

Value Creation Process

DOCOMO provides sustainable value to stakeholders through three businesses and sustainability activities that support them using its distinctive management resources.



Management Strategies P.24

CSR Strategies P.33

Inputs (Sources of DOCOMO's Value Creation)

- Social and Relationship Capital**
 - One of Japan's largest customer base
 - Partners that accelerate the creation of new value and co-creation
- Intellectual Capital**
 - R&D capabilities that enable DOCOMO to lead the mobile industry globally
- Manufactured Capital**
 - Stable quality of Japan's fastest networks
 - Abundant customer contact points and an adequate support system
- Financial Capital**
 - Sound and solid financial foundation
- Human Capital**
 - Human resource development to achieve the targets of "Declaration beyond"
- Natural Capital**
 - Promotion of effective use of resources

Business Activities and Outputs (Products and Services)

Three Businesses P.10

Telecommunications Business
Mobile telecommunications services, optical-fiber broadband services, satellite mobile communications services, international services and the equipment sales related to those services, etc.

Smart Life Business and Other Businesses Segment

Smart Life Business
Distribution services for video, music and electronic books, etc., finance/payment services, online shopping service and other life-related services, etc.

Other Businesses
"Mobile device protection service," enterprise IoT solutions, commissioned development/sales and maintenance of systems, etc.

Innovative docomo Providing new value to customers and society

Responsible docomo Execution of social responsibility

Outcomes (Value DOCOMO Provides)

- Social and Relationship Capital**
 - Further reinforcement of customer base and improvement in quality
 - Realize new sensory and physical experiences in the 5G era, and contribute to solving social issues
 - Protect customer information assets
 - Enhance customer satisfaction and protect children
- Intellectual Capital**
 - Future creation using open innovation and accumulated cutting-edge technology
- Manufactured Capital**
 - Enhancement of competitiveness through rollout of 5G early, and building of a system to provide stable telecommunications during disasters
 - Improvement in customer satisfaction through evolved customer touchpoints
- Financial Capital**
 - Medium- to long-term improvement of corporate value
- Human Capital**
 - Establish a corporate culture that society trusts
 - Employing and developing strategic human resources
 - Efforts for workstyle reform
- Natural Capital**
 - Steadily implement GreenAction Plan 2030 and pursue the most advanced environmental management

Sustainability Activities P.33

Corporate Philosophy

The creation of a new world of communications culture

P.9

Management Resources Utilization of Management Resources and Value Creation

Inputs (Investments in FY2017)

● Medium-term Operation Indicators/Financial Targets ● Sustainability Focuses

Social and Relationship Capital

One of Japan's largest customer base

- "d POINT CLUB" members 65.60 million
- d POINTs used amount 124.9 billion points
- Number of subscriptions to mobile telecommunications services 76.37 million
- Churn rate (handset churn rate) 0.51%

Partners that accelerate the creation of new value and co-creation

- Number of enterprise partners 684
- Locations where payment/point service can be used 840 thousand places

Intellectual Capital

R&D capabilities that enable DOCOMO to lead the mobile industry globally

- Number of R&D staff approx. 900
- Research and development costs ¥89.6 billion

Manufactured Capital

Stable quality of Japan's fastest networks

- Capital expenditures ¥577.0 billion
- Delivered Japan's fastest speed for both downloads and uploads
- Number of base stations LTE base stations 185,000
- Large-zone base stations coverage of prefectural capital cities 100%

Abundant customer contact points and an adequate support system

- Number of docomo shops 2,350 shops

Financial Capital

Sound and solid financial foundation

- Total assets ¥7,654.9 billion
- Equity ratio 75.8%
- Free cash flow (excluding increase/decrease due to asset management) ¥862.8 billion

Human Capital

Human resource development to achieve the targets of "Declaration beyond"

- Business skill development programs
 - Training program: 1,715 times in total
 - Training time per employee: approx. 37 hours
- Efforts for workstyle reform
 - Diversity management (nurture awareness, promoting women's careers, etc.)
 - Workstyle choices (promotion of compatibility with raising children or caring for family members, utilization of the system, etc.)
 - Health and productivity management (raise awareness of health)

Natural Capital

Promotion of effective use of resources

- Used mobile phone collection 5.88 million units

Business Activities

Outcomes (Value Provided in FY2019/Targets)

Social and Relationship Capital

Further reinforcement of customer base and improvement in quality

- "d POINT CLUB" members 75.09 million/FY2021 target: 78 million
- d POINTs used amount 199.8 billion points
- Number of subscriptions to mobile telecommunications services with the No. 1 in domestic market share 80.33 million
- Best-in-class low churn rate globally (handset churn rate) 0.44%

Realize new sensory and physical experiences in the 5G era, and contribute to solving social issues

- Number of enterprise partners 3,400/FY2021 target: 5,000
- Enterprise solution revenues ¥89.0 billion/FY2021 target: ¥120 billion
- Locations where payment/point service can be used 1.71 million places/FY2021 target: 2 million places
- Transactions handled by finance/payment business ¥5.3 trillion/FY2021 target: ¥6 trillion

Protect customer information assets

- Number of information security incidents 0 cases/FY2020 target: 0 cases

Enhance customer satisfaction and protect children

- Number of Smartphone and Mobile Phone Safety Classes attendees approx. 1.37 million attendees/FY2020 target: 1.3 million attendees
- DOCOMO Hearty Classes approx. 90 times

Intellectual Capital

Future creation using open innovation and accumulated cutting-edge technology

- Number of potential patents necessary for meeting 5G standards ranked first among mobile operators

Manufactured Capital

Enhancement of competitiveness through rollout of 5G early, and building of a system to provide stable telecommunications during disasters

- Capital expenditures ¥572.8 billion
- Investment for 5G infrastructure buildout, etc. ¥52.0 billion/FY2019-FY2023 cumulative total: ¥1 trillion
- Delivered Japan's fastest speed for both downloads and uploads
- Number of base stations "PREMIUM 4G" base stations 168,800 LTE base stations 228,100
- Stable service provision rate 100%/FY2020 target: 100%
- Number of major accidents 0 cases/FY2020 target: 0 cases
- Percentage of population covered by LTE 99.9% (99.8% in FY2018)/FY2020 target: higher than in the previous year
- Large-zone base stations coverage of prefectural capital cities 100%/FY2020 target: 100%

Improvement in customer satisfaction through evolved customer touchpoints

- Wait time + attendance time 65 minutes/FY2019 target: approx. half of FY2018 (more than 2 hours on average)
- Number of participants in the docomo Smartphone classes approx. 5 million

Financial Capital

Medium- to long-term improvement of corporate value

- Operating revenues ¥4,651.3 billion/FY2021 target: ¥5 trillion
- Operating profit ¥854.7 billion/FY2023 target: ¥990.0 billion (equivalent to the level of FY2017)
- Dividend per share: ¥120

Human Capital

Establish a corporate culture that society trusts

- Appoint two or more independent Outside Directors results one third (Five)/FY2020 target: ratio of independent Outside Directors: one third or more
- Level of employee satisfaction motivation 7.2 points/FY2020 target: 7.7 points
- Ratio of female managers 6.9%/FY2020 target: 7.5%

Employing and developing strategic human resources

- Senior Professional 6 (as of April 2020), Junior Professional approx. 100 (total)

Efforts for workstyle reform

- Promoting diversity management Receives Gold Rating in the PRIDE Index
- Promoting diverse workstyles and compatibility with raising children or caring for family members Platinum Kurumin certification
- Health and productivity management Efforts to maintain and improve physical and mental health Selected as a White 500 Organization

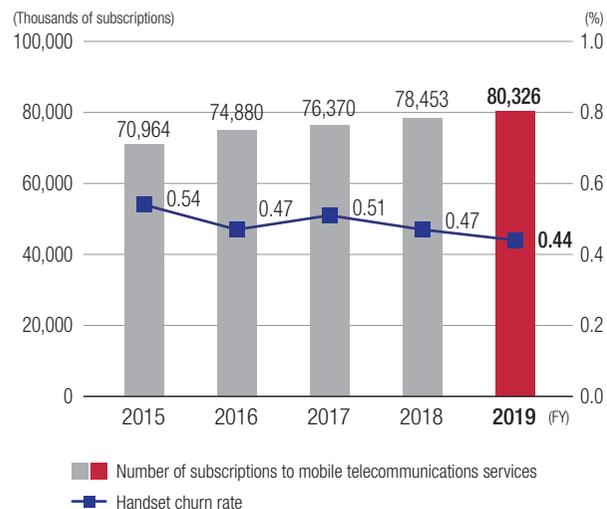
Natural Capital

Steadily implement Green Action Plan 2030 and pursue the most advanced environmental management

- Amount of contribution to the reduction of CO₂ emissions 40.1 million tons/FY2020 target: 40 million tons
- Electrical efficiency of telecommunications services 9.6 times/FY2020 target: sevenfold increase (compared with FY2013)
- Used mobile phone collection 14.44 million units (cumulative total for FY2017-FY2019) 16 million units (cumulative total target for FY2017-FY2020)

Management Resources → Activities for Value Creation

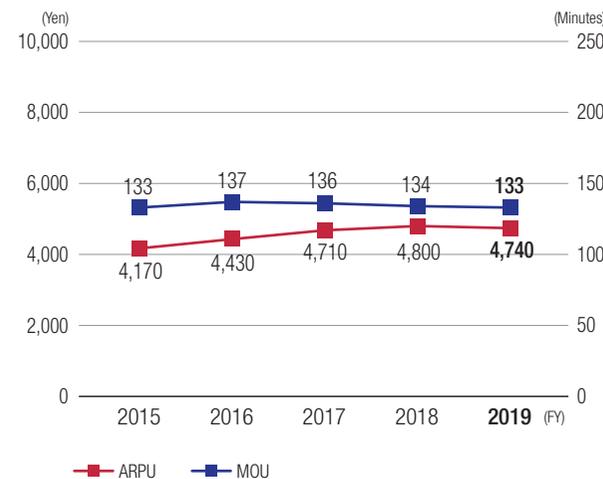
Number of subscriptions to mobile telecommunications services*1 /Handset churn rate*2



*1 Including mobile line subscriptions of MVNOs and Communication Module subscriptions
*2 Calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.
Churn rate of billing plans that offer voice communication service (excluding 2in1 service)

The growth prospect of new subscriptions to voice-enabled devices is expected to be limited given the rise in the penetration rate and decrease in future population. However, DOCOMO strives to increase customer satisfaction, and the best-in-class low churn rate globally. Meanwhile, the recent increase in new subscriptions was driven mainly by an increase in subscriptions achieved through the stimulation of demand for secondary devices such as tablets and mobile Wi-Fi routers, the development of new markets such as embedded communication modules and an increase in corporate subscriptions. We expect over 81 million subscribers in FY2020.

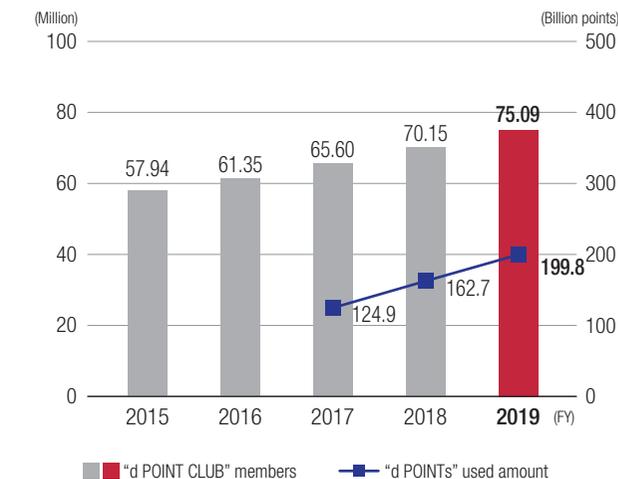
ARPU*3/MOU



*3 ARPU consists of the two components of Mobile ARPU and docomo Hikari ARPU.

DOCOMO uses the ARPU (average monthly revenue per unit) and MOU (minutes of use) as a performance indicator to measure average monthly revenues per subscription of each service. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users of our wireless services in the relevant periods. We believe that our ARPU figures provide useful information to analyze the average usage per user and the impacts of changes in our billing arrangements. We forecast that ARPU will exceed ¥4,800 in FY2020.

“d POINT CLUB” *4 members/“d POINTS” used amount

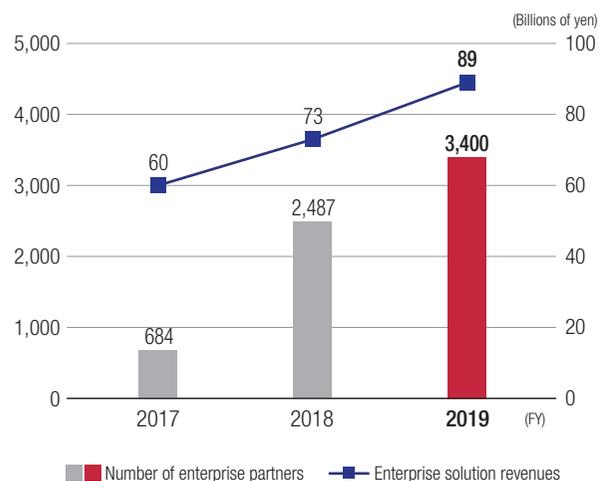


*4 Since December 2015

DOCOMO aims to achieve 78 million “d POINT CLUB” members in FY2021 by refining customer experiences to enhance the attractiveness of membership programs and improve the “quality” of our membership base by expanding the number of “d POINTS” partner stores that are easier to use. In FY2019, we introduced a new membership return program and continued to expand partner stores. In addition, based on the fact that the use of “d POINTS” was difficult due to voluntary restraints on going out, we substantially extended the expiration date for redeeming “d POINTS.”

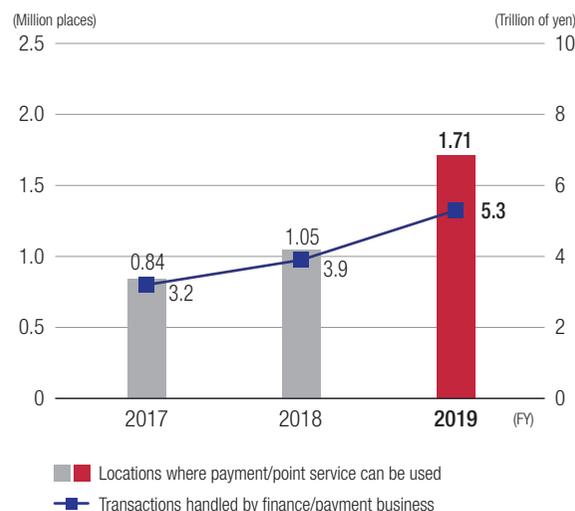
Management Resources Activities for Value Creation

Number of enterprise partners/Enterprise solution revenues



We will link our membership base and enterprise partners through DOCOMO's assets to provide new value and create revenue opportunities by customer base. In addition, our customers, the Corporate Sales and Marketing team and the R&D unit will work together as one in small "Top Gun" teams. Furthermore, we will conduct measures such as the "DOCOMO 5G Open Partner Program." Through these efforts, we aim to bring in 5,000 enterprise partners and ¥120 billion in enterprise solutions revenue in FY2021.

Locations where payment/point service can be used /Transactions handled by finance/payment business



For finance/payment business in the smart life business segment, we plan to expand the number of locations where "d POINTs," "d Payment" and "iD" can be used to two million locations in FY2021 with a view to improving customer convenience, and aim to reach ¥6 trillion in transactions. Despite the temporary decrease in operating profit caused by the upfront outlays to promote the use of cashless payment services, we will aim to boost both our revenues and profit over the medium term by garnering customers' continued usage after having them try our services through promotional measures, and by further evolving our offerings through functional upgrades.

Risks and Opportunities Response to Risks and Opportunities Surrounding DOCOMO

To achieve sustainable growth, DOCOMO has identified five major risks, taking into consideration changes in the business environment in the medium to long term, the management strategy and risks' effects on the stakeholders and supply chain. We are taking various steps to provide new value as measures to address these risks.

Major Risks in FY2020

Risks	Details of Risks	Measures to Reduce Risks and Create Opportunities
Risk associated with intensifying competition due to new market entrants	New market entrants and expanded uptake of low-cost smartphone services offered by MVNOs may cause significant changes in the market environment, which could limit the acquisition of new subscriptions and the retention of existing subscriptions by our Group, or could lead to ARPU diminishing at a greater than expected rate.	<ul style="list-style-type: none"> • We will continue to actively promote the migration of customers to new rate plans that offer great value through measures including promoting the migration to smartphones to further solidify our customer base. • We will enhance rate plans tailored to customer usage needs. • We will work to roll out 5G early as a source of competition. • We will also continue to refine customer experiences by shortening attendance time and strengthening website leads. • We will enhance the attractiveness of membership programs and improve the "quality" of the membership base. • Through these measures utilizing a variety of our assets, we aim to be a company that is continuously chosen by customers based on our comprehensive strength.
Risk associated with the smart life area and 5G business	As we seek to expand our smart life business and enterprise business through co-creation with our partners and new value creation for the 5G era, if services we provide or propose cannot be developed as planned, if higher-than-expected expenses are incurred or if competition with other service providers intensifies, our financial condition could be affected and our growth could be limited.	<ul style="list-style-type: none"> • We will build strong customer contact points, such as apps and media that customers use on a daily basis, and achieve an optimal approach through digital marketing to lead to the use of the services offered by our Group and our partners and the expansion of the solutions business. • We will focus our resources on growth areas such as "finance/payment," "content/lifestyle" and "marketing solutions." • We will be marketing physical experiences in the 5G era and provide full-fledged solutions to solve business and social issues through expanded co-creation with our partners in order to achieve further growth in the smart life business and other businesses.
Risk associated with the use of personal data and other information	In an effort to expand revenue opportunities through digital marketing using the membership base, the inadequate handling by our Group or our partners of confidential business information (including personal data) including personal information could adversely affect our credibility or corporate image.	<ul style="list-style-type: none"> • We will continue to implement company-wide comprehensive security management that includes the thorough management of confidential business information including personal information, employee education, the thorough management and supervision of subcontractors and business partners and the strengthening of technical security. • We aim to clearly indicate the handling of personal data to our customers under the "NTT DOCOMO Personal Data Charter" established and announced in August 2019. • We have revised the structure and wording of our Privacy Policy to make it easier for customers to understand the purposes for which personal data is used. We have also started to offer a tool that allows customers to check the main items to which they have given their consent regarding the handling of their personal data and to make changes within a certain range. In the future, we will strive "to continuously provide new value to customers and society through the use of data" and "to achieve optimal privacy protection for customers."

Risks and Opportunities → Response to Risks and Opportunities Surrounding DOCOMO

Risks	Details of Risks	Measures to Reduce Risks and Create Opportunities
<p>Risk associated with natural or man-made disasters, events and or incidents may adversely affect the stable operation of our business</p>	<p>Failure in our networks or disruption to our sales networks necessary for the provision of our services caused by natural or man-made disasters, events or incidents (including infectious diseases and cyberattacks) may adversely affect the stable operation of our business, which could lead to a decline in our credibility and corporate image, or adversely affect our finances.</p>	<ul style="list-style-type: none"> • In response to COVID-19, we are striving to provide stable telecommunications services to fulfill our social responsibility as a telecommunications carrier while taking measures to prevent infection after first ensuring the health and safety of our customers and employees as a top priority. • In preparation for a disaster, we have established the “Three Principles of Disaster Preparedness” as continuous efforts to secure telecommunications at the time of disaster. • Based on the lessons learned from the Great East Japan Earthquake and frequent torrential rains and typhoons, we have strengthened and enhanced our countermeasures, including uninterruptible base stations, installation of large-zone base stations, increased deployment of mobile power generation vehicles and the decentralization of critical facilities. • We are conducting comprehensive disaster drills for large-scale disasters and annual disaster drills tailored to local characteristics. • We have set up a specialized organization that can take the necessary security measures and prepare for any incidents that may occur. • We provide training and drills to raise the awareness of employees toward information security. • We can understand the trends of cyberattacks and check our own preparedness. • We continue to alert customers of unauthorized access.
<p>Risk associated with laws, regulations and systems</p>	<p>The introduction or revision of various laws, regulations or systems inside and outside of Japan, or the application of such introduced or revised laws, regulations and systems to our Group, could restrict our business operations, which may adversely affect our financial condition and results of operations.</p>	<ul style="list-style-type: none"> • We will collect information on changes in governmental and legislative policies and economic conditions that could affect our business operations. • We will present our opinions in response to public comments made by relevant ministries and agencies in order to promote an understanding of our opinions among stakeholders. • Based on the principles of the “Corporate Governance Code,” we will strive to achieve sustainable growth and further enhance our corporate value over the medium to long term in order to earn the trust and reputation of stakeholders including shareholders and customers.



For more details about business risks, please refer to the Company’s Annual Securities Reports.
<https://www.nttdocomo.co.jp/english/corporate/ir/library/report/index.html>

Business Strategy

Transition of Medium-Term Management Strategies

2012

2013

2014

2015

2016

2017

Looking Back on Past Medium-Term Management Strategies

Medium-Term Vision 2015:

Evolve into an Integrated Service Company with Mobile Services at Its Core (FY2013-2015)

2015-2017 Medium-Term Targets:

To be a Value Co-creation Company through Collaboration with Partners (FY2015-2017)

Strategies

Evolving Core Businesses

- Evolution of smartphone services and ecosystem
- Developing a diverse product lineup of devices
- Expanding smartphone and Xi service uptake
- Bolstering our network infrastructure

Developing New Businesses

- Convergence of industries and services
 - Initiatives to create new markets
 - Expansion of global businesses with overseas carriers
- Business Support via "docomo Cloud"**
- Providing a "Personal" Cloud
 - Providing a "Business" Cloud

Reinforce Competitiveness in the Telecommunications Business

- iPhone release
- Promote subscriptions to new rate plans and "docomo Hikari"
- Encourage migration to larger data plans
- Network speed enhancement
- Cost efficiency improvement and more efficient use of capital expenditures

Co-creation with Partners in the Smart Life Area

- Accelerate "dmarket" initiatives
- Expand service domains by adding home offerings
- Rollout of "+d"
- Co-creation of social value

Achieve the Targets One Year Ahead of Schedule

Targets and Results

Initiatives	Targets	Medium-Term Vision 2015 Targets	FY2014 Results
Increasing smartphone sales/Promoting LTE "Xi"	Number of smartphone subscriptions	40 million subscriptions	28.75 million subscriptions
	Number of LTE "Xi" subscriptions	30 million subscriptions	30.74 million subscriptions
Providing cloud-based services	Packet communications revenues	¥2.7 trillion	¥1.9 trillion
Evolving into an integrated service company with mobile services at its core	Revenues from new fields (smart life business and other businesses segment)	¥1 trillion	¥756.8 billion
Evolution of mobile network	LTE area coverage ratio	98% (end of FY2014)	99%

Targets	2015-2017 Medium-Term Targets	FY2016 Results
Operating income (excluding impact of change of depreciation method, etc.)	¥820 billion or higher (FY2013 level or higher)	¥944.7 billion (¥862.7 billion)
Smart life business and other businesses segment	¥100 billion or higher	¥111.9 billion
Cost efficiency improvement (compared to FY2013 level)	-¥400 billion or higher	-¥470.0 billion
Capital expenditures	¥650 billion or lower	¥597.1 billion
Shareholder returns	Dividend	Enhance shareholder returns through dividend hike and share repurchase
	Share repurchase	
		¥80 (+ ¥20) Approx. ¥930 billion (cumulative)

Achievements and the Challenges

Achievements

Laying the "Foundation" for a Growth Track

- Eliminating the gap between our product lineup and those of other companies through the introduction of the iPhone
- Securing family-unit subscriptions and working to stop the long-term decline in voice revenues through the introduction of the new rate plans
- Selling packages of mobile telecommunications services and optical-fiber broadband services and further advancing sales of family-unit subscriptions through the introduction of "docomo Hikari"

Challenges

Establishing a Growth Track through a Recovery in Profits

- Working to increase telecommunications services revenues through the retention of existing customers, acquisition of new customers and increases in packet communications revenues
- Realizing rigorous cost efficiencies through increased efficiency in capital expenditures and structural reforms
- Generating earnings from the utilization of DOCOMO's "hidden assets"

Achievements

Recovery in the Telecommunications Business

- Increase in subscriptions to new rate plans and "docomo Hikari"
- Migration to larger data plans, an increase in demand for secondary devices such as tablets
- Realization of network speed enhancement

Profit Growth in the Smart Life Business and Other Businesses Segment

- Enhancement of the "dmarket" lineup and increase in the number of "dmarket" subscriptions
- Expansion of "+d" through the expansion of the number of partners

Thorough Cost Efficiency Improvement

- Cost efficiencies in capital expenditures, marketing expenses

Challenges

Creation and Evolution of Services

- Create and evolve services that fit our customers' lifestyles, that are convenient and fun and that promote peace of mind

Promotion of "+d"

- Engage in co-creation with partners through "+d," bringing together our abundant assets to provide new value and services

Evolution of All Foundations

- Further advance our network foundation including 5G
- Grow our customer base through membership-based businesses
- Cost structure reform

Business Strategy Transition of Medium-Term Management Strategies



Looking ahead to the year 2020 and beyond, we will aim to amaze and inspire our customers and create new values hand-in-hand with our partners by exceeding customers' expectations. The word "beyond" reflects our will to transform ourselves to realize a richer future with 5G network.

For our customers, we will offer enhanced benefits and convenience as well as value and inspiration, such as enjoyment, surprise, satisfaction and peace of mind. For our partners, we will realize the co-creation of new values through "+d" initiatives such as making contributions to industries, solving social issues and expanding our partners' businesses.

We formulated "Declaration beyond" as initiatives toward these goals. By delivering "Declaration beyond," we will aim to reform our business structure, strengthen our business foundation by improving returns to our customers and investing in growth, and fuse and evolve various types of added value using 5G technology.



We announced specific strategies and quantitative targets as our medium-term management strategy based on "Declaration beyond." In this medium-term management strategy, we set our new basic policy that takes a new direction focusing on "transformation into a business foundation centered on our membership base" and "5G rollout and business creation."

Under this basic policy, while we will reinforce our customer base through new efforts to return to customers through our new rate plans in FY2019, we will leverage our customer base to create new revenue opportunities in business areas such as smart life business, enterprise business and 5G business by promoting digital marketing. We will also continue to improve cost efficiency to achieve sustained growth in the 2020s.

Basic Policy: "Transformation into a business foundation centered on our membership base," "5G rollout and business creation"

- "Revenue opportunity creation centered on customer base"**
 - Expansion of customer base and promotion of "+d"
 - Growth of smart life business
 - Growth of enterprise business
- "Growth driven by 5G"**
 - Construction of 5G network
 - Creation of 5G services and solutions
- "Execution of customer returns and evolution of customer touchpoints"**
 - Simple and great-value new rate plans
 - Shortening of wait and attendance time

Targets and Results

Financial Targets

	FY2018 (at the time of announcement)	FY2019	Final target
Operating revenues	¥4,840.8 billion	¥4651.3 billion	FY2021: ¥5 trillion
Operating profit	¥1,013.6 billion	¥854.7 billion	FY2023: ¥990.0 billion

Shareholder return policy is to accelerate shareholder returns through "continuous dividend increases" and "our expeditious share purchase."

Medium-Term Operation Indicators

Initiatives	Target Indicators	FY2018 results	FY2019 results	Targets
Revenue opportunity creation centered on customer base (FY2021 targets)	"d POINT CLUB" members	70.15 million members	75.09 million members	FY2021: 78 million members
	Enterprise partners	2,487 partners	3,400 partners	FY2021: 5,000 partners
	Locations where payment/point service can be used	1.05 million places	1.71 million places	FY2021: 2 million places
	Transactions handled by finance/payment business	¥3.9 trillion	¥5.3 trillion	FY2021: ¥6 trillion
Growth driven by 5G	Enterprise solution revenues	¥73.0 billion	¥89.0 billion	FY2021: ¥120 billion
	Investment for 5G infrastructure buildout, etc.	—	¥52.0 billion	FY2019-2023 cumulative total: ¥1 trillion
Evolution of customer touchpoints	Wait time + attendance time	Average over 2 hours*	65 minutes	FY2019: Approx. half of FY2018

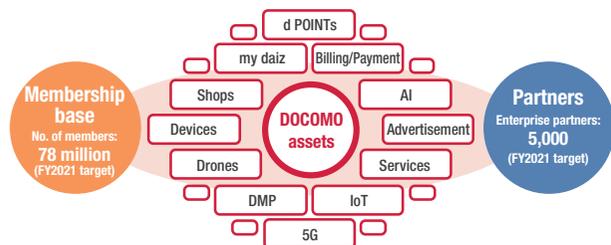
* Wait time/attendance time represents the average time required for a customer to purchase a smartphone calculated based on DOCOMO's independent shop survey (conducted in 2018 with a sample size of approximately 850 shops).

Business Strategy Report of Activities under the Medium-Term Management Strategy

“Revenue opportunity creation centered on customer base”

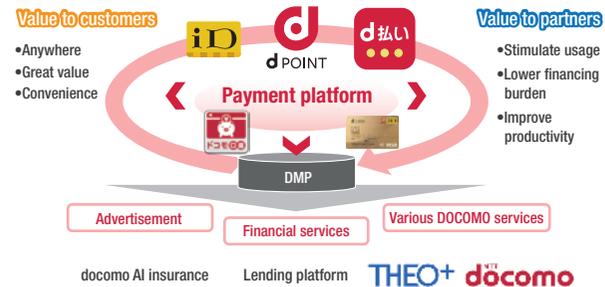
● Expansion of customer base and promotion of “+d”

By focusing on expanding the number of “d POINT CLUB” members and corporate partners, we aim to reach 78 million members and 5,000 corporate partners in FY2021. We will link our membership base and corporate partners through DOCOMO’s assets to provide new value and create revenue opportunities in business areas such as smart life business and enterprise business. In FY2019, the number of members was 75.09 million, and the number of corporate partners was 3,400.



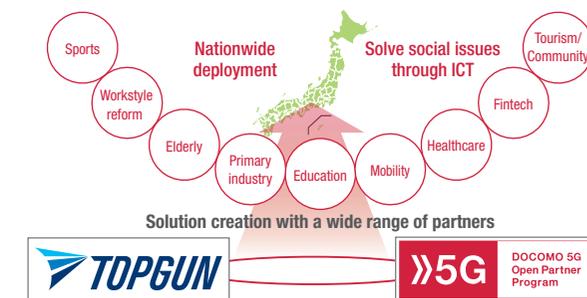
● Growth of smart life business

For finance/payment business in the smart life business segment, we plan to expand the number of locations where “d POINTs,” “d Payment” and “iD” can be used to two million locations in FY2021 with a view to improving customer convenience, and aim to reach ¥6 trillion in transactions. In FY2019, we expanded the number of locations where payment/point service can be used to 1.71 million. The transactions handled by finance/payment business stood at ¥5.3 trillion.



● Growth of enterprise business

In the enterprise business, our customers, the Corporate Sales and Marketing team and the R&D unit will work together as one in small “Top Gun” teams. Furthermore, we will conduct measures such as the “DOCOMO 5G Open Partner Program.” Through these efforts, we aim to bring in ¥120 billion in enterprise solutions revenue in FY2021. In FY2019, we recorded revenue of ¥89.0 billion.

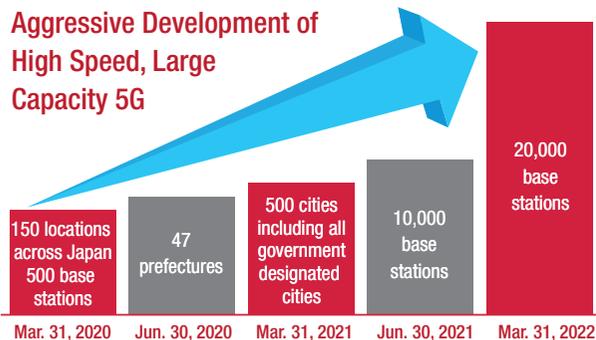


“Growth driven by 5G”

● Construction of 5G network

We will invest a total of ¥1 trillion in 5G network construction between FY2019 and FY2023, with a goal to install 20,000 5G base stations at the end of FY2021, aiming for an early rollout of the 5G network. In FY2019, we invested ¥52.0 billion.

Aggressive Development of High Speed, Large Capacity 5G



● Creation of 5G services and solutions

We will actively work to create “experiences that are completely new” to customers. We will demonstrate our initiatives mainly in the areas in which it is easy to directly reflect the features of 5G, such as “music/live,” “gaming,” “video” and “sports.” In addition, we aim to solve social issues by collaborating with partners and integrating various technologies in addition to the features of 5G, such as high speed and large capacity transmission, low latency.



“Execution of customer returns and evolution of customer touchpoints”

● Simple and great-value new rate plans

In response to feedback from customers, we will continue to improve customer returns by further enhancing our charge-related services to ensure long-lasting use of services with peace of mind. We offer the simple and great-value new rate plans “Gigaho” and “Gigalight” at rates up to 40% lower than previous plans from June 2019.

● Shortening of wait and attendance time

In addition to the drastic simplification of our billing plans, we carry out measures such as expanding use of our store visit reservations, reviewing and revising our methods of providing explanations, assigning specialists (initial settings, data migration) at docomo shops, improving our docomo Smartphone classes, enhancing our website, promoting micro-marketing and carrying out cross-channel integration. We aimed to reduce docomo shop wait and attendance time, which exceeds two hours on average in FY2018, to less than half that amount during FY2019. In FY2019, the wait and attendance time was 65 minutes. We almost achieved the target.



Spearheading Transformation Even Further for Our Sustained Growth in a Changing Society

Takashi Hiroi

Executive Vice President (CFO)
Member of the Board of Directors
General Manager of Accounts and Finance Department
Responsible for Finance, Business Alliance and Strategic Alliance

FY2019 Results and Medium-Term Outlook

For FY2019, we recorded a decrease in both operating revenues and operating profit due mainly to the returns provided to customers through our new rate plans and advance investments made for our finance/payment and video businesses. However, both operating revenues and operating profit came in higher than our forecast at ¥4,651.3 billion (down ¥189.6 billion year-on-year) and ¥854.7 billion (down ¥159.0 billion year-on-year), respectively. Toward the delivery of our medium-term target of generating ¥990 billion in operating profit in FY2023, we will aim for an operating profit of ¥880 billion in FY2020.

To recover our performance, we will accelerate the implementation of initiatives in various areas. While reinforcing our customer base by providing returns to customers through the new rate plans and boosting the usage of “d POINTs,” in our telecommunications business we will strive to increase “Gigaho” subscriptions and achieve upsells by facilitating the migration of 3G subscribers to 4G and 5G, expanding the 5G user base and proposing new usage styles of the 5G era. In our non-telecommunications business, i.e., smart life business and other businesses, we will drive growth through the expansion of our membership base by continuously growing our finance/payment offerings, enriching our marketing solutions leveraging member preferences and purchase behavior analytics, and creating new businesses suited for the 5G era such as XR, sports and enterprise solutions. We will flexibly and expeditiously make investments that are required to push forward these initiatives, and at the same time, address efficiency improvement to reduce our costs by ¥400 billion compared to the FY2017 level, so we can achieve the operating profit target for FY2023 at the earliest possible timing.

Financial Strategy **CFO Message****DOCOMO's Capital and Sustained Growth**

Because telecommunications business is highly dependent on the national economy, we cannot expect a high rate of growth in the future given the projected progress of Japan's aging population and declining birth rate. In light of this, we have attached a strong focus on our non-telecommunications business, including finance/payment services and enterprise solutions, and DOCOMO owns a rich set of tangible and intangible assets to underpin their expansion.

One of such assets is our solid customer base and plentiful customer touchpoints. Our mobile subscriber base of approximately 80 million, which represents a domestic market share of 44.1%, our "d POINT CLUB" program with a total membership of approximately 75 million and our nationwide docomo shop network comprising approximately 2,300 outlets are some of the major strengths of DOCOMO. In recent years, we made investments in and formed alliances with players who are active in various sectors outside telecommunications, such as transportation, advertisement and medical services, in a strategic move to deepen our ties with each customer in many different scenes of their everyday lives.

Furthermore, DOCOMO owns numerous intangible assets (non-financial capital) that are not necessarily represented in our financial statements, including our R&D capabilities and ties with external partners that we have built over the years, the excellent talents working in our Group and the trust and confidence we have earned from society through our business activities. By effectively combining these non-financial assets and injecting necessary funds into the business at the right timing, we will steadily foster the sprouts of new changes and achieve sustainable growth, thereby providing returns not only to shareholders but also to our employees and society.

Our society is currently going through a rapid change induced by the outbreak of COVID-19. Instead of perceiving this as a negative development, I look at this positively as an opportunity to

address the challenges facing our nations, such as the declining working population and productivity improvement, and to drastically accelerate the transformation of our social structure. We will endeavor to make contributions to solving these social issues, making full use of the wide array of assets we possess.

Adequate Investment Activity for Our Next Phase of Growth

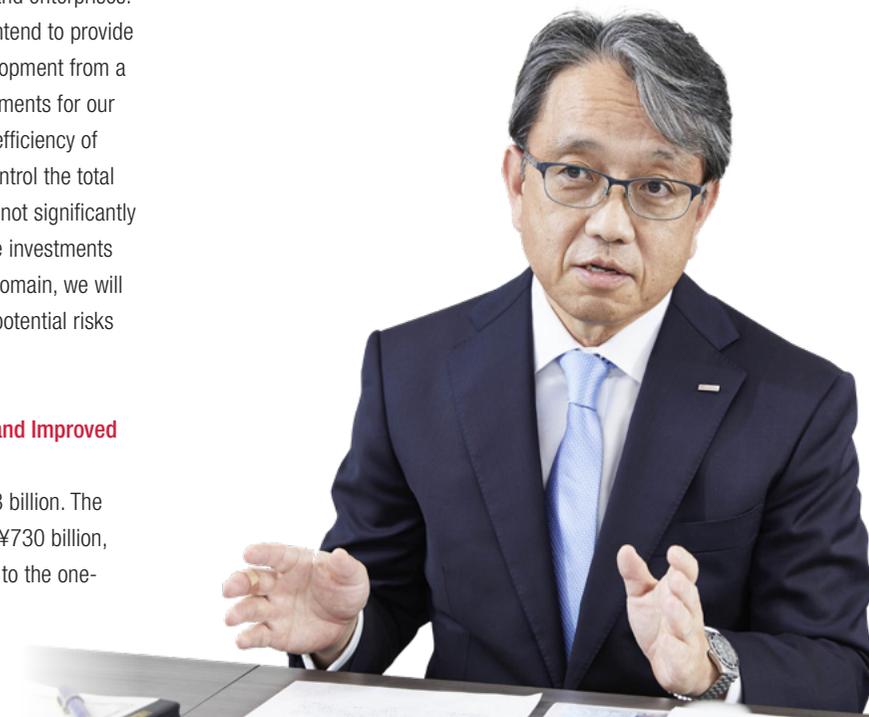
For any business, investment is an indispensable element to advance to the next stage of growth. In March 2020, DOCOMO launched 5G service that will serve as the foundation for the social transformation for the future. The cumulative amount of 5G investments for the first five years from FY2019 is estimated to be ¥1 trillion. In FY2020, we plan to roll out 5G coverage in 500 cities across Japan including all government-designated cities, acquire 5G subscribers or upsell customers to 5G, push forward efficient network deployment and help accelerate the digital transformation of society and enterprises. Further, by building out 5G as an infrastructure, we intend to provide a platform that enables service and application development from a new perspective, and also plan to make active investments for our smart life business. Meanwhile, we will improve the efficiency of investments leveraging technical developments to control the total annual capital expenditures within a range that does not significantly exceed the current level. In particular, when we make investments for new businesses in the non-telecommunications domain, we will ensure proper management paying due attention to potential risks and returns.

Continuation of Medium-Term Financial Strategy and Improved Capital Efficiency

Adjusted free cash flows for FY2019 stood at ¥893.3 billion. The amount for FY2020 is projected to be approximately ¥730 billion, posting a decrease of some ¥160 billion, due mainly to the one-

time cash income of approximately ¥230 billion in the prior year as a result of a large-scale transfer of shares. As for our medium-term financial strategy, we will aim for early recovery of profit and stable cash flow generation by realizing an efficient balance sheet through improvement of working capital and liquidation of receivables.

In my previous capacity as Head of Finance and Accounting at NTT, I added ROIC to the company's management indicators in order to foster awareness of generating returns by efficiently utilizing the capital of the entire NTT Group. DOCOMO still has room for improving capital efficiency through receivables liquidation and other means. We will continue to be conscious of our capital costs and aim to generate a return that exceeds the cost of capital.



Financial Strategy CFO Message

Continuing Shareholder Returns and Maintaining a Healthy Balance Sheet

Well-balanced pursuit of financial soundness, improvement of capital efficiency and reinforcement of shareholder returns are the basic stance of DOCOMO's capital policy. In particular, for shareholder returns, in our medium-term management strategy announced in October 2018, we presented our basic policy to accelerate shareholder returns through continuous dividend increases and opportunistic share repurchases. Although there still remains a certain degree of uncertainties in our business outlook amid the COVID-19 crisis, we decided on a dividend increase for the seventh straight term; for FY2020, we plan to pay an annual dividend of ¥125 per share, up ¥5 from the previous fiscal year, taking into consideration the balance between bracing for uncertainties and shareholder returns.

In addition, we executed large-scale share repurchases exceeding ¥2 trillion on a cumulative basis over the past six years and at the same time steadily reduced our interest-bearing liabilities in a bid to maintain a healthy balance sheet. Consequently, we established a solid financial foundation that can sufficiently withstand the unprecedented crises caused by COVID-19 and respond to the requests of our valued investors through the expansion of shareholder returns. We will continue to strive to maintain a sound balance sheet and look into various financing means to sustain our growth, including receivables liquidation and other methods of cash generation through improved balance sheet efficiency.

Open, Fair and Mutually Inspiring Dialogue with Investors

I always try to be open and fair in communicating with investors, analysts and shareholders. While it is currently difficult to hold face-to-face meetings in the conventional setup due to the spread of COVID-19 infections, I will make active efforts to establish a new

style of communication with investors, taking this change as a positive development.

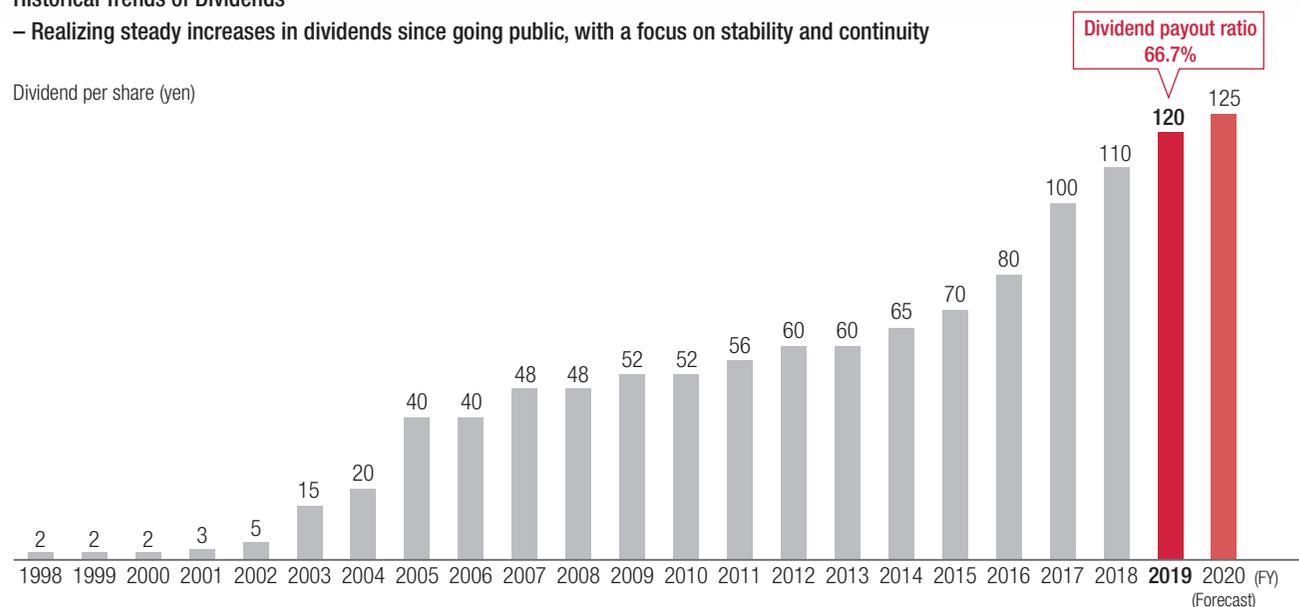
As CFO, I am also aware of the necessity of communicating my views on ESG and other non-financial values. I therefore plan to actively share opinions regarding our environmental initiatives and human resource development strategies, among others. The trend of making contributions for the sustainable growth of society and achieve corporate growth in parallel fully conforms with DOCOMO's DNA. However, investors are not calling for a superficial compliance with the Corporate Governance Code or a mere perfunctory endorsement of various initiatives. They try to discern the ability of a company

based on a more essential judgement on whether it is willing to take social challenges as their own revenue opportunity and tackle their solution through business activities. What is most important in interacting with investors is to establish a mutually inspiring relationship. The best part of having a dialogue with investors, I am convinced, is running the cycle of communicating with investors to enhance the level of managerial strategies and lead it to corporate growth.

Historical Trends of Dividends

– Realizing steady increases in dividends since going public, with a focus on stability and continuity

Dividend per share (yen)



* Amounts of dividend are adjusted for the stock splits carried out in FY1999, FY2002 and FY2013.

Financial Strategy FY2019 Financial Review

Operating Performance

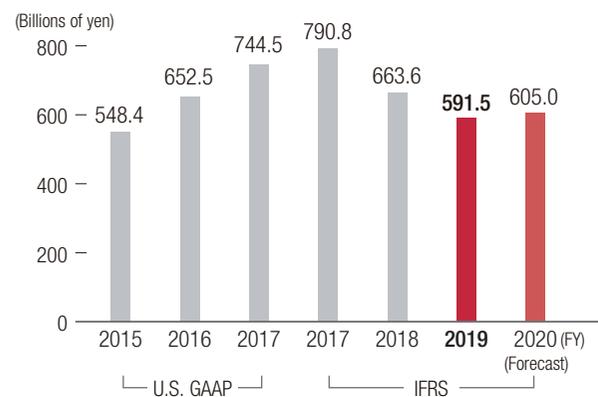
Operating revenues for FY2019 recorded a decrease of ¥189.6 billion yen, or 3.9%, from the previous fiscal year to ¥4,651.3 billion, due mainly to the decrease in equipment sales revenues and mobile telecommunications services revenues caused by the expanded returns provided to customers, which overwhelmed the increase in optical-fiber broadband revenues resulting from the increase of “docomo Hikari” subscriptions.

Operating expenses posted a year-on-year decrease of ¥30.6 billion, or 0.8%, to ¥3,796.6 billion and operating profit amounted to ¥854.7 billion, down ¥159.0 billion, or 15.7%, compared to the previous fiscal year.

Profit before taxes was ¥868.0 billion, a decrease of ¥134.7 billion, or 13.4%, year-on-year.

As a result of the foregoing, profit attributable to shareholders of NTT DOCOMO, INC. dropped by ¥72.1 billion, or 10.9%, from the previous fiscal year to ¥591.5 billion.

Profit Attributable to Shareholders of NTT DOCOMO, INC.



Cash Flows

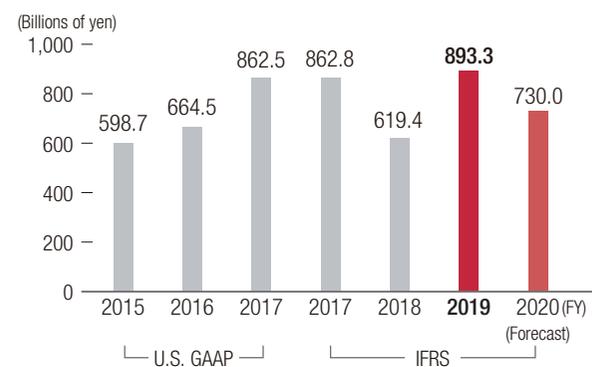
For FY2019, cash flows from operating activities was ¥1,317.8 billion, up ¥ 101.8 billion, or 8.4%, from the previous fiscal year, driven mainly by a decrease in inventory which exceeded the drop in cash inflows for net profit.

Net cash used in investing activities was ¥354.8 billion, an increase of ¥58.3 billion, or 19.7%, from the previous fiscal year. The key reason behind this increase was a decrease in cash inflows for proceeds from redemption of short-term investments, which exceeded the decrease in cash outflows for purchases of short-term investments, and an increase in cash inflows for proceeds from the sale of non-current investments including the transfer of shares of Sumitomo Mitsui Card Company, Limited.

Net cash used in financing activities was ¥783.9 billion, down ¥306.2 billion, or 28.1%, from the previous fiscal year. This was primarily attributable to a decrease in cash outflows for purchase of treasury stock, which more than offset the increase in cash outflows

Free Cash Flows

(Excluding the effects of changes in investment)



* Free cash flows are calculated excluding the effects of changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

for payment of lease liabilities.

Long-Term Debt

As of March 31, 2020, we had ¥50.0 billion in outstanding long-term interest-bearing liabilities including the current portion, which were in bonds due in the fiscal year ending March 31, 2024 with a weighted average coupon rate of 0.7% per annum. Our long-term debt obligations were rated AA- by Standard & Poor's and Aa3 by Moody's, indicating that our financial soundness has received the highest level of evaluation in the global telecommunications sector.

DOCOMO's Ratings

Rating agencies	Type of rating	Rating	Outlook
Moody's	Long-term obligation rating	Aa3	Stable
Standard & Poor's	Long-term obligation rating	AA-	Stable
Japan Credit Rating Agency, Ltd.	Long-term obligation rating	AAA	Stable
Rating and Investment Information, Inc.	Issuer rating	AA+	Stable

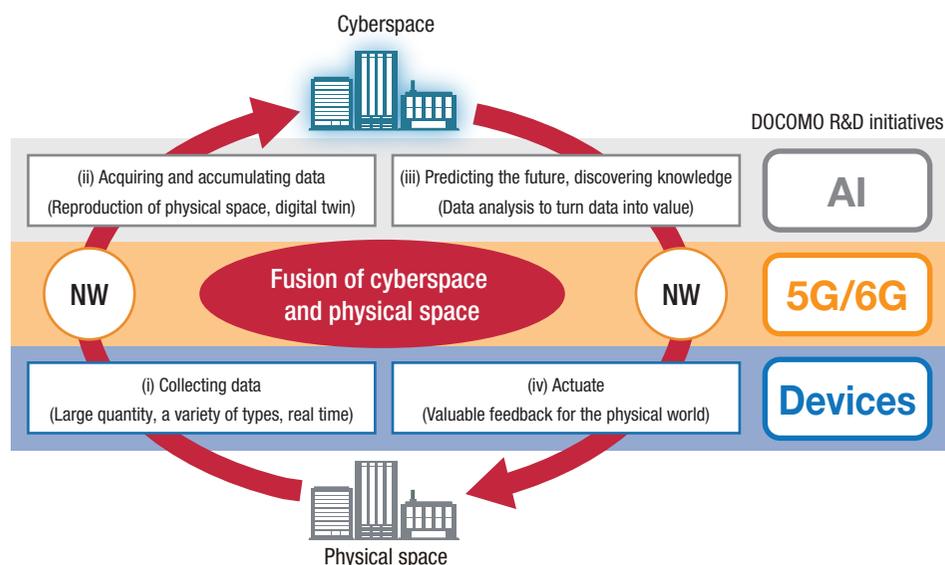
R&D Strategy R&D and Innovation

R&D Medium- to Long-Term Strategy

Innovation in industry and technology, known as the fourth industrial revolution, continues apace around the world, particularly in the realms of the Internet of Things (IoT), Big Data, artificial intelligence (AI) and robotics, leading to the generation of new economic value. Meanwhile, many social issues have emerged, including the declining birth rate and the aging population, as well as dealing with the new normal.

In this social environment, DOCOMO R&D is working “to fuse cyberspace and physical space,” where humans, objects and events in the physical world are digitalized, the future is predicted and the real world is optimized. Specifically, DOCOMO is researching and developing “AI” that connects a variety of data, predicts the future and discovers knowledge; “5G/6G,” which connects everyone and everything everywhere; and “devices” that gather information and provide a range of feedback. We are accelerating open innovation with external corporate partners. Through these activities, we will achieve social and industrial development through information and communication technology (ICT), while solving social issues and providing new value for customers and our partner companies.

R&D Initiatives for Fusing Cyberspace and Physical Space



Proactive Approach to R&D Worldwide

DOCOMO conducts R&D on mobile telecommunications systems and diverse products and services primarily at the Yokosuka Research Park (Yokosuka City, Kanagawa Prefecture). The R&D Strategy Department is in charge of overall oversight. As part of our ongoing R&D efforts, each R&D division collaborates with product development staff in other DOCOMO divisions with the aim of enhancing the Group’s devices, networks and services.

In response to global technological innovations, we established DOCOMO Innovations, Inc. in the United States, DOCOMO Communications Laboratories Europe GmbH in Germany and DOCOMO Beijing Communications Laboratories Co., Ltd. in China as our R&D bases around the world. These R&D bases promote programs that contribute to international standardization of 5G and virtual network technology in collaboration with the R&D division at the DOCOMO head office.

R&D System (Japan)

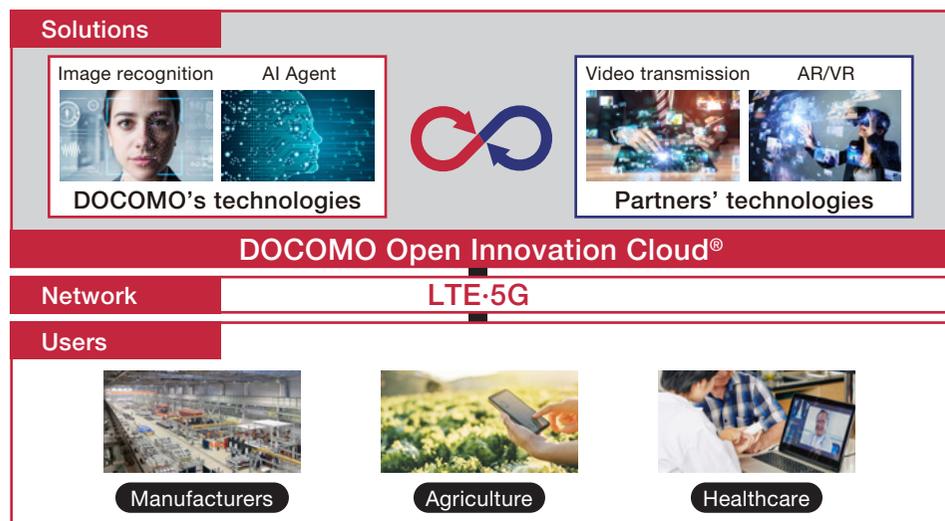
The “R&D Innovation Division” was reorganized in July 2020 to promote development related to the digital platform for expanding the smart life business and other businesses, research on next-generation wireless networking and network architecture, and standardization.



R&D Strategy R&D and Innovation

Commercialization and Enhancement of 5G

DOCOMO acquired the largest number of essential patents in the world as a telecommunications carrier and launched commercial 5G services in March 2020. Founding and taking the lead in the international O-RAN Alliance, which seeks to reduce network costs and enhance sustainability through the flexible combination of base station equipment from different manufacturers, we swiftly implemented a network compliant with O-RAN specifications. We are pioneers in international 5G standardization. In addition, we launched the “DOCOMO Open Innovation Cloud[®]” with our partners as a value-added cloud platform that achieves high security and low latency for service solutions. Going forward, we will accelerate co-creation with our partners by openly implementing image recognition services and other technologies that DOCOMO owns along with video transmission, VR/AR and other technologies provided by our partners.



In addition to pushing forward with the enhancement of 5G, we initiated research on the Sixth-Generation Mobile Communications System (6G), assuming service provision around 2030. In January 2020, we published a white paper that summarizes use cases, target performance, technical elements and other information.

DOCOMO will continue to create new value through 5G and 6G and contribute to solving social issues. We will strive to provide convenience to customers and enhance their lives.

“DOCOMO Open House 2020”: Dawn of the 5G Era and the Future Beyond

In January 2020, “DOCOMO Open House 2020” was held at Tokyo Big Sight to showcase DOCOMO and the NTT Group’s latest R&D results and promote “+d.”

More than 260 services and solutions that DOCOMO jointly created with its partners were shown while lectures were given, including one by a partner. A remote-controlled robot was displayed to which tactile sensation can be transmitted. The “DOCOMO 202X CONCEPT” zone showed a day in 202X. A lecture in English was translated into Japanese in real time, demonstrating new value creation for the 5G era. Many people experienced content enabled by 5G in a new era and the enhanced future.

The number of visitors exceeded 23,000 (up approximately 70% year on year). We formed R&D initiatives to create social value widely known outside the Company. The event was also an important opportunity to strengthen collaboration with many partners. We will continue to create “new value” through open innovation.



Venue at Tokyo Big Sight



The remote-controlled robot, using “real haptics” technology and 5G, which enable tactile sensation information to be transmitted in real time, was displayed in the event. The feel of clay is fed back to the operator through the robot. The strengths of 5G, which include “low latency,” provide a stable telecommunication speed and have helped create many different machines.

CSR Strategy Value Creation in Business and CSR

For DOCOMO, CSR is synonymous with its business activities. To continue to contribute to the sustainable growth of society, DOCOMO has established basic principles of business: “continuously providing new value for our customers and for society” and “fulfilling our responsibility to society,” which includes consistently ensuring stable telecommunication for our customers.

NTT DOCOMO Group CSR Policy

Guided by the “NTT Group CSR Charter,” the DOCOMO Group seeks to create new services with social value and achieve sustainable growth and development alongside society by formulating the CSR Policy. Under the policy, we have defined both aspects of our initiatives: “Innovative docomo” and “Responsible docomo.” The diagram explains DOCOMO’s CSR activities.

The first is “Innovative docomo,” in which we are attempting to co-create new value through our “+d” initiatives, addressing education, health and medicine, workstyle reform and other social issues. In accordance with our philosophy that we serve society at large as our customers, we provide “new value” through co-creation with our partners in a variety of fields. The second is “Responsible docomo,” in which we aim to create a trustworthy company that fulfills its social responsibilities. Throughout all of our business undertakings we will engage in activities with integrity and meet those responsibilities as a leading company in the mobile and IT industries.

DOCOMO’s CSR consists of creating a sustainable society by incorporating these two aspects. By linking them to the Sustainable Development Goals (SDGs) and engaging in dialogues with our stakeholders, we will actively pursue our initiatives toward solving various social issues and advancing society in general, thereby increasing our corporate value.

Society & DOCOMO For A Brighter Future

Our view of the future is a society in which people can live with greater security, safety, comfort and affluence across national and regional borders and across generations. With a deep sense of mission, DOCOMO is working diligently toward a better tomorrow in increasingly innovative ways.



Innovative + **R**esponsible = **S**ustainable

CSR Strategy Value Creation in Business and CSR

CSR Mid-Term Target

The CSR Mid-Term Target outlines the goals to be attained by 2020 toward realizing “a society in which people can live with security, safety, comfort and affluence,” a goal stated in the DOCOMO Group’s CSR Policy. We determined our Mid-Term CSR Target by identifying the Eight Sustainability Focuses that DOCOMO must address to fulfill our social responsibility, and then we set specific mid-term targets and KPIs for each issue.

We identified the focuses by considering strong international requests for global initiatives to create a sustainable society, such as the SDGs adopted by the UN General Assembly, the “Paris Agreement” adopted at COP21 and DOCOMO’s business environment. We conducted an analysis of the environmental, social and corporate governance (ESG) aspects of our internal and related external environments and followed the process stipulated by the GRI Standards for sustainability reporting.

 CSR Mid-Term Target
https://www.nttdocomo.co.jp/english/corporate/csr/about/mid_termtargets/index.html

Eight Sustainability Focuses

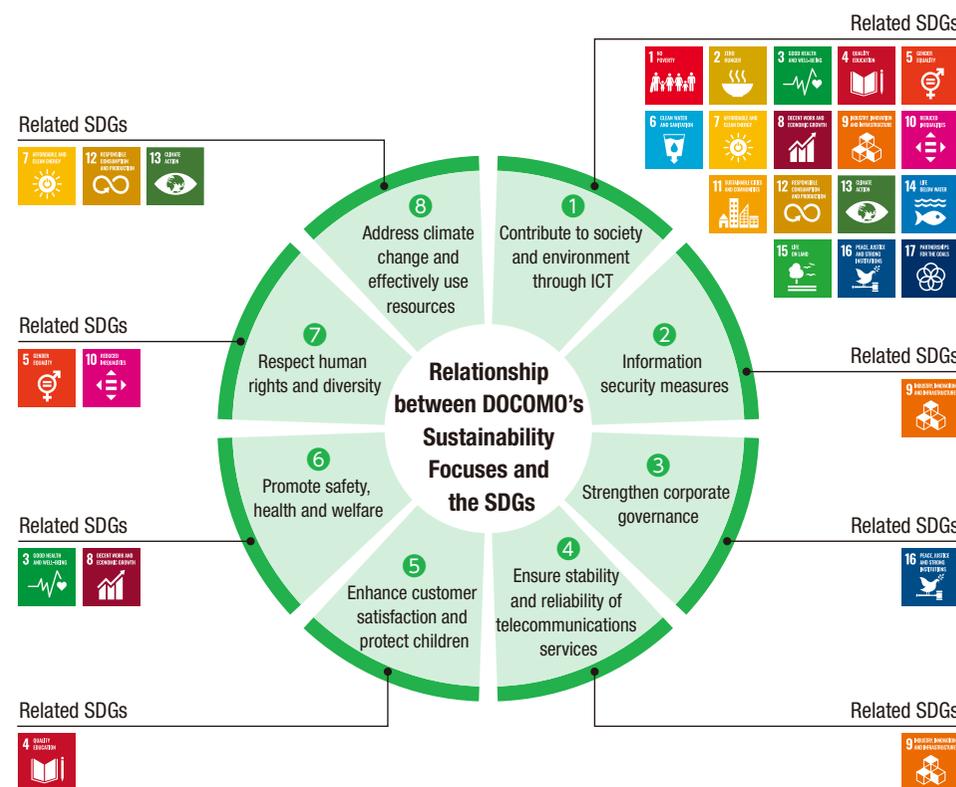
Sustainability Focus	Related CSR Policy Areas
1 Contribute to society and environment through ICT	Education & Learning, Health & Medical Care, Mobility, Climate Change, Workstyle Reform, Productivity Improvement
2 Information security measures	Consumer issues, fair operating practices
3 Strengthen corporate governance	Organizational governance, fair operating practices
4 Ensure stability and reliability of telecommunications services	Consumer issues, network reliability
5 Enhance customer satisfaction and protect children	Consumer issues, community involvement
6 Promote safety, health and welfare	Labor practices
7 Respect human rights and diversity	Human rights, labor practices, fair operating practices
8 Address climate change and effectively use resources	The environment

Details of the KPIs:  P.72

Relationship between Sustainability Focuses and the SDGs

DOCOMO identifies the Eight Sustainability Focuses through the process of determining its materiality and links them with the SDGs. The Company is also a member of the GSMA*, which pursues various initiatives aimed at resolving issues related to the ICT industry and takes actions that recognize the importance of contributing to the promotion of the SDGs. DOCOMO actively participates and contributes to the GSMA as a significant initiative.

* The GSM Association is a trade organization comprising around 750 mobile telecommunications companies and more than 400 related firms. The GSMA spearheads various initiatives to address challenges facing the industry and promotes the SDGs as a major initiative.



* In view of our recent business activities, we reviewed the relationship between our Sustainability Focuses and the SDGs in August 2019.

Human Resource Strategy Creating Value through Diverse Human Capital

DOCOMO promotes diversity management that leverages diverse human resources with different backgrounds, including gender, age and nationality, in achieving corporate growth. To this end, we are working to create a corporate culture that allows all employees to fully demonstrate their individual abilities regardless of their differences.

Employment and Treatment

Our personnel systems reflect our human resource strategy, which encompasses assigning the right persons to the right positions, promoting skills development and conducting appropriate performance assessments. Under these systems, we strive to provide equal opportunities in terms of recruitment, promotion, remuneration and training and ensure fair treatment solely based on “reasonable” factors, such as individual abilities, aptitude and performance, while eliminating other “unreasonable” factors from our practices.

[Human Resource Management System]

In recruiting human resources, we focus on individual abilities apart from nationality or gender.

As for personnel evaluations, we conduct performance assessments of all employees twice a year. To ensure fairness, an assessment is conducted three times by a primary evaluator, a secondary evaluator and a coordinator. Under this three-step system, we evaluate overall performance by having interviews with individual employees to review their goal setting and progress, discuss outcomes and shortcomings and provide feedback.

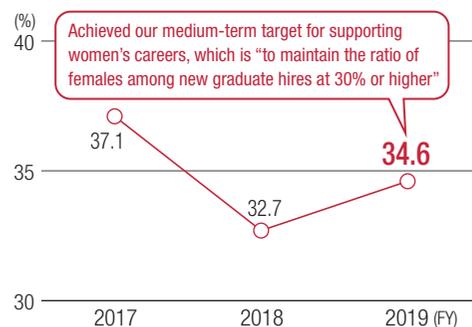
We also carry out “360-degree,” multifaceted assessments of managers once a year. These assessments are conducted by managers themselves as well as by their supervisors, colleagues and subordinates. Besides giving performance ratings, the assessments point out “strengths that should be developed further” and “weaknesses that should be improved” in order to encourage “self-recognition,” greater awareness and behavior improvement.

[Strategic Recruitment and Development of Human Resources]

We established a “Senior Professional system” in April 2019 in order to acquire human resources having outstanding expertise or those capable of leading our growth areas from outside DOCOMO. From among employees certified under our “Junior Professional system”^{*1}, we also certify those with a particularly high level of expertise as Senior Professionals.

^{*1} A system established in FY2018 to nurture human resources having a high level of expertise. Among existing general employees, the system certifies those capable of demonstrating expertise in a specific field or job type.

Ratio of Females among New Graduate Hires



Specialized Human Resources Hired/Certified

Senior Professional **6** (as of April 2020)
Junior Professional **About 100** (total)

[Survey on Employee Satisfaction]

We conduct an employee attitude survey every year to monitor the conditions of the work environment and attitudes of employees. We visualize job and other satisfaction and dissatisfaction levels through the survey and analyze the survey results by organizational unit at department, company and Group levels for future improvement.

Job Satisfaction: Survey Results and Target on a 10-Point Scale (Number of Respondents)

FY2018:	7.2 (33,600)
FY2019:	7.2 (33,194)
FY2020 (target):	7.7

Human Resource Development

An expansion of our business domains will require different abilities for different operations or roles. Our human resource development efforts thus focus on the individuality of each employee.

[Management of Human Resource Development]

In training employees, we emphasize a plan-do-check-act (PDCA) cycle that consists of learning/recognizing, putting into practice and reviewing. We conduct support activities before and after every training so that employees can bring what they have learned and recognized back to their respective workplaces. Additionally, to respond to customers’ increasingly diverse needs, we offer meticulous training programs, including level-specific training, experts training and elective training, and have been enhancing these programs as necessary.

[Development of Specialized Human Resources in AI, IoT and Other Fields]

Toward expanding our business domains and creating new businesses, we need to acquire human resources to work in the artificial intelligence (AI), Internet of Things (IoT), digital marketing and other leading-edge technology fields. Since launching AI-related research in 1999, DOCOMO has undertaken comprehensive initiatives, such as developing core human resources capable of conducting data analysis by using Business Intelligence (BI)^{*2} tools, establishing a personnel system to encourage career development in specialized fields and mutually utilizing big data with our partner companies, to nurture many human resources in these fields.

^{*2} A process of collecting, analyzing and processing a large quantity of data accumulated within a company and leveraging such data in making decisions related to management strategies

[Development of Global Human Resources]

We are now engaging in increasingly globalized operations as we carry out joint development with overseas vendors and collaborate and negotiate with over-the-top (OTT) players. In response, we promote practical programs for the development of global human resources, including sending employees to overseas schools to obtain a Master of Business (MBA) or Master of Laws (LLM) degree or to overseas local affiliates and subsidiaries for global on-the-job training (OJT). We also hold exchange meetings for employees working in Japan to communicate with those who have participated in these programs and those working at our overseas sites.

Human Resource Strategy Creating Value through Diverse Human Capital

Workstyle Reform

To realize workstyles that foster a spirit of self-sufficiency and challenge of each employee, DOCOMO has been undertaking workstyle reform since FY2017 with a focus on three pillars: "diversity management," "workstyle choices" and "health and productivity management."

[Promoting Diversity Management]

We are promoting diversity management to maximize each person's abilities while accepting diversity in terms of race, nationality, gender, professional skills and sense of value as well as whether or not working under time constraints or having disabilities. We established the "Diversity Development Office" in 2006 and started increasing collaboration among diversity promotion managers of respective regional offices and Group companies across Japan in FY2017. Since FY2018, we have been implementing a range of related measures while further reinforcing collaboration under the theme of "diversity and inclusion."

[Initiatives to Facilitate an Understanding of Sexual Minorities]

In April 2016, the NTT Group declared that it "seeks to become an organization and realize a society, in which all people can live and work while being themselves regardless of their sexual orientation or gender identity, and will promote the creation of an environment that accepts diversity, provides greater motivation to maximize individual abilities and allows efficient workstyles." Accordingly, we started providing various programs, including a family allowance as well as childcare and nursing care leave, for employees having partners of the same sex, whose relationship is socially regarded as equivalent to that of married couples. While doing so, we have been working to facilitate an understanding of LGBT*1 and other sexual minorities through training and other means.

In recognition of these efforts, DOCOMO received the highest "Gold" rating in the "PRIDE Index"*2 in October 2019 for the fourth consecutive year.



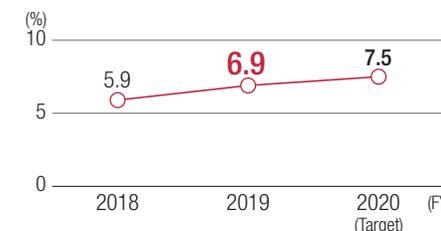
*1 Lesbian, gay, bisexual and transgender: Including individuals with gender identity disorder

*2 An index created by the voluntary organization "work with Pride," which is used to evaluate companies' efforts concerning sexual minorities

Promoting Women's Careers

Among its efforts related to diversity management, DOCOMO places particular emphasis on the "promotion of women's careers" and has defined a target to increase the ratio of female employees in managerial positions to 7.5% by the end of FY2020.

Female Employees in Managerial Positions



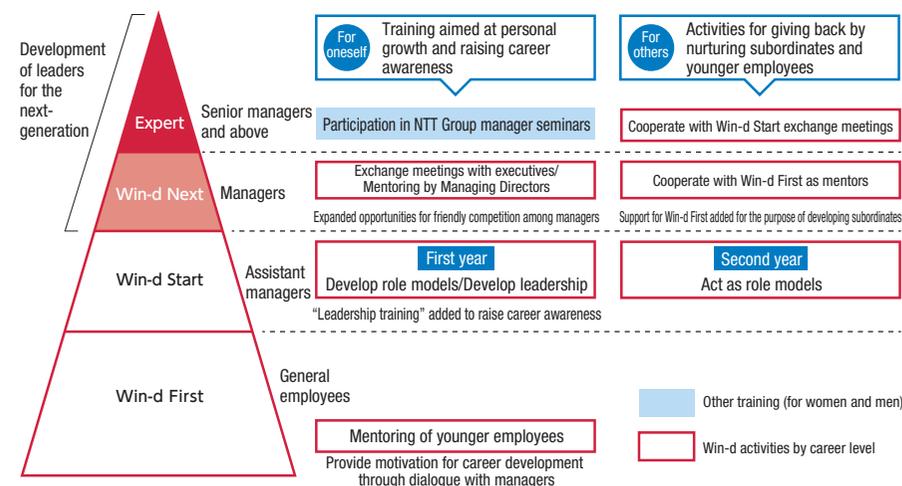
[Supporting Women's Career Development (Career Promotion)]

To accelerate the promotion of women's careers, we have been working to raise their awareness for career development and create an environment in which they can fully demonstrate their abilities. We launched Win-d**3 activities in 2006 as a framework to support level-specific career development. We added "Win-d Next for female managers" in FY2015 and "Win-d First for younger employees," including those in the fifth year of service, in FY2016, both of which are designed to raise career awareness of female employees and strengthen a vertical tie among them.

As an additional effort to encourage the career development of female employees, we provide training for their supervising managers to learn and practice techniques to help them create a career design and skills for nurturing them. The program aims to cultivate an awareness among these managers to facilitate growth with a focus on an individual.

**3 Women's innovative network in docomo, a career development program for female employees

Win-d Activities by Career Level



Human Resource Strategy Creating Value through Diverse Human Capital

Workstyle Choices

In seeking to enhance the productivity of each employee, DOCOMO has been increasing workstyle choices with an emphasis on balancing work with childcare and promoting diverse workstyles.

[Promoting Balance between Work and Family Care]

In order to become and remain a company in which employees can demonstrate maximum performance in the limited time available and continue to work with vitality, we have been creating systems to help them balance work with childcare or nursing care and encourage more active participation of male employees in child-rearing. At the same time, we have been working to change our perception about how we work and take time off from work.

[Systems to Support Diverse Workstyles]

In responding to diverse workstyles, we have added more workstyle choices by implementing a personalized shift system (sliding working hours) to move working hours forward or backward and a morning work system (augmented working hours) to encourage leaving work on time and doing any overtime work in the morning, as well as a flex-time system and a working from home system. In FY2017, we introduced a "Selective Course Personnel System" that allows employees to place a limit on the scope of job transfer and choose a workstyle on their own.

[Promoting a Work-Life Balance]

In 2008, DOCOMO received the "Kurumin" mark certification from the Japanese Minister of Health, Labour and Welfare as a company supporting child-rearing. In 2018, we received "Platinum Kurumin" certification, which recognizes Kurumin-certified companies, whose systems to support both work and childcare are used increasingly and broadly by their employees. In the future as well, we will continue to promote a work-life balance, and by doing so, enable employees to effectively utilize their limited available time.



Systems for Promoting a Work-Life Balance

Category	System
Childbirth	Lessening commuting burden during pregnancy
	Measures related to health examinations, etc., during and after pregnancy
	Special leave (maternity leave)
Childcare	Childcare break
	Life planning vacation (for childcare)
	Childcare leave
	Shorter working hours for childcare
	Sliding working hours for childcare
	Limits on overtime or overnight work
	Reengagement of former employees who left for childcare
Nursing care	Life planning vacation (for care for a family member)
	Nursing care vacation
	Nursing care leave
	Shorter working hours for nursing care
	Sliding working hours for nursing care
	Limits on overtime or overnight work
Working from home	

Health and Productivity Management

Recognizing the necessity for enhancing the working environment so that employees can work in good health and in a highly productive manner from when joining DOCOMO until retirement, we work to maintain and promote the health of employees through health and productivity management, while extending the scope from early detection and treatment to the prevention of illnesses. Our health and productivity management implements preventive measures, including the cultivation of health awareness, improvement of health literacy and adoption of measures related to mental health, in order to maintain and promote employees' physical and mental well-being.

[Mental Healthcare]

We provide prevention-focused mental healthcare based on the "Four Types of Cares defined in the guidelines*" of the Ministry of Health, Labour and Welfare." In terms of key initiatives, our self-care includes "stress checks" of employees, while line-care provides "various related training for managers." As for care by in-house industrial health staff, we conduct workplace monitoring, follow up and interviews based on the results of physical examinations and conduct interviews with and provide instructions to long-hour workers. For "care by using external resources," we use an employee assistance program (EAP) service to provide an external counseling desk.

* Guidelines for Maintaining and Improving Workers' Mental Health

Number of Employees on Leave for Mental Health Reasons (DOCOMO Group)

	FY2016	FY2017	FY2018	FY2019
Employees on leave	185	207	262	286

[Promoting Employee Health]

We conduct a regular physical examination for all employees once a year. For employees reaching a certain age, we provide a physical examination covering more check items than required by law as well as a brain medical checkup. If employees wish to undergo a more detailed checkup than our regular physical examination, we provide financial aid for a complete medical examination. Based on the examination results, we also provide health guidance by industrial health staff and specific health guidance in collaboration with our health insurance association.

Since FY2017, we have been publishing a "Health White Paper" every year as a means to visualize the status of our efforts related to physical examinations and the working environment and health conditions of employees.

[Selected as a "White 500 Organization"]

Under the Certified Health & Productivity Management Organization Recognition Program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi ("Japan Health Conference"), DOCOMO was selected as a "White 500 organization" in 2020 for the fourth consecutive year. The program recognizes organizations engaging in health and productivity management in a strategic manner for maintaining employee health from a management perspective.



Human Resource Strategy Creating Value through Diverse Human Capital

[Message from the General Manager of
Human Resources Management Department]

Growth of Individuals Underpinning DOCOMO's Future

Taku Yamazaki

Senior Vice President
General Manager of Human Resources
Management Department



Sharing Corporate Culture to Enhance the Abilities of Individuals

In nurturing human resources with a focus on an individual, what I stress is to promote the “sharing of a corporate culture.” Even if we try to leverage individual abilities to drive growth of the entire company, this will not be possible without a shared corporate culture.

DOCOMO was spun off from NTT CORPORATION in 1992. After 25 years since the separation, at which time I was in the Radio Access Network Engineering Department, DOCOMO was showing more stable business performance. Probably because of that, I began to see a general lack of abilities among young employees to generate

ideas and devise ways to reach their goals. To counter the situation, I came up with an idea to do a “picture-story show” of my personal and actual experience. The aim was to tell everything, both in what I succeeded and in what I failed, and let young employees understand what our corporate culture of “creating a new world of communications culture” means in a practical manner. The “show” started out small as a monthly lunchtime event with an audience of about 50 members within the department. It eventually grew to attract nearly 300 participants, including those from other departments and Group companies.

At another time, I made a habit of always giving simple, five-minute advice to each subordinate consulting me. My approach was “do anything

if you think it will benefit customers,” and I sent each person off with the encouragement that if something goes wrong, I will share in apologizing, which I did. I take pride in that my practice of adding a “touch of spice” to the ideas of individual members increased their motivation and has consequently served to nurture human resources who are willing to find their own way and act proactively toward the creation of a new communications culture.

Seeking Sustainable Growth Based on Diversity as a Strength, While Looking 50 and 100 Years Ahead

The idea of diversity, which is to respect diverse values, is crucial in enhancing the abilities of individuals. I believe we should instill diversity in our corporate culture and turn it into one of our strengths in order to respond to diversifying market needs, adapt to the ever-changing competitive environment and provide attractive value to customers.

Selling a packaged product, for example, requires more than just selling it as is. We have to take a 5W1H approach, exploring when, where, why and how the product is needed for whom and for what services, and provide support services meticulously tailored to each customer. DOCOMO already has assets that enable us to take this

“360-degree” approach to view things from all directions.

While instilling diversity, we will proactively acquire new human resources through such means as mid-career recruitment and facilitate more active people-to-people exchange by temporarily assigning our employees to and accepting employees from other companies. In particular, I intend to foster exchange at an executive level with partners who are working jointly with DOCOMO to create new businesses.

Exchange among people is also essential in expanding our efforts related to regional vitalization and disaster preparedness across Japan. The Kyushu Regional Office, for example, has been providing training on skills to set up mobile base station vehicles as part of its disaster preparedness drill in each prefecture in the Kyushu region. Once, the regional office sent employees to help other regions affected by typhoons, and this has inspired us to hold a skills competition nationwide starting from this year.

With a view to proposing new value in a world with COVID-19 and in the post-COVID-19 era, and in order for DOCOMO to achieve sustainable growth into 50 and 100 years from now, we will continue to commit ourselves to creating a corporate culture that enables each and every employee to exercise their individual abilities to the fullest.

Governance System Overview of a New Corporate Governance Structure — Transition to a Company with the Audit & Supervisory Committee

Basic Policies and Philosophy

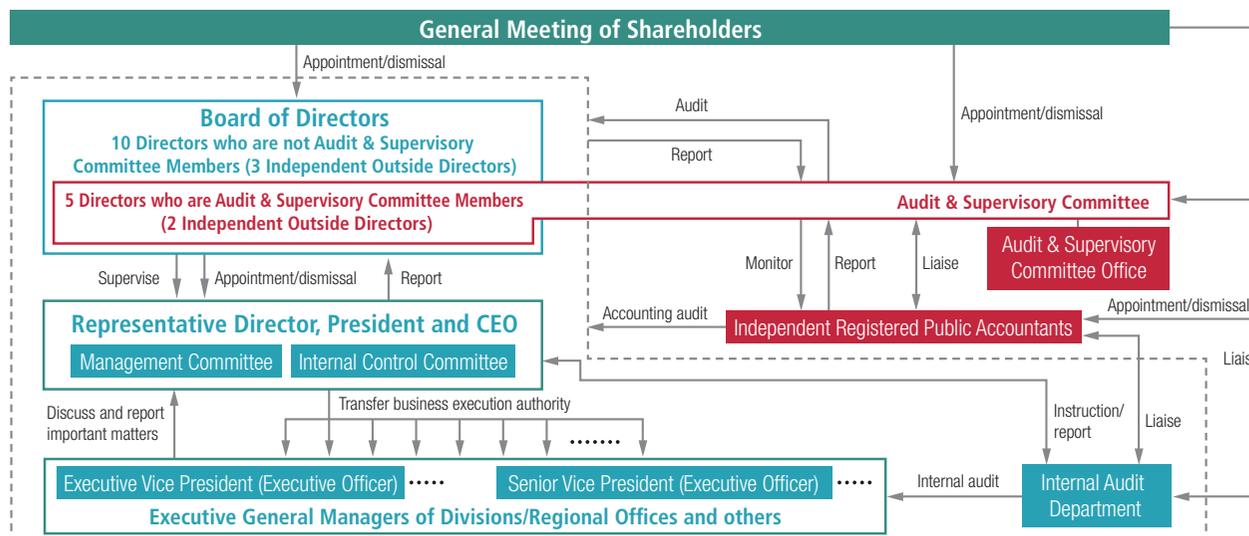
Guided by our corporate philosophy of “creating a new world of communications culture” and our Medium-Term Strategy 2020 “Declaration beyond,” we are aiming to contribute to the realization of a rich and vigorous society and to improve our corporate value in order to win greater trust and reputation from our shareholders and customers.

Under this management policy, we recognize that to maximize corporate value while meeting the expectations of our various stakeholders including our shareholders, customers, employees, partners and local communities, it is essential that we ensure the effective function of corporate governance through the reinforcement of the governance structure in line with the objectives of each principle of the “Corporate Governance Code.”

Based on this approach, we have established the “NTT DOCOMO Basic Policy on Corporate Governance” for the purpose of attaining the sustained growth of our corporate group and the medium- to long-term improvement of corporate value.

Following the transition to a company with the Audit & Supervisory Committee through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020, we also resolved to revise the Basic Policy at the meeting of Board of Directors held on the same day.

The Company's Corporate Governance System

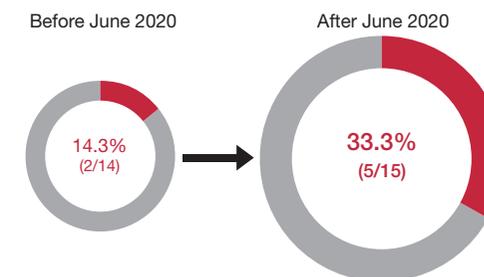


Overview of the Corporate Governance Structure

In order to establish a system to further enhance business strategy discussions at the Board of Directors and also further improve the mobility of management as an operating company, the Company transitioned to a company with the Audit & Supervisory Committee through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020.

The monitoring function of the Board of Directors has been strengthened through a framework in which independent Outside Directors are appointed and encouraged to exercise their ability and insight, under the supportive arrangements such as in-depth prior briefings on the proposals to be discussed at the Board of Directors meetings and holding of periodical meetings with Representative Directors and internal officers. In order to further strengthen governance and incorporate diverse knowledge to stimulate business strategy discussions, it was resolved at the 29th Ordinary General Meeting of Shareholders to increase the ratio of independent Outside Directors in the Board of Directors to above one third. With respect to the auditing function, all audit & supervisory committee members (including full-time members) attend important meetings such as the Board of Directors meetings, while conducting effective audits over Directors' execution of duties in coordination with the independent auditor and internal audit staff, to ensure management soundness. In addition, we continue to maintain an executive officer system (28 men and 3 women serve as executive officers and 3 executive officers concurrently hold the post of Director) to respond quickly to changes in the business environment by clearly delineating the roles of business execution and monitoring, and to better reinforce business execution functions.

Ratio of Independent Outside Directors to All Directors



NTT DOCOMO Basic Policy on Corporate Governance (in Japanese only)
https://www.nttdocomo.co.jp/corporate/ir/binary/pdf/management/governance/governance_rule_200616.pdf

Governance System Overview of a New Corporate Governance Structure
— Transition to a Company with the Audit & Supervisory Committee

Support System That Ensures the Effectiveness of Outside Officers

The Company has established the following framework so that Outside Directors can perform their duties, drawing on their management skills and insight as they participate in constructive discussions.

- Providing explanations and materials prior to meetings by the Board of Directors
- Building a system of support in which independent Outside Directors advise Directors and other members of the management team with the opinions of general shareholders and other stakeholders in mind
- Inspecting various sites (research centers, branches, docomo shops, wireless base stations, etc.)
- Providing opportunities for independent Outside Directors, Directors and executive officers to exchange opinions on the direction of our corporate strategies, etc.

- Establishing the Audit & Supervisory Committee Office as a dedicated organizational unit to assist in the Audit & Supervisory Committee's execution of their duties and assigning full-time personnel to that office
- Having dialogue with current and potential institutional investors (when there are requests from investors or Directors/audit & supervisory committee members)
- Holding regular meetings between the independent Outside Directors who are not audit & supervisory committee members and the Audit & Supervisory Committee

Changes in the Corporate Governance System

		Number of Members (Board of Directors)		Number of Members (Audit & Supervisory Board)	
		Total	Of which, Outside Directors	Total	Of which, outside audit & supervisory board members
February 1999	Establishment of Advisory Board From experts in various fields, we receive objective opinions and proposals in such areas as management issues and the role of telecommunications technology in society.	23	0	4	0
December 2000	Establishment of U.S. Advisory Board We receive opinions and proposals from a global viewpoint in regard to the role of telecommunications technology in society and information technology trends.	28	0	4	2
June 2002	Appointment of Outside Director The Company appointed one Outside Director from within the NTT Group.	27	1	4	2
June 2003	Outside members account for a majority of audit & supervisory board members The Company exceeded the stipulations of the Companies Act, which calls for outside members to account for half or more of audit & supervisory board members, when outside members became a majority of audit & supervisory board members.	27	1	5	4
June 2005	Introduction of the executive officer system Reduced the number of members of the Board of Directors in the Articles of Incorporation by more than half in accordance with the introduction of the executive officer system.	13	1	5	3
June 2013	Number of Outside Directors on Board of Directors increased by one The Company appointed the first independent Outside Director from outside the NTT Group.	14	2 (Of which, 1 is an independent Director)	5	3 (Of which, 2 are independent audit & supervisory board members)
June 2016	System with two independent Outside Directors The number of independent Outside Directors increased to two.	15	2 (Of which, 2 are independent Directors)	5	4 (Of which, 2 are independent audit & supervisory board members)
June 2020	Transition to a Company with the Audit & Supervisory Committee The number of Directors will be 15, including 5 audit & supervisory committee members. The ratio of independent Outside Directors on the Board of Directors will be one third or more. The number of independent Outside Directors will be 5, including 2 audit & supervisory committee members.	15	7 (Of which, 5 are independent Directors)	Number of Members (Audit & Supervisory Committee)	
				Total	Of which, Outside Directors
				5	4 (Of which, 2 are independent Directors)

Governance Structure Reform to Sustain Our Growth



Message from Outside Director

Expectations for NTT DOCOMO: Be a Company That can React Swiftly in Times of Accelerating Changes

Eiko Tsujiyama

Member of the Board of Directors (Audit & Supervisory Committee Member)
Professor Emeritus, Waseda University

DOCOMO from the Viewpoint of Audit Use Intuition Based on Experience

I have been overseeing NTT DOCOMO's audit since 2011 as an outside member of the Audit & Supervisory Committee. Although the main job of the audit is often perceived to be the detection of fraud or other wrongdoings, it is impossible for a corporate auditor to spread a net across the whole company to detect fraud in a giant organization like DOCOMO. To ensure a solid and reliable audit, it is necessary to perform an evaluation on internal control with vigilance in areas of potential risks, and employ necessary actions in cooperation with the internal audit team and the financial auditor (audit firms).

With many financial auditors adopting artificial intelligence (AI) in recent years, there is now a mechanism in place to scientifically detect inappropriate accounting treatments. However, no matter how precise the detection feature may be, it is still difficult to completely rule out the possibility of gross misconduct such as window-dressing if "internal control is invalidated." Historically, there have been cases where window-dressing was performed easily as a result of behind-the-scenes involvement by top management. As a member of the Audit & Supervisory Committee, I pay particular attention to the attitudes of top management and corporate culture, using my intuition to discern people mindful of the risk of internal control being invalidated. When I look at DOCOMO from this perspective, I feel reassured as the members of top management have always demonstrated discipline in various situations.

In the Capacity of Representing the Interests of General Shareholders

Case-by-Case Judgment Based on Merits

As an expert of financial accounting, I have been engaged in research and education at universities for many years, as well as the development of international and domestic accounting standards. In developing the impairment accounting standards for Japan, I steered the deliberations of the Business Accounting Council as chairperson of the Fixed Assets Working Group. Through this experience, I came to realize the importance of accumulating experience in the field where the accounting standards are properly functioning. Hence, I started accepting the roles of outside corporate auditor and outside board member of several companies since 2008. The exposure to real-world corporate governance in the field illuminated me on many fronts, including the importance for outside corporate auditors and board members to speak out their own opinions without hesitation in their capacity representing the interests of general shareholders.

I take the same approach for the Board discussions at DOCOMO as well, and make case-by-case judgments based on merits without any hesitation. I have endeavored to actively express my opinions not only on compliance-related issues but also from the perspective of rationality and efficiency of business management.

I sometimes make statements pertaining to managerial decisions deviating from the framework of a corporate auditor. Upon the introduction

Governance System Governance Structure Reform to Sustain Our Growth

of the new rate plans in 2014, although a few members expressed concerns about the negative revenue impact, I stated that we “need to show an attitude one step more aggressive, including a rate reduction, in a preemptive move to secure the Company’s future competitiveness.” The executive side found my words reassuring and accepted them with sincerity, though they said “it was unexpected to hear such an opinion from an outside auditor.”

I have also expressed a lot of opinions about investment deals from the standpoint of a specialist in finance and accounting in light of the fact that successful cases account for less than one third of the total global M&A deals as well as the lessons learned from DOCOMO’s past failed investments. While there is no need to take a negative view on M&A per se, one of the factors that sometimes results in an unexpected outcome is the excessive impairment risk caused by the too expensively calculated investment amount by blending potential synergies into future profits. Being aware of this point, I have always sought a review on the necessity of investment when the Company deliberated on a business alliance as well as a meticulous examination on the investment amount, and sometimes advised the Company to explore the possibility of business alliances that do not require capital injection. In that regard, I highly evaluate DOCOMO’s transition to the “co-creation” strategy with external partners laid out in the Medium-Term Strategy pursued since FY2015. Also, in cases where investment or a merger was executed, I have closely observed how the Company prepared the environment for and carried out the examination of post-investment synergy creation.

DOCOMO has introduced what is called the “After-School” system, a session held after Board of Directors meetings to discuss specific themes by the relevant members in order to enhance the Board’s effectiveness. I believe these “after-school” meetings have been very useful because members can hold multi-faceted discussions on important topics for the Company’s management strategy, including matters relating to its mid- to long-term vision without being confined to the agenda of the Board meeting. Going forward, it may become important to deepen our discussions on more comprehensive themes that involve not only DOCOMO but the entire Group.

Transition to a Company with the Audit & Supervisory Committee Putting a Sound Soul into a New Organizational Body

With the approval obtained at the annual general meeting of shareholders in June 2020, DOCOMO made a transition to a company with the Audit & Supervisory Committee. I have kept a close eye on this issue from the beginning of discussions as it directly relates to the activities of the former Audit & Supervisory Board of the Company. This, I believe, turned out to be a good decision because greater authority is now transferred to the executive team under the new structure, enabling the Company to make swift and more flexible responses to future changes in the business environment. The enhanced monitoring capability in the new structure, combined with the transfer of authority, is expected to lead to proper functioning

of organizational design. As DOCOMO has a rich availability of staff and functional resources in the Audit & Supervisory Board Member’s Office, it has a good affinity with a company with the Audit & Supervisory Committee structure, which in my view enabled the smooth transition this time around. However, what is more important than the design of the organization is putting a sound soul into the new organizational body. Members of the Audit & Supervisory Committee and all other relevant personnel must work in unison for its proper operation and avoid the organizational change ending up in mere formality. I will also commit myself to fulfilling my own responsibilities with a renewed determination.

Toward Sustainable Growth DOCOMO’s Dynamic and Vibrant Future

DOCOMO’s has a generally excellent employee base and many of them appear to have an outstanding personality as well. The Company is blessed with a treasure trove of “human assets” comprising competent and well-behaved people but somewhat lacking in impulsiveness. This may be the DNA of the Company that has been passed down from the age when it was a public corporation, but I cannot help finding a bit of insufficiency when I think about the current managerial challenges facing the Company, particularly the aggressive management style of the competition.

With the changes in the environment surrounding telecommunications business taking place faster than ever, for DOCOMO to achieve sustained



growth, it is indispensable to foster a young and flexible mindset that is not bound by tradition. For any business to survive in the years ahead, they will be required to build a flexible structure that can respond to non-continuous setups and undertake business model reengineering that accompanies drastic structural reform. To this end, taking the opportunity that manifested itself with the spread of COVID-19, we must now embark on a bold review of our HR system, including workstyle reform, so we can bring out the maximum potential of our excellent human assets.

Furthermore, DOCOMO also has accumulated an overwhelming number of “intellectual properties” and is backed by the strengths of the NTT Group, a unique advantage that our rivals cannot tap into. I hope DOCOMO will continue to be a company that can flexibly adapt to the ever-changing environment by integrating its inherent steadiness with newly acquired boldness and become a game changer in various fields.

Toward “the creation of a new world of communications culture,” I have high expectations for DOCOMO’s potential to contribute not only to mobile telecommunications but to all spheres of communications in society, and for the Company’s dynamic and vibrant future.