

Executive Compensation Policy

1. Fundamental Policy of the Executive Compensation Policy

In NTT's Medium-Term Management Strategy, "New Value Creation & Sustainability 2027 Powered by IOWN," we have identified "NTT as a Creator of New Value and Accelerator of a Global Sustainable Society," "Upgrading the Customer Experience (CX)," and "Improving the Employee Experience (EX)" as main pillars. The core of our business is to support the sustainability of the planet, and for that purpose, we pursue the creation of new value as well as the sustainable business growth and development of the NTT Group while aiming to increase corporate value.

In order to achieve such a vision, the executive compensation system is an important mechanism for increasing motivation by strongly encouraging the execution of responsibilities by executive officers in furtherance of increasing medium- to long-term corporate value and achieving sustainable growth.

2. Compensation Principles

The level of executive compensation will take into consideration factors including economic and social conditions, the business environment of the NTT Group, a review of compensation levels of comparably sized major companies based on external databases and other data, and the responsibilities of officers of NTT and NTT Group companies, and will be determined upon review of appropriate levels to be able to maintain market competitiveness.

3. Details of Compensation Structure and Performance-Linked Compensation

Compensation for Members of the Board (excluding Outside directors and members of the Audit and Supervisory Committee) and Executive Officers consists of monthly compensation, bonuses (short-term incentives), purchases of Company Shares through the Board Members Shareholding Association, and performance-linked stock compensation (medium- to long-term incentives), and the ratio of monthly compensation, short-term incentives, and medium- to long-term incentives is determined according to job responsibilities.

Specifically, the composition ratio of compensation for the President and Senior Vice Presidents in the event that standard business results are achieved will roughly be as follows: monthly base salary : short-term incentive (bonus) : medium- to long-term incentive = 40:35:25, or = 50:30:20 in the case of other Members of the Board.

When appointing non-Japanese executive offices, compensation levels and structures may be determined individually, considering the nature of the role and market standards.

Details of each compensation system are described below.

- **Monthly Compensation**

- Monetary compensation based on the significance of each executive officer's role and the scope of such officer's responsibilities, is to be paid as a fixed monthly compensation.

- **Bonus (Short-Term Incentive)**

- The performance-linked monetary compensation is paid each year in June upon consideration of

business results in the current fiscal year.

- Furthermore, with respect to the financial targets for bonuses, the targets set forth in the medium-term management strategy, among others, are used as the relevant indexes upon which evaluations are made.
- **Stock Acquisition Funds (Medium- to Long-Term Incentive)**
 - Funds of certain defined amounts or more are contributed to the Board Members Shareholding Association to purchase Company Shares for the purposes of further promoting profit-sharing with shareholders by encouraging executive officers to hold Company Shares. All Company Shares purchased with such funds will continue to be held during the period of tenure of such executive officers.
- **Performance-Linked Stock Compensation (Medium- to Long-Term Incentive)**
 - Stock compensation, payments of which vary, based on the degree to which business performance targets, including the financial targets, have been achieved during the fiscal years covered by the medium-term management strategy, is provided for the purposes of creating a clear correlation between executive compensation and the corporate value of the company, and provides increased incentives to achieve the financial targets, and further promotes profit-sharing with shareholders by encouraging executive officers to hold Company Shares.
 - Using the trust established by NTT, points are granted and accumulated each year as determined in accordance with position, and upon the expiration of the medium-term management strategy, the number of shares to be granted is calculated by multiplying the performance-linked co-efficient, based on the degree to which financial targets have been achieved, by the number of accumulated points. EBITDA, among other targets, will be used as the financial targets for stock compensation, and shares will be granted upon the retirement of the executive officer.
 - If an executive officers who is eligible for the stock compensation system commits a significant violation of his or her contract with the company or engages in other inappropriate activity, or takes employment with a competing company without the permission of the company, the system will enable the revocation of rights to receive grants of Company Shares under the Compensation System with respect to such person and the request for the return of funds corresponding to previously delivered Company Shares.

In order to maintain a high level of independence, compensation of Outside Members of the Board (excluding Audit and Supervisory Committee Members) consists of a base salary only, and is not linked to NTT's business results. Compensation of Members of the Board who are Audit & Supervisory Committee Members is determined by resolution of the Members of the Board who are Audit & Supervisory Committee Members and consists of a base salary only, for the same reasons as those cited above with respect to Outside Members of the Board (excluding Audit and Supervisory Committee Members).

4. Process of Determining Compensation

With regard to the compensation of Members of the Board of NTT, in order to ensure objectivity and transparency, NTT established the Appointment and Compensation Committee, of which the majority of its members will consist of Outside independent Members of the Board, and the committee makes compensation determinations including with respect to individual compensation. In addition, the Board

of Directors has delegated determinations regarding the compensation ratio, the compensation calculation method and individual compensation to the committee.