Supply Chain

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We value our relationship with other businesses that are important partners in our operations, and we strive to maintain fair transactions and undertake CSR procurement in view of our responsibilities to society.

**DOCOMO’s Supply Chain**

Relationships with other businesses are important for our ongoing operations. DOCOMO’s business model is sustained by business partners, including suppliers and construction firms related to telecommunications facilities and equipment, communication device manufacturers and sales representatives such as docomo Shops.

We procure materials and services from suppliers under our basic procurement policies and have formulated the NTT DOCOMO Guidelines for CSR in Supply Chain, which we have published on our corporate website. Supply chain management is effectively conducted by the responsible departments.

**Basic Policies and Philosophy**

DOCOMO conducts procurement under the following policies.

1. DOCOMO will strive to provide competitive opportunities with fairness to both domestic and foreign suppliers, and to build mutual trust and understanding.

2. DOCOMO will conduct economically rational procurement of competitive goods and services that meet its business needs, deciding on suppliers based on quality, price, delivery times and stable supply in a comprehensive manner.

3. DOCOMO will conduct procurement in a manner that follows laws and regulations as well as social norms, and takes the environment, human rights and other issues into account, to contribute to society.

**CSR Procurement**

DOCOMO has a basic policy of providing domestic and overseas suppliers with opportunities to compete in a fair and open manner and procuring competitive products and services in line with business needs on the basis of sound economic principles. In 2009 we formulated the NTT DOCOMO CSR Procurement Guidelines with the belief that it is important to fulfill social responsibilities during the whole production process of products procured from suppliers, i.e., respecting human rights, upholding labor practices in production processes and ensuring occupational health and safety. In December 2013, we changed the name to “NTT DOCOMO Guidelines for CSR in Supply Chain” and updated the content so that it corresponds with current social needs in order to enhance our efforts.

We itemized rules that require compliance in the 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. The guidelines apply to suppliers of telecommunications equipment and communication devices. Moreover, we conduct CSR procurement by formulating guidelines, requesting the cooperation of other businesses, monitoring progress and providing support for improvements.

In January 2018, we revised NTT DOCOMO Guidelines for Green Procurement, which we use as guidelines for CSR procurement, and they now include new provisions concerning the
10. Supply Chain > Relationship with Suppliers

reduction of environmental impact and approaches to the upstream supply chain in terms of integrating environmental considerations into business activities.

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<tr>
<th>NTT DOCOMO Guidelines for CSR in Supply Chain</th>
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<td><a href="https://www.nttdocomo.co.jp/english/binary/pdf/corporate/procure/policy/supply_chain.pdf">URL</a></td>
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<th>NTT DOCOMO Guidelines for Green Procurement</th>
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### Implementation of the Guidelines and Monitoring System

Within its wide supply chain, DOCOMO regards the network facilities and mobile phone companies that supply a sizable quantity of products or mission-critical products as tier-one suppliers, and it views them as particularly important to its sustainable supply chain management. We request that these suppliers submit an NTT Group CSR Promotion Check Sheet to confirm the status of their compliance with the guidelines. In fiscal 2017, we received responses from 62 companies, accounting for 100% of all tire-one suppliers. The checklist contains up to 140 items in the seven areas related to CSR: 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.

Following the revision of the Guidelines for Green Procurement, and as an initiative particularly for reducing environmental impact, we request that our suppliers complete the Environmental Activity Survey Sheet. New questions added to the survey are related to the conservation of water resources and consideration for biodiversity. Response to Identification of Chemical Substances Contained in Products, and Substances Subject to RoHS, Non-use Certificate.

### Supply Chain Risk Assessment

Risk assessment of our suppliers is performed in two steps. First, we request that each supplier complete and submit an NTT Group CSR Promotion Check Sheet. If any supplier reports a high-risk factor based on the contents of the survey, we dispatch staff to the supplier to assess the situation and take the necessary measures, such as formulating a corrective action plan together with the supplier. In fiscal 2017, the results of the CSR Promotion Check Sheet indicated that no suppliers were at the level of high risk in terms of CSR. Also, we provide feedback to each supplier on the content of the check sheet without revealing the company name and conduct regular training for procurement staff toward ensuring that CSR actions are being taken.

From the standpoint of sustainability, we believe that understanding the risks associated with tier-two suppliers is important. Accordingly, we regularly monitor the sustainability risks of manufacturers that supply sizable quantities of general-purpose products used in network construction and customer systems, of manufacturers responsible for a high proportion of parts of the main communication control section and of companies supplying major components in mobile phones.

Under the leadership of the senior executive vice president responsible for procurement, DOCOMO adheres to its basic stance of working together with suppliers in sustainable supply chain management. We have set our key performance indicators (KPIs) to manage our progress. Also, we regularly provide education for our procurement staff as a means of ensuring that these initiatives are implemented.

### Supplier Risk Assessment Process

1. High risk
2. Not high risk

- On-site inspection
- Feedback to suppliers

<table>
<thead>
<tr>
<th>Supplier Risk Assessment Process</th>
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<tbody>
<tr>
<td>Distribution/request to complete CSR Promotion Check Sheet</td>
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<table>
<thead>
<tr>
<th>Implementation of risk assessment</th>
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<tbody>
<tr>
<td>1. High risk</td>
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<tr>
<td>2. Not high risk</td>
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<tr>
<th>Feedback to suppliers</th>
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<tr>
<td><a href="https://www.nttdocomo.co.jp/english/corporate/procure/policy/csr_procurement/index.html">Department</a></td>
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</tbody>
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1. Top-level Commitment
2. DOCOMO’s Vision
3. Sustainability of DOCOMO
4. Environment
5. Innovation
6. Customer Services
7. Human Resources
8. Labor Practices
9. Human Rights
10. Supply Chain
   - DOCOMO’s Supply Chain
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● Participation in External Organizations

DOCOMO has participated in the activities of the Global Compact Network Japan as a partner company since fiscal 2017. In fiscal 2017, we also took part in the Supply Chain Subcommittee to discuss and exchange opinions on solving supply chain issues with other participating companies.

Conflict Minerals

Some of the minerals produced in the Democratic Republic of the Congo and other areas subject to ongoing conflict are believed to be funding inhuman activities by armed groups and thereby extending conflict or are thought to be otherwise implicated in human rights violations. The Dodd-Frank Act passed in the U.S. in July 2010 requires companies publicly listed in the U.S.*1 to make disclosures regarding their usage of conflict minerals*2 produced in the Democratic Republic of the Congo or neighboring countries.

In order to meet its procurement-related social responsibilities, the DOCOMO Group works with its suppliers to ensure supply chain transparency and, in view of the provisions of the Dodd-Frank Act, advances initiatives aimed at preventing the use of conflict minerals that would fund the activities of armed groups.

In fiscal 2017, we surveyed tier-one suppliers regarding the country of origin for minerals contained in their products. Additionally, we used the Conflict Minerals Reporting Template and obtained a response rate of 100%.

*1: NTT DOCOMO, INC. delisted itself from the New York Stock Exchange in April 2018.
*2: Under the Dodd-Frank Act, conflict minerals include tantalum, zinc, gold, tungsten and other minerals specified by the U.S. Secretary of State.

Enhancing Procurement Skills

Our procurement operations entail ongoing negotiations with various suppliers and are required to achieve sustainable, stable procurement by equal, fair and transparent transactions. We therefore conduct Web-based training on seven areas related to CSR (human rights, the environment, fair trade and ethics, information security, etc.) for all employees. Moreover, we encourage employees to become Certified Procurement Professionals (CPP)* as a means of enhancing their procurement and purchasing skills. As of the end of fiscal 2017, the ratio of employees with CPP-B qualifications remained high at 72% of all staff involved in procurement.

Communication with Suppliers

DOCOMO endeavors to establish better partnerships through exchanges of requests and proposals.

When we make on-site visits to verify a supplier’s response to the CSR Promotion Check Sheet or to select new suppliers, we conduct an assessment in accordance with a factory checklist while also checking the status of their BCP.

As in the previous year, we held a Business Partner Kickoff gathering in fiscal 2017 with 167 participants from 57 companies involved in DOCOMO’s businesses, including 35 major suppliers, 12 telecom construction firms and 10 NTT Group companies. At these meetings, we explain the business environment surrounding DOCOMO and exchange views with the participants to ensure the continuing stable supply of competitive high-quality products.

NTT DOCOMO Group’s Approaches to Conflict Minerals

Relationship with Telecom Construction Firms

Basic Policies and Philosophy
DOCOMO offers its services through telecommunications facilities mostly built by telecom construction firms. DOCOMO maintains a communications infrastructure to respond closely to customer needs based on proper contracts with the 12 telecom construction firms we work with as partners.

Specifically, we sign contracts covering the entire process from design to construction undertaken by the telecom construction firms in accordance with the Construction Business Act. In addition, DOCOMO designates its own standards and assigns supervisors to secure its management system for preventing accidents involving personal injury or death and for ensuring the quality of the communications we require. Since telecom construction often involves aerial work, we conduct rigorous assessments, particularly of safety, and visit construction sites for safety inspections. Furthermore, we present certificates of gratitude to telecom construction firms that have operated without accidents throughout the year.

DOCOMO maintains good relationships with partner companies by creating regular opportunities for mutual communication, including briefing sessions on our policies, kickoff meetings and presentations for improvement activities. Also, we seek Value Engineering Proposals on a quarterly basis and ask telecom construction firms to submit new technical proposals. Excellent proposals are presented with an award from the president.

Relationship with Sales Representatives

Fair and Appropriate Agency Agreements
DOCOMO provides products and services to customers through docomo Shops, which are specialized stores that deal with the Company’s products and services, and other sales representatives such as large-scale retailers.

As of the end of March 2018, there were 2,350 docomo Shops nationwide, while other shops, including large-scale retailers dealing with products and services of multiple carriers, and also dealerships for our DOCOMO products, totaled approximately 3,000. DOCOMO signs appropriate contracts, which include articles related to CSR, with its partner dealerships in order to provide shops that represent important points of contact between DOCOMO and its customers.

<table>
<thead>
<tr>
<th>Number of docomo Shops</th>
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<tr>
<td>(number of shops)</td>
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<tr>
<td>2012: 2,394</td>
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<tr>
<td>2013: 2,406</td>
</tr>
<tr>
<td>2014: 2,399</td>
</tr>
<tr>
<td>2015: 2,401</td>
</tr>
<tr>
<td>2016: 2,377</td>
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<tr>
<td>2017: 2,350</td>
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(FY end)
Support for docomo Shop Staff

★ Strengthening the Support System

DOCOMO is currently strengthening its support system for staff at docomo Shops and other retail outlets to provide the best possible service to customers. We are enhancing training programs and developing an information system that will make it possible for all staff members to serve customers in an optimal and unified manner. Also, feedback is being collected from customer service staff every day and used to make improvements at docomo Shops and other outlets on an ongoing basis.

We have established a call center dedicated to sales staff in order to support them in the handling of paperwork and responding to customer inquiries pertaining to malfunctions and devices such as smartphones and network services, which are becoming increasingly sophisticated. The center promptly provides staff with the most appropriate and informative responses to customer inquiries with the ultimate aim of improving customer satisfaction and the level of customer service from our sales staff.

★ Continuous Education and Training

As price competition intensifies in the telecommunications industry, DOCOMO has sought to shift its competitive strategy and stake its survival on serving its valued long-term customers by presenting new value that brings greater convenience and comfort to their lives. Accordingly, we revamped our skills qualification system for docomo Shop staff from October 2015, aiming not only to develop the skills related to products and services but also to raise the quality of customer service to an even higher level.

Our training programs are designed to hone the ability to present value in line with the following four objectives: (1) Strengthening the sales mindset to augment the sense of hospitality with proposal capabilities; (2) Acquiring skills instead of knowledge through intensive role playing and practical work; (3) Developing proposal capabilities based on listening to acquire the ability to present proposals that cater to the individual needs of customers; and (4) Retaining staff aimed at quickly educating and retaining employees by nurturing leaders.

We reorganized our system of qualifications into the following categories: the Front Specialist, the Technical Advisor, who has a lot of technical knowledge and is capable of offering prompt analysis and responses to a wide range of queries, including those related to malfunctions. Under the leadership of highly qualified staff, we will strive to propose new value for our customers in an effort to win their trust and affection for our shops.

Meanwhile, attending seminars and obtaining qualifications provide our staff with opportunities to realize personal growth. DOCOMO pays allowances linked to each qualification so that staff can increase both their skills and their salaries and thus remain highly motivated.

Over 90% of our staff are qualified in this way, with 9% holding the top-level qualification. We constantly upgrade our education and training programs in response to new products and services as well as to reflect requests from customers and staff in an effort to enhance the on-site support that our employees need.

Customer Service Contest for docomo Shop Staff

docomo Shop staff from across Japan got together in November 2017 to demonstrate their customer service skills in the “docomo Shop Staff Customer Service Contest-Meister of the Year 2017 National Competition.” Fiscal 2018 is the tenth year of the contest, which was launched nationwide in fiscal 2009 as an opportunity for staff to demonstrate customer service skills required in their daily operations, such as recommending the products and services that best fit the needs of each customer, in addition to an accurate knowledge of mobile phones and services.

Raising Staff Motivation and Providing Incentives

docomo Shop staff represent the frontline of our relationship with customers. While they are employed by the respective sales representatives, DOCOMO provides the necessary training as well as incentives.

We conduct employee satisfaction surveys on a regular basis to gauge the level of satisfaction among these employees. Moreover, we strive to maintain favorable workplace environments by seeking solutions to the problems faced by DOCOMO and its sales representatives.

With regard to our major sales networks, regular inspection tours are carried out by specialized divisions at the headquarters and by staff at the branch offices of DOCOMO. During the inspections, we check up on store management and provide guidance on creating favorable working environments.

We provide incentives for major sales networks such as docomo Shops through various supportive measures aimed at bolstering operational systems to ensure stable operation of sales representatives, securing stable long-term employment of sales staff and enhancing their response to customers, promoting acquisition of skill qualifications by sales staff, raising the quality of sales activities and response to malfunctions and an LTV incentive intended to encourage the continued use of DOCOMO services.

As for non-financial incentives, we offer awards for long-term employment to ensure stable long-term employment of sales staff. Also, we organize training trips for competent sales staff as a way to boost their morale and motivation.
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means of maintaining their motivation.

Environmental Efforts at docomo Shops

Responding to the expectations of our customers and society, we partner with docomo Shops to advance eco-friendly measures for their retail locations and promote greater infrastructure-related electricity conservation. As part of these efforts, we are working to convert approximately 2,350 docomo Shops throughout Japan to indoor LED lighting. This type of lighting is said to consume only one-tenth of the electricity used by incandescent bulbs and only half that of fluorescent fixtures. It therefore significantly contributes to energy savings and, with a useful life that is four times longer compared to a fluorescent fixture, helps to lower operating costs.

Going forward, we plan to continue implementing energy-saving measures at docomo Shops across Japan.

Reinforcing Disaster Preparedness at docomo Shops

docomo Shops have strengthened their disaster preparedness by conducting a drill once a year in accordance with the Disaster Preparedness Manual (docomo Shops version) we created in fiscal 2011, which incorporates our learnings from the Great East Japan Earthquake. The purpose of the manual is to ensure the safety of customers and docomo Shop staff while we consistently provide services to customers, and it has been reviewed and updated once a year.

During the Kumamoto Earthquake that struck in April 2016, each division of the DOCOMO Group pitched in to support docomo Shops that sustained damages and were unable to continue normal operations. We sought to offer continuous response to customers by using mobile communication boards and are moving forward with the installation of sign-language support videophones. As of June 30, 2018, 655 docomo Shops had these systems.

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Furthermore, for people with hearing impairments, we have equipped docomo Shops* with communication boards and are moving forward with the installation of sign-language support videophones. As of June 30, 2018, 655 docomo Shops had these systems.

docomo Shops are also ready to help customers try out the latest models of the RakuRaku PHONE series.

Going beyond the implementation in our facilities of barrier-free design based on the Hearty Style concept, we are working to ensure that personnel understand the concept thoroughly. One way we do this is by having all new docomo Shop staff participate in the New Shop Staff Training.

In fiscal 2017, about 10,000 employees nationwide took part in this training.

*Not installed at all shops.

Promoting Workstyle Reform at docomo Shops

To promote its workstyle reform at docomo Shops, DOCOMO is seeking to create a comfortable working environment for staff by allowing 2,350 docomo Shops nationwide to close their shops for at least one day during the New Year holiday (December 31 to January 3) in addition to allowing them to set a monthly holiday and change business hours according to the number of customers at each shop.

Universal Design at docomo Shops

The DOCOMO Hearty Style concept is based on the pursuit of products and services that can be easily used by anyone—the goal of universal design—and aims to bring customers and DOCOMO even closer together. Under the DOCOMO Hearty Style concept, which we are implementing at docomo Shops throughout Japan, we are eliminating steps at entrances, installing wheelchair-accessible counters and restroom facilities, ensuring adequate interior space, designating dedicated parking spaces for people with disabilities, and taking other steps as well to make docomo Shops barrier-free.

As of the end of March, 2018, over 90% of all docomo Shops in Japan were equipped with barrier-free entrances, and over 80% with barrier-free restroom facilities and dedicated parking spaces for people with disabilities.
**docomo Shops and Local Communities**

Valuing the relationships developed by docomo Shops and local communities as well as customers, we are working to strengthen our engagement with customers across all age groups.

- **Holding a Job Experience Event for Elementary School Children**
  As an initiative to provide children with opportunities to learn about what it is like to be a member of society through job experience, we held a job experience event, the Oshigoto (Job) Challenge for elementary school children at 318 docomo Shops in the Kanto-Koshinetsu region during their 2018 summer vacation. The event was attended by 2,995 children, and all of them could experience working at a docomo Shop.

- **Facilitating Communication with Local Residents through Smartphone Lessons**
  To bring docomo Shops closer to local residents, we are committed to providing Smartphone classes with the aim to make the daily life of people, particularly senior citizens, more enjoyable and comfortable. We offer classes at all levels of the curriculum, from introductory to advanced classes, and approximately 200,000 customers participate in our classes every month, which is far beyond our annual goal of one million customers. According to the results of our survey, 97% of the customers who attended the classes indicated that they were satisfied with them, and 96% indicated that they would like to participate again. The classes additionally create an opportunity for participants to talk to each other. We will continue to facilitate communication with local residents through Smartphone classes at docomo Shops.