# Corporate Governance

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DOCOMO seeks to enhance corporate value by placing priority on the customer’s perspective; rigorous and efficient operational execution; and quick, transparent and sound management based on effective corporate governance.

**Corporate Governance**

**Basic Policies and Philosophy**

In accordance with our corporate philosophy of “the creation of a new world of communications culture” and our Medium-Term Strategy 2020 “Declaration beyond,” DOCOMO is aiming to contribute to the realization of a vibrant and enriched society and attain a high degree of trust and recognition from shareholders and customers through the improvement of corporate value.

Under this management policy, we recognize that to maximize corporate value while meeting the expectations of our various stakeholders, including our shareholders, customers, employees, partners and local communities, it is essential that we ensure the effective function of corporate governance through the reinforcement of the governance structure in line with the objectives of each principle of the Corporate Governance Code. In line with the objective of each principle of the Corporate Governance Code, we established the NTT DOCOMO Basic Policy on Corporate Governance in October 2015 to ensure the sustainable growth of the DOCOMO Group and enhance mid- to long-term corporate value so as to earn a high degree of trust and recognition from shareholders, customers and other stakeholders.

Following the revision to the Corporate Governance Code in June 2018, we will examine the specific implementation of each principle in order, and once preparations are complete, we will disclose our policy and the status of implementation.

**Basic Approach to Corporate Governance**

DOCOMO strives to enhance its corporate governance based on the following approach.

1. We will respect the rights of shareholders and create an environment that enables shareholders to exercise their rights appropriately while ensuring actual equality among shareholders.

2. We will pay due respect to stakeholders including shareholders, customers, employees, business partners and local communities and seek to collaborate in an appropriate manner while also nurturing a corporate culture that is beneficial to sound business activities.

3. We will ensure transparency by disclosing non-financial information as well as financial information in an appropriate manner.

4. The Board of Directors will adequately fulfill its responsibilities, which include making decisions concerning the execution of important business such as basic management policies, establishing a flexible system for business execution and enhancing management oversight functions.

5. We will engage in constructive dialogue with shareholders to achieve sustainable growth for the Group and enhance corporate value over the mid to long term.

**URL**

- [NTT DOCOMO Corporate Governance](https://www.nttdocomo.co.jp/english/corporate/ir/management/governance/)
Overview of the Corporate Governance Structure

We have adopted a corporate governance structure consisting of the Board of Directors, Audit & Supervisory Board members and the Audit & Supervisory Board, aiming both to realize consistent and stable business operations and to bolster auditing and governance functions, while striving to boost management speed. In regard to our core telecommunications businesses, we recognize that mobile phones have come to play a vital role as social infrastructure in line with market expansion for these products. Accordingly, this structure reflects a desire for directors to play a key role in important business execution matters from the standpoint of realizing consistent and stable business operations through the effective utilization of management resources. From the perspective of ensuring sound and efficient management, this configuration also reflects a desire for a structure in which directors who concurrently serve as executive officers supervise each other for their respective actions, while Audit & Supervisory Board members perform audits of overall management.

Similarly, we appoint independent outside directors and independent outside Audit & Supervisory Board members with a view to further enhancing monitoring and audit functions. In addition, we have introduced the executive officer system (26 of whom are men, 3 of whom are women and 8 who serve concurrently as directors) to clearly delineate the roles of business execution and monitoring and to better reinforce business execution functions. This system enables speedier responsiveness to changes in the operating environment.

Category Structure (as of June 30, 2018)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors¹</td>
<td>12</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>(including 1 outside director)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Officers²</td>
<td>18</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>(including 3 outside members)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹: Includes 8 directors who concurrently serve as executive officers.
²: Excludes 8 executive officers who concurrently serve as directors.

Meetings of the Board of Directors (Fiscal 2017)

14 meetings were held.

Attendance

Directors: 98.6%; outside directors: 100%
Audit & Supervisory Board members: 95.7%; outside members: 94.6%
### Directors and Audit & Supervisory Board Members (as of June 30, 2018)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Attendance Rate of Board of Directors Meetings (Number of Meetings Attended)</th>
<th>Attendance Rate of Audit &amp; Supervisory Board Meetings for FY2017 (Number of Meetings Attended)</th>
<th>Number of Principal Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazutaka Yoshizawa</td>
<td>President and Chief Executive Officer, Member of the Board of Directors</td>
<td>100% (14/14)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Hiroto Asami</td>
<td>Senior Executive Vice President, Member of the Board of Directors</td>
<td>100% (14/14)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Hiroshi Tsuigami</td>
<td>Senior Executive Vice President, Member of the Board of Directors</td>
<td>100% (14/14)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Koju Furukawa</td>
<td>Executive Vice President Member of the Board of Directors</td>
<td>100% (14/14)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Hiroshi Nakamura</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>100% (12/12)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Hozumi Tamura</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>100% (12/12)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Seiji Maruyama</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>100% (14/14)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Osamu Hirokado</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>—</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Shigeto Torizuka</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>—</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Kenichi Mori</td>
<td>Executive Vice President, Member of the Board of Directors</td>
<td>—</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Tsuyu Akazawa</td>
<td>Senior Vice President, Member of the Board of Directors</td>
<td>—</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Tanaya Murakami</td>
<td>Outside Member of the Board of Directors (Independent Director)</td>
<td>100% (14/14)</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Noriko Endo</td>
<td>Outside Member of the Board of Directors (Independent Director)</td>
<td>100% (14/14)</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Shinobu Itoke</td>
<td>Member of the Board of Directors</td>
<td>92.9% (13/14)</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

### Audit & Supervisory Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Attendance Rate of Audit &amp; Supervisory Board Meetings for FY2017 (Number of Meetings Attended)</th>
<th>Attendance Rate of Audit &amp; Supervisory Board Meetings (Number of Meetings Attended)</th>
<th>Number of Principal Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoji Sato</td>
<td>Full-time Audit &amp; Supervisory Board Member</td>
<td>100% (12/12)</td>
<td>100% (9/9)</td>
<td>0</td>
</tr>
<tr>
<td>Yoshimune Oshihara</td>
<td>Full-time Outside Audit &amp; Supervisory Board Member</td>
<td>100% (14/14)</td>
<td>100% (14/14)</td>
<td>0</td>
</tr>
<tr>
<td>Hiroshi Sugasae</td>
<td>Full-time Outside Audit &amp; Supervisory Board Member</td>
<td>100% (12/12)</td>
<td>100% (9/9)</td>
<td>0</td>
</tr>
<tr>
<td>Mieko Kitakawa</td>
<td>Full-time Outside Audit &amp; Supervisory Board Member (Independent Board Member)</td>
<td>—</td>
<td>—</td>
<td>0</td>
</tr>
<tr>
<td>Hiro Itsujima</td>
<td>Outside Audit &amp; Supervisory Board Member (Independent Board Member)</td>
<td>92.3% (13/14)</td>
<td>92.3% (13/14)</td>
<td>4</td>
</tr>
</tbody>
</table>

### Business Execution and Audit System

The Board of Directors consists of 14 members, including two outside directors who are independent officers appointed in accordance with the rules and regulations of the Tokyo Stock Exchange, Inc. In principle it meets once a month and renders decisions on important business matters. Extraordinary meetings are convened as necessary. The directors serve one two-year term. The Board of Directors also receives status reports as needed from members of the Board of Directors who have been assigned responsibility for business execution, thereby conducting management supervision. For decision making on key issues related to business execution, the Company established the Management Committee, which includes the president and CEO as well as senior executive vice presidents, executive vice presidents and full-time Audit & Supervisory Board members. The Management Committee meets in principle once a week and extraordinary meetings are convened as necessary to facilitate flexible, rapid decision making by the president and chief executive officer. In addition, we established the Internal Control Committee, which meets as needed and is chaired by the president, thus ensuring that the chief executive officer himself takes the initiative in supervising internal control.

The Audit & Supervisory Board consists of five members, including four outside members, of whom two are independent officers appointed in accordance with the rules and regulations of the Tokyo Stock Exchange, Inc. They serve one four-year term. The board meets in principle once a month to make decisions on audit policies, plans, methods and other important issues related to the audit of the Company. In accordance with audit policies and audit plans determined by the Audit & Supervisory Board, members attend key meetings, such as those of the Board of Directors, and receive reports from directors, examine important documents and conduct on-site examinations of the head office, regional office and major subsidiaries. In this way, the Audit & Supervisory Board members effectively audit the execution of duties by directors and report on the status of audit implementation to the Audit & Supervisory Board.

They also promote mutual understanding and information-sharing with the auditors of subsidiaries by holding the DOCOMO Group liaison meeting of auditors three times a year and DOCOMO Group training for new auditors once a year. In addition, they remain in close contact with the Internal Audit Department by regularly sharing information on audit plans and results to ensure the effectiveness of audits.
Evaluation of the Effectiveness of the Board of Directors

With the aim of achieving sustainable enhancement of its corporate value, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors in an ongoing effort to make improvements by identifying issues or points to be improved with respect to the responsibilities, operation, composition, etc., of the Board of Directors.

Assessment Method

- All directors and Audit & Supervisory Board members completed the Directors’ Self-Assessment Questionnaire Survey in February and March 2018.
- Based on the results of the above survey, a discussion took place in May 2018 during a meeting of the Corporate Governance Council, which consists of all members of the Board of Directors and Audit & Supervisory Board.

Results and Future Operating Policy

We confirmed that the duties, operation and composition of DOCOMO’s Board of Directors are appropriate and that the board is effective.

We also confirmed that for a matter acknowledged in the prior assessment as requiring further improvement, in terms of the necessity of regularly verifying the status of initiatives aimed at achieving major directives, progress is steadily being made. Also, in view of revisions made to the Corporate Governance Code, we have decided to create a more practical governance function that reflects DOCOMO’s characteristics.

In order to further enhance corporate value, members of the Board of Directors will regularly verify the status of initiatives aimed at promoting the “Declaration beyond” Medium-Term Strategy to 2020, announced in April 2017, as well as our business management policy, announced in April 2018, which puts the focus on our membership base.

Appointing Directors and Developing Successors

With regard to appointing directors, we provide details to the parent company and independent outside directors prior to the meeting of the Board of Directors in order to gather appropriate advice. Nominees are then presented to the board meeting for approval followed by deliberation at the shareholders meeting.

Future managerial candidates are given opportunities to deepen their knowledge of and experience in DOCOMO management by participating in the meeting of the board or the management meeting and engaging in decision making of material management matters through their responsibilities as directors with executive authority or executive officer. They also develop the skills required for Company management through various training programs for officers.

Outside Directors and Outside Auditors

The name and reason for the appointment to two outside directors and four Audit & Supervisory Board members is as below.

<table>
<thead>
<tr>
<th>Outside Director</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teruyasu Murakami (Independent Director)</td>
<td>We appointed him due to his long engagement and career in corporate management and information industries. Excellent both in character and judgment, we also expect that he will reinforce our supervisory function for business execution by incorporating management insight from a broader perspective based on his extensive experience and knowledge.</td>
</tr>
<tr>
<td>Nobuko Endo (Independent Director)</td>
<td>We appointed her due to her wealth of experience and insight gained through her career as an editor of an economic magazine and her academic studies in public policy. Excellent both in character and judgment, we expect that she will enhance the supervisory function for business execution and provide us with diverse and broad-based advice from a woman's standpoint, and we trust that she is capable of adequately fulfilling the responsibilities of an outside director.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outside Audit &amp; Supervisory Board Member</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takamune Ohara</td>
<td>We appointed him due to his experience in corporate management and long career in the telecommunications business, and we expect that he will use his experience and extensive knowledge when performing audits.</td>
</tr>
<tr>
<td>Norihiro Saito</td>
<td>We appointed him due to his experience in corporate management and extensive knowledge on finance and accounting that he gained from his position in the Finance Department at NTT DATA Corporation, and we expect that he will use his experience and extensive knowledge when performing audits.</td>
</tr>
<tr>
<td>Mikio Kajiwara (Independent Board Member)</td>
<td>We appointed him due to his long career in the Ministry of Finance and the Company’s expectation that he will perform an audit and supervisory function based on his rich experience and insights as a specialist, accumulated throughout his career. We also trust that he is capable of properly carrying out auditing duties as an outside Audit &amp; Supervisory board member.</td>
</tr>
<tr>
<td>Eiko Tsuyuiwa (Independent Board Member)</td>
<td>We appointed her because we expect that she will use her extensive insights on finance and accounting, developed through years of experience as a university professor and outside director of private companies as well as a certified public accountant, when performing audits.</td>
</tr>
</tbody>
</table>
Independence Criteria

DOCOMO appoints individuals who are free of any conflicts of interest with shareholders as independent outside directors or Audit & Supervisory Board members from the perspective of enhancing supervision and fairly conducting audits of the execution of duties of directors. In designating outside directors and Audit & Supervisory Board members as independent directors, DOCOMO complies with the independence criteria of the Tokyo Stock Exchange, Inc. (Guidelines on Listing Management, etc. III 5 (3)-2) as well as DOCOMO’s own criteria for ensuring independence. A detailed explanation of the independence standards is provided below.

Independence Standards Stipulated by NTT DOCOMO

In order to meet the independence standards, a person may not fall under any of the categories below in the last three fiscal years.

1. A person who executes business in a partner company that exceeds NTT DOCOMO’s standards

2. A person who executes business in a lending company that exceeds NTT DOCOMO’s standards

3. A consultant, accountant, lawyer, or any other person providing professional services, who received monetary payments or any other gain in assets equal to or more than 10 million yen, excluding the Board members’ or Audit & Supervisory Board members’ compensation, from NTT DOCOMO or its major subsidiaries in any of the last three fiscal years

4. A person who executes business in an organization that received donations exceeding NTT DOCOMO’s standards

Even if any of (1) through (4) applies to a person, where it has been decided that a person meets the independence standards, the reasons shall be explained and disclosed at the time of that person’s appointment as the independent member of the Board or Audit & Supervisory Board member.

*1: “A company that exceeds NTT DOCOMO’s standards” is defined as a company that has had any business dealing with NTT DOCOMO and its major subsidiaries in any of the last three fiscal years equal to or more than 2% of the total operating revenues of NTT DOCOMO and its major subsidiaries for the respective fiscal year.

*2: “A lending company that exceeds NTT DOCOMO’s standards” is defined as a company in which the total amount of borrowings on a consolidated basis in any of the last three fiscal years equals to or is more than 2% of the total operating revenues of NTT DOCOMO’s consolidated total assets for the respective fiscal year.


*4: An “organization that received donations exceeding NTT DOCOMO’s standards” is defined as an organization that received donations from NTT DOCOMO and its major subsidiaries in any of the last three fiscal years exceeding 10 million yen or 2% of the total income of the organization, whichever is larger, during the respective fiscal year.

NTT DOCOMO has appointed outside directors Teruyasu Murakami and Noriko Endo as well as Outside Audit & Supervisory Board Members Mikio Kajikawa and Eiko Tsujiyama as independent officers in accordance with the rules stipulated by the Tokyo Stock Exchange, Inc.

Board Diversity

A key DOCOMO management objective is to promote diversity in the workforce by creating a working environment in which individuals are exposed to enriching experiences and values and can effectively demonstrate their abilities. The membership of the Board of Directors and the Audit & Supervisory Board currently includes one woman each.

Members of the Board of Directors are appointed with due consideration for ensuring balance and diversity in terms of their areas of expertise, and they are chosen from candidates with broad perspectives and experiences that contribute to the development of the DOCOMO Group with excellent management capabilities and leadership skills as well as good business sense and enthusiasm.

With respect to members of the Audit & Supervisory Board, we appoint individuals who can be expected to perform proper audits based on their professional expertise and knowledge on finance and accounting.

Policy on Compensation for Directors

The maximum aggregate compensation amount for the Company’s directors and that of the Company’s Audit & Supervisory Board members and any change in the amount is decided based on a resolution at a general meeting of shareholders. Matters regarding director compensation are determined by the Board of Directors.
We partly revised the system for directors’ bonuses in fiscal 2017 to further increase the link between directors’ compensation and the Company’s business results and the share value. This was to provide incentives to boost Company performance and increase corporate value with a medium- to long-term perspective and to promote a management style that considers share value.

Specifically, performance-based compensation was expanded, and a new stock-based compensation plan was introduced. Under this plan, when the Company’s business performance exceeds a certain level, directors are paid an amount equivalent to the purchase of the Company’s shares as part of their bonuses and required to contribute the amount to the Director Shareholding Association.

The ratio between compensation per director in Japan, which constitutes an important base for the organization, and compensation per employee, is 4.2 to 1 (the ratio between the aggregate compensation paid to directors during fiscal 2017 divided by the number of directors and the average salary of employees at NTT DOCOMO, INC.)

With regard to auditors, it has been decided through discussion by auditors to pay them only monthly compensation, and no performance-linked compensation, to ensure a high degree of independence.

We do not employ compensation consultants, independent legal counsel when making decisions on compensation for either members of the Board of Directors or of the Audit & Supervisory Board.

<table>
<thead>
<tr>
<th>Category</th>
<th>Aggregate Compensation Amount (Million Yen)</th>
<th>Number of Eligible Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside directors)</td>
<td>508</td>
<td>14</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members (excluding outside directors)</td>
<td>30</td>
<td>2</td>
</tr>
<tr>
<td>Independent Officers</td>
<td>126</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>664</td>
<td>23</td>
</tr>
</tbody>
</table>

1. The maximum annual compensation of 600 million yen for a director and 150 million yen for an Audit & Supervisory Board member were approved at the 15th Ordinary General Meeting of Shareholders on June 20, 2006.
2. The above figures include compensation for two directors who retired at the conclusion of the 26th Ordinary General Meeting of Shareholders on June 20, 2017.
3. The above figures include compensation for an auditor who retired at the conclusion of the 26th Ordinary General Meeting of Shareholders on June 20, 2017.
4. The above figures include compensation for an independent officer who retired at the conclusion of the 26th Ordinary General Meeting of Shareholders on June 20, 2017.
Corporate Advisor and Senior Advisor System
DOCOMO has a Corporate Advisor and Senior Advisor System in place, as we believe that, in terms of increasing DOCOMO’s presence in the market, we can benefit from the activities of individuals with a wealth of experience and insights who take on external activities under DOCOMO’s name, and we therefore acknowledge that the Corporate Advisor and Senior Advisor System is advantageous to corporate management.

Matters to be entrusted to corporate advisors and consultants are defined in Article 25 of the Company’s Articles of Incorporation. Corporate advisors take on the role of answering questions from the president regarding overall management, and Senior Advisor answer questions regarding certain business operations. Also, they mainly undertake external activities requested by the president and do not wield influence over the current management, beyond what is expected from them, nor engage themselves in managerial judgements.

Relationship with Parent Company
The corporate group led by the parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), operates the following main businesses: regional communications, long-distance and international communications, mobile communications and data communications.

As of March 31, 2018, NTT owned 66.64% of the voting rights of the DOCOMO Group and was in a position to influence the Company’s management decision making through the exercise of majority shareholder rights. However, the Company retains its own management responsibility and conducts overseas operations in accordance with its own decision making authority. (As of March 31, 2018, the Japanese Finance Minister owns 32.39% of NTT shares.)

Functions of Related Committees
DOCOMO incorporates CSR activities into its management approach, while also following the demands and changes posed by management strategies and by society, regularly revising our Sustainability Management System and striving to continuously improve CSR activities.

Management staff participates in regular national conferences to discuss implementation and details of CSR activities reported by Company entities. In addition, we also established a Sustainability Management Committee dedicated to ensuring the enforcement of Plan, Do, Check, Act (PDCA) cycles for CSR efforts.

Sharing Sustainability Issues among Management
The Sustainability Management Committee provides the venue for DOCOMO management, including the president, to corporately identify sustainability issues and discuss appropriate actions.

In fiscal 2017, the discussion agenda included the CSR Medium-term strategy, a new initiative to address child poverty, trends about ESG investment and topics related to the surrounding environment as well as the status of initiatives of each working group. The Sustainability Management Committee is chaired by the president and composed of senior executive vice presidents, members of the Audit & Supervisory Board, directors and the heads of relevant departments. The CSR department reports to the Management Committee attended by board members on issues discussed by the Sustainability Management Committee. As for suggestions and requests from stakeholders, information is identified and gathered by the department responsible for each stakeholder, and dialogues are set up as needed. The content of dialogues is shared by the Management Committee.
Risk Management

Basic Policies and Philosophy
DOCOMO strives to strengthen risk management under the basic policy of identifying and responding to business risk as quickly as possible. We define risks as situations that may adversely affect our credibility or corporate image or lead to a reduction of revenues and/or increase of costs, such as natural and human-caused disasters, including natural calamities and power shortages, inadequate handling of confidential business information, including personal information, changes in the market environment for the telecommunications industry and intensifying competition from other businesses. We are making our best efforts to prevent and mitigate such risks.

Risk Management Mechanism
In accordance with our Risk Management Principles, business risks are regularly identified, and the Internal Control Committee, headed by the president and CEO, designates risks that require Company-wide management. Management policies for the identified risks are formulated and appropriate efforts are made to prevent such risks from materializing and to prepare to quickly respond should they occur.

The Internal Audit Department conducts an audit to monitor the status of our response to risk and follow-up surveys as necessary. Environmental and social considerations, including regulatory compliance, have been incorporated into our operational regulations and are also subject to an internal audit for monitoring.

Furthermore, we implement sound risk management for aspects related to information management and compliance by establishing internal regulations and encouraging collaboration between relevant committees.

● Functions of the Internal Control Committee
The Board of Directors has established the Basic Policy on Fortifying Internal Control Systems. Under the policy, the Internal Control Committee takes the initiative in developing systems to ensure thorough legal compliance and effective, efficient business activities. The committee also identifies risks that require Company-wide management and formulates management policies for those risks. Based on these policies, appropriate efforts are made to prevent such risks from materializing and to prepare to quickly respond should they occur. Furthermore, the Company’s Internal Audit Department conducts audits to minimize risks and increase corporate value for the entire DOCOMO Group. The department’s work includes evaluating the effectiveness of the internal control system. The committee reviews the risk management process to ensure it is functioning properly and confirms the status of the ongoing PDCA cycle. It also reviews specific risks as necessary.

We consistently manage risk under this comprehensive management system.

Risk Identification Process
DOCOMO reviews the potential risks and its methods for managing such risks on an annual basis to keep abreast of changes in the social environment. The first step in identifying risks is considering both internal and external circumstances in order to incorporate social change into an assessment of the current status and thereby extract new potential risks. We extract component risks for the entire Group through evaluation and analysis based on the level of impact and frequency of occurrence, which are identified by conducting a materiality assessment. Group-wide risks are reflected in the Risk Factors disclosed in Form 20-F and other documents in view of their impact on financial performance.

In recent years, we have expanded consideration of the risks DOCOMO should address to encompass our response to policy changes in laws and regulations concerning issues such as the introduction of payment plans and discount services that meet diversified needs and revisions in the Civil Code and Consumer Contract Act as well as issues arising from our entry into other industry sectors.
Fostering and Expanding a Risk Management Culture

In accordance with our Risk Management Principles, risks are identified and designated by the Internal Control Committee headed by the president. The Board of Directors makes the final decision on management by paying due consideration to these risks. Each year we update our business risks to reflect social trends, and this allows us to incorporate emerging risks as a preventive measure. While these risks are addressed appropriately through a Company-wide response, risks related to individual operations are handled in an appropriate manner by each division.

Risks that have been identified are appropriately monitored as auditing targets. We have been working to foster and expand our risk management culture by including compliance-related risks in the criteria for employee performance assessment and disseminating information on responses to related risks through compliance education and training.

Status of Responding to Individual Risks

● Response to the Business Continuity Plan (BCP)

As a communications network operator, our key responsibility is to secure communications networks when disaster strikes. In order to ensure the continuity of operations or, in the event that service is lost, to quickly restore operations to working order, DOCOMO has protocols for each department, outlined in its Disaster Preparedness Manual, for maintaining operations should a disaster occur.

The manual is updated as needed to incorporate past experiences, including lessons learned from the Great East Japan Earthquake, and thereby strengthen our preparedness for ensuring business continuity.

● Ensuring the Safety of Employees and Securing Communications in Times of Disaster

In order to secure telecommunications services to customers in the event of a major disaster, we have been developing our communications networks (deploying large- and medium zone base stations and implementing other measures) that are resilient against disasters and enhancing the safety and reliability of our networks. We also conduct general disaster drills to prepare against major disasters and carry out annual disaster prevention drills designed to meet specialized regional needs. Furthermore, as a designated public institution under the Basic Act on Disaster Control Measures, we participate in joint disaster prevention drills with the national government, local governments and the Self Defense Forces. Through these activities, we stand ready to provide prompt delivery of telecommunications services during a disaster.

In addition, we regularly conduct drills using DOCOMO's own employee safety confirmation system and earthquake response drill application to provide protection for our employees and their families, and to construct systems for promptly confirming safety and restoring communications networks.

● Emerging Risks Due to Mid- to Long-Term Changes in Society

Impact on Stability and Reliability in our Telecommunication Services due to the Growing Frequency and Scope of Natural Disasters Caused by Climate Change

The stability and reliability of communication services is affected by the growing frequency and scope of natural disasters caused by climate change. In today's society, where communications infrastructure is essential to industry and people's lives, the growing frequency and scope of natural disasters caused by climate change present significant challenges to the stability and reliability of our networks. As a result, we have put in place a number of measures to address these emerging risks.

Risk Management Cycle

<table>
<thead>
<tr>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan</strong></td>
<td><strong>Internal Control Committee and others</strong></td>
<td><strong>Branch offices</strong></td>
</tr>
<tr>
<td><strong>Identify Company-wide risks</strong></td>
<td><strong>Formulate management guidelines</strong></td>
<td><strong>Recognize Company-wide risks and share information about them throughout the organization</strong></td>
</tr>
<tr>
<td><strong>Identify departmental risks</strong></td>
<td><strong>Manage departmental risks</strong></td>
<td><strong>Collaborate with offices at the head office</strong></td>
</tr>
<tr>
<td><strong>Internal Audit Department</strong></td>
<td><strong>Conduct audits to evaluate the effectiveness of the internal control system</strong></td>
<td><strong>Internal Control Committee and others</strong></td>
</tr>
<tr>
<td><strong>Review management of the internal control system in response to evaluation results</strong></td>
<td><strong>Conduct audits to evaluate the effectiveness of the internal control system</strong></td>
<td><strong>Review management of the internal control system</strong></td>
</tr>
</tbody>
</table>
natural disasters caused by climate change may result in communication service interruptions. Meanwhile, interruptions and other instabilities in our service may cause significant damage to our customers, consequently lowering our reputation and damaging our brand while leading customers to choose other carriers. DOCOMO has sought to respond to such risks by making appropriate investments in facilities and developing technologies that can meet such needs as high-speed transmission, stable service and reasonable pricing. In addition, we are promoting the construction and maintenance of networks that are more resilient to natural disasters or less vulnerable to their impact. And we are implementing measures aimed at prompt recovery in the event of a disaster. We have established basic rules related to our response to major disasters and conduct regular drills while formulating procedures for BCPs with regard to important platforms and internal systems.

Further Reinforcement of Information Security and Data Privacy Protection to Address the Increasingly Sophisticated and Serious Threats to Security

Threats against information security is increasing year after year as can be seen in malware that initiates targeted attacks by accessing company systems or illegal access made through Internet. DOCOMO is further reinforcing information security by building an advanced information security system, holding cyber attack drills, and carrying out information security education to address information threats that have become more sophisticated and serious.

In addition, treatment of personal data, or data privacy, has become more complex over time. Upon the enactment of the General Data Protection Regulation (GDPR) in the E.U. in May 2018, we formulated response manuals, held training, implemented a privacy impact assessment and initiated other measures. We will continue our efforts to protect data privacy by pursuing the protection and reinforcing the handling of personal data.

Risk against Subsidiaries

Risks inherent to the DOCOMO Group are managed in accordance with the risk management regulation. Risk management is carried out by each subsidiary in a way that matches their scale or business type.
Ensuring Information Security

Establishing an Information Security Structure

DOCOMO recognizes that proper management of information is an important management issue, and to offer secure services to customers we have declared our Information Security Policy as guidelines for the DOCOMO Group’s initiatives on information security, and we are committed to thoroughly complying with the Information Security Policy and Privacy Policy. Our Information Security Policy applies to information assets that consist of any information we obtain or learn in the course of our corporate activities, and all information we possess for the purpose of our operations. To manage such information, we set up the Information Management Committee chaired by the senior executive vice president who also serves as chief information security officer (CISO) and chief privacy officer (CPO), and an employee responsible for information management has been assigned to each worksite. By establishing a system for speedily implementing information security measures, we are protecting and appropriately managing all information assets in our possession.

We are also putting up a poster that illustrates our CEO’s commitment to pursue information security in all of the sections within the Company and at all docomo Shops in order to raise individual awareness toward information security.
● Specific Security Measures
At each important stage in the system life cycle from construction to operation, we address vulnerabilities in the in-house system by implementing major security measures in accordance with internal regulations. The division responsible for the system and the division supervising security each monitors progress on the implementation of measures required to address vulnerable information. By following this process we seek to prevent the occurrence of unauthorized access, destruction, leaks and falsification related to our information assets and to minimize damage in the event of such incidents.

In addition, we provide continuous education and training to enhance information security literacy among all employees to implement appropriate management of information assets. We carry out a number of measures, such as designating November each year as "Information Security Awareness Month" to raise employee awareness.

(1) Organizational Security
1. Establishment of the Information Security Policy
2. Enhancement of a system for information security
3. Formulation of basic guidelines for information security and establishment and application of regulations and manuals
4. Tracking and management of information assets
5. Implementation and application of audits and security checks
6. Implementation of measures to deal with accidents and violations

(2) Human Security
1. Mandatory written pledges regarding confidentiality
2. Mandatory information management compliance for outside contractors
3. Implementation of training and education for employees, contractors and sales agents
4. Formulation and distribution of training tools, such as handbooks and DVDs

(3) Physical Security
1. Restrictions on the number of information management terminals and continuous optimization of installed locations and authorized people
2. Rigorous control of the lending and checking out of portable equipment
3. Consolidation and special monitoring of terminals used to extract large amounts of customer information
4. Transition to paperless handling of documents, such as customer applications
5. Entrance and exit control in locations handling information

(4) Technical Security
1. Access control, access-log retention and periodic checks
2. Introduction of biometric identity confirmation for use of systems
3. Stricter customer information search parameters
4. Introduction of encryption software for information system terminals and communication channels
5. Strict monitoring to prevent unauthorized removal of information from the office
6. Cyber attack countermeasures and system surveillance

Information Security Policy
https://www.nttdocomo.co.jp/english/utility/security

● Major Initiatives for Fiscal 2017
In recent years, cyber attacks targeting confidential information held by companies have become increasingly more complex and serious. Risks related to information security may damage DOCOMO's reputation and brand and affect the backbone of its business, so once an incident occurs it can have a significant impact on our financial performance.

For this reason we implement information security strategies across the NTT Group, developing experts in the field and raising employee awareness on information security. During Information Security Awareness Month in fiscal 2017, the senior executive vice president who also serves as chief information security officer (CISO) and the managing director of the Information Security Department sent out heads-up messages to employees, and we also set up special pages on the corporate intranet to introduce specific cases and then gave employees a set of questions to confirm that they understood the information.

Given that targeted email attacks on specific individuals and organizations are becoming more sophisticated in recent years, we sought to avoid the risk of having confidential information stolen by conducting training for all NTT DOCOMO Group employees, which was based on a simulated targeted email attack, in October and November, 2017. Through these initiatives, we aim to keep employees alert against targeted attacks and to raise their level of literacy by providing knowledge for recognizing such attacks. We will also collect basic data necessary for issuing future alerts to...
reinforce information security across the DOCOMO Group.

As a measure to address cyber attacks, we conducted drills in July 2017 to prepare against them in relation to our web services with the aim of enhancing the response of system security staff and system engineers and also to reinforce the structure.

Furthermore, following Japan’s revised Personal Information Protection Act, which came into effect in May 2017, we held e-learning sessions for all employees in January 2018 to inform them of details related to the revisions and to lecture on the handling of information at DOCOMO toward preventing any leakage of personal information.

Protection of Data Privacy

 Establishing the Guidelines and Structure for Protecting Personal Information

DOCOMO believes that recognizing the importance of personal information and ensuring thorough protection represent its chief responsibility in its business. We strive to protect personal information by creating guidelines on providing security and reliability to customers, stipulating and disclosing our Privacy Policy, and applying these guidelines and policy to all Group companies, including subsidiaries. Also, we have responded thoroughly to revisions in the Personal Information Protection Act, which came into effect in May 2017, and are fully compliant with all of its provisions.

When obtaining, using or providing personal information or handling anonymized information, we comply with the Personal Information Protection Act and other relevant laws and regulations and respond promptly to revisions under an established management system for protecting personal information. Also, we appropriately and carefully handle the information in accordance with internal rules. We inform our customers about the content of the personal information handled by the DOCOMO Group, clauses requiring customer approval for the use of data, policy on disclosure to third parties and other information by publishing them in the Privacy Policy.

At docomo Shops, we only collect and retain customer information required for signing telecommunications business contracts and information within the scope approved by customers after clearly stating the intended use of such information. Also, any information we provide to a third party is strictly limited to the scope approved by the customer.

In compliance with the EU General Data Protection Regulation (GDPR), a new framework for personal information in the E.U. that sets out rules pertaining to personal data, which came into effect in May 2018, we identified the services that fell under the scope of the regulation and took proper actions. Going forward, we will hold various GDPR-related training sessions to establish a firm awareness among all employees and formulate a GDPR Compliance Manual to reinforce the internal system.

There were no incidents warranting administrative guidance or legal violations related to information leakage incidents or complaints within the DOCOMO Group in fiscal 2017.

The number of cases involving leakage of personal information and theft or misplacement of data are shown in the following chart. DOCOMO reports on the occurrence of such incidents through its corporate website.

<table>
<thead>
<tr>
<th>Protection of Data Privacy</th>
<th>Indicator</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leakage of personal information, theft or misplacement of data</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Privacy Policy

https://www.nttdocomo.co.jp/english/utility/privacy/
Use of Personal Data
Progress related to artificial intelligence (AI) and IoT has brought forth diverse products and services that utilize big data. We are seeing that initiatives which work toward creating new value are gaining speed throughout our society. Guided by its corporate philosophy of "creating a new world of communications culture, DOCOMO is continuing its challenge to create innovation in order to realize a rich future. We will leverage our customers' personal data and data on various things and experiences as well as technologies such as AI that create various types of wisdom through the gathered data. Then we will give or return the data to our customers and society by generating new value.

Meanwhile, we consider it our mission to protect and pay due consideration to our customers' privacy as well as to comply with laws and regulations when using the customers' particularly important personal data. DOCOMO has and will act upon a strong faith to continue living up to the trust of its customers by handling personal data with responsibility.

We have been organizing an internal corporate system to offer optimum privacy protection for customers and continuously offer new value to customers and society by leveraging data.

Personal Information Management and Employee Education
The number of employees with access to systems that manage customer information is kept to the minimum, and the information accessible to each employee is limited. Biometric authentication is required to use the system and access logs are regularly reviewed. Moreover, information is encrypted, rendering it useless in the event of unauthorized removal. We seek to ensure the accuracy and security of personal information by implementing these and other rational measures that address risks such as illegal access to personal information and leakage, loss and damage of personal information.

Along with these measures, we provide training at least once a year for all employees and executives, including temporary staff, and web-based training suited to each career level to ensure that security management measures are implemented and personal information is being handled in an appropriate manner.

Security Measures at docomo Shops and Subcontractors
We provide training focused on information security at least once a year for docomo Shop staff and also support educational activities by issuing "Security News," a compilation of security issues the shops are likely to experience. Also, since the risk of information leakage is highest at the point of sales, we conduct rigorous audits to check whether information is being managed appropriately, including quarterly branch audits and monthly self-inspections.

We select subcontractors after confirming that they handle personal information appropriately, and our outsourcing agreements include clauses on security management measures, confidentiality, conditions for recommissioning and other issues related to the handling of personal information, and we provide the necessary and appropriate supervision.

Security Measures at +d Partners
DOCOMO carries out appropriate management against +d partner companies by requesting that they comply with the Personal Information Protection Law and follow guidelines issued by ministries and agencies as well as public organizations. Other measures taken to protect personal information include obtaining a customer’s consent prior to sharing their personal information with partner companies.

*Biometric authentication confirms the identity of an individual by identifying physical characteristics such as fingerprints and facial features as well as voice.
Compliance

Basic Policies and Philosophy

The foundation of our compliance management is to promote strict observance of the NTT DOCOMO Group Code of Ethics and respect for human rights among all employees while continuing to meet the steadily increasing demands and expectations of society based on high ethical standards. We have built a Compliance Management System, which is centered on the Compliance Committee. Specifically, we have implemented rules that require employees to make a report if they notice any illegal or fraudulent incidents. Under these rules we have sought to protect the privacy of individuals seeking consultation or making a report and to ensure that they are not treated unfairly as a result. We have thus created an environment that facilitates such reports, and have also established avenues within and outside the Company for consulting on related issues. In addition, all divisions have employees with responsibility for compliance promotion, and we implement training in ethics and legal compliance for all employees. In these ways, we are implementing a range of compliance-related initiatives. Moreover, we have conducted a compliance and human rights awareness survey of every employee, the results of which have been reflected in our measures to ensure compliance. Through such efforts, we are working to further advance ethical views.

In October 2017, the president and CEO notified employees again about thoroughly enforcing compliance while specifying that corporate ethics should precede in principle when there is a conflict between ethics and the pursuit of profit. We delivered messages through our intranet and the president’s speech on the thorough enforcement of compliance aimed at achieving the “Declaration beyond” as well as reinforcing defensive governance measure to enhance corporate value. We believe that these initiatives will find a balance between customer service improvement and corporate sustainable development.

NTT DOCOMO Group Code of Ethics

The DOCOMO Group seeks to develop a shared awareness and thorough understanding of the basics of compliance, which should serve as the foundation of management. To that end, we are developing our ethical standards through ten defining articles, including legal and ethical compliance; securing the transparency of business operations through information disclosure; fair and open free competition and trading; and respect for employee human rights. An English language version of this Code of Ethics has also been developed as a standard to be observed globally.

Compliance Management Regulations

The Compliance Management Regulations define the standard issues for promoting activities aimed at establishing legal compliance and corporate ethics, which DOCOMO pursues from the standpoint of its corporate social responsibility. These regulations apply to all individuals employed by DOCOMO, including officers and outside directors, full-time employees and temporary staff.

Compliance Management System

DOCOMO has established the Compliance Committee at its head office and each branch and Group company to ensure that employees know and understand the NTT DOCOMO Group Code of Ethics. The committee decides on policies related to legal and ethical compliance and identifies issues and areas in need of improvement in terms of compliance management. It also monitors the progress of activities that promote compliance. The committee at DOCOMO’s head office is chaired by the president and CEO and comprises the executive vice president, executive general manager of regional offices, general manager of each division and Audit & Supervisory Board members and others appointed by the chairperson as needed.

The Compliance Committee deliberates on matters such as the details of initiatives for the current fiscal year while reflecting the results of the previous year’s initiatives as well as the situation or trend analysis based on whistleblowing reports made during the prior year. Important matters, including the foregoing, are reported at the meeting of the Board of Directors.

Compliance Committees

Legal Department
Human Resources Management Department

Secretariat
Compliance and risk management staff, General Affairs Department

Internal Audit Department

Group companies

Division
Employee responsible for compliance promotion

Employee responsible for compliance promotion
Employees responsible for compliance promotion create an implementation plan for legal and ethical compliance for their respective organizations, monitor the status of legal and ethical compliance within the organization and report the results to the director responsible for corporate ethics (the president of a regional office).

Measures for identifying compliance risks and developing a deeper sense of respect for human rights within each organization, as well as measures for improving on inappropriate aspects confirmed by organizational monitoring, are incorporated into the implementation plan, and a PDCA cycle is executed under this plan. In addition, employees responsible for compliance promotion appoint risk compliance leaders (RCLs) to take the initiative in promoting risk management, compliance and human rights practice within their respective organizations. Each RCL conducts daily activities for this purpose and responds quickly and effectively when a compliance risk materializes.

The director responsible for corporate ethics analyzes the content of the plans and documents submitted by employees responsible for compliance management and offers any necessary advice or guidance. In addition to promoting compliance and human rights awareness across the Group, the Compliance Committee Office and Human Rights Committee Office collaborate with each RCL to address individual issues and exchange information. These actions represent the means by which we effectively execute PDCA cycles for compliance and human rights throughout the organization.

Consultation and Reporting Mechanism

DOCOMO has established reporting channels, both internal and external, for the prevention and early detection of compliance or risks related to human rights. The external channel was set up at a legal office outside the Company for the purpose of ensuring the anonymity of those seeking consultation. These channels are available not only to DOCOMO Group employees and docomo Shop staff but also to suppliers, by email, letter or fax. The email address of the whistleblowing desks are published on our corporate website, and we actively disseminate information by delivering email magazines and distributing posters. We have stipulated rules to protect the privacy (anonymity) of individuals seeking consultation and ensure that they are not treated unfairly for coming forward. The topic of the consultation or report is investigated as needed by the Compliance Committee Office and Human Rights Committee Office in coordination with relevant employees responsible for compliance promotion (heads of organizations) and RCLs. Any confirmed incidence of noncompliance is immediately reported to the director responsible for corporate ethics and other members of management, as well as members of the Audit & Supervisory Board. Necessary steps are then taken and measures put into place to prevent any future recurrence.

A total of 111 cases were brought to consultation in fiscal 2017, the same number as in the prior year. As a result of our effort to ensure that the Sales and Marketing Division overseeing docomo Shops is well informed, examples are provided related to unauthorized processes, and the number of reports on misbehavior related to administrative work increased in conjunction with the greater recognition at docomo Shops of specific clerical tasks that constitute a violation. Meanwhile, the number of cases recognized as harassment and reports concerning unauthorized use of expenses such as violations of rules on commuting expenses declined.

| Number of Consultations on Compliance over the Past Four Years |
|-----------------|-----------------|-----------------|-----------------|-----------------|
|                | FY2014 | FY2015 | FY2016 | FY2017 |
| Consultations on compliance (cases) | 94     | 83     | 111    | 111    |
| Compliance violations          | 55     | 39     | 50     | 57     |
| Unauthorized use of expenses, etc | 7      | 2      | 9      | 5      |
| Harassment                      | 19     | 26     | 18     | 17     |
| Other compliance violations     | 29     | 11     | 23     | 35     |
| No violations                   | 39     | 44     | 61     | 54     |
Status of Initiatives on Compliance

● Ongoing Compliance Training
Training is conducted every year to raise awareness of compliance among corporate officers and employees (including temporary staff), RCLs, tasked with promoting compliance activities in their respective departments, are trained to create a common awareness of the roles expected of leaders and share information. A compliance seminar exclusively for DOCOMO executives, Group company presidents and other members of upper management is also held. In web-based training for all employees of branches and Group companies (20 out of all consolidated subsidiaries), employees take part in discussions afterward to share their thoughts on compliance and human rights in an effort to raise awareness of compliance among all employees.

To gauge the level of awareness on compliance and human rights, we implemented a self-review system through which managers who attended group-based training received a questionnaire via email a year later from an outside lecturer who encourages them to review the training results.

In fiscal 2017, we held training programs including training for newly appointed managers on preventing workplace harassment, training for assistant managers to facilitate communication in the workplace and compliance training for employees on loan to subsidiaries and Group companies. The aim of the programs is to reduce risks that can easily lead to harassment by learning about scandals and legal violations that often occur when a person becomes a manager or is dispatched to another company, or about the differences in common sense and gaps in thinking within and outside the Company.

● Dissemination of Compliance Violations and Educational Activities
We regularly issue the Human Rights Mini-Knowledge Series on an internal website and conduct education and other activities based on the NTT DOCOMO Group Code of Ethics Handbook to enhance employee awareness of compliance and human rights.

Also, we review the status of our Group-wide initiatives on compliance and human rights education in the quarterly “Compliance Report” and report on the number and details of actual compliance violations at regular meetings to request that each organization implement measures that may prevent the occurrence and recurrence of such incidents. And we seek to spread awareness of both compliance and human rights by sharing that information with all Group employees.

In addition, directors twice a year call for special attention to all Group employees, from whom compliance with laws, regulations, rules, morals and manners are expected. This initiative includes not only engaging in inappropriate conduct that accompanies alcohol and no smartphone-distracted walking, both for DOCOMO Group employees.

● Survey on Compliance and Human Rights
The DOCOMO Group conducts a unified employee survey on compliance and human rights twice a year. First, every year around August, we conduct a survey of all Group employees including temporary staff—a total of about 39,500 persons—to ascertain the level of their awareness with respect to compliance and human rights. Analysis of the survey showed that positive results have been maintained at high levels for each surveyed item, including communication.

The second survey performed in fiscal 2016 and fiscal 2017 was the Explanatory Survey for Identifying Issues aimed at identifying issues related to compliance and human rights that may arise at each organization and prevent them from becoming a problem. In the survey conducted
in November 2017, we found that trends in the responses not only differ according to each organization but also are affected by the position of each respondent.

In fiscal 2018, we will consolidate the surveys into one and also change the timing in order to allow for an overall more effective employee survey. Additionally, we will continue to make a focused effort to nurture ethics among each individual employee by creating an environment that facilitates communication from the bottom up. And we will carry out initiatives aimed at boosting the capacity of supervisor to listen and persistently providing information on compliance and human rights.

### Results of Employee Survey

<table>
<thead>
<tr>
<th>Content</th>
<th>Previous Results of August 2016 Survey</th>
<th>Latest Results of August 2017 Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Seeks to communicate with the colleague by initiating the conversation</td>
<td>97.3 (%)</td>
<td>91.7 (%)</td>
</tr>
<tr>
<td>(2) Seeks to communicate with the supervisor by initiating the conversation</td>
<td>97.2 (%)</td>
<td>91.3 (%)</td>
</tr>
<tr>
<td>(3) Seeks to communicate with subordinates by initiating the conversation</td>
<td>96.8 (%)</td>
<td>91.6 (%)</td>
</tr>
<tr>
<td>(4) Seeks to communicate with subordinates by initiating the conversation</td>
<td>99.4 (%)</td>
<td>91.6 (%)</td>
</tr>
</tbody>
</table>
Initiatives for Preventing Bribery

The DOCOMO Group, which operates business at an international level, is subject to the bribery and corruption laws of a number of countries, including Japan’s own Unfair Competition Prevention Act, which prohibits activities such as the provision of unjust gains to foreign public officials, and the Foreign Corrupt Practices Act in the U.S. To ensure thorough compliance with these laws, DOCOMO established its Guidelines on the Prevention of Bribery of Foreign Public Officials in October 2010, based on the NTT DOCOMO Group Code of Ethics, which seeks to unequivocally prevent bribery. These guidelines were revised after the Bribery Act was implemented in the U.K. and regulations were tightened in some other countries.

In fiscal 2014, the NTT Group created the “Anti-Bribery Handbook” as a tool for raising employee awareness. The handbook contains basic knowledge and examples of bribery and facilitation payments. It also covers even broader themes than the Guidelines on the Prevention of Bribery of Foreign Public Officials. The DOCOMO Group has sought to encourage understanding by distributing the Japanese and English language versions of the handbook to Group companies in and outside Japan. We have sought to bolster our efforts against bribery among Group companies by encouraging them to construct a system of compliance in accordance with the Code of Ethics, guidelines and the handbook while paying due consideration to the business models of each company and to the laws of the countries in which they are located. We will further bolster our efforts against bribery by holding training and organizing study groups to fully educate our employees.

Reports on bribery in Japan and overseas are submitted by divisions with management responsibilities in each operating company. As for our overseas joint ventures, a reporting line has been established between DOCOMO’s head office and the holding company of the joint venture to manage and share information concerning bribery. Since fiscal 2015, bribery has become a subject of internal auditing throughout the NTT Group.

No legislative measures were taken against us, nor were we exposed to bribery or facilitation payments in fiscal 2017.

Furthermore, prior to the season for sending summer gifts (ochugen) and winter gifts (oseibo), directors warn all Group employees to refrain from making any inappropriate payments to government officials or other public employees. This is to make them aware of compliance with regulations and to uphold ethics regarding gifts such as ochugen. They also must be especially careful not to violate laws such as the National Public Service Ethics Code, Unfair Competition Prevention Act and Foreign Corrupt Practices Act when making payments to government officials.

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 2017, DOCOMO made political donations totaling 7.0 million yen in Japan.

### Number of Legislative Measures and Exposures to Bribery and Facilitation Payments (Japan and Overseas)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of legislative measures/ exposures</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Political Donations (million yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Donations</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

### Initiatives on Fair Competition

In addition to the Antimonopoly Act, which constitutes the common rules of competition, NTT DOCOMO is also governed by articles of the Telecommunications Business Law, which are intended to promote fair competition in accordance with the special nature of the telecommunications business. To develop a fair and unrestricted competitive environment, the Fair Trade Commission and the Ministry of Internal Affairs and Communication formulated the “Guidelines for Promotion of Competition in the Telecommunications Business Field,” which reflects their declared policy on the manner in which the Antimonopoly Act and the Telecommunications Business Law are respectively applied.

### Regulations Governing the Telecommunications Business

Specific problems are shown below.

- Ban on private monopolies
- Ban on unreasonable restraint of trade
- Ban on unfair business practices
- Obligation to ensure interconnection
- Obligation to formulate report, and disclose Articles of Agreement
- Concerning interconnection
- Obligation to disclose accounting information
- Concerning dominant market operators
- Obligation to ensure interconnectivity

To ensure compliance with these laws and regulations, the NTT DOCOMO Group has consistently conducted training on fair competition online and by other means for all employees at its headquarters as well as employees at functional subsidiaries that bear some responsibility for corporate marketing and marketing through sales representatives. About 27,000 participants took part in the most recent training.

Moreover, when internal divisions are considering launching a new service, we seek to rigorously comply with laws and regulations by having the Corporate Strategy and Planning Department confirm that we are not in violation of the Telecommunications Business Law.

In December 2017, the Ministry of Internal Affairs and Communications held an “Investigative
12. Corporate Governance > Compliance

**Strategic Shareholding**

Corporate Governance

**Intellectual Property Initiatives**

DOCOMO respects the intellectual property rights of other companies from the standpoint of corporate compliance, even as we expand the scope of our own intellectual property management to protect and promote our own business. For example, DOCOMO actively applies for patents for technologies such as W-CDMA, LTE, LTE-Advanced and 5G that the Company developed to upgrade its networks and launch new services, with the ultimate goal of enhancing mobile experiences for customers. DOCOMO has obtained numerous patents in Japan as well as in other countries and held around 5,500 patents in Japan and 9,300 patents overseas as of March 31 2018. Going forward, DOCOMO intends to strengthen its global competitiveness by continuously maintaining proper protection and utilization of its intellectual property.

**Avoiding Conflicts of Interest**

Conflicts of interest are regulated under national laws from the standpoint of ensuring fairness. DOCOMO has established internal rules for avoiding such conflicts in accordance with Japan’s Companies Act and other relevant regulations.

A specific case may be when a member of senior management seeks to engage in a business transaction that may result in a conflict of interest. This requires prior approval by the Board of Directors if the member is a director or by the director responsible for corporate ethics. The director in question is not permitted to take part in the decision made by the Board of Directors. By operating under this mechanism, we seek to ensure the fairness of business transactions to avoid conflicts of interest.

**Refusing All Connections to Anti-Social Groups**

DOCOMO long ago established its policy of refusing all connections to anti-social groups and has consistently upheld that policy over the years.

The Organized Crime Exclusion Ordinances was enforced throughout Japan (in all 47 prefectures) by October 2011. Following its full enforcement, we revised our policy on refusing all connections to anti-social groups and took steps such as adding exclusionary provisions to outsourcing and all other standard business agreement forms to reinforce our stance against such organizations.

**Commission on Promoting Fair Competition in Mobile Market.** The commission requests the promotion of fair competition in the mobile phone market, including MVNO, through approaches such as revising the renewal method of a two-year subscription to a more reasonable contract.

In August 2016, the Fair Trade Commission presented its views on issues concerning competitive policy in the mobile phone market, prompting the industry to review practices that may be problematic under the Antimonopoly Act. In June 2018, it again issued a report that pointed out practices that may create anti-monopoly issues, such as the practice of selling communications services and mobile terminals in a single package, a contract that states a contract period restriction and automatic renewal, plans based on a presupposition that the subscriber will trade in an old mobile phone or continue their subscription in the same program, a SIM lock, and the distribution of used devices.

In view of these developments, the DOCOMO Group will continue to provide pricing and services that comply with laws, regulations and guidelines as it strives to maintain and promote free and fair competition in the telecommunications market.

**Japanese Competition Commission on Promoting Fair Competition in Mobile Market.** The commission requests the promotion of fair competition in the mobile phone market, including MVNO, through approaches such as revising the renewal method of a two-year subscription to a more reasonable contract.

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In view of these developments, the DOCOMO Group will continue to provide pricing and services that comply with laws, regulations and guidelines as it strives to maintain and promote free and fair competition in the telecommunications market.

**Intellectual Property Training for Employees**

In view of the growing importance of intellectual property, DOCOMO has been encouraging employees to gain a deeper understanding of their relationship with intellectual property and its impact on daily operations through ongoing web-based training and annual group seminars. Moreover, we have developed an intellectual property handbook, which is available on the corporate intranet site and is a useful tool for enhancing awareness. It covers themes relevant to actual operations and guides employees in handling intellectual property through a Q&A format.
12. Corporate Governance > Tax Planning Strategy / Strategic Shareholding

Tax Planning Strategy

Tax Planning Principles

All executives and employees of the NTT DOCOMO Group, regardless of the country in which they operate, will not only comply with laws, social norms and internal rules but will also adhere to the highest ethical standards in both their public and private activities. With this fundamental principle we handle practical tax matters by establishing internal rules and strive to maintain and enhance compliance through measures such as employee training. In concrete terms, we have established the “DOCOMO Group Tax Guidelines.” Under these guidelines all NTT DOCOMO Group consolidated subsidiaries strive to maintain and improve their tax compliance by providing employee education and supervision and improving operational efficiencies to comply with regulations and fulfill their tax obligations. With respect to the application of preferential tax treatment, we will not interpret, apply or seek tax savings in a manner that is unlawful or not presumed by the laws and regulations. We strive to optimize the tax burden for the DOCOMO Group as a whole through the appropriate and effective use of tax incentives for research and development and other preferential tax treatment. In addition, with respect to transactions that carry potentially high taxation risks, we strive to reduce taxation risks by considering the application of an Advance Pricing Agreement with tax authorities.

In view of the increasingly multinational nature of the NTT DOCOMO Group companies and rise in international transactions in and outside of the Group, as well as a strengthening of taxation by the tax authorities of countries, the importance of risk management has increased for transfer pricing taxation, tax haven countermeasures and other important tax systems related to international taxation, for which we will take the measures described below.

(1) Transfer Pricing Taxation

• Transaction prices applied in the NTT DOCOMO Group’s international transactions will be calculated in accordance with the laws and regulations of each country and the Transfer Pricing Guidelines published by the Organization for Economic Cooperation and Development as well as in accordance with the arm’s length principle.

• When the laws and regulations of countries and regions require documentation of the method of price calculation or where such documentation is required due to factors such as the size of the transaction or possible taxation risks, we will prepare the relevant documentation in an appropriate manner.

(2) Anti-Tax Haven Rules

• When investing in a low-tax country or when a country or region in which we operate is newly categorized as a low-tax country due to the lowering of the effective tax rate, we will determine whether or not the anti-tax haven rules apply to the investment or operation based on the laws and regulations of the country or region. Where the rules do apply, we will make our tax payments by self-assessment in an appropriate manner by adding the income of the target company to that of the parent company. Where we are exempted from anti-tax haven rules, we clarify the process that has led to such a decision. These guidelines are being observed by all consolidated subsidiaries of the NTT DOCOMO Group. Furthermore, in order to reduce the long-term tax burden ratio, we are working with the Japanese business community to request tax reform that contributes to the sustainable growth and strengthening of international competitiveness of Japanese companies.

Relationship with Tax Authorities

The DOCOMO Group strives to communicate with the tax authorities and maintain good relations with them while also providing them with explanations based on facts and responding in good faith and with sincerity.

We will respond to any issue indicated by the authorities by promptly identifying the cause and then implementing appropriate measures for correction and improvement to prevent a recurrence except in the events that we are filing a formal objection or seeking litigation against measures and opinions taken by the tax authorities.

Tax Payment Track Record and Reporting

The DOCOMO Group pays the taxes associated with its business management in an appropriate manner by complying with the related laws and regulations. Income taxes after adjustments for fiscal 2017 were 337,775 million yen, and the tax burden ratio to pretax income was 30.8%.

Strategic Shareholding

As DOCOMO works together with partner companies to create new value and to achieve the “Declaration beyond” Medium Term Strategy to 2020, we are acquiring the shares of these partners if we consider those shares necessary from the perspective of corporate value enhancement.

Information on major shares held for strategic purposes are reported to the meeting of the Board of Directors regularly and together with other information, such as the earnings performance of investee companies, the purpose of investment and the status of achievement. Decisions on whether or not to continue holding or to dispose of the shares are also made at the meeting.
12. Corporate Governance > Brand Management

Corporate Identity

● Origin of the Company Name
The Company name is an abbreviation for “Do Communications Over The Mobile Network” and reflects the aspiration and commitment of all our employees to seek customer satisfaction wherever they are and in whatever situation.

● Corporate Logo
The logo is written in small letters and in the custom color of “DOCOMO red.” It expresses DOCOMO’s new brand image of “Human Touch,” “Glimpse into the Future” and “Security and Reliability” as well as our desire to encourage people to feel an even greater affinity with the brand and a sense of expectation for the changes that DOCOMO will undergo. We chose red for its dynamic, uplifting impression as a vigorous statement of our corporate stance on innovation.

Brand Management

NTT DOCOMO GROUP

SUSTAINABILITY REPORT 2018

NTT DOCOMO GROUP  
SUSTAINABILITY REPORT 2018

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1. Top-level Commitment
2. DOCOMO’s Vision
3. Sustainability of DOCOMO
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8. Labor Practices
9. Human Rights
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11. Community Investment
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Corporate Governance
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14. Appendix

Brand Slogan and Statement
DOCOMO upholds “the new of today, the norm of tomorrow” as its brand vision. Our slogan reflects the spirit of challenge with which we pursue innovations to provide greater convenience and comfort to the daily lives of our customers.

● New Brand Slogan
The new of today, the norm of tomorrow

● Brand Statement
DOCOMO has embarked on a new challenge: connecting the separate elements of daily life to achieve levels of convenience and enjoyment never seen before. We call it “smart innovation.”

Security and peace of mind, health, education, and all the other pleasures that go to make up life—we are proposing optimum connections for each individual, taking the provision of information and enjoyment of life a giant step forward. To make this a reality, we are supporting innovation across a wide range of businesses. And beyond this, we are also actively developing novel solutions to the challenges facing society. This culture of challenge and innovation is deeply rooted at DOCOMO. For us, however, it’s not simply about creating products and services that are new; it’s about creating things that, before you know it, become essential or even taken for granted in daily life.

We firmly believe the lifestyles that “smart innovation” makes possible will become the standard, so deeply ingrained they are hardly noticed. We envisage a time when the new becomes everybody’s taken-for-granted standard, and we are working toward that day with everything at our command.
Brand System

NTT DOCOMO Corporate Brand (Carrier Brand)

Service Brands
Network Services
Premium 4G, Xi, FOMA, docomo Hikari, etc.

Communications Services/New Service Domains (Provided by DOCOMO, Inc.)
Anshin Remote Support, imadoco-search, Osaltu・Keita, DAZN for docomo, THEO+docomo, d anime store, d apps & review, d enjoy pass, d car sharing, d CARO, d kids, d gourmet, d game, d shopping, d job, dTV, dTV channel, d delivery, d travel, d fashion, d Payment, d hits, d photo, d book, d healthcare, d magazines, d music, d living, docomo Map Navi, Hanashite Hon’yaku, +Message, my daiz, etc.

New Service Domains (Provided by Subsidiaries)
ABC Cooking, Karada no Tokei WM, Karada no Kimochi, Shop Japan, Tower Records, MAGASEEK, ModuleApps, etc.

Management of Names, Logos and Icons
We formulated the Guidelines on Naming, Logos and Icons to systematically manage these aspects of services provided by DOCOMO, with implementation confirmed by the Brand Management Working Group and secretariat.

■ Management of Names, Logos and Icons

Consultation/Application
- Final decision on brand name, logo and icon system
- Final decision on brand name proposal, logo and icon design proposals

Department responsible for services
- Consultation and development of service concept
- Deliberation on serviceability (Service Marketing Working Group, Committee on Service Promotion)
- Request for formulation of brand name, logo and icon
- Confirmation of brand name, logo and icon proposals

Secretariat (communication section in the Advertising & Promotion Department)
- Note: The advertisement and promotion section in the Corporate Marketing Strategy Department serves as the secretariat for corporate customer services.

Committee on Service Promotion
- Final decision on brand name, logo and icon system
- Final decision on brand name proposal, logo and icon design proposals

Brand Management Working Group
- Deliberation on brand name, logo and icon system
- Deliberation on brand name proposal, logo and icon design proposals

Implementation support
- Trademark research and registration work related to brand name proposal, logo and icon design proposals
- Response to inquiries on trademark rights

External Production Company
- Consumer research on brand name proposal, logo and icon design proposals

Intellectual Property Department
- Overall management of naming, logo and icon system
- Development of brand name, logo and icon (including outsourcing to external production companies)
- Trademark and consumer research

Consultation/Application
- Trademark research and registration work related to brand name proposal, logo and icon design proposals
- Response to inquiries on trademark rights

Research Company
- Consumer research on brand name proposal, logo and icon design proposals

Order placement
- Consumer research on brand name proposal, logo and icon design proposals

Note: The advertisement and promotion section in the Corporate Marketing Strategy Department serves as the secretariat for corporate customer services.
Brand Management Indicators
With regard to our corporate brand, we closely monitor indicators such as the TOYO KEIZAI INC.'s CSR Company Ranking (ranked first in fiscal 2017), Health and Productivity Management (White 500) recognition for personnel-related issues, and SRI indices such as the Dow Jones Sustainability Index for investor relations and corporate social responsibility.

Brand Recognition and External Assessment
The DOCOMO brand is highly regarded in Japan.

Use of Social Media
When using social media with customers as a communication tool, the NTT DOCOMO Group conducts operations in accordance with the following social media policy.

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<p>| Top Five Japanese Brands Recognized in Japan |
|---------------------|---------------------|---------------------|---------------------|</p>
<table>
<thead>
<tr>
<th>2018 Ranking</th>
<th>2017 Ranking</th>
<th>Brand Name</th>
<th>Sector</th>
<th>Brand Value (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>NTT DOCOMO</td>
<td>Telecommunication</td>
<td>9,823</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>SoftBank</td>
<td>Telecommunication</td>
<td>5,901</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>au</td>
<td>Telecommunication</td>
<td>4,575</td>
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<tr>
<td>4</td>
<td>5</td>
<td>Recruit</td>
<td>Media</td>
<td>3,398</td>
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<tr>
<td>5</td>
<td>6</td>
<td>Rakuten</td>
<td>Internet Service</td>
<td>2,848</td>
</tr>
</tbody>
</table>

Source: Interbrand Japan, “Japan’s Best Global Brands 2017”

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NTT DOCOMO Group’s Social Media Policy
The NTT DOCOMO Group will abide by the code of conduct and basic rules defined below as the social media policy when using official social media.

1. Purposes of this policy
(1) To promote communication by appropriate means
(2) To always have self-awareness and responsibility as a DOCOMO Group member when using social media

2. Definition of social media
Social media is defined as media that allows the general public to communicate with each other through information posted by individuals using the Internet and web technologies.

3. Basic rules to follow when using social media
(1) Always respect and listen carefully to those you communicate with
(2) Clarify the purpose of communication and provide valuable information
(3) Use easy to understand language
(4) Understand the characteristics of digital tools, such as instant transmission and inability to cancel it
(5) Fully respect privacy
(6) Fully respect copyrights

4. Information for customers
Information posted on a social media site by an administrator who operates an account approved by DOCOMO is not always posted after it has been verified, due to the characteristics of social media. In that regard, such information should not be regarded as official announcements and statements from DOCOMO. Please note that such information may be corrected later. Official announcements and statements from DOCOMO are posted on DOCOMO’s website. Specific operations (support hours and whether or not or how to respond to inquiries) vary depending on the account.