to understand current human rights issues, we conducted a human rights risk assessment for those issues (including potential ones) in business that the Group companies take on overseas (for example, BPO and data centers) or in places that are considered as nations with human rights concerns (such as China and India). As part of our action to build a system to prevent abuse of human rights, we compiled a human rights management survey sheet based on the results of the human rights risk assessment. In fiscal 2016, using the survey sheet, we surveyed 52 Group companies under the management of the NTT DOCOMO Group. Our intention was to grasp which human rights issues needed to be given priority within each company (categorized by types

of business and country/segment), check for the presence of a human rights policy, and gain an understanding of the human rights management system for each Group company surveyed. The results showed that all surveyed companies had human rights issues that needed to be prioritized in their line of business activity. Among them, 96.2% were confirmed as having human rights awareness education programs implemented.

Beginning in fiscal 2017, an external professional institution will be performing human rights impact assessments to get hold of and analyze each company's human rights issues more precisely and to identify apprehensive human rights issues that actually or potentially exist.

As for our suppliers, we conduct a sustainability risk assessment every year using the NTT Group check sheet for CSR in the supply chain. This includes an assessment for the human rights of our primary suppliers. The check sheet (self-assessment questionnaire) contains 140 evaluation items covering the seven areas of human rights and labor, occupational health and safety, the environment, fair trade and ethics, product quality and safety, information security, and contribution to society. In the area of human rights, for example, we monitor violations of workers' freedom of association and right to collective bargaining, as well as child labor and forced labor. Each of the 140 items are assessed on a scale of 0 to 5, with 5 being the best score. If a supplier scores either 2 or lower in as many items that make up a certain percentage of the whole questionnaire, or gets low scores for designated questions, then the supplier is defined as a high sustainability risk supplier. We visit high sustainability risk suppliers for further confirmation and planning, and to implement and monitor corrective actions if necessary.

With regard to joint venture companies, which are accounted for using the equity method and not controlled by the Group, we use our original, simplified version of the NTT Group's human rights management survey sheet to identify human rights issues and check whether corrective actions for identified risks are in place.

Occupational Health and Safety (Working Environment)

Approaches to maintain health, safety and well-being of employees		Specific approaches
(A) Information about stress management		All employees receive a stress check, and the results are relayed to each organization as well as to the individuals as feedback, which is then used for organizational and individual analysis to develop mental management. Data on actual overtime hours are also shared with the organization and employees. Interviews are set up as needed with those who routinely work long hours. We also share information regarding the level of use of flextime and work-from-home systems, etc., implemented as our initiative to maintain and enhance both the physical and mental health of our diverse human resources. From the viewpoint of maintaining an environment that will motivate and energize our employees and support their continuous service, we will review the Company's office regulations and other programs to allow a work style that agrees even more with the diverse working styles and life styles of its employees.
(B) Stress management training		<ul style="list-style-type: none"> • We provide mental health training to all employees, line care training to new managers, and both physical and mental training to new employees. • In addition, we have counselling services provided by EAP, health consultations provided by industrial physicians and health nurses, life planning vacation, personalized shifts, etc., implemented as part of our internal program to support employee's health. We inform our employees about these programs from time to time and also provide training.
(C) Healthy working environment	Working environment well suited for human engineering	Some of our offices are barrier-free. Measuring indoor air quality, workplace patrols by industrial physicians, and other regulations on health management and detailed operating rules are established in compliance with the Industrial Safety and Health Law.
	Lighting	Cooperate with the building management company engaged in overseeing our workplaces and measure light intensity in line with the indoor air environment measurement (measured twice every two months, once in the morning and once in the afternoon). If the results exceed the standard value, we determine the cause and take actions for improvements.
	Noise	As a countermeasure against noise from construction, work that may create noise exceeding the standard value of 80 decibels, set by the ordinance for designated construction work, is performed on holidays or at night.
	Indoor air quality	Cooperate with the building management company engaged in overseeing our workplaces. Measure air flow and the amount of carbon dioxide, carbon monoxide, and suspended particles in line with the indoor air environment measurement (measured twice every two months, once in the morning and once in the afternoon). If the results exceed the standard value, we determine the cause and take actions for improvements. Countermeasure example: If the density of carbon dioxide exceeds 1,000 ppm, cooperate with the building management company to change the air-conditioning equipment setting in order to increase ventilation. We also change the setting of air-conditioning equipment and adjust the degree of an air outlet aperture to address high concentrations of suspended particles, high carbon dioxide density, and high wind velocity.
	Temperature and humidity	Cooperate with the building management company engaged in overseeing our workplaces and measure temperature and relative humidity in line with the indoor air environment measurement (measured twice every two months, once in the morning and once in the afternoon). If the results exceed the standard value, we determine the cause and take actions for improvements. Countermeasure example: If room humidity is low, we cooperate with the building management company to change and adjust the moisturizer setting to meet the adequate level of humidity.
(D) Fitness related facilities or fee support for the use of external fitness facility		Provide all employees with an elective benefit program. Employees who wish to use an external fitness club may do so at a low rate under the program.
(E) Health and nutrition		<ul style="list-style-type: none"> • A regular physical examination is provided to all employees and a complete physical examination to those who wish. The complete examination is provided to employees 40 years and older as a countermeasure against life-style related disease. • By considering employees' health management from a managerial stand point and taking strategic initiatives, we were accredited as 2017 Company with Excellent Health Management - White 500. • Distributed IT-pedometers as part of a measure to boost health in cooperation with a health insurance society. The health insurance society also introduces healthy recipes. • A lunch menu prepared under the supervision of a nutritionist is provided at workplaces with cafeterias. The use of the cafeteria is permitted to all employees. • A massage service is provided to employees to be used casually during their break to refresh.
(F) Flextime		A flexible working hour arrangement.
(G) Working from home program		Introduced a working from home program to enable employees to work outside of the office.
(H) Child care facilities and allowances		<ul style="list-style-type: none"> • Provide dependent's allowance • Provide life support services such as subsidizing the cost of hiring babysitters • Established an employer-provided daycare center
(I) Paid leave for maternity and childcare for mothers that are more beneficial than legally mandated		Lapsed paid leaves are accumulated as a "Life planning vacation" to be taken to attend a child's school event or other similar childcare purposes, or for the purpose of a spouse's childbirth, and a "Special leave (for childbirth)" is provided for the period of six weeks before childbirth and eight weeks after childbirth.
(J) Paid leave for maternity and childcare for fathers that are more beneficial than legally mandated		Lapsed paid leaves are accumulated as a "Life planning vacation" to be taken to attend child's school events or for other various childcare purposes or for the purpose of spouse's childbirth.

Renewable Energy generated by Solar and Wind Power

The total renewable energy generated by solar and wind power was 668 MWh during fiscal year 2016.



Independent Assurance Statement

July 3, 2017

Mr. Kazuhiro Yoshizawa
President and Chief Executive Officer, NTT DOCOMO, INC.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by NTT DOCOMO, INC., ("the Company") to provide limited assurance on the Company's Environmental Indicator during the fiscal year 2016, which was 668MWh of the total renewable energy generated by solar and wind power ("the Indicator"). The purpose of this process is to express our conclusion on whether the Indicator was calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Indicator. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards and reviewing the Company's standards
- Visiting to one of the Company's sites
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Indicator was calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Indicator has not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

A handwritten signature in black ink, appearing to read "Takashi Fukushima", is written over a horizontal line.

Takashi Fukushima
Representative Director, Sustainability Accounting Co., Ltd.