

## Corporate Governance

### Basic Approach

Guided by our corporate philosophy of “creating a new world of communications culture,” DOCOMO's management policy is to maximize corporate value. To this end, DOCOMO will help to achieve a vibrant and enriched society by promoting mobile multimedia through the provision of services useful to customers' lives and businesses.

DOCOMO believes that maintaining effective corporate governance is crucial to continuously increasing corporate value. Accordingly, the Company has established a governance structure that allows it to both make management decisions without delay and reinforce its audit and internal controls.

### Overview of Corporate Governance Structure

DOCOMO has adopted a corporate governance structure consisting of a Board of Directors, audit & supervisory board members, and an Audit & Supervisory Board. This structure supports the realization of consistent and stable business operations through the effective utilization of management resources and the strengthening of the auditing and control functions. In addition, to further bolster management supervision and auditing, the Company appoints outside directors and outside audit & supervisory board members. One outside director and two outside audit & supervisory board members have been designated as independent directors / audit & supervisory board members\* in accordance with the regulations of the Tokyo Stock Exchange.

In consideration of the vital role of mobile phones as social infrastructure, DOCOMO believes that directors should have a key role in important business execution matters. Accordingly, the Company has introduced the corporate officer system. Under this system, more than half of the members of the Board of Directors serve concurrently as corporate officers. Also, a portion of the business execution authority of the Board of Directors has been

transferred to the representative directors and corporate officers.

These measures enhance the mutual supervision of the members of the Board of Directors and strengthen the management supervision function. At the same time, these measures enable agile business execution by the responsible corporate officers.

\* Independent directors / audit & supervisory board members are outside directors or outside audit & supervisory board members who are unlikely to have conflicts of interest with general shareholders. The Tokyo Stock Exchange requires that listed companies have at least one independent director / audit & supervisory board member to protect general shareholders.

### Management Supervision, Audit, and Business Execution Systems

The Board of Directors consists of 15 members, including two outside directors. The Board of Directors meets in principle once a month, and extraordinary meetings are convened if necessary. In this way, decisions are made on important business matters. Moreover, status reports are received as needed from members of the Board of Directors who have been assigned the responsibility for business execution. In this manner, management supervision is implemented. For decision making on important matters related to business execution, the Company has established the Management Committee, which includes the president and chief executive officer, 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 if necessary to enable flexible, rapid decision making by the president and chief executive officer.

The Audit & Supervisory Board consists of five members, including four outside audit & supervisory board members. The Audit & Supervisory Board meets in principle once a month to make decisions on audit policies, plans, methods, and other important issues relating to the audit of the Company. Each audit & supervisory board member, in accordance with audit policies

### History of Corporate Governance

**February 1999**

**Establishment of advisory board**

Board of Directors: 23

Audit & Supervisory Board Members: 4

**December 2000**

**Establishment of U.S. advisory board**

Board of Directors: 28

Audit & Supervisory Board Members: 4  
(Including 2 outside audit & supervisory board members)

**June 2002**

**Appointment of outside director**

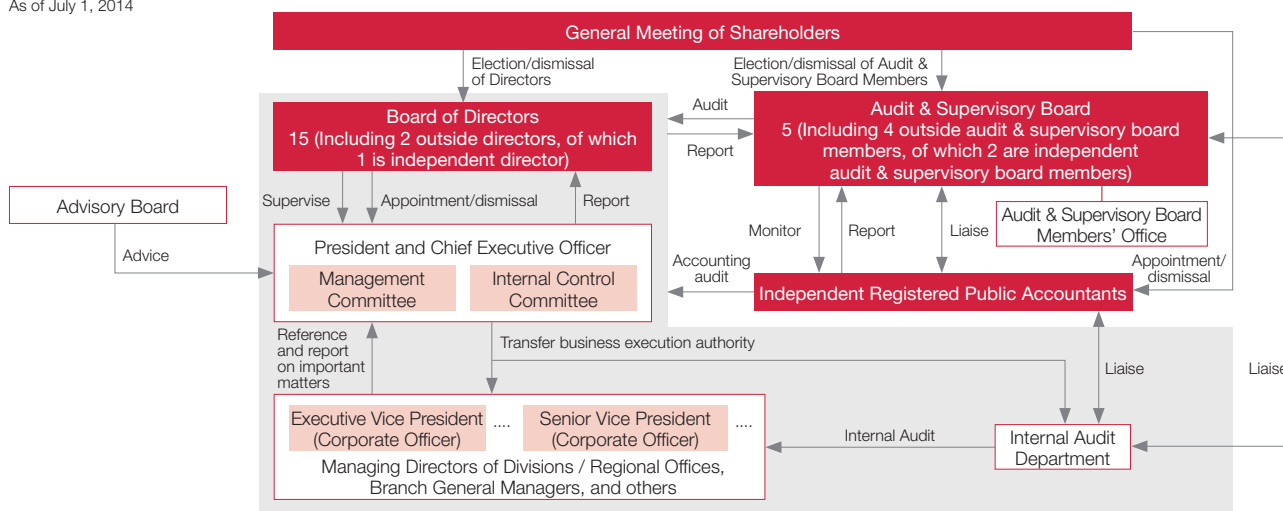
Board of Directors: 27

(Including 1 outside director)

Audit & Supervisory Board Members: 4  
(Including 2 outside audit & supervisory board members)

The Company's audit & supervisory board members promote mutual understanding and information-sharing with the audit & supervisory board members of subsidiaries. Audit & supervisory board members ensure the effectiveness of audits by collaborating and exchanging information on audit plans and results with the Internal Audit Department, an independent unit established to perform internal audits of the Company and with its registered public accountants on a regular basis.

As of July 1, 2014



## Compensation of Directors and Audit & Supervisory Board Members

Matters regarding the compensation of directors are determined by the Board of Directors. The compensation of directors comprises monthly compensation as well as bonuses, with the monthly compensation based on the duties and responsibilities of each rank. Bonuses are paid in consideration of such factors as the Company's results. To reflect results over the medium-to-long term, a portion of monthly compensation is contributed to a director stock purchase plan through the Directors' Shareholders Association. The shares of the Company that are purchased through the plan are held throughout the term of office.

In consultation with audit & supervisory board members, it has been decided to pay only monthly compensation to audit & supervisory board members in order to ensure a high degree of independence. The aggregate compensation paid to directors and audit & supervisory board members during fiscal 2013 was as follows.

### Aggregate Compensation Paid to Directors and Audit & Supervisory Board Members

Position	Number	Total compensation
Directors	14 <sup>*1</sup>	¥495 million
Audit & supervisory board members	7 <sup>*2</sup>	¥124 million
Total	21	¥619 million

<sup>\*1</sup> This figure includes one director who retired at the conclusion of the 22nd Ordinary General Meeting of Shareholders held on June 18, 2013.

<sup>\*2</sup> This figure includes two audit & supervisory board members who retired at the conclusion of the 22nd Ordinary General Meeting of Shareholders held on June 18, 2013.

The total includes the following compensation paid to outside directors.

	Number	Total compensation
Total amount of compensation paid to outside directors	5	¥71 million

## Relationship with Parent Company

The corporate group led by the parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), operates the following main businesses: the regional communications business, the long-distance and international communications business, the mobile communications business, and the data communications business. As of March 31, 2014, NTT owned 66.65% of the voting rights of the Company

and was in a position to influence the Company's management decision making through the exercise of majority shareholder rights. However, the Company has its own management responsibility and conducts operational management in accordance with its own decision making.

## Advice from Objective Experts

The Company periodically establishes advisory boards composed of experts in various fields, including prominent business leaders, university professors, commentators, and journalists. In this way, these experts can provide objective opinions and proposals in such areas as management issues and the role of communications technology in society, and DOCOMO can reflect those opinions and proposals in management.

To receive advice from a global viewpoint, the Company also periodically establishes U.S. advisory boards. These advisory boards have a chairman and a board member as well as a guest speaker for each meeting.

### The 8th Advisory Board, Board Members

Dr. Motoshige Itoh	Professor, Faculty of Economics, The University of Tokyo President, National Institute for Research Advancement (NIRA)
Mr. Shin Kikuchi	Partner, Mori Hamada & Matsumoto
Ms. Main Kohda	Novelist
Mr. Masaaki Shintaku	Executive Vice President, Special Olympics Nippon
Mr. Jitsuro Terashima	CEO, Japan Research Institute President, Tama University
Mr. Taizo Nishimuro	Adviser to the Board, Toshiba Corporation President & CEO, Representative Executive Officer, Japan Post Holdings Co., Ltd.
Dr. Hideo Miyahara	Professor Emeritus, Osaka University

### The 7th U.S. Advisory Board, Board Members

Board members	
Ambassador David A. Gross	Partner, Wiley Rein LLP Former Ambassador, U.S. Coordinator for International Communications and Information Policy
Mr. Matthew P. Goodman	William E. Simon Chair in Political Economy, Center for Strategic & International Studies (CSIS)
Guest speaker for the 1st meeting	
Mr. Laurent Desmangles	Partner and Managing Director, The Boston Consulting Group
Guest speaker for the 2nd meeting	
Mr. Evan Smith	Senior Partner, Schaffer Consulting

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## Messages from Outside Director and Audit & Supervisory Board Member

### Independent and Outside Director

#### Teruyasu Murakami

Director of Research Institute  
for Industrial Strategy



A year has passed since June 2013, when I was elected as an outside director and became NTT DOCOMO's first independent director. As a representative of general shareholders, over the past year I have thought deeply about my role in protecting the interests of those shareholders at a listed company that has a unique history in Japan's mobile telecommunications market and has, in fact, played a central role in that market. At the same time, I fully recognize the significance and importance of my role, and I actively communicated my thoughts on increasing corporate value and ensuring good governance. Overall, it was a very rewarding year.

My experience includes work at government advisory councils in the field of telecommunications, a private-sector economic organization, and academic institutions, where I was involved with research activities. I originally thought that I understood everything about NTT DOCOMO, but I now realize that NTT DOCOMO appears completely different from the inside than it does from the outside. I have the strong impression that the Company has large numbers of people with very high potential.

As the Company's first independent, outside director, I have strong expectations that management will work to rapidly incorporate feedback from outside the Company and to appropriately explain NTT DOCOMO to outside parties, thereby ensuring that these people will be able to reach their full potential and that the Company will record dramatic gains in corporate value.

### Independent and Outside Audit & Supervisory Board Member

#### Eiko Tsujiyama

Professor, Faculty of Commerce,  
Waseda University  
Outside Corporate Auditor  
of Mitsubishi Corporation  
Outside Director of ORIX Corporation  
Outside Corporate Auditor of Lawson, Inc.  
Outside Audit & Supervisory Board  
Member of Shiseido Co., Ltd.



It has been three years since I became an outside audit & supervisory board member at DOCOMO in June 2011. Over that time, the business environment for mobile phones has changed at a pace that far exceeded our expectations. The uptake of smartphones and the advancement of communications networks have proceeded at such a rapid pace that it is more appropriate to call these developments a revolution rather than an evolution. DOCOMO's executives have the difficult management task of steering the Company to success in the face of intense competition from rival companies while simultaneously adapting to the ongoing changes in the business environment.

In the past, DOCOMO has focused first on the provision of a stable communications network, but the introduction of the new billing plan system can be seen as a sign of the Company's strong determination to move ahead and take the lead in this new age. Moving forward, I would like to see DOCOMO continue to boldly take on challenges as a supporter of Smart Culture and Smart Communities while maintaining a keen focus on its core business.

However, in some cases bold challenges also entail a risk of inhibiting the Company's sound, sustained growth. In the past, for example, the Company needed to record an impairment loss on goodwill due to overseas investment. Outside audit & supervisory board members monitor management from an independent perspective, acting on behalf of DOCOMO's shareholders, who have limited opportunities to directly access the Company's internal activities. Going forward, I will draw on my specialized skills in finance and accounting as we continue working to monitor management and keep watch over the sound, sustainable growth of DOCOMO.

## Board of Directors

As of July 1, 2014



### 1 Kaoru Kato

President and  
Chief Executive Officer  
2008  
27,800 shares

### 2 Kazuhiro Yoshizawa

Senior Executive Vice President  
Chief Information Officer  
Chief Information Security  
Officer  
Chief Privacy Officer  
Responsible for:  
Technology  
Device  
Information strategy  
2011  
16,000 shares

### 3 Yoshikiyo Sakai

Senior Executive Vice President  
Responsible for:  
Consumer business  
Marketing  
Global business  
Corporate  
2014  
6,400 shares

### 4 Akira Terasaki

Senior Executive Vice President  
Responsible for:  
Corporate business  
Improvement of business  
operations  
CSR  
2014  
1,000 shares

### 5 Seizo Onoe

Executive Vice President  
Chief Technical Officer  
Managing Director of R&D  
Innovation Division  
2012  
15,200 shares

### 6 Hirotaka Sato

Executive Vice President  
Chief Financial Officer  
Managing Director of Accounts  
and Finance Department  
Responsible for:  
Finance  
Business alliance  
2012  
11,400 shares

### 7 Kazuhiro Takagi

Executive Vice President  
Managing Director of  
Corporate Sales and Marketing  
Division  
Managing Director of TOHOKU  
Reconstruction Support Office  
Responsible for:  
Corporate sales  
2012  
6,800 shares

#### Name

Position

Organizational Responsibilities /

Positions held concurrently at other companies by outside directors and  
outside audit & supervisory board members as of June 2014

Appointment year

Number of shares held

## Audit & Supervisory Board Members



### 8 Hiroyasu Asami

Executive Vice President  
Managing Director of  
Corporate Strategy &  
Planning Department  
2014  
9,800 shares

### 9 Shoji Suto

Executive Vice President  
Responsible for:  
Consumer sales  
2014  
9,100 shares

### 10 Kiyohiro Omatsuzawa

Executive Vice President  
Managing Director of Network  
Department  
Responsible for:  
Network  
Preparation for 2020  
2014  
13,000 shares

### 11 Toshiki Nakayama

Executive Vice President  
Managing Director of Smart-life  
Business Division  
Managing Director of Smart-life  
Solutions Department  
2014  
4,100 shares



### 12 Hajime Kii

Senior Vice President  
Managing Director of  
Human Resources  
Management Department  
2014  
4,100 shares

### 13 Makoto Tani

Senior Vice President  
Managing Director of General  
Affairs Department  
Managing Director of  
Improvement Action Office  
2014  
2,200 shares

### 14 Teruyasu Murakami<sup>1,3</sup>

Member of the Board  
of Directors  
Director of Research Institute  
for Industrial Strategy  
2013  
5,500 shares

### 15 Takashi Nakamura<sup>1</sup>

Member of the Board  
of Directors  
General Manager of the Finance  
and Accounting Department,  
NIPPON TELEGRAPH AND  
TELEPHONE CORPORATION  
2013  
1,000 shares



### 1 Tooru Kobayashi

Full-time Audit & Supervisory  
Board Member  
2014  
15,900 shares

### 2 Haruo Morosawa<sup>2,3</sup>

Full-time Audit & Supervisory  
Board Member  
2011  
7,100 shares

### 3 Naoto Shiotsuka<sup>2</sup>

Full-time Audit & Supervisory  
Board Member  
2013  
2,700 shares

### 4 Toshimune Okihara<sup>2</sup>

Full-time Audit & Supervisory  
Board Member  
2014  
1,000 shares

### 5 Eiko Tsujiyama<sup>2,3</sup>

Audit & Supervisory  
Board Member  
Professor, Faculty of Commerce,  
Waseda University  
Outside Corporate Auditor  
of Mitsubishi Corporation  
Outside Director of ORIX  
Corporation  
Outside Corporate Auditor  
of Lawson, Inc.  
Outside Audit & Supervisory  
Board Member of Shiseido  
Co., Ltd.  
2011  
2,200 shares

1 Outside director

2 Outside audit & supervisory  
board member

3 Independent director /  
audit & supervisory board member

# Internal Control

## Basic Policy for Internal Control

In accordance with the Basic Policy on Fortifying Internal Control Systems, as approved by the Board of Directors, we maintain a system for the purpose of securing rigorous compliance with laws and regulations, business effectiveness and efficiency, and financial reporting reliability. These initiatives are centered on the Internal Control Committee. Furthermore, the Company's Internal Audit Department implements audits with the objective of contributing to the minimization of risks and increased corporate value for the entire DOCOMO Group (Head Office, branches, and Group companies worldwide). The department's work includes evaluating the effectiveness of the internal control system.

## Risk Management

We strive to strengthen risk management with the basic policy of identifying and responding to business risk as early as possible. Specifically, in accordance with our Risk Management Principles, business risks are regularly identified, and the Internal Control Committee designates risks that require Company-wide management. Management policies for those identified risks are formulated, and appropriate efforts are made to prevent such risks from materializing and to prepare for a quick response should they occur.

## Compliance (Ethics and Legal Compliance)

The foundation of our compliance management is to promote strict observance of the NTT DOCOMO Group Code of Ethics

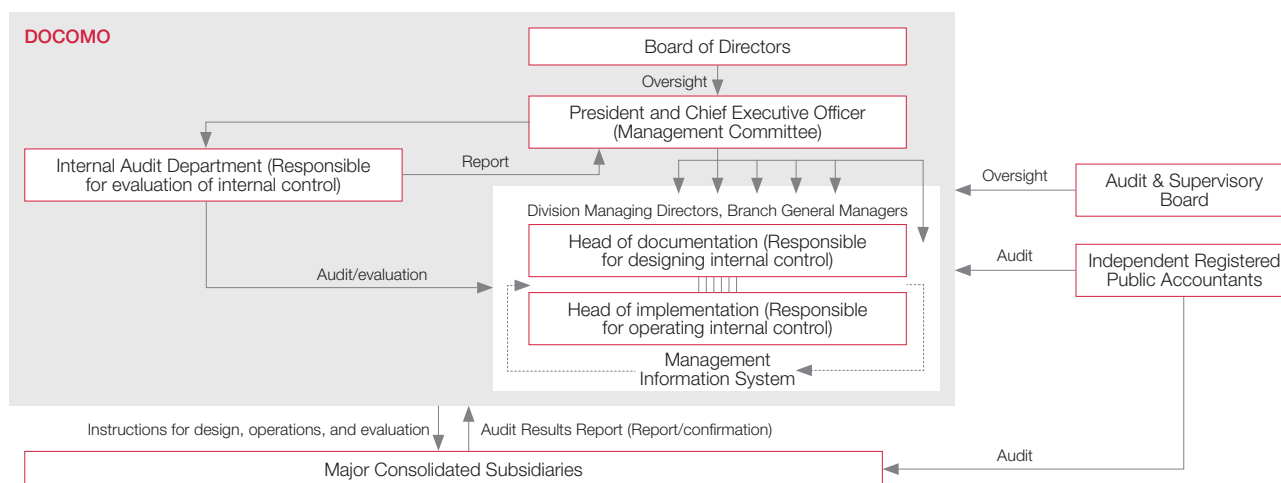
among all employees while continuing to meet the steadily increasing demands and expectations of society based on high ethical standards, including respect for human rights. Accordingly, we have built a compliance promotion system, which is centered on Compliance Promotion Committees. Specifically, we have implemented rules that require employees to make a report if they notice any illegal or fraudulent incidents, and we have 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 education and 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 various measures to ensure compliance. Through such efforts, we are working to further advance ethical views.

## Ensuring Reliability of Financial Reporting

To meet the requirements of the Sarbanes-Oxley Act and the Financial Instruments and Exchange Act of Japan, we employ the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework for the design, operation, and evaluation of our internal control system related to financial reporting. In fiscal 2013, we evaluated the Company and 29 major consolidated subsidiaries and concluded that internal control over financial reporting was effective.

## Sarbanes-Oxley Act, Section 404 Organization Chart

As of July 1, 2014



# Information Management

## Enhancement of Information Management System

The DOCOMO Group has been entrusted with personal information (customer information) of approximately 63 million people, and accordingly, ensuring information security is an important management issue.

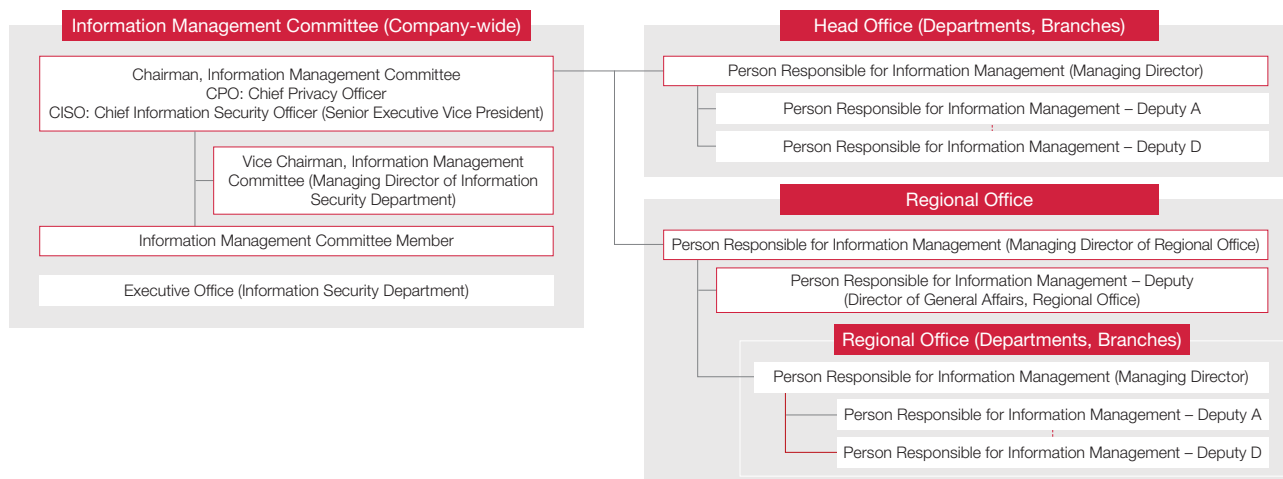
As a telecommunications company with public-oriented operations, the rigorous management and protection of customer information and administrative information is our most important duty. In recognition of this, we have assigned the position of Chief Privacy Officer (CPO) and Chief Information Security Officer (CISO) to the senior executive vice president level. The CPO heads the Information Management Committee, which meets on a regular basis. The committee considers and promotes personal information protection measures. To advance integrated information management, we have established the Information Security Department and each work site has an employee who is responsible for information management. Outside contractors who perform work for the Company are required to designate a person responsible for the handling of that work for each organization and policy. We have established and are advancing a system that assigns responsibility for information management.

## Formulation of Management and Administration Rules

To fulfill our obligations above, in regard to the handling of information of customers, shareholders, employees, etc., we have systematically formulated internal regulations in accordance with the

### Information Management System

As of July 1, 2014



Personal Information Protection Act and the guidelines of related government ministries and agencies, clarified internal rules regarding information management, and formulated and announced a privacy policy that clarifies detailed handling policies in accordance with basic principles regarding customer information protection. <https://www.nttdocomo.co.jp/english/utility/privacy/>

## Specific Initiatives

In working to strengthen information management, we are advancing and developing the following safety management measures:

### (1) Organizational Security

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

### (2) Human Security

1. Agreements regarding duty of confidentiality and receipt of written pledges when employment contracts are concluded
2. Agreements regarding 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 numbers of information management terminals and continuous optimization of installed locations and authorized people
2. Rigorous control of the lending and checking-out of portable terminals
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

### (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 out of the office
6. Cyber attack countermeasures and system surveillance

## Risk Factors

This annual report contains forward-looking statements, such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as the expected number of subscriptions, and the expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions, and estimates based on the information currently available. Some of the projected numbers in this annual report were derived using certain assumptions that are indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties, and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. Potential risks and uncertainties include, without limitation, the following:

- (1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, the development of appealing new handsets, new market entrants, mergers among other service providers, and other factors, or the expansion of the areas of competition could limit the acquisition of new subscriptions and the retention of existing subscriptions by our corporate group, or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs, or an inability to reduce expenses as expected.
- (2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise, the financial condition of our corporate group could be affected and our growth could be limited.
- (3) The introduction or change of various laws or regulations inside and outside of Japan, or the application of such laws and regulations to our corporate group, could restrict our business operations, which may adversely affect our financial condition and results of operations.
- (4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.
- (5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.

- (6) Our domestic and international investments, alliances, and collaborations may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects, or imperfection in our products and services or those of other parties may give rise to problems.
- (8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- (9) Inadequate handling of confidential business information, including personal information by our corporate group, contractors, and others, may adversely affect our credibility or corporate image.
- (10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.
- (11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, cyber attacks, equipment misconfiguration, hacking, unauthorized access, and other problems could cause failure in our networks, distribution channels, and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers, and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.
- (12) Concerns about adverse health effects arising from wireless telecommunication may spread and consequently adversely affect our financial condition and results of operations.
- (13) Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise influence that may not be in the interests of our other shareholders.

For detailed information about risk factors, please refer to Form 20-F.

<https://www.nttdocomo.co.jp/english/corporate/ir/library/sec/index.html>