

Corporate Governance

Directors, Audit & Supervisory Board Members, and Senior Vice Presidents

(As of July 1, 2016)



Directors

1 Representative Director, President and Chief Executive Officer
Toshio Iwamoto

1976 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2009 Representative Director, Senior Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA
2011 Representative Director and Senior Executive Vice President of NTT DATA
2012 Representative Director, President and Chief Executive Officer of NTT DATA (present post)

2 Representative Director and Senior Executive Vice President
Masanori Shiina
Responsible for Corporate Strategy, Finance (CFO), Investor Relations, and Risk Management (CRO)

1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2011 Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
2013 Director, Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA
2014 Representative Director, Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA
2015 Representative Director and Senior Executive Vice President of NTT DATA (present post)

3 Representative Director and Senior Executive Vice President
Yo Honma
Responsible for Enterprise & Solutions Segment

1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2013 Senior Vice President, Head of Third Enterprise Sector of NTT DATA
2014 Director, Executive Vice President, and Company President, Enterprise IT Services Company of NTT DATA
2016 Representative Director and Senior Executive Vice President of NTT DATA (present post)

4 Representative Director and Executive Vice President
Eiji Ueki
Responsible for Technology Strategy (CTO), Information Security (CISO), and Financial Segment

1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2013 Director, Senior Vice President and Senior Executive Manager, Second Financial Sector of NTT DATA
2014 Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
2014 Director, Executive Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
2016 Representative Director and Executive Vice President of NTT DATA (present post)

5 Director and Executive Vice President
Kazuhiro Nishihata
Responsible for Global Segment

1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2012 Executive Vice President and Senior Executive Manager, Global Business Sector of NTT DATA
2013 Executive Vice President, Head of Global Business Sector of NTT DATA
2015 Director and Executive Vice President of NTT DATA (present post)

6 Director and Executive Vice President
Tsuyoshi Kitani
Head of Technology and Innovation General Headquarters
Head of System Engineering Headquarters

1983 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2014 Senior Vice President, concurrently serving as Head of System Platforms Sector and Head of Research and Development Headquarters of NTT DATA
2015 Executive Vice President concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Platforms Sectors of NTT DATA
2016 Director and Executive Vice President concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters of NTT DATA (present post)

7 Director and Executive Vice President
Keiichiro Yanagi
Head of General Affairs Department
Head of Human Resources Department

1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2009 President and Representative Director of NTT DATA Getronics Corporation
2012 Head of General Affairs Department of NTT DATA
2013 Senior Vice President, Head of Second Financial Sector of NTT DATA
2016 Director and Executive Vice President, Head of General Affairs Department and Human Resources Department of NTT DATA (present post)

8 Director and Executive Vice President
Hiroyuki Aoki
Responsible for Public & Social Infrastructure Segment

1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2004 Head of the First Technical Sector, System Technical Business Unit, Business Development Headquarters of NTT DATA
2007 Head of Group Strategy Headquarters of NTT DATA
2009 Deputy Head of Manufacturing Business Sector of NTT DATA
2012 President and Representative Director of NTT DATA KYUSHU CORPORATION
2014 Senior Vice President, Head of Human Resources Department of NTT DATA
2016 Director and Executive Vice President of NTT DATA (present post)

9 Director
Yukio Okamoto
Outside Director^{*1}, Independent Director^{*3}

1968 Joined the Ministry of Foreign Affairs
1991 Representative Director, Okamoto Associates, Inc. (present post)
2000 Director, Mitsubishi Materials Corporation (present post)
2008 Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)
2014 Director of NTT DATA (present post)

10 Director
Hiromasa Takaoka
Director

1988 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2011 Director of Human Resources of NTT, Communications Corporation Member of the Board of NTT Human Solutions Corporation
2013 Vice President of HR, General Affairs Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)
2015 Director of NTT DATA (present post)

11 Director
Eiji Hirano
Outside Director^{*1}, Independent Director^{*3}

1973 Joined Bank of Japan
2014 Special Advisor of Toyota Financial Services Corporation
2015 Vice Chairman, Director and Representative Executive Officer of MetLife, Inc. (present post)
Director of RIKEN CORPORATION (present post)
2016 Advisor of Toyota Financial Services Corporation (present post)
Director of NTT DATA (present post)



Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member
Yukio Ishijima
Outside Audit & Supervisory Board Member^{*2}, Independent Director^{*3}

1976 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2006 Senior Vice President and Head of Planning and General Affairs, NTT Business Associe Co., Ltd.
2009 Representative Director and Executive Vice President, NIPPON CAR SOLUTIONS CO., LTD.
2014 Standing Audit & Supervisory Board Member of NTT DATA (present post)

Standing Audit & Supervisory Board Member
Tetsuro Yamaguchi
Outside Audit & Supervisory Board Member^{*2}

1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2010 Director of Global Strategy Department, Global Business Division of NTT Communications Corporation
2011 Dimension Data Holdings plc, Director of the Board, Group Executive: Joint Business Development
2015 Standing Audit & Supervisory Board Member of NTT DATA (present post)

Standing Audit & Supervisory Board Member
Akio Nakamura
Outside Audit & Supervisory Board Member^{*2}, Independent Director^{*3}

1978 Joined the Ministry of Finance
2013 Registered as an attorney at law, TANABE & PARTNERS, Special Partner (present post)
2015 Director of Century Tokyo Leasing Corporation (present post)
2016 Standing Audit & Supervisory Board Member of NTT DATA (present post)

Audit & Supervisory Board Member
Rieko Sato
Outside Audit & Supervisory Board Member^{*2}, Independent Director^{*3}

1984 Registered as an attorney at law (present post)
1998 Partner of Ishii Law Office (present post)
2004 Corporate Auditor of Ajinomoto Co., Inc.
2008 Corporate Auditor of GignoSystem Japan, Incorporated (present post)
2012 Audit & Supervisory Board Member of NTT DATA (present post)
2015 Director of the Dai-ichi Life Insurance Co., Ltd., (present post)

Executive Vice President

Shigeki Yamaguchi
Head of IT Services & Payments Services Sector

Senior Vice Presidents

John McCain
Chief Executive Officer of NTT DATA, Inc.

Masato Inaba
Chair of the Board, NTT DATA (CHINA) Co., Ltd.
Chair of the Board, NTT DATA (CHINA) INVESTMENT Co., Ltd.

Tooshi Fujiwara
Head of First Financial Sector

Sachihiko Okimura
Head of Third Financial Sector

Shunichi Takeuchi
Head of Telecom & Utility Business Sector

Tadashi Uhira
Chair of the Board, NTT DATA EMEA LTD.

Katsumi Iijima
Head of Public Sector 2

Koji Ito
Head of Global Business Sector

Hisashi Matsunaga
Head of Group Strategy Headquarters

Motonobu Isoya
Head of Manufacturing IT Innovation Sector

Shinichiro Miyake
Head of Fourth Financial Sector

Takashi Nakamura
Head of Finance Department

Shinichi Usui
Head of Public Sector 1

Tetsu Sato
President and CEO of NTT DATA ASIA PACIFIC PTE. LTE.

Yutaka Sasaki
Head of Business Solutions Sector

Masanori Suzuki
Head of Second Financial Sector

*1. Yukio Okamoto and Eiji Hirano are outside directors pursuant to Article 2, Paragraph 15 of the Companies Act.
*2. Yukio Ishijima, Tetsuro Yamaguchi, Akio Nakamura, and Rieko Sato are outside Audit & Supervisory Board members pursuant to Article 2, Paragraph 16 of the Companies Act.
*3. NTT DATA has designated Yukio Okamoto, Eiji Hirano, Yukio Ishijima, Akio Nakamura, and Rieko Sato as independent directors in accordance with the listing regulations of the Tokyo Stock Exchange and notified it.



For details on our efforts, please see Corporate Governance Report.
<http://www.nttdata.com/global/en/investor/library/cg-report/index.html>

FAQ

For convenience, the questions most frequently received from shareholders have been collected and compiled as a FAQ.

Question 1

What is NTT DATA's position on strategic shareholdings?

- ✓ With respect to shareholdings whose aim is for other than net investment purposes, shares in customer and business partner companies are held to enable the maintenance of relationships over the medium to long term, expand business, and create synergies. If holding shares in the issuing company results in the enhancement of NTT DATA corporate value and is thought to be linked to shareholder and investor profit, we will pursue this shareholding policy.
- ✓ Equity investments (as of March 31, 2016) held for other than net investment purposes recorded on the consolidated balance sheets amounted to ¥65,263 million, of which two issues were in excess of ¥1,000 million.
- ✓ Regarding the execution of voting rights related to strategic shareholdings, comprehensive evaluations are made in terms of whether the decision will lead to the issuing company's sustainable growth and enhanced corporate value over the medium to long term. We consider this to be linked to NTT DATA's enhanced corporate value and shareholder and investor medium- to long-term profit.

Question 2

How is director remuneration tied to medium- to long-term performance?

- ✓ From the perspective of reflecting medium- to long-term performance in director (excluding outside directors) remuneration, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-Holding Association. The association holds all shares purchased during the term of the directors.

Question 3

How is the Board of Directors evaluated?

- ✓ Each quarter, auditing of the director business duty execution status is conducted within the business duty execution status report, and discussion meetings that outside directors, Audit & Supervisory Board members, and representative directors attend are held to heighten the efficacy of the Board of Directors as well as implementation initiatives (detailed explanations beforehand to outside directors, and explanation of NTT DATA terminology) aimed at invigorating discussions at Board of Directors' meetings. Additionally, on the advice of a third party we plan to conduct a survey targeting all Board of Directors' members in the fiscal year ending March 31, 2017 in an effort to promote and further enhance verification and improvements related to efficacy of the Board of Directors.

Question 4

How does NTT DATA protect the interests of minority shareholders?

- ✓ With respect to the relationship with our parent company NTT, we promote cooperation while fully respecting each other's independence and autonomy. In terms of transactions with NTT, our basic policy is to conduct business appropriately in line with laws and regulations.
- ✓ When transacting with NTT and NTT Group companies, we are cognizant of maximizing minority shareholder interests. Specifically, we confirm that transaction details are reasonable and proper. After prior review, including third-party opinions solicited by our Legal Affairs Department, as necessary, we grant approval based on Authority Rules. Moreover, in the event of a sales-related transaction, its conditions and decision-making methods are the same as those used with other business partners.

Question 5

What efforts does NTT DATA engage in to strengthen its governance structure?

- ✓ In the fiscal year ending March 31, 2017, we increased the number of outside directors from one to two to strengthen our management monitoring function.
- ✓ Audit & Supervisory Board members, all of whom are outside members, participate in Board of Directors and other important meetings. Independent from the executive officers, these members contribute to executive officers' effectiveness from the perspective of compliance with laws, regulations, and the Articles of Incorporation.

Messages from Independent Directors



Yukio Okamoto
Independent Director

- 1968 Joined the Ministry of Foreign Affairs
- 1991 Resigned from the Ministry of Foreign Affairs
Representative Director, Okamoto Associates, Inc. (present post)
- 1996 Special Advisor to the Prime Minister
- 2000 Director, Mitsubishi Materials Corporation (present post)
- 2003 Special Advisor to the Prime Minister
- 2006 Auditor, Mitsubishi Motors Corporation
- 2008 Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)
- 2014 Director of NTT DATA (present post)

Efficacy of NTT DATA's Board of Directors

What is really surprising about the Company's Board of Directors' meetings is not just the depth of discussions, but how very lively they are. All participants openly and frankly critique other directors' areas of responsibility, which I think facilitates a broader discussion. Discussions are thorough and conducted from a variety of angles. In this way, projects in each business unit undergo multilayered checks and assessments. Although discussions are always grounded in the perspective of stakeholder interests, we also pay sufficient attention to minority shareholder interests.

Discussions not only focus on management numbers but also take a long-term perspective. In discussions encompassing predicted changes in business conditions and international marketing changes, if evaluated from a governance point of view as Board of Directors, I feel the discussions would be nearly ideal.

As projects discussed at Board of Directors' meetings have already passed through the Corporate Management Committee, I find it commendable that the Board conducts further and more in-depth discussions.

At present, there are two independent directors, for whom detailed briefings are conducted before Board of Directors' meetings within a structure enabling sufficient understanding of discussions. Management makes every effort to listen to the opinions of independent directors. The IT business is a sector in which surrounding conditions and technologies change at a rapid pace. I respect NTT DATA's Board of Directors for always being at the ready to capture changes in surrounding conditions and its speedy response.



Eiji Hirano
Independent Director

- 1973 Joined Bank of Japan
- 2006 Resigned from Bank of Japan
Vice President and Director of Toyota Financial Services Corporation
- 2014 Special Advisor of Toyota Financial Services Corporation
Vice Chairman and Director of MetLife, Inc.
- 2015 Vice Chairman, Director and Representative Executive Officer of MetLife, Inc. (present post)
Director of RIKEN CORPORATION (present post)
- 2016 Advisor of Toyota Financial Services Corporation (present post)
Director of NTT DATA (present post)

Global Governance Challenges

The NTT DATA Group identified the future vision of the Group as a Global IT Innovator. The effort in recent years to aggressively expand overseas through M&As is truly eye-opening. As a newly appointed director, I am quite sympathetic to the intention of engaging in global competition.

That being said, creating synergy as a global group and integrating an entire organization is no easy task. Each market has different characteristics, thus it takes creativity to be compatible with markets and develop business. At the same time, if each company takes a different approach, there is no longer any meaning to establishing a global Group.

The point is, striking a balance between global and local is a critical issue. After retiring from the Bank of Japan, and having been involved with supervising all overseas business from the perspective of a head

office director at the Toyota Financial Services Group, which develops financial services in 35 countries, at present I am a director and vice chairman at MetLife Japan, representing the largest life insurance company in the United States. In other words, while my position at Toyota Financial Services Group focused on local control and management, my position at MetLife is as a member of local management controlled by a U.S.-based headquarters.

What these two experiences have taught me is, although governance modalities and structures may differ, regardless of the organization, the most important factor is relationships of trust between people. It is not an exaggeration to say the NTT DATA Group's history as a global Group has only just begun. I will leverage my experiences to the best of my ability to help develop NTT DATA into a truly global group.

Corporate Governance

Overview of Corporate Governance

Basic Views

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out its mission to create new paradigms and values with information technology for a more affluent and harmonious society, and also by forecasting future trends to swiftly and accurately respond to the changing market environment, customer needs, and cutting-edge technology trends.

Under this management philosophy, the NTT DATA Group is currently focusing on its core strategies of “Game-Changing Approach” and “Breakthrough Technology.” This is in line with the “NTT DATA: ASCEND—Rise and grow our global brand” basic principle, which was set up for the improvement of brand value as a global brand by formulating the Medium-Term Management Plan for the period from the fiscal year ending March 31, 2017, through the fiscal year ending March 31, 2019, in pursuit of business growth worldwide while raising its local presence and realizing global synergy.

The NTT DATA Group will play an active role in overcoming various issues that face society through the appropriate provision of various information services by the Group’s officers and employees based on common sense, as well as in complying with laws and contracts at home and abroad and in respecting international standards including those of human rights.

Under these concepts, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of Japan’s Corporate Governance Code to ensure that corporate governance will effectively function to (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 following these basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners, and employees, and to maximize corporate value.

(1) Ensuring transparency and soundness in business management

NTT DATA strives to disclose information in a just, fair, and timely manner in accordance with the Disclosure Policy, based on Disclosure Guidelines. Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting to explain financial results announced quarterly, and often holds other meetings for domestic and international investors and analysts, in order to ensure transparency in business management. To reinforce the function of supervising and auditing fairness in business execution, NTT DATA places outside directors and outside Audit & Supervisory Board members to supervise and audit the Board of Directors and the Audit & Supervisory Board and to ensure soundness in its business management. NTT DATA also pays attention to maximizing the profit of its shareholders when transacting business with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as “NTT”), the parent company of NTT DATA, and companies in the NTT Group.

(2) Achieving appropriate and swift decision-making and business execution

Decision-making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with Authority Rules, which stipulate the responsibilities and authority of the president and CEO, senior executive vice presidents, directors in charge of business segments, and organizational heads. For smooth and swift decision-making and supervision in its business operations, NTT DATA has established the Corporate Management Committee, which is made up

of the president and CEO, senior executive vice presidents, directors in charge of business segments, and organizational heads of important sections, and conducts discussions in advance for effective deliberations about the items to be resolved at Board of Directors’ meetings. In addition, NTT DATA pursues appropriate and swift decision-making and business execution by placing senior vice presidents in charge of business execution. Directors delegate most of the authority relating to business execution to these senior vice presidents, with each section or group executing business operations independently and responsibly in accordance with Organizational Regulations.

(3) Implementing compliance thoroughly

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by employing a Global Compliance Policy targeting all officers and employees of the NTT DATA Group to clarify its basic policies and specific behavior guidelines relating to corporate ethics. To make such business operations effective, NTT DATA considers it necessary to implement a continuous educational campaign to promote the awareness of ethics and compliance. Therefore, it holds training sessions on compliance for employees and conducts employee attitude surveys. Aiming for more openness in its corporate culture, NTT DATA established the “Whistle Line,” a Groupwide internal and external contact point that accepts any declaration regarding compliance breaches, anonymous or named. NTT DATA ensures that anyone reporting to the “Whistle Line” is not unfavorably treated because of their declaration.

Reasons for Selecting the Current Corporate Governance Structure

NTT DATA has adopted this system because it deemed that auditing conducted by outside and other Audit & Supervisory Board members provides effective management oversight.

Outside directors are nominated to strengthen the monitoring function to ensure fair business execution.

The two current outside directors are expected to incorporate a management perspective from a wide range of viewpoints leveraging their experience.

Outside directors supervise business management through mutual coordination with Audit & Supervisory Board members and the Internal Audit Department, making proposals when necessary and receiving reports on audit planning and results from Audit & Supervisory Board members along with the Internal Audit Department.

Business Execution

The Company has the following primary governing entities: the General Meeting of Shareholders, the Board of Directors, and the Audit & Supervisory Board. Also, the Company has established the Corporate Management Committee to accelerate decision-making related to business execution.

NTT DATA decision-making is based on Authority Rules defining the responsibilities and authority of the president and CEO, vice presidents, directors in charge of business segments, and organizational heads under the supervision of the Board of Directors. Furthermore, each operational process is executed in accordance with Organization Rules defining the jurisdiction of each organization.

The Board of Directors has 11 members, including two outside directors, and holds regular monthly meetings and additional meetings as necessary. In the fiscal year ended March 31, 2016, the Board met 21 times to engage in decision-making and supervision regarding legal

issues, important Company and Group management matters, and other issues.

The Corporate Management Committee comprises the president and CEO, vice presidents, directors in charge of business segments, and organizational heads of important sections. In principle, the committee convenes weekly to provide smooth, prompt decision-making and supervision in relation to operational management. One Audit & Supervisory Board member also attends committee meetings to enhance decision-making transparency.

Auditing and Supervision

NTT DATA is a Company with an Audit & Supervisory Board. The Audit & Supervisory Board comprises four outside Audit & Supervisory Board members, one of whom is a woman. In the fiscal year ended March 31, 2016, the Audit & Supervisory Board met 19 times and also regularly exchanges opinions with the president and CEO and conducts discussions related to management conditions with Group company presidents to ascertain the actual status of business execution by directors, offering advice when necessary. There are no personal relationships having potential conflicts of interest with general shareholders, nor any capital or business relationships between NTT DATA and outside Audit & Supervisory Board members. Each Audit & Supervisory Board member attends important Company meetings, such as meetings of the Board of Directors, and regularly audits director business execution. Furthermore, NTT DATA established the Internal Audit Department as an internal audit division conducting internal audits independently from business execution. Audit & Supervisory Board members conduct hearings and exchange information pertaining to internal auditing results from the Internal Audit Department. Audit & Supervisory Board members also conduct audits in conjunction with Group Company Audit & Supervisory Board members.

The Office for Audit & Supervisory Board Members was established as an organization supporting Audit & Supervisory Board members (including outside Audit & Supervisory Board members).

Regarding financial auditing, NTT DATA recognizes the importance of efficient auditing and maintaining and improving auditing quality, thus Audit & Supervisory Board members make an effort to strengthen the auditing system through close coordination with independent auditors to regularly plan auditing and exchange information on auditing results.

The certified public accountants who conduct NTT DATA’s financial auditing are Mr. Kensuke Sodekawa, Mr. Yasuyuki Morimoto, and Mr. Hirotaka Nakata of KPMG AZSA LLC. Financial auditing is assisted by an additional 13 certified public accountants and 23 other individuals.

Nomination and Appointment Director Candidate Appointment Policy

To enhance overall Group corporate value, director candidates are appointed from among personnel who possess a broad outlook and range of experiences, management skills, excellent leadership, management sense, and motivation that will contribute to the Group’s total development. The Board of Directors is composed with consideration for a balance and diversity of specialization in a scale proportional to business activities.

Moreover, from the perspective of strengthening supervisory functions for business execution, in principle, NTT DATA appoints multiple individuals to serve as outside directors who do not represent potential conflicts of interest with general shareholders.

Audit & Supervisory Board Member Candidate Appointment Policy

NTT DATA appoints candidates for Audit & Supervisory Board members who have the capability to conduct audits based on specialized experience and insight.

From the perspective of fairly auditing director business execution, NTT DATA appoints outside Audit & Supervisory Board members who do not present potential conflicts of interest with general shareholders. In accordance with Japan’s Companies Act, NTT DATA ensures that outside Audit & Supervisory Board members make up half or more of the Audit & Supervisory Board.

Appointment Procedures

Regarding appointment procedures for director candidates, candidate nominations are explained to the parent company and independent outside directors before a Board of Directors’ meeting. After receiving pertinent advice, the Board of Directors makes resolutions and the matter is submitted to the General Meeting of Shareholders. Regarding appointment procedures for Audit & Supervisory Board member candidates, the appointment of Audit & Supervisory Board member candidates proposed by the Board of Directors based on the nomination policy for Audit & Supervisory Board member candidates is deliberated by the Audit & Supervisory Board, comprising a majority of outside Audit & Supervisory Board members. After approval, the matter is decided by the Board of Directors and submitted to the General Meeting of Shareholders.

Independent Evaluation Standards

In addition to the independent evaluation standards defined by the Tokyo Stock Exchange, NTT DATA appoints as independent directors outside directors who meet the following conditions.

- Individuals are judged to be independent if none of the following categories apply to them in any of the past three fiscal years:
- (1) A person involved in operation of a business partner with which transactions exceed the threshold set by the Company*¹,
- (2) A person involved in operation of a money lender from which borrowings exceed the threshold set by the Company*²,
- (3) A consultant, accountant, lawyer or other individual providing professional services that has received monetary payments or other financial assets of equal to or more than ¥10 million from the Company in any of the past three fiscal years that are separate from the compensation paid for services as a member of the Board or Audit & Supervisory Board member,
- (4) A person involved in operating an organization that has received donations exceeding the threshold set by the Company*³.

Even in the event that any of the items 1 through 4 above apply to an individual, they may be appointed as an independent member of the Board of Directors or Audit & Supervisory Board if it is determined that they effectively have the necessary level of independence from the Company. In this case, an explanation of the reason behind this decision will be disclosed.

*1. A “business partner with which transactions exceed the threshold set by the Company” is defined as an entity with which the total amount of transactions with the Company in any of the past three fiscal years has been equal to or more than 2% of the total operating revenues of the Company during the respective fiscal year.

*2. A “money lender from which borrowings exceed the threshold set by the Company” is defined as an entity from which the total amount of borrowings on a non-consolidated basis in any of the past three fiscal years has been equal to or more than 2% of the Company’s non-consolidated total assets during the respective fiscal year.

*3. An “organization that has received donations exceeding the threshold set by the Company” is defined as an entity that has received donations from the Company and its major subsidiaries in any of the past three fiscal years exceeding ¥10 million or 2% of the total income of the entity, whichever is larger, during the respective fiscal year.

▶ Remuneration

Remuneration of Directors

The remuneration of directors and other related matters are decided at Board of Directors' meetings.

The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses.

Monthly remuneration is paid based on the significance and the scope of responsibility of each director's position. Bonuses are provided after taking into account such factors as the Company's business performance.

In addition, to provide incentives for improving performance over the medium to long term, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-Holding Association. The association holds all of the shares purchased during the term of directors. Furthermore, to ensure a high degree of independence, outside directors are paid only monthly remuneration that is not linked to business performance. After explaining the policy for decisions on remuneration to its parent company and outside directors who are independent directors and receiving appropriate guidance, the Board of Directors decides on the remuneration of directors and other related matters within the amount approved by a resolution of the General Meeting of Shareholders.

Total Remuneration of Directors and Audit & Supervisory Board Members

(Fiscal year ended March 31, 2016)

Executive Classification	Number of People	Basic Remuneration	Directors' Bonuses	Remuneration Amount
Directors (excluding outside directors)	9	¥272 million	¥70 million	¥343 million
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	1	¥7 million	—	¥7 million
Total	10	¥280 million	¥70 million	¥350 million

Total Remuneration of Outside Corporate Officers

(Fiscal year ended March 31, 2016)

	Number of People	Basic Remuneration
Total remuneration of outside corporate officers	5	¥101 million

Notes: 1. Total remuneration of directors and Audit & Supervisory Board members includes the remuneration of one director and one Audit & Supervisory Board member who retired as of the end of the 27th Ordinary General Meeting of Shareholders, held on June 17, 2015.
 2. At the 18th Ordinary General Meeting of Shareholders, held on June 22, 2006, it was determined that the maximum amount of remuneration for directors should be ¥580 million per annum, and that the maximum amount of remuneration for Audit & Supervisory Board members should be ¥150 million per annum.
 3. Regarding total remuneration for outside directors, in addition to the above, individuals who were directors at a subsidiary of our parent company (not including NTT DATA) before being appointed as an NTT DATA outside director received remuneration of ¥9 million as a director of said company (converted to yen based on the exchange rate average for the fiscal year ended March 31, 2016).

▶ Internal Control

Maintaining and Continuously Strengthening Internal Control Systems

NTT DATA builds and maintains internal control systems in accordance with a basic policy of always considering risks arising from business activities and taking various types of measures to realize efficient implementation of equitable, transparent business activities.

Furthermore, twice a year the Company convenes meetings of the Internal Control Advancement Committee, which is tasked with assessing the effectiveness of internal control systems and managing and furthering overall internal control.

In addition, NTT DATA actively conducts internal audits that focus on a range of different risks. Given continued global business expansion going forward, the Company will maintain efforts to strengthen the Group's overall internal control capabilities by further advancing efforts to establish global internal audit capabilities while introducing efficient methods of auditing.

Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a stand-point independent from operational divisions.

In the fiscal year ended March 31, 2016, the Company audited in-house organizations and 10 domestic Group companies and 10 overseas Group companies. This audit primarily focused on risks specific to the Company. These risks include bid rigging, dumping, and other corruption risks as well as overall information security. Also, the Company monitored the internal auditing activities of 24 Group companies. In addition, to expand and improve internal auditing of the Group as a whole, 83 domestic and overseas Group companies conducted autonomous inspections based on unified audit items. In terms of new initiatives, we have also introduced a monitoring indicator system to detect for indications of fraud before it occurs. Specifically, with respect to data from various internal information systems, we are promoting the expanded function of fraud detection systems utilizing CAAT tools for analysis. NTT DATA has already begun operation of these systems and is considering expanding them to domestic and overseas Group companies.

Going forward, the Company aims to realize coordination with the internal audit divisions of domestic and overseas Group companies and to advance measures to establish a global internal auditing system while increasing the quality and quantity of internal audits.

Transactions with Related Parties

Direct transactions between NTT DATA and individual NTT DATA directors, as well as transactions with organizations or other companies represented by NTT DATA directors, defined as conflict of interest transactions under the Companies Act, must obtain prior approval in accordance with the Board of Directors' Rules. Board of Directors' approval involves inspection by the Legal Affairs Department to confirm that the terms and conditions of the transaction are in line with standard terms and conditions and that the transaction is valid and economically reasonable. After approval, the status of said transaction is regularly reported to the Board of Directors.

With regard to transactions between NTT DATA and its parent company, the rationality and validity of the transaction is confirmed, and when necessary, the Legal Affairs Department conforms reviews with reference to third-party expert opinions and based on Authority Rules before approval is granted.

▶ Group Governance

Strengthening Group Governance by Establishing a Liaison Department for Group Companies

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.

Particularly in recent years, 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 around five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Spain and Latin America—as well as business solutions. NTT DATA has instituted rules for consultation and reporting between the Company and Group companies in relation to important matters such as business plans, large-scale projects, internal control, and compliance.

Furthermore, NTT DATA is building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional integrated company. As part of this initiative, NTT DATA is establishing nomination and compensation committees and audit committees within regional integrated companies' boards of directors. Meanwhile, the Group is establishing a system that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by building a comprehensive internal control system that includes overseas organizations.

In Japan, in the fiscal year ended March 31, 2014, NTT DATA increased management efficiency by beginning renewal of the common accounting system that domestic Group companies use. In the fiscal year ended March 31, 2015, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies. As a result, most domestic Group companies use a common accounting system. This enables centralized management of

accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

Moreover, aiming to increase the efficiency of Group management, NTT DATA introduced an in-house Group Management Infrastructure system that visualizes Group companies' management information (in the financial and personnel fields) to domestic Group companies. Through this new system, NTT DATA aims 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.

Ensuring Robust Group Governance Based on Group Management Policies and Group Management Rules

To optimize the Group as a whole, the NTT DATA Group established Group Management Policies to define the basic approach to Group management. Furthermore, with respect to consultation and reporting between NTT DATA and Group companies, Group Management Rules have been established for domestic Group companies and a Group Authority Matrix has been established for overseas Group companies. The rules and matrix are used in combination with Group Management Policies to realize robust management of Group governance.

CEO Members of the NTT DATA Group

