

11 Supply Chain

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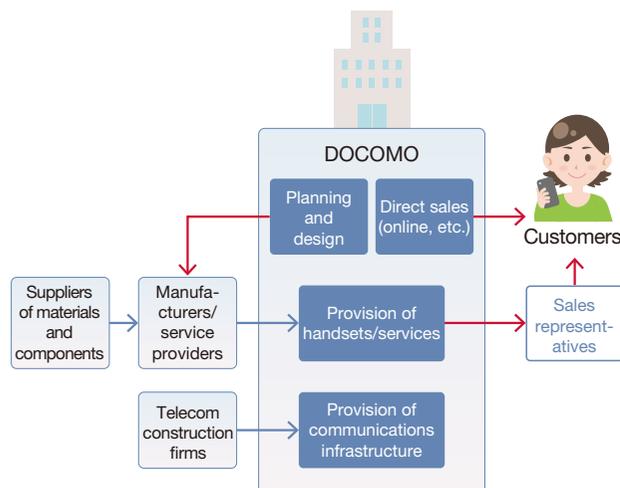


We value our relationship with other businesses that are important partners in our operations, and we strive to maintain fair transactions and undertake CSR procurement in view of our responsibilities to society.

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 effectively manages our supply chain throughout our business, including suppliers.



Relationship with Suppliers

Basic Policies and Philosophy

DOCOMO conducts procurement under the following policies.

NTT DOCOMO's Basic Procurement 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. We believe 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, and so we formulated the NTT DOCOMO Guidelines for CSR in Supply Chain, and use it effectively. The first version, established in 2009, was updated and renamed in December 2013 under the aforementioned title.

In the guidelines, which apply to suppliers of telecommunications equipment and communication devices, we itemized rules that require compliance in the seven CSR-related areas. These are 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 January 2018, we revised the NTT DOCOMO Guidelines for Green Procurement, which we apply for CSR procurement. They now include new provisions concerning the reduction of environmental impact and approaches to the upstream supply chain in terms of integrating environmental considerations into business activities.

[NTT DOCOMO Guidelines for CSR in Supply Chain](#)

[NTT DOCOMO Guidelines for Green Procurement](#)

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 (a self-assessment questionnaire) to confirm the status of their

compliance with the guidelines. In fiscal 2019, we received responses from 48 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.

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.

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 to manage our progress. Also, we regularly provide education for our procurement staff as a means of ensuring that these initiatives are implemented.

[Green Procurement Survey Sheets](#)

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 2019, 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.

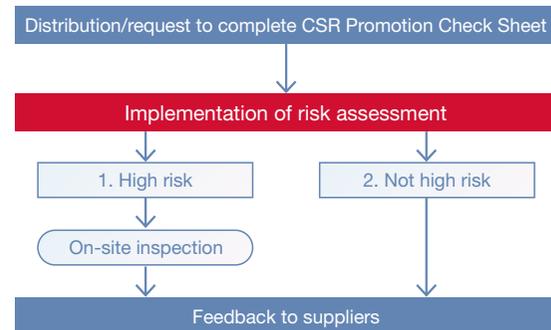
From the standpoint of sustainability, we believe that understanding the risks associated with tier-two suppliers are important. Accordingly, we regularly monitor the sustainability risks of manufacturers that supply sizable quantities of general-purpose products used in network construction and customer 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.



Number of high-risk suppliers in relation to CSR in fiscal 2019

0

Supplier Risk Assessment Process



Participation in External Organizations

DOCOMO has participated in the activities of the Global Compact Network Japan as a partner company in fiscal 2017 and 2018. We also took part in the Supply Chain Subcommittee

in both years 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 U.S. government 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 advances initiatives aimed at preventing the use of conflict minerals that would fund the activities of armed groups.

As in the previous year, in fiscal 2019 we responded to suppliers' requests and surveyed tier-one suppliers regarding the country of origin for minerals contained in their products. 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.

[NTT DOCOMO Group's Approaches to Conflict Minerals](#)

Enhancing Procurement Skills

When negotiating with suppliers to procure goods, procurement operations are required to achieve continuous, stable procurement by equal, fair and transparent transactions. We therefore conduct web training on seven areas related to CSR for all employees. Moreover, we encourage employees to become Certified Procurement Professionals (CPP)* as a means of enhancing their procurement and purchasing skills.

* Qualification for gauging the level of knowledge required in materials procurement operations

Communication with Suppliers

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

When we make on-site visits to verify a supplier's response to the NTT Group 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 2019 with 170 participants from 56 companies involved in DOCOMO's businesses, including 33 major suppliers, 12 telecom construction firms and 11 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.

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.

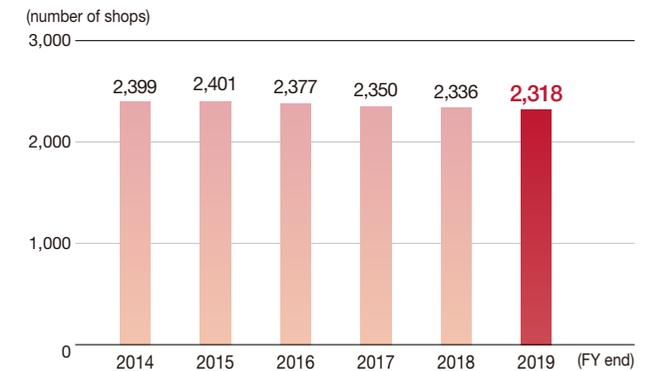
Relationship with Sales Representatives

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 2020, there were 2,318 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.

Number of docomo Shops



Support for docomo Shop Staff

Strengthening the Support System

docomo Shops undertook initiatives such as promoting a new style of service provision using tablets installed with a new reception system, expanding the shop visit reservation system, and assigning dedicated staff to initial settings and data transfers. As a result, we achieved our fiscal 2019 goal of reducing customer waiting time and attendance time to 65 minutes, about half of current levels. We are also strengthening the support system for staff at docomo Shops and other retail outlets to assist with paperwork and respond to customers about defects as well as the provision of services related to devices and network services that have become increasingly sophisticated. Specifically, these have been made possible by improving the functions of customer service support tools, the content of confirmation and learning video, and the capability of the call center, which is dedicated to shop staff. In fiscal 2020, we will continue these initiatives to increase customer satisfaction further.

Creating a Favorable Workplace and Providing Incentives

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

We conduct employee satisfaction surveys on a regular basis to gauge the level of satisfaction among docomo Shop staff. 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 to

exchange views and provide guidance on creating favorable working environments.

Our incentives for major sales networks such as docomo Shops include support for operational systems, staff, and the acquisition of skill qualifications as well as incentives for sales activities, after-sales support and LTV. As for non-financial incentives, we offer awards for long-term employment to secure the stable employment of sales staff and organize training trips for competent sales staff as a means of promoting their motivation.

Incentives for Major Sales Networks

Support	Incentive
Support for operational systems	Ensure the stable operation of sales representatives
Support for staff	Secure the stable long-term employment of sales staff and enhance their response to customers
Support for the acquisition of skill qualifications	Promote the acquisition of skill qualifications by sales staff
Incentive for sales activities	Raise the quality of sales activities
Incentive for after-sales support	Improve the quality of response to malfunctions
LTV incentive	Promote thoughtful and scrupulous explanations to customers in order to encourage the continued use of DOCOMO services

Continuous Education and Training and Qualification System

In conjunction with the change in the market environment of the telecommunications industry, docomo Shops are seeking to become a “total life support base that will make our customers’ lives more convenient, fun, and affluent.” Under this concept, we revamped the skills qualification system in April 2019 for docomo Shop staff with the intention of improving the level of customer response, in addition to

developing the product and service-related skills of docomo Shop staff.

Acquiring skills to deliver new value to our customers that supports comfortable lifestyles is at the heart of our training program. Adhering to this principle, we will not only review our program to accommodate new products and services but will also constantly upgrade the content to reflect requests from customers and staff for improvements connected to on-site service skills. In addition, we have organized our qualification system into categories: the Front Specialist, who is responsible for on-site operations; the Grand Meister, who presents optimal proposals that meet customer needs; the Meister, who recommends products and services to customers based on their field of interest; the Pre-Meister, who offers a friendly first response; and the Technical Advisor, who has an abundance 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 these qualified staff, we will strive to offer new value to customers in an effort to become the total life support base that wins their trust and affection. Over 96% of our staff are qualified in this way, with about 10% holding the top-level qualification.

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.

Customer Service Contest for docomo Shop Staff

docomo Shop staff from across Japan got together in December 2019 to demonstrate their customer service skills in the “docomo Shop Staff Customer Service Contest-Meister of the Year 2019 National Competition.” Fiscal 2019 is the 11th year of the contest, which offers 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.



docomo Shop Staff Customer Service Contest-Meister of the Year 2019 National Competition

Promoting Workstyle Reform at docomo Shops

We are also promoting workstyle reform at docomo Shops and is creating a comfortable working environment for staff while also taking into account the trends of customers visiting each location.

Changing the Business Hours of docomo Shops

docomo Shops nationwide, except those unable to because of tenancy conditions, are taking the following measures for workstyle reform. (The numbers indicate the percentage of shops where the measures have been implemented.)

- Shorter business hours (shop closes by 7:00 PM): 98%
- docomo Shops setting one non-business day for each month: 96%
- Two-consecutive non-business days that include New Year's Day: 100%
- Taking summer vacation: 99%

Contributing to the Opening of Daycare Facilities to Support docomo Shops

To create an environment in which female staff at docomo Shops can continue working regardless of changes in their life circumstances such as child birth and child rearing, we have since April 2018 supported the opening of new daycare facilities by paying part of the initial cost.

As of the end of March 2020, female staff members accounted for approximately 55% of all staff at docomo Shops, and balancing child care and work is a serious issue for them. Opening daycare facilities is one measure we are taking to provide an environment where experienced and highly skilled female staff can continue working for a long time. Looking ahead, we will continue to support docomo Shops by helping to open daycare facilities in convenient locations and that can be used by female staff working on the weekends, holidays and at night as well, so they can smoothly return to work after child birth and work full-time.

Universal Design at docomo Shops (DOCOMO Hearty Style "Enhance Customer Support")

Following the concept of DOCOMO Hearty Style (), we are making docomo Shops barrier-free. Specifically, we are eliminating steps at shop entrances, securing indoor spaces (wheelchair traffic lines), installing wheelchair-accessible

counters and restroom facilities, designating dedicated parking spaces for people with disabilities, and taking other steps.

As of the end of March 2020, over 90% of all docomo Shops in Japan were equipped with barrier-free entrances and indoor spaces, and over 80% with barrier-free restroom facilities and dedicated parking spaces for people with disabilities.

For people with hearing impairments, we are installing sign-language support videophones to docomo Shops to assist communication between the shop staff and customers by remote video interpreting.

As of the end of March 2020, 645 docomo Shops are equipped with the videophones, while many shops also have communication boards.

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

In addition to making shops barrier-free and providing tools, 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, which about 7,000 employees nationwide took part in during fiscal 2019.

Environmental Efforts at docomo Shops

Responding to the expectations of our customers and society, we cooperate with our sales representatives to advance the eco-friendly measures of docomo Shops and promote greater infrastructure-related electricity conservation. As part of these efforts, we converted 2,318 docomo Shops throughout Japan to indoor LED lighting as of March 31, 2020.

Reinforcing Disaster Preparedness at docomo Shops

After the blackout that spread across Hokkaido following the Hokkaido Eastern Iburi Earthquake in September 2018, DOCOMO opened its office building and docomo Shops to the public in the disaster-stricken area to offer free mobile phone charging service.

As a measure against disasters, we installed photovoltaic power generation systems in 245 shops as of the end of March 2020 to strengthen our system for providing free charging services in case of a power outage. We plan to install power generation systems in approximately 500 shops by the end of fiscal 2020 (DOCOMO'S disaster countermeasures:).



Free charging station

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 the Oshigoto (Job) Challenge! event for elementary school children at 696 docomo Shops across Japan during their 2019 summer vacation. This was attended by 3,868 children, all of whom were given the experience of working at a docomo Shop.

Facilitating Communication with Local Residents through docomo Smartphone classes

To bring docomo Shops closer to local residents, we are committed to providing docomo 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 4.8 million customers participate in a year, which is far beyond our annual goal of 1.5 million customers set for fiscal 2019. As the classes can create an opportunity for participants to talk to each other, we will continue to facilitate communication with local residents through docomo Smartphone classes at docomo Shops.



docomo Smartphone classes