NTT DaTa

Trusted Global Innovator

NTT DATA Sustainability Report 2020

Data Book

Editorial Policy

Organizations Covered	This report mainly centers on the activities of the NTT DATA Group in Japan while including data and details of certain activities conducted by Group companies outside Japan. ・Group Overview 　🖳　https://www.nttdata.com/global/en/about-us/location-map
Period of Coverage	This report mainly covers initiatives undertaken in fiscal 2019 (April 1, 2019–March 31, 2020). Certain details about earlier events, fiscal 2020 activities and future plans are also included in this report.
Guidelines Referenced in This Report	・Global Reporting Initiative (GRI) Sustainability Reporting Standards ・Japan's Ministry of the Environment Environmental Reporting Guidelines (2018)
Publication Date	October 2020（Sustainability Report 2019 was published in October 2019; Sustainability Report 2021 Data Book is scheduled for publication in October 2021）
Disclaimer and Notes	This report contains not only historical or current facts relating to NTT DATA Corporation and Group companies but also judgments, plans and predictions based on information available at the time of publication. Readers are advised that actual results of future business activities and events might differ materially from the forecasts contained herein. ・The names of products and services referred to in this report are trademarks or registered trademarks of NTT DATA and other Group companies or other companies in Japan and other countries
Third-Party Assurance (for part of the environmental/social data)	Independent assurances of the following environmental and social data for fiscal 2019 have been provided by Lloyd's Register Quality Assurance Limited. (See page 99, "Independent Practitioner's Assurances.") Check marks are attached to data that received such ☑ assurances. Environmental data 　・GHG emissions (Scope 1, Scope 2 [market-based and location-based], Scope 3) (tons-CO_2e) 　・Energy consumption (MWh) 　・Water usage (m^3) Social data 　・Number of occupational accidents 　・Number of female managers (ratio) 　・Social contribution activity expenditure (¥) 　・Number of employees with disabilities (employment ratio) 　🖳　https://www.nttdata.com/global/en/sustainability/sdgs-management/third-party-evaluation
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◆**Related Information**

Sustainability Site

🖥 https://www.nttdata.com/global/en/sustainability/

Provides information on NTT DATA's sustainability

initiatives. The latest information is available at the

top of the site.

Investor Relations Site

🖥 https://www.nttdata.com/global/en/investors
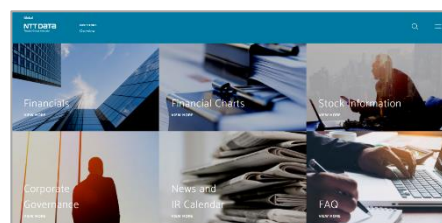
Provides information on NTT DATA's investor

relations initiatives. The latest information is

available at the top of the site.

・Annual Reports

・Financial Statements

・Company Presentations

・Corporate Governance Reports

Sustainability in the NTT DATA Group

Our Basic Approach

Our basic approach to the sustainable development of the NTT DATA Group calls for all managers and employees to consider what they should do, reform their actions and transform our business accordingly. This approach is encapsulated in Our Way. Below is an overview of Our Way, headed by our Mission Statement.

Also, our Global Compliance Policy, shared throughout the NTT DATA Group, sets criteria that guide our daily actions regarding ethics, laws, regulations and overall business operations.

➢ **Our Way (Philosophy)**

Our Mission	
Mission Statement Portrays the NTT DATA Group's social responsibilities and reason for existence	NTT DATA uses information technology to create new paradigms and values to help build a more affluent and harmonious society.
Employee Creed Sets forth policies and action guidelines to which all employees should adhere	1. We will do our utmost to serve our customers. 2. We will meet the challenges of our work with an active and positive spirit. 3. We will create a vital and vibrant company.
Pursuing Our Mission in a Changing Business Environment	
Group Vision Indicates where NTT DATA aims to be in 10 years	Trusted Global Innovator In this unpredictable era marked by significant IT innovations and accelerating business model transformation, we must develop partnerships with customers based on long-term trust. Rather than pursuing profit solely for ourselves, we will work closely with customers to realize their many different ideas while demonstrating our own strengths. In this way, we will create leading-edge technologies with global reach while achieving business innovation and resolving social issues. By becoming the trusted business partner of customers worldwide, NTT DATA will build a significant presence in the global market.
Values Expresses what is important for realizing our Group Vision	Clients First: We always put our customers first. Foresight: We act with speed and foresight without settling for the status quo. Teamwork: We place importance on helping employees achieve their best by working with each other.

🖥 https://www.nttdata.com/global/en/about-us/our-way /

➢ **Global Compliance Policy (Daily Code of Conduct)**

Preamble

To achieve sustainable development as a company, it is essential to earn the trust of customers, shareholders, business partners and society. Companies can only gain trust by being aware of their social responsibilities and engaging in dialogue with customers and other stakeholders to meet their expectations and increase their satisfaction levels.
 	
     We also believe it is fundamental to gain trust by not only complying with laws, regulations and agreements but also respecting human rights and other international norms while acting with good morals and integrity and performing fair and transparent business activities.
 	
     Moreover, we are a corporate group with a social mission to create new paradigms and values using IT to realize a more affluent and harmonious society and help resolve issues facing the earth and society.
 	
     Accordingly, everyone at the NTT DATA Group will act in accordance with our Global Compliance Policy, and we will work relentlessly to be a trusted company.

Application
All directors, officers and employees shall fully understand the Global Compliance Policy and act as described below to achieve its purposes. Directors and officers shall also take the initiative to cultivate high ethical standards among employees.

Principles
・We will comply with all relevant laws and regulations of the jurisdictions where we do business, as well as international transaction laws, and act with good integrity. ・We will remain aware of our corporate social responsibilities and perform fair and transparent business activities.

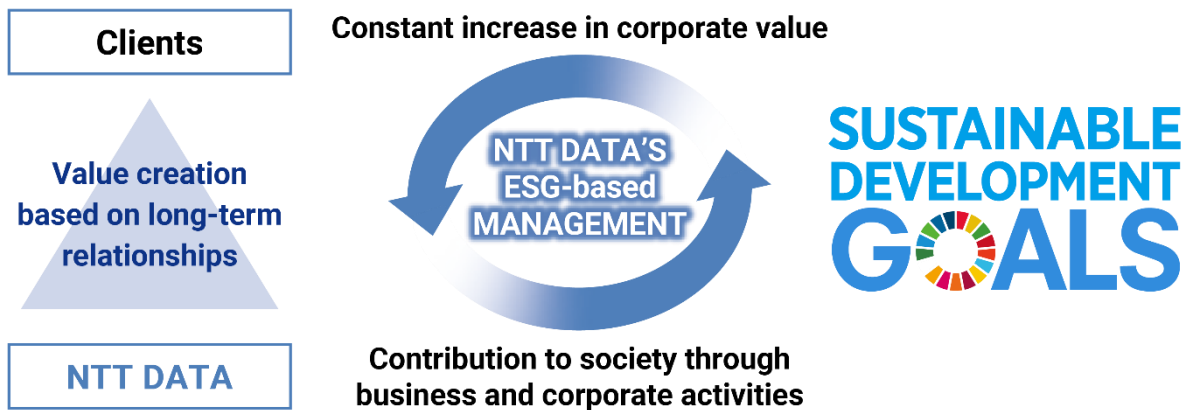|	
For customers	We will ・Conclude appropriate agreements with our customers and provide systems and services pursuant to those agreements. ・Manage customer information meticulously in accordance with relevant agreements, laws and regulations.
For shareholders	We will ・Undertake sound corporate management and strive to improve the interests of our shareholders. ・Disclose information in a timely and appropriate manner to ensure management transparency.
To competitors	We will ・Engage in fair and free competition and reject acts that would impede market competition, including defamation, dumping, cartels and other unfair/anticompetitive conduct. ・Protect our own intellectual property and respect the same of others.
To suppliers	We will ・Trade on an equal footing without exploiting a dominant bargaining position. ・Comply with relevant laws and regulations applicable to transactions with suppliers and observe our agreements with them.
To governments	We will ・Refrain from entertaining and giving gifts that violate laws and our internal rules and reject acts of bribery under any circumstances. ・Refrain from acts that could be suspected as being corrupt.
To society	We will ・Actively engage in social contribution initiatives, including volunteering and other community activities, to fulfill our responsibility as a good corporate citizen. ・Respect the diversity of cultures and values and contribute to the development of societies where we do business. ・Refuse to do any business with antisocial forces.
For the environment	We will ・Propose IT systems and solutions that help reduce environmental impacts. ・Strive to reduce the environmental impacts caused by our business operations. ・Increase our awareness of biodiversity and undertake activities to protect the natural environment. ・Comply with laws and regulations related to the environment.

To employees and co-workers	We will ・Respect each person's individuality and personality. ・Respect human rights and not discriminate based on gender, nationality, belief or religion. ・Not commit any harassment. ・Maintain fair and equal treatment of employees and provide employment opportunities based on individual merit in safe, secure working environments that are free of violence, drugs or child labor.
As employees	Each employee will ・Maintain robust information security and reject unlawful acts, such as privacy infringement and unauthorized access. ・Comply with the Company's rules and regulations and not engage in acts that conflict with the interests of the Company or obtain personal benefits at the Company's expense. ・Not engage in insider trading in any manner. ・Not provide/receive any gifts or entertainment to/from customers, suppliers or business partners that exceed our policy and the scope of common sense. ・Not post to social media any confidential or proprietary information (using real or anonymous names) or any message that might harm the rights and credibility of the Company or third parties. ・Promptly report any real or suspected breach of this policy or other unlawful acts to his/her manager, local compliance officer or whistleblowing line. (The Company will not retaliate against those who report in good faith through the whistleblowing line.)

🖥 https://www.nttdata.com/global/en/about-us/our-way/global-compliance-policy

The NTT DATA Group's ESG Management

In recent years, there has been a growing movement to evaluate companies and their relationship with society in terms of environmental, social and governance (ESG) factors. This stems from the demand for companies to make global responses to social and environmental issues as represented by the Sustainable Development Goals (SDGs).

Shape the Future Society with Our Clients

Clients

Constant increase in corporate value

Value creation based on long-term relationships

NTT DATA'S ESG-based MANAGEMENT

SUSTAINABLE DEVELOPMENT GOALS

NTT DATA

Contribution to society through business and corporate activities

NTT DATA's business itself uses the power of IT to resolve issues faced by clients and society, as reflected in its Mission Statement: "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." Amid dramatic advances in technology and the increasing pace of digital transformation, we feel society's growing expectation for us to fulfill this duty.

With this in mind, we clarified our stance on ESG under the title "NTT DATA's ESG Management" and incorporated it into the management strategy of our new Medium-Term Management Plan (fiscal 2019–2021). Based on our consistent belief and our commitment to "shaping future society with our clients," we will provide solutions for the sustainable development of our clients and society. At the same time, we will help resolve social issues and enhance corporate value by pursuing business activities that emphasize human resource development, work-style reforms and respect for diversity.

ESG Management System

NTT DATA manages its ESG activities under the leadership of senior executive vice presidents and executive officers. The ESG Promotion Department handles ESG-related tasks, such as compiling information, training employees and engaging with outside entities, while the business divisions conduct their own ESG activities to help resolve social issues.

Dialogue with Stakeholders

The NTT DATA Group emphasizes dialogue in daily operations and instills within the Group its commitment to stakeholders. At the same time, we work to resolve social issues while considering society's wide-ranging expectations of us.

➢ **Overview of Stakeholder Engagement**

Stakeholders		Related Material ESG Issues	Main Approach
Clients	All our clients, including corporations, that use services provided by the NTT DATA Group	・Offer social infrastructure and business-category-specific solutions based on advanced technologies ・Build and ensure stable management/operation of IT infrastructure ・Ensure information security ・Protect data privacy	・Regular sales and proposal activities ・Client satisfaction surveys (questionnaires, interviews)
Shareholders and investors	Shareholders of the NTT DATA Group and other individual and institutional investors	・Offer social infrastructure and business-category-specific solutions based on advanced technologies ・Secure and develop IT human resources	・Annual General Meeting of Shareholders ・Annual reports ・Investor relations (IR) website ・Financial results briefings ・Shareholder newsletters
Governments	Central and local governments overseeing policies on the IT service industry, employment, the economy, and the environment	・Offer social infrastructure and business-category-specific solutions based on advanced technologies ・Build and ensure stable management/operation of IT infrastructure ・Ensure information security ・Protect data privacy ・Ensure compliance ・Promote workstyle innovation ・Promote diversity and inclusion	・Various applications and reports ・Consultative meetings, committee meetings and research committees held by government agencies ・Committee meetings and investigative meetings held by industry groups and organizations
Regional communities, NPOs and NGOs	Local communities and NPOs involved with NTT DATA Group companies through our core businesses	・Promote workstyle innovation ・Promote diversity and inclusion ・Promote IT education ・Respond to climate change ・Protect data privacy	・Participation in community events ・Collaboration with/sponsoring of social contribution activities ・Feedback via our website ・Advisory boards
Business partners	Business partners that cooperate in providing NTT DATA Group services	・Promote responsible supply chain	・Regular business activities ・Business Partner (BP) presidents' meetings ・Discussion meetings ・Technological briefing sessions
Employees	Employees of the NTT DATA Group and their families	・Secure and develop IT human resources ・Promote workstyle innovation ・Promote diversity and inclusion	・Employee satisfaction surveys ・Management/employee town halls ・Proposal Patio (bottom-up suggestion system) ・Helpline ・Counseling

Advice from Outside Experts

Seeking to obtain opinions from outside experts with keen insights into IT and global business matters, in July 2012 the NTT DATA Group set up an advisory board consisting of five business owners and academic experts. Members are appointed every two years and meetings are held twice a year, where members receive advice on management and social issues for deployment in the Group's business operations.

🖥 https://www.nttdata.com/jp/ja/news/release/2019/022803 (Japanese Version Only)

Period	3rd period	4th period
Term	From October 2017 to September 2018	From February 2019
Frequency of Meetings	Twice a year	

Advisory Board Members (Honorific titles omitted, in alphabetical order)	・Noriko Arai
	  Professor, National Institute of Informatics Director, Research Center for Community Knowledge
	・Yoshinori Ando
	  President, Ando Yoshinori Office
	・Fumihiko Ike
	  Former Chairman, Honda Motor Co., Ltd.
	・Shuzo Kaihori
	  Director and Advisor,
	  Yokogawa Electric Corporation
	・Hirohide Yamaguchi
	  Chairman of the Advisory Board,
	  Nikko Research Institute, Inc.
		・Shinichiro Ito
		  Chairman of the Board, ANA Holdings Inc.
		・Naoyuki Iwashita
		  Professor, Graduate School of Government, Kyoto University
		・Isao Endo
		  Chairman (Japan), Roland Berger Ltd.
		・Kazuhiro Mishina
		  Professor, Graduate School of Business Administration, Kobe University
		・Atsuko Muraki
		  Guest Professor, Tsuda University

Agenda for Discussion	・Global strategies ・Initiatives in digital businesses ・Initiatives aimed at acquiring a competitive advantage for the Company in light of social changes	・Issues in the previous Medium-Term Management Plan ・Dissemination and penetration of the new Medium-Term Management Plan ・Promoting ESG management(workstyle innovation, etc.) ・Initiatives for digital government

Note: Titles of the members are based on the information in the press release announcing the selection of the members.

Commitments to Outside Initiatives

・Science-Based Targets initiative (SBTi)
・Japan Climate Initiative (JCI)
・Women's Empowerment Principles (WEPs)
・Japan Business Federation's "Corporate Behavior Charter"

Participates in Outside Organizations

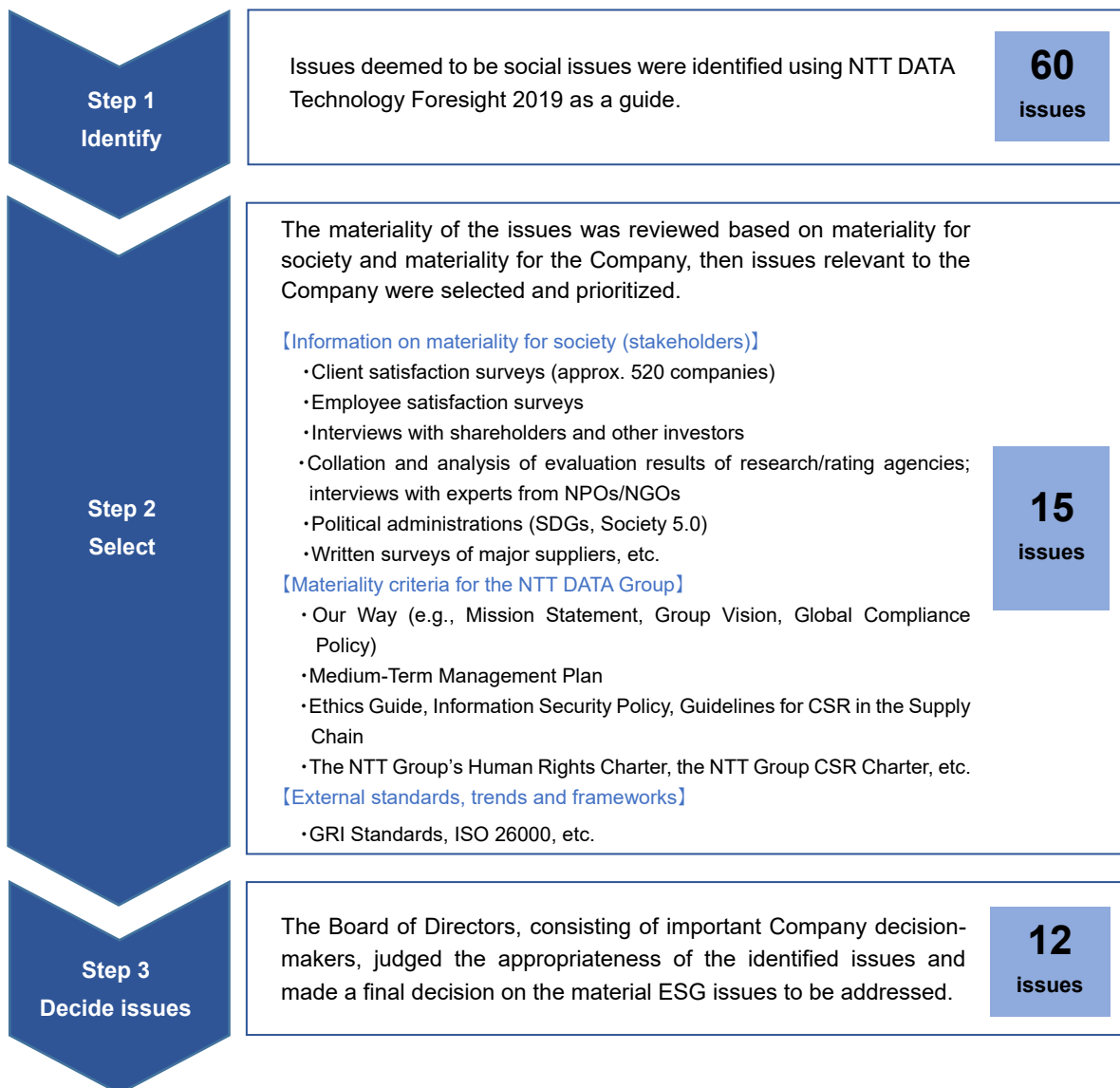Adopting a preventive approach, the NTT DATA Group participates in outside organizations, including those listed below, to share information on social issues and engage in discussions.

・Japan Data Communications Association (Board member)
・The Telecommunications Association
・Japan Electronic Payment Promotion Organization (Chair)
・Japan Association of Corporate Executives
・Japan Business Federation

Material ESG Issues

Process of Identifying Material ESG Issues

Every year, the Group publishes "NTT DATA Technology Foresight," a report that envisages future changes through research into advanced technologies and social trends that will have a major impact on society and business over the next 3–10 years. In fiscal 2019, we used NTT DATA Technology Foresight as input to identify material ESG issues for society through customer and employee satisfaction surveys, as well as individual interviews with shareholders, ESG institutional investors and experts from NPOs and other organizations. After discussion at a Board of Directors' meeting, we established 12 new ESG material issues, considering the expectations of employees and the Company.

Step 1
Identify

Issues deemed to be social issues were identified using NTT DATA Technology Foresight 2019 as a guide.

60 issues

Step 2
Select

The materiality of the issues was reviewed based on materiality for society and materiality for the Company, then issues relevant to the Company were selected and prioritized.

【Information on materiality for society (stakeholders)】
・Client satisfaction surveys (approx. 520 companies)
・Employee satisfaction surveys
・Interviews with shareholders and other investors
・Collation and analysis of evaluation results of research/rating agencies; interviews with experts from NPOs/NGOs
・Political administrations (SDGs, Society 5.0)
・Written surveys of major suppliers, etc.
【Materiality criteria for the NTT DATA Group】
・Our Way (e.g., Mission Statement, Group Vision, Global Compliance Policy)
・Medium-Term Management Plan
・Ethics Guide, Information Security Policy, Guidelines for CSR in the Supply Chain
・The NTT Group's Human Rights Charter, the NTT Group CSR Charter, etc.
【External standards, trends and frameworks】
・GRI Standards, ISO 26000, etc.

15 issues

Step 3
Decide issues

The Board of Directors, consisting of important Company decision-makers, judged the appropriateness of the identified issues and made a final decision on the material ESG issues to be addressed.

12 issues

➤ **Matrix of Material ESG Issues**

■ : Business ■ : Society ■ : Environment ■ : Governance
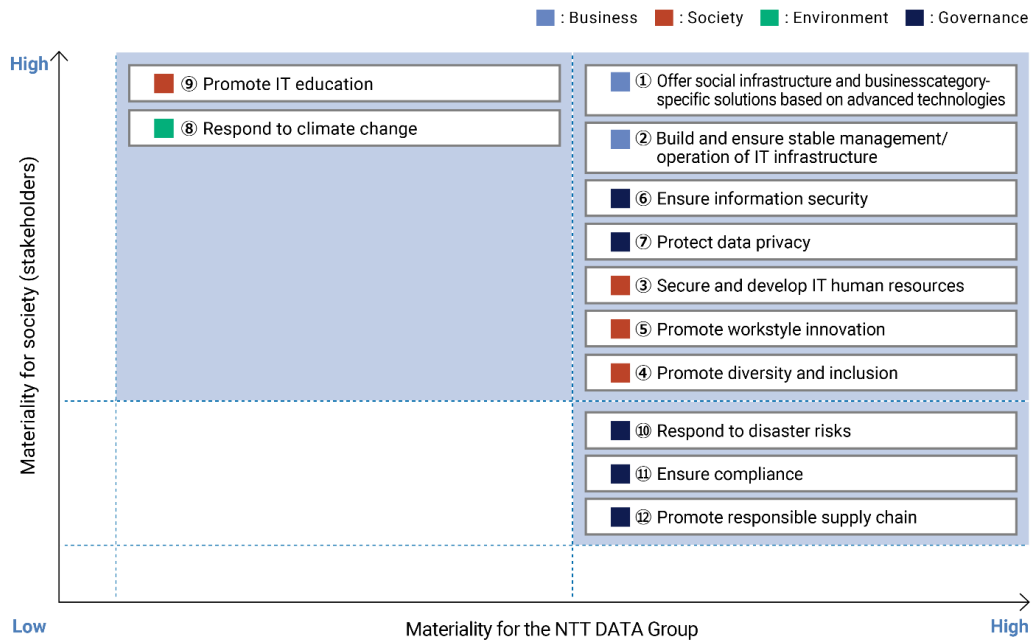
➤ **Material ESG Issues**

Category	Material ESG Issue	Details
Business (innovation)	■① Offer social infrastructure and business category–specific solutions based on advanced technologies	Use digital and other advanced technologies to provide services to clients and resolve social issues.
	■② Build and ensure stable management/ operation of IT infrastructure	Provide clients with high-quality services and operational stability as an infrastructure-oriented company.
Human resources	■③ Secure and develop IT human resources	Attract talented IT human resources and develop them in-house through training while minimizing employee turnover.
	■④ Promote diversity and inclusion	Increase human resource diversity and help individual employees understand the importance of diversity and utilize their abilities and experience.
	■⑤ Promote workstyle innovation	Eliminate long working hours, create comfortable working environments with an emphasis on a work-life balance and improve productivity.
Security	■⑥ Ensure information security	Protect the information assets of clients and the Company from cyberattacks.
	■⑦ Protect data privacy	Handle personal information properly and protect the human rights of stakeholders, especially clients.
Environment	■⑧ Respond to climate change	Formulate a long-term plan to curb greenhouse gas emissions by improving the energy efficiency of our data centers and office buildings.
Community	■⑨ Promote IT education	Deploy our core business strengths to provide IT literacy and skills to children, the general public, NPOs/NGOs and so forth.
Disaster risk	■⑩ Respond to disaster risks	Develop a business continuity plan (BCP) and continuously improve it to minimize potential damage.
Compliance	■⑪ Ensure compliance	Disseminate and instill our Global Compliance Policy to prevent violations of laws and regulations.
Supply chain	■⑫ Promote a responsible supply chain	Request cooperation from suppliers to consider human rights and the environment and ensure compliance based on the NTT DATA Guidelines for CSR in the Supply Chain and the like.

12 Material ESG Issues and KPIs

In fiscal 2019, the NTT DATA Group decided on 12 new material ESG issues after discussions at a meeting of the Board of Directors. In fiscal 2020, we have set targets (KPIs) for the 12 material ESG issues with the aim of ensuring that each and every employee engages in business and corporate activities with an awareness of ESG management and the need to achieve the SDGs. By using these targets as management evaluation indicators for each organization, we aim to further promote ESG management.
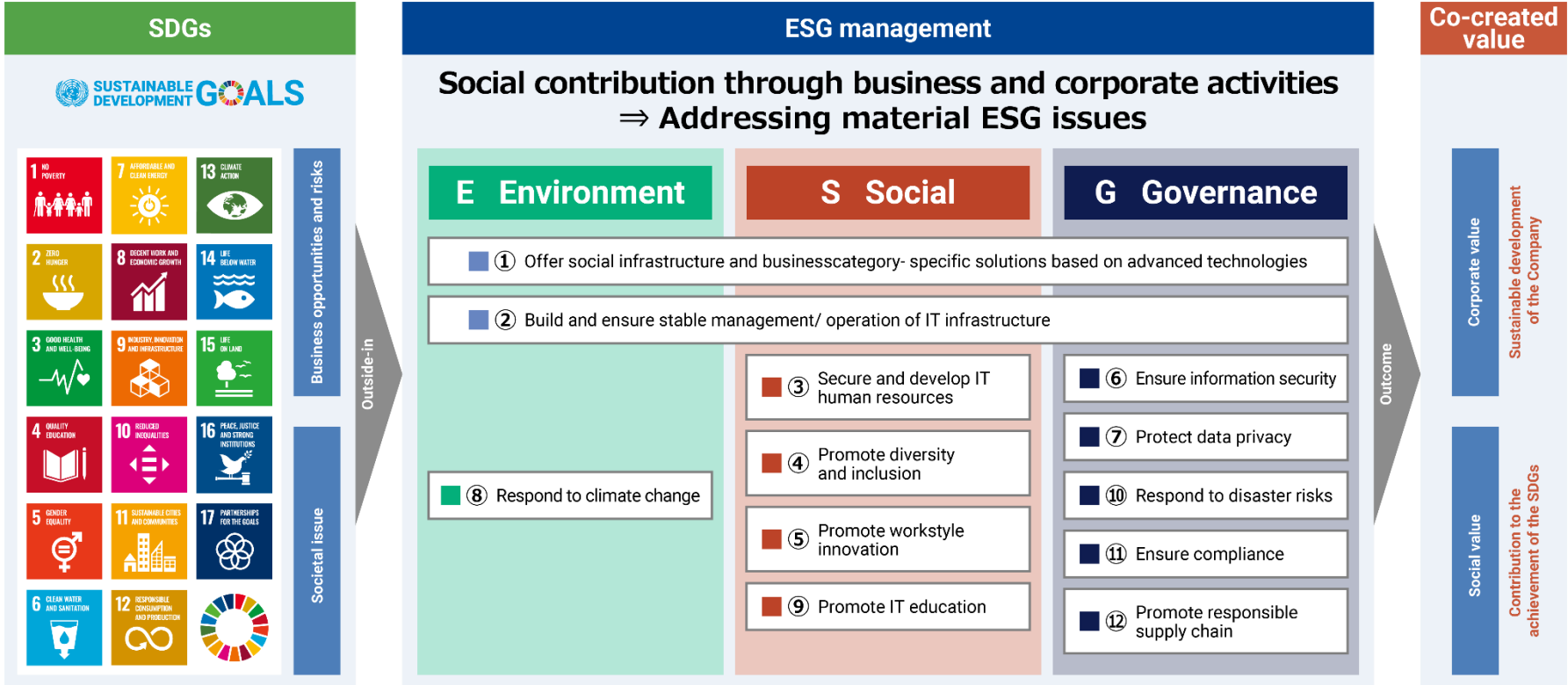
Category	Material ESG Issue	Main KPIs (FY2020)
Business (innovation)	■① Offer social infrastructure and business category–specific solutions based on advanced technologies	· Number of new and wide-ranging businesses created to address social issues · Number of orders received for solution proposals to resolve social issues, value of such orders received and number of service starts
	■② Build and ensure stable management/operation of IT infrastructure	· Number of improvements in operational and maintenance processes · System utilization rate
Human resources	■③ Secure and develop IT human resources	· Number of digital personnel, number of experienced employees, improvements in personnel system · Career interview implementation rate · Number of digital training sessions (related to advanced technologies) · Self-innovation time uptake hours
	■④ Promote diversity and inclusion	· Number of measures taken to ensure the advancement of diverse human resources · Increase in the number of female executives and managers · Improvement in our One Voice (employee engagement survey) score
	■⑤ Promote workstyle innovation	· Number of proposals and orders for customers' workstyle innovation · Number of workstyle innovation measures and organizational improvement measures taken · Digital Work Place utilization rate
Security	■⑥ Ensure information security	· Number of orders received for projects that enhance customer security · Number of secure public clouds provided · Number of measures taken to strengthen internal security levels
	■⑦ Protect data privacy	
Environment	■⑧ Respond to climate change	· Number of orders received to address customers' environmental issues · Reduction of greenhouse gas emissions based on SBT[1] and TCFD[2] initiatives
Community	■⑨ Promote IT education	· Number of contribution activities resulting from the provision of IT education opportunities in local communities · Creation of IT opportunities in primary education through NTT DATA Academia (total number of participants and number of forums held)
Disaster risk	■⑩ Respond to disaster risks	· Number of orders received for BCP-related solutions · Improvement of the BCP plan for disaster risk
Compliance	■⑪ Ensure compliance	· Implementation of measures to strengthen global compliance
Supply chain	■⑫ Promote a responsible supply chain	· Increase in coverage of suppliers who provide a written ledge to comply with the NTT DATA Guidelines for CSR in the Supply Chain.
Common to (1)–(12)		· Penetration rate of social contribution policies among employees

1. Science-based targets (SBT): Science-based greenhouse gas emission reduction targets in accordance with the Paris Agreement.
2. Task Force on Climate-related Financial Disclosures (TCFD): This privately led task force focuses on securing the disclosure of climate-related financial information and was established under the Financial Stability Board at the request of the G20's ministers of finance and central bank governors.

ESG Management and the SDGs

The NTT DATA Group conducts ESG management while referring to the SDGs based on its Mission Statement: "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." With this in mind, we will continue co-creating value with our customers and stakeholders, centered on the material ESG issues we have identified.

SDGs	ESG management	Co-created value

Social contribution through business and corporate activities ⇒ Addressing material ESG issues

E Environment · **S Social** · **G Governance**

① Offer social infrastructure and businesscategory- specific solutions based on advanced technologies

② Build and ensure stable management/ operation of IT infrastructure

③ Secure and develop IT human resources
④ Promote diversity and inclusion
⑤ Promote workstyle innovation
⑨ Promote IT education

⑥ Ensure information security
⑦ Protect data privacy
⑩ Respond to disaster risks
⑪ Ensure compliance
⑫ Promote responsible supply chain

⑧ Respond to climate change

Business opportunities and risks / Societal issue — Outside-in

Outcome

Corporate value — Sustainable development of the Company

Social value — Contribution to the achievement of the SDGs

Third-Party Evaluations (as of September 2020)

The NTT DATA Group's ESG initiatives have been highly rated by research agencies, and the Company has been selected for inclusion in multiple ESG-related indexes.

Dow Jones Sustainability World Index/Asia Pacific Index

FTSE4Good Index Series

FTSE4 Blossom Japan

S&P/JPX Carbon Efficient Index

ISS ESG Prime

RobecoSAM Sustainability Award

MSCI Japan Empowering Women Index *

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The NTT Group's Basic Policy

The NTT Group CSR Charter

As a member of the NTT Group, the NTT DATA Group has aligned its basic CSR policy with the NTT Group CSR Charter. The charter consists of a CSR Message, which states the NTT Group's approach and four CSR Themes (priority issues).

Promoting a Sense of Unity in the NTT Group

In fiscal 2015, the NTT Group established its Group CSR Committee to implement CSR management across the Group. The committee is chaired by the chairperson of NTT's CSR Committee and consists of the chief CSR officers (senior executive vice presidents and executive vice presidents) of the eight major NTT Group companies. Group CSR Liaison Meetings, consisting of CSR promotion at NTT Group companies, are held regularly to promote a sense of unity across the Group. At those meetings, participants share common challenges and success stories from each company and mutually confirm the PDCA cycle implementation status for priority CSR activities.

Ensure Reliable Communications

Unite the Energies of Team NTT

Create a sustainable society by delivering ICT solutions the highest-quality

Enrich Social Communication

Protect the Global Environment

Spreading CSR Awareness in the NTT Group

Since fiscal 2013, the NTT Group has convened its annual NTT Group CSR Conference, aimed at instilling employees' awareness of CSR by sharing CSR-related best practices across the Group and encouraging employees to think about the future of CSR and social contribution activities. The NTT DATA Group participates in the conference every year.

Governance

Contents

Corporate Governance

Basic Policies and Promotion System

The NTT DATA Group is working on the following basic policies in accordance with the purpose of each principle of the Corporate Governance Code to ensure that corporate governance will effectively function: 1) ensure transparency and soundness in business management, 2) achieve appropriate and swift decision-making and business execution, and 3) implement compliance thoroughly. The purpose of such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners and employees, and to maximize corporate value.

   https://www.nttdata.com/global/en/sustainability/governance

◆ Promotion System

NTT DATA has transitioned to a "Company with an Audit and Supervisory Committee" according to a resolution of the 32nd Ordinary General Meeting of Shareholders on June 17, 2020, to further strengthen the supervisory function of the Board of Directors and corporate governance and to enhance the soundness and efficiency of management.

Also, to further enhance governance and reflect more diverse knowledge in its management policies, NTT DATA has appointed five independent outside directors, which makes the ratio thereof in the Board of Directors (consisting of 15 directors) not less than one-third.

Governance Framework that Enhances the Execution, Supervision and Auditing Functions
to Improve Management Quality

NTT DATA has adopted a "Company with an Audit and Supervisory Committee" format, having determined that having "Audit and Supervisory Committee members" (with auditing duties and voting rights on the Board of Directors) and an "Audit and Supervisory Committee" (with outside officers occupying the majority of membership) is most effective. In addition to having an Ordinary General Meeting of Shareholders, Board of Directors, and Audit and Supervisory Committee as corporate organizations, we established the Corporate Management Committee to speed up decision-making in business execution.

Board of Directors	・Consists of 15 directors, including five independent outside directors (two of whom are women and one of whom is a foreign national). ・Meets once a month in principle and otherwise as necessary to make decisions and supervise important management matters and other matters as required by law.
Audit and Supervisory Committee	・Consists of four members from outside the Company (including one woman). ・Meets at least once a month in principle to make decisions on audit policies, plans, methods and other important audit-related matters. ・Each member attends meetings of the Board of Directors and other important meetings and audits the status of business execution (a dedicated organization called the Audit and Supervisory Committee Office has been established to support these efforts). ・The Committee properly exercises its right to express opinions on officer nominations and compensation.
Corporate Management Committee	・Consists of the President, Vice President, Regional and Area Directors, and the heads of other relevant key organizations. ・Meets once a week in principle to make smooth and prompt decisions and supervise business operations. ・One director who is an Audit and Supervisory Committee member participates in meetings to increase the transparency of decision-making.
Internal Control Promotion Committee	・Consists of the heads of organizations related to risk, compliance and group governance and is chaired by the executive officer in charge of risk management (Senior Executive Vice President and Representative Director Toshi Fujiwara). ・Meets twice a year to evaluate the effectiveness of the internal control system and risk-reduction measures, and reports the results of such meetings to the Board of Directors.

Corporate Ethics Committee	・Consists of the heads of organizations related to corporate ethics and is chaired by the executive officer in charge of corporate control (Senior Executive Vice President and Representative Director Toshi Fujiwara). ・Meets once a year with the aim of fostering a corporate culture of compliance with laws, regulations, corporate ethics and the like, and to report to the Board of Directors on the status of compliance with corporate ethics and the like.

➢ **Corporate Governance System**
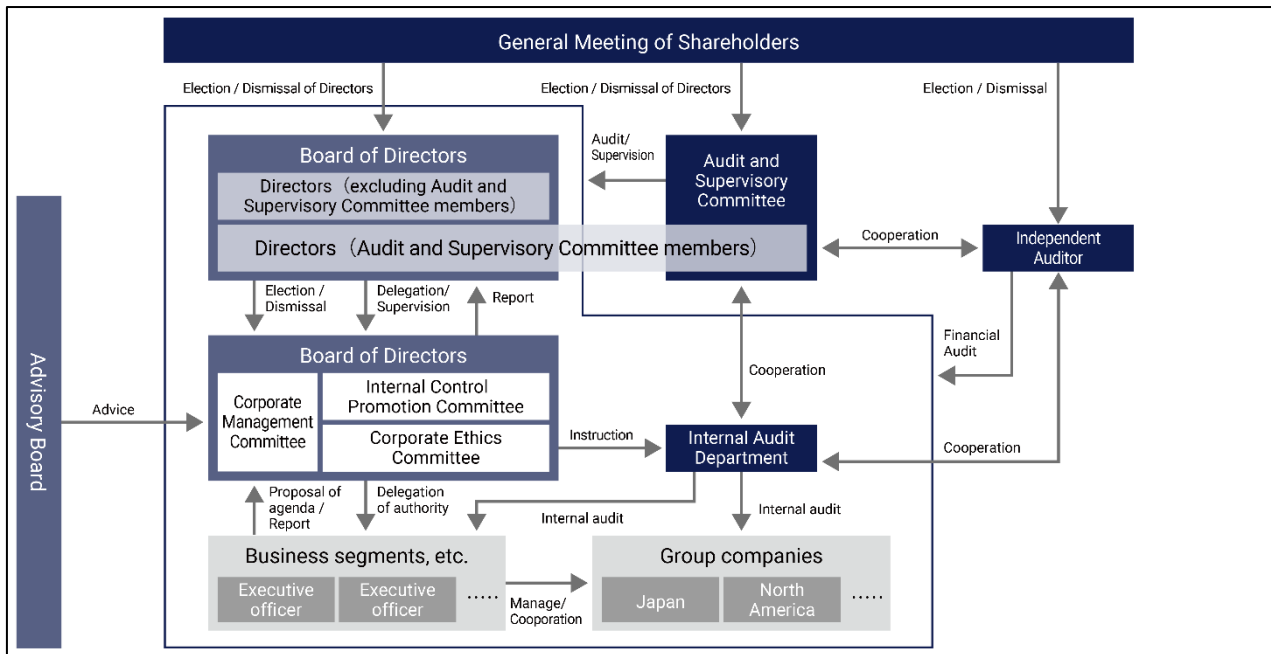
▌ **Group Governance**

For important matters, such as business planning, internal control and compliance, NTT DATA's basic policy is to ensure appropriate business operations throughout the Group by instituting rules for consultation and reporting within each Group company. Based on this policy, the Company has established a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company.

In particular, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&A activities and other measures. Specifically, the Company is establishing a system centered on five operating regions—North America, EMEA (Europe, the Middle East and Africa), APAC (Asia-Pacific), China and Spain/Latin America—and business solutions. NTT DATA has instituted rules for consultation and reporting between the Company and Group companies in relation to such important matters as business plans, large-scale projects, internal control and compliance.

◆ **Group Governance Promotion System**

Governance system for integrated Group management
We are building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional head office. As part of this initiative, we established nomination and compensation committees and audit committees within the boards of directors in each regional head office.

System for sharing important information
We have a structure that facilitates the appropriate and timely sharing of information about risks and other important matters of concern, based on a comprehensive internal control system that includes overseas organizations.

Common accounting system for all domestic Group companies
In fiscal 2014, NTT DATA increased management efficiency by introducing a common accounting system for use by all domestic Group companies. As of March 31, 2020, around 70 major domestic Group companies were using this system. Having many domestic Group companies use a common accounting system enables centralized management of accounting information and more effective internal control, as well as significant reduction in maintenance and operational burdens.

Group Management Infrastructure System
To increase the efficiency of Group management, NTT DATA introduced the in-house Group Management Infrastructure System that visualizes domestic Group companies' management information (in the financial and personnel fields). Through this new system, we aim to optimize management resource allocation to reflect project characteristics, expedite business management, enhance the precision of information used for decision-making and realize Group synergies.

Reliable Group governance based on NTT DATA Group Management Policies and NTT DATA Group Management Rules
In the pursuit of optimal Groupwide management, we established the NTT DATA Group Management Policies to define our basic approach to Group management. In addition, we established rules concerning consultation and reporting between Group companies. By using these rules, as well as the aforementioned NTT DATA Group Management Policies, we are working to secure sound operation of Group Governance.

Retaining executives of acquired companies
The NTT DATA Group recognizes that maintaining the employment of executives of companies it acquires is important not only for business continuity and enhanced competitiveness but also for securing an effective Group governance system. When making investments, therefore, we utilize various schemes, such as long-term incentives and earn-out arrangements, according to the scale and content of each project.

Efforts to instill the Group Vision
We are working to instill the Values we hold to be important and achieve the Group Vision we have set for 10 years from now. Since 2014, we refer to the week of May 23, the date of our founding, as "Values Week." During Values Week, we provide various opportunities for dialogue, including events for employees to talk about our Values. During Values Week 2019, more than 30,000 Group employees in about 100 cities and 30 countries took part in workshops and events and discussed the Values with passion.

Board of Directors

◆ Board Diversity

To diversify the Board of Directors, NTT DATA has appointed foreign directors and outside directors. At the Ordinary General Meeting of Shareholders held in June 2020, two female directors and one foreign national were approved. We are also diversifying the management decision-making processes in the Corporate Management Committee and other organizations, with the addition of female heads of organizations and foreign officers.

◆ Incorporating Diverse Perspectives into Management

NTT DATA continues to strengthen functions that oversee fairness in business execution by inviting directors from outside the Company. As of July 2020, we had seven outside directors (four of whom are also Audit & Supervisory Board members). In appointing outside officers, the Company provides selection criteria that anticipate that they will bring to management opinions from broad perspectives that draw on their respective experience. We have five outside directors registered as independent directors/auditors who meet the requirements of Tokyo Stock Exchange regulations, as well as our own in-house requirements. In 2012, moreover, we established an Advisory Board for the purpose of receiving advice from experts outside the Company. Since then, we have used the board to broaden management's multifaceted perspectives and promote growth and sound business operations.

◆ Composition of the Board of Directors

		FY2016	FY2017	FY2018	FY2019	FY2020
Total number of directors		11	12	11	13	15
	Executive directors	8	9	7	8	6
	Non-executive directors	3	3	4	5	9
Audit and Supervisory Committee members (Outside)*		—	—	—	—	4 (4)
Chairman of the Board of Directors		President	President	President	President	President
Number of Board meetings held		18	16	18	13	14 (scheduled)
Board meeting attendance rate* (Average)		98	99	98	99	—
Term of office for directors		2	2	2	2	1
Average length of service		2.1	2.2	1.5	2 .2	1.2

*NTT DATA transitioned to a "Company with an Audit and Supervisory Committee" according to a resolution of the Ordinary General Meeting of Shareholders on June 17, 2020.

➢ Board Diversity

		FY2016	FY2017	FY2018	FY2019	FY2020
Total number of directors		11	12	11	13	15
	Women	0	0	0	1	2
	Non-Japanese	0	0	1	1	1
	Outside (including independent officers)	2 (2)	2 (2)	2 (2)	3 (3)	7 (5)

Board of Directors: Effectiveness Evaluation

To evaluate the effectiveness of the Board of Directors, we conduct questionnaire-based surveys of all directors and corporate auditors. The results of the surveys, aggregated and reported by an external organization, are analyzed, discussed and evaluated. The evaluation results are then reported to the Board of Directors, where the results are verified and discussed to explore policies for further improvement.

Timing of FY2019 effectiveness evaluation	October 2019
Evaluation method	・ Questionnaire-based survey: Questionnaires (5-grade scale questions and free-response section for each question) were sent to all directors and corporate auditors who are members of the Board of Directors. ・ External organization: To ensure anonymity, responses were given directly to an external organization. ・Analysis, discussion and evaluation: Results were analyzed, discussed and evaluated between December 2019 and February 2020 based on the report from the external organization. ・ Report to the Board of Directors: The Board of Directors verified the content of the report and explored policies for further improvement.
Results	[Priorities for FY2018] 　・Further deepen and strengthen discussions on management strategies (ongoing). 　・Enhance information and opportunities to gain further knowledge of the latest trends in technology and our business. 　・Enhance opportunities for communication between outside directors and corporate auditors, etc. [Assessment of responses to priorities] 　With respect to enhancing opportunities for communication between outside directors and corporate auditors, the Company received a certain level of praise for improving its evaluation score. We received mostly positive evaluations about the structure and operation of the Board of Directors and concluded that the effectiveness of the Board as a whole is secured.
Future priorities	・Increase the emphasis on discussions about strategy and risk management. ・Step up the monitoring of matters that could have a significant impact on the Company's operations, etc.

Director Remuneration

◆ Policy for Determining Director Remuneration

With respect to remuneration for directors who are not Audit and Supervisory Committee members, NTT DATA explains its policy on determining the remuneration structure and amounts to the parent company and independent outside directors, as well as to directors who are Audit and Supervisory Committee members, and receives appropriate advice. Decisions are then made by the Board of Directors within the amounts resolved at the Ordinary General Meeting of Shareholders.

Remuneration for directors (excluding outside directors) who are not members of the Audit and Supervisory Committee		· Structure for remuneration (including bonuses)
		For standard business performance, the ratio of fixed remuneration to performance-based remuneration is roughly 7:3.
		With the aim of making directors even more conscious about achieving medium-term management plan targets and sustainable growth, as well as medium- to long-term improvement in corporate value, we are considering increasing the proportion of performance-based remuneration (including stock-based) to total compensation.
		· Appropriate exercise of the Audit and Supervisory Committee's right to express opinions on remuneration
		    1) Monthly remuneration (fixed): Paid in accordance with the role and scope of responsibility of each director's position.
		    2) Bonuses: Paid in consideration of various factors, including achievement levels with respect to operating income and other performance indicators[1] in the relevant fiscal year.
		· At the 32nd Ordinary General Meeting of Shareholders on June 17, 2020, it was resolved that NTT DATA shall transition to a "Company with an Audit and Supervisory Committee" and that total annual remuneration for directors who are not Audit and Supervisory Committee members shall be ¥580 million or less (including ¥50 million or less for outside directors).

	Full-time directors residing in Japan	To reflect medium- to long-term business performance in directors' remuneration, full-time directors residing in Japan are required to spend a certain portion of their monthly remuneration and bonuses on purchasing the Company's shares through the officers' shareholding association and to retain all the shares purchased during their term of office.
	Remuneration for the President and CEO	This is based on advice from independent outside directors and directors who are Audit and Supervisory Committee members.
	Executive directors of overseas consolidated subsidiaries	Performance-linked deferred remuneration to such directors shall be paid by the relevant subsidiary.
Remuneration for outside directors who are not Audit and Supervisory Committee members		· Remuneration for such directors is determined through discussions with directors who are Audit and Supervisory Committee members. (To ensure a high degree of independence, such directors receive monthly remuneration that is not performance-linked.) · At the 32nd Ordinary General Meeting of Shareholders on June 17, 2020, it was resolved that NTT DATA shall transition to a "Company with an Audit and Supervisory Committee" and that total annual remuneration for Audit and Supervisory Committee members shall be ¥150 million or less.

1. Performance indicators: These are financial targets set forth in the medium-term management strategy, specifically, operating income, ROIC, overseas sales, overseas operating margin, capital expenditures and the number of B2B2X projects[2].
2. B2B2X projects: These are projects that support and promote the businesses for clients of other companies, with the number of projects in the digital domain set as an indicator.

➢ Total Remuneration for Directors and Audit & Supervisory Board Members (Fiscal 2019)

Executive Classification	Number of Persons	Basic Remuneration	Directors' Bonuses	Remuneration Amount
Directors (excluding outside directors)	9 members	¥289 million	¥58 million	¥347 million
Audit & Supervisory Board members (excluding outside members)	—	—	—	—
Outside officers	7 members	¥135 million	—	¥135 million
Total	16 members	¥424 million	¥58 million	¥482 million

Notes:
1. Remuneration amounts for each officer are not stated because no officer received more than ¥100 million.
2. The above includes one director who resigned and retired on November 5, 2019.
3. By resolution at the 18th Ordinary General Meeting of Shareholders held on June 22, 2006, total annual remuneration for directors shall be ¥580 million or less and total annual remuneration for Audit & Supervisory Board members shall be ¥150 million or less.
4. In fiscal 2019, as well, remuneration amounts for directors were decided by the Board of Directors after providing explanations to the parent company, independent outside directors, and corporate auditors.
5. With respect to bonus payments, although we achieved some performance indicators set for fiscal 2019 (including capital expenditures and number of B2B2X projects), we fell short in other indicators (including overseas operating income) and thus did not achieve our overall plan targets.

Appointment and Dismissal of Directors and Senior Management

◆ Policies and Procedures for Appointment and Dismissal of Directors and Senior Management

The size of the Board of Directors is commensurate with the nature of the Company's business and takes into account a balance of expertise and internationality and other aspects of diversity (including factors such as gender, race, ethnicity and cultural background).

Number of members and term	15 members; one-year term (according to the Articles of Incorporation)
Selection policy	・To improve the corporate value of the entire NTT DATA Group, candidates for director who are not Audit and Supervisory Committee members shall be appointed from personnel who have broad perspectives and experience that can contribute to Groupwide development, excel in management ability and leadership, and have a good sense of business management and passion.
Selection procedures	・The backgrounds of candidates are explained to the parent company, independent outside directors and directors who are members of the Audit and Supervisory Committee, who then provide appropriate advice to the Board of Directors. The Board then adopts a resolution that is submitted to the Ordinary General Meeting of Shareholders. ・As appropriate, the Audit and Supervisory Committee has the right to state its opinions about the nomination of candidates for director who are not members of the Audit and Supervisory Committee.
Procedures for dismissing senior management	・If a management executive is found not to be performing his/her role properly, the reasons for dismissal are explained to the parent company, independent outside directors and directors who are Audit and Supervisory Committee members, who then provide appropriate advice to the Board of Directors. The Board then adopts a resolution that is submitted to the Ordinary General Meeting of Shareholders. ・As appropriate, the Audit and Supervisory Committee has the right to state its opinions about nominations.
Number of concurrent positions	・Directors allocate the time and labor required to appropriately perform their roles and duties, and therefore the number of their concurrent posts shall be within a reasonable range. (The status of directors who concurrently serve as officers of different listed companies are disclosed in business reports and in reference documents for the Ordinary General Meeting of Shareholders.)

◆ Appointment of Audit and Supervisory Committee members

Recognizing its liability to the shareholders, the Audit and Supervisory Committee audits the execution of duties by directors as an independent organization and performs its duties so as not to damage the Company or the interests of the shareholders. It also frequently exchanges information through discussions with representative directors and outside directors.

Number of members	Up to four members, including those with specialized knowledge (according to the Articles of Incorporation)
Selection policy	・Candidates for director who are Audit and Supervisory Committee members shall be appointed from personnel who can be expected to perform audits and supervision based on professional experience and insight. ・To ensure fairness in auditing and supervising the execution of duties of directors who are Audit and Supervisory Committee members, the majority of such directors who are Audit and Supervisory Committee members shall be appointed from outside directors in accordance with the Companies Act.
Selection procedures	・Proposals for the appointment of directors who are Audit and Supervisory Committee members shall be resolved by the Board of Directors after deliberation and approval of the Audit and Supervisory Committee (the majority of whom are outside directors who are Audit and Supervisory Committee members) and then submitted to the Ordinary General Meeting of Shareholders.
Number of concurrent positions	・Directors who are Audit and Supervisory Committee members allocate the time and labor required to appropriately perform their roles and duties, and therefore the number of their concurrent posts shall be within a reasonable range. (The status of officers who concurrently serve as directors who are Audit and Supervisory Committee members of different listed companies are disclosed in business reports and in reference documents for the Ordinary General Meeting of Shareholders.)

Shareholding Status of Management

To reflect medium- to long-term business performance, full-time directors residing in Japan are required to spend a certain portion of their monthly remuneration and bonuses for purchasing the Company's shares through the officers' shareholding association and retain all the shares purchased during their term of office.

Corporate Group's Organizational Policy Centered on the Parent Company

The NTT Group, with NTT DATA's parent company (Nippon Telegraph and Telephone Corporation) at its center, engages mainly in the businesses of regional communications, long-distance/international communications, mobile communications and data communications. The parent company formulates management strategies for the NTT Group as a whole. Based on those strategies, the parent company takes responsibility for its own management and operates its businesses independently.

Among the aforementioned businesses of the parent company, NTT DATA engages in the data communications business focusing on five areas—public & social infrastructure, financial, enterprise & solutions, North America and EMEA/Latin America—and advances its business in collaboration with other NTT Group companies.

Currently, the parent company owns 54.19% of NTT DATA's voting rights, which makes the parent company the majority shareholder of NTT DATA.

One employee of Nippon Telegraph and Telephone Corporation has been appointed as a director of NTT DATA to incorporate a wide range of management perspectives. Because we currently have five independent outside directors making up at least one-third of our 15-member Board of Directors, however, we believe this does not hinder our management decisions.

NTT DATA consults with and/or reports to the parent company on significant issues related to its business operations. In our day-to-day business operations, however, we maintain close mutual ties while fully respecting each other's independence and self-reliance as we target sustained growth and development and improved business performance.

Even after a restructuring of the NTT Group in November 2018, there has been no material impact on our corporate governance because we maintained our current management structure and public listing.

In Japan, NTT DATA has three publicly listed subsidiaries: NTT DATA INTRAMART CORPORATION, X-NET Corporation and Netyear Group Corporation. We maintain close mutual ties with these subsidiaries while fully respecting each other's independence and autonomy as we target sustained growth and development and improved business performance. The significance of owning listed subsidiaries is to earn public trust and attract talented human resources.

NTT DATA's basic policy is to ensure the appropriateness of business operations throughout the NTT Group by establishing rules for consultation and reporting with NTT Group companies on important matters, such as business plans, internal controls and compliance. With this in mind, we established an in-house department responsible for cooperation with Group companies.

◆ Guidelines for Protecting Minority Shareholders When Doing Business with Controlling Shareholders

Regarding our relationship with the parent company, our basic policy is to collaborate while fully respecting each other's independence and autonomy, and to conduct transactions with the parent company in an appropriate manner in accordance with laws and regulations.

Any decision to enter into an important contract with the parent company shall be made after a legal review by our Legal Department. Also, particularly important contracts must be approved by the Board of Directors to ensure decision-making independence from the parent company. Our Board of Directors has 15 members, including five independent non-executive directors, while independent non-executive directors account for at least one-third of the total Board members at present.

◆ Takeover Defense Measures

Such measures have not been introduced.

Internal Control

Basic Policy and Promotion System

The NTT DATA Group works to build and enhance its internal control system under a basic policy of always considering risks arising from business activities and taking various measures to ensure efficient implementation of fair and transparent business activities. Twice a year, we convene meetings of the Internal Control Promotion Committee, which is tasked with assessing the effectiveness of internal control systems and managing and furthering overall internal control. We also hold meetings of the Steering Committee three times a year to evaluate the effectiveness of our internal control system related to financial reporting. Considering our expanding global business, we will continue striving to strengthen the Group's overall internal control capabilities.

Results of Activities

◆ Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a standpoint that is independent from operational divisions. In fiscal 2019, the department audited in-house organizations and 19 Group companies, primarily focusing on the themes of business process compliance, extended working hours, appropriateness of outsourcing contracts and information security. The department also monitored the internal auditing activities of 23 Group companies. In addition, as part of Groupwide efforts to enhance internal auditing, 80 domestic and overseas Group companies conducted voluntary inspections based on unified audit items.

In addition, we are conducting symptom audits to analyze data extracted from various in-house information systems using computer-assisted audit technique (CAAT) tools. We are expanding the scope of application to Group companies while upgrading our fraudulent scenario detection capabilities. In addition to NTT DATA, the program was applied to 46 domestic and overseas Group companies in fiscal 2019.

We are committed to ensuring the reliability of our internal control system for financial reporting. To assess the effectiveness of internal controls, we verify our management philosophy and systems, the development status of various rules and regulations, and the operational status of business processes.

NTT DATA will continue collaborating with the internal audit departments and Audit and Supervisory Committee members of domestic and overseas Group companies, with the aim of establishing a global internal audit system while increasing the quality and quantity of internal audits.

◆ Education and Training Related to Internal Control Systems

NTT DATA provides an annual e-learning course on internal control to instill its policies and views on internal controls in its employees.

Risk Management

Basic Policy and Promotion System

The NTT DATA Group seeks to ascertain all risks associated with its business activities to minimize the frequency of occurrence of these risks and their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed a chief risk officer (CRO) in charge of supervising and promoting risk management from a Groupwide perspective. In addition, we assigned risk management promotion officers to the Risk Management Division and other divisions and Group companies to assist with responding proactively and independently to various risks.

NTT DATA defines material risks and reviews progress toward addressing such risks and achieving related targets, and the results of those reviews are reflected in various measures.

The Internal Control Committee convenes twice every year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Board of Directors.

➢ **Risk Management Structure**
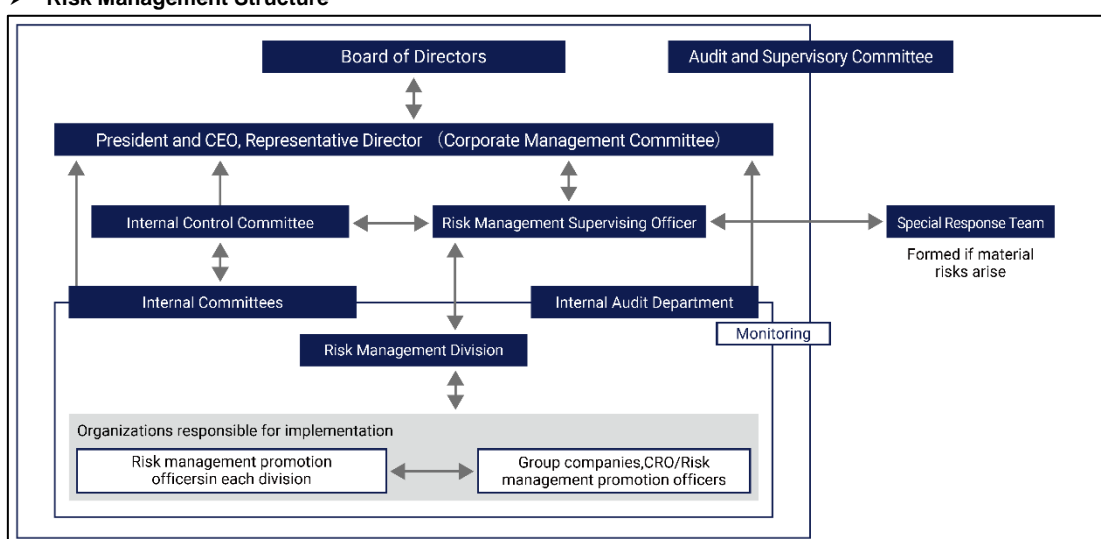
Risk Governance

As the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the Board of Directors has delegated considerable power to sector heads. This measure enables proper understanding of and prompt responses to risks relating to client relationships and market environments.

CRO and Risk Management Promotion Officers	・Avoidance of business risks and dealing with major risks should they materialize.
Risk management category	・Global-control risks with the potential to impact the entire Group are identified by the Internal Control Promotion Committee in consideration of changes in social trends and input from outside specialists. ・Base-control risks are identified and managed by regional head offices.
Risk management methods	・Identify and formulate countermeasures for business-related risks at the head office, regional head offices and other individual companies. ・The risk status of the entire Group is analyzed, evaluated and monitored by the Risk Management Division and others. ・"Global-control risks" are subject to comprehensive risk management measures. ・"Base-control risks" are subject to a cycle of evaluation and improvement based on the status of implementation of countermeasures and the materialization of risks.

Risk Management Training

The NTT DATA Group conducts ongoing training regarding the legal and other roles of newly appointed directors and Audit & Supervisory Board members at NTT DATA and Group companies to ensure rigorous risk management throughout the Group.

In fiscal 2019, we provided training to newly appointed NTT DATA directors at the time of their appointment concerning their duties and responsibilities regarding corporate governance and under the Companies Act. In August 2019, we conducted training for executives of Group companies in Japan. We will promote increased risk management awareness and enhanced response capabilities by implementing various types of training on an ongoing basis.

Dealing with Diverse Risks

◆ Material Risks

1. System development risk		
The Group's mainstay business is system integration. In this business, we are responsible for completing each system, from the time we receive the order to the time we deliver it to the customer, under a contractual agreement.		
Potential impact	Several factors could lead to an unexpected increase in costs. These include deviation from the original estimate stemming from ambiguity in the contract and technical or project management problems that were not initially anticipated during the development stage.
	If a project is unprofitable, we might have to pay compensation for damages caused by unexpected costs or delays in delivery, which could significantly affect the Group's business performance and financial position. For this reason, we deem system development risk to be a material risk.
Countermeasures	For large-scale projects that are new to us in terms of customer, business and/or technology, we have protocols to help us fulfill our responsibility for project completion. For example, we have a third-party organization that confirms the feasibility of the proposal and clarifies contractual details during the proposal preparation stage. The organization also handles early responses to risks, examines the appropriateness of plans and cost estimates at the time of order and inspects systems before delivery. Moreover, projects of a certain size or larger that are new to us in terms of customer, business and/or technology are identified as "high-risk projects" (including those of Group companies). For such projects, we regularly monitor and manage progress and issues and take risk mitigation measures to minimize the potential for the projects to become unprofitable.

2. Risk related to investments and M&As		
The Group invests in domestic and overseas companies and organizations with the aims of acquiring new technologies, solutions and development resources and building strategic partnerships. In addition, we view M&As as an important tool for achieving our "Global 3rd Stage" goals and use this tool as a driver of global growth. When engaging in an M&A, we place top priority on ensuring that the other party has common values and affinity with the NTT DATA Group. We also confirm the feasibility of synergies with the Group, mainly from the perspectives of geography (focus areas) and offerings (service delivery capabilities).		
Potential impact	Especially with overseas M&As, several factors might make it difficult for the Group to adequately control the other party's operations or smoothly handle its business. These include legal restrictions, taxation systems, differences in business practices, labor-management relations and political and economic trends in each country. Also, the Group might be unable to properly deploy synergies with the other party, causing sales and profits to be significantly lower than expected and preventing the Group from generating its desired return on investment. These scenarios could lead to goodwill write-downs and the like, which could significantly affect the Group's business performance and financial position. For this reason, we deem risk related to investments and M&As to be a material risk.
Countermeasures	When making M&A decisions, we use return on investment (ROI) and other indicators, as well as third-party assessments to evaluate the financial soundness of the other party.
	We regard the risk of being unable to adequately control the other party's operations or smoothly handle its business to be a material risk. For this reason, we require third-party assessments by financial advisers, accountants, lawyers and other outside experts, as well as due diligence by internal and external experts, including people in our own business divisions, to help make investment decisions. We then verify each of the risks uncovered in this process and make decisions on countermeasures to minimize our overall risk exposure.
	Also, there is a risk that the Group might be unable to properly deploy synergies with the other party, causing sales and profits to be significantly lower than expected and preventing the Group from generating its desired return on investment. To address such risk, we utilize various mechanisms, such as long-term incentives (compensation for service over certain time periods) and earn-outs (payment of acquisition price in installments) according to the scale and content of the investment. We place great importance on the continued growth of the acquired company through the creation of synergies with the NTT DATA Group. In addition, we require a post-M&A integration process (PMI) plan to be made at the time of decision-making. By implementing the integration process from an early stage, we aim to maximize the benefits of M&A and minimize the relevant risks.

| | Through the above measures, we strive to prevent risks from materializing by carefully examining the risks and establishing an appropriate governance structure to ensure that they do not have a significant impact on the Group's business performance and financial position. |

3. Information security risk

As part of its business operations, the Group handles personal information and confidential information, which could be vulnerable to information security incidents stemming from cyberattacks and the like. Most recently, there has been a surge in targeted e-mail and phishing attacks related to COVID-19, as well as cyberattacks that target vulnerabilities in the rapidly growing number of teleworking arrangements and online meetings. There has also been a surge in highly targeted cyberattacks of contractor companies, with the aim of attacking companies, government agencies and other organizations. As a company with customers who provide critical social infrastructure, we regard the risk of cyberattacks as a material risk and recognize that they could materialize at any time.

Potential impact	Materialization of such risk might damage the Group's social credibility and brand image and incur compensation claims for losses incurred, as well as legal penalties and the like, which could significantly affect the Group's business results and financial position.
Countermeasures	To minimize this risk, we have established information security policies and personal information protection policies, which are subject to ongoing reviews and improvements according to advances in information technology and changes in social conditions. We also established the NTT DATA Group Security Policy and are working to ensure the safe distribution of information throughout the Group. Guided by our Information Security Committee, moreover, we monitor external threat trends, our Groupwide activity status and various relevant issues and decide on necessary measures to take. In addition, we have introduced solutions to detect and prevent cyberattacks and separated our network environment from those of our customers. We also conduct 24-hour monitoring operations and established our own computer security incident response team (CSIRT), called NTTDATA-CERT.

4. Compliance risk

The Group is developing its corporate activities on a global scale, and the expansion of its overseas operations has made it necessary to comply with both domestic and overseas laws and regulations. Some of the laws and regulations apply not only to corporate activities within a specific country but also to activities outside that country's borders. These include the GDPR[1] in the European Union and the FCPA[2] in the United States. The Group is required to comply with these laws and regulations.

Potential impact	Violations of these laws and regulations could incur significant fines and costs related to dealing with the authorities. Other regulations also apply to the Group's operations, including accounting standards, tax laws and transaction-related laws. In the event of a violation of laws and regulations, such as improper accounting practices or fraud or embezzlement in the supply chain, the Group might be required to pay a surcharge, as well as damages caused by such fraud. In addition to expense outlays and other economic losses, such violations might also cause major damage to the Group's social credibility and brand image, which could significantly affect its business performance and financial position. For this reason, we deem compliance risk to be a material risk. With approximately 130,000 employees and business operations in 53 countries and regions (as of March 31, 2020), we cannot completely deny the possibility of this risk materializing.
Countermeasures	To prevent the risk of legal and regulatory violations from materializing, we formulated our Global Compliance Policy, which sets basic criteria for sound business activities grounded on corporate ethics. Under the policy, we are building an internal control system to ensure legal compliance and appropriate financial reporting. In addition, we have set up an organization tasked with promoting global compliance. That organization conducts education and training activities for officers and employees and works hard to improve our internal control system in collaboration with related entities. Through these activities, we are working as a united Group to further improve corporate ethics and strengthen legal compliance.

5. System operation risk

Some of the systems and services we provide function as key social infrastructure. If a failure occurs during operation and a system or service is stopped, there could be a major impact on the customer's business and the lives of general users.

| Potential impact | Certain events, such as loss of customer data, could have an even greater impact. In some cases, the Group might be required to pay compensation for damages, which could have a significant effect on its business results and financial position. For this reason, we deem system operation risk to be a material risk. In addition, delays in the deployment of systems and services could lead to a decline in the Group's social credibility and brand image. |

		While such a risk is unlikely to materialize, we cannot completely discount it. In particular, failures caused by defects in commercially available products can take a long time to address.
	Countermeasures	To ensure stable system operation and uninterrupted provision of services, the Group engages in various activities aimed at preventing system failures and minimizing the impact of failures that occur. For example, we actively collect and disseminate information on known product malfunctions and countermeasure information on commercially available products, and we analyze the causes of past malfunctions. We also share the results of cause analyses of past failures and recurrence prevention measures (especially division of responsibilities with customers in system operation and clarification of each SLA[3]) with relevant in-house parties and conduct regular inspections using checklists. In addition, we are building a contact system for failure responses, and we provide training to address system failures.

6. Risk related to large-scale disasters and serious infectious diseases

		As some of the systems and services provided by the Group function as social infrastructure, we have established a system for business continuity and conduct disaster drills in accordance with government guidelines, while also monitoring the safety status of employees and others.
	Potential impact	In the event of a major earthquake, a climate change catastrophe or other large-scale natural disaster, many of our systems and employees might be damaged, making it difficult for us to provide services, which could have a significant impact on our customers' operations and the lives of general users. Such an outcome might damage the Group's social credibility and brand image and incur significant restoration and other costs, which could significantly affect the Group's business results and financial position. Therefore, we recognize natural disasters as a potential risk, although it is difficult to predict when they will occur. In addition, an outbreak of a large-scale infectious disease, such as COVID-19, might lead to infections among employees and/or prevent them from going to work, making it difficult to continue providing our systems and services. Moreover, the prolonged effects of COVID-19 could lead to a global economic slowdown and pose significant risks to our business. For example, declines in consumption in the manufacturing, airline, travel and other sectors, as well as increasing credit costs charged by financial institutions, could cause business conditions at client companies to deteriorate and force them to suppress or postpone their IT investments. Also, existing projects might shrink in scale, and changes in business conditions caused by political instability could force us to limit any new sales activities, resulting in declines in digital transformation projects and our consulting business. In addition, a global economic slowdown might prompt customers to request extensions in payment deadlines, and the Group's cash flow could deteriorate as a result. Although it is difficult to accurately predict how these risks might evolve, we recognize that they could affect the Group's business results and financial position.
	Countermeasures	With respect to our responses in the event of a disaster, our primary aims are to protect the safety of employees and ensure business continuity. In the event of a disaster of a certain magnitude, we will activate a business continuity plan and respond flexibly under a system in which our President and CEO holds ultimate responsibility. As a countermeasure against COVID-19 and other infectious diseases, we endeavor to strike a good balance between ensuring the safety of employees and partners and the execution of business. To this end, we seek to provide innovative working arrangements, such as allowing employees to work online where possible. Regarding the impact of COVID-19 on our business, we will endeavor to obtain a better understanding of our customers' circumstances. In particular, we will strive to monitor in detail the cash flow situations of each company and work to ensure that we can make funds available as soon as risks materialize. On the other hand, it is also possible that new customer needs with respect to work-style reforms, related IT investments and digitalization could emerge and become more apparent than ever. In response, we will strive to increase orders by fully deploying our expertise and industry knowledge in digital and other advanced technologies that we have acquired through existing initiatives. In addition, we will take advantage of our key strength—the ability to build key social infrastructure—and utilize digital technologies as we work to realize a better society in the post-COVID era.

1. GDPR: General Data Protection Regulation. This applies when handling personal information in the European Union.
2. FCPA: Foreign Corrupt Practices Act. This a U.S. law aimed at preventing bribery.
3. SLA: Service-level agreement. This is an agreement on the level of service (e.g., definition, scope, content, achievement goals) between the service provider and its users.

Ensure Information Security and Protect Data Privacy

Basic Policy and Promotion System

The NTT DATA Group recognizes the importance of achieving an appropriate balance between ensuring the safety of information and the active utilization and sharing of information. We implement a wide range of measures that cover both the logical and technological aspects of information security. Logical measures include formulating rules and providing education and training in information security, while technological measures involve solutions that prevent information leaks and the adoption of thin-client computing.

To share knowledge and expertise across the entire Group, we work with domestic Group companies to host information security forums, and with overseas regional head offices to host the Global CISO Conference and other events. Through this distribution of knowledge within the Group, we are working to establish unified information security governance.

◆ Policy

The NTT DATA Group has established the NTT DATA Group Security Policy (GSP). The GSP includes a code of conduct to protect information assets from serious security breaches, such as information leakage and unauthorized access, and a code of conduct for the active utilization and sharing of information. These codes of conduct, which also apply to business partners to whom we outsource operations, help us ensure that our information assets are handled appropriately.

◆ Promotion System

Global Governance

Since fiscal 2006, the NTT DATA Group has been working diligently to secure information security based on the NTT DATA Group Security Policy (GSP), which also applies to the Group's overseas operations. Since fiscal 2012, we have been building a global framework for promoting information security, centered on the six regional head offices in North America (NDS), EMEA (EMEA), APAC (NDAP), China (NDCI), Business Solutions (itelligence), and Spain and Latin America (everis). We manage information security according to unified baselines, as well as in a flexible manner that meets the specific needs of each region.

Global Security through Collaboration

To ensure meticulous information security governance on a global scale, we manage information security through information security steering organizations at three levels: Head Office, regional head offices and individual Group companies.

The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor the progress of measures under way and take preventive measures against incidents. They also serve as task forces in times of emergency.

➢ **Information Security Governance Structure (NTT DATA)**
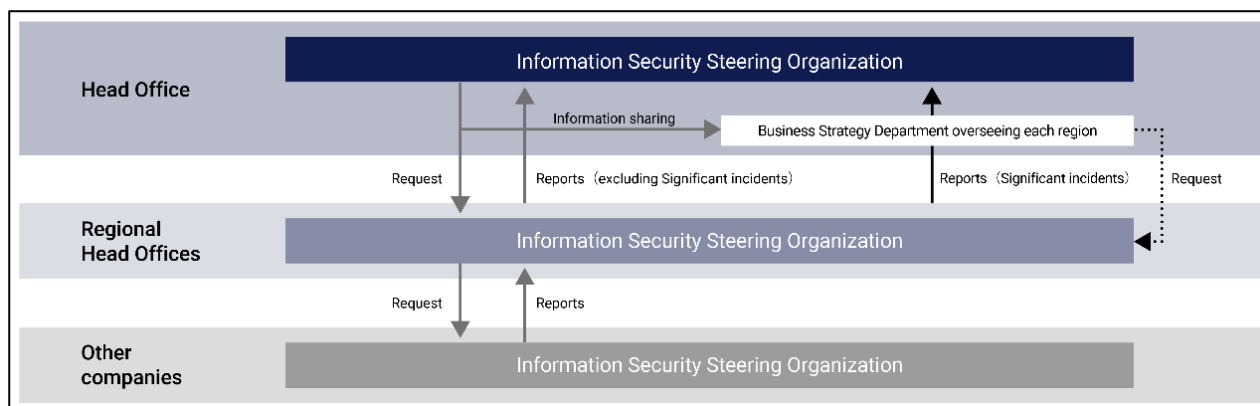
➤ **Information Security Governance Structure (NTT DATA Group)**
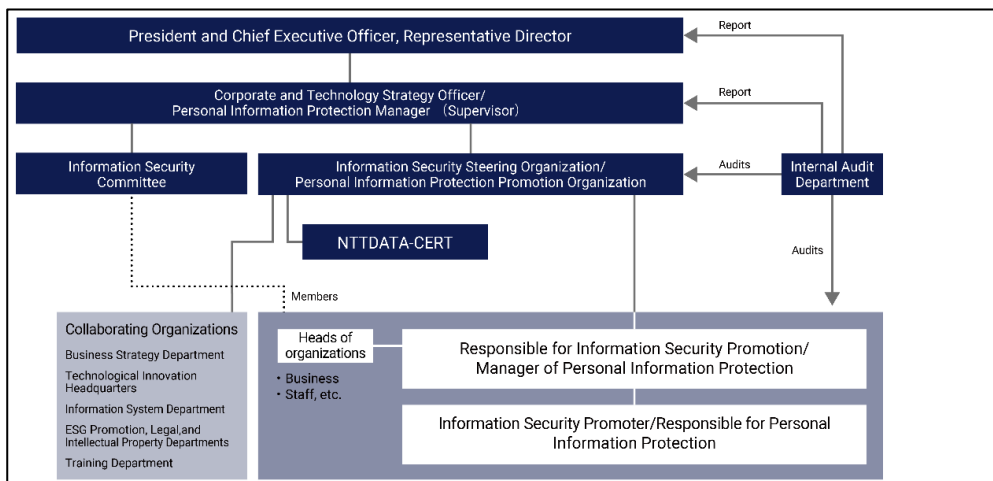
➤ **Information Security Governance: Main Systems and Initiatives**

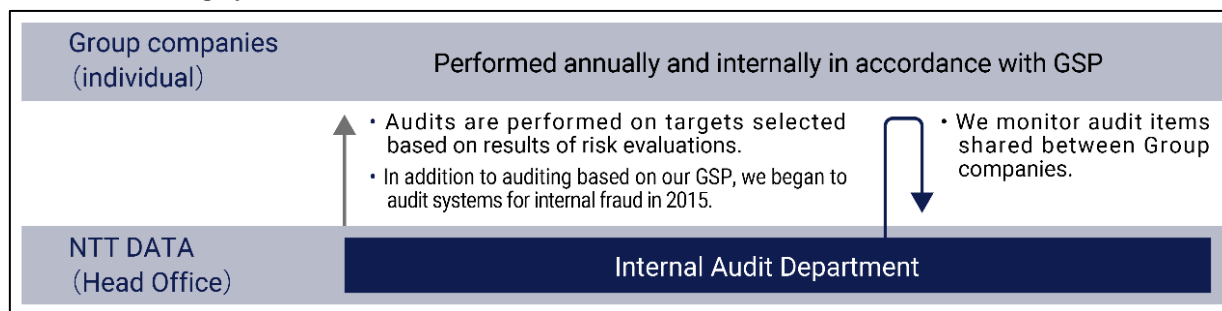|	
Director in charge of technology management and personal information protection managers (responsible persons)	We have built an information security management system with the appointment of a director to promote information security management from a companywide perspective.
Information security management organization	[Meeting body] [Evaluation/orientation] ・Information Security Committee 　This is chaired by the director in charge of technology management and consists of top managers from each business division. Its role is to understand and evaluate companywide activities and issues and determine Group information security strategies. [Organization] [Promotion/monitoring] ・Information Security Steering Organization (Head Office) 　In addition to sharing information with the regional head offices, this organization regularly monitors the control status of each regional head office and provides support for maintaining and improving control levels. ・Information Security Steering Organization (regional head offices) 　This organization builds and operates a governance system that takes into consideration the characteristics and circumstances of each region, based on a security policy and countermeasure promotion plan developed at the Head Office. ・Information Security Steering Organization (individual companies) 　This organization's role is to establish a governance system and promote information security measures based on policies and security strategies requested by regional head offices, as well as the decisions made by the information security committee of each company.
Information sharing between Group companies	・Global CISO Conference 　This forum is sponsored by NTT DATA with participation by the CISOs of each regional head office and other key persons. Its role is to strengthen information sharing and cooperation between regional offices and the Head Office. ・Information Security Promoter Forum 　This forum is sponsored by NTT DATA with participation by the CISOs and information security promotion managers of individual domestic Group companies. Its role is to share Group information security strategies and policies.

➤ **Audit and monitoring system**

Audit and monitoring system	・We established an audit/monitoring system covering domestic and overseas Group companies based on meticulous information security under the NTT DATA Group Security Policy (GSP) (since fiscal 2006). ・We promote security audits from the three perspectives listed below. We intend to focus more on addressing fraudulent activities while thoroughly implementing basic operations. 　1. Rigorous basic tasks: Check the safety management status of the organization based on the GSP and the safety management status of systems that handle personal information. 　2. Response to external fraud: Check the systematic countermeasures of Group companies to deal with increasingly sophisticated and advanced cyberattacks. 　3. Response to internal fraud: Work to prevent internal fraud and check the status of system countermeasures.

➢ **Internal Auditing System**

Group companies （individual）	Performed annually and internally in accordance with GSP

・Audits are performed on targets selected based on results of risk evaluations.
・In addition to auditing based on our GSP, we began to audit systems for internal fraud in 2015.

・We monitor audit items shared between Group companies.

NTT DATA （Head Office）	Internal Audit Department

◆ **Security Incident Prevention, Detection and Responses**

The NTT DATA Group operates NTTDATA-CERT as an organizational CSIRT to prevent the occurrence of information security incidents[1] through its day-to-day activities. NTTDATA-CERT works to detect incidents early and provide quick and appropriate emergency responses.

1. Actualization of security threats related to information management and system operation, such as computer malware infection, unauthorized access, and information leakage.

Preparing for New Security Risks

We gather, analyze and communicate wide-ranging security-related information including the newest attack methods and incident occurrences, while engaging in communication monitoring, emergency responses, research and development, and collaboration with external organizations.

Wide-Ranging Internal and External Collaborations

In addition to internal activities, the NTT DATA Group is a member of FIRST[2], a global CSIRT community. We also collaborate broadly with external security organizations, including the JPCERT Coordination Center (JPCERT/CC) and CSIRT teams from all member companies of the Nippon CSIRT Association (NCA). With these efforts, we quickly share security-related information and enable early detection and responses to security concerns.

2. Forum of Incident Response and Security Teams: A global community of more than 400 CSIRT teams from government agencies, educational institutions, corporations and the like.

CSIRT Management Utilizing OSINT

We adopt an open-source intelligence (OSINT) approach when operating NTTDATA-CERT, which involves actively utilizing information obtained lawfully through such sources as official government announcements, mass media reports, academic articles and technical materials. Information collected daily is analyzed by NTTDATA-CERT's experts, who then predict future security trends and report their findings to all NTT DATA Group companies through news briefings and quarterly reports. The information is also used for strengthening the monitoring of cyberattacks and selection of research-and-development themes for the next fiscal year. In these ways, the NTT DATA Group makes full use of the information for our security strategies and measures.

Incident Response Workshops

We hold workshops for Group companies to ensure that they can provide appropriate initial responses to onsite incidents. The workshops are based on our initial response guidelines and designed to help individual staff members understand the goals of initial incident responses and the actions they should take and deepen their knowledge regarding the targets and methods of cyberattackers through examples of incidents that occurred within the NTT DATA Group.

Information Security Strategies

For the NTT DATA Group to remain a business transformation partner for its customers, it must practice and maintain an appropriate balance between ensuring the safety of information and actively utilizing and sharing information, both of which are objectives of the NTT DATA Group Security Policy.

In fiscal 2019, we focused on the issue of improving security governance in NTT DATA's global management. Specifically, we worked to ensure the stable operation of our global security infrastructure and reliably escalate our responses to serious incidents. In addition to these activities, we stepped up our security governance efforts to better understand and methodically respond to the security risks that the NTT DATA Group faces globally.

◆ Stable Operation of Global Security Infrastructure

To prepare for cyberattacks, which are becoming increasingly sophisticated, we operate a security platform common to all NTT DATA Group companies. Using this security platform to centrally manage Internet connection points enables us to maintain a high level of security across the entire NTT DATA Group. Moreover, we can block connection points between the NTT DATA Group's domestic and overseas bases, allowing us to prevent any damage from spreading to other areas in the event of an intrusion in the network. We also have an advanced log analysis solution that enables us to detect even advanced persistent threats (APTs).

◆ Early Escalation to Address Serious Incidents

To ensure early detection and report responses in the event of a serious incident, we systematically established incident response organizations in the NTT DATA Group's domestic and overseas bases. This guarantees our ability to respond immediately to problems on site and deal with high-level incidents. In addition, we have rules within the Group that clearly define the various roles, responsibilities and reporting standards. In the event of a serious incident, this system ensures prompt reporting from NTT DATA Group domestic and overseas companies to the Head Office via regional head offices.

Note: In fiscal 2019, we received no specific complaints regarding breaches of customer privacy or loss of customer data.

◆ Improving Global Governance Maturity

The NTT DATA Group has established a protocol process for aggregating the security risks faced by each regional head office and determining security measures that should be prioritized by all global Group companies. In addition, we regularly hold a Global CISO Conference attended by all key persons including the CISOs of each regional head office to strengthen information sharing and collaboration between Group companies and the Head Office.

Results of Activities

◆ Ensuring the Security of Commercial Systems

Recently, there have been multiple incidents of illegal access to information through breaches (vulnerabilities) of information systems, resulting in personal and confidential information leaks, business disruption and other harmful outcomes. Because most illegal access makes use of known attacks against which countermeasures are available, we need to apply preventive measures for known attacks across our systems without leaving any vulnerabilities.

We share the latest trends in security technology and vulnerability information across the Group in a timely manner. When building and operating our systems, we incorporate processes to maintain the necessary level of security and establish mechanisms to enable the system to maintain that security level. We strive to continuously provide safe and secure systems and services, including by subjecting our system to regular diagnostic testing by security experts and appropriately responding to newly discovered vulnerabilities.

◆ Comprehensive Security Management to Ensure Safe and Secure System Environments

The NTT DATA Group harnesses the expertise it has gathered from its experience and track record to propose optimal solutions that reflect changes in its clients' business structure. For example, we offer global security governance frameworks that also cover client sites across the world and superior security technologies required for systems that handle important information. We also provide the latest security solutions that realize secure remote working environments to promote new work styles.

Recent years have highlighted the importance of preparing against contingencies on the assumption that protective security measures might be bypassed altogether by sophisticated targeted attacks or information leaks caused by internal misconduct. To contain and localize any damage, we must provide reliable detection of an attack and swift response and recovery. We help

reinforce the security measures of our clients by offering security consulting to identify risks and providing solutions and services for neutralizing and protecting against risks. Furthermore, we provide enhanced support services for detection, response and recovery by constructing systems, including UEBA[1], EDR[2], sandboxes[3], SIEM[4], SOC[5] and CSIRT[6], as well as monitoring system management.

1. User and entity behavior analytics: Solution for learning behaviors of people and objects at normal times by machine learning and issuing alerts when abnormal behaviors are detected.
2. Endpoint detection and response: Solution to monitor endpoints, such as PCs and servers, and enable integrated management of incident detection and subsequent response processes.
3. Solution for detecting malware by running programs within a protected virtual environment.
4. Security information and event management: Solution for detecting, analyzing and visualizing traces or signs of unauthorized access that are difficult to find by security equipment alone.
5. Security operation center IDS/IPS: A center or an organization that comprehensively monitors and manages firewalls, DB firewalls, WAFs and the like.
6. Computer security incident response team: An incident response team of computer security specialists. The team collects and analyzes information on security incidents, security-related technologies and vulnerabilities, and conducts activities that include implementing effective countermeasures and training.

◆　Information Security Training and Education

The NTT DATA Group provides information security education for employees, business partners and temporary workers. We have delivered this education and training via e-learning and classroom instruction to promote understanding of the Group's policy on the protection of personal information, the rules contained in the NTT DATA Group Security Policy and the need to be constantly aware of the importance of information security. In fiscal 2019, we continued implementing various measures to ensure that every employee rigorously takes basic actions to maintain information security.

➢ **Information Security Training Offered in Fiscal 2019**

Target	Content and Format	Participation	
All employees	Information security and personal information protection training (e-learning)	Target	100% employee completion (11,555 people)
		Achieved	100% employee completion (11,555 people)
Position based	Information security lectures (onsite learning)	Incorporated in position-based training conducted by the Human Resource Department	
	Internal security training for qualified personnel (e-learning)	Learning materials were provided online to applicable personnel.	
Business partners and temporary staff	Personal information protection introduction training and information security education (e-learning)	Target	100% of all parties registered on our company system (31,820 people)
		Achieved	100% of all parties registered on our company system (31,820 people)
	Information Security Training Handbook	Booklets available to new business partners and temporary staff via download	

➢ **Information Security Training at Key Group Companies in Fiscal 2019**

Target	Implementation Format	Participation
Group company employees, business partners, and temporary staff	GSP security training and personal information protection training (e-learning; in three languages)	Domestic Group companies (64 companies;31,306 people)

Note: In addition to the above, information security education was provided for overseas Group companies under the control of each regional head office.

➢ **Certifications Acquired**
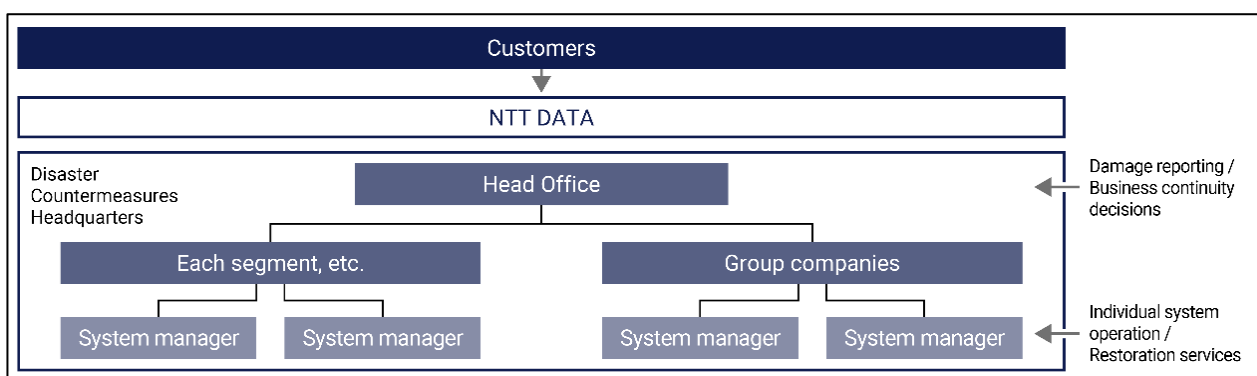
Certifications (as of March 31, 2020)	・ Information Security Management Systems (ISMS) certification: 45 companies in Japan (including NTT DATA) ・ ISO/IEC 27001: Multiple overseas Group companies (including in Europe, China and India) ・ PrivacyMark of the Japan Institute for Promotion of Digital Economy and Community (JIPDEC): 40 companies in Japan (including NTT DATA)

Respond to Disaster Risks

Basic Policy and Promotion System

The NTT DATA Group provides numerous information systems and services that support social infrastructure. If any of these systems or services go down or are interrupted in the event of a disaster, there would be serious impacts on society and people's lives. For this reason, we are developing and continuously improving business continuity plans (BCPs) to prepare for disasters, as well as contingency plans for systems and services related to social infrastructure. Most recently, we have been taking measures to prevent the spread of COVID-19 and prepare for large-scale earthquakes and other emergencies as telecommuting becomes the main way of working.

➤ **Structure for Responding to Earthquakes and Other Large-Scale Natural Disasters**

Management promotion officers	President
Management system	・The President (who is the executive responsible for disaster responses) decides the disaster countermeasure policies and actions. ・The operations manager, the general affairs manager assisting the operations manager and the head of the Disaster Response Office establish the necessary processes for disaster management and ensure the implementation and maintenance of those processes. They also spearhead planning, implementation, evaluation and continuous improvement of disaster response processes at the Head Office Disaster Response Headquarters. ・At each business division, the head of the organization is responsible for planning, implementation, evaluation and continuous improvement of disaster response processes at the disaster response headquarters of the division's head office within the scope of his/her authority and duties.
Plans and frameworks	・NTT DATA has developed disaster BCPs and contingency plans. ・Training drills to minimize disaster risk: In addition to companywide training, such as safety confirmation training for all employees and the establishment of a Head Office Disaster Response Headquarters, each organization conducts individual training according to its own requirements.
Certifications (as of March 31, 2019)	・BCMS certification according to the ISO 22301:2012 international standard. ・Proper facility maintenance of data center buildings such as power equipment, air-conditioning systems and security systems is an important foundation for information system operations. Therefore, all the Company's buildings have been certified for business continuity management. We also have systems in place to respond to incidents such as large-scale earthquakes and wide-area power outages.

Results of Activities

◆ System Failure Countermeasures Focusing on Prevention and Response

As an IT company that operates many large-scale systems that support society, the NTT DATA Group is advancing extensive system failure response measures based on the dual perspectives of prevention and response. These measures include inspections based on a comprehensive perspective in line with the Information Technology Infrastructure Library (ITIL), ISO 20000 and other standards, as well as deployment of response know-how at the time of a failure and development of IT service managers. To ensure NTT DATA and NTT DATA Group business continuity when a disaster occurs, we have formulated BCPs and regularly review education, training and business continuity planning. This is because each organization must be able to recover operations as quickly as possible and restore business to standard levels in short periods of time.

The NTT DATA Group will also continue renewing and reinforcing measures against failures caused by security breaches, which have become a growing social problem in recent years.

Ensure Compliance

Basic Policy and Promotion System

The NTT DATA Group embraces common Groupwide guidelines on ethical conduct that transcend legal compliance obligations.

We have positioned our Global Compliance Policy, which serves as the foundation of the Group's approach to corporate ethics, as a part of Our Way, and we are striving to instill the policy throughout the Group. We are also diligently spreading our Global Compliance Policy to all related parties, including executives and employees, to foster a culture of compliance with legal regulations and ethical rules, while establishing internal structures and mechanisms to instill compliance.

Each year, our Corporate Ethics Committee, which is chaired by the executive in charge of corporate management, discusses and reports on the details of compliance-related initiatives.

In fiscal 2019, we newly appointed a global compliance officer to strengthen Groupwide compliance from a more global perspective.

Compliance management promotion officer	Executive in charge of corporate management
Management system	Through the Corporate Ethics Committee, which is chaired by the executive in charge of corporate management, we monitor the status of compliance with corporate ethics and conduct investigations to identify the causes of misconduct and inappropriate behavior.

Results of Activities

◆ Compliance Assessments

The NTT DATA Group conducts compliance assessments of all employees of domestic Group companies to verify the engagement status of its compliance systems and raise awareness.

Under these assessments, employees are asked to answer around 30 questions regarding such matters as improper accounting, bribery and overtime work, and the results are analyzed statistically. By comparing yearly changes, we can identify problems and prioritize topics with many suggestions in the subsequent year's compliance training sessions. In these ways, we ensure more extensive corporate ethical awareness and stronger legal compliance.

◆ Compliance Training and Awareness

The NTT DATA Group works to steadily enhance compliance awareness among employees through various types of training. To improve issues in the workplace, we will enhance educational material content and implement rigorous training sessions for all employees.

◆ Promoting Compliance Awareness among Employees

The NTT DATA Group conducts compliance training (including e-learning) for around 39,000 employees at domestic Group companies and around 62,100 employees at overseas Group companies. We also arrange lectures on corporate ethics at position-based training sessions that are conducted as part of our promotional milestones. Our compliance-related training is tailored to the business characteristics of each organization and Group company.

Given the growing global reach of our business activities, meanwhile, we are enriching our training content to foster greater awareness about stricter anti-bribery and anti-corruption regulations in the global business community. We are also drawing attention to outsourcing contracts in view of changes to competition laws and other legal revisions. Furthermore, we provide employees with the "NTT DATA Group Ethics Guide: Learning About Compliance through Familiar Cases" to explain examples of ambiguous cases that could occur in one's daily operations, with the aim of enhancing understanding of our Global Compliance Policy. This guide is posted on our intranet site so that it can be accessed any time.

➤ **Major Compliance-Related Training in Fiscal 2019**

Name of Training Session	Number of Attendees	Ratio
Compliance IBT training (e-learning)	Approx. 39,000 (Domestic employees)	99.4%
Global Compliance Policy Training	Approx. 62,100 (Overseas employees)	97.4%
Position-based group training sessions (lectures on corporate ethics, risk management, etc.)	Approx. 3,000	97.6%

Note: Excludes some overseas Group companies whose totals were delayed due to the impact of COVID-19

Whistleblowing Systems

To maintain sound management through the early detection and correction of behavior that contravenes laws and corporate ethics, the NTT Data Group operates a "Harassment Hotline" and a "Whistle Line" to receive reports from and provide consultation to all NTT DATA Group personnel, including employees and temporary staff, as well as business partners.

◆ Operation of Whistleblowing Systems
・Always available for consultation and questions
We place utmost priority on the protection of privacy, prohibitions against unfair treatment of whistleblowers and the obligation to uphold confidentiality. We offer consultations and take inquiries regarding human rights issues in general at all times at a contact desk in the Human Rights Promotion Office of the ESG Promotion Department.
・Reporting and utilization of investigation results and content of corrective actions
Reports are sent to senior management and Audit & Supervisory Board Members for feedback.
・Raising awareness and strengthening the prevention of reoccurrence through information-sharing across the Group
We disclose the number of reports received, changes over time and other information to Group companies and conduct trend analyses of similar compliance cases. We also share information on noteworthy cases to raise attention and prevent their recurrence.
・Dealing with violations
If a violation of compliance or our regulations, such as our Global Compliance Policy and NTT DATA Group Security Policy (GSP), is found, we take disciplinary measures, including pay cuts and/or suspension of employment based on rules established by each Group company. Depending on the case, the results are reflected in personnel assessment processes and personnel changes.

◆ Achievements and Reports
In fiscal 2019, we received 94 whistleblowing reports and took disciplinary actions in four cases. Going forward, we will continue encouraging the use of our whistleblowing systems while strengthening efforts to improve our responses to similar cases.

➤ **Compliance Consultations over the Last Three Years**

Topic	FY2017	FY2018	FY2019
Number of compliance consultations	88	108	94
Number of compliance-related violations	59	83	70
Misuse of Company expenses	8	5	0
Harassment	39	62	53
Other compliance-related violations	12	16	17
No violations	29	25	24

➢ **Whistleblowing System Flow Diagram**
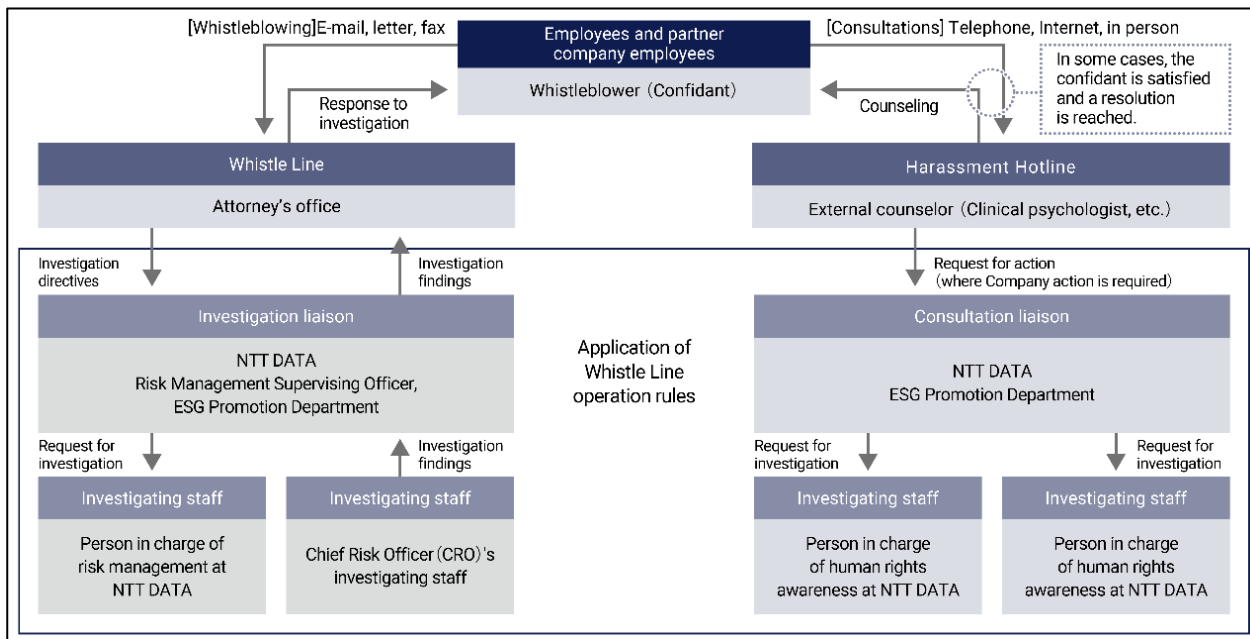
➢ **Whistle Line**
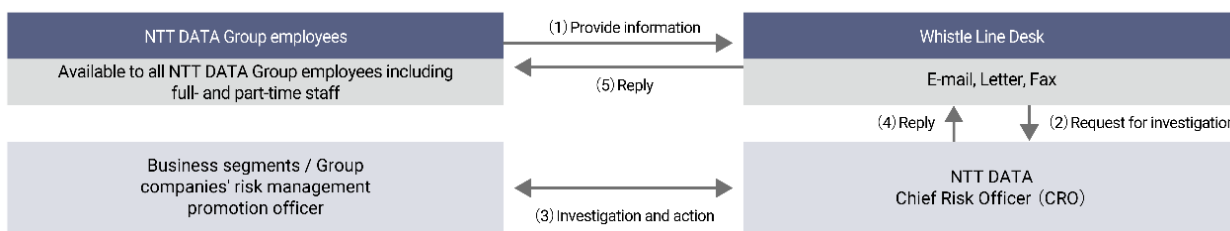
Tax Strategy

Dealing with Tax Risk

The NTT DATA Group complies with tax-related laws and regulations throughout the Group, including overseas Group companies. We established basic guidelines on tax affairs in view of the growing importance of adopting a global perspective on properly addressing and managing tax risks posed by the multinationalization of Group companies and the increase in international transactions. By extending the guidelines to domestic and overseas Group companies, including regional head offices, we aim to maintain and improve tax compliance and optimize the tax burden on the entire Group.

◆ Raising Awareness among Employees

We have established internal regulations and provide guidance on appropriate tax treatment to employees with respect to tax affairs. In addition, the NTT DATA Group (consolidated subsidiaries) has established basic guidelines on taxation and strives to rigorously observe laws and regulations and reduce tax risks through employee education, guidance and operational improvements.

◆ Relationship with Tax Authorities

We have established relationships of trust with tax authorities by providing appropriate and timely information and consulting on accounting procedures. If issues are discovered by tax authorities, we immediately work to determine their causes, except in cases that involve litigation or formal protests made regarding the actions or viewpoints of the same authorities. We then prevent recurrences by adopting appropriate corrective and reform measures.

◆ Tax Payments and Reporting

The NTT DATA Group pays appropriate taxes related to business operations in accordance with tax-related laws and regulations of each country and region. In fiscal 2019, the Group's corporate taxes amounted to ¥40,383 million, for a tax burden of 33.6% on pretax profit.

Response to Government Policies

We ensure that all political donations made in Japan are conducted in accordance with our Global Compliance Policy and our supply chain CSR procurement guidelines and in strict observance of the Political Funds Control Act. NTT DATA's total domestic political donations in fiscal 2019 amounted to ¥3.5 million.

Preventing Corruption

The NTT DATA Group takes measures to prevent corruption based on its Global Compliance Policy and rigorously complies with the laws and regulations of each country. No cases of corruption and bribery or disputes were identified in fiscal 2019.

Preventing Unfair Competition

The NTT DATA Group takes measures to prevent antitrust and anticompetitive practices based on its Global Compliance Policy and rigorously complies with the laws and regulations of each country. In Japan, we have established a set of internal rules called Fair Transaction Rules, which we are disseminating throughout the Company. We are also taking actions overseas according to local laws and regulations. No violations or disputes were identified in fiscal 2019.

Promote Responsible Supply Chain

Basic Policy and Promotion System

◆ Basic Policy

The NTT DATA Group recognizes that building mutual understanding and relationships of trust with business partners is essential for conducting fair business activities. To this end, we established our Procurement Policy and Fair Transaction Rules to ensure fair business practices.

Procurement Policy

1. We shall foster mutual understanding and build relationships of trust while providing opportunities for fair competition among our suppliers around the world.
2. We shall procure competitive products and services according to our business needs based on economic rationality and a comprehensive assessment of quality, price, delivery time and reliability.
3. Our procurement activities shall respect human rights and consider the environment in order to contribute to society, while strictly adhering to laws, regulations and social norms.

   🖥 https://www.nttdata.com/global/en/about-us/company-profile/procurement-policy

◆ Promotion System

Human rights due diligence	Every year, we assess the sustainability risks of our supply chain, including the human rights status of primary suppliers, using the NTT Group Supply Chain CSR Promotion Checklist. The checklist (a self-assessment questionnaire, or SAQ) includes 140 items covering seven areas (human rights and labor, health and safety, the environment, fair trade and ethics, quality and safety, information security and social contribution). In the area of human rights, for example, we respect freedom of association and the right to engage in collective bargaining, and we monitor our supply chain to prevent child and forced labor.
Management system	In addition to establishing and disseminating the NTT DATA Guidelines for CSR in the Supply Chain, we are working to build a sustainable supply chain by grasping the status of compliance with guideline items by conducting surveys on CSR-focused procurement.
Management classifications/methods	・We work to foster mutual understanding and build relationships of trust with business partners by appropriately monitoring and managing our supply chain. We also perform expenditure analyses of transactions with all suppliers, numbering around 1,900. ・From all transactions, we carefully screen our business partners in the key categories of software outsourcing, hardware and software procurement to identify our key suppliers (spending on transactions with key business partners accounted for around 75% of total transactions in fiscal 2019). ・Among key business partners, for software outsourcing, we have established a business partner system for conducting evaluations based on transaction volume, quality, security, management conditions and performance. Every two years, we accredit subcontracted suppliers who display excellence as business partners (BPs) or associate partners (APs). ・We also conduct objective evaluations of key business partners with respect to quality, financial health and contractual obligations, giving particular attention to their legitimacy, as part of our rigorous efforts to promote fair transactions.

Results of Activities

◆ Selecting New Suppliers

In fiscal 2019, transactions with new business partners (new suppliers selected according to environmental standards) were equivalent to 20% of all business partner transactions.

◆ Procurement-Related Survey

We conduct an annual questionnaire-based survey of suppliers related to the NTT DATA Guidelines for CSR in the Supply Chain. These guidelines stipulate that procurement must consider human rights and the environment, as well as societal requirements, such as the quality and safety assurance of products and services. In fiscal 2019, 59.4% of our business partners responded to this survey.

We also work to verify the status of various initiatives, identify problem areas and disseminate our guidelines across the supply chain.

   https://www.nttdata.com/global/en/-/media/nttdataglobal/files/sustainability/sus006_floating-content/sus005_guidelines_for_csr_supplychain.pdf

◆ Procurement Policy Dissemination

NTT DATA publishes its Procurement Policy on its website as a basic guide for procurement transactions. We aim to actively promote and instill fair transactions by setting up internal rules, including procedures for properly implementing procurement contracts. In May 1997, we created our Fair Transaction Rules as a compilation of laws, regulations, rules and codes of conduct that must be followed in transactions and contracts with customers and business partners. We have since revised our Fair Transaction Rules periodically to reflect changes in laws and regulations.

◆ Communication with Business Partners

Every year, NTT Data conducts reciprocal evaluations and interviews with key suppliers of outsourced software in order to deepen mutual understanding, improve the quality of software development and prevent contractual problems from occurring. To forge sound relationships with our business partner (BP) companies, we hold a Core BP Presidents' Meeting and a BP Presidents' Meeting each year attended by the heads of our BP companies.

In October 2019, we held a Core BP Presidents' Meeting that was attended by representatives of our Core BP companies. At this meeting, we held lively discussions regarding the current state of NTT DATA, its management policies, trends in cutting-edge technologies and the capabilities expected of digital professionals.

Representatives from 43 companies, including the five Core BP Companies, attended the BP Presidents' Meeting in December 2019. At the meeting, they shared information and discussed topics that included NTT DATA's management policies; trends regarding target growth in the public, financial and corporate sectors; software outsourcing policies; results of mutual evaluations; and the need for rigorous efforts on compliance and information security.

◆ Forging Win-Win Relationships

We believe that forging solid collaborative relationships with our BP companies, including with respect to ESG, helps us deliver a broad range of benefits, such as appropriate pricing, efficient operations, strict compliance and information security.

By developing favorable relationships with BP companies, we help them attract talented human resources and improve productivity and quality, which in turn leads to improved competitiveness of our entire supply chain. Particularly for BP companies with similar business profiles, we work to maintain highly competitive development capabilities by building good relationships with specific partners, improving the efficiency of various procedures and sharing expertise.

Brand Management

Basic Policy and Promotion System

In advancing its global business, the NTT DATA Group conducts PR activities and surveys to earn proper recognition for its corporate brand.

◆ Policy on Branding Activities

In view of our business history, we have formulated separate policies for corporate branding activities in Japan and overseas.

1. Overseas (global market)
   Given that NTT DATA's recognition rate remains low overseas, we will develop activities to promote the Company's name and business activities with the aim of improving recognition.
2. Japan (domestic market)
   We will further enhance the understanding of and affinity for NTT DATA while aiming to improve our corporate value and brand image through co-creation with customers using our latest technologies.

Results of Activities

◆ NTT DATA Brand Awareness Surveys

We conduct surveys on the brand awareness level of NTT DATA in nine key countries to monitor the level of awareness, understanding of our business and development of our corporate image. These surveys are conducted in key countries in the four global regions where we have regional head offices. While considering the characteristics of each market, the surveys provide data on the level of awareness, which is an important basic measure for planning our business activities. In conducting the surveys, we also monitor differences between NTT DATA and competitors so that survey results can be more effectively utilized in our business development.

➤ **NTT DATA Brand Awareness among IT Professionals in Major Global Markets* (2019, according to NTT DATA's research)**
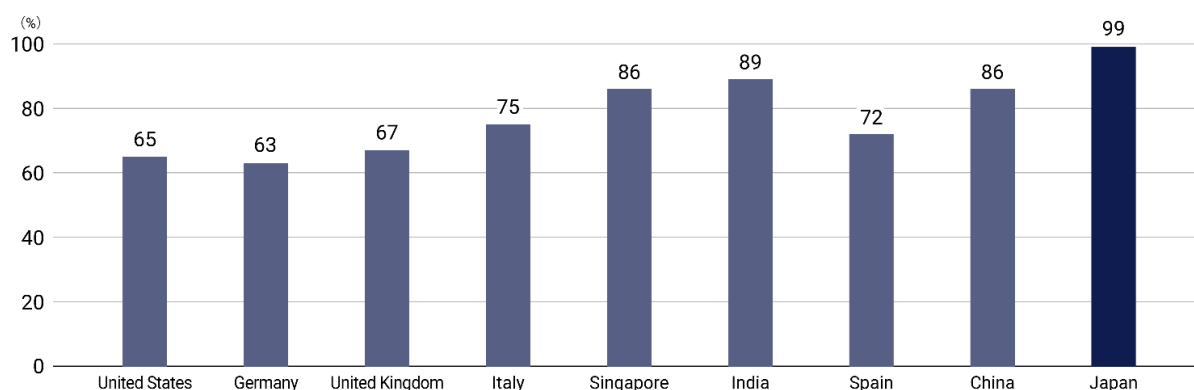
*Percentage of respondents who indicated that they had seen or heard NTT DATA's company name before.

◆ Advertising or Marketing Offenses

NTT DATA was not involved in any offenses related to the Act against Unjustifiable Premiums and Misleading Representations in fiscal 2019.

Contents

Environment

Environmental Management

To entrench business operations with an emphasis on the environment and continue pursuing environmental activities, we need to build environmental management frameworks across the Group and create a foundation for promoting action.

With this in mind, we have established an environmental management system and are pursuing activities based on a PDCA cycle.

Basic Policy

◆ Our Approach to the Environment

The NTT DATA Group commenced its environmental activities in 1998 when it established its environmental management system, then announced its Environmental Policies in July 1999. In the same month, we acquired ISO 14001 certification, an international standard for environmental management systems, and have been pursuing environmental activities ever since.

Based on our approach of "using IT to resolve environmental problems," we will not only reduce the environmental impact of our business activities but also provide environmentally conscious systems and services as an information service provider. We place top priority on reducing the environmental impacts of society. As a member of the NTT Group, we engage in activities related to the NTT Group's "Environment and Energy Vision: Zero Environmental Impact." Furthermore, we are working to achieve our SBT[1]-certified greenhouse gas emission reduction targets and comply with guidelines set by the TCFD[2].

1. Science-based targets (SBT): Science-based greenhouse gas emission reduction targets in accordance with the Paris Agreement.
2. Task Force on Climate-related Financial Disclosures (TCFD): This privately led task force focuses on securing the disclosure of climate-related financial information and was established under the Financial Stability Board at the request of the G20's ministers of finance and central bank governors.

◆ Environmental Policies of the NTT DATA Group

We believe that, given the increasingly serious nature of global environmental problems, we must address these as management issues and work toward contributions that resolve the environmental problems facing the world and society.

The NTT DATA Group, which applies IT to create new paradigms, contributes to environmental protection by providing systems and solutions that can replace or alleviate the need for actual movement of people and goods. At the same time, recognizing the major impact of business activities on the environment, we are promoting an ongoing and planned approach to environmental protection so as to realize a society that is in harmony with the earth but enjoys the abundance of modern life.

1. Environmental Considerations in Conducting Business

The NTT DATA Group is working to lessen the environmental impact of its business activities, setting quantitative goals and targets to the extent possible, and reviewing these periodically as part of an ongoing betterment program.

(1) We are promoting environmentally responsible system development.

(2) We are actively carrying out green purchasing.

(3) We are working to prevent pollution and limit resource use, by implementing policies for saving resources and energy, promoting reuse and recycling, and reducing waste.

2. Meeting Legal Obligations

In carrying out business activities, we observe all applicable environment-related laws and other agreements and obligations.

3. Raising Awareness

Through environmental education and environmental and social contribution activities for our employees and partners, we are enhancing and boosting recognition of environmental awareness activities.

4. Promoting Communications

We work proactively to promote environmental communications to stakeholders both within and outside the NTT DATA Group.

June 2018

Yo Honma,
President and Chief Executive Officer

◆ Action Plans

The NTT DATA Group promotes environmental management that helps resolve environmental issues directly facing the earth and human society based on its three action plans, which are rooted in its Environmental Policies.

＜Greening of customers and society＞
- ■ Contribute to the greening of our clients and society through IT
- ・Promote the visualization of environmental impact assessments of the systems and solutions provided by the NTT DATA Group
- ・Help reduce the environmental impacts of society by promoting the creation and proliferation of environmental solutions

＜Greening of the NTT DATA Group＞
- ■ Contribute to the global environment by promoting the greening of the NTT DATA Group
- ・Steadily reduce our CO_2 emissions by improving the efficiency and operations of our data centers while introducing hot-desking and other workstyle innovations
- ・Implement systematic cuts to paper usage and waste volume

＜Becoming an environmentally advanced entity＞
- ■ Encourage each employee to think about the environment and make his/her own active contributions.
- ・Pursue environmental and social contribution activities across multiple fields through organizational and individual efforts
- ・Promote proactive environmental communication inside and outside the Group

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Environmental Targets

◆ Greenhouse Gas Emission Reduction Targets and SBT Certification

The NTT DATA Group has established greenhouse gas emission reduction targets for the year 2030 and obtained certification from the SBT[1] initiative. We have set a 1.5°C target for both Scope 1 and Scope 2 emissions.[2]

Addressing climate change is one of the key ESG priorities set forth in the ESG Management section of the NTT DATA Group's Medium-Term Management Plan (fiscal 2019–2021). To date, the Group has reduced greenhouse gas emissions in society by promoting green IT solutions. We have also continued reducing greenhouse gas emissions at our own facilities, including our Green Data Center®.

→See "Addressing Climate Change" for more details.

1. The science-based targets (SBT) are aimed at keeping the temperature increase below 2°C compared with pre-industrial temperatures.
2. Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes)
   Scope 2: Indirect emissions from the use of electricity, heat or steam supplied by other companies
   Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the activities of an entity)

To achieve our 1.5°C target, we will continue with existing initiatives and pursue various others. These include using the latest technologies to further conserve energy at our data centers, expanding the use of renewables and taking measures to reduce greenhouse gas emissions throughout the supply chain. In these ways, we will step up our responses to climate change issues in our business and corporate activities and help realize a sustainable society.

NTT DATA Group's Greenhouse Gas Emission Reduction Targets	
Scope 1 and Scope 2[2]	60% reduction by FY2030 from FY2016 (1.5℃ target)
Scope 3[2]	55% reduction by FY2030 from FY2016

◆ Medium-Term Targets

The NTT DATA Group establishes three-year medium-term targets and reviews those targets each fiscal year against results.

Since fiscal 2009, we have set targets under our three action plans designed to promote the greening of customers and society, the greening of our Group, and environmental contribution and communication. We are also broadening the scope of data collection for some achievements in line with the expansion of environmental management.

➢ Three-Year Medium-Term Targets and Achievements

Scope	Target Definitions	Base Value (Base fiscal year)	FY2019 Targets	FY2019 Value	Results	Base Value (Base fiscal year)	FY2020 Targets	FY2021 Targets	FY2022 Targets
Reduce the environmental impact of society through the promotion of green IT[1]	The NTT DATA Group's contribution to reducing CO_2 emissions in society will be at least X times more than the amount of its own emissions	—	4 times or more	5.0 times	○	—	4 times or more	4 times or more	4 times or more
Reduce greenhouse gas (GHG) emissions[2][3]	GHG emissions (Scope 1 and 2) ☑	244,081 t-CO_2e (FY2013)	5% increase or less (256,285 t-CO_2e or less)	12% reduction (214,098 t-CO_2e)	○	—	25% reduction or more	28% reduction or more	32% reduction or more
Reduce the amount of copy paper purchased[4]	Amount of copy paper purchased (Gross amount calculated on a number-of-sheets basis)	201.22 million sheets (FY2013)	4% reduction or more (193.17 million or less)	44.3% reduction (111.990 million or less)	○	—	Fewer than previous fiscal year's results	Fewer than previous fiscal year's results	Fewer than previous fiscal year's results
Reduce the amount of waste for final disposal[4][5]	Amount of waste for final disposal (Gross amount : t)	207t (FY2013)	80% reduction or more (41 t or less)	95% reduction (10.5t)	○	207t (FY2013)	90% reduction or more	90% reduction or more	90% reduction or more
	Ratio of waste for final disposal (Final disposal amount/total amount of waste)	—	1.0% or less	0.23%	○	—	1.0% or less	1.0% or less	1.0% or less
Social and environmental contribution activities[4]	Number of participants	−	4,700	6,466	○	—	4,800 or more	4,800 or more	4,800 or more

1. Scope of data collection: Target for NTT DATA an integrated ISO 14001 Group certification company, and a total of 30 Group companies. NTT DATA and 72 group companies (domestic only)
2. Base of value of FY 2013 was recalculated with NTT DATA, an integrated ISO 14001 Group certification company, and a total of 29 group companies upon setting the target of 2018. FY 2019 target follows the base value, scope of data collection wad expanded including NTT DATA and a total 72 group companies.(domestic only)
3. Scope of data collection: Targets from FY2020 onward and value (base value) of FY 2016 and consolidated figures of NTT DATA Group companies (including inside and outside Japan).
4. Scope of data collection: NTT DATA and 30 group companies that have acquired ISO 14001 group integrated certification for both targets and results (including base value)
5. Figures exclude the effective use of thermal energy (thermal recycling) generated by incineration at the time of final disposal.

[Reference] "The Eco Strategy 2030" (Medium-Term Targets of the NTT Group)

The NTT Group established "The Eco Strategy 2030" with targets for its environmental efforts for the period up to fiscal 2030. As a member of the NTT Group, the NTT DATA Group will also pursue initiatives under The Eco Strategy 2030.

NTT Group's "The Eco Strategy 2030"	
Realizing a Low Carbon Future	We will contribute to reducing the CO_2 emissions of society by at least 10 times more than the NTT Group's own emissions.
	We will raise power efficiency per data transmission in our telecommunications businesses by at least 10 times compared to fiscal 2014 levels.
	We will play our part in adapting to climate change by actively promoting initiatives through all our activities and by collaborating with our stakeholders.
Implementing Closed Loop Recycling	We will achieve zero emissions* with regard to the final disposal rate for waste discharged from the NTT Group.
Planning a Future of Natural Harmony	We will play our part in preserving ecosystems by actively promoting initiatives through all our activities and by collaborating with our stakeholders.

Environmental Management System: ISO 14001 Certification

◆ Environmental Management System and Continuous Improvement Activities Based on the ISO 14001 Standard

In 1999, NTT DATA acquired ISO 14001 certification, the international standard for environmental management systems.

Since 2004, we have acquired integrated Group certification, including for some domestic Group companies, and have built a cross-Group environmental management system (Group EMS).

These efforts are spearheaded by the Eco Activity Promotion Committee and the Eco Activity Liaison Committee, under which the chairperson of the Eco Activity Promotion Committee conducts management reviews twice a year to approve targets and confirm progress. In addition, the Eco Activity Liaison Committee meets several times a year to communicate with Group organizations and resolve issues through the PDCA cycle. It also works to strengthen the Group's environmental management system by appointing environmental promoters at Group companies that have not yet acquired ISO 14001 certification.

In July 2019, the role of Environmental Management Promotion Office was taken over by the Sustainability Group within the ESG Promotion Department to promote sustainable initiatives in the long term and strengthen cooperation with related departments.

➤ **Environmental Activity Organization for ISO 14001 Certified Group Integrated Companies**
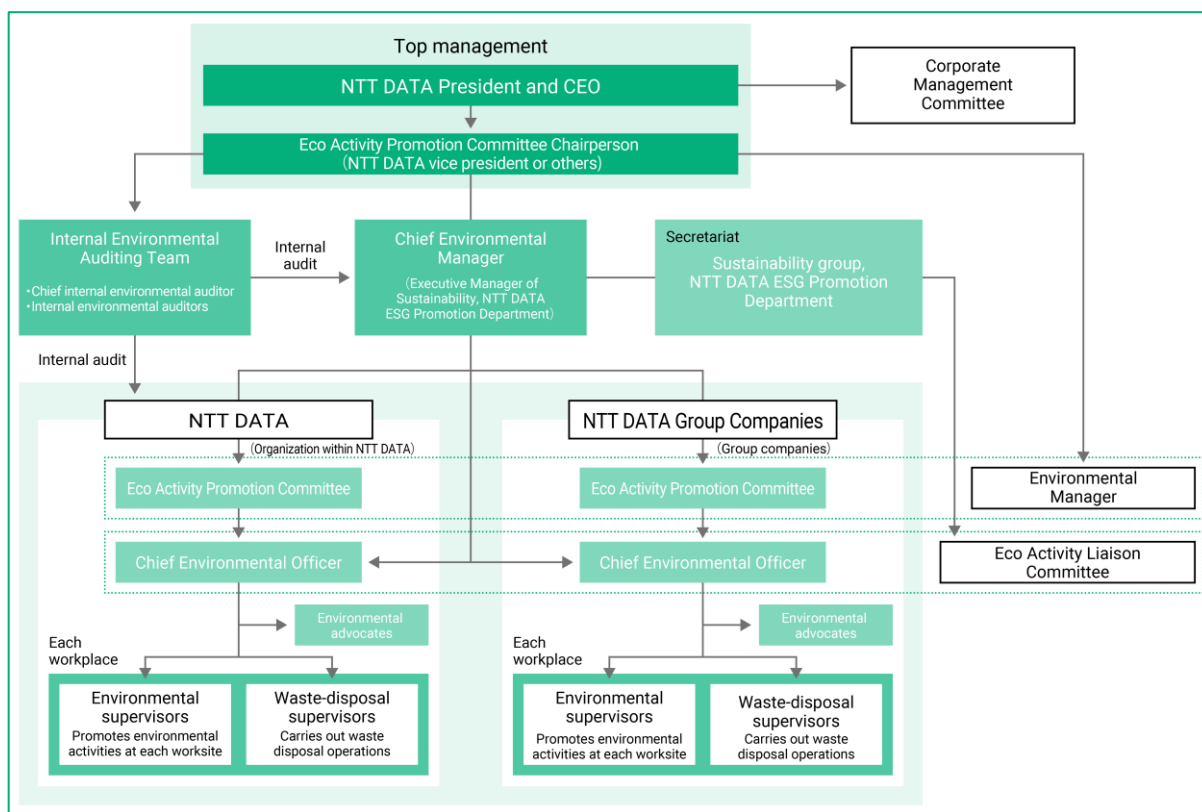
◆ Acquiring ISO 14001 Certification

As of August 31, 2020, a total of 35 Group companies, including NTT DATA, had attained ISO 14001 certification. Of this total, 30 companies acquired Group integrated certification, whereas five companies gained independent certification. As a result, the environmental management system's coverage rate of sales totaled 64%, with 51% by Group integrated certification and 13% by independent certification.

The environmental management system of each company is audited annually by an auditing organization to maintain ongoing certification.

➤ Status of ISO 14001 Certification (as of August 2020)

NTT DATA Group Entities That Have Acquired Certification	
NTT DATA Corporation	NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.
NTT DATA HOKKAIDO Corporation	NTT DATA CCS CORPORATION (Head Office, data center)
NTT DATA TOHOKU Corporation	JSOL Corporation (Tokyo Head Office)
NTT DATA SHINETSU Corporation	NTT DATA SYSTEM TECHNOLOGIES INC.
NTT DATA TOKAI Corporation	NTT DATA SEKISUI SYSTEMS Corporation (Osaka Head Office, Tokyo Head Office)
NTT DATA HOKURIKU Corporation	NTT DATA INTELLILINK Corporation
NTT DATA KANSAI Corporation	NTT DATA SOFIA Corporation
NTT DATA CHUGOKU Corporation	NTT DATA DAICHI Corporation
NTT DATA SHIKOKU Corporation	DACS Co., Ltd. (Head Office, Tokyo Branch, Osaka Data Center, BPO Center)
NTT DATA KYUSHU Corporation	NTT DATA BUSINESS SYSTEMS Corporation
NTT DATA i Corporation	NTT DATA FINANCIAL CORE Corporation
NTT DATA WAVE Corporation	NTT DATA FRONTIER Corporation
NTT DATA SMS Corporation	NTT DATA MANAGEMENT SERVICE Corporation (Head Office, Tokai Branch, Kansai Branch)
NTT DATA CUSTOMER SERVICE Corporation (Head Office)	NTT DATA UNIVERSITY Corporation
NTT DATA NJK Corporation	XNET Corporation
NTT DATA Group Entities That Have Acquired Certification Independently	
Japan Information Processing Service Co., Ltd. (JIP)	NTT DATA UK Limited
NTT DATA MSE CORPORATION	NTT DATA Rumania S.A
	Everis Participaciones, S.L.U.

◆ Internal Environmental Audits

NTT DATA Group companies that have acquired ISO 14001 certification periodically conduct internal environmental audits to confirm conformance with ISO 14001 specifications and PDCA cycle functionality.

For internal audits of Group EMS organizations, in fiscal 2019 we conducted actual audits that were performed by external experts and internal environmental auditors from organizations other than the ones being audited. In addition, internal environmental auditors conducted environmental audits of their own organizations on a self-audit basis. We hold meetings before and after audits to confirm audit items and the status of Groupwide environmental management systems, as well as to share examples of recommended organizational activities and areas for subsequent improvement. In these ways, we work continuously to improve the Group's environmental protection activities.

NTT DATA Group EMS organizations are required to elect at least one internal auditor. With the expansion of Group companies that have acquired ISO 14001 certification, we have upgraded our audit system, which now includes 105 internal environmental auditors (as of August 31, 2020).

Selected internal auditors are invited to participate as members of audit teams in the internal audits of other organizations, so that they can learn about the sound activities of such organizations and utilize them in their own activities.

To implement more appropriate and effective internal environmental audits, our internal environmental auditors share their expertise with each other. We also actively foster internal environmental auditors to improve their medium- to long-term capabilities by, for example, holding study sessions with outside experts.

➤ Results of Internal Environmental Audits for Fiscal 2019

Implementation Period	Actual audits: July 5–31, 2019; Self-audits: Coordinated by Each Organization
Target organization/company	NTT DATA: Actual audits: 11 organizations; Self-audits: 5 organizations
	Group companies: Actual audits: 13 companies
Audit results	Actual audits: 3 serious cases, 8 minor cases, 31 cases of room for improvement, 37 recommendations
	Self-audits: 4 serious cases, 10 minor cases, 54 cases of room for improvement, 11 recommendations

Compliance with Laws and Regulations

We determine items that require monitoring and measurement with respect to various laws and regulations, including Japan's Law Concerning the Rational Use of Energy (Energy Conservation Act) and the Waste Management and Public Cleansing Law, while periodically confirming the status of compliance. Moreover, we address the need to monitor, measure and report on the volume of CO_2 emissions in accordance with Japan's Law Concerning the Promotion of Measures to Cope with Global Warming and the Ordinance on Environmental Protection issued by the Tokyo Metropolitan Government. Furthermore, in fiscal 2019 we committed no violations of environmental regulations.

➢ **Major Laws and Regulations and the Scope and Number of Facilities Impacted in Fiscal 2019**

Major Laws and Regulations	Target Items	Number of Facilities Impacted
Energy Conservation Act	Facilities using 3,000 kl/year or more (crude oil equivalent)	12
	Facilities using 1,500 kl/year or more (crude oil equivalent)	4
Air Pollution Control Act	Smoke-generating facilities	4
Water Quality Pollution Control Act	Number of oil storage and other facilities	60
Sewerage Service Act	Facilities generating 50 m³ or more of wastewater per day	3

Environmental Education

◆ Business- and Role-Specific Environmental Education

The NTT DATA Group provides "ESG training" for all employees in Japan using e-learning to promote understanding of the importance of ESG, including environmental activities. For the Group's EMS organizations, we have an e-learning program that includes a course for environmental managers, environmental advocates and environmental supervisors, as well as a course for waste-disposal supervisors. We also provide added training tailored to the attributes of each workplace.

In fiscal 2019, we introduced some examples of how we have contributed to the achievement of SDGs through our business activities. These examples provided opportunities for individual employees to think about their relevance to their work and embrace issues as personal challenges. Overseas, we are addressing issues according to the circumstances of each country.

➢ **Number of Employees Who Took e-learning Courses in Fiscal 2019**

Name of Training Session	Number of Participants
ESG training	38,800
Course for environmental managers, environmental advocates and environmental supervisors	691
Course for waste-disposal supervisors	675

Environmental Contribution and Communication

◆ Social and Environmental Contribution Activities

To promote awareness activities set forth in the NTT DATA Group's environmental policies, we strive to raise awareness about environmental issues by educating our employees and temporary staff through social and environmental contribution activities. To encourage participation in these activities across all Group organizations, we have set yearly targets for participation numbers continuously since fiscal 2010.

In fiscal 2019, a total of 6,466 employees participated in these activities thanks to information sharing by each Group company and active promotional initiatives.

In fiscal 2020, the COVID-19 crisis has made it difficult to carry out our traditional activities, but we are exploring various activities at each workplace.

Respond to Climate Change

The rising concentration of greenhouse gases and other factors are impacting the climate in various ways, resulting in the increased severity and frequency of natural disasters, such as typhoons and floods, while significantly affecting everyday life across society and industry. In December 2015, the Paris Agreement, a new international framework for global warming countermeasures beyond 2020, was adopted at the 2015 UN Climate Change Conference (COP21) and came into effect in November 2016. Addressing climate change was also included as one of the Sustainable Development Goals (SDGs) adopted by the UN General Assembly in September 2015. As illustrated by these developments, responding to climate change in terms of mitigation and adaptation has gained even greater significance as a common global concern. The NTT DATA Group is pursuing strategic initiatives through its business with the intention of more effectively addressing climate change.

TCFD Recommendations	Disclosure Section (Page)
[Governance] Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the Board of Directors' oversight of climate-related risks and opportunities.	Governance (p. 51)
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance (p. 51)
[Strategy] Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long terms.	Risks and Opportunities (pp. 53–60)
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Impact on Business Strategy (pp. 51–52)
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	—
[Risk management] Disclose how the organization identifies, assesses and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Risks and Opportunities (pp. 53–60)
b) Describe the organization's processes for managing climate-related risks.	Risks and Opportunities (pp. 53–60)
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Prioritization of Risks (p. 51)
[Metrics and targets] Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Prioritization of Risks (p. 51)
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Managing Greenhouse Gas Emissions across the Value Chain (p. 61)
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against those targets.	Environmental Targets (pp. 45–46)

Note: Prepared by the Company based on the Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report), 2017, page 14.

Governance (Climate-Related Controls)

The Representative Director and Senior Executive Vice President, who serves as the Eco Activity Promotion Committee Chairperson and manager of core corporate activities—including business strategy, risk management and IR—has the highest executive responsibility for climate change matters. The Chairperson (concurrently holding the post of Chief Risk Officer) semiannually checks risk management related to climate change as part of Companywide risk management. The Sustainability Group is responsible for the specific assessment of climate change risks and opportunities and strategic planning.

The Sustainability Group evaluates the business and financial impact of regulatory trends (including carbon taxes, purchase schemes for renewable energy and cap-and-trade systems) and physical effects (including abnormal weather and average temperature increases). It also monitors the progress of measures to address risks and opportunities deemed by the team as material as a result of evaluations and analyzes the targets and results of environmental load measurements (energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes and water usage). The results of these evaluations and analyses are reported to the Chairperson of the Eco Activity Promotion Committee. The Chairperson then proposes critical matters for consideration to the Board of Directors, where discussions are held regarding possible response measures. In fiscal 2019–2020, we set our 1.5°C SBT target. Also, climate-related physical risks are listed in Companywide risk management as "particularly material risks" and transitional risks as "material risks" in our annual securities report.

◆ Activities of Each Facility

The Facility Management Division, an organization specializing in architectural design, compiles information on environmental impact indicators for each data center and office (energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes and water usage), the status of energy conservation measures and regulatory trends at the local government level, and reports its findings to the Sustainability Group. If the team deems that any reported matter would likely significantly impact the Company's business, it reports this matter to the Chairperson of the Eco Activity Promotion Committee. The Chairperson then proposes critical matters for consideration to the Board of Directors, where discussions are held regarding possible response measures.

Climate Change Strategy

◆ Prioritization of Risks

The Internal Control Promotion Committee, which is responsible for Companywide risk management, identifies about 40 business-related risks at the Head Office, regional head offices and individual Group companies. The committee then evaluates each risk identified using a matrix with one axis being the magnitude of impact (very large, large, medium, small) and the other axis being the probability of occurrence (very high, high, medium, low). Risks with very large/large impact and very high/high/medium probability, or risks with very large/large/medium impact and very high/high probability are defined as "material risks" and prioritized by each company around the globe. In addition, risks determined to potentially impact the entire Group are defined as global-control risks and are managed thoroughly on a Groupwide basis. Risks determined by each regional head office as material risks are defined as "region-control risks" and undergo an evaluation and improvement cycle based on the progress of measures, risk occurrence status and other conditions. Under this Groupwide risk management system, climate change risks are categorized as "region-control risks" faced by multiple companies.

◆ **Impact on Business Strategy**

In assessing how climate-related risks and opportunities affect its business strategies and financial plans, the Group considers four main factors. The details of these factors are represented in the climate-related risks and opportunities described below, as they are also subject to impacts.

Area Impacted	Overview
Products and services	Due to the nature of our customer base, which includes government agencies that promote the TCFD and financial institutions that support the TCFD, we are susceptible to market preferences from governments and financial institutions that seek to address climate change. We expect the impacts to result in increased opportunities for the following services. ・Cloud services (including shared services) ・Green data centers ・IoT services (such as smart meters)
Supply chain	Abnormal weather events (such as large typhoons, floods, heat waves and torrential rains) could cause damage to our suppliers, which might make us unable to provide our data centers with hardware and other equipment.
Technologies	Given the nature of our company as a provider of systems that support social infrastructure, we see increasing opportunities for products and services to respond to climate change stemming from changes in technology and markets. Accordingly, we are increasing investments in cutting-edge technologies and innovations, such as smart cities and AI technology, as well as in production technology innovation to enable faster system development, higher quality and the construction of cloud computing platforms for the shift to cloud computing and digitalization.
Operations	The Paris Agreement aims to realize a society with zero CO_2 emissions after 2050. Given the nature of the Group's business, with around 95% of Scope 1 and 2 emissions coming from electricity use, we assume that we will need to procure electricity from renewable energy sources to continue our business. In addition, the risk of increased operational costs at our data centers due to the Tokyo Cap-and-Trade Program, which obliges energy consumers in Tokyo to reduce CO_2 emissions, is expected to have a significant impact on our overall business. We also factor in the risk of rising energy costs associated with greater air-conditioning requirements in data centers as average temperatures increase.

Risks and Opportunities

◆ Transitional Risks (Regulations)

Compliance with climate change regulations presents transitional risks of increased costs for actions, such as facility upgrades and additional operational functions.

Risk 1: Increase in energy costs in Japan caused by the shift to renewable energy		Time horizon: Long term
To comply with the Paris Agreement, we will need to procure electricity from renewable energy sources to continue our business.		
Assumed business and financial impacts	Given the nature of the Group's business, in which electricity usage accounts for nearly all its CO_2 emissions, we assume that we will need to procure electricity from renewable energy sources to continue our business. However, this is difficult to achieve due to the low current potential for renewable energy generation in Japan and the nation's underdeveloped certificate trading system. Also, there are concerns that domestic regulations will be substantially strengthened, increasing the cost burden associated with CO_2 emissions and seriously hindering business continuity. If we were forced to switch to renewable energy all at once at current electric power consumption levels, the estimated cost increase would be at least ¥2.8 billion.	
Measures and costs	To address these types of risks, the NTT DATA Group has been installing renewable energy–based private power generation equipment at its buildings. In March 2018, for example, we completed construction of Mitaka Data Center EAST, which incorporates an outside air-cooling system that utilizes photovoltaic power generation and natural energy (outdoor air during the spring, fall and winter), bringing our total number of buildings with photovoltaic power equipment to three. We have also installed solar power generation in around 17% of our own buildings in Japan. Moreover, two of our other buildings are utilizing low-carbon energy by participating in district heating and cooling (DHC) systems. Installation costs for renewable energy–based private power generation equipment (excluding the costs at Mitaka Data Center EAST) and DHC system participation costs at our other two buildings add up to roughly ¥800 million. DHC systems help reduce carbon emissions by consolidating high-efficiency heating and cooling equipment in single regional locations, eliminating the need for surplus energy that would otherwise be generated by individual equipment. We will continue gradually transitioning to renewable and other low-carbon energy sources to meet our 1.5°C SBT target. Our current renewable energy generation capacity is 176 MWh.	

Risk 2: Increased cost of complying with Tokyo Cap-and-Trade Program regulations		Time horizon: Medium term
Operational costs will increase as we reduce total CO_2 emissions to comply with Tokyo Cap-and-Trade Program regulations.		
Assumed business and financial impacts	Under the Tokyo Metropolitan Ordinance on Environmental Preservation, large facilities are required to reduce total CO_2 emissions from energy usage and to participate in a cap-and-trade program of emission trading. A total of seven NTT DATA Group buildings in Tokyo are subject to the ordinance, which presents the risk of increased operating costs of measures to comply with the ordinance. We estimate that if we purchased in full the amount of renewable energy needed to achieve our emission target for the third compliance period of the ordinance (fiscal 2020–2024), the cost burden would be around ¥330 million. (Calculations for the third compliance period are based on the need to purchase 550,000 $t\text{-}CO_2$ of credits (certificates) priced at ¥600/$t\text{-}CO_2$. However, we expect to able to partly offset these costs against surpluses from the second compliance period.)	
Measures and costs	To manage this risk, we are upgrading to highly efficient electrical and air-conditioning equipment and taking measures to enhance operation of air-conditioning, lighting and other shared facilities. The total estimated cost for equipment upgrades and operational improvement at NTT DATA's seven buildings in Tokyo in fiscal 2019 was around ¥500 million. As a result of these efforts, total CO_2 reductions for fiscal 2019 were 48,996 $t\text{-}CO_2$, for a reduction rate of around 32%.	

◆ Physical Risks

With regard to the physical impact caused by climate change, there is a risk that abnormal weather events, such as large typhoons, flooding, heat waves and torrential rains, could shut down the power supply to data centers, while flooding and lightning could halt operations at data centers.

Risk 3: Data center shutdown due to abnormal weather		Time horizon: Short term
Large typhoons, floods, heat waves, torrential rains and other abnormal weather events increase the risk of data center operational shutdown due to power outages, flooding and lightning strikes.		
Assumed business and financial impacts	Some 50% or more of the NTT DATA Group's sales are connected to its data centers, and its main data centers are located on middle latitudes in the northern hemisphere, which are frequently experiencing heavy rainfall due to climate change. Due to these unique characteristics, the suspension of operations at our data centers could have severe impacts on our business and could negatively impact large-scale systems that support social infrastructure, such as financial and medical services. Accordingly, operational suspensions at our data centers carry the risk of causing enormous damage to society at large. With these factors in mind, the NTT DATA Group has equipped its data centers with in-house emergency generators in readiness for power outages. However, if these generators, which are located underground, stop operating due to flooding, there is a risk that our data center business continuity could be jeopardized. Operation of our data centers could also be interrupted by equipment malfunctions caused by lightning strikes. One day of operational suspension would result in approximately ¥3.2 billion in lost sales (calculated based on the daily sales rates of services provided through our data centers). In reality, we would suffer further damage, such as a decline in trust, so this figure is actually the minimum estimated value.	
Measures and costs	We have been taking various measures to avoid these risks, such as 1) identifying and implementing flood prevention works at data centers where basements present high flood risk based on municipal hazard maps, 2) establishing backup data centers in multiple locations and 3) replacing lightning rods at 15 NTT DATA buildings nationwide. In fiscal 2017, we conducted BCP drills in preparation for disasters, including natural disasters caused by climate change and other factors. We also reconsidered our fuel and water requirements and strengthened our procurement methods. In fiscal 2018, we conducted BCP drills with a scenario where a disaster occurs outside weekday daytime hours. We also introduced a web-based system for building-specific disaster management. The system collects, manages and shares information on disaster countermeasures that can be accessed from home or mobile phones and shared by all concerned parties. In fiscal 2019, we conducted BCP training during the winter months with the scenario of a late-night disaster. The annual cost of renewing our air-conditioning systems to reduce power consumption and prevent the shutdown of in-house power generation at data centers in the event of a disaster is around ¥1.2 billion (minimum assumed cost).	

Risk 4: Increase in operating costs due to rising average temperatures		Time horizon: Long term
Operating costs will increase in line with rising average temperatures.		
Assumed business and financial impacts	The NTT DATA Group has 17 data centers in Japan and others around the world, mainly in mid-latitude regions of the northern hemisphere, such as Europe and the United States, where average temperatures are rising significantly due to climate change. These rising average global temperatures carry the risk of increasing our operational costs. We estimate that a 1.0°C rise in temperature would increase electricity consumption at our data centers in Japan by around 4.5 million kWh, resulting in an annual increase in energy costs of around ¥70 million.	
Measures and costs	To address these types of risk, we are switching to high-efficiency electrical and air-conditioning systems while improving the operation of air-conditioning, lighting and other shared systems. At the NTT DATA Mitaka Building, for example, in addition to the above measures, we reduced electricity consumption by around 30% compared to existing data centers by installing a photovoltaic power generation system and a high-voltage direct current (HVDC) power supply system. In 2018, moreover, we completed construction of Mitaka Data Center EAST, which incorporates an outside air-cooling system that utilizes photovoltaic power generation and natural energy (outdoor air during the spring, fall and winter). The cost of upgrading facilities and enhancing operations at all NTT DATA Group data centers in Japan totaled around ¥600 million from fiscal 2017 to fiscal 2019.	

◆ Transitional Risks (Other)

Other climate change–related risks include increased investor requests for corporate information disclosure related to climate change, declines in our share price associated with lower evaluation by investors and deterioration in market-imposed financing conditions.

Risk 5: Outflow of talented human resources		Time horizon: Long term
Any decline in social evaluation of our ESG activities and/or employee satisfaction levels could cause a decrease in employee retention rates.		
Assumed business and financial impacts	The NTT DATA Group is working to address climate change and other societal issues through its business operations and is implementing progressive and environmentally superior workstyles. These efforts have led to high third-party praise for our ESG (we have been selected for inclusion in the DJSI World Index), as well as high employee satisfaction and retention rates (turnover rate of 3.9%, lower than the telecommunications industry average of 11.8%). We estimate that we would suffer a decrease in annual revenue of around ¥38.9 billion if third-party evaluation of our ESG and employee satisfaction rates were to fall to industry-standard levels (calculated by multiplying the increase of turnover by net sales per employee, assuming that the current industry-standard turnover rate remains unchanged and the Company's advantage dissipates and the turnover rate increases to the industry average).	
Measures and costs	To address these risks, we strive to enhance the expertise of employees by providing them with various training programs, including annual ESG training, on global trends in climate change and the NTT DATA Group's response to them. In a new fiscal 2019 initiative, we launched "Self-Innovation Time," in which employees are allocated a portion of their work time to innovation-related areas. These include enhancing digital and global skills, transforming workstyles through digital use, and sharing knowledge with the entire company and other organizations. In fiscal 2019, we set 40 hours of self-innovation time per person as a common KPI for all Group organizations. To provide more flexible workstyles, we have distributed information access devices for teleworking to employees, enabling them to work from their homes or satellite offices, and we are building various infrastructure, such as cloud-based development environments and videoconferencing. In fiscal 2019, we allocated around ¥8.1 billion for training and development programs aimed at raising employees' expertise in their core business, including self-innovation and learning and reaffirming important information about ESG-related trends in the world and the Company's ESG management. Also, the annual running cost of distributing information access devices for teleworking was around ¥1.1 billion, bringing the total to around ¥9.2 billion.	

Risk 6: Loss of reputation due to delayed responses		Time horizon: Short term
Delays in responding to increasing requests for ESG information disclosure from investors might result in loss of reputation and a consequent decline in our share price, as well as deterioration in fund-raising conditions.		
Assumed business and financial impacts	Lower evaluation by overseas investors actively engaged in ESG investment carries the risk of a decline in share price that would decrease corporate value. As of March 31, 2020, 16.82% of NTT DATA Group stock was held by overseas corporations. Also, financial institutions in Japan own 20.83% of our stock, and some of them have begun engaging in ESG investments. For this reason, according to speculation, if financial institutions in Japan were to lower their evaluations of our ESG moving forward, the resulting impact would lead to a fall in our stock price and ultimately affect our corporate value negatively. If the price of our shares held by overseas investors were to fall by 0.1%, the impact on the Company's market capitalization would amount to around ¥250 million[1].	
Measures and costs	Since 2009, we have been actively disclosing information to investors, particularly concerning CDP[2], on which investors who request Company information regarding climate change place particular importance. At our fiscal 2019 financial results briefing, we announced our 1.5°C SBT[3], which is emphasized in the CDP, and received approval for that target from the SBT Office. We also announced our intention to embrace TCFD challenges going forward. Since fiscal 2013, moreover, we have actively disclosed information on climate change and other matters by participating in a Ministry of the Environment project to develop infrastructure for environmental information disclosure systems, which is intended to construct an information platform enabling Japanese institutional investors to utilize ESG data. Expenses related to investor requests for corporate information regarding climate change are about ¥20 million.	

1. Calculated on the basis of 1,402,500,000 outstanding shares as of March 31, 2020.
2. The CDP (formerly the Carbon Disclosure Project) was launched in 2003 by a U.K.-based NGO to evaluate the climate change policies of businesses and enterprises.
3. Science-based targets (SBT): Greenhouse gas reduction targets for companies based on scientific evidence under the Paris Agreement.
Note: Time horizons: Short term: Less than 1 year; Medium term: 1–3 years; Long term: 3–13 years

◆ Opportunities Related to Products and Services

Opportunity 1: Increase in demand for energy-efficient data centers		Time horizon: Short term
	Demand for data centers could increase because the enforcement of the Paris Agreement will necessitate the improved efficiency of IT systems, which account for a large proportion of corporate energy consumption.	
Business and financial impacts	Given expectations that regulations aimed at realizing a zero CO_2 emission society by 2050 will be tightened at an increased pace, we anticipate growth in demand for more efficient IT systems, which account for a significant proportion of corporate energy consumption. Specifically, we look forward to increased demand for more efficient and virtualized IT systems, greater use of shared centers and outsourcing to energy-efficient data centers.

Out of the NTT DATA Group's total net sales of ¥2,266.8 billion, domestic and international local governments and central government agencies, including the Japanese Cabinet Secretariat and the Ministry of the Environment, account for about 18%, whereas financial institutions, including those compliant with TCFD[1] recommendations, account for roughly 22%. As a developer and operator of numerous large-scale and mission-critical systems, we are working to make our data centers greener, which will help us realize significant reductions in energy consumption. We are accomplishing this by promoting Green Data Center services aimed at reducing environmental impacts through the integration of IT and facility technologies. Sales from our data centers and related services amounted to ¥57.5 billion in fiscal 2019, and we believe that sales will grow further alongside increased demand for outsourcing to energy-efficient data centers. | |
| Strategies and costs | In 2018, we completed construction of Mitaka Data Center EAST, a compilation of HVDC power supply systems, virtualization technologies and air current control systems for cooling, which are the main elements of our Green Data Center services. This data center reduced air-conditioning equipment operation time by adopting an outside air-cooling system that utilizes natural energy. We are aiming to join Japan's top class of energy-efficient companies by achieving an annual average PUE of 1.3 or less. In September 2018, we obtained a Gold rating in the data center category under the Leadership in Energy and Environmental Design (LEED) environmental rating system. We also publish the "NTT DATA Technology Foresight" report annually on our website. (This report contains information on advanced technologies that will have a major impact over the next 3–10 years, as well as forecasts of future technology-driven changes derived from ongoing research into social trends.) The latest edition cites "climate change" as a priority issue and notes that increases in power consumption caused by the proliferation of AI will require more efficient data center operations.

In fiscal 2019, total R&D expenses for elemental technologies of green data centers, including AI/IoT, deep learning and virtualization technologies, amounted to around ¥21.8 billion. Compared with the fiscal 2018 figure of ¥15.1 billion, this represents an increase of ¥6.7 billion, which was allocated to R&D aimed at helping the Group survive amid intense global competition. This included R&D on cutting-edge technologies and innovations for proactively incorporating new technological trends into our business, as well as R&D on production technology innovation to enable faster system development, higher quality and the construction of cloud computing platforms for the shift to cloud computing and digitalization. Innovations in advanced forecasting and production technologies, in particular, can lead to energy and resource savings and contribute significantly to climate change opportunities. | |
Opportunity 2: Increase in demand for cloud services due to more frequent abnormal weather events		Time horizon: Short term
	The use of cloud-based data centers, which offer a high level of safety and protection of corporate data from being lost due to typhoons, localized heavy rains and other abnormal weather events, might accelerate.	
Business and financial impacts	Our joint-use enterprise systems, such as the Chigin Kyodo Center (BeSTA®) for regional banks, have gained a top market share of roughly 30%, while more than 90% of credit associations across Japan are using our comprehensive online Shinkin Kyodo System. We also utilize cloud-based highly scalable, available and flexible platforms to provide our own AW3D® Global High-Resolution 3D Map, which is the world's first 3D mapping technology that can display global topography at a resolution and accuracy of five meters. The map allows us to contribute in various ways to climate change adaptation, such as the creation of tsunami hazard maps in Macau and the selection of wind power generator installation sites in nations across the world. The map is also used in more than 115 countries worldwide for more than 900 projects across a wide range of fields, including infrastructure maintenance, natural disaster countermeasures and global warming responses. We believe that accelerating demand for cloud computing services will enable us to further expand our business. The NTT DATA Group's cloud computing service sales were ¥613.0 billion in fiscal 2019.	

Strategies and costs	The NTT DATA Group is creating business opportunities through its cloud-related services. We offer joint-use platform services tailored to customer requirements, ranging from infrastructure services (data centers) to applications. Furthermore, we work with existing joint-use centers to provide comprehensive construction and operation services for establishing private clouds. For example, our "BIZXAAS® Office" service, which provides systems required for an office environment via cloud computing, has been deployed in-house to promote telecommuting and set up satellite offices as part of our BCP. In 2017, we launched efforts to consolidate the NTT DATA Groupwide development environment in our Integrated Development Cloud with the aim of expanding and deploying it in 100% of all new domestic development projects from March 2019. From fiscal 2009 to fiscal 2016, we invested more than ¥10.0 billion in cloud computing services.

Opportunity 3: Increase in demand for smart meters   Time horizon: Short term

	Growing concern about climate change and rising energy costs could lead to accelerated improvements in the efficiency of social infrastructure.
Business and financial impacts	The NTT DATA Group is distinguished by its complex, large-scale project management capabilities. In the electric power sector, we see growing opportunities stemming from rising demand to build efficient infrastructure that uses smart grids and other IT solutions to reduce transmission loss. Meanwhile, NTT DATA was chosen as a partner business in Tokyo Electric Power Company's "Request for Proposals for a Smart Meter Operation Management System" in May 2013. As of September 2017, our development system had produced 13 million smart meter operation management system units in Tokyo Electric's sales area. In 2020, we aim to increase that number to 29 million.
	In fiscal 2018, we co-founded Grid Data Bank Lab. LLP, together with TEPCO Power grid, Inc., to meet expectations for resolving social issues, such as global warming, natural disasters and labor shortages, as well as to create new business value by using data that transcends the boundaries of various industries. The role of Grid Data Bank Lab is to examine and validate ways to achieve specific objectives using various systems though cross-analysis of power data and data from different industries. For example, it plans to develop a service to display the shortest evacuation route by time of day in the event of river flooding by combining smart meter data processed statistically with map data, without the need for personal information. Conducting composite analyses of weather information and power consumption data will enable us to identify areas with high potential for installing solar panels, and this can be used to plan effective subsidy measures for introducing energy-saving equipment. As of January 2020, 95 companies and municipalities were participating in the project, creating new businesses by analyzing a combination of electricity data collected from smart meters and data from different industries.
	In addition, everis Group, a subsidiary of NTT DATA, has been selected as a strategic partner in digital transformation by Naturgy Energy Group, S.A., a gas and power business focused on Europe and Latin America, with a service agreement being signed in March 2020. We plan to provide services using advanced information technology in the maintenance and operation of systems related to gas pipelines and electricity transmission and distribution.
	The NTT DATA Group aims to generate ¥10 billion in cumulative sales over five years (from 2018) for all services related to the deregulation of Japan's electricity retail sector, including electricity demand forecasting and customer management services. Over the next 10 years, we expect the everis Group to generate around €500 million (¥60 billion) in cumulative sales of information technology–based services related to the transmission and distribution of gas and electricity. Across the Group, we expect climate-related opportunities using information technology, such as smart meters for the electricity and gas industries, to generate sales of more than ¥70 billion.
Strategies and costs	In fiscal 2019, total R&D expenses amounted to ¥21.8 billion. These included R&D on technologies related to smart cities, such as AI/IoT technologies for smart meter operation and management, automated driving, and traffic jam prediction and mitigation simulation.

◆ **Opportunities Related to Resource Optimization**

Opportunity 4: Attracting talented human resources	Time horizon: Medium term

The adoption of teleworking and other flexible workstyles could provide opportunities to attract human resources and enhance resource efficiency.

Business and financial impacts	By promoting flexible workstyles that are not limited to the workplace, including teleworking (working from home), we create opportunities to reduce CO_2 emissions arising from employee commuting. NTT DATA embraces a companywide approach to teleworking. In fiscal 2019, we assigned 10 days as Telework Days (participation by around 39,200 employees), staggered commuting through discretionary work and flextime arrangements (around 31,200 employees), and encouraged employees to take annual paid leave (taken by around 15,700 employees). In March 2020, NTT DATA was selected for the first time as a "Nadeshiko Brand" in a joint initiative of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were also awarded the highest rank of five stars for the first time in three years in the third annual Nikkei Smart Work Management Survey, the results of which were announced by *Nihon Keizai Shimbun* in November 2019. This survey selects leading companies that strive to revolutionize productivity through work-style reforms. Through teleworking and remote access to business trip destinations, we have reduced the need for commuting and movement between buildings. This has lowered our commuting-related CO_2 emissions by 20,904 t-CO_2e (72 days of telework per year, or 30% of business days). We estimate that teleworking and other arrangements have translated into reduction benefits of around ¥12.5 million (CO_2 reduction from teleworking, etc., × transaction price, calculated at ¥600/t-CO_2e). Moreover, if we implement more extensive teleworking and other measures that reduce commuting and business trips by 90%, the reduction benefits will be about ¥100 million. (Added to the current reduction benefits, this would bring total reduction benefits to around ¥120 million.)
Strategies and costs	To realize opportunities, we will continue promoting the aforementioned Telework Days system and encourage the use of trials and other activities by system development staff. At the same time, we will work to create teleworking arrangements for system development staff using our Integrated Development Cloud, which consolidates system development environments in the cloud with the aim of improving production technology. Our annual telework environment operating costs are ¥1.1 billion at minimum. We will continue minimizing CO_2 emissions by reducing commuting and moving between buildings through teleworking and providing remote access to business trip destinations.

Note: Time horizons: Short term: Less than 1 year; Medium term: 1–3 years; Long term: 3–13 years

◆ Climate-Related Risks and Opportunities

Risks (1–6) and Opportunities (1–4)

Risks and Opportunities		Risk/Opportunity Type	Outline	Time horizon	Likelihood of occurrence	Degree of impact	Financial Impact of Risks and Opportunities	Countermeasure Costs
Risk 1	Increase in energy costs in Japan caused by the shift to renewable energy	Transitional risk	To comply with the Paris Agreement, we will need to procure electricity from renewable energy sources to continue our business.	Long term	Virtually certain	High	If we were forced to switch to renewable energy all at once at current electric power consumption levels, the estimated cost increase would be at least ¥2.8 billion.	The current combined cost of installing renewable energy private power generation facilities and participating in the DHC system is around ¥800 million.
Risk 2	Increased cost of complying with Tokyo Cap-and-Trade Program regulations	Transitional risk	Operational costs will increase as we reduce total CO_2 emissions to comply with Tokyo Cap-and-Trade Program regulations.	Medium term	Virtually certain	Medium–high	We estimate that if we purchased in full the amount of renewable energy needed to achieve our emission target for the third compliance period of the ordinance (2020–2024), the cost burden would be around ¥330 million. (However, we expect to be able to partly offset these costs against surpluses from the second compliance period.)	The total estimated cost for equipment upgrades and operational improvement at NTT DATA's seven buildings in Tokyo in fiscal 2019 was around ¥500 million.
Risk 3	Data center shutdown due to abnormal weather	Physical risk	Large typhoons, floods, heat waves, torrential rains and other abnormal weather events increase the risk of data center operational shutdown due to power outages, flooding and lightning strikes.	Short term	Virtually certain	High	One day of operational suspension would result in around ¥3.2 billion in lost sales (based on the daily sales rates against total net sales). In reality, we would suffer further damage, such as a decline in trust, so this figure is actually the minimum estimated value.	The annual cost of renewing our air-conditioning systems to reduce power consumption and prevent a shutdown of in-house power generation at data centers in the event of a disaster is around ¥1.2 billion (minimum assumed cost).
Risk 4	Increase in operating costs due to rising average temperatures	Physical risk	Operating costs will increase in line with rising average temperatures.	Long term	Virtually certain	Medium	We estimate that a 1.0°C rise in temperature would increase electricity consumption at our data centers in Japan by around 4.5 million kWh, resulting in an annual increase in energy costs of around ¥70 million.	The cost of upgrading facilities and enhancing operations at all NTT DATA Group data centers in Japan totaled around ¥600 million in the period from fiscal 2017 to fiscal 2019.
Risk 5	Outflow of talented human resources	Transitional risk	Any decline in the social evaluation of our ESG activities and/or employee satisfaction levels could cause a decrease in employee retention rates.	Long term	Virtually certain	High	We estimate that we would suffer a decrease in annual revenue of around ¥38.9 billion if third-party evaluation of our ESG and employee satisfaction rates were to fall to industry-standard levels (assuming our current rates of turnover and hiring).	In fiscal 2019, we allocated around ¥8.1 billion to training and development programs aimed at raising employees' expertise, including about global climate change trends and the Group's responses. Also, the annual cost of providing teleworking arrangements for employees, enabling them to work from their homes or satellite offices, was around ¥1.1 billion, bringing total annual expenditures to around ¥9.2 billion.

Risk 6	Loss of reputation due to delayed responses	Transitional risk	Delays in responding to increasing requests for ESG information disclosure from investors might result in loss of reputation and a consequent decline in our share price.	Short term	Virtually certain	Medium –high	If the price of our shares held by overseas investors were to fall by 0.1%, the impact on the Company's market capitalization would amount to around ¥250 million. Note: Based on 1,402,500,000 outstanding shares as of March 31, 2020.	Expenses related to investor requests for corporate information regarding climate change are about ¥20 million.
Opportunity 1	Increase in demand for energy-efficient data centers	Opportunity to increase demand for services	Demand for data centers might increase because the enforcement of the Paris Agreement will necessitate the improved efficiency of IT systems, which account for a large proportion of corporate energy consumption.	Short term	Likely	High	In fiscal 2019, sales from our data centers and related services amounted to ¥57.5 billion. Due to the COVID-19 crisis, we expect such sales to dip temporarily, to ¥57.0 billion in fiscal 2020. However, we believe that sales will grow further in fiscal 2021 and beyond alongside increased demand for outsourcing to energy-efficient data centers.	We build and operate data centers with high environmental performance, including the Mitaka Data Center. In fiscal 2019, total R&D expenses for elemental technologies of green data centers, including AI/IoT, deep learning and virtualization technologies, amounted to around ¥21.8 billion.
Opportunity 2	Increase in demand for cloud services due to more frequent abnormal weather events	Opportunity to increase demand for services	The use of cloud-based data centers, which offer a high level of safety and protection of corporate data from being lost due to typhoons, localized heavy rains and other abnormal weather events, could accelerate.	Short term	Virtually certain	High	The NTT DATA Group's cloud computing service sales were ¥613.0 billion in fiscal 2019. Due to the COVID-19 crisis, we expect such sales to dip temporarily, to ¥610.0 billion in fiscal 2020. However, we believe that sales will grow again in fiscal 2021 and beyond.	From fiscal 2009 to fiscal 2016, we invested more than ¥10.0 billion in cloud computing services.
Opportunity 3	Increase in demand for smart meters	Opportunity to increase demand for services	Growing concern about climate change and rising energy costs could lead to accelerated improvements in the efficiency of social infrastructure.	Long term	Virtually certain	High	We receive orders for smart meter operation management systems and opportunities to plan cloud services for electric power companies. We aim to generate ¥10 billion in cumulate sales over five years (from 2018) for all services related to the deregulation of Japan's electricity retail sector. Over the next 10 years, we expect the everis Group to generate around €500 million (¥60 billion) in cumulative sales of information technology–based services related to the transmission and distribution of gas and electricity. Across the Group, we expect climate-related opportunities using information technology, such as smart meters for the electricity and gas industries, to generate sales of more than ¥70 billion.	In fiscal 2019, total R&D expenses amounted to ¥21.8 billion. These included R&D on technologies related to smart cities, such as AI/IoT technologies for smart meter operation and management, automated driving, and traffic congestion prediction and mitigation simulation.
Opportunity 4	Attracting talented human resources	Opportunity to attract human resources	The adoption of teleworking and other flexible workstyles might provide opportunities to attract human resources.	Medium term	Virtually certain	Medium –high	We embrace a Companywide approach to teleworking to realize flexible workstyles and reduce CO_2 emissions from commuting. We estimate that the decline in business travel due to teleworking and online meetings has led to a CO_2 emission reduction benefit of around ¥120 million.	The cost of providing teleworking arrangements, including participating in Telework Days and using our Integrated Development Cloud for centralized system development, was ¥1.1 billion.

Note: Time horizons: Short term: Less than 1 year; Medium term: 1–3 years; Long term: 3–13 years

Greenhouse Gas Emissions

◆ Managing Greenhouse Gas Emissions across the Value Chain

To reduce the risks of climate change and realize a low-carbon society, it is important to engage in energy-saving measures not only for the Company's facilities but also for the overall society. The NTT DATA Group integrates environmental considerations into all aspects of its corporate activities. To this end, from fiscal 2013 we broadened the scope of our aggregated calculation of greenhouse gas emissions and began management under Scope 3, which calculates the aggregate amount of these emissions by taking into account product and service life cycles, from procurement to distribution and final disposal. For Scope 1 and 2, we added data from overseas operations to data obtained from a third-party certifier. As a result, total greenhouse gas emissions of the NTT DATA Group were 2,820,767 t-CO_2e.

Building on this result, the entire NTT DATA Group will seek to identify more effective carbon-reduction initiatives and embrace challenges together with customers and business partners.

➤ **Emission Rates by Scope in Fiscal 2019**

Scope 1
0.3%

Scope 2
9.4%

Scope 3
90.3%

Greenhouse Gas Emissions
2,820,767
t-CO_2e

Scope 1：Fuel usage and other direct emissions 0.3%
Scope 2：Indirect emissions through the use of purchased electricity and heat 9.4%
Scope 3：Indirect emissions in the supply chain 90.3% (not included in Scope 2)

Breakdown of Scope 3
Emissions from purchased goods and services 31.5%
Capital goods 4.5%
Fuel- and energy-related activities 2.1% (not included in Scope 1 or 2)
Transportation/distribution (upstream) 1.2%
Waste generated in operations 0.2%
Business travel 5.9%
Employee commuting 1.9%
Use of sold products 52.2%
End-of-life treatment of sold products 0.4%

◆ Third-Party Certification Concerning Greenhouse Gas Emissions

We received third-party verification of our greenhouse gas emissions (Scope 1, 2 and 3), energy consumption and water consumption in fiscal 2019 from Lloyd's Register Quality Assurance Limited.

Verification of Scope 1 and 2, energy consumption and water consumption applies to all organizations of NTT DATA and the 71 domestic Group companies, whereas Scope 3 verification applies to the consolidated entities (NTT DATA and the 318 consolidated Group companies in Japan and overseas).

➤ **Summary of Third-Party Certified Data in Fiscal 2019** ☑

Direct GHG emissions (Scope 1)	6,064 t-CO_2e
Indirect GHG emissions (Scope 1)	208,034 t-CO_2e
Indirect GHG emissions from energy sources (Scope 2, market basis)	230,667 t-CO_2e
Indirect GHG emissions from energy sources (Scope 2, location basis)	2,547,690 t-CO_2e
Other indirect GHG emissions (Scope 3)	486,229 MWh
Energy consumption	486,518 m^3
Water consumption	324,966 m^3

Reducing the Environmental Impact of the Value Chain

Greening of Customers and Society

◆ Reducing the Environmental Impact of Society through IT

The NTT DATA Group and the NTT Information Network Laboratory Group have jointly verified general-purpose evaluation and measurement methods[1] for quantitatively evaluating the effectiveness of environmental impact reduction for all development projects. Since 2014, we have been conducting quantitative evaluation with tools based on the results of this verification.

We recommend the Groupwide utilization of these methods, which are more suited to general-purpose applications and actual business conditions than to the environmental impact assessment system[2] used in the past.

1. The results of our joint verification have been patented (Patent No. 5785229 (2015)).
2. A service for assessing the environmental impact of information systems developed by the NTT Information Network Laboratory Group. The service calculates environmental impact reductions that can be achieved through reduced consumption of materials and energy, transportation volume of people and goods, and the like, resulting from system introduction.

◆ Active Participation in Environmental Projects of Government and Industrial Organizations

The NTT DATA Group participates in environmental projects promoted by government and other organizations, taking advantage of technologies and expertise honed from the construction of numerous public administration systems. We also actively join environmental working and other groups of various organizations.

In recent years, we have exchanged wide-ranging opinions as a member of the Japan Smart Community Alliance (JSCA)[3] and the Japan Environment Club[4]. These discussions are aimed at realizing the next generation of sustainable societies and cover various topics, including research into smart communities, sustainability, SDGs/ESG and resilience.

As part of a Ministry of the Environment project, since fiscal 2013 we have been developing a system for field-testing ESG information disclosure and dialogue platforms for the purpose of promoting ESG investment. We aim to achieve practical application in 2020. We help promote ESG investment by developing and offering platforms for the disclosure of nonfinancial information in financial information formats, as well as opportunities for dialogue between investment institutions and companies.

3. An organization established to promote the international development and domestic proliferation of smart communities through public- and private-sector collaboration.
4. A nonprofit organization that engages in exchange, education, research and policy support projects aimed at solving global environmental problems. Its objective is to foster sustainable business management, the creation of symbiotic environments through the maintenance and restoration of the abundant regional natural environments, and the creation of sound lifestyle principles for citizens in their daily lives.

Promoting Green Purchasing

◆ Promoting Green Purchasing Based on Assessments of Corporate Stance and Products

In addition to price and quality evaluation, the NTT DATA Group has established evaluation criteria that it uses when procuring and selecting products and services. These criteria set out specific standards for selecting suppliers and include such factors as the corporate stance on environmental protection and environmental considerations for supplier products and services. In fiscal 2019, new suppliers selected based on these environmental criteria accounted for around 60% of important suppliers.

◆ Priority Assessment Items

At present, our assessments aimed at promoting green purchasing are based mainly on evaluation of a potential supplier's approach to tackling environmental issues. In addition to compliance with environmental laws and regulations, as a matter of course we attach considerable weight to whether the supplier has acquired ISO 14001 and other environmental management certifications. For suppliers who have not yet acquired environmental certification, we also check the status of their ESG management practices by asking specific questions, such as whether they have environmental guidelines, environmental impact reduction targets and environmental management organizations in place.

➢ **Green Purchasing Mechanism**
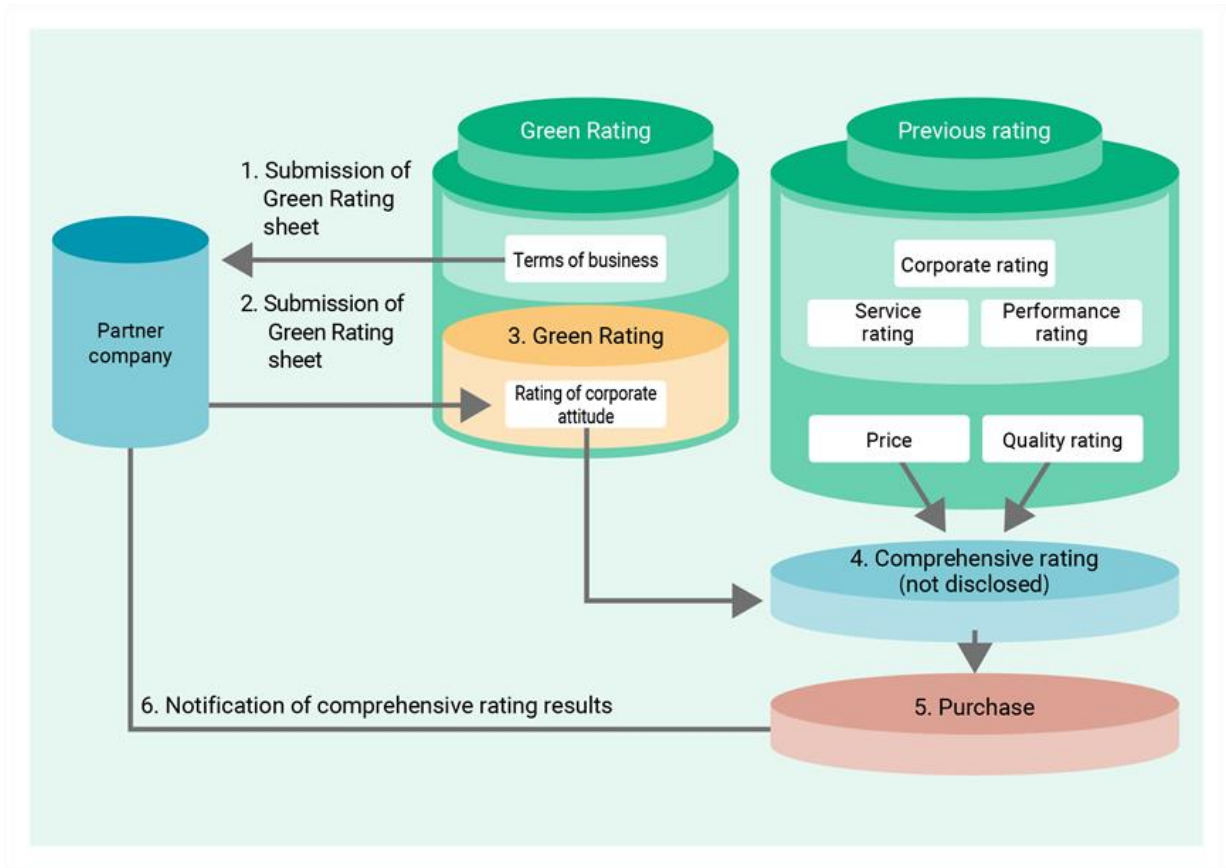
Appropriate Use of Resources

Saving Resources and Recycling

◆ Reducing and Recycling Office Waste

Reducing Waste

In fiscal 2019, we continued efforts to improve our recycling ratios and reduce the final amount of waste disposed. As a result, we significantly exceeded our targets by achieving a 94% reduction in the final amount of waste disposed compared with fiscal 2013 and a final waste disposal rate of 0.23%. (Figures for final amount of waste disposed and final waste disposal rate are based on "scrap waste from business" (Category 5, Scope 3) through third-party verifications of greenhouse gas emissions.)

In fiscal 2020, we will continue improving our recycling ratio through measures, including by using disposal firms with high recycling ratios and changing processing routes while maintaining our emphasis on reusing and recycling office equipment.

Reducing Copy Paper Usage

In fiscal 2019, we reaffirmed our commitment to reducing unnecessary use of copy paper, including by controlling use by individual organizations and advancing paperless meetings. As a result, in fiscal 2019 we achieved a reduction of 34.1% compared with fiscal 2013, significantly exceeding our target.

In fiscal 2020, we will further reduce copy paper usage as part of an overall revision of our operations, including improvements to administrative processes.

Proper Handling of Hazardous Materials

The NTT DATA Group stores manufactured goods containing waste polychlorinated biphenyl (PCB), which is designated as a specified toxic industrial waste material, and disposes of materials including waste acid from batteries. We manage and dispose of these specified industrial waste materials in full compliance with the Waste Management and Public Cleansing Law and all other relevant laws and regulations. Since fiscal 2013, we have been systematically disposing of PCB-containing waste materials based on the PCB Special Measures Law and guidance from related ministries and agencies.

▶ **Office Waste**
(Waste produced by offices and data centers)

☐ Total amount of waste ■ Amount of final disposal
■ Amount recycled ■ Amount reduced
(Amount reduced through incineration, dehydration, and concentration)

(t)

Year	Value
2016	5,865
2017	4,573
2018	5,305
2019 FY	5,160
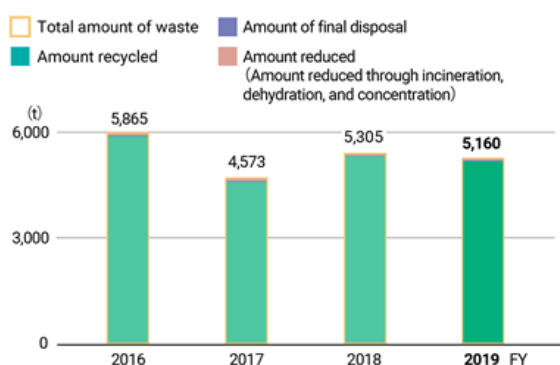
▶ **Construction Waste**
(Waste produced through construction and demolition of Company buildings)

■ Amount recycled ■ Amount of final disposal

(t)

Year	Value
2016	11
2017	1,118
2018	1,795
2019 FY	750
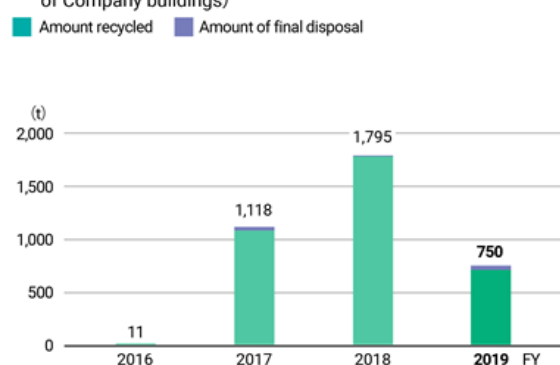
Overview of the NTT DATA Group's Environmental Impact

We believe that the steady and continuous achievement of our environmental impact reduction targets is a fundamental responsibility of our environmental activities. To minimize the environmental impact of its business activities, the NTT DATA Group monitors and analyzes the types and amounts of resources and energy consumed by various processes and their environmental impacts.

The environmental impact of the Group's business activities derive primarily from greenhouse gas emissions resulting from the consumption of energy, mainly as electric power. Other factors, such as the use of paper and water resources and the construction of data centers, also have environment impacts of various magnitudes. In addition, we cannot ignore the environmental impact of energy consumption resulting from the operation of systems and services provided by the NTT DATA Group at client companies. For these reasons, the NTT DATA Group strives to correctly ascertain and analyze the environmental impact of its business activities and utilize its findings to make various improvements.

INPUT

Inside the NTT DATA Group — ☐ Acquired third-party certification

Energy

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Utility power	10,000kWh	49,437	48,063	47,678	46,726
Kerosene	kl	0	29	0	0
Light gas oil (excluding Company vehicles)	kl	68	40	30	43
A–C heavy oil	kl	20	237	126	43
City gas	10,000㎥	175	172	141	152
Gasoline (Company vehicles)	kl	632	664	612	594
Light gas oil (Company vehicles)	kl	24	29	26	26
Steam, cold energy	GJ	43,388	48,223	48,811	46,339

Water resources

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Clean water consumption[*1]	10,000㎥	55	58	62	49

Paper resource

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Copy paper	t	805	746	671	572
Fliers distributed to clients, and other materials	t	30	19	18	9

Specified chlorofluorocarbons (CFCs) used for air-conditioning systems

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Number of air-conditioning system units using specified CFCs	Units	86	83	8	9

Construction materials — Construction materials, cables, etc.

* Fiscal 2016 figure for copy paper was corrected by making up data deficiencies.

Sales → Planning / Design → Manufacturing /Testing → Data center → Installation at client sites

OUTPUT

☐ Acquired third-party certification

Greenhouse gases

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Electricity use	10,000t-CO_2e[*2]	24	22.7	22.4	20.5
Gas / Fuel use	10,000t-CO_2e	0.4	0.5	0.4	0.4
Heat use	10,000t-CO_2e	0.2	0.3	0.3	0.3
Company vehicle use	10,000t-CO_2e	0.2	0.2	0.2	0.2
Alternative CFCs	10,000t-CO_2e	0.3	0.0	0.1	0.1
Total	10,000t-CO_2e	25.1	23.6	23.2	21.4

Water resources

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Drainage amount	10,000㎥	27	23	29	32

Office waste

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Amount generated	t	5,865	4,573	5,305	5,160
Incineration / Landfill	t	65	68	43	44
Amount recycled	t	5,800	4,505	5,262	5,116
Amount of final disposal[*3]	t	24	24	17	24

Construction waste[*4]

	Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Amount generated	t	11	1,118	1,795	750
Amount recycled	t	11	1,083	1,788	709
Amount of final disposal	t	0	35	8	41

Outside the NTT DATA Group

Energy → Service operation at client sites → Greenhouse gases (GHG)

Fiscal 2016: NTT DATA (all organizations), 70 Group companies (Japan only)
Fiscal 2017: NTT DATA (all organizations), 69 Group companies (Japan only)
Fiscal 2018: NTT DATA (all organizations), 69 Group companies (Japan only)
Fiscal 2019: NTT DATA (all organizations), 72 Group companies (Japan only)

*1. "Clean water consumption" until fiscal 2017
*2. Indicates CO_2 equivalent
*3. Thermal recycling has been taken into consideration for the calculation of data since fiscal 2015.
*4. Figures for fiscal 2015 increased due to the demolition of a large-scale building.

Environmental Data

◆ Fiscal 2019 Environmental Impact Data (Global, Consolidated)

➤ Fiscal 2019: Global Environmental Impact Data Trends and Coverage Data

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Scope 1	Emissions	t-CO_2e	6,073	10,547	8,802	5,746	9,057
	Coverage rate of data (sales)	%	76	70	62	64	100
Scope 2	Emissions	t-CO_2e	238,679	248,591	309,063	275,622	264,020
	Coverage rate of data (sales)	%	76	72	67	82	100
Energy	Total consumption of nonrenewable energy	MWh	476,607	504,867	666,261	588,179	589,694
	Total amount of renewable energy either purchased or used by the Group (e.g., biomass, photovoltaic, wind power)	MWh	185	248	103,342	102,651	100,931
	Total cost of energy consumption	¥ billion	7	8	9	9	12
	Coverage rate of data (sales)	%	69	72	67	84	100
Waste	Total water usage	Million m^3	0.34	0.55	0.58	0.80	0.74
	Coverage rate of data (sales)	%	69	66	57	67	91
Waste	Total final disposal of waste	t	13	24	24	82	311
	Coverage rate of data (sales)	%	69	66	57	67	75

(Scope of data aggregation: Consolidated NTT Data Group companies)

◆ Fiscal 2019 Environmental Impact Data (Group companies in Japan)

Environmental Data			Unit	Amount
Paper resources	Paper resources: Total volume used (including paper from virgin pulp and recycled paper)		t	584
		Office paper	t	572
		Client services (e.g., leaflets, pamphlets, instruction manuals)	t	9
	Amount of total paper from virgin pulp		t	543
		Office paper	t	532
		Client services (e.g., leaflets, pamphlets, instruction manuals)	t	9
Global warming	Greenhouse gas emission (CO_2) conversion[1]		t-CO_2e	214,098
	Carbon dioxide (CO_2 emissions)		t-CO_2e	213,176
		Electricity use	t-CO_2e	205,392
		Gas/fuel use	t-CO_2e	3,695
		Heat use	t-CO_2e	2,641
		Company vehicle use	t-CO_2e	1,448
	Methane (CH_4) emissions		t-CO_2e	7
		Furnaces	t-CO_2e	4
		Shipping (automobiles, ships)	t-CO_2e	2
	Dinitrogen monoxide (N_2O) emissions		t-CO_2e	61
		Furnaces	t-CO_2e	1
		Shipping (automobiles, ships)	t-CO_2e	59
	Hydrofluorocarbon (HFC) emissions[2]		t-CO_2e	842
	Perfluorocarbon (PFC) emissions		t-CO_2e	0
	Sulfur hexafluoride (SF_6) emissions		t-CO_2e	11
	Low-pollution vehicles owned		Vehicles	767
		Hybrid vehicles	Vehicles	168
		Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)	Vehicles	565
		Electric vehicles	Vehicles	4
		Others	Vehicles	30
	Low-pollution vehicles introduced during the period		Vehicles	5
		Hybrid vehicles	Vehicles	4
		Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)	Vehicles	0
		Electric vehicles	Vehicles	0
		Others	Vehicles	1
	Sustainable/new energy systems installed		Units	3
		Solar power systems	Units	3
		Hybrid (solar and wind power) systems	Units	0
		Cogeneration systems (CGS)	Units	0

Environmental Data		Unit	Amount
Global warming	Sustainable/new energy systems installed during the period	Units	0
	Solar power systems	Units	0
	Hybrid (solar and wind power) systems	Units	0
	Cogeneration systems (CGS)	Units	0
	Electric power generated by sustainable/new energy systems	kWh	175,777
	Solar power systems	kWh	175,777
	Electric power generated by sustainable/new energy systems introduced during the period	kWh	0
	Solar power systems	kWh	0
Waste countermeasures	Industrial waste requiring special management, etc.		
	Asbestos removed (from buildings) during the period	t	1
	Asbestos emissions (from buildings) during the period	t	4
	Waste batteries	t	0
	Other waste (e.g., acidic ash, alkali, oil)	t	0
	Use of products containing PCBs	Units	1
	Transformers	Units	1
	PCB-containing products renewed (removed, stored) during the period	Units	0
	Transformers	Units	0
	Stabilizers	Units	0
	Storage of PCB-containing products	Units	0
	Transformers	Units	0
	Stabilizers	Units	0
	Disposal of PCB-containing products during the period	Units	0
	Transformers	Units	0
	High-voltage condensers	Units	0
	Low-voltage condensers	Units	0
	Stabilizers	Units	0
Ozone layer protection	Removal of air-conditioning system units using chlorofluorocarbons (CFCs) during the period		
	Removal of air-conditioning system units using specified CFCs	Units	0
	Removal of air-conditioning system units using alternative hydrochlorofluorocarbons (HCFCs)	Units	43
	Removal of air-conditioning system units using alternative hydrofluorocarbons (HFCs)	Units	38
	Recovery and destruction of specified CFCs used for air-conditioning systems	kg	0
	Recovery and destruction of alternative HCFCs used for air-conditioning systems	kg	1,287
	Recovery and destruction of alternative HFCs used for air-conditioning systems	kg	1,103
	Use of air-conditioning system units using CFCs		
	Air-conditioning system units using specified CFCs	Units	9
	Air-conditioning system units using alternative HCFCs	Units	170
	Air-conditioning system units using alternative HFCs	Units	1,869
	Specified CFCs used for air-conditioning systems	kg	4,890
	Alternative HCFCs used for air-conditioning systems	kg	7,836
	Alternative HFCs used for air-conditioning systems	kg	56,366
	Storage of air-conditioning system units using CFCs		
	Storage of air-conditioning system units using specified CFCs	Units	0
	Storage of air-conditioning system units using alternative HCFCs	Units	4
	Storage of air-conditioning system units using alternative HFCs	Units	22
	Stored amount of specified CFCs used for air-conditioning systems	kg	59
	Stored amount of alternative HCFCs used for air-conditioning systems	kg	49
	Stored amount of alternative HFCs used for air-conditioning systems	kg	0
	Use of vehicles using CFCs		
	Number of Company vehicles that employ CFCs in air-conditioner refrigerants	Vehicles	4
	Number of Company vehicles that employ HCFCs in air-conditioner refrigerants	Vehicles	0
	Number of Company vehicles that employ HFCs in air-conditioner refrigerants	Vehicles	772
	Use of CFCs in vehicle air conditioners	kg	0
	Use of HCFCs in vehicle air conditioners	kg	0
	Use of HFCs in vehicle air conditioners	kg	1,853
	Elimination of specified-CFC fire prevention equipment		
	Buildings from which specified CFC fire prevention equipment removed during the period	Buildings	0
	Amount of specified CFCs removed from fire prevention equipment during the period	kg	0
	Amount of specified CFC gas emitted by fire prevention equipment during the period	kg	0
	Remaining number of buildings employing specified CFC fire prevention equipment	Buildings	15
	Remaining specified CFC gas emissions from fire prevention equipment	kg	47,234
Resource usage	Consumption of water resources		
	Clean water consumption	㎥	407,603
	Sewerage water consumption	㎥	252,585
	Gray water consumption	㎥	6,534
	Rainwater consumption	㎥	0
	Consumption of clean, sewerage and other water (total water consumption)	㎥	144,763

(Scope of Environmental Impact Measurement: All NTT DATA organizations, 72 Group companies in Japan)

1. The CO_2 conversion factor uses the CO_2 emission factor of electric power companies.

2. Units and emissions from fiscal 2013 include individual freestanding air-conditioning units as well as central air-conditioning units.

➢ **Fiscal 2019 Recycling Amounts**

Primary Category	Subcategory	Recycled Amount
Company computers	Recycled amount (number of units)	11,981
	Reused amount (number of units)	14,998
Thermal recycling	Recycled non-industrial waste (kg)	524,937
	Recycled industrial waste (kg)	849,998
	Recycling of industrial waste requiring special treatment (kg)	25

(Scope of Aggregate Data: All NTT DATA organizations, 72 Group companies in Japan)

➢ **Office Waste in Fiscal 2019**

Primary Category		Subcategory	Emissions (kg)	Recycled Amount (kg)	Waste Disposal Amount (kg) Disposal Method Incineration	Landfill Amount	Unknown	Final Disposal (kg)	Recycling Rate (%)	Final Disposal Rate (%)
Recyclable waste, etc.* Note: "Recyclable waste" represents waste material that can be completely recycled.		Plain copying paper (e.g., photocopying and OA paper)	1,193,248	1,193,248	0	0	0	0	100	0
		Newspapers, magazines, cardboard, miscellaneous recyclable paper	58,468	58,468	0	0	0	0	100	0
		Glass (e.g., bottles)	1,820	1,820	0	0	0	0	100	0
		Scrap metal (e.g., cans)	4,169	4,169	0	0	0	0	100	0
		Plastic (PET) bottles, etc.	8,699	8,699	0	0	0	0	100	0
		Subtotal 1	1,266,405	1,266,405	0	0	0	0	100	0
Non-industrial waste		Plastics	6,489	6,361	0	128	0	128	98	2
		Combustible waste	698,908	694,575	4,333	0	0	433	99	0
		Incombustible waste	33,417	29,827	543	3,047	0	3,102	89	9
		Unsorted waste	8,097	26	8,071	0	0	807	0	10
		Subtotal 2	746,912	730,789	12,947	3,175	0	4,470	98	1
Industrial waste	From offices	Waste plastics	641,357	636,345	2,384	2,628	0	2,866	99	0
		Scrap metal	776,752	771,487	0	5,265	0	5,265	99	1
		Refuse glass, waste ceramics	960	959	0	1	0	1	100	0
		Discarded electric machinery and appliances	273,775	273,304	157	314	0	330	100	0
		Waste batteries	96	81	0	15	0	15	84	16
		Product waste containing mercury	2,348	2,264	0	84	0	84	96	4
		Stable mixed waste	135,628	135,628	0	5	0	5	100	0
		Other	15,898	14,430	30	1,438	0	1,441	91	9
		Subtotal 3	1,846,815	1,834,494	2,571	9,750	0	10,007	99	1
	Produced through operations	Waste plastic	436,015	428,041	3,950	4,024	0	4,419	98	1
		Scrap metal	439,384	439,294	0	90	0	90	100	0
		Refuse glass, ceramic waste	31,120	30,930	0	190	0	190	99	1
		Wastepaper (only includes paper from the printing business)	3,850	3,850	0	0	0	0	100	0
		Waste wood (only includes wood from the warehouse and distribution businesses)	1,590	1,510	80	0	0	8	95	1
		Discarded electric machinery and appliances	221,721	218,688	130	2,903	0	2,916	99	1
		Medical measuring equipment	0	0	0	0	0	0	0	0
		Waste batteries	406	406	0	0	0	0	100	0
		Product waste containing mercury	3,672	3,597	0	75	0	75	98	2
		Stable mixed waste	12,795	12,383	94	318	0	327	97	3
		Controlled mixed waste	138,010	136,508	1,372	130	0	267	99	0
		Waste oil	140	70	0	70	0	70	50	50
		Waste acid	0	0	0	0	0	0	0	0
		Waste alkali	0	0	0	0	0	0	0	0
		Sludge	9,530	8,631	899	0	0	90	91	1
		Waste containing asbestos	1,530	0	0	1,530	0	1,530	0	100
		Other	0	0	0	0	0	0	0	0
		Subtotal 4	1,299,764	1,283,908	6,525	9,330	0	9,983	99	1
Industrial waste requiring special treatment		Flammable waste oil	0	0	0	0	0	1	0	0
		Waste acid with a Ph of 2.0 or less	70	70	0	0	0	1	100	0
		Waste alkali with a Ph of 12.5 or higher	0	0	0	0	0	0	0	0
		Infectious waste	30	30	0	0	0	0	100	0
		Specified hazardous industrial waste (discarded mercury)	0	0	0	0	0	0	0	0
		Specified hazardous industrial waste (other)	0	0	0	0	0	0	0	0
		Subtotal 5	100	100	0	0	0	0	100	0
Grand total (Subtotals 1–5 combined)			5,159,995	5,115,696	22,044	22,255	0	24,460	99%	0%

(Scope of Aggregate Data: All NTT DATA organizations, 72 Group companies in Japan)

Environmental Accounting

◆ Efficient and Effective Environmental Protection Activities

In fiscal 2019, the NTT DATA Group's environmental costs consisted of ¥5 million in investments and ¥464 million in expenses. Compared with fiscal 2018, there was an increase in resource recycling costs (expenses), included in business area costs, in fiscal 2019 due to measures to control asbestos, reduce office waste and conserve office paper.

➢ Environmental Accounting Conservation Cost

Unit: Millions of yens

Ministry of the Environment's Environmental Accounting Guideline Categories		Major Initiatives	FY2016		FY2017		FY2018		FY2019	
			Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Business area costs			121	51	42	216	42	144	5	255
	Pollution prevention costs	Asbestos countermeasures, PCB management, etc.	120	0	0	54	0	6	0	69
	Global environment	Implementation of energy conservation measures; measures to reduce CO_2 emissions through the introduction of outdoor air-cooling devices; elimination of specified CFCs in air-conditioning equipment, etc.	0	0	0	0	0	0	0	20
	Resource recycling costs	Inter-office waste disposal, construction waste countermeasures, office paper curtailment countermeasures, etc.	1	42	0	163	42	138	5	166
Upstream/ Downstream costs		Compliance with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	0	0	0	0	0	0	0	0
Activity management costs		Labor costs related to environmental protection activities, ISO certification acquisition, building green, environmental PR, etc.	0	262	0	255	0	204	0	204
R&D costs		Environment-related R&D	0	0	0	0	0	0	0	1
Citizen activity costs		Environmental contribution to regional communities	0	0	0	1	0	2	0	3
Total			121	313	42	472	42	351	5	464

(Scope of data: All NTT DATA organizations, 72 Group companies in Japan)

Contents

Social

Labor Practices (Human Resource Management)

The NTT DATA Group promotes the active participation of diverse human resources and seeks to strengthen global competitiveness by creating work environments where employees feel comfortable to fully demonstrate their abilities. We also foster an organizational culture that provides a genuine sense of personal growth.

Basic Policy and Promotion System

◆ Basic Policy

The NTT DATA Group recognizes "diversity and inclusion" as a key management strategy to succeed against global competition and achieve sustainable future growth by meeting the diversifying needs of society. With this in mind, we aim to create new corporate value grounded on the two axes of "active participation of diverse human resource activities" and "workstyle innovation." In addition to enhancing various systems, such as merit-based compensation and transparent personnel evaluations, we work as a united group to build an organization that generates high levels of value. To this end, we promote a work-life balance enabling every employee to work with vitality and fully demonstrate his or her abilities.

We also conduct "One Voice" engagement surveys covering all employees at NTT DATA and its Group companies. The results are analyzed and shared during training and in the workplace to discuss possible solutions for outstanding issues. Our aim is to create rewarding work environments and foster an organizational culture that encourages the continuous growth of each individual employee.

◆ Promotion System

In an operating environment where businesses are globalizing and demand for new IT services is increasing, we believe it is important to embrace more diversified perspectives and abilities within the Group. For this reason, we strive for fair and impartial recruitment and employment activities that respect diversity. We will continue actively hiring new graduates, experienced employees and people with disabilities while rehiring retired employees. Our aim is to create value that is unique to NTT DATA by allowing employees with diverse values to work together and respond to the changing times.

When hiring, we prioritize aptitude, motivation and ability over gender, nationality, age and academic record. Thus far, we have taken on new graduates from more than 100 educational institutions. We also have diverse channels for hiring new personnel, including mid-career professionals, utilizing our website and other resources. In recent years, we have expanded our business not only in Japan but also in the global market. Through our Head Office, we are working to strengthen our overseas business by hiring foreign employees from multiple countries every year.

NTT DATA will continue emphasizing broad-ranging recruitment in its quest to become a Trusted Global Innovator, which is our Group vision.

Activity Results

◆ Enhancing the Hiring of Human Resources with Outstanding Expertise

Utilizing advanced technologies, we are making good progress in our digital transformation efforts aimed at reducing costs, improving operational efficiency and creating new businesses. To help customers realize digital transformation more quickly and reliably, in December 2018 we established our Advanced Professional System (ADP System), through which we employ exceptional human resources with outstanding expertise in advanced technology fields in a timely manner with remuneration commensurate with market value.

◆ Supporting the Growth of Diverse Specialist Human Resources

We will continue improving our organizational capabilities and maximizing the value we create for customers to help them achieve digital transformation as quickly as possible. Here, we encourage individual employees to transform themselves and play an active role by working with both management personnel who are capable of delivering results as part of a team and specialist personnel with high levels of expertise. To this end, we introduced our Technical Grade System (TG System) in October 2019. The aims of the system are to support the growth of our diverse specialist human resources and maximize their performance by rewarding them properly.

◆ Personnel Management System

NTT DATA's employee compensation system emphasizes performance, achievements and activities irrespective of employment status. We are also instilling a behavioral style that encourages individual employees to improve their results and performance by putting the Group vision into practice and raising their level of professionalism.

Furthermore, we have developed a framework to reflect degrees of task achievement in the remuneration of contract employees, with options for conversion to permanent employment status for workers deemed to have high long-term performance potential.

We strive for transparency in our appraisals of performance by examining diverse aspects, including an evaluation of achievements against the employee's personal goals, through one-on-one interviews with managers and multidimensional evaluations.

To avoid placing disproportionate weight on short-term performance improvements, we have introduced incentives to enhance medium- and long-term motivation, including an employee stock purchase program, retirement benefits and a defined contribution pension plan.

◆ Attracting and Retaining Diverse Human Resources Globally

NTT DATA believes that human resources are its most valuable business asset.

Especially in overseas markets where labor mobility is high, we place high emphasis on employee retention. Specifically, we work actively to hire experienced employees and move quickly to retain employees who have joined the Group through mergers and acquisitions.

For mid-career hires, we hold onboarding sessions in various locations, and through such initiatives as Values Week workshops and the NTT DATA Awards, we provide opportunities for all employees around the world to interact in an equal and multifaceted manner beyond the bounds of single organizations.

When engaging in M&As, moreover, our executives make sure to visit major offices and hold town hall meetings to eliminate employee anxiety at an early stage and help create better workplaces.

Considering today's unpredictable social environment, we conduct mental health checks and provide online training and consultation services as needed.

➢ **Data on Employees in Japan (as of March 31 each year)**

		FY2017		FY2018			FY2019		
		Non-Consolidated	Group Companies	Non-Consolidated	Group Companies	Group Companies Overseas	Non-Consolidated	Group Companies	Group Companies Overseas
Number of employees		11,263	25,381	11,310	26,420	86,154	11,515	27,257	94,424
	Male	9,017	19,459	8,935	20,467	59,341	9,032	20,843	64,219
	Female	2,246	5,922	2,375	5,953	26,813	2,483	6,414	30,205
Number of employees in management positions		2,477	4,550	2,539	4,626	17,643	2,581	4,782	18,930
	Number of men in management positions (Ratio)	2,331 (94.1%)	4,272 (93.9%)	2,375 (93.5%)	4,324 (93.5%)	13,675 (77.5%)	2,406 (93.2%)	4,450 (93.1%)	14,518 (76.7%)
	Number of women in management positions (Ratio) ☑	146 (6.1%)	278 (6.1%)	164 (6.5%)	302 (6.5%)	3,968 (22.5%)	175 (6.8%)	332 (6.9%)	4,412 (23.3%)

➢ **Employee Data Concerning Average Age, etc. (Non-consolidated; as of March 31 each year)**

		FY2017	FY2018	FY2019
Average age (Years)		38.4	38.7	38.9
	Men	39.5	39.9	40.1
	Women	33.8	34.1	34.3
Average years of service		14.7	14.9	15.0
	Men	15.7	15.9	16.1
	Women	10.7	10.9	11.0
Employee separations (Number of employees)		342	417	452
	Number of male separations (Turnover rate)	286 (3.1%)	367 (4.0%)	377 (4.1%)
	Number of female separations (Turnover rate)	56 (2.5%)	50 (2.1%)	75 (3.0%)
New managerial appointments (Number of employees)		188	195	205
	Men	167	172	184
	Women	21	23	21

Note: The number of employee separations includes those who have reached retirement age.

➢ **Number of Employees by Age Group (Non-consolidated; as of March 31, 2019)**

	Total	Men	Women
Under 30	2,141	1,338	803
30–39	4,094	2,998	1,096
40–49	3,371	2,981	390
50–59	1,908	1,714	194
60 or older	1	1	0
Total number of employees	11,515	9,032	2,483

➢ **Number of Employees in Management by Position (Non-consolidated; as of March 31, 2019)**

	Total	Men	Women
Department manager equivalent or higher	587	561	26
Section manager equivalent	1,994	1,845	194

➢ **Diversity Indicators**

Indicator		FY2019
Percentage of female employees	Consolidated	29.4
Percentage of women in management	Consolidated	17.3
Percentage of women in junior management	Non-consolidated	12.9
Percentage of women in top management	Non-consolidated	13.3
Percentage of total female management working in the Profit Center Department (not including the Staff Department)	Non-consolidated	87.3

➢ **New Hires and Reemployed Retired Workers (Non-consolidated)**

		FY2016	FY2017	FY2018	FY2019	FY2020
Number of newly recruited graduates[1]		378	385	418	435	471
	Men	247	245	266	278	309
	Women	131	140	152	157	162
Number of mid-career hires		15	26	96	199	—
	Men	12	20	77	160	—
	Women	3	6	19	39	—
Number of employees with disabilities[2] (Employment ratio) ☑		280 (2.27%)	287 (2.32%)	314 (2.51%)	318 (2.49%)	312 (2.41%)
Number of reemployed retired workers[1] (Utilization ratio of the NTT DATA Reemployment System)		105 (78.26%)	102 (77.42%)	95 (64.71%)	110 (80.30%)	106 (56.70%)
	New recruitment	18	24	22	49	17
	Continued recruitment	87	78	73	61	89

1. Figures for newly recruited graduates and retired employees using the NTT DATA Reemployment System are as of April 1 each year. (However, new graduates hired during the fiscal year ended March 31, 2020, are also included in the fiscal 2019 figure.)
2. Figures for employees with disabilities are as of June 1 each year. (Persons with severe disabilities are counted as two people.)

➢ **Starting Salary (Monthly)**

	Doctoral Degree	Master's Degree	Bachelor's Degree	College of Technology Graduate
Starting salary	¥300,070	¥251,520	¥222,020	¥192,220

➢ **Average Annual Salary**

	FY2016	FY2017	FY2018	FY2019
All employees	¥8,124,000	¥8,207,000	¥8,280,000	¥8,338,000

Promote Diversity and Inclusion

Basic Policy and Promotion System

"We enhance our creativity by respecting diversity" is one of the three pillars of our Group Vision, "Trusted Global Innovator." With this in mind, we emphasize "diversity and inclusion" aimed at respecting the diversity of every employee to enhance his or her creativity.

Activity Results

To encourage diversity and inclusion, we established the Diversity Promotion Office under the direction of the Chief Personnel Affairs Officer in 2008. Since fiscal 2012, we have concentrated on advancing women in the workplace and reducing annual work hours through workstyle innovation in a bid to create work environments where individual employees can thrive.

At the NTT DATA Global Conference, where Group leaders from around the world gather, we regularly hold sessions on themes related to diversity and inclusion, including the advancement of women.

◆ Women's Empowerment Principles (WEPs) and Catalyst Initiatives

In March 2019, we signed the Women's Empowerment Principles (WEPs) and we joined Catalyst's Global Supporters, a group of global leaders in women's career advancement and business development. This makes it easier for us to gather information and network globally and in each country, which in turn enables us to utilize the knowledge of the entire Group to further promote diversity globally.

◆ Third-Party Evaluations

Our various initiatives have been evaluated highly by third parties. Since September 2017, for example, we have continuously received Grade 3 (highest level) Eruboshi certification based on Japan's Act on the Promotion of Women's Participation and Advancement from the Ministry of Health, Labour and Welfare. We also received Platinum Kurumin certification in November 2019 as an excellent parenting support company. In March 2020, we were selected as a 2019 Nadeshiko Brand by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as a listed company that excels in promoting the active advancement of women. In March 2018, we were selected by METI for inclusion in the Diversity Management Selection 100 Prime program for our ongoing and companywide diversity management activities. In November 2019, we were awarded Five Stars in the 3rd Nikkei Smart Work Management survey, in which Nihon Keizai Shimbun, Inc., selects leading companies that promote major advances in productivity through workstyle innovation And in October 2019, we received a gold rating in the PRIDE Index for the third consecutive year. (The PRIDE Index was developed by "work with Pride" (wwP), a nonprofit organization that supports the promotion and entrenchment of diversity management for LGBT and other sexual minorities.) This was in recognition of our efforts to create workplaces where LGBT and other sexual minorities can work with peace of mind.

Active Participation of Diverse Human Resources

NTT DATA works hard to create environments where diverse human resources can play active ongoing roles and demonstrate their abilities to maximum extent, regardless of their gender, nationality, age, disability, type of employment, culture, custom, lifestyle, value, sexual orientation or gender identity.

◆ Goals for Advancing Women's Careers

Following the enactment of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, NTT DATA formulated an action plan for developing workplace environments needed for the advancement of women. By looking back on past efforts and formulating a new plan, we have been working as a united company to consistently and steadily pursue our various goals, all of which we achieved in 2020.

➤ Targets for Advancing Women's Careers (Non-consolidated)

Plan period	April 1, 2016, to March 31, 2021
NTT DATA issues	1. While there were no outstanding issues regarding gender discrimination in hiring or the state of continuous employment between men and women, we must continue working to increase job applications by female students and develop the population of female science students applying for jobs. 2. Optimization of total working hours 3. Low percentage of women in deputy manager positions that make up the population of top management, other management positions and as candidates for management positions
Quantitative targets	Target 1: Continue raising the percentage of female recruits to above 30% by the end of fiscal 2020 ▶ Maintained at above 30% for approximately the past 10 years (target achieved) Target 2: Achieve average total working hours of 1,890 hours per employee annually by the end of fiscal 2018 ▶ Efforts since 2013 resulted in reduction to an average of 1,889.6 hours in fiscal 2018 (target achieved) and 1,876 hours in fiscal 2019 Target 3: Increase the number of women in management positions to at least 200 by the end of fiscal 2020 ▶ 200 women as of April 1, 2020 (target achieved), excluding employees listed under Target 4 below Target 4: Increase the number of women in senior management positions (e.g., directors, heads of organizations) to at least 10 by the end of fiscal 2020 ▶ 12 women as of July 1, 2020 (target achieved)

◆ Encouraging the Empowerment of Women

Encouraging the empowerment of women is one of our most important measures for promoting diversity and inclusion. We are implementing a variety of initiatives, such as career development support training and diversity management training for managers, aimed at achieving our targets for the ratio of female employees and the number of female managers.

■Primary Initiatives for Advancing Women in the Workplace
・Dissemination of messages from top management through our in-house website
・Forums where top management discuss their own thoughts regarding diversity
・Diversity management training for current managers
・Formulation of development plans and monitoring for female employees
・Outside training for female candidates for leadership positions
・Seminars for promoting career development for employees on or about to take childcare leave
・Seminars on balancing work and childcare commitments
・Three-party career development consultations for employees who return from leave, such as childcare or nursing care leave
・@NTT DATA Women's Initiative (voluntary activities by women in management positions)
・Introduction of profiles and career descriptions of diverse women in management positions via the Women's Advancement website
・Women's Empowerment Principles (WEPs) and Catalyst Initiatives

■Women's Initiative
We promote Groupwide diversity and inclusion through sessions on women's advancement at the NTT DATA Global Conference and other events attended by Group leaders from around the world.

◆ LGBT and Sexual Minority Initiatives

NTT DATA promotes initiatives that support sexual minorities, such as the LGBT community, from the standpoint of creating environments that encourage active participation from a diverse range of human resources. In addition to messages from top management, we pursue other initiatives, such as workplace seminars to enhance understanding about LGBT issues, an LGBT helpline, annual LGBT seminars and recruiting and behavior guidelines for "allies" (straight supporters of LGBT rights), who now number more than 300. Since fiscal 2018, we have expanded systems for employees' spouses and families in traditional households to include same-sex partners. In April 2019, we participated in Tokyo Rainbow Pride 2019, Japan's largest LGBTQ parade, as a member of the NTT Group.

◆ Promoting Employment of People with Disabilities

To help employees with disabilities realize their potential, NTT DATA has sought to create various work opportunities through NTT DATA DAICHI Corporation, a special subsidiary established in July 2008. In addition to its initial operations, NTT DATA DAICHI has progressively added new tasks for its disabled employees. These include web accessibility assessment duties (started in fiscal 2012), handling in-house delivery of reference materials and screening and approval of application forms (fiscal 2015), convenience store back-office duties (fiscal 2016) and management of beverage vending machines installed in the Toyosu Center Building (fiscal 2018). As NTT DATA DAICHI expands the scope of these tasks, it will continue pursuing hiring activities in collaboration with vocational training schools for persons with disabilities.

➢ **NTT DATA DAICHI Activities**

IT Services	Office Business	
● Maintenance and upgrades of internal and external websites for NTT DATA and Group companies ● Basic skills training in website production for persons with disabilities ● Web accessibility assessment duties	● Answering and redirecting calls made to main switchboards ● Long-term storage and management of internal documents ● Collection and shredding of confidential documents ● Production of employee IC cards	● Office cleaning and greenery maintenance ● Printing (business cards, training texts and other documents) ● Delivery of in-house documents ● Screening and approval of application forms ● Convenience store back-office duties ● Management of beverage vending machines installed in a building

◆ Promoting Reemployment of Retired Workers

The NTT DATA Group introduced its "Meister System" and "Career Staff System" for employees who wish to be rehired after mandatory retirement, enabling them to continue working vigorously until age 65. Employees under the "Meister System" are expected to achieve a certain level of results and performance by utilizing the work experience, job performance capabilities, knowledge and skills they have cultivated by the time of their retirement, to perform their duties autonomously and proactively, and to provide advice and support to younger employees. It is a full-time system with monthly salary payments. The "Career Staff System" offers routine work on an hourly basis and allows employees to choose from a variety of workstyles, such as full-time work, short-time work and three- or four-day work.

Life Plan Training

NTT DATA provides training and incentives for each age group to strike a work-life balance while offering comprehensive support for their life plans. We will continue offering training to help employees design life plans that include their professional aspirations.

➢ **Major Training and Activities in Fiscal 2019**

Target	Content of Training	Activities in FY2019
All employees	● Social insurance system and taxation ● Asset formation via asset-building savings plans ● Turning points in life (marriage, childbirth, buying a home)	Conducted online since FY2018
	● Metabolic syndrome and self-care ● Public pension system and Company pension system ● Revisions in insurance and housing costs, savings and investment	
	● Public pension system and Company pension system ● Revisions in insurance and housing costs, savings and investment ● Nursing care and inheritance	
Mandatory retirement age	● Retirement benefits, corporate pensions, public pensions ● Work options after retirement (internal system) ● Financial planning	117 employees participated in four sessions

◆ Support for Continuing Careers

To help employees continue their careers while balancing work with childbirth, childcare and nursing care commitments, the NTT DATA Group is enhancing its systems for leave and shortened working hours, while enhancing employee understanding and improving workplace environments to make those systems more accessible.

Other Primary Initiatives to Support Career Continuation
- Offer an environment in which employees on childcare or nursing care leave can continue to view Company information
- Offer a communication handbook that introduces childcare and nursing care leave systems to provide support for those balancing care and work
- Hold seminars that support simultaneous management of work and nursing care
- Hold seminars on balancing work and childcare commitments
- Hold three-way interviews to support career development for employees who have returned to work after childcare or nursing care leave

◆ Upgrading Childcare and Nursing Care Systems

To help employees balance work with childcare and nursing care commitments, we have established a consultation service for childcare and nursing care, through which we provide information and advice on our systems and address questions and concerns that arise in employees' daily lives. We are implementing various measures in terms of childcare support and, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, received the Kurumin Next-Generation Certification Mark from the Ministry of Health, Labour and Welfare in 2008. We have consistently received accreditation since then, and in November 2019 we were awarded Platinum Kurumin, which recognizes companies that have demonstrated a higher standard of commitment.

To support nursing care, since 2011 we have enabled employees to use the remote nursing care support services provided by Sea Care (nickname for Umi wo Koeru Care no Te, a specified nonprofit organization) with the aim of offering direct support to employees with nursing care responsibilities. In addition to introducing this initiative at our quarterly nursing care seminars, we are working to create an organizational culture that encourages employees to balance work and nursing care through online life planning training for all employees. At the same time, we provide a wide range of information and awareness training on an ongoing basis.

◆ Egg Garden (In-House Day-Care Center)

Stemming from an idea raised by employee volunteers, we established Egg Garden, an in-house day-care center for our employees, on the first floor of the Toyosu Center Building Annex in Tokyo in December 2011. We support the continuation of employees' careers by creating environments allowing them to give birth and take leave with peace of mind and return to work early as planned.

Seven children were registered for the monthly childcare service and 98 children were registered for the temporary childcare program in fiscal 2019. We will continue promoting use of the facility.

➢ **Principal Systems (Non-consolidated)**

Principal Childcare Systems	Principal Nursing Care Systems
● Childcare leave Childcare leave can be extended until the child reaches four years of age. The deadline for application to return to work is one month prior to the expected return.	● Nursing care leave Nursing care leave can be extended up to a maximum of 18 months.
● Shorter working hours for childcare Shorter working hours for childcare are available until the child completes his or her third year of elementary school. The application deadline for shorter working hours is two weeks prior to the start.	● Shorter working hours for nursing care Shorter working hours for nursing care are available for a maximum of three years separate from nursing care leave.

➢ **Employees Using Childcare and Nursing Care Systems (Non-consolidated)**

	FY2016		FY2017		FY2018		FY2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Childcare leave (People)	160	20	172	19	173	45	152	63
Shorter working hours for childcare (People)	278	7	310	5	308	11	337	9
Nursing care leave (People)	4	4	5	6	6	2	3	2
Shorter working hours for nursing care (People)	0	1	0	19	0	2	0	2

➢ **Employees Who Return to the Company and Remain with the Company after Childcare or Nursing Care Leave (Non-consolidated)**

	FY2016		FY2017		FY2018		FY2019	
	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Remain
Childcare leave	98.2	98.8	97.3	97.8	100.0	96.6	98.8	—
Nursing care leave	100.0	100.0	88.9	87.5	100.0	75.0	100.0	—

Promote Workstyle Innovation

Basic Policy and Promotion System

Since 2005, when its "Global IT Innovator" Group Vision was announced, NTT DATA has engaged in work-style innovation with the aim of becoming a company that delivers change to its customers through IT. In fiscal 2018, we changed our Group Vision to "Trusted Global Innovator" and have since worked continuously to deliver "change" as a key word for how we and our customers work.

Innovating workstyles is not simply about reducing working hours. Our goal is for each employee to improve the quality of his or her work in the limited time available, while at the same time making effective use of the time created through reduced working hours for self-fulfillment pursuits. We want every employee to continue growing and playing an active role in the Company, which will help us maintain our strong competitive edge.

NTT DATA also practices health management. We aim to become "the company of choice in the labor market" by improving systems and working environments, enhancing development productivity and reducing long working hours through cooperation with customers and suppliers.

We will continue targeting growth by encouraging employees to have a positive influence on each other and on the Company.

Activity Results

◆ Main Initiatives to Reform Workstyles

· Ongoing training for newly appointed general managers and section chiefs on the theme of "work-style innovation"
· Creating environments that allow for flexible workstyles in accordance with the characteristics of each organization, such as companywide thin clients, discretionary labor, teleworking and flexible working hours
· Promoting the use of paid leave (refreshment leave and anniversary leave)
· Increasing the flexibility of system operation to provide ample relaxation time
· Expanding the eligibility and coverage of the teleworking system
· Using our internal website to introduce good examples for changing workstyles

◆ Innovating Workstyles by Enhancing the Digital and Global Skills of All Employees

As a new initiative starting in fiscal 2019, we launched "Self-Innovation Time" as a common KPI for all Group organizations. Under the system, all employees devote a portion of their work time to innovation-related domains. Such domains include strengthening digital and global skills, innovating workstyles through digital technologies and sharing knowledge within the Group and with other organizations. In fiscal 2019, our employees spent an average of 59 hours focusing on innovation-related domains. In fiscal 2020, we are working to improve the quality of these efforts and create Groupwide collaborations.

◆ Reducing Total Working Hours

Long working hours are an ongoing problem in the IT industry, and NTT DATA is working to reduce total working hours based on proper working hour management.

To date, we have sought to manage working hours by recording computer log-on and log-off times and using smartphones to enter workday start and stop times. We have also set reduction targets for total working hours at each workplace and promoted measures to attain those targets. We report the achievement progress of each organization's reduction targets to top management every quarter. In addition, we have implemented a plan-do-check-act (PDCA) cycle, through which we continuously review and improve initiatives. As a result, in fiscal 2018 we achieved our target of reducing average annual working hours per employee to 1,890.

We also use the Tableau business intelligence (BI) platform to visualize the analysis results of data related to working hours in a secure and timely manner and share them within the Company. In addition, we use AI to detect any signs of excessive working hours and pursue initiatives to prevent overwork.

➤ **Total Annual Working Hours per Employee (Non-consolidated)**
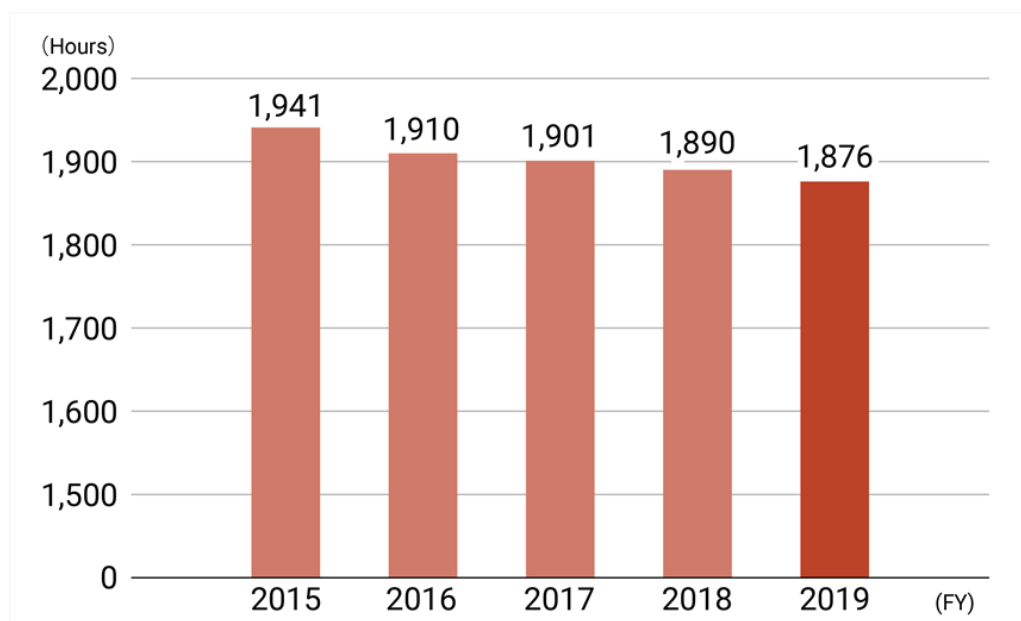
◆ **Encouraging Employees to Take Paid Leave**

NTT DATA promotes a work-life balance for its employees by encouraging them to be proactive in taking paid refreshment leave[1] and anniversary leave[2].

As a result of these efforts, employees took an average of 17.4 days of paid leave per person in fiscal 2018. We will continue encouraging employees to take paid leave in conjunction with various other measures.

1. Employees can take more than four consecutive days of vacation together with day-offs when a work milestone is achieved.
2. Employees decide their own anniversary date and can take planned vacations every year on this anniversary.

➤ **Average Paid Leave Taken; Rate of Paid Leave Taken (Non-consolidated)**

	FY2016	FY2017	FY2018	Fiscal 2019
Average paid leave taken in days per person	18.2	17.7	17.6	17.4
Average rate of paid leave taken (%)	91.0	89.0	88.1	87.1

◆ **Emphasizing Location-Neutral Workstyles**

NTT DATA has operated a teleworking employment program since February 2008 as one specific strategy to deliver workstyle innovation.

In April 2018, we revised our teleworking system to increase the flexibility of working space and time. These revisions included removing limits on the number of teleworking days and allowing employees to telework in places other than their homes. As a result, more than 90% of NTT DATA employees are now taking advantage of this system.

In addition to allowing location-neutral working arrangements, we have sought to increase flexibility with respect to working hours, including by introducing a flextime system in April 1993 and a discretionary work system in December 2010. More than half of our employees now use both systems.

Furthermore, we are moving our development environment to the cloud, embracing teleconferencing and otherwise enhancing our infrastructure to provide innovative workstyles that allow our diverse human resources to excel.

➤ **Number and Ratio of Teleworking System Users (Non-consolidated)**

	FY2016	FY2017	FY2018	FY2019
Teleworking (includes mobile work) number of users	7,673	8,807	10,215	11,907
Teleworking (includes mobile work) ratio of users (%)	68.3	78.2	78.2	93.0

Participation in Telework Days as a Special Cooperating Organization

In 2017, the Tokyo Metropolitan Government and relevant government ministries designated July 24 as "Telework Day" and have launched a national campaign for workstyle innovation. In 2019, a period of approximately a month, from July 22 to September 6, was designated as "Telework Days 2019" as a rehearsal for the Tokyo 2020 Olympic Games. As in 2018, NTT DATA participated in this initiative as a "special cooperating organization," an organization that operates a large-scale teleworking system with more than 100 people and cooperates in measuring its effectiveness.

As a company with multiple business operations, including the Toyosu Head Office, in key areas expected to experience congestion during the Olympics, we also participate in the 2020 TDM Promotion Project, which will manage transportation demand concerning the Tokyo Olympics, as well as the "Smooth Biz" initiative promoted by the Tokyo Metropolitan Government.

In 2019, we designated 10 days (July 22–August 2) as the period for teleworking. We asked for cooperation from not only all NTT DATA employees but also Group companies and contractors. Accordingly, we were able to verify the effectiveness of preparations for the year of the Tokyo Olympics and identify potential issues.

A total of 86,100 NTT DATA employees participated in the initiative by the following means.
- Teleworking: Around 39,200 people
- Shifting commuting times by taking advantage of discretionary work and flextime systems: Around 31,200 people
- Taking time off for annual paid leave and summer vacations: Around 15,700 people

NTT DATA will continue promoting its own measures related to work-style innovation. We will contribute to work-style innovation in Japan by broadly deploying IT services that support corporate workstyle innovation.

Employee Relations

◆ Labor-Management Dialogue to Enhance Work Environments

The Company conducts labor-management talks with NTT DATA unions regarding issues pertaining to working conditions as they arise. Our basic stance is to emphasize comprehensive dialogue between labor and management in addressing various issues. Moreover, essentially 100% of our employees are members of labor unions, excluding managers, who are not permitted to join unions because they are responsible for the administration of operations.

◆ Improving Employee Engagement

Our goal is "To be a No. 1 employer, for the best talent worldwide!" With this in mind, we conduct Groupwide "One Voice" engagement surveys of all employees, including those at overseas Group companies, working as one to create rewarding workplaces.

The 2019 survey revealed that 71% of employees reported high levels of engagement, up from 68% in the previous year.

Each Group organization will use the results of the survey to gain an accurate understanding of the current status of employees, then consider action plans and implement initiatives for future improvements aimed at maintaining and improving engagement and creating better workplaces.

➢ **"One Voice" Engagement Survey Results (FY2019)**

FY2019 employee engagement levels

low 29%

high 71%
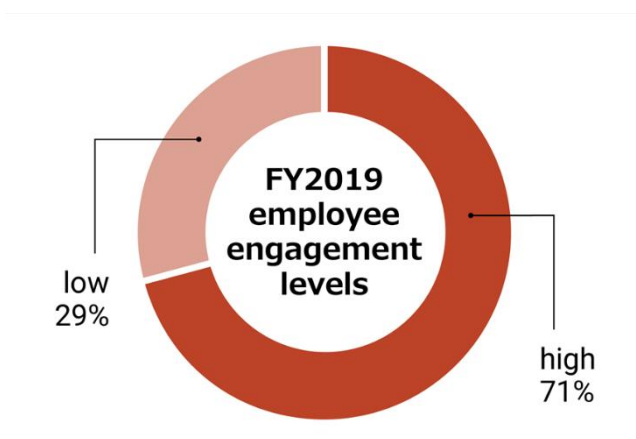
Occupational Health and Safety (Promoting Health Management)

Basic Policy and Promotion System

We believe that efforts to improve the health of employees will help increase motivation and productivity and consequently contribute to society and boost corporate earnings. Based on this belief, we promote "health management," through which we strategically implement the PDCA cycle based on practicing health management from a managerial perspective, in addition to conventional health and safety measures in the workplace. We aim to create environments where individual employees, as well as their family members, can continue working safely in good physical and mental health while increasing the motivation and vitality of our employees.

At NTT DATA, our management works with occupational physicians from our Health Promotion Office, as well as specialist physicians and public health nurses, to spearhead efforts to improve employee health, provide mental health care and prevent COVID-19 infections in cooperation with our health insurance association and each workplace.

Activity Results

◆ Promoting Health Management

Efforts to Counter Infectious Diseases

We are committed to fulfilling our social mission as a company that supports critical social infrastructure while placing the highest priority on the safety and health of employees and their families. To this end, we will swiftly improve workplace environments by promoting teleworking and flexibly utilizing systems that allow diverse workstyles, including those for balancing work with childcare and nursing care commitments. We will continue working with each workplace to ensure daily workplace hygiene management and prevention of workplace infections.

To address health issues that arise from teleworking, we promote health management that reflects the needs of the "With Corona" era by raising awareness about mental anxiety, lack of exercise and other important matters while actively promoting online health consultations with industrial physicians and public health nurses.

**Health Management (Understanding Health Issues and Raising Awareness)**

To help employees understand their health issues in more detail, we offer comprehensive medical checkups using our Cafeteria Plan as part of our benefits package. Starting in fiscal 2019, we are offering comprehensive medical checkups in five-year increments for employees aged 30 to 60. These checkups, which are separate from the Cafeteria Plan, are more extensive than statutory medical checkups. The purpose of this program is to periodically check the health status of young employees and detect the onset of diseases at an early stage. (The medical checkup uptake rate in fiscal 2019 was 100%.)

In addition to stress checks, we conduct web-based interviews with employees on lifestyle-related habits. Our aim is to monitor the subjective symptoms of employees' physical and mental health and the status of their workplace environments, which will help increase their motivation to engage in self-care. In accordance with a revision of Japan's Health Promotion Act, we are working to prevent passive smoking and reduce the rate of smoking by consolidating smoking rooms and encouraging employees to quit smoking.

Stress Checks for All Employees

NTT DATA performs annual stress checks of all employees and conducts group analyses in each workplace. The results are provided as feedback to each workplace and used to make working environment improvements, such as providing individual follow-up checks of workplaces requiring improvement and posting examples of good practices on our internal website.

➢ **Workplace Improvement Program**
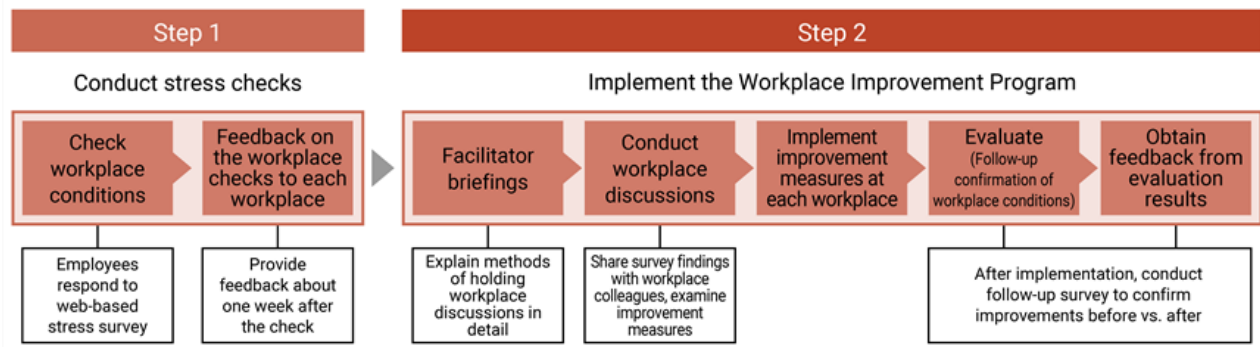
◆ **Improving Health Education and Health Literacy**

We believe that the health of every employee is a company asset and a reflection of its development. With this in mind, we engage in educational initiatives to improve the health literacy of our employees.

◆ **Self-Care and Line-Care Education**

NTT DATA conducts training to raise awareness among employees about self-care and care for those around them during milestone training for managers and employees.

Health Education for Young Employees

NTT DATA aims to foster health awareness among employees younger than the ages subject to statutory specific health guidance. To this end, we provide health education for all employees in their first and second years of employment, who are building the foundation of their lifestyles, and to all employees at the age of 35.

In addition, we offer personalized education programs for high-risk employees in their 30s.

➢ **Health Education for Employees in Their 30s (FY2019)**
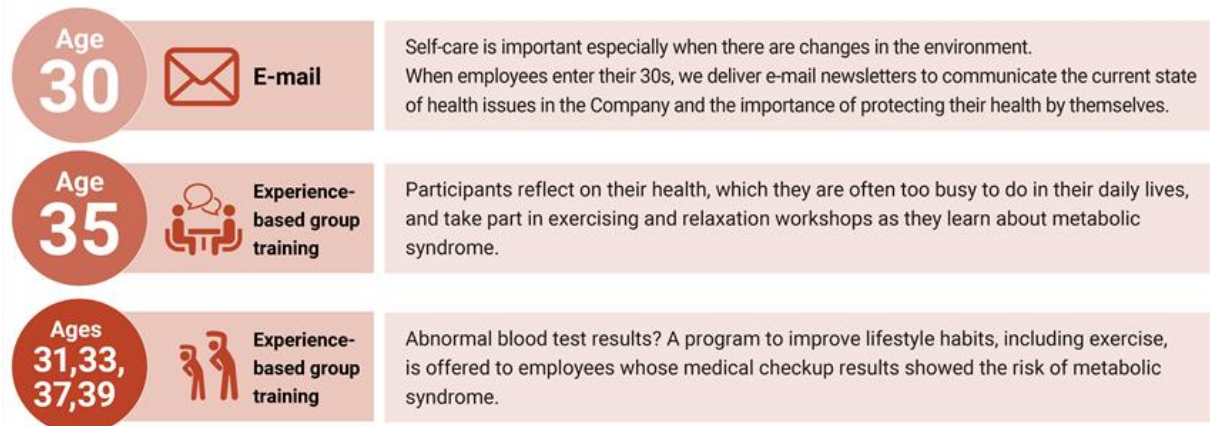
Note: In fiscal 2020, our health education is being conducted online.

Interviewing Employees Working Long Hours

Since fiscal 2011, we have conducted "fatigue accumulation checks" for employees who work more than 45 hours of overtime a month. If accumulated fatigue is confirmed, the employee is interviewed by an industrial physician or a public health nurse. Based on interview results, we take measures to reduce burdens and otherwise optimize working hours and prevent overwork.

◆ Groupwide Expansion of White 500 Certification

The entire Group is working on health management. As a result, six NTT DATA Group companies have received "White 500" certification from the Ministry of Economy, Trade and Industry and the Japan Health Council. This certification is given to corporations practicing excellent health management.

[NTT DATA Group Companies with White 500 Certification]
・NTT DATA Corporation (3 consecutive years)
・NTT DATA BUSINESS SYSTEMS Corporation (2 consecutive years)
・NTT DATA MSE Corporation (2 consecutive years)
・NTT DATA KANSAI Corporation
・NTT DATA FINANCIAL CORE Corporation
・NTT DATA MANAGEMENT SERVICE Corporation

◆ Preventing Occupational Accidents

We are committed to preventing occupational accidents. In addition to conducting two annual workplace safety patrols, we work hard to raise in-house awareness about National Safety Week, National Industrial Health Week and the Accident-Free Holiday Campaign organized by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety and Health Association. We will continue to raise the safety awareness of our employees with the aim of zero occupational accidents under the leadership of the Health and Safety Committees.

➢ **Number of Occupational Accidents**

	FY2016	FY2017	FY2018	FY2019
Number of occupational accidents ☑	4	6	5	3

Human Resource Development

Basic Policy and Promotion System

◆ Basic Policy

The starting point of NTT DATA's personnel training and development is the desire of our employees to learn and grow by setting their own goals. Our basic policy for human resource development is to provide on-the-job training (OJT) as the core, which is complemented and enhanced by Group-based off-the-job training (OFF-JT).

At each workplace, we clearly define the roles of staff responsible for personnel development and guidance under a system in which employees set their own annual learning plans. By systematically addressing both workplaces and employees in this way, we aim to raise the motivation to learn.

To meet the needs of the ever-changing business environment, we also focus on nurturing professional human resources with advanced expertise and responsiveness to change, as well as those who can excel in the global marketplace.

➢ **Approach to Personnel Education and Development**
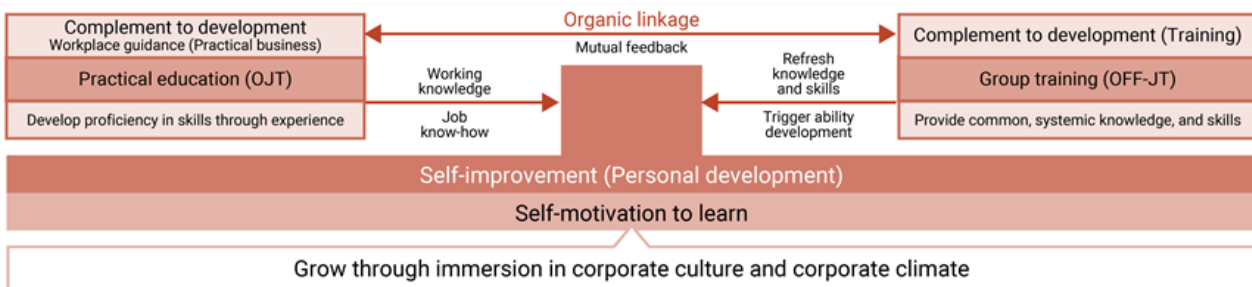
◆ Promotion System

NTT DATA provides technical training to enhance specialist expertise, business training to improve business-related skills and global training to hone global responsiveness. Employees are free to select courses attuned to their position and job assignment when needed. Moreover, we have systems in place allowing all employees to acquire certain levels of knowledge and skills on matters outside of their regular duties.

Our new employee training program is designed to form the foundation for the mindset and skills necessary to develop into disciplined human resources.

◆ Training Programs
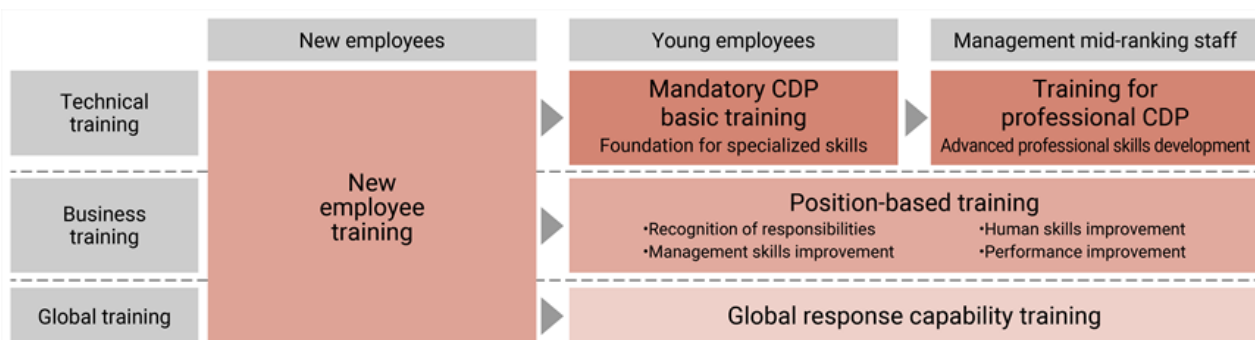
> **Participants and Training Costs in Fiscal 2019**

	Participants and Other Data	Annual Number of Study Hours per Participant	Training Cost per Participant
New employee training programs, etc. (including mandatory CDP basic training)	Approx. 430	586 hours (78 days)	¥3.9 million
Professional CDP training	—		
Position-based training (period covered, people undertaking training, by position)	—	80 hours (11 days)	¥0.57 million
Global response capability training	Approx. 1,780		
Professional CDP certification	Number of participants certified: Approx. 1,000 Aggregate number of employees certified: Approx. 11,000		

Activity Results

## ◆ Developing Human Resources Who Can Excel on the Global Stage

With the rapid expansion of its overseas business, NTT DATA strives to develop global human resources with the flexibility to excel in the face of changing markets and competitive environments. To this end, we focus mainly on cultivating executive human resources who can perform on the global stage and the globalization of employees hired in Japan.

We conduct two programs with Group companies across the world: the Global Workshop Leading an Intercultural Team (GW-LIT), where participants learn to embrace cultural diversity and the thinking of members from other countries and how to overcome these differences and work together, and the Global Leadership Program (GLP) for the development of next-generation global leaders. In the GLP, participants discuss issues related to NTT DATA's global and local strategies. The program encourages them to consider independently what is needed and what they should do to realize "One NTT DATA" both globally and locally. More than 650 employees have completed the two programs, and we will continue developing executive human resources who can excel on the global stage.

For employees hired in Japan, meanwhile, we offer position-based programs with the aim of developing human resources who can play an active role in our global business. One example is our Readiness Drive program for young employees. Through exercises and group work, this program helps students strengthen their cross-cultural responsiveness, understand the Company's global business and improve their English skills. Participants also receive practical training in making business proposals overseas and working in multinational teams. In addition to training, we offer various other opportunities, such as the Business Acceleration Assignments (BAA) Program, which supports employees slated for overseas assignments by giving them practical global experience. We have also created an online community where employees in different countries can share their learning experiences.

Our training platforms teach respect for the diversity and individuality of our employees in 53 countries. They are a symbol of NTT DATA's dynamism and a driving force for elevating our business to new heights.

> **Global Human Resource Development**
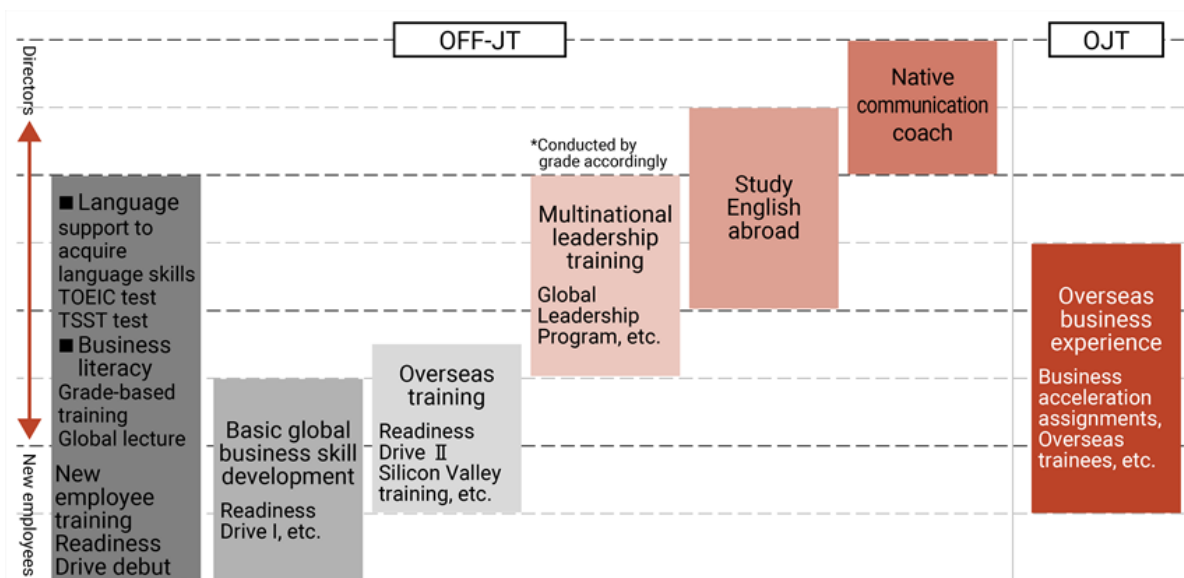
Secure and Develop IT Human Resources

Basic Policy and Promotion System

◆ Human Resource Development Based on Professional CDP

As our customers' IT needs diversify in this ever-changing business environment, it is important to develop human resources that can respond flexibly and appropriately. With this in mind, NTT DATA introduced its Professional Career Development Program (Professional CDP), designed to transform our employees into professional human resources who are highly specialized and can flexibly adapt to change. This program provides employees with easy-to-understand methods for certifying their current level of achievement and developing their skills and supports the autonomous growth of individual employees from the time they join the Company until they retire. We are currently rolling out the program to other domestic Group companies.

Our Professional CDP identifies the types of human resources required for our business in a phased manner. Twelve types have been identified so far, with "business developer" and "data scientist" added in fiscal 2019 to reflect changes in technologies and our business.

Due to the growing importance of creating new solutions and expanding our business domains, we will continue working to develop professional human resources who are flexible to change.

Activity Results

◆ Initiatives to Strengthen Digital Responsiveness

With the acceleration of digitization, NTT DATA is promoting digital transformation to maximize the value it provides to customers. To this end, we established an initiative to enhance the digital responsiveness of all employees. Since fiscal 2017, we have been holding training and seminars on design thinking and idea generation methods aimed at helping employees embrace unconventional ways of thinking and perspectives.

Respect for Human Rights

▌ Basic Policy

◆ Basic Policy

As a member of the NTT Group, the NTT DATA Group engages in organizational efforts in line with the NTT Group's Human Rights Charter, established in June 2014. The charter incorporates concepts of the ISO 26000 international standard on social responsibility and the UN's Guiding Principles on Business and Human Rights. Our Global Compliance Policy stipulates the Group's fundamental principle of respect for human rights. Under the policy, we aim to create comfortable, discrimination-free work environments by pledging not to carry out or tolerate discrimination and take a firm stand against discrimination by others. We place great importance on resolving human rights issues and promoting human rights awareness activities organizationally throughout the Group.

◆ The NTT Group's Human Rights Charter

We recognize that respect for human rights is a corporate responsibility and aim to create a safe, secure and rich social environment by fulfilling that responsibility.

1. We[1] respect internationally recognized human rights[2], including the Universal Declaration of Human Rights in all Company activities.
2. We responsibly respect human rights with efforts to reduce any negative impacts on human rights holders. We respond appropriately when negative impacts on human rights occur.
3. We aim to not be complicit in infringing human rights, including being involved in discrimination, directly or indirectly.
4. When negative impacts on human rights are done by a business partner and are linked to a product or service of the NTT Group, we will expect them to respect human rights and not to infringe on them.

Notes:
1. "We" means the NTT Group and its officers and employees.
2. "Internationally recognized human rights" are rights included in declarations and rules that form the basis for international standards of universal human rights throughout the world and specifically refer to the following.
   United Nations (the Universal Declaration of Human Rights and the two Covenants on human rights)
   ・ The Universal Declaration of Human Rights (adopted by the United Nations General Assembly in 1948)
   ・ International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights
     (adopted by the UN General Assembly in 1966, in force from 1976)
   International Labour Organization (eight basic principles of the Core Conventions of the ILO Declaration)
   ・ The eight core principles of the ILO Declaration on Fundamental Principles and Rights at Work (adopted at the 86th International Labour Conference in 1998) are Forced Labour, Freedom of Association and Protection of the Right to Organize, Right to Organize and Collective Bargaining, Equal Remuneration, Abolition of Forced Labour, Discrimination (Employment and Occupation), Minimum Age Convention and Elimination of the Worst Forms of Child Labour.
3. In carrying out Articles 2–4 above, we apply the UN Guiding Principles on Business and Human Rights and ISO 26000 and are subject to the procedures described therein.

Promotion System

NTT DATA convenes a meeting of its Human Rights Awareness Activity Promotion Committee at the beginning of each fiscal year with the aims of deepening understanding and awareness of human rights and creating cheerful and comfortable workplaces. The committee consists of leaders of each organizational unit and is headed by the Representative Director and Senior Executive Vice President. We have assigned human rights awareness promotion officers to each organization and company within the Group. They spearhead employee training and policies and address human rights issues within their respective organizations in cooperation with the Human Rights Promotion Office in our ESG Promotion Department. These promotion officers also participate in internal and external training sessions to further develop their human rights awareness expertise.

➢ **System to Promote Human Rights Awareness**
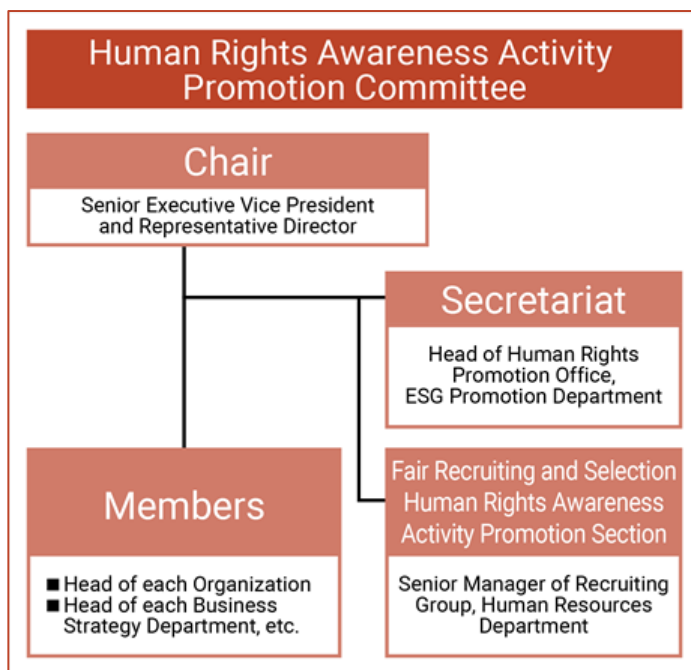
◆ Promoting Human Rights Awareness

Educational activities for all employees are important for ensuring human rights awareness. With this in mind, we have been holding Human Rights Awareness Workplace Seminars at each workplace for domestic NTT DATA Group employees since fiscal 2010. The aims of the seminars are to raise awareness and promote understanding about human rights issues.

In fiscal 2019, we continued conducting sessions on human rights in position-based training, recruiters' training and other programs to instill even deeper awareness. In light of the increasing number of employees assigned to overseas posts, we conduct pre-overseas assignment training to help such employees gain a proper understanding of the religions, cultures and customs of the countries and regions to which they have been assigned. In fiscal 2019, a total of 41 employees assigned to 13 overseas posts took part in the program. In addition, in October 2019 we held a human rights slogan contest for NTT DATA Group employees, partner company employees and family members from whom we solicited slogans on the theme of human rights awareness. We awarded outstanding slogans at an event during the UN-designated Human Rights Week.

➢ **Major Initiatives on Human Rights Awareness**

Initiative	Participation in FY2019
Human rights awareness workplace seminars	28,518 people
Position-based training course (Human rights awareness)	2,500 people
Recruiters' training course	500 people
Training experts (In charge of promoting human rights awareness activities and the HR section in the ESG Promotion Department)	10 people (6 sessions)
Training prior to international assignment	41 people (13 countries)
Human rights slogan contest	202 applications

Activity Results

◆ Human Rights Due Diligence

As an NTT Group company, we are incrementally implementing a human rights due diligence process in accordance with policies set forth in the NTT Group's Human Rights Charter established in fiscal 2014. Specifically, we established a human rights management system in the first phase of the process (2014–2016) and strengthened human rights management in the second phase (2017–2018).

In fiscal 2019, we conducted our second human rights management survey (December 2019–January 2020), following the first survey in fiscal 2016, with the aim of reaffirming our understanding of potential human rights issues.

◆ Strengthening Human Rights Management

In fiscal 2017, to validate the results of previous internal surveys, we examined the degree to which the NTT Group's business has a negative impact on the human rights of its stakeholders, referring to advice from external expert organizations and good practices of other companies. As a result, we identified human rights issues that the NTT Group should address from the perspectives of "likelihood of future human rights risks in each country" and "severity of human rights risks that might arise in our business."

In fiscal 2018, we conducted a manifest human rights impact assessment in the Asian region as a test case based on the results of an assessment of potential human rights risk conducted in the previous year.

In fiscal 2019, we identified human rights issues that the entire NTT Group will address as a top priority. Going forward, we will evaluate and analyze the NTT Group's priority issues while strengthening our governance structure to enhance the functioning of the due diligence process.

◆ Measures to Address the U.K. Modern Slavery Act

NTT DATA UK established compliance policies based on the U.K.'s Modern Slavery Act (MSA), which was passed in March 2015. Listed below are ways in which we are implementing these policies:

・Compliance with the MSA for all activities and investigations.
・Our purchasing terms and conditions require all suppliers to comply with the MSA.
・We conduct procurement checks of our top suppliers on a regular basis to ensure compliance with many business-related laws and regulations, including the MSA.
・Checks of top suppliers performed since 2015 have confirmed their compliance with the MSA. Checks of other suppliers are done in accordance with the due diligence and risk assessment processes. If we find any noncompliance, we swiftly point it out and take prompt action.
・We have external and internal whistleblowing systems for registering noncompliance.
・We provide MSA-related training as required.
・NTT DATA UK's MSA-related obligations are communicated regularly to employees, and its compliance status is reviewed by directors on an annual basis.

Innovation Management

Basic Policy and Promotion System

The NTT DATA Group provides safe and secure services to customers and strives to enhance these services by continuously monitoring customer needs.

We strive to remain constantly abreast of emerging information technologies and apply new approaches to address the needs of customers and society. Recognizing the critical importance of providing clients with safe and secure services, we have established an organized and systematic quality management system and adopted advanced development methods to provide highly reliable solutions. To meet the diverse needs of our customers, we also conduct customer satisfaction surveys. Based on opinions and requests we receive, we carry out service improvement activities to provide better services from the customer's perspective.

◆ Innovation Management

The NTT DATA Group works to address social issues and create a sustainable society by advancing innovation management centered on creating IT-driven innovations. We share medium- to long-term issues with our customers to promote the development of various new businesses.

NTT DATA's Digital Approach

We have defined five "Digital Drivers" for enabling customers' digital transformation: Transform business processes, rebuild ecosystems that connect stakeholders, create new experiences for end-users, provide new digital services and solutions, and create new business models that disrupt conventional thinking. We have also categorized the advanced technologies that are essential to making these Digital Drivers a reality into six "Digital Focus Areas." By combining these Digital Drivers and Digital Focus Areas, we provide customers with the best solutions to help them succeed in their digitalization efforts.

Activity Results

◆ Digital Focus Areas

In July 2017, NTT DATA established the Global Marketing Headquarters to handle cross-Company initiatives aimed at bolstering its brand in the global market. The headquarters creates flexible, cross-regional alliances at the global level to support global client companies and promote the globalization of delivery resources.

We are also working with clients on digital strategies that will help them take the next step in accelerating digital transformation. We view our role as clearly defining and reinforcing the digital focus areas needed in this transformation. Through such initiatives, we will partner with global clients to help them move their digital strategies forward. We will also work with them on joint projects and investments in solutions and otherwise upgrade our systems for approaching global client companies.

◆ Disseminating Innovative Technologies: NTT DATA Technology Foresight

NTT DATA conducts research and analysis on information society trends (near-future outlook) that are expected to have a major impact on client businesses over the medium and long terms, and monitors underlying technology trends. We release our findings in our annual NTT DATA Technology Foresight report. In addition to analyzing political, economic, social and technological trends, for example, we collect and discuss wide-ranging information through interviews with NTT Data Group companies and NTT R&D laboratories in Japan and overseas, as well as with experts in various fields. Through these activities, we have identified core issues warranting particular attention in social and business fields, as well as groundbreaking technologies that are evolving and spreading with remarkable speed. Specifically, we have defined three information society trends and eight technology trends on which we disseminate information.

Through NTT DATA Technology Foresight, we work with clients to create an image of the future. By developing the technologies and services necessary to realize that future, we aim to create new businesses and promote the advancement of society as a whole. We also conduct joint verification tests with clients around the world to confirm the feasibility and effectiveness of the technologies and services we have developed.

💻 https://www.nttdata.com/jp/ja/foresight/trend-listing/ (Japanese version only)

◆ AI Guidelines

The NTT DATA Group's AI Guidelines, which summarize the Group's approach, were established to mitigate discrimination and accidents caused by AI and utilize AI for social development. Based on the guidelines, we promote the development of AI technology and the application of the technology to business.

Outline of the Group's AI Guidelines

1. Realize a sustainable and happy society
2. Use co-creation to deliver new AI values
3. Emphasize fair, reliable and explainable AI
4. Ensure safe and secure data distribution
5. Contribute to the sound dissemination of AI

🖥 https://www.nttdata.com/jp/ja/news/release/2019/052900/ (Japanese version only)

◆ Global Open Innovation

The growing prevalence of the Internet and various other technologies and falling prices of services have increased the number of cutting-edge venture companies across the world. NTT DATA promotes open innovation, working with venture companies that possess advanced business models and technologies, as well as large client companies, to accelerate the creation of innovative businesses while building win-win relationships with them. We have built a community of more than 4,000 people that takes part in regular monthly meetings and global open innovation contests. Through these forums, our business divisions engage in innovative creation of next-generation social infrastructure in collaboration with venture companies and large client companies. Since launching this activity in 2013, we have collaborated with venture companies in FinTech, energy, digital marketing, healthcare and various other fields, resulting in the commercialization of more than 20 businesses to date.

We have held global contests since fiscal 2016. The contests help foster cross-border alliances among venture companies working to resolve numerous issues in various countries, our clients in different countries and the business divisions of the NTT DATA Group, which has a global network. We also foster the creation of new businesses through true open innovation and help improve the overall strength of the NTT DATA Group worldwide. In fiscal 2018, we launched the SDGs Startup Program with the aim of resolving issues facing society through open innovation and helping achieve the 17 SDGs set forth by the United Nations.

🖥 https://oi.nttdata.com/en/ (English)

Fiscal 2019 Activities

NTT DATA Open Innovation Contest

In fiscal 2019, we held the 10th Open Innovation Business Contest in 16 cities around the world. The winner of the contest was Binah.ai, a developer of non-contact vital data acquisition technologies. After the contest, we set up collaborative study teams with each winning company to carry out proof-of-concept (PoC) activities for commercialization. We also collaborate with various Open Innovation Business Contest participants, including the 2018 contest winner (Cloudpick) and cashier-less digital stores.

🖥 https://oi.nttdata.com/en/contest/10th/grand_finale

🖥 https://www.nttdata.com/jp/ja/news/services_info/2020/080300/ (Japanese version only)

🖥 https://www.nttdata.com/jp/ja/news/release/2019/090200/ (Japanese version only)

◆ Sharing the Fruits of Innovation

The NTT DATA Group shares its cutting-edge initiatives and contributes to the realization of a sustainable society in various ways.

INFORIUM Toyosu Innovation Center

In 2015, we established the INFORIUM Toyosu Innovation Center within our Head Office building as a place where visitors can experience the cutting-edge technologies that the NTT DATA Group is developing.

As a place for creating new businesses with clients, the center offers space for holding workshops on co-creation activities. This space is available to both domestic and international customers.

🖥 https://www.nttdata.com/jp/ja/inforium/(Japanese version only)

DATA INSIGHT

Through DATA INSIGHT, we provide information on people on the front lines and the latest technology trends.

🖥 https://www.nttdata.com/jp/ja/data-insight/(Japanese version only)

AQUAIR® Digital Business Design Studio

AQUAIR® is a co-creation space for clients to work with UX-UI[1] designers and other specialists to seamlessly consider and bring ideas to life, from planning new services to prototyping and testing. For example, the UX-UI designer identifies users' needs and issues, the consultant assesses market trends and feasibility and the engineer casts the ideas into shape. In these ways, multiple specialists form a team and offer consistent support to clients' activities.

🖥 https://nddn.design/aquair#

1. UX (user experience) refers to users' experience and emotions obtained by using a particular product or service. UI (user interface) is the point of contact for users of a product or service.
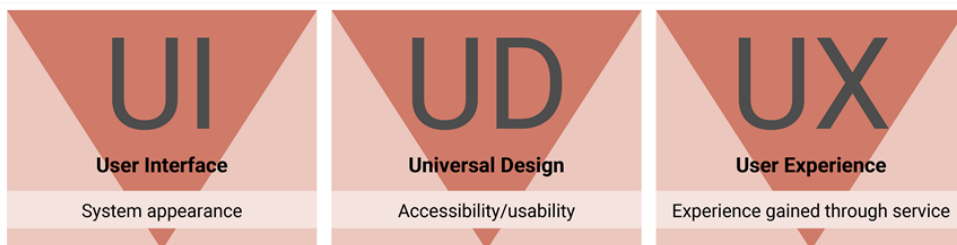
Human-Centered Design Initiatives

◆ Human-Friendly Systems

We pay close attention to each individual IT user, whom we view as a potential innovator. With this in mind, we promote the creation of human-friendly information systems based on the human-centered design (HCD)[1] approach. HCD is a step forward from the universal design (UD)[2] concept for systems and services and places greater emphasis on user-friendliness. With HCD, we engage in wide-ranging activities from the user's perspective. These include adopting a "UX design" approach aimed at providing deeper satisfaction, as well as internal training and education.

UX design is a methodology for designing products and services that improve the experience of users, including delivering what users want in a fun and comfortable way. To achieve good UX, it is important to adopt a user-focused approach to design in addition to traditional approaches rooted in technology or markets. Since 2002, NTT DATA has been developing human-friendly systems by applying user-oriented design to the system development process in the ICT and IoT fields.

➢ **HCD Perspective**

UI	UD	UX
User Interface	Universal Design	User Experience
System appearance	Accessibility/usability	Experience gained through service

1. The concept of designing services and systems according to the needs of users.
2. Design that emphasizes ease of use for all people, irrespective of age, gender, nationality, disability or individual experience and abilities.

Quality Management

◆ Developing Safe and Secure Systems

Providing reliable systems and services 24 hours a day, 365 days a year is a key responsibility and forms the basis of our customer service commitment.

The NTT DATA Group aims to build social infrastructure that people can use with peace of mind. To this end, we engage in various Groupwide initiatives that include obtaining quality management certifications and standardizing our development and management methods.

◆ Initiatives to Improve Quality

**Building a Management System Based on ISO 9001 and Promoting Continuous Improvement Activities**

NTT DATA obtained ISO 9001 certification—the international standard for quality management systems—on a Groupwide basis in 1998 and subsequently built an organized, systematic quality management system that is currently in operation. We are also focusing on reinforcing our system on a Groupwide basis. Since fiscal 2007, for example, we have created unified rules governing system development and management methods and clarified procedures for applying those rules. Furthermore, in March 2010 we formulated an implementation method that reflects the unified rules and have since expanded that across the Group to improve quality and productivity.

NTT DATA moved quickly to focus on making process improvements and enhancing system development transparency, incorporating Capability Maturity Model Integration (CMMI)[1] into the formulation of development and operational standards. We recognize the importance of raising quality control standards at development sites, including those of Group companies. Accordingly, we are rolling out CMMI across the Group and sharing quality management–related information.

We have also developed a quality assurance system for overseas Group companies, and with support from Japan we have achieved CMMI Maturity Level 2 in Romania. In addition, we continue to support process improvement utilizing CMMI to offshore locations in China. Through regular opinion exchanges within Asia, we are working to raise quality at overseas Group companies.

1. A model managed by the CMMI Institute that expresses the level of maturity of an organization undertaking system development using a five-point scale.

> ➤ **NTT DATA's Quality Management System (QMS)**
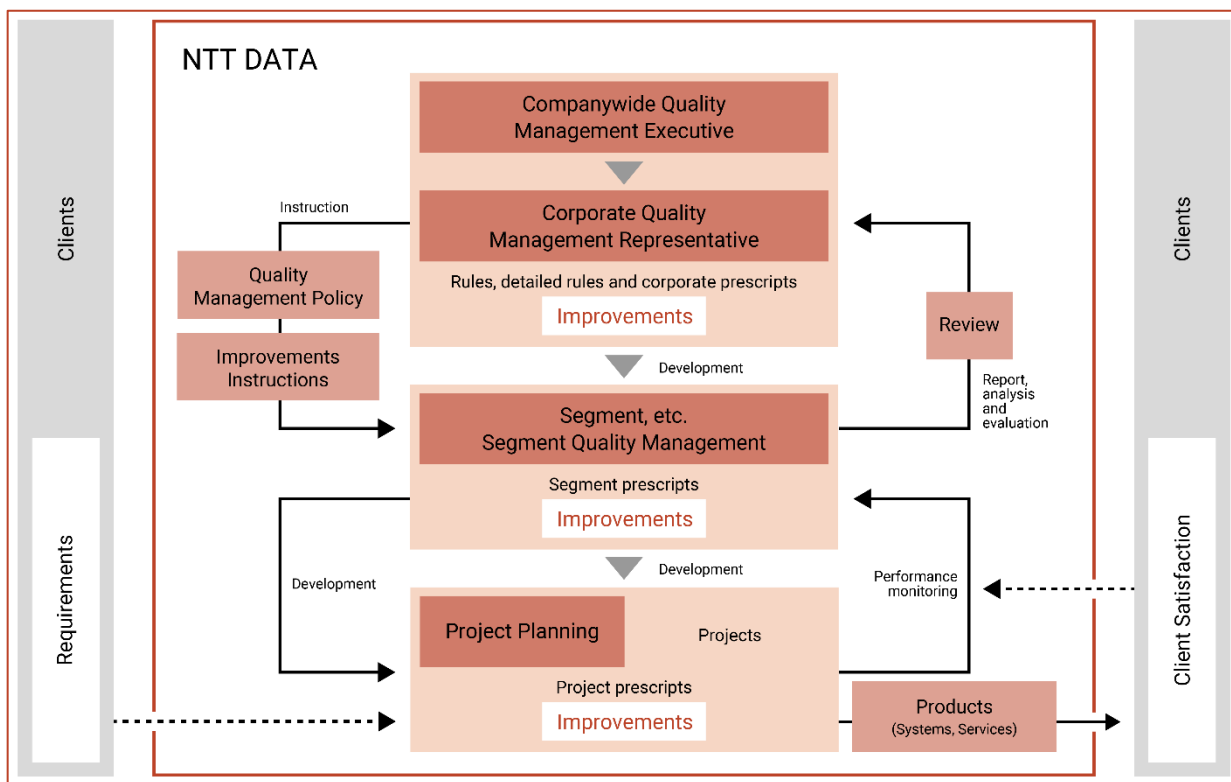
◆ Enhancing and Standardizing Project Management

NTT DATA endeavors to enhance and standardize project management to improve the quality and efficiency of system development. For example, we established the Agile Professional Center, which applies the agile development methodology to collaborate with clients in creating new businesses and services. We also integrated our R&D organization for production technologies, which includes project management, with our project support organization to establish the Project Management Solution Center.

Agile Professional Center

The Agile Professional Center was established to create new businesses in collaboration with clients in response to the growing business need for innovation. Around the world, we have established agile development bases through which we are reinforcing three functions: the cultivation of agile and professional human resources, advanced R&D and an on-demand, agile development system.

Project Management Solution Center

The Project Management Solution Center was established to conduct R&D on innovative project management methods, reinforce them through verifiable methods familiar to actual worksites and provide them within the Group in a user-friendly manner. The center also established the NTT DATA Global Standards, which has unified our standard operating procedures for system development throughout the world, and is taking responsibility for developing next-generation management tools that will raise efficiency of tracking, quality assurance and other aspects of management. The center provides complete, one-stop support for the adoption, introduction and full utilization of solutions. Through expanded utilization of R&D outcomes, the center is improving our Groupwide capabilities and reducing the number of problematic projects.

Quality Management Portal Site

NTT DATA has operated its Quality Management Portal Site since fiscal 2010. Our objective is to enable the sharing of all kinds of quality-related information among our different development locations, including those of Group companies.

This site offers responses to quality-related industry standards, consolidates internal rules and expertise, and makes this information accessible to all employees. We will continue deploying our quality assurance expertise to achieve more effective quality control operations.

◆ Addressing Serious Issues

At the NTT DATA Group, executives and employees are required to promptly notify the quality assurance desk in the event of any serious quality issue with a commercial system. The Quality Assurance Department and external relations desk have an emergency contact system in place, whereby the Corporate Management Committee deliberates countermeasures to highly serious issues. Particularly serious incidents are reported swiftly to senior managers. We also investigate the cause of each incident, consider measures to prevent recurrence, report to the competent authorities as necessary according to laws and regulations and disclose appropriate information to customers through our website.

◆ Human Resource Development Emphasizing System Management Stability

Seeking to stabilize system operations, NTT DATA's Quality Assurance Department promotes IT-SM community activities to develop human resources who will engage in system operation and maintenance.

Our IT-SM community activities include IT service management improvement training, which involves learning through examples of system failure response and prevention, and IT-SM community seminars to serve as forums for presenting and sharing those examples. In addition, we provide support through our IT-SM training (mentoring) school for IT service managers. At this school, two executive IT service managers serve as mentors to pass on skills and expertise, provide psychological support (discussion of concerns) and facilitate personal network building (vertical relationships between IT service managers).

Furthermore, we support and develop personnel involved in system operation and maintenance by offering various tools. These include a standardized on-site inspection checklist for stable system operations, a portal site to provide expertise on stable system operations and IT service management, a collection of example failure cases for recovery training, a system development guide aimed at improving operational quality during the development phase and a guide for reducing human errors that contains well-explained strategies and case studies.

Relationships with Customers

◆ Improving Customer Satisfaction

Listening to our customers and working to improve their satisfaction levels is important when considering how we can help resolve social issues through our business. Under its Clients First approach, the NTT DATA Group has achieved a high level of satisfaction among customers by contributing to their success.

◆ Promoting Improvement through Interviews and Questionnaires

Reflecting its belief that a client-oriented approach lies at the root of sustainable corporate growth, NTT DATA conducts oral and written surveys of its regular clients every year. The aim of this self-monitoring exercise is to enable us to deliver improved services from a client standpoint.

In fiscal 2019, we conducted interviews with people from 57 client companies and organizations, obtaining information regarding their opinions and requests. We also gained feedback through questionnaires received from 508 people in 196 client companies and organizations. One of the questionnaire items asks respondents if they intend to continue the relationship going forward and if they would like NTT DATA to be their first choice for consultation. In response, 81% of clients wrote "I would like to continue the relationship going forward" and "NTT DATA is my first choice for consultation." Based on interviews and survey results, the entire Company is engaged in improvement activities, including analysis of results, identification of issues and the formulation and implementation of improvement action plans.

We will continue advancing these efforts in a systematic manner to further improve customer satisfaction levels.

➤ NTT DATA's Position from Customers' Perspective
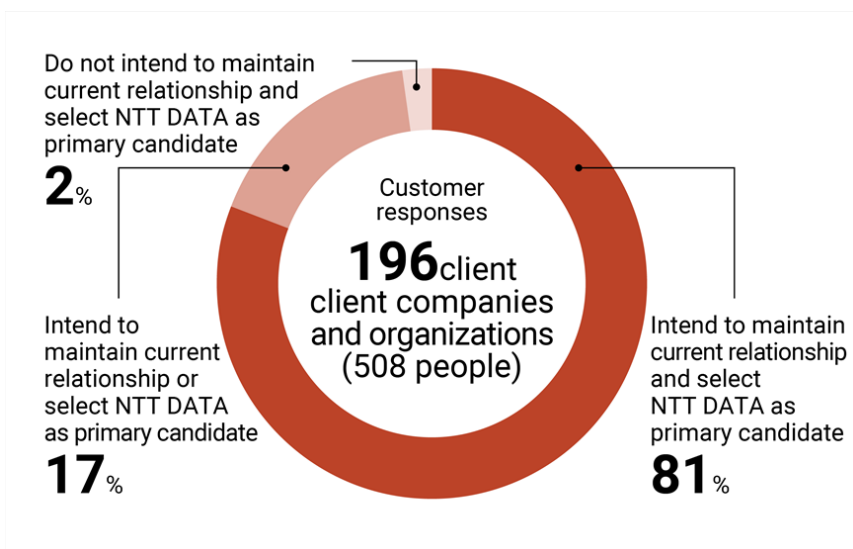
Social Contribution Activities

Basic Policy and Promotion System

The NTT DATA Group contributes to the advancement of society by providing social infrastructure and industry-specific solutions that utilize IT and advanced technologies to address global and local social issues. With a focus on IT education, we encourage employees to volunteer in programs that can positively address wide-ranging social challenges related to the environment, health, poverty, gender and so forth. By engaging in such activities, we aim to fulfill our responsibilities as a good corporate citizen while referring to international initiatives and guidelines, such as the SDGs.

The NTT DATA Group, led by its ESG Promotion Department, collaborates with domestic and overseas Group companies, as well as NTT Group companies, to pursue social contribution activities with a focus on IT education, which is a key ESG priority. In the process, we work to understand social issues through communication with NGOs/NPOs and local communities for reflection in our implementation plans.

Activity Results

◆ Results of Social Contribution Activities

As a global corporate group, the NTT DATA Group engages in a variety of activities to help build better societies in regions around the world.

Consolidated coverage **53** countries and regions

Number of consolidated subsidiaries **318**

Number of participants in contribution activities **32,780**

Cost of contribution **¥486,340,000**

➢ **Cost of Contribution Activities (Non-consolidated + Domestic Group companies)**

(¥ millions)

	FY2016	FY2017	FY2018	FY2019
Cost of contribution activities ☑	299.36	320.15	273.78	204.54
Total donations (including matching-gift funding support)	138.40	37.27	200.28	197.42
Cost of other contribution activities	160.96	282.88	73.50	7.12

➢ **Cost of Contribution Activities (Global)**

	FY2017		FY2018		FY2019	
	Activity cost (¥ thousands)	Participants (Persons)	Activity cost (¥ thousands)	Participants (Persons)	Activity cost (¥ thousands)	Participants (Persons)
North America	12,610	7,165	22,018	6,000	15,066	5,000
EMEA and Latin America	4,009	1,012	2,507	3,500	8,205	15,346
China, APAC and Japan	32,015	9,380	27,879	7,681	20,932	12,434

Note: Figures for participants refer only to NTT DATA Group employees who participated in social contribution activities.

Promote IT education

The NTT DATA Group has identified "IT education" as the central theme of its global social contribution activities. We are committed to helping improve the IT skills and IT literacy of children and NPOs/NGOs through volunteer activities that utilize the expertise of our employees, as well as financial and technical support in the IT field, a key NTT DATA strength.

Many of our employees have experience working with NPOs that deal with social issues on a daily basis, and the aforementioned support activities help them learn about specifics behind the issues and the existence of related stakeholders. This in turn helps improve their ability to design solutions for social issues and increases their sensitivity to areas where IT can contribute. We will continue working to create businesses that address social issues by systematically enhancing the Group's own sensitivity to and understanding of social issues.

Activity Results

The NTT DATA Group leverages the strengths of its core business to provide IT literacy and skills to children, the general public, NPOs/NGOs and others.

🖥   https://www.nttdata.com/jp/ja/sustainability/community/ (Japanese version only)

Independent Practitioner's Assurances

Independent assurances of environmental and social data are provided by Lloyd's Register Quality Assurance Limited. Check marks are attached to data that received such assurances.

LR Independent Assurance Statement

Relating to NTT Data Corporation's Environmental and Social Data for the fiscal year 2019

This Assurance Statement has been prepared for NTT Data Corporation in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by NTT Data Corporation ("the Company") to provide independent assurance on its environmental and social data disclosed in NTT Data Group Sustainability Report 2020, Annual Report 2020 and Sustainability page of its corporate website ("the report") for the fiscal year 2019, that is, 1 April 2019 to 31 March 2020, against the assurance criteria below to a limited level of assurance at the materiality of the professional judgement of the verifier and using ISAE 3000 and ISO 14064-3:2006 for greenhouse gas (GHG) emissions data.

Our assurance engagement covered the Company and its subsidiaries' operations and activities in Japan and overseas countries and specifically the following requirements: [1]
- Verifying that the report is in conformance with the Company's reporting methodologies:
- Evaluating the accuracy and reliability of the data for the selected indicators listed below:

Environmental [2][3][4]
- o GHG emissions data (Scope 1, Scope 2 [Market-based and Location-based], and Scope3) (tonnes CO₂e)
- o Energy consumption (MWh)
- o Water consumption (m³)

Social [5]
- o Number of occupational accidents
- o Number of women in management positions [%]
- o Expenditures for social contribution activities (in Japanese yen)
- o Number of employees with disabilities [Employment ratio] [6]

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:
- Met the requirements above
- Disclosed accurate and reliable environmental and social data

[1] LR undertook a limited assurance engagement of the environmental and social data marked with ✓ within NTT Data Group Sustainability Report 2020 and Annual Report 2020.
[2] Scope 1 and Scope 2 GHG emissions cover NTT Data Corporation and its subsidiaries in Japan.
[3] Scope 3 GHG emissions cover NTT Data Corporation and its global operations. Scope 3 GHG emissions cover from Category 1 to 15. Category 3 of Scope 3 emissions cover only the activity data associated with electricity consumption.
[4] GHG quantification is subject to inherent uncertainty.
[5] Number of occupational accidents and number of employees with disabilities [Employment ratio] covers NTT Data Corporation only. Number of women in management positions [Ratio] and the expenditures for social contribution activities cover NTT Data Corporation and its subsidiaries in Japan.
[6] Number of employees with disabilities is as of 1 June 2020.

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The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO 14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:
- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical environmental and social data and records for the fiscal year 2018; and
- Visiting NTT Data Tsukiji Building of NTT Data Corporation and the headquarter of NTT DATA INTELLILINK Corporation to investigate whether the data management systems have been effectively implemented.

Observations

The Company has year-on-year demonstrated improvement in its data management system. However, the company should further demonstrate the completeness of its future environmental and social indicators. This is particular to expand the reporting boundaries of GHG Scope 1 and Scope 2 emissions inventory as the verification scope in consideration of the interests of stakeholders.

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed   Dated: 8 July 2020

Norihiko Kinoshita
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LR reference: YKA4005176

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Comparative Table with GRI Standards

◆ General Standard Disclosures

Disclosure	Indicator	Source of Reference	
		Data Book	NTT Data Official Website
Organizational Profile			
102-1	Name of the organization	—	Company Profile 💻 https://www.nttdata.com/global/en/about-us/company-profile
102-2	Activities, brands, products, and services	—	Company Profile 💻 https://www.nttdata.com/global/en/about-us/our-way
102-3	Location of headquarters	—	Company Profile 💻 https://www.nttdata.com/global/en/about-us/company-profile/global-company/japan/
102-4	Location of operations	—	Location map 💻 https://www.nttdata.com/global/en/about-us/location-map
102-5	Ownership and legal form	—	Company Profile 💻 https://www.nttdata.com/global/en/about-us/company-profile
102-6	Markets served	—	Services 💻 https://www.nttdata.com/global/en/success-stories
102-7	Scale of the organization	—	Company Profile 💻 https://www.nttdata.com/jp/ja/about-us/profile INVESTORS—Financials 💻 https://www.nttdata.com/global/en/investors/financials
102-8	Information on employees and other workers	P072-074	—
102-9	Supply chain	P039-040	—
102-10	Significant changes to the organization and its supply chain	—	—
102-11	Precautionary Principle or approach	P023-037 P38 P050-060	—
102-12	External initiatives	P007	—
102-13	Membership of associations	P007	—
Strategy			
102-14	Statement from senior decision-maker	—	Message from the CEO 💻 https://www.nttdata.com/global/en/sustainability/greeting
102-15	Key impacts, risks, and opportunities	P023-027 P050-060	—
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	P003-005 P012 P035	—
102-17	Mechanisms for advice and concerns about ethics	P007 P035-037	—
Governance			
102-18	Governance structure	P005-006 P014-017	—
102-19	Delegating authority	P005-006 P014-017	—
102-20	Executive-level responsibility for economic, environmental, and social topics	P005-006	—
102-21	Consulting stakeholders on economic, environmental, and social topics	P006-008	—
102-22	Composition of the highest governance body	P014-017	—
102-23	Chair of the highest governance body	P014-015	—
102-24	Nominating and selecting the highest	P020	—
102-25	Conflicts of interest	P014-021	—
102-26	Role of highest governance body in setting	P014-021	—

	purpose, values, and strategy		
102-27	Collective knowledge of highest governance	P007 P014-017	—
102-28	Evaluating the highest governance body's performance	P018	—
102-29	Identifying and managing economic, environmental, and social impacts	P008-009 P022-024 P051	—
102-30	Effectiveness of risk management processes	P008 P022-024	—
102-31	Review of economic, environmental, and social topics	P022-024	—
102-32	Highest governance body's role in sustainability reporting	P005-006	—
102-33	Communicating critical concerns	P022-023 P031 P035-037 P095	—
102-34	Nature and total number of critical concerns	P031 P036	—
102-35	Remuneration policies	P019	—
102-36	Process for determining remuneration	P019	—
102-37	Stakeholders' involvement in remuneration	P019	—
102-38	Annual total compensation ratio	P019	—
102-39	Percentage increase in annual total	—	—
Stakeholder Engagement			
102-40	List of stakeholder groups	P006	—
102-41	Collective bargaining agreements	P081	—
102-42	Identifying and selecting stakeholders	P006	—
102-43	Approach to stakeholder engagement	P006 P008-009	—
102-44	Key topics and concerns raised	P006-009	—
Reporting Practice			
102-45	Entities included in the consolidated financial statements	—	INVESTORS 🖥 https://www.nttdata.com/global/en/investors
102-46	Defining report content and topic Boundaries	P001	—
102-47	List of material topics	P008-010	—
102-48	Restatements of information	—	—
102-49	Changes in reporting	—	—
102-50	Reporting period	P001	—
102-51	Date of most recent report	—	Sustainability Report 🖥 https://www.nttdata.com/global/en/sustainability/report
102-52	Reporting cycle	—	Sustainability Report 🖥 https://www.nttdata.com/global/en/sustainability/report
102-53	Contact point for questions regarding the report	P002	—
102-54	Claims of reporting in accordance with the GRI Standards	P002	—
102-55	GRI content index	P100-105	
102-56	External assurance	P099	—
Management Approach			
103-1	Explanation of the material topic and its Boundary	P008-011 P024-027 P050-060	—
103-2	The management approach and its components	P005-007 P010 P023-024 P028-037 P039 P041 P043-047 P050-051 P062-063 P071 P075 P082 P088 P091 P094-097	—
103-3	Evaluation of the management approach	P010	—

P023-024 P028 P033-037 P040-041 P046-048 P051 P061-062 P065-068 P075 P084 P090 P096-097	

◆ **Topic-specific Standards**

Disclosure	Indicator	Source of Reference	
		Data Book	NTT Data Official Website
200: Economic			
Economic Performance			
201-1	Direct economic value generated and distributed	—	INVESTORS 🖥 https://www.nttdata.com/global/en/investors
201-2	Financial implications and other risks and opportunities due to climate change	P050-060	—
201-3	Defined benefit plan obligations and other retirement plans	—	—
201-4	Financial assistance received from government	—	—
Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—	—
202-2	Proportion of senior management hired from the local community	—	—
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	P028-034 P056-057 P062 P091-093 P097-098	—
203-2	Significant indirect economic impacts	P028-034 P056-058 P097	—
Procurement Practices			
204-1	Proportion of spending on local suppliers	—	—
Anti-corruption			
205-1	Operations assessed for risks related to corruption	P035-038	—
205-2	Communication and training about anti-corruption policies and procedures	P035-038	—
205-3	Confirmed incidents of corruption and actions taken	P035-038	—
Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P038	—
Tax			
207-1	Approach to tax	P038	—
207-2	Tax governance, control, and risk management	P038	—
207-3	Stakeholder engagement and management of concerns related to tax	P038	—
207-4	Country-by-country reporting	—	—
300: Environmental			
Materials			
301-1	Materials used by weight or volume	—	—
301-2	Recycled input materials used	—	—

301-3	Reclaimed products and their packaging materials	—	—
Energy			
302-1	Energy consumption within the organization	P064-066	—
302-2	Energy consumption outside of the organization	—	—
302-3	Energy intensity	—	—
302-4	Reduction of energy consumption	P056 P065-066	—
302-5	Reduction in energy requirements of products and services	P056-057	—
Water and Effluents 2018			
303-1	Interactions with water as a shared resource	P065-066	—
303-2	Management of water discharge-related impacts	—	—
303-3	Water withdrawal	—	—
303-4	Water discharge	—	—
303-5	Water consumption	P065-066	—
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—	—
304-2	Significant impacts of activities, products, and services on biodiversity	—	—
304-3	Habitats protected or restored	—	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—
Emissions			
305-1	Direct (Scope 1) GHG emissions	P045-046 P065-066	—
305-2	Energy indirect (Scope 2) GHG emissions	P045-046 P065-066	—
305-3	Other indirect (Scope 3) GHG emissions	P061 P065-066	—
305-4	GHG emissions intensity	P061 P066	—
305-5	Reduction of GHG emissions	P045-046	—
305-6	Emissions of ozone-depleting substances (ODS)	—	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—	—
Effluents and Waste			
306-1	Water discharge by quality and destination	—	—
306-2	Waste by type and disposal method	P064-066	—
306-3	Significant spills	—	—
306-4	Transport of hazardous waste	—	—
306-5	Water bodies affected by water discharges and/or runoff	—	—
Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	P049	—
Supplier Environmental Assessment			
308-1	New suppliers that were screened using	P062-063	—
308-2	Negative environmental impacts in the supply chain and actions taken	—	—
400: Social			
Employment			
401-1	New employee hires and employee turnover	P072-074	—
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	—
401-3	Parental leave	P078	—
Labor/Management Relations			
402-1	Minimum notice periods regarding operational	—	—

	changes		
Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	P082-084	—
403-2	Hazard identification, risk assessment, and incident investigation	P082-084	—
403-3	Occupational health services	P082-084	—
403-4	Worker participation, consultation, and communication on occupational health and safety	P082-084	—
403-5	Worker training on occupational health and safety	P083	—
403-6	Promotion of worker health	P082-084	—
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P082-084	—
403-8	Workers covered by an occupational health and safety management system	P082-084	—
403-9	Work-related injuries	P082-084	—
403-10	Work-related ill health	P082-084	—
Training and Education			
404-1	Average hours of training per year per employee	P086	—
404-2	Programs for upgrading employee skills and transition assistance programs	P085-087	—
404-3	Percentage of employees receiving regular performance and career development reviews	P086	—
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	P017 P073 P075-078	—
405-2	Ratio of basic salary and remuneration of women to men	—	—
Non-discrimination			
406-1	Incidents of discrimination and corrective actions	—	—
Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P039-040 P088-090	—
Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	P039-040 P088-090	—
Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P039-040 P088-090	—
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	—	—
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	—	—
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	P088-090	—
412-2	Employee training on human rights policies or procedures	P088-090	—
412-3	Employee training on human rights policies or procedures	P039-040 P088-090	—
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	P097-098	—
413-2	Operations with significant actual and potential negative impacts on local communities	—	—
Supplier Social Assessment			

414-1	New suppliers that were screened using social criteria	P039-040	—
414-2	Negative social impacts in the supply chain and actions taken	—	—
Public Policy			
415-1	Political contributions	P038	—
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	P028-032 P094-095	—
416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	—	—
Marketing and Labeling			
417-1	Requirements for product and service information and labeling	—	—
417-2	Incidents of non-compliance concerning product and service information and labeling	P041	—
417-3	Incidents of non-compliance concerning marketing communications	—	—
Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P028-032	—
Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	P035-037	—