

CSR Report 2018

Digest Version

Integrity and Innovation

We will contribute to sustainable urban development through our real estate services. What we value most is seeing the satisfaction of our customers and members of the wider public, and bringing smiles to their faces.

For this, we will pay close attention to the changing needs of our customers and society, and thoroughly understand our customers' perspectives.

We make it a promise to continue our challenge of generating innovative services, where all of our management and employees will act with integrity and without fearing failure.

This challenge is fueled by a corporate culture conducive to all of our management and employees freely and proactively voicing opinions, where all of us may respect and value one another, and go about our jobs with a smile.

Editorial Policy

We will report on our CSR in line with the five CSR themes presented in the “NTT Urban Development Group CSR Basic Policy” and in a manner that reflects the UD Statement and business characteristics of the Group. We will also report our CSR activities with priority on those initiatives by the Group that respond to important social issues and demands. When setting report content, we put priority on selecting topics with strong social demand and high strategic importance for the Group, with reference to the basic process provided in the GRI standards.* To encourage the reading of reports, we will succinctly summarize the essence of our CSR activities and ensure that priority is given to readability.

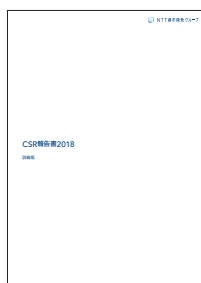
*International CSR reporting guidelines that are issued by Global Reporting Initiative (GRI), an NGO based in the Netherlands.

NTT Urban Development Group's CSR reporting tools



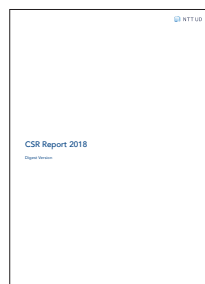
“CSR Information” website

The website provides general CSR information, including news, previous data and related links.



Full Version PDF

This report provides comprehensive CSR information for FY2017.



Digest Version PDF (this report)

Contains an outline of CSR information for FY2017.

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Organizations covered in reports

We report on activities and initiatives of the entire NTT Urban Development Group to the maximum extent possible. We specify the organizations being discussed in each report section in accordance with the following rules.

- “NTT Urban Development Group” and “the Group” → The entirety of the NTT Urban Development Group
- “NTT Urban Development” and “we” → NTT Urban Development Corporation only
- “(Group company name)” → The Group company that is referred to only

Reporting period

FY2017 (April 1, 2017, to March 31, 2018)

*The report includes some content that refers to activities occurring before and/or after the reporting period.

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Other matters

(Photography)

*Timothy Soar

*The architectural renderings shown are conceptual images from the planning stage and thus subject to change for construction-related reasons.

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TOP MESSAGE

President and CEO
NTT Urban Development Corporation

Hiroshi Nakagawa



We aim to be a partner that is chosen and trusted by the community by resolving social issues through urban development.

NTT Urban Development Group's mission

At NTT Urban Development Group, we engage in urban development that allows the highly unique local communities found throughout Japan to shine. We do this by cherishing the trust and connections we have built with local communities and earnestly listening to residents' feelings for their towns.

When executing urban development, we strive to be a regional partner that contributes to the community's development. We fulfill this aim by proactively promote collaboration with a diverse range of business partners, and by fully leveraging NTT UD Group's experience and know-how in the domestic and international real estate business as well as NTT Group's plentiful resources.

Grappling with social issues as a regional partner

NTT UD Group grapples with urban and social issues as a

partner with the community. We contribute to the economic development of the local community and the resolution of social issues, and we work to realize "Society 5.0," a conceptual society in which all people can live comfortable, active, and full lives.

For example, in the Karasuma area of Kyoto, we are building a highly innovative hotel and other structures that improve people's accessibility while retaining the value of historical structures. It is an undertaking that fits perfectly with the concept of "Kyoto: an international city with the heart of Japan." This project aims to create a base for urban activity and community within a business district.

Through our shared office business "LIFORK," we present new work styles and lifestyles that are in line with regional characteristics. This is achieved by establishing company-led day nurseries called "Waina Kids Hoikuen," a bike port, a leafy workers' garden for natural interaction between local residents and workers, and other facilities together with the shared offices.

Moreover, with our "Connecting TOWN Project," we aim to

build a community in which multi-generation families can live for years through the integrated development of serviced housing for senior citizens and condominiums.

In addition, we are applying the wisdom and resources of NTT Group in taking initiatives toward solving such environmental problems as climate change, which is an urgent global issue. For example, together with Dimension Data Japan, a Group member, we are conducting demonstrations oriented toward the construction of smart buildings that use the IoT/M2M platform.

Our concept of urban solution values

In these and other ways, NTT UD Group has pursued urban development in various regions and from diverse standpoints. As the falling birthrate and aging population, climate change, and other social issues gain severity at a rapid rate, we are doing even more to resolve those issues and promote initiatives that contribute to regional society.

Actively stepping up our collaboration with local governments, companies, and many others who possess knowledge and technology in various areas, and fully applying NTT Group's resources in ICT, real estate, and energy, NTT UD Group will create "Urban Solution Values proposed by NTT UD" to realize the kinds of community that local residents want.

Urban Solution Values proposed by NTT UD

■ Community

Offer attractive space and contents for the creation of unique and vibrant communities

■ Diversity

Develop urban environment that facilitates diverse lifestyles of people who gather, work and live there

■ Innovation

Utilize cutting-edge technology to contribute to solutions to urban issues, generation of new industries and improvement of productivity at companies

■ Resilience

Create a city where residents can live with peace of mind by reducing environmental burden and building disaster response capability

We believe that taking on social issues by presenting "Urban Solution Values" contributes to the achievement of the seventeen Sustainable Development Goals (SDGs). We will maintain a global perspective and contribute to the achievement of internationally-held goals.

Promoting "diversity & inclusion" and sound business activity

At NTT UD Group, we establish diversity & inclusion as a core component of our management strategy. We endeavor to create an environment that allows all employees to achieve their utmost performance and focus on creating workplaces that respect diversity. The development of an environment that allows a broad range of people to succeed—regardless of sex, age, race, nationality, existence of disability, sexual orientation, and gender identity—is vital for NTT UD Group's future growth. For this reason, we are developing systems and building awareness for realizing a good work-life balance for each and every employee, promoting flexible work styles, and responding to and supporting the important life events of childcare and nursing care.

We believe that the cornerstone for promoting CSR is laid when each and every one of us maintains a feeling of gratitude and carries out responsible and healthy business activities with high ethical standards and awareness of human rights. To this end, we are enhancing employee training to reinforce respect for human rights, full compliance, and governance. This is based on our recognition that employees must be aware of social responsibility and be able to see the effects, both direct and indirect, that business activity has on society from a broader perspective.

With pride and self-awareness as a member of NTT Group, we will continue keeping our feet firmly planted on the ground and promoting urban development with "integrity and innovation" as declared in the UD Statement.

Doing business with a medium- to long-term perspective

In urban development projects, the development of buildings and neighborhoods is not the goal. Instead, it is important to continue working to resolve community issues and develop the community even after the project is completed.

At NTT UD Group, we will contribute to the realization of communities that are lively and vibrant, and in which all people can work, gather, and live with peace of mind. We will do this by utilizing NTT Group's diverse resources in such fields as ICT and energy technologies, and with each employee dealing sincerely with the community and responding carefully to its needs.

I thank you for your interest in and expectations for our undertakings, and look forward to benefitting from your continued guidance and support.

CSR of the NTT Urban Development Group

NTT UD Group has compiled its fundamental philosophy and orientation vis-à-vis its corporate social responsibility (CSR) into a Basic CSR Policy. This policy is in accordance with the Group's UD Statement and Action Guidelines and has been released to the public.

Its core message is that our CSR activities shall be founded on promoting urban development that satisfies and delights our customers and local communities and on contributing to the realization of a comfortable and sustainable society by providing excellent real estate services as a member of the NTT Group. As part of our urban development, it is important that we learn about and fully utilize the historical and cultural aspects that make each location so special.



Basic CSR Policy of the NTT UD Group (revised in September 2014)

CSR Message

As a member of the NTT Group, we will help create a sustainable society that offers comfortable lifestyles. We will achieve this by providing quality real estate services that realize urban planning that satisfies the needs of customers and members of the wider public and brings smiles to their faces.

CSR Themes

Communication with stakeholders

We view customers, members of the wider public, and every person and company involved in urban planning as important partners. By communicating with these partners sincerely, we will realize better urban planning.

Creation of comfortable and lively living spaces

By creating living spaces that are safe and comfortable for everyone and business spaces that are functional and convenient, we will develop appealing, lively urban areas.

Promotion of environmental stewardship

We will reduce the environmental burden associated with urban planning. Furthermore, we will innovate to develop comfortable urban areas that incorporate nature.

Creation of workplaces where diversity is respected

We will respect employees' individuality and emphasize diversity to create vibrant workplaces.

Sound business activities

Maintaining a strong sense of gratitude, ethics, and human rights, we will conduct business activities responsibly to enrich society.

Practical Application and Penetration of CSR

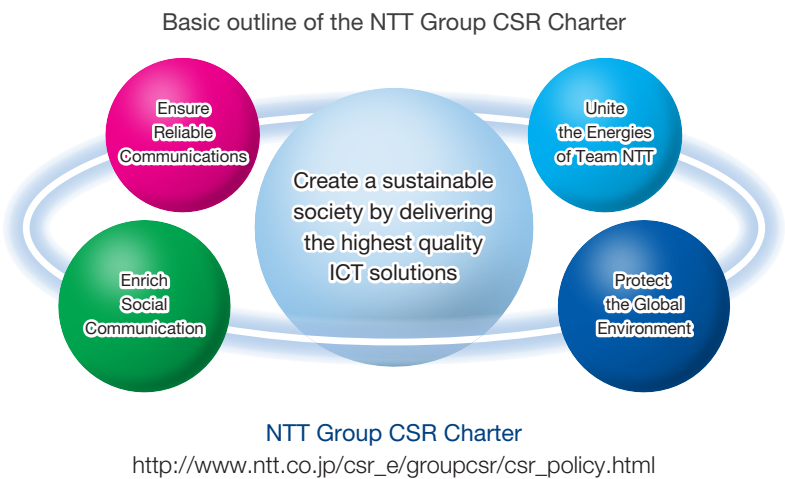
NTT UD Group has set out, both internally and in public, our Basic CSR Policies and endeavored to substantiate and enhance “CSR through actual projects”. Since the 2011 accounting year we have been reinforcing initiatives to fulfill our CSR with emphasis on customer satisfaction (CS) activities, disaster countermeasures, environmental activities, and employee education (corporate ethics and social action activities) as important themes. These efforts are based on the general CSR platform that we have built thus far. Initiatives pertaining to these themes are continuing to steadily evolve. Please visit the relevant sections for information on specific initiatives. We believe that stronger awareness by each and every employee is an essential aspect of our effort to fulfill our CSR. For this reason, we provide annual training for all Group employees. Educational activities such as this lead to the spontaneous practice of CSR by each employee.

Framework for Fulfilling CSR

A “CSR Committee” organized to study CSR-related activities meets regularly within NTT UD Group. The CSR Committee is chaired by the Senior Executive Vice President and is comprised of the heads of major organizations in the Group and the Audit & Supervisory Board Members. The committee serves as a venue for raising and aggregating diverse opinions concerning important matters, including measures to combat global warming, which has become a major social issue in recent years. The Headquarters’ CSR Office acts in accordance with the CSR Committee’s decisions by working closely with divisions, branch offices, and Group companies to advance CSR-related activities at all work sites.

Participation in NTT Group activities

The NTT UD Group’s Basic CSR Policy was prepared based on the NTT Group CSR Charter, which aims to “create a sustainable society by delivering the highest quality ICT solutions.” The NTT Group continuously advances Group-wide coordination in its CSR activities, and we actively participate in NTT Group CSR Conferences and other settings intended to strengthen Group coordination.



Urban Solution Values and Contribution to the SDGs

Urban Solution Values

By presenting community, diversity, innovation, and resilience as “urban solution values,” NTT UD Group provides the highly unique and vibrant urban development that cities aim to achieve.

Under the “urban solution values” concept, we consider the essential roles of cities, the visions that each city in Japan has for itself, and the available resources of NTT Group (real estate held in core cities, ICT technology, and urban development-related technologies and know-how). We then present the value that NTT UD Group can deliver as a regional partner.

Urban Solution Values proposed by NTT UD

Community - A unique and appealing city that attracts people -

Offer attractive space and contents for the creation of unique and vibrant communities

Diversity - A city where everyone lives energetically -

Develop urban environment that facilitates diverse lifestyles of people who gather, work and live there

Innovation - A city with vitality from new industry creation -

Utilize cutting-edge technology to contribute to solutions to urban issues, generation of new industries and improvement of productivity at companies

Resilience - A city that is resilient to disaster and environmentally friendly -

Create a city where residents can live with peace of mind by reducing environmental burden and building disaster response capability

Contribution to Achievement of the SDGs

In September 2015, “Transforming our world: the 2030 Agenda for Sustainable Development” was adopted by the UN Sustainable Development Summit held at the United Nations Headquarters in New York. The Agenda sets “Sustainable Development Goals (SDGs)” comprised of 17 goals and 169 targets as an action plan for people, the planet, and prosperity in 2030.

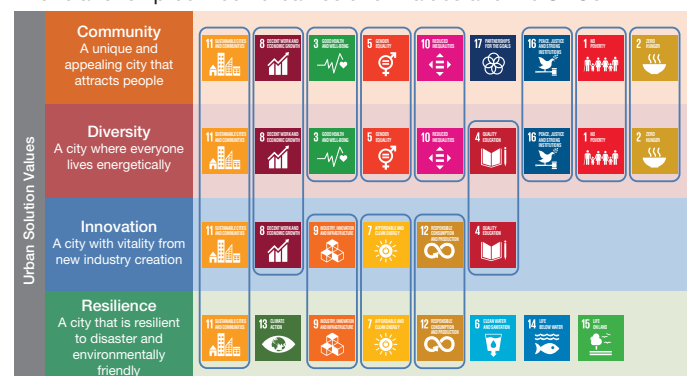
NTT UD Group contributes to the SDGs’ achievement as a member of the international community.



The Relationship between Urban Solution Values and the SDGs

At NTT UD Group, we studied how “urban solution values” can contribute to the SDGs’ achievement and then developed a picture of their relationship. First, SDG 11 (make cities and human settlements inclusive, safe, resilient and sustainable) is positioned as being in common with all value that our Group creates through urban development. Moreover, through approaches that utilize a broad range of resources, we can deliver pieces that constitute the vision presented by the 17 SDGs to various places. We believe that urban development that maximizes each city’s potential can become a force that drives this internationally-shared action plan.

The relationship between urban solution values and the SDGs



Linking People with People and People with Communities

Proposing diverse working and living styles

“LIFORK”

NTT UD Group’s business is oriented toward urban development that generates new value based on the keywords “community,” “history and culture,” and “life & work.” An undertaking that symbolizes the “life & work” component is LIFORK, which started Otemachi and Akihabara of Tokyo’s Chiyoda Ward in April 2017. In what ways does LIFORK propose and support new work and living styles?

Please give us an outline of this project.

Higashitanaka: LIFORK Otemachi makes “hard” and “soft” proposals for high-productivity work styles and personalized living styles to active workers. These proposals are based on the project concept “Creative Platform: Working and connecting in your own way.” On the other hand, LIFORK Akihabara designs projects matched to that unique location known as Akihabara. Akihabara UDX is the building that houses our headquarters, and we viewed the tenth anniversary of its completion as a good opportunity to start this business.

Tanimichi: LIFORK also sees childrearing as an important part of a worker’s life. Within LIFORK Otemachi and LIFORK

Akihabara are “Waina Kids Hoikuen” day nurseries for babies and toddlers aged 0 to 2. “Waina” is a Japanese rendering of the English phrase “Why not?” It conveys the idea that the nurseries will be places where children hear encouraging words, such as “That’s a good idea! Let’s give it a try!”

Why has the LIFE × WORK = “LIFORK” brand come into being now?

Higashitanaka: As is symbolized by the phrase “work style reform,” we have entered an era in which individuals can choose the way they work to fit their lifestyle. Additionally, the availability of ICT tools has made it possible to work anywhere and anytime. As a result, more and more emphasis is being given to the evaluation of each worker’s “results.”

Under such circumstances, we wondered what we could do as a developer to provide diverse work-style choices and help each worker improve his or her performance. That was what led us to launch the brand.

Tanimichi: Throughout all aspects of our own business, consumers’ needs are gradually shifting from consumption of material goods to consumption in pursuit of a better life. We realize that customers will not choose us if we focus solely on the physical infrastructure side. We explored the kinds of value we could offer, and one of the answers we arrived at was LIFORK.

How did you come up with the concept behind LIFORK Otemachi?

Higashitanaka: We began by listening to what our customers had to say. We conducted a questionnaire survey targeting more than 20 tenant companies. We also organized workshops for the employees of tenant companies. NTT UD employees served as workshop facilitators. These steps allowed us to gather a list of things that workers in Otemachi want. In the course of analyzing their demands, various perspectives and needs became distilled into a concrete idea: a lounge and event space, a place for unwinding.

Tanimichi: When we launched the nurseries, we also held frequent interviews with NTT Group members and others and collected a broad range of views



LIFORK Otemachi’s “work lounge”

Linking People with People and People with Communities

Proposing diverse working and living styles

“LIFORK”



A security-protected bike port

from the users’ perspectives. In addition, as we formulated Waina Kids Hoikuen’s management policy, we visited day nurseries in nearby companies and studied their philosophies and ideas in nursery management.

What are the new working and living styles being proposed by LIFORK Otemachi?

Higashitanaka: We established “active luxury” as the design keyword for workers in Otemachi, one of Japan’s leading business centers.

The first floor is a “work lounge.” Neither a home nor a workplace, it is a comfortable and high-quality space for doing personal work, holding meetings, engaging in self-improvement, interacting with other workers, or spending time as needs require. An event space with room for 30 people is also provided and can be used for various purposes to gain ideas or inspiration.

The second floor has offices that can be used on a monthly basis and at any hour of the day to meet demands for flexibility



and meeting rooms for members. A service station with office equipment and a water server is also provided.

And one of the most noteworthy characteristics of LIFORK Otemachi is its bike port for people who commute by bicycle. The port allows workers to store their beloved bicycles in a secure room. It even has shower rooms.

Please describe your management philosophy for the nurseries.

Tanimichi: First, we emphasize safety and peace of mind above all else. We unfailingly register each child’s arrival and departure from the nurseries using an attendance management system provided as a service by NTT Group. We also enhance security with a facial recognition system at the entrance. Additionally, the furniture and doors in the facilities have safe designs that minimize the risk of injury to children.



A security system that makes entering and exiting the nursery effortless

Moreover, the nurseries keep diapers and meals available and employ a system that basically allows children to come without any supplies, which helps eliminate stress when both parents have their hands full with work. The nurseries also keep parental visiting days to a minimum. In terms of childcare quality, an important feature of the Waina Kids Hoikuen nurseries is their emphasis on picture-book education. They also make use of a program called “FUN-Bourine” that helps children absorb English while having fun.

What plans and ambitions do you have for the future?

Higashitanaka: It is important that LIFORK have the diversity and flexibility to meet various needs. We intend to gather customers’ opinions at the two facilities we first opened—Otemachi and Akihabara—and then develop the next services. It is also important to engage in solid management and to share information among project members.

We also hope to apply NTT Group collaboration in developing services. I think there are many solutions that we can use, not just the nurseries’ attendance management system but also security systems and teleconferencing.

It would make me happy to see LIFORK become one of the “places” where NTT Group comes together to generate new value. In fact, there are moves underway toward having Group companies participate in exhibitions together.

In terms of society, I think developing environments in which parents can work and raise children at the same time and securing work-life balance will become even more important in the years ahead. As more and more people respond to the working styles and living styles LIFORK proposes, we will take steps to gradually diffuse them into society at large.

*This interview took place in early July 2018.



From left: Shigeyoshi Higashitanaka, Project Management, Development Management HQ; and Nao Tanimichi, Office Building Business Planning, Office Building Service Business HQ, NTT Urban Development Building Service Corp.

Linking Communities' Cherished History and Culture to the Future

The "Shinpuhkan Redevelopment Project"

In 1926, a building that would become the Kyoto Central Telephone Exchange was completed on the east side of Karasuma-dori avenue in Kyoto. In 2001, the building was transformed into a commercial facility called Shinpuhkan. In 2020, this same building will be reborn as a hotel and commercial complex. NTT UD Group is striving to develop the facility into one that will be appreciated by locals and travelers alike by inheriting this historical building and creating an attractive space that will be open to the community. Here, a couple of people in charge of the project explain its background and concept.

Please describe the events that led up to Shinpuhkan's redevelopment.

Kobayashi: In 2001, we renovated the former Kyoto Central Telephone Exchange and opened it as the "Shinpuhkan" commercial facility. We retained the historical structure but added a large inner courtyard, and transformed the building into a facility that is open to the community, one that anyone can freely enter.

Prior to redevelopment, our intention was to "plant a seed," so to speak, through renovation. Originally, the area around the building was an office district, and establishing a large-scale commercial facility there was difficult. We therefore decided to proceed with full-scale redevelopment with the aims of operating Shinpuhkan as the "center of a pearl" that would enliven the community and then waiting for the area to turn into fertile ground.

Just as we envisioned, the number of commercial facilities in the vicinity grew after Shinpuhkan opened, and the area began attracting larger and larger crowds. We judged that the renovation had fulfilled

its role well and thus launched redevelopment in 2016. When many people told us via social media and in other ways that they were sad to see Shinpuhkan close, we realized just how firmly the facility had become rooted in the community.

What is it that you value in redevelopment?

Koike: We have inherited a building with a history stretching back more than 90 years and the concept of a facility open to the community. Although we own the land and building, its appearance is part of the townscape and "belongs to everyone." Also, the building has been designated a Registered Cultural Asset (No. 1) by Kyoto City, and therefore we thought that leaving it would enhance the community's appeal. Rather than preserving the building as is, like a museum, we see the project as a way of passing it on to the next generation in a "living form" by remodeling part of it to fit the times and using it to help create the commercial facility's charm.

Some of the characteristics of a former Ministry of Communications building,* such as bay windows and arched windows, are conspicuous in the old building. The building's design was by Tetsuro Yoshida, who was an engineer with the former Ministry of Communications. Although some tiles and other areas were redone at the time of the renovation, we decided that, for this redevelopment project, we would keep the building's



The Kyoto Central Telephone Exchange

external appearance as close as possible to that of its telephone exchange days.

For example, at the time that the building was originally completed, glass was very expensive, and so the windows were made by inserting small panes of glass into iron sashes. They were replaced by single-pane windows in the renovation, but we will restore them to their original design in this project. Nevertheless, we will dramatically improve the building's insulation, seismic resistance, and other aspects of its structural performance using the latest technologies and materials.

* "Ministry of Communications building" refers to a construction built with sturdy and high-quality design standards to serve as a communications building, a type of structure that required high reliability.

Please explain the concept of a "facility open to the community."

Koike: When it was a telephone exchange, the building and its inner courtyard were private spaces for employees. We opened the courtyard to the community during the renovation and made it a place where people can gather. We also wanted people



The renovated Shinpuhkan prior to the redevelopment project

Linking Communities' Cherished History and Culture to the Future

The “Shinpuhkan Redevelopment Project”

to experience entering an original space that is cut off from the city's hustle and bustle.

With the current redevelopment project, we are again improving accessibility with the surrounding area in line with the “open to the community” concept. Part of this involves establishing east-west and north-south passages and linking the building directly to Karasuma Oike subway station. And although the area that was a plaza during the Shinpuhkan days will become a path with plants and a water landscape, the idea of creating a new space just a few steps off the street remains the same.

Kobayashi: The concept of “openness to the community” also fits with the philosophy of Ace Hotel, which will operate a hotel on the second to seventh floors. An operator of nine hotels in North America and other regions, Ace Hotel has a solid reputation for creating communities with local people's involvement.

For example, the lobbies of its hotels are gathering places open to everyone, not just guests. They are places where nearby businesspeople can work on computers and where locals can enjoy a cup of coffee. Thus, for the new hotel as well, we are envisioning mechanisms that will contribute to the local community in a manner that fits with the special traits that make Kyoto

what it is.

Kengo Kuma and Associates has been brought in to supervise the facility's design. Is it correct to say that the collaboration between Mr. Kuma, who is known as an “expert in Japanese style,” and an American hotel will become evident through the fusion of tradition and innovation that was the concept behind Shinpuhkan?

Kobayashi: Yes, that's right. Ace Hotel also wanted to create a hotel that fused Japanese and Western cultures, and so our discussions have gone very well.

Koike: We have had frequent “big meetings” attended by all project leaders. On some occasions, meetings led by our vice president and attended by Ace Hotel's representatives; design leaders; NTT Facilities, which is in the designing company; Mr. Kuma and his staff; and others concerned with design have lasted as long as three days. Since construction started, we have held discussions on delivered samples and other matters while inspecting the building site.

The building is scheduled to be completed in the spring of 2020. Are you getting a lot of interest from



Appearance aiming for harmony with the community (conceptual rendering)

potential commercial tenants?

Kobayashi: Leasing is going well. It seems that the charms of the original building and the opening of Ace Hotel are generating interest. In addition to restaurants and product sales, we are also actively studying the inclusion of facilities that can disseminate information, and so we are preparing a large underground area for them.

Koike: As for facilities associated with the hotel that have already been decided, the third-floor roof behind the courtyard will become a rooftop bar open to the outside. With direct access to the station via an escalator, the bar will overlook the courtyard and provide a splendid view of Kyoto's nighttime scenery.

Kobayashi: We want to create a win-win relationship between Ace Hotel and tenants on the operation side, and also create a space that is attractive to both travelers and locals.

*This interview took place in early July 2018.



Courtesy of Kengo Kuma and Associates

Passage seen from Karasuma-dori side (conceptual rendering)



From left: Masaya Koike, Architecture & Engineering, Urban & Architecture Design Dept.; and Hiroyuki Kobayashi, Retail & Hotel Development, Commercial Business HQ

Conveying Culture and Creativity to the World

The “Harajuku Station Front Project”

Harajuku remains a center of youth and culture in Tokyo. In front of Harajuku Station, the gateway to Harajuku, NTT UD Group is developing a commercial and residential complex that will become an area landmark. How will NTT UD grasp the history and characteristics of Harajuku and, taking the concept of “a hangout tied to the future,” refine them into solutions to modern problems? The following interview with a couple of project leaders provides a report.

Please briefly describe the characteristics of the Harajuku Station area and this project.

Imamura: The area in front of Harajuku Station has some great advantages. It is located at a point linking Omotesando, a historic road approaching Meiji Shrine, and Takeshita-dori avenue, which can be described as the center of Japan’s youth culture. And high-rise buildings in the area offer views of the greenery of Meiji Shrine and Yoyogi Park.

Through this project, we will rebuild on the

site of the Harajuku Apartments building, which was completed in 1959, and other lots in an integrated manner. Our intention is to not simply build a commercial and residential complex. Our design will allow people to pass through the building, as we want to create a new route for traveling from Omotesando to Takeshita-dori. Right now, Harajuku is a complex maze of narrow alleys that makes traveling back and forth between Omotesando and Takeshita-dori difficult. We will make it easier to get around by building a new passageway. So in this sense, you could

say that “road-building” is a feature of the project.

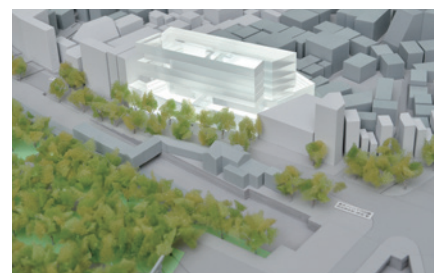
What kind of building do you have planned for the complex?

Sugiki: The building will be a complex with three floors underground and ten floors aboveground. It will have three different elements that will be divided into the lower floors, middle floors, and upper floors. The lower floors will consist of a commercial facility. On the side facing Harajuku Station, we plan to have the shops of well-known brands present the facility’s “face.” On the other hand, we envision a variety of stores, including independent shops, lining the building’s corridors and the passageway leading to Takeshita-dori. We will apply a multilayered structure in which famous brand shops and shops whose popularity rests with certain core fans exist side by side. We will create a uniquely Harajuku-style charm of diverse crowds and pleasant urban walking.

For the middle floors, we plan to install



The building as seen from Harajuku Station (conceptual rendering)



The project and its surroundings (model)

Conveying Culture and Creativity to the World The “Harajuku Station Front Project”

event halls and shared spaces. We want to reinforce Harajuku’s personality as a cultural center.

And we will provide residential units on the upper floors. Among their main features will be views of the shrine’s forests and the convenience of being right in front of the station.

Please explain the feeling you wish to impart with the concept “a hangout tied to the future.”

Imamura: Following Meiji Shrine’s establishment and the post-war period, creative minds gathered at the Harajuku Central Apartments from the 1960s and into the 1970s. Harajuku is now a tourist destination that is visited by people from around the world as the center of “Harajuku Kawaii” culture. As Harajuku continues to develop in this way, we want to create a “hangout” for a broad range of talents that is fitting for it.

Sugiki: Like the Central Apartments, for example, which came to breed Harajuku culture, Harajuku is a place where the activities of individuals eventually turn into major trends and produce culture. Following this progression, we similarly stress the process of exchanging views with various people, gathering information, and applying the results in this project. We adhere to this approach not only in concept planning but in other phases as well.

What areas required particular creativity in advancing the project?

Sugiki: From the project’s very beginning, we understood that gaining the consent of everyone using the existing buildings and the owners of neighboring lands to be acquired would take time. However, when we actually got started, we were able to get everyone’s understanding much earlier than anticipated. It may have

helped that we always strove to frankly and carefully explain things as they really were, rather than hiding those parts that were inconvenient to us, so that everyone would view us as a trustworthy partner. I also get the sense that the social trust NTT Group has accumulated over many years worked in our favor.

Please describe the characteristics of the new facility’s physical aspects and any areas in which you refuse to compromise.

Sugiki: We are using natural materials, such as stone and natural wood. We are considering using lumber from the Tama region of western Tokyo in the exterior’s grid-like design and gates. We were firm in our commitment to the idea of “local production for local consumption” and using local native species. Rooftop vegetation and planted areas will provide abundant greenery. In addition, although not native, we are using natural wood in the terrace and third-floor deck. As for the building as a whole, we are preparing a design that envisions winds from the shrine’s forest blowing through into the Harajuku community, without being blocked by the building.



Terrace designed to “reproduce Genjiyama” (conceptual rendering)

What kind of place do you want the building to be, say, after its completion and opening in 2020?

Imamura: In selecting tenants, I want to focus on not only the sales of commercial

goods—in other words, “things”—but also the communication of information and development of new ideas. Within the community of Harajuku, I want to produce a synergetic effect between the appeal that the new facility will bring and the appeal that arriving tenants will spread. For this reason, I will place value on communication with the tenants who will move in.

Sugiki: We will need to build lasting mechanisms for the event spaces and shared spaces on the middle floors so that they can continue serving as places for disseminating information. We will build mechanisms that bring in the partners and operators who handle operations. Employees in charge of operations are members of the project team, and they are functioning as a kind of “opening preparations office.”

It is important that we maintain and raise Harajuku’s appeal as a place that is “fun to visit, and fun to walk in.” The value of shopping at actual stores is falling amid expanding internet shopping. The attractiveness of the location in itself and the added value generated by direct communication are essential to enlivening the community. The facility that we are about to build will become the core for this. First we must build the facility correctly. And then I want to think squarely about the mechanisms for post-completion operation.

*This interview took place in early July 2018.



From left: Kotaro Imamura, Retail & Hotel Development, Commercial Business HQ; and Toshihiro Sugiki, Retail & Hotel Development, Commercial Business HQ

Initiatives in the Five CSR Themes

NTT UD Group promotes urban planning in Japan and abroad that brings smiles to visitors' faces while always keeping five CSR themes in mind.

CSR Theme ①

Communication with stakeholders

NTT UD Group believes that dialogue and co-creation with people who bring different perspectives and who take an interest in the future of individual buildings as well as the communities formed by them are indispensable to providing even better real estate services. At the planning and development stage, we focus on grasping the wide spectrum of needs and demands of customers, the local community, and even society as a whole. We then carefully study how to best reflect those needs and demands in the project. In each project, we go through repeated innovations to create a place that is as comfortable as possible for the various people who will visit it while also maintaining plan consistency. For recent major developed properties, we are applying a process whereby we receive comments from people with disabilities ahead of construction and then verify the effectiveness of improvements prior to completion. Additionally, we put stress on ascertaining and analyzing the sites we plan to develop—What kind of place is it? What is its history? How do people remember it? What are its future possibilities?—and

then apply the essence of what we learn to our design.

Even at the stage of operating developed properties, we listen to our customers' opinions and work hard to improve CS (customer satisfaction). For leased properties, we hold regular meetings of our internal committees in order to share information on individual issues, apply what we have learned from excellent examples to other projects, and resolve issues in a cross-organizational manner. We also offer opportunities at each building for the staff involved in operation and management to improve their day-to-day services. We also try to play a useful role for the local community by participating in local council meetings, etc., and striving to promote area management activities.*1 In condominium housing, we have established an organizational section to collect customers' opinions and respond in a carefully-tailored way.

*1 Activities promoted by residents, business owners, and land owners with the goal of maintaining and increasing the local environment and value.

A “universal town” based on advice received from people with disabilities (OTEMACHI PLACE)

NTT UD Corporation continues to move forward with the “Otemachi 2-Chome District, Category 1 Urban Redevelopment Project.” In the component called “OTEMACHI PLACE” (Chiyoda Ward, Tokyo), which had its grand opening in September 2018, we studied required equipment and flow planning for the building's lower floors with advice from NTT Claruty Corporation, a special subsidiary that promotes the employment of people with disabilities. In multi-function toilets called “daredemo toilets,” we introduced multipurpose seats that are easy to utilize for people using wheelchairs of all sizes or baby carriages, and installed flashing lights that raise an alarm for the benefit of hearing-impaired people in the event of an emergency. We also installed vertical platform lifts for wheelchairs and baby carriages, and provided rising planting along the main pedestrian flow of the outer periphery to prevent people with visual impairments from becoming lost. At the underground entrance that leads directly to the subway, we have installed intercoms fitted with a braille guide and camera. In this way, we are designing the project as a “universal town” in which all people—including parents with children, senior citizens, and people with disabilities—can gather.



OTEMACHI PLACE

Area management centered on a green plaza (Shinagawa Season Terrace)

At Shinagawa Season Terrace (Minato Ward, Tokyo), which opened in 2015, we engage in integrated area management from the planning stage based on the keywords “technology, greenery, and openness.”

Thus far, we have focused on boosting the momentum of urban development. For example, at “Shinagawa Outdoor Office,” an event held in September 2017, we set up tents and tarps, a network environment, and whiteboards on the green plaza and used them to present new work styles. A large number of workers participated.

We also organize a “Shinagawa Halloween” every October. In 2017, neighborhood children participated in a Halloween parade, dancing, and other activities in the commercial floor’s corridor and hall. A “children’s emergency hotline” (*kodomo 110-ban*) stamp rally was held as part of this event for the first time in 2017. With checkpoints set up at 46 locations in the Konan area, the rally raised awareness of crime prevention in the local population. Encouraged by our being awarded a “special award” of the “3rd Machinaka Hiroba Awards,” we will continue such activities and aim to enhance the area’s value.



Shinagawa Halloween 2017

Creating an “urban garden” with many people (Otemachi First Square)

At NTT UD, we strive to reflect customers’ diverse needs in the “soft” (human) side of our projects; in other words, in the use of facilities. At Otemachi First Square (Chiyoda Ward, Tokyo), we reexamined the roles of public spaces in the course of renovating a public space. From the very start of our study, we held workshops and events with interested parties, identified the needs of those who will actually use the space, and envisioned both ordinary and out-of-the-ordinary ways in which it would be used.

This series of processes received an “honorable mention” of the “3rd Machinaka Hiroba Awards” organized by the Public Space “Quality” Research Section of the Research Institute of National Land Policy. A point that earned appreciation here was that, from the earliest planning stage, we shared with all concerned the concept of the space as a familiar setting for office workers. Another was our posture of joining with the community to carefully create an “urban garden” that can be casually visited and enjoyed daily by everyone. At NTT UD, we will continue doing our utmost to gather the views of a broad spectrum of users and to reflect those views in our facilities.



The renovated public space

CSR Theme ②

Creation of comfortable and lively living spaces

NTT UD Group develops and operates premium, high-integrity office buildings and complexes in locations with excellent access. We create spaces that offer superior convenience and comfort and contribute to greater work productivity, while flexibly incorporating the latest technology, and we supply properties with enhanced safety during disasters. We also support our customers’ business by creating building management and operation schemes that satisfy their various needs.

Moreover, as part of our development and operation of commercial facilities, we are working in partnership with the local community and our tenants to provide attractive and lively spaces under our “business vision”: “a tale of towns built together with the local community—with each and everyone, one building at a time.”

In our residential building business, which focuses on condominium apartments, we work hard to build high-quality buildings that will retain their asset value in the long term, and to offer outstanding support that will protect and develop these important assets, under

the Wellth brand. We promise to uphold the following “six senses of quality” for our customers: PERMANENCE, COMFORTABILITY, SAFETY AND SECURITY, RELIABLE MANAGEMENT, ADVANCED INFORMATION TECHNOLOGY, and CREATION OF LANDSCAPES. We are also steadily building a solid track record with new initiatives, including renovations of high-quality existing buildings, and a proposal involving the simultaneous development of care-provided housing for the elderly adjacent to condominium apartment buildings and the provision of services as a package (the “Connecting TOWN Project”).

The creation of these comfortable and lively spaces is backed up by our Policy on Safety and Quality. We strive to maintain and improve quality at each stage of planning, design, construction, and management. The areas targeted include durability, reliability and functionality as well as disaster countermeasures, crime-prevention and security measures, maintenance, and universal design.

Protecting and enhancing the value of a historical landscape in London, UK

In November 2016, we completed renovation of 1 King William Street in London. This property is located within a designated preservation district, and the portion of the structure facing the road is a building for historical preservation. Because of this, we approached construction with the aim of creating an up-to-date office environment while retaining the building's historical value. We preserved the columns of the entrance hall, ceiling decorations, sashes, meeting room, and other parts that continue to give a sense of the building's original artistic qualities. At the same time, we increased the number of openings in the exterior walls to bring in more natural light. We also added a floor with a terrace in a column-less space while maintaining harmony with the preservation district. Moreover, we improved the building's environmental performance by adding rooftop greenery and installing a rainwater recycling system, using wooden louvers, and installing LED lighting on all floors. The project earned the "Refurb of the Year" award presented by *The Architects' Journal* of the United Kingdom, which is the highest award that a project for renovating an existing building can win. In January 2018 we began renovation of 20 Finsbury Circus, which is also located in central London.



Rooftop terrace (added floor area)

Fire drills using ICT tools (Urbannet Otemachi Building)

At the Urbannet Otemachi Building (Chiyoda Ward, Tokyo), we work with our tenants to prepare for fires and major earthquakes throughout the year. During a fire-prevention training held in July 2017, we conducted a drill using wearable cameras for the first time in cooperation with the disaster-prevention center. Fire personnel from the center heading to the scene of the drill's fire wore wearable cameras. The cameras showed the circumstances of firefighting and evacuation in real time to the command center. As a result, it was verified that ascertaining onsite information in detail and providing quick and effective instructions and assistance is possible with the use of ICT tools, and that such tools are therefore useful in firefighting. Moreover, beginning in July 2018, we are making fire drill announcements in both Japanese and English on a trial basis using tablet computers and a translation app. Customers have told us that they were pleased to find the announcements easy to understand. We will continue striving to ensure safe and secure building operation through collaboration with our tenants and the community.



A fire drill using wearable cameras

Building a community in Wellith OLIVE Musashino Sekimachi (Connecting TOWN Project)

Through NTT UD's "Connecting TOWN Project," we develop condominium apartments alongside housing for the elderly that offer care services (serviced retirement homes). In this way, we provide housing in which multiple generations can live comfortably together for many years to come.

At Wellith Musashino Sekimachi (condominium apartments) and Wellith OLIVE Musashino Sekimachi (serviced retirement homes) (Nerima Ward, Tokyo), which form the second part of the project, we hold various interactive events using a community space that neighborhood people can join.

For example, in October 2017, we held a "Connecting TOWN Musashino Sekimachi Open Community Event." Food and drinks were served with cooperation from "Connecting Café OLIVE," a restaurant within the retirement homes, and local shops. Activities also included a children's festival. We also organize community activities. One is a "community library" that is built up with books brought in by local residents and which is open to everyone in the area. Another is growing sweet potatoes in a garden on the retirement homes' roof. All of these activities are designed to improve the quality of life for not only Wellith residents but also everyone in the neighborhood.



Open Community Event



Community library

Promotion of environmental stewardship

As owners of development projects, and as owners and managers of operated properties, comprehensive real estate companies must promote sustainable urban planning with greater consideration for the environment in collaboration with other business partners. Under an Environmental Policy and Basic Action Themes that are based on this thinking, NTT UD Group works with NTT Group to promote the kinds of environment conservation activity required of a comprehensive real estate company in a multifaceted manner.

For our office buildings and commercial facilities, we carefully explore possibilities and then take action in terms of saving energy and reducing CO₂ emissions, counteracting the heat island phenomenon, conserving biodiversity, reducing and recycling waste, saving water, and conserving resources. We do this at the design stage, of course, but also in building operations and management and at the repair and scrappage stages.

With respect to energy savings and reductions in CO₂ emissions (which is one of the most important challenges facing international society), we give overall consideration at the design stage to the

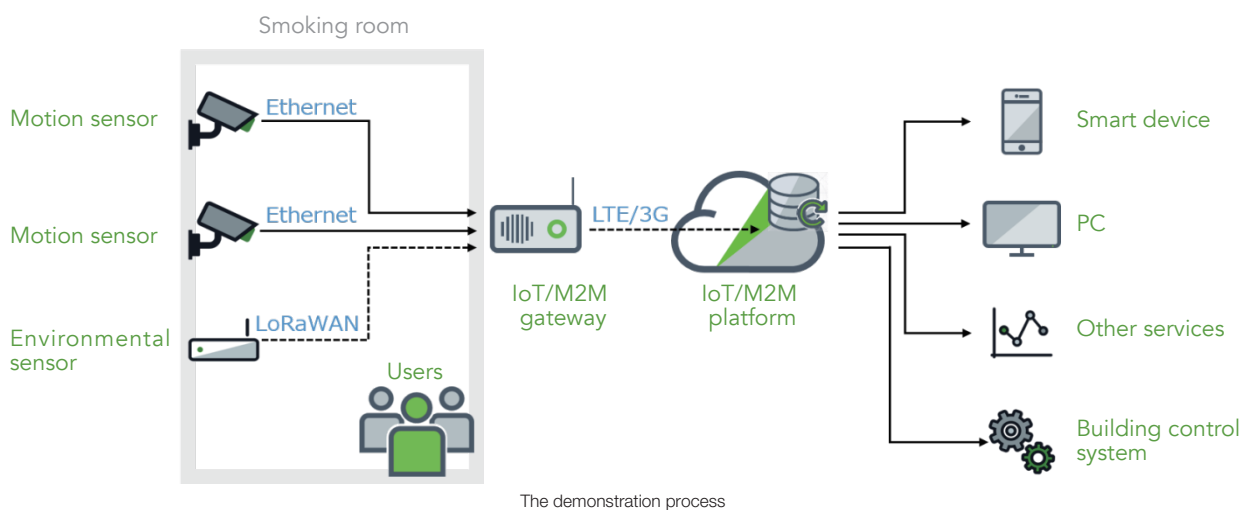
building structure, building materials, equipment, and control systems, and we also promote efficient energy use during operation. As one part of this, we launched efforts to improve our energy efficiency by applying IoT technologies. We also endeavor to reinforce our cooperation with tenants by supplying information and holding periodic meetings. What's more, we actively employ district heating and cooling and utilize natural energy, which includes solar power generation and the purchase of green electricity, with proper consideration for individual circumstances. We are taking a broad perspective in striving to achieve an annual improvement rate of 1% in energy consumption (consumption rate) in our buildings for the medium and long term.

Similarly, in our residential business, we are developing and operating condominiums and leased housing that achieve better environmental performance. We are taking action while expanding our approaches in a variety of areas, including renovation and the protection of biodiversity.

Demonstrating a “smart building” that utilizes technology

Together with Group companies, NTT UD launched a “demonstration for the realization of a ‘smart building’ using an IoT/M2M platform*” in one of its buildings in November 2017. The demonstration involves measuring people’s movements as well as location, speed, sound, and vibration using new sensors designed for low power consumption and long-distance communication. Through it, we aim to provide new services to reduce congestion, for example, and to achieve greater efficiency in terms of cleaning frequency, security assignment plans, and other aspects of building operation and management. As an example of how a “smart building” would operate, the demonstration focuses on an office building’s smoking room, an area that tends to become crowded. It uses motion sensors to identify the number and locations of users and also environmental sensors to measure temperature, humidity, CO₂, and other data. It then analyses correlations in the acquired data. Using the results, the demonstration notifies smoking room users of the state of crowding there. It also studies the frequency of cleaning in accordance with usage and explores applications in real-time air-conditioning control. It is an undertaking intended to achieve both building comfort and reduced environmental burden.

* M2M (Machine-to-Machine): A condition in which two devices operate through direct transmissions without human intervention.



Dramatically improving environmental performance through renovation (Woodville Azabu)

Woodville Azabu (Minato Ward, Tokyo) is a condominium apartment building that was remade from a high-value older condominium building built for foreign residents in 1988. It is a project in which we stressed environmental performance as part of upgrades made to bring the building up to date.

We paid particular attention to raising each residence's heat insulation performance up to international standards. In terms of design standards, we used materials rated "four stars" under the Building-Housing Energy-efficiency Labeling System (BELS) provided by the Ministry of Land, Infrastructure, Transport and Tourism. We used insulating material that has double the thickness of conventional insulation, and we installed it in all four walls, rather than just those having contact with the outside air. This means that each residence is "wrapped in insulation." Likewise, we used high-insulation double-glazed glass for the windows. Such performance upgrades are reducing heating-and-air-conditioning-related CO₂ emissions by about 32% each year.

Moreover, by using existing buildings and giving them a longer life through improved maintenance, we are achieving major reductions in emitted CO₂ and waste throughout their life cycle, which extends from construction and use to demolition.



Urethane foam insulating material with roughly twice the thickness of the original insulation

Urban development that makes use of local vegetation (Wellith Toyonaka Momoyamadai)

With Wellith Toyonaka Momoyamadai (Toyonaka City, Osaka Prefecture), a project that was completed in February 2017, we are advancing urban development that makes use of local vegetation. A "Komorebi Terrace" that was constructed as part of the project's exterior received the highest certification (AAA) issued by the Japan Habitat Evaluation and Certification Program (JHEP), a scheme run the Ecosystem Conservation Society-Japan to appraise initiatives that contribute to the conservation and restoration of biodiversity. This certification came because the project was recognized as having a management plan oriented toward maintaining and improving diversity among the plants and animals that live in the area. It marked the first time in Japan that a single condominium development project was so certified. Moreover, the project received an "honorable mention" in the 11th "Osaka Greenery Excellence Awards" of 2017. We are incorporating into Wellith Toyonaka Momoyamadai an undertaking called the "Manabiba Project" (a hands-on educational program especially for residents) in cooperation with residents and corporate partners for the purpose of providing a more substantive educational environment. As part of this, we are implementing the "Nonokusa Project," an activity with residents that involves gathering the seeds of wild grasses that are native to Japan from nearby green areas and nurturing them on Wellith Toyonaka Momoyamadai's grounds.



Planting under the Nonokusa Project

CSR Theme ④

Creation of workplaces where diversity is respected

NTT UD Group develops policies tied to respect for diversity and also encourages the growth of all employees with the aim of creating vibrant workplaces.

Situated at the Group's core, NTT UD positions "diversity & inclusion" as a management strategy and creates workplaces in which diverse human resources can succeed, regardless of sex, age, race, nationality, existence of disability, sexual orientation, or sexual identity. In addition to existing measures, the Diversity & Inclusion Office (established in 2014) and other departments are providing company-wide training as well as training for newly-appointed managers, new graduates, and mid-career hires. Moreover, we implement diversity awareness surveys that target all employees and use them in measuring the effectiveness of company measures and formulating new plans.

The most important diversity-related theme right now is promoting women's participation. NTT UD formulated a general business owners' action program based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The program sets

the goals of "doubling (6%) the percentage of women managers of FY2012 by FY2020" and "achieving a 50% ratio of women among new recruits." To reach these goals, we have introduced systems that permit more autonomous and flexible work styles. Among others, we established and are encouraging the use of a flextime system, individualized shift-work system, system that permits taking paid holidays on a half-day or hourly basis, and system that permits telecommuting. In addition, we are striving to bring work hours into proper alignment. For example, we set days when we ask employees to refrain from working overtime, and we promote the taking of annual paid holidays by recommending that employees' take consecutive days off. Raising the quality of work-life balance will help bring about work-style reform.

At the same time, we continually support employees' self-development efforts and work to secure their health and safety. We also conduct citizenship activities that help our employees grow wherever we do business.

Promoting understanding of LGBT

NTT UD Group promotes initiatives for LGBT people and other sexual minorities.

At NTT UD, we provide LGBT education through LGBT seminars and company-wide training. We also make all systems pertaining to spouses and family members—such as welfare, paid holidays, and other benefits—also available to same-sex partners.

These initiatives have been well-received, and we earned the “Gold” ranking in the “Pride Index 2017,” a measure formulated by the volunteer organization “work with Pride” to evaluate sexual minority-related efforts in the workplace.



An LGBT seminar

Family Days

Each year, we promote communication by holding a “Family Day” and inviting the families of NTT UD Group employees. Fiscal year 2017 was no exception, as “Summer Family Day 2017” was held at the headquarters building and attended by 127 people from 42 families. At the beginning, daily operations were presented to the children with a “job introduction movie” made with photographs collected from employees. A business card-exchange lecture was also conducted using giant business cards. With an “office visit” event in which children who gathered business cards from working employees received a souvenir, a building exploration tour, a “hands-on urban development workshop” based on kits that were handcrafted by employees, and other activities, the day helped children get a better understanding of work while having fun. The day also contributed to more active communication among employees, as they met their colleagues’ families and saw sides of each other that they do not encounter in the office.



“Summer Family Day 2017” at Akihabara UDX

Support for Volunteer Activities

NTT UD establishes schemes that support volunteerism by employees. One such scheme concerns activities to assist disaster victims. It supports employees who engage in volunteer activities in major disaster areas by covering a portion of their actual transport and accommodations expenses relating to activities undertaken during non-work hours. In July 2017, six employees of the Kyushu Branch Office used this scheme to go to parts of northern Kyushu that were affected by torrential rains.

In FY2017, a “Volunteer Portal Site” was established as an initiative encompassing the entire NTT Group. The website presents and supports activities undertaken by NTT Group, with a particular focus on sports volunteers. The Group also provides employees with information on volunteering for the Tokyo 2020 Olympic and Paralympic Games and recruits volunteers through this site.



A poster announcing the Volunteer Portal Site

Supporting sports and development of the next generation

In October 2017, NTT UD hired Yuma Yamazaki, a para-badminton player, as a “symbolic sports” employee. Ms. Yamazaki trains while serving as a member of the General Affairs Department Diversity & Inclusion Office. She also continues to place at the top of tournaments held in Japan and abroad. She is also an enthusiastic participant in lecture meetings and hands-on workshops organized by schools and public facilities throughout Japan, where she conveys the appeal of athletic competition and the importance of striving to fulfill a dream. And in April 2018, we also hired Sayu Arizono, a triathlon athlete. Ms. Arizono stays in competitive shape while also working in the Corporate Strategy Department Corporate Communications Office. Our support for athletes who strive to reach their dreams helps foster a sense of unity among the employees who cheer them on.



Yuma Yamazaki in a match



Yuma Yamazaki speaking at a school

CSR Theme ⑤

Sound business activities

Conducting responsible business activities with high ethical standards and awareness of human rights is at the foundation of NTT UD Group's CSR.

We establish guidelines for corporate ethics and compliance for NTT UD and make these known to employees via our intranet website. We have also set up a Corporate Ethics Promotion Committee that deliberates policy concerning corporate ethics and compliance as well as responses in the rare event that a violation occurs. Additionally, our executives and organizational heads routinely provide instructions and supervision to ensure that no compliance violations or corruption takes place. We also take thoroughgoing steps to build understanding of these topics by holding training on corporate ethics and compliance each year to cultivate awareness, and by conducting post-training questionnaire surveys. Furthermore, we continually publicize our “Corporate Ethics and Compliance Hotline,” which serves as a reception desk for related inquiries, among our employees.

What's more, we have established an Information Security Management Committee and take steps to ensure information

security. The company-wide management structure is as follows: The chair of the Information Security Management Committee is the person with overall responsibility for information security. Below this person are organizational heads who are the people responsible for information security in their own organizations. Among other measures, these people continuously take physical and system-based measures to prevent unauthorized access as well as the loss, falsification, or leakage of information, and provide employee training and client supervision.

As for respect for human rights, we are establishing a corporate posture that respects internationally-recognized human rights, including the Universal Declaration of Human Rights, through all corporate activities based on the NTT Group's Human Rights Charter. In addition to developing internal systems led by the Human Rights Promotion Committee (CSR Committee), we carry out training through e-learning and other methods to build correct knowledge and understanding of human rights issues among our employees.