

Corporate Governance Report

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NTT DATA Corporation

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The corporate governance of NTT DATA is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out the mission to create new systems 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, client needs and the cutting-edge technology trend.

Under this management philosophy, the NTT DATA Group has set the Medium-Term Management Plan from FY2019 to FY2021 to aim for “profitable global growth with consistent belief and courage to change.”

With the “consistent belief,” under the basic concept of “shape the future society with our clients,” we will promote ESG management with the aim of improving corporate value sustainably by contributing to a society through co-creation with clients as well as to efforts to realize a society where everyone is motivated to work through our corporate activities including the work style innovations based on the “Long-Term Relationships” with clients, the source of the group’s competitive advantage.

In addition, with “courage to change,” we will implement three strategies: “Expand global digital offerings,” “Deliver greater value to clients based on regional needs,” and “Unleash our employee’s potential that maximize organizational strengths.” Also, we will maximize value for our clients by further accelerating digital transformation and enhancing our global synergy.

The NTT DATA Group will play an active role in overcoming the 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 the Corporate Governance Code to ensure that corporate governance will effectively function: (1) to ensure transparency and soundness in business management; (2) to achieve appropriate and swift decision making and business execution; and (3) to implement compliance thoroughly. The purpose of working on such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners and employees, and to maximize enterprise 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 the “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 for explanation of financial results when financial results are 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 the fairness in business execution, NTT DATA places outside directors and outside audits to ensure soundness in its business management, and has the Board of Directors supervise and the Audit & Supervisory Board audit business execution. NTT DATA also pays attention to maximize the profit of its shareholders when transacting business with NTT, Inc. and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as “the parent companies”), the parent companies of NTT DATA, and the companies in NTT Group.

(2) Achievement of 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 responsibility and authority of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and heads of each section or group. 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, the Senior Executive Vice President, officers responsible for regions and segments and other heads of important section or group, and has prior discussions at such “Corporate Management Committee” for effective deliberations about the items to be resolved at the Board of Directors including outside directors. In addition, NTT DATA pursues appropriate and swift decision making and business execution by placing Senior Vice Presidents in charge of business execution, assigning most of the authority relating to business execution to such Senior Vice President from directors, with each Section or Group executing business operations independently and responsibly in accordance with the “Organizational Regulations.”

(3) Thorough implementation of compliance

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by setting up “Global Compliance Policy,” targeted at all officers and employees of NTT DATA Group, in order to clarify its basic policy and specific behavior guidelines relating to corporate ethics. To make such business operation effective, NTT DATA consider it necessary to implement a continuous educational campaign to promote the awareness of such ethics and compliance. Therefore, it has been holding training sessions on compliance targeted at employees and conducting employees’ attitude surveys. Aiming for more openness in its corporate culture, NTT DATA has placed “the Whistle Line,” which is a cross-sectional internal reporting system in the Group, receiving any declaration from the inside and the outside of the company, whether anonymous or named. NTT DATA ensures that any declarer to the reception desk through “the Whistle Line” is not unfavorably treated because of his or her declaration.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 4-10-1]

(Having independent directors involved and receiving their advice by setting up an independent advisory committees)

Although NTT DATA has not set up an independent advisory committee such as a voluntary nomination committee or remuneration committee, in advance of the resolution by the Board of Directors, we provide independent directors and the parent companies with explanations about the nomination of candidates for directors and remuneration for directors and receive appropriate advice from them. With the appropriate involvement and advice of independent directors for the nomination of candidates for directors and remuneration for directors, we believe that independence and objectivity of the functions and accountability of the Board of Directors concerning these matters is fully assured.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4] (Cross-Shareholdings)

(A) Policy relating to cross-shareholdings

NTT DATA's purpose of cross-shareholdings is to maintain the medium- to long-term relationship, to expand the trading volume and to create synergy with clients and business partners by holding shares issued by them. It is our policy to hold such shares if holding them is likely to enhance NTT DATA's enterprise value and lead to profit for our shareholders.

(B) Assessment of cross-shareholdings

NTT DATA assesses the meaningfulness of cross-shareholding for each share every year, in a comprehensive manner, from the viewpoint of whether benefits and risks from holding the shares are commensurate with capital costs and in line with the purposes of holding: to maintain the medium-to long-term relationship, to expand trading volume, to create synergy with clients and business partners and so forth and reports to the Board of Directors, then decides whether to hold or sell such shares. In FY2018, as a result of this assessment, we have confirmed the adequacy of holding all the listed shares held. If it proves to be inadequate to hold a share due to changes in situations, NTT DATA will take measures including reduction of the number of shares.

(C) Standards for ensuring the exercise of its proper voting right in relation to cross-shareholdings

With regard to standards for ensuring the exercise of its proper voting right in relation to cross-shareholdings, NTT DATA judges in a comprehensive manner whether the exercise of its voting right in relation to cross-shareholdings will lead to continuous growth and improvement in the medium- to long-term enterprise value of an issuing company. For example, NTT DATA will vote against a proposal if it has a negative impact on the financial soundness of the issuing company or the company's illegal action is discovered. NTT DATA considers that such comprehensive judgment will enhance its own enterprise value and medium- to long-term profit for its shareholders and investors.

[Principle 1-7] (Related Party Transactions)

With respect to transactions involving a conflict of interest stipulated in Companies Act, including direct transactions between NTT DATA and its own individual officers and transactions between NTT DATA and other organizations or companies represented by directors of NTT DATA, it stipulates that prior approval is necessary in accordance with its "Regulations of the Board of Directors." Such approval from the Board of Directors is first examined by the Legal Department and then looked into in terms of appropriateness and economic practicality, including whether the said transaction is in the same condition as general trade terms. After obtaining such approval, the status of the said transaction is regularly reported to the Board of Directors.

Transactions between NTT DATA and the parent companies undergo prior examination and are then approved by the Legal Department in accordance with the "Authority Rules," based on opinions of third-party specialists, if necessary, while the practicality and appropriateness of the transactions are being investigated.

Also refer to "1.4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder" in this report.

[Principle 2-6] (Roles of Corporate Pension Funds as Asset Owners)

Based on the fact that management of corporate pension funds affects the stability of employee assets, and also has an effect on the company's financial condition, NTT Group is working to allocate and develop personnel with the necessary experience and qualifications to be able to conduct monitoring and other appropriate activities with respect to the organization in charge of the corporate pension.

[Principle 3-1] (Full Disclosure)

(1) The goal, management strategy and plan of NTT DATA

Refer to "1.1. Basic views" in this report.

NTT DATA has also set its philosophy and vision in its Group management as "Our Way." Refer to NTT DATA's website for details.

(<https://www.nttdata.com/global/en/about-us/our-way>)

(2) Basic attitude and policy toward corporate governance

Refer to "1.1. Basic views" in this report

(3) Policy and procedures for determining directors' remuneration

Refer to "2.1. Director Remuneration" in this report.

(4) Policy and procedures for appointment/nomination candidates for directors and audits, and dismissal of the senior management

Refer to "2.2 (3) Appointment, Dismissal, and Nomination" in this report.

(5) Explanation for appointment, dismissal, and nomination of individual candidates for directors and audits

Refer to the [Attached chart] "Explanation for the appointment/nomination of individual for directors and audits" to this report and the reference documents for shareholders' meetings. Refer to NTT DATA's website for details.

(<https://www.nttdata.com/global/en/investors/stock-information?tab=Shareholders'-Meeting>)

[Supplementary Principle 4-1-1] (Overview of roles and responsibilities of the Board of Directors)

The Board of Directors determines any matter stipulated in the "Regulations of the Board of Directors," including matters stipulated by law and important matters relating to management of the company and the Group, and supervises the performance of directors' duties by regularly receiving reports on the status of such performance from directors.

The Board of Directors grants to NTT DATA's management the authority to determine business based on the direction of the management

strategy and the management plan formulation discussed in the Board of Directors.

Specifically, NTT DATA has placed Senior Vice Presidents specializing in and responsible for business execution to ensure that the Board of Directors properly implements important decision making and supervises the execution, and has been expediting decision making by granting most of the authority to engage in business execution to such Senior Vice Presidents from directors. Also, in order for the President and CEO to make proper decisions about the basic policy of business and any other important matters relating to management, the "Corporate Management Committee," which is made up of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and other heads of important section or group, has been established and has a meeting once a week in principle for smooth and swift decision making and supervision relating to business operations. For details, refer to "2.2 (1) Business Execution" in this report.

[Principle 4-9] (Independence Standards and Qualification for Independent Directors)

NTT DATA designates outside directors who satisfy the following conditions, in addition to the criteria for independence stipulated by Tokyo Stock Exchange, Inc., as its independent directors.

• A person who does not fall under any of the following items for the most recent 3 financial years:

- (1) A business executor of NTT DATA's business partner with a trading amount exceeding the standards set forth by NTT DATA (*1);
- (2) A business executor of NTT DATA's lender with an amount of lending exceeding the standards set forth by NTT DATA (*2);
- (3) An individual providing specialized services, such as a consultant, accountant or lawyer, who has received from NTT DATA any money or other property profit that is worth 10 million yen or more per year other than executive remuneration in any year of the most recent 3 financial years; or
- (4) A business executor of an organization that has received contributions exceeding NTT DATA's standards (*3).

Even if a person falls under any of the conditions from (1) through (4) as stipulated above, any reason for judging that such person still has independence is required to be explained and disclosed when such person is appointed as an independent director.

*1 NTT DATA's business partner with a trading amount exceeding the standards set forth by NTT DATA refers to a business partner whose trading amount with NTT DATA is 2% of NTT DATA's non-consolidated annual sales or larger in any financial year out of the most recent 3 financial years.

*2 NTT DATA's lender with an amount of lending exceeding the standards set forth by NTT DATA refers to a lender who lends to NTT DATA 2% or a larger percentage of NTT DATA's total assets in any financial year out of the most recent 3 financial years.

*3 An organization that has received contributions exceeding the standards set forth by NTT DATA refers to an organization that has received contributions from NTT DATA that exceed 10 million yen per year or 2% of the total annual revenue of such organization, whichever is larger in amount, in any financial year out of the most recent 3 financial years.

[Supplementary Principle 4-11-1] (Composition of the Board of Directors, Nomination Procedures of Directors, etc.)

With regard to the balance of knowledge, experience, and capability, and the attitude toward the diversity and scale of the Board of Directors as a whole, refer to (Policy for appointment and dismissal of candidates for directors) specified in "2.2 (3) Appointment, Dismissal, and Nominate" in this report.

[Supplementary Principle 4-11-2] (Concurrent Positions Held by Members of the Board of Directors and the Audit & Supervisory Board Members)

Directors and audits have allotted the time and effort necessary to fulfill their roles and responsibilities in carrying out the tasks imposed on them as directors or audits, and therefore NTT DATA considers that the number of positions they are holding is appropriate. The status of holding other positions at other listed companies by directors and audits is disclosed on business reports and the reference documents for shareholders' meetings. Refer to NTT DATA's website for details.

(<https://www.nttdata.com/global/en/investors/stock-information?tab=Shareholders'-Meeting>)

[Supplementary Principle 4-11-3] (Evaluation of effectiveness of the Board of Directors)

The Board of Directors determines important matters, etc. related to company management and group management and implements the monitoring of the execution status of directors with the job execution status report every quarter.

Additionally, with the purpose of enhancing the functions of the Board of Directors and to enhance corporate value, the Board of Directors has been implementing self-evaluation and analysis on the effectiveness of the Board of Directors since FY2016. The Board implemented self-evaluation and analysis also in FY2018, its 3rd year, just like the previous business year. General information is provided as below.

(1) Methods of implementation

When: October 2018

Evaluation method: Implemented a questionnaire for all directors/audits who were members of the Board of Directors.

(Each question was answered in a five-grade scale. In addition, each question category provided a field available for any comment.)

Response method: Directly responded to external organization in order to secure anonymity.

(2) Evaluation results

Based on the reports of aggregate results from an external organization, we implemented analysis, discussion, and evaluation from December 2018 to February 2019. We reported the evaluation results to the Board of Directors and the Board examined its details and engaged in discussions on policies towards further improvement.

As a result, we have received mostly positive evaluation on the structure and operation of the Board of Directors and consider that effectiveness of the entire Board of Directors is secured.

Furthermore, with regards to further deepening and enhancement of discussions concerning corporate strategy and further improvement of report details concerning investors' opinions implemented for issues we found through our previous year's actions, we had better evaluation scores and received a certain level of evaluation that improvements were being made.

(3) Actions based on evaluation results, etc.

In general, as we have found issues we should continue to work on whilst confirming that improvements have been made since the previous year, we have determined the operation policy towards improvement including ingenuity in the operation of the Board of Directors in addition to the approaches mentioned below.

- Further deepening and enhancement of discussions on corporate strategy (continued)
- Enhancement of information and opportunities towards acquisition of greater knowledge on latest technology trends, our businesses, etc.
- Further enhancement of communication opportunities between outside directors and audits and so on.

We will continuously implement evaluation on the effectiveness of the Board of Directors and proceed with the approach to improve its functions.

[Supplementary Principle 4-14-2] (Training for Members of the Board of Directors and the Audit & Supervisory Board Members)
 Directors and audits are appointed from those who have broad knowledge about business, financial affairs and organizations, etc., and they are trained if necessary. After taking office, the training program targeted at directors and audits continues with a wide range of training sessions on market trends and economic and social issues at home and abroad.

[Principle 5-1] (Policy for Constructive Dialogue with Shareholders)

NTT DATA promotes constructive communication with shareholders and investors. To contribute to continuous growth and improvement in the medium- to long-term enterprise value of NTT DATA, our policy takes the following measures:

- (1) Appointment of a director in charge of communication with shareholders

To achieve constructive communication with shareholders and investors, a director responsible for Investor Relations (IR) is appointed.

- (2) Policy for systematic cooperation among internal offices

NTT DATA has opened an office specializing in IR (the Investor Relations Office). It has also set up the Disclosure Committee, which is made up of the President and CEO, the Head of Finance Department and also the heads of all significant organizations which are required to join by the Head of Finance etc. The said Committee is operated by the Investor Relations Office and has regular discussion on the formation of the disclosure policy relating to, and disclosure of, the following management information:

- (A) Quantitative information, such as the Medium-term Management Plan, the background to the formation of the Management Plan, the trend of clients and solutions by area, and the business scale of individual businesses;
 (B) Qualitative information, such as the Medium-term Management Policy, the policy for returning profit to shareholders (including dividend policy), and the trend in each industry; and
 (C) Any information considered important for investors etc. other than (A) and (B).

- (3) Efforts for the sufficiency of conversational procedure except for individual interviews.

Please refer the “3.2. IR Activities” of this report.

- (4) Policy for effective feedback on shareholders’ opinions and concerns

NTT DATA has established an office specializing in IR under the direct control of the President and CEO, and properly reports on feedback such as the opinions or concerns of shareholders and investors to the Board of Directors, a regular meeting participated in by the President and CEO etc., and the Disclosure Committee. NTT DATA also creates opportunities for NTT DATA’s directors and Senior Vice Presidents to directly communicate with shareholders and investors to understand their opinions and concerns.

- (5) Policy for the management of inside information in communication

NTT DATA has established the provisions for handling the matters of the company’s significant information before disclosed in such as “Rules for Prevention of Insider Trading” and “Policy (Rules) for Information Security,” and strictly control the information, and also provides the periodical training to the all employees based on our same rules, and strive to prevent the occurrence of insider trading.

Also NTT DATA has established the “Disclosure Guidelines” striving to provide timely and fair disclosure of information with the purpose of contribution for the shareholders and investors’ fair and appropriate investment decision, and disclose the information with the purpose of clarifying our position toward the information disclosure to the outside by establishing and disclosing “Disclosure Policy.”

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
NTT, Inc.	760,000,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	132,906,600	9.48
Japan Trustee Services Bank, Ltd. (Trust Account)	63,494,800	4.53
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY (Standing agent: The Hongkong and Shanghai Banking Corporation Limited.)	19,077,800	1.36
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	15,191,500	1.08
NTT DATA Employee Share-Holding Association	13,927,400	0.99
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,543,400	0.82
Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,474,400	0.75
JP MORGAN CHASE BANK 385151 (Standing agent: Mizuho Bank, Ltd.)	10,114,880	0.72
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	9,889,072	0.71

Controlling Shareholder (except for Parent Company)	—
Parent Company	NIPPON TELEGRAPH AND TELEPHONE CORPORATION (listed in Tokyo stock exchange markets) (code) 9432

Supplementary Explanation

- [Status of Major Shareholders] shown above is as of September 30, 2019.
- Percentage (%) has been calculated after deducting the treasury stock (953 shares).

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

As NTT DATA's basic policy for the relationship with its parent companies, NTT DATA strives to cooperate with the parent companies while fully respecting each other's mutual independence and autonomy, and carries out any trading with the companies properly in accordance with laws and regulations. In the case of any business trading with the parent companies, NTT DATA handles such trading under the same conditions as other business partners with regard to the trading terms and the method of determining such trading terms.

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

The group of companies centering on the parent companies of NTT DATA, engages mainly in the regional communications business, long distance and international communications business, mobile communications business and data communications business.

NTT DATA engages in the data communications business out of the above-mentioned business areas based on the following 5 main segments: Public & Social Infrastructure Segment, Financial Segment, Enterprise & Solutions Segment, North America Segment, and EMEA & LATAM Segment, in mutual cooperation with NTT Group companies.

The parent companies own 54.2% of NTT DATA's voting rights with the right of the majority shareholder of NTT DATA.

In order for NTT DATA to adopt broad management viewpoints, an employee of NIPPON TELEGRAPH AND TELEPHONE CORPORATION took office as one of the directors of NTT DATA. Taking into consideration that the total number of directors at this moment is 12, NTT DATA recognizes that this situation does not prevent its own management decisions.

Any important matter in NTT DATA's business operations is required to be discussed with or reported to the parent companies. Meanwhile, in daily business operations, NTT DATA and the parent companies respect each other's mutual independence and autonomy while keeping in close contact with each other, and strive for continuous growth and development, and improved business performance.

Also, there will be no material impact on the corporate governance, because NTT DATA will retain its present management structure and the status as a listed company even after the restructuring of NTT Group, which took place in November 2018.

As a listed company, NTT DATA owns NTT DATA INTRAMART CORPORATION, XNET Corporation and Netyear Group Corporation in Japan. NTT DATA respects the independence and autonomy of these subsidiaries, while keeping in close contact, and strives for continuous growth and development of the NTT DATA Group.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with <i>Kansayaku</i> Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	12
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yukio Okamoto	From another company												
Eiji Hirano	From another company								△				
Mariko Fujii	From another company												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Okamoto	○	—	<p>He has extensive knowledge and insight about the international situation as an expert. Since he is expected to contribute, as an outside director, to the enhancement of supervisory functions in executing management and the provision of opinions from his broad viewpoints.</p> <p>NTT DATA appointed him as an independent director because he satisfies the criteria for independence stipulated by Tokyo Stock Exchange, Inc. on which stocks of NTT DATA are listed and the standards for judgment of</p>

			independence of independent directors stipulated by the Company. Thus, we have deemed that there is no risk of conflicting interest with general shareholders.
Eiji Hirano	○	<p>Mr. Eiji Hirano was Vice Chairman, Director and Representative Executive Officer of MetLife Insurance K.K. The Company has business transactions with MetLife Insurance K.K. and the transaction value in any of the last three fiscal years is less than 1% of the non-consolidated sales amount of the Company.</p> <p>He was Vice President and Director of Toyota Financial Services Corporation (retired in June 2014). The Company has business transactions with Toyota Financial Services Corporation and the transaction value in any of the last three fiscal years is less than 1% of the non-consolidated sales amount of the Company.</p> <p>In addition, he was an executive officer in the Bank of Japan (retired in June 2006). The Company has business transactions with the Bank of Japan and the transaction value in any of the last three fiscal years is less than 1% of the non-consolidated sales amount of the Company.</p>	<p>He has extensive experience in the Financial Sector, and wide perspectives concerning financial administration and international finance. Since he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.</p> <p>NTT DATA appointed him as an independent director. He was an executive of MetLife Insurance K.K., Toyota Financial Services Corporation, and the Bank of Japan with which the Company has business transactions. However, he satisfies the criteria for independence stipulated by Tokyo Stock Exchange, Inc. on which stocks of NTT DATA are listed and the standards for judgment of independence of independent directors stipulated by the Company. Thus, we have deemed that there is no risk of conflicting interest with general shareholders.</p>
Mariko Fujii	○	—	<p>She has keen discernment and extensive experience accumulated through her career in public administration, research on economics and foreign affairs. Based on this, she is expected to contribute to the enhancement of supervisory functions in executing management and the provision of opinions from broad viewpoints. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside director. However, based on the above reasons, the Company judges that she can perform the duties of Outside Director properly.</p> <p>NTT DATA appointed her as an independent director because she satisfies the criteria for independence stipulated by Tokyo Stock Exchange, Inc. on which stocks of NTT DATA are listed and the standards for judgment of independence of independent directors stipulated by the Company. Thus, we have deemed that there is no risk of conflicting interest with general shareholders.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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[Kansayaku]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	4
Number of <i>Kansayaku</i>	4

Cooperation among *Kansayaku*, Accounting Audits and Internal Audit Departments

Audits receive reports from account audits on audit plans and the results of audits conducted during and at the end of a financial year, and ask about and check the quality management system relating to the audit conducted by account audits. Audits also strive to strengthen the alliance with account audits by exchanging opinions from time to time.

NTT DATA has established the Internal Audit Department as an internal audit department independent of the business execution departments. Audits strive for efficient audit and improvement in the quality of the audit by regularly receiving reports on internal audits from the Internal Audit Department, adjusting audit plans and sharing other information.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	4
Number of Independent <i>Kansayaku</i>	2

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tetsuro Yamaguchi	From another company													
Tetsuya Obata	From another company													
Katsura Sakurada	From another company													
Rieko Sato	Lawyer													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. *Kansayaku* of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)

k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)

m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Tetsuro Yamaguchi		—	NTT DATA appointed Mr. Yamaguchi, who had been a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and NTT Group companies in the past, expecting him to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside audit by utilizing his broad viewpoints and experience.
Tetsuya Obata		—	NTT DATA appointed Mr. Obata, who has experience in the finance and general affairs sectors as well as a tremendous track record in corporate management in the NTT Group. Mr. Obata, who had been a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and the NTT Group companies in the past, is expected to help the Company ensure the corporate soundness and establish a transparent and fair system, to monitor management through the audits of business execution by utilizing his wide perspectives and experience.
Katsura Sakurada	○	—	NTT DATA appointed Mr. Sakurada, who has extensive experience and wide perspectives concerning audits for finance, accounting and business execution based on his long years of professional experience in the Board of Directors of Audit of Japan. He is expected to help the Company ensure the corporate soundness and establish a transparent and fair system to monitor management through the audits of business execution. Although he has not been engaged in corporate management, the Company judged

			<p>that he is able to fulfill the duties of an outside audit appropriately for the above reasons.</p> <p>NTT DATA appointed him as an independent director because he satisfies the criteria for independence stipulated by Tokyo Stock Exchange, Inc. on which stocks of NTT DATA are listed and the standards for judgment of independence of independent directors stipulated by the Company. Thus, we have deemed that there is no risk of conflicting interest with general shareholders.</p>
Rieko Sato	○	—	<p>NTT DATA appointed Ms. Sato, expecting her to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside audit by utilizing her broad viewpoints and experience. Taking into consideration that she had been involved in legal work for a long period of time, NTT DATA also expects her to conduct audits based on her experience and knowledge acquired through her career as a specialist in law.</p> <p>Although she has never engaged in corporate management by any means other than being an outside director or an outside audit, NTT DATA has determined for the abovementioned reason that she will be able to fulfill her duty as an outside audit appropriately.</p> <p>NTT DATA appointed her as an independent director because she satisfies the criteria for independence stipulated by Tokyo Stock Exchange, Inc. on which stocks of NTT DATA are listed and the standards for judgment of independence of independent directors stipulated by the Company. Thus, we have deemed that there is no risk of conflicting interest with general shareholders.</p>

[Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	5
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Matters relating to Independent Directors/*Kansayaku*

We have appointed all of the outside directors who satisfy the requirements for independent Directors/Audit as independent Directors/Audit.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Other
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Supplementary Explanation

Bonuses are determined and provided with the operating income of the relevant period, etc. as performance indices in consideration of the extent of the achievement. For the remuneration of full-time directors who reside in Japan, to reflect the medium- to long-term performance, each director is required to purchase the company's stock through the officers' shareholding association by paying a certain amount of money from their monthly remuneration and bonus. Each director is also required to retain all the shares purchased by himself or herself during his or her term of office. As a result, the remuneration is composed of "fixed remuneration and performance-linked remuneration at a ratio of about 7:3" if the company achieves a normal performance result. On the other hand, directors who reside outside Japan are paid performance-linked deferred remuneration by overseas consolidated subsidiaries.

In the future, the company will examine increasing the percentage of performance-linked remuneration such as stock compensation in order to raise directors' awareness about the achievement of goals of the Medium-Term Management Plan, sustainable growth, and medium- to long-term improvement of corporate value.

Recipients of Stock Options	—
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Remuneration of some directors is disclosed individually.
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Supplementary Explanation

NTT DATA has released the total amount of remuneration on business reports and Annual Securities report . Refer to NTT DATA's website for details.
<https://www.nttdata.com/global/en/investors/stock-information?tab=Shareholders'-Meeting>
 In addition, the Company disclosed individual directors who received consolidated remuneration of 100 million yen or more in total in Annual Securities report . Refer to NTT DATA's website for details.
<https://www.nttdata.com/jp/ja/ir/library/asr/> *Japanese only

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

NTT DATA explains the policy for determining the remuneration for its directors and composition/standard of such remuneration to the parent companies and independent directors and, upon receiving appropriate advice from them, determines the amount of remuneration to such extent as resolved at a shareholders' meeting at the Board of Directors.

- The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses. The amount of monthly remuneration is determined and provided in accordance with the responsibility and extent of the role of his or her position. Bonuses are determined and provided with the operating income of the relevant period, etc. as performance indices in consideration of the extent of the achievement. For the remuneration of full-time directors who reside in Japan, to reflect the medium- to long-term performance, each director is required to purchase the company's stock through the officers' shareholding association by paying a certain amount of money from their monthly remuneration and bonus. Each director is also required to retain all the shares purchased by himself or herself during his or her term of office. The remuneration is composed of "fixed remuneration and performance-linked remuneration at a ratio of about 7:3" if the company achieves a normal performance result. On the other hand, directors who reside outside Japan are paid performance-linked deferred remuneration by overseas consolidated subsidiaries.

In the future, the company will examine increasing the percentage of performance-linked remuneration such as stock compensation in order to raise directors' awareness about the achievement of goals of the Medium-Term Management Plan, sustainable growth, and medium- to long-term improvement of corporate value.

- Outside directors are paid only monthly remuneration, unrelated to business performance in order to ensure a high degree of independence.

[Supporting System for Outside Directors and/or *Kansayaku*]

NTT DATA has established the Office for Audit & Supervisory Board Members to support audits (including outside audits).

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Toshio Iwamoto	Chief Corporate Adviser	<ul style="list-style-type: none"> External activities to fulfill the Company's social responsibility such as participation in initiatives to solve social issues. Support to the Company's management such as strengthening external relationships by utilizing the human network he built. 	<ul style="list-style-type: none"> Working pattern: Full-time Remuneration: Paid 	June 19, 2018	From June 19, 2018 to June 18, 2020
Toru Yamashita	Senior Adviser	<ul style="list-style-type: none"> External activities to fulfill the Company's social responsibility such as participation in initiatives to solve social issues. 	<ul style="list-style-type: none"> Working pattern: Part-time Remuneration: Not paid 	June 20, 2012	From June 19, 2018 to June 18, 2020 (to be renewed annually)

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

2

Others

—

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Execution

NTT DATA has set up shareholders' meetings, the Boards and the Audit & Supervisory Board as its own institutions. In addition, it has also set up the Corporate Management Committee to expedite decision making in business execution.

The decision making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with "Authority Rules," which stipulate the responsibility and authority of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and heads of each section or group. Each of the relevant duties is executed in accordance with "Organization Rules," which stipulate the responsible operations of the respective organizations.

The Board of Directors is made up of all 12 directors including 3 independent directors. There is one female director among these 12 directors. The Board meeting is held once every month regularly and can also be held as an extraordinary meeting, if necessary, with 18 meetings held in FY2018. Such meetings determine and supervise legal matters and other important matters relating to the company and Group management.

The Corporate Management Committee is made up of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and heads of each section or group. The Corporate Management Committee meeting is held once a week in principle for smooth and swift decision making and supervision relating to business operations. An audit also participates in such meeting to enhance the transparency of decision making.

The Internal Control Promotion Committee is made up of 13 members including an officer controlling risk management as the chairperson (Mr. Yanagi, Representative Director and Senior Executive Vice President). The committee meeting is held twice every year for the purpose of assessing the effectiveness of risk reduction measures and others. The assessment result is reported to the Board of Directors.

The Corporate Ethics Committee is made up of 13 members including an officer in charge of business strategy as the chairperson (Mr. Yanagi, Representative Director and Senior Executive Vice President). The committee meeting is held once every year for the purpose of developing a corporate culture of complying with laws and regulations and corporate ethics. Compliance with corporate ethics is reported to the Board of Directors.

NTT DATA's system for business execution and its mechanism of monitoring management and of internal control are as shown in the [Attached chart] "The system of business execution and the mechanism of management monitoring and internal control" to this report.

Each officer's attendance at meetings of the Board of Directors is as shown in the [Attached chart] "Explanation for the appointment/nomination of individual for directors and audits" to this report.

(2) Audit and Supervision

NTT DATA has the Audit & Supervisory Board. The Audit & Supervisory Board is made up of 4 outside audits, including a woman. It held the Audit & Supervisory Board meeting 17 times in FY2018 to regularly exchange opinions with the Representative Director and to have discussions with the Representing Directors, etc. of the Group companies on the status of the management. Through such meetings, the Audit & Supervisory Board is able to understand the actual status of execution of duties by directors, and provides recommendations, if necessary. No personal, capital or business relationships exist between these 4 outside audits and NTT DATA that may cause a conflict of interest with general shareholders. Each audit attends important meetings including the Board meeting and audits the status of directors' business execution from time to time. NTT DATA has also established the Internal Audit Department as an internal audit department to conduct internal audits from a position independent of business execution. Audits exchange information with the Internal Audit Department by inquiring about the results of internal audits from such department. Audits conduct audits in corporation with other audits of Group companies.

To support audits (including outside audits), the Office for Audit & Supervisory Board Members has been set up.

NTT DATA considers it important to conduct efficient accounting audits while maintaining or improving the quality of audits. Therefore, audits strive to strengthen the audit system by closely cooperating with account audits, including regularly exchanging information on audit plans or results.

The certified public accountants who performed the accounting services were Mr. Kensuke Sodekawa, Mr. Yasuyuki Morimoto and Mr. Takeshi Nakatani, all of whom belong to KPMG AZSA LLC. NTT DATA's assistants engaging in accounting services were made up of 21 certified public accountants and other 25 employees.

Each officer's attendance at meetings of the Audit & Supervisory Board is as shown in the [Attached chart] "Explanation for the appointment/nomination of individual candidates for directors and audits" to this report.

(3) Appointment, Dismissal, and Nomination

(Appointment policy for candidates for directors)

The candidates for directors have been appointed from personnel who have broad perspectives and experience and can contribute to the development of the entire Group, excel in management ability and leadership, and are sophisticated in business management and energetic, for improvement in the enterprise value of the entire NTT DATA Group. The size of the Board of Directors is in direct proportion to the scale of business, and it is composed with consideration of having diversity(*) from various standpoints including internationality, and the balance of specializations.

To strengthen the supervising function of business execution, NTT DATA appoints and nominates as independent directors personnel who do not have any possibility of causing a conflict of interest with general shareholders. In principle, plural independent directors are to be appointed.

*Including elements such as gender, race, ethnicity, and cultural background.

(Appointment policy for candidates for audits)

The candidates for audits are to be appointed from personnel NTT DATA can expect to conduct audits from the viewpoints of specialized experience and knowledge.

For fair audits of directors' business execution, NTT DATA appoints and nominates as outside audits personnel who do not have any possibility of causing a conflict of interest with general shareholders, and appoints half the number of audits or more in accordance with Companies Act.

(Procedures for appointment)

The procedures for appointing candidates for directors are to be carried out as follows: the backgrounds of candidates are first explained to the parent companies and independent directors prior to the Board of Directors; then the parent companies and independent directors provide appropriate advice and the Board of Directors adopts the resolution, and such resolution is referred to at a shareholders' meeting. The procedures for appointing candidates for audits are to be carried out as follows: the candidates for audits proposed by directors in accordance with the appointment policy for candidates for audits are deliberated at a meeting of the Audit & Supervisory Board that is made up of half the number of outside audits or more, and upon the agreement of the Audit & Supervisory Board, the Board of Directors adopts resolution, then such resolution is referred to at a shareholders' meeting.

(Dismissal policy and procedures for the senior management)

The policy and procedures for dismissing a senior management are as follows: If a management executive is found not to perform his or her role well, the reasons of the dismissal is explained in advance to the parent companies and independent directors prior to the Board of Directors; then the parent companies and independent directors provide appropriate advice and the Board of Directors adopts the resolution, and such resolution is referred to at a shareholders' meeting.

(4) Others

Matters relating to the remuneration for audits are determined through consultation with audits.

NTT DATA, directors (excluding the one who is a managing director) and audits have executed an agreement that limits liability for damages stipulated in Article 423.1 of the Companies Act in accordance with Article 427.1 of the Companies Act. The limit on liability for damages based on such agreement is the minimum liability amount as stipulated in Article 425.1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

NTT DATA has adopted the form of a company that has audits because it has judged that the audit system in which the Audit & Supervisory Board is established and audits are conducted by audits including outside audits is effective as a function of supervising management.

NTT DATA strengthens the function of supervising the fairness of business execution by appointing outside directors.

NTT DATA has appointed the current 3 outside directors, expecting them to contribute their management viewpoints from broad perspectives acquired their experience.

Outside directors cooperate with audits and the Internal Audit Department mutually and supervise business operations by receiving reports on audit plans and results from audits and the Internal Audit Department and making comments, if necessary.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notices calling for the shareholders' meeting held in June 2019 were dispatched earlier than the date fixed by law by 4 business days.
Scheduling AGMs Avoiding the Peak Day	NTT DATA has set the shareholders' meeting avoiding the date on which other companies' meetings are concentrated to ensure that as many shareholders as possible can attend its meeting.
Allowing Electronic Exercise of Voting Rights	NTT DATA had created a website for execution of voting rights at the website of a manager of a shareholders' list so that it can accept the execution until 6 p.m. on the day before the day of the shareholders' meeting.
Participation in Electronic Voting Platform	Voting rights can be executed through the ICJ platform targeted at institutional investors that is operated by Investor Communications Japan (ICJ). Starting from the ordinary general meeting of shareholders held in June 2018, investors can execute the voting rights by using smartphones or other devices.
Providing Convocation Notice in English	The notice calling for a shareholders' meeting is translated in English and such translated version is uploaded on NTT DATA's website.
Other	The notice calling for a shareholders' meeting is digitized and uploaded on NTT DATA's website 8 business days prior to the dispatch of such notice. The notice of resolution is also uploaded on NTT DATA's website in Japanese.

2. IR Activities

	Supplementary Explanations	Explained by the representative
Preparation and Publication of Disclosure Policy	NTT DATA has formed the "Disclosure Policy" in accordance with the "Disclosure Guidelines." The basic policy of the said Policy is stipulated in "The formulation of the policy relating to information provision for stakeholders."	
Regular Investor Briefings for Individual Investors	NTT DATA holds meetings targeted at individual investors to explain NTT DATA's business overview and advantages, growth strategy and returns to shareholders.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	NTT DATA holds 4 meetings annually to explain its financial results at the 1Q, 2Q, 3Q and 4Q, and explains the overview of its financial results, the business environment and initiative in a relevant quarter period. Such explanation is made by the President and CEO (Representative Director) and directors.	Yes
Regular Investor Briefings for Overseas Investors	NTT DATA holds individual meetings from time to time to explain its most recent results, future initiative and returns to shareholders.	Yes
Posting of IR Materials on Website	On the URL relating to IR (http://www.nttdata.com/global/en/investor/index.html), NTT DATA provides information on financial results such as a summary of accounts, materials timely disclosed other than the information on financial results, financial statements and quarterly reports, materials used at a meeting for explanation of financial results, notices calling for a shareholders' meeting, and the latest financial data. It also distributes videos of presentations at meetings for explaining financial results, and uploads the text version of the content and Q&A of such presentations on the said URL.	
Establishment of Department and/or Manager in Charge of IR	NTT DATA has established the Investor Relations Office as an office in charge of IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The "Global Compliance Policy," which is NTT DATA's business conduct, stipulates that it is vital for NTT DATA's continuous growth to gain trust by satisfying the expectations of stakeholders, including clients, shareholders, business partners, society and the employees, and also stipulates how NTT DATA needs to behave toward each of such stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The environmental activities are promoted based on the concept "shifting towards an environmentally-advanced company" aiming to comprehensively contribute to the environment including not only the direct business activities but also the environmental activities performed in communication with related stakeholders such as local communities as well as employees and their families, "the greening of clients and society" through business activities and the "greening of our Group" by promoting streamlining power sources of data centers/air conditioning facilities, etc. CSR activities are promoted along the Material CSR Challenges based on Our Way, constructing at the same time the CSR infrastructure development to meet the expectation of the global society including corporate governance. Each work place is solving social issues and contributing to the achievement of SDG goals through business activities. The latest CSR activities including the above-mentioned environmental activities are disclosed in the Sustainability Report and our website. (Sustainability Report) https://www.nttdata.com/global/en/sustainability/environment
Development of Policies on Information Provision to Stakeholders	In accordance with the Disclosure Policy, NTT DATA promotes understanding of its business by all stakeholders including shareholders and investors. To evaluate the Disclosure Policy properly, NTT DATA stipulates a timely and appropriate disclosure of the important information relating to NTT DATA.

Other	<p>NTT DATA recognizes diversity management as an important management strategy for global competitiveness and aims to further create a corporate value by promoting active participation of diverse human resources and workstyle innovations. In 2008, NTT DATA established the diversity promotion office headed by the officer in charge of human resources to promote “diversity & inclusion.” We make various efforts aiming to achieve a work environment in which each employee can participate actively, particularly, by promoting active participation by women and optimizing overall work hours through workstyle innovations. NTT DATA has made continuous and company-wide efforts on raising awareness of the employees (including management) through constant messages from executives, support for career development and work style innovations as well as reform of governance. As these efforts were appreciated, NTT DATA was recognized as one of the “Diversity Management Selection 100 Prime,” the most remarkable companies for diversity management chosen by the Ministry of Economy, Trade and Industry in FY2017 and a “Semi-Nadeshiko Brand” in FY2018 in an event for the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select “Nadeshiko Brands” jointly.</p> <p>In addition, since April 2016, NTT DATA has made good progress in its efforts to achieve the following goals of a general corporate action plan set in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace.</p> <p>Target 1: Continue the efforts to increase the women’s hiring ratio to more than 30% by the end of FY2020. (Actual result for new employees hired in April 2019: Women’s hiring ratio at 35.8%)</p> <p>Target 2: Continue the efforts to achieve the total working hours per employee at 1,890 hours on an annual basis by the end of FY2018. (Actual result in FY2018: 1889.6 hours)</p> <p>Target 3: Continue the efforts to increase the number of females in the management positions to 200 or more by the end of FY2020. (190 as of April 2019)</p> <p>Target 4: Continue the efforts to increase the number of women in the executive management positions (such as directors and heads of organizations, etc.) to 10 or more by the end of FY2020. (9 as of April 2019)</p> <p>The ratio of male and female employees at NTT DATA is as shown in the [Attached chart] “The gender ratio of the employees of NTT DATA Corporation” to this report.</p>
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IV. Matters Related to the Internal Control System

1. Basic views on Internal Control System and the Progress of System Development

1. Basic Policy for Establishing Internal Control Systems

- (1) In building its internal control systems, NTT DATA will further the basic policy that it will take various measures to efficiently conduct fair and transparent business activities in compliance with applicable laws and its Articles of Incorporation, as a matter of course, and at all times being aware of risks increasing as its business expands.
- (2) The president, as the chief executive officer, takes responsibility and improves and operates the internal control systems.
- (3) In order to make its internal control systems function smoothly and efficiently, NTT DATA will establish an internal control promotion committee that will hold meetings on a regular basis.
- (4) NTT DATA sets up the Internal Audit Department, which assesses whether or not the activities of each Sector are performed in compliance with applicable laws, its Articles of Incorporation, internal rules, and management policies and plans and gives practical advice and recommendations from a position independent of operations of businesses for the purpose of sound performance of businesses.
- (5) NTT DATA sets an officer who supervises the risk management structure from the entire group's point of view and at the compliance division, conduct review for the purpose of ensuring the legality of business activities.
- (6) NTT DATA is taking appropriate measures to realize high reliability of its internal control systems over financial reporting under the Financial Instruments and Exchange Act and other related laws.

2. Individual Systems for Establishing Internal Control Systems

- (1) Systems to ensure that the directors and employees are performing their duties in compliance with applicable laws and the Articles of Incorporation.

Setting our sights on becoming a reliable company and raising the basic policy to conduct sound business activities by establishing corporate ethics, NTT DATA proceeds with the following activities:

 - Establish the "Global Compliance Policy," which is the guideline for behaviors including compliance with applicable laws, for the directors and employees.
 - Raise employees' consciousness of compliance through educational and training programs concerning the corporate ethics.
 - Check the business activities by the compliance division and give advice, guidance, and other assistance to Sectors in order for legal and appropriate business activities.
 - Have no relation or transaction with antisocial forces, and reject illegal demands in a resolute attitude.
 - For sound management, establish a whistle-blowing system to receive information from inside and outside the company whether anonymous or named to ensure a channel of communication which is different from the ordinary execution of business, and establish a system to ensure that declarer who made those reports through the whistle-blowing system and will not receive disadvantageous treatment for having made such reports.
 - Have the Internal Audit Department and submit an annual plan to the Board of Directors independently to the department for the internal audit and regularly report the results to the Board of Directors.
- (2) Systems for storage and management of information concerning execution of duties by directors

While NTT DATA appropriately stores, manages, and willingly shares information for effective uses according to the policy that it will protect personal and confidential information from leakage or unauthorized use, it proceeds with the following activities:

 - Record and store information concerning the performance of duties by directors in writing or electromagnetic media and appropriately manage them in compliance with applicable laws, the Articles of Incorporation and internal rules.
 - Improve the internal information system in order to timely and properly use information arising out of business activities.
 - Establish internal rules for the purpose of formulating rules required for the appropriate handling of information and efficient clerical work.
 - Establish an information security committee to expedite measures for the entire group concerning the handling of information and hold a meeting regularly.
- (3) Rules and other systems concerning risk management

Assuming various business risks, NTT DATA has a policy that each division shall improve its own voluntary risk management system by risk so that it may take the best measure upon occurrence of any of such risks and proceeds with the following activities:

 - Organize a system to continuously monitor and supervise the situation of risk management in each Sector and evaluate the effectiveness to organize and promote the risk management from the entire group's point of view.
 - Work on the business risks after the prioritization considering the frequency and the impact of occurrence.
 - Organize a system in accordance with the internal rules based on our quality management point of view, etc. for the risks assumed to be related to our system development and operational security as our main business. In addition, especially for projects that are assumed to contain high risks, the committee directly reporting to the President & CEO should examine the adequacy of them and try to prevent the occurrence of major unprofitable projects that may have an impact on the business.
- (4) Systems to ensure efficient performance of duties by directors

Having the basic policy that it shall enhance each of the functions of making important decisions, supervision of performance of duties, and performance of operations, and that it shall work for vitalization of operations, NTT DATA proceeds with the following activities:

 - In order for the Board of Directors to make important decisions and appropriately supervise the performance of duties, it will appoint executive officers as responsible persons who specialize in the performance of duties and, by transferring substantial part of authority from directors to the executive officers, expedite decision making to pursue speedy operations.
 - Include outside directors who are in a position independent of the Board of Directors in order to strengthen the function to supervise the fairness of business execution.
 - Establish a management meeting for the president to make appropriate decisions pertaining to the basic policy of a business or other important matters.
 - For the purpose of appropriate and efficient performance of affairs, improve the systems to clarify the official authority and exercise appropriate restraints by setting internal rules pertaining to the decision making for, and performance of, business affairs.
- (5) Systems to ensure appropriate operations of NTT DATA Group, etc.

Having the basic policy that it shall ensure appropriate operations of the entire NTT DATA Group through consultations, reports,

instructions and requests concerning important matters, NTT DATA and its Group proceed with the following activities:

- Establish a division responsible for coordination with each group company and improve the coordination system including the related divisions.
- Monitor the activities by the Internal Audit Department for the purpose of ensuring the soundness of businesses of the group companies.
- Oversee and promote the situation of risk management of the entire group by the internal control promotion committee of NTT DATA and at the same time, each group company will appoint an officer in charge of risk management for the purpose of improvement of the risk management system.
- In order to prevent the occurrence of scandals, conduct employee education and training and establish a whistle-blowing system that receives information from identified and anonymous employees of the Group and other parties as well as establish a system to ensure that employees and other parties who have made reports using the whistle-blowing system and other channels will not receive disadvantageous treatment on account of having made such reports.
- Organize a system with Group companies with compliance with the laws to submit appropriate financial status reports.
- Group companies conduct autonomous management by company-wise based on the basic policy of group business and at the same time the Corporate Management Committee of NTT DATA will monitor the management situation of the entire group in order to promote efficient and effective group management. Furthermore, in between with the parent companies, there is the basic policy that either party will coordinate with the other, respecting the other party's independency and autonomy and the parties appropriately have dealings with the other in compliance with the laws.

Furthermore, between NTT DATA and its parent companies, there is the basic policy that all parties will coordinate with each other, respecting the other party's independency and autonomy and that NTT DATA appropriately have dealings with the parent companies in compliance with the laws.

(6) Matters concerning employees who assist corporate audits' duties and independence of such employees from directors

Having the basic policy to establish a system to assist the corporate audits' duties in order to ensure the effective audits by corporate audits, NTT DATA will proceed with the following activities:

- NTT DATA sets up the Corporate Audits' Office to appropriately assist the duties of its audits as an important organization under the Companies Act.
- Allocate the number of employees required for conducting audits according to the auditing standards determined by the audits.
- The Corporate Audits' Office shall be an organization independent from the directors and the employees assisting the audits' duties shall perform their duties under instructions and directions from the audits.
- Handle the matters concerning personnel changes and evaluation of the employees assisting the audits' duties respecting the audits' opinions.

(7) Systems for directors and employees to report to audits and for ensuring effective auditing by audits

Having a basic policy to improve the systems for directors and employees to report material matters regarding the execution of business to corporate audits and other systems in order to ensure the effective audits by corporate audits, NTT DATA will proceed with the following activities:

- The directors and corporate audits shall determine after consultation the meetings that the corporate audits shall attend, materials that the corporate audits shall review, and the matters regarding NTT DATA and its Group companies that the corporate audits shall report to the directors regularly or when necessary and the corporate audits shall report to the directors from time to time as determined between the directors and corporate audits.
- Upon request of each audit for a report on the performance of duties, the directors and employees shall promptly report to the audit about their performance of duties.
- In addition to the above, the directors, independent audit, and Internal Audit Department shall respectively have an exchange of opinions with each audit regularly and when necessary upon request of the audit.
- The corporate audits may independently engage external experts and receive advice on audit operations.
- The corporate audits may claim payment for expenses necessary for the execution of duties and NTT DATA will make payments based on such claims.

3. Overview of the State of Operation of the System to Ensure Appropriate Business Operations in FY2018

The following is the overview of the state of operation of the system to ensure appropriate business operations within the NTT DATA Group based on the basic policy concerning the establishment of internal control systems within the NTT DATA Group.

(1) Systems to ensure that the directors and employees are performing their duties in compliance with applicable laws and regulations and the Articles of Incorporation.

NTT DATA makes efforts to maintain and improve the awareness of corporate ethics and compliance in order to operate businesses with a strong sense of ethics, let alone compliance with laws and regulations.

With regard to corporate ethics, the Global Compliance Policy is available on the in-house website.

To maintain and improve the awareness of compliance, NTT DATA implements compliance training sessions for officers and employees, and introduces cases that have problems in terms of corporate ethics on the in-house website to help officers and employees improve their understanding.

The Compliance Department conducted a preliminary check on 62 cases before being discussed by important organs such as the Board of Directors. With regard to transactions with antisocial forces, NTT DATA made it mandatory under the company's sales provisions and detailed purchase rules to conduct a credit investigation on business partners. In addition, when an organization subscribes to our services, NTT DATA thoroughly examines the state of activities of the organization, the purpose of the subscription, etc. to prevent us from engaging in any relations with antisocial forces.

The NTT DATA's Corporate Ethics Committee was held once in FY2018 to examine reports submitted to the section in charge of receiving reports made using the whistleblowing system, and report the results of the examination to the Board of Directors, along with a report on how these reports were handled. In FY2018, 108 cases were reported to the section. Meanwhile, it is stipulated in the rules for administering the whistleblowing system that employees should not receive disadvantageous treatment on account of having made such reports, and this rule is administered appropriately.

The Internal Auditing Department reports interim and annual audit results and the annual audit plan to the Board of Directors appropriately.

(2) Systems for storage and management of information concerning execution of duties by directors

With regard to the management of in-house information, including the handling of information concerning the execution of duties by directors, rules for the handling of documents and the information security policies are instituted, and they are available on the in-house

website. Concerning the storage of documents (including those recorded electronically,) besides the storage based on types of documents specified by laws and regulations, they are stored for a term necessary for the completion of duties. In addition, NTT DATA appropriately administers the maintenance and storage of documents by appointing personnel in charge of promoting information security to each section and introducing a system to enable the management of documents (files) in accordance with applicable rules, among other measures.

NTT DATA set up the information security committee to report and discuss the company-wide security subjects under the Chief Information Security Officer. This committee held the meeting twice during FY2018, and the members discussed on enhancement of governance following global deployment and expansion, tightening of measures assuming the occurrence of security violation.

(3) Rules and other systems concerning risk management

For risk management, NTT DATA assumes and prevents the occurrence of familiar potential risks. NTT DATA has a risk management system to minimize the damage in the event of risks becoming obvious, and for other purposes. The Internal Control Promotion Committee, chaired by Senior Executive Vice President, plays a central role in establishing and administering the PDCA cycle for risk management. Meanwhile, the committee held the meeting twice during FY2018 and discussed measures to specify risks that could influence the whole Company and to reduce such risks. In addition, the committee also examined the levels of progress and achievement of goals and evaluated the effectiveness while reflecting the results of the examination in each measure.

NTT DATA appropriately handles risks concerning system developments and operational security, etc. within the quality management system (QMS) that was established based on the quality management rules. In addition, the project review committee examines large-scale projects that are new in terms of clients, operations or technologies for the adequacy of the order receiving plan and processes through the delivery.

(4) Systems to ensure efficient performance of duties by directors

The Company's duties are executed based on the organizational rules that specify jurisdictional tasks for each organ, and under the supervision of the Board of Directors, 24 executive officers are appointed and decision-making is made based on the authority regulations that stipulate the distribution of authorities.

The Board of Directors decides the issues prescribed in laws and regulations and important issues set forth in the rules for the Board of Directors such as those concerning management strategies, company management including investment, the management of the NTT DATA Group, etc. In addition, the Board of Directors supervises the performance of duties by directors by having them report the state of performance of their duties on a regular basis and by other means. The Board of Directors comprises 11 directors including 2 independent directors, and held 18 meetings in FY2018. The Corporate Management Committee, which discusses important decision-making for NTT DATA, held 37 meetings in FY2018.

(5) Systems to ensure appropriate operations of NTT DATA Group, etc.

With regard to an important issues for the management of the NTT DATA Group, such as the occurrence of emergencies that could influence the whole group, NTT DATA establishes an organization in the Company to promote businesses in cooperation with respective group companies and created systems to consult these matters with, and report them to, NTT DATA, and the systems are administered appropriately.

NTT DATA's Internal Auditing Department implemented an internal audit on group companies in a unified manner by reflecting important risks common to the whole group and risks specific to each group company in the audit.

Group companies set the important risks every year and the Internal Control Promotion Committee confirms the state of implementation of risk management led by risk management promotion officers in each company.

To maintain and improve the awareness of compliance in the whole NTT DATA Group, NTT DATA instructs group companies to implement compliance training sessions and monitors the state of implementation of such training sessions. In the rules for administering the whistle-blowing system, group companies, the same as NTT DATA, ensure that employees and other parties who have made reports using the whistle-blowing system and other channels will not receive disadvantageous treatment on account of having made such reports, and the rule is administered appropriately.

The fiscal conditions of group companies are appropriately reported to NTT DATA on a monthly basis, in addition to quarterly financial reports. The results are also reported to the Board of Directors as a monthly monitoring status.

Financial conditions of the NTT DATA Group are reported to the Corporate Management Committee on a quarterly basis.

(6) Matters concerning employees who assist corporate audits' duties and independence of such employees from directors

As a system to assist corporate audits' duties, NTT DATA has the Corporate Audits' Office comprising 4 full-time employees and duties are performed appropriately based on the instructions and orders of corporate audits. Meanwhile, the transfer of employees at the Corporate Audits' Office, evaluations on the employees, etc. shall be conducted by making adjustments with corporate audits.

(7) Systems for directors and employees to report to corporate audits and for ensuring effective auditing by corporate audits

Corporate audits attend important meetings such as the Board meetings, view important documents, exchange opinions with the Representative Director on a regular basis and have discussions on specific topics with directors and other parties. On these occasions, the state of performance of duties shown in the basic policy is reported to corporate audits while they make recommendations as needed.

Moreover, corporate audits exchange opinions with accounting audits and the Internal Auditing Department on a regular basis. The explanation of an audit plan, the status of internal control systems and other matters are reported to corporate audits while they make recommendations as needed.

In addition, NTT DATA uniquely contracts with outside experts such as lawyers to receive advice on auditing duties. Including the costs necessary for them, NTT DATA bears the costs needed to perform auditing duties.

2. Basic Views on Eliminating Anti-Social Forces

Our basic policy sets forth that we will have no relation with any Anti-Social Force including any business relation and will take resolute measures against any of their unreasonable demands.

Our "Global Compliance Policy" stipulates that we will take a resolute attitude toward Anti-Social Forces. We are striving to educate all of our employees about the "Global Compliance Policy" with prints of the Policy being distributed to them. We are also preparing a manual for how to respond to unreasonable demands from Anti-Social Forces, striving to exclude any relation with Anti-Social Forces through these efforts.

Being led by the risk management promotion framework, which is placed under a director responsible for risk management's command, we are striving to collect information relating to Anti-Social Forces in cooperation with external special agencies including the police, and also striving to prevent any trouble with Anti-Social Forces through the risk management promotion framework information sharing initiatives with the entire frameworks. The risk management promotion framework is also calling our employees' attention by holding regular training sessions for each framework and building managers.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

[Overview of the timely disclosure system]

With regard to the management of information relating to important matters, NTT DATA pays attention to timely, just and fair disclosure of the information relating to NTT DATA Group by having established “Policy (Rules) for Information Security,” “Disclosure Guidelines,” and “Rules for Prevention of Insider Trading” for appropriate operations.

The timely disclosure of important management information is made public through the stock exchange on which the shares of NTT DATA are listed, the press, and NTT DATA’s website after consultation at the Corporate Management Committee and determination by the President and CEO.

With respect to the handling of information, the Heads of each Section or Group manage the management information relating to relevant organizations in accordance with the “Policy (Rules) for Information Security” and the “Disclosure Guidelines.” The important management information deemed appropriate for timely disclosure is disclosed only after the Heads of each Section or Group consult with the Corporate Management Committee and gain the consent from the President and CEO. In such a case, the information NTT DATA is not obligated to disclose according to the rules for the timely disclosure may require consultation with Disclosure Committee for its disclosure if such information is judged to have the possibility of affecting investors’ judgment.

With regard to the education for the handling of information, NTT DATA holds regular training sessions targeted at all employees while thoroughly managing the important information that has not been released to the general public yet in accordance with the “Rules for Prevention of Insider Trading.”

An outline of facts described above is shown in the [Attached chart] “Overview of the timely disclosure system” to this report.

NTT DATA is determined to continue improving its corporate governance in order to enhance its enterprise value though strengthening the management by achieving a more efficient and transparent management system while grasping the latest trends and listening to opinions from external parties.

[Attached chart]

【Explanation for the appointment/nomination of individual candidates for directors and audits】

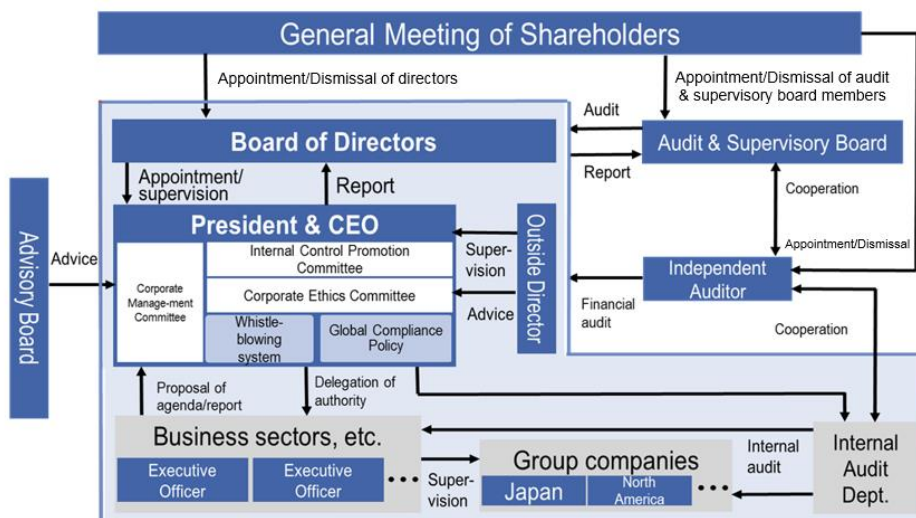
Name	Position	Reasons of Appointment	Number of meetings attended
Yo Honma	Representative Director, President and Chief Executive Officer	He has extensive experience in management evidenced by the track record of performance in management in the enterprise sector, etc. In addition, he has been in charge of management as Representative Director, President and Chief Executive Officer since 2018. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his extensive experience and record of performance, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Keiichiro Yanagi	Representative Director and Senior Executive Vice President	In addition to his experience in organizational management in the financial sector and treasury & securities, he has experience in the General Affairs Sector and the Human Resources Sector of the Group as well as the track record of performance in management in the Group companies. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Shigeki Yamaguchi	Representative Director and Senior Executive Vice President	He has extensive experience in management evidenced by the track record of performance in organizational management in the enterprise sector, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Toshi Fujiwara	Representative Director and Senior Executive Vice President	He has extensive experience in management evidenced by the track record of performance in the financial sector and management in global business sector, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Tsuyoshi Kitani	Director and Executive Vice President	He has been engaged in organizational management of the Research and Development Sector for many years, and also has intensive expertise of technology, research and development in the IT field. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Shunichi Takeuchi	Director and Executive Vice President	He has extensive experience in management evidenced by the track record of performance in organizational management of the Public & Social Infrastructure Segment. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 14 times/14 times
Koji Ito	Director and Executive Vice President	He has extensive experience evidenced by the track record of performance in global business management in the Company and its overseas group companies. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as the supervision of business execution by utilizing his experience and record of performance, he has been appointed.	• Board of Directors' meetings 14 times/14 times
Hisashi Matsunaga	Director and Executive Vice President	He has extensive experience in management evidenced by the track record of performance in organizational management in the financial sector, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been appointed.	—
Yukio Okamoto	Director	He has extensive knowledge and insight about the international situation as an expert. Since he is expected to contribute, as an outside director, to the enhancement of supervisory functions in executing management and the provision of opinions from his broad viewpoints, he has been appointed.	• Board of Directors' meetings 18 times/18 times
Eiji Hirano	Director	He has extensive experience in the Financial Sector, and wide perspectives concerning financial administration and international finance. He has been appointed based on the fact he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.	• Board of Directors' meetings 18 times/18 times
Takashi Ebihara	Director	He has been appointed for the candidate of Director based on the fact that he is expected to provide opinions from his broad viewpoints acquired through his long career in the telecommunications business.	• Board of Directors' meetings 18 times/18 times
Mariko Fujii	Director	She has keen discernment and extensive experience accumulated through her career in public administration, research on economics and foreign affairs. Based on this, she is expected to contribute to the enhancement of supervisory functions in executing management and the provision of opinions from broad viewpoints and has been appointed. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside director. However, based on the above reasons, the Company judges that she can perform the duties of Outside Director properly.	—

Name	Position	Reasons of Appointment	Number of meetings attended
Tetsuro Yamaguchi	Standing Audit & Supervisory Board Member	In the past, he acted as a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and NTT group companies. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside audit by utilizing his broad viewpoints and experience.	<ul style="list-style-type: none"> • Board of Directors' meetings 18 times/18 times • Audit & Supervisory Board meetings 17 times/17 times
Tetsuya Obata	Standing Audit & Supervisory Board Member	He has experience in the finance and general affairs sectors as well as a tremendous track record in corporate management in the NTT Group. Since Mr. Obata, who had been a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION and NTT group companies in the past, is expected to help the Company ensure the corporate soundness and establish a transparent and fair system to monitor management through the audits of business execution by utilizing his wide perspectives and experience, he has been appointed.	<ul style="list-style-type: none"> • Board of Directors' meetings 14 times/14 times • Audit & Supervisory Board meetings 10 times/10 times
Katsura Sakurada	Standing Audit & Supervisory Board Member	He has extensive experience and wide perspectives concerning audits for finance, accounting and business execution based on his long years of professional experience in the Board of Directors of Audit of Japan. Since he is expected to help the Company ensure the corporate soundness and establish a transparent and fair system to monitor management through the audits of business execution, he has been appointed. Although he has not been engaged in corporate management, the Company judged that he is able to fulfill the duties of an outside audit appropriately for the above reasons.	<ul style="list-style-type: none"> • Board of Directors' meetings 14 times/14 times • Audit & Supervisory Board meetings 10 times/10 times
Rieko Sato	Audit & Supervisory Board Member	She is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside audit by utilizing her broad viewpoints and experience. Taking into consideration that she had been involved in legal work for a long period of time, NTT DATA also expects her to conduct audits based on her experience and knowledge acquired through her career as a specialist in law.	<ul style="list-style-type: none"> • Board of Directors' meetings 17 times/18 times • Audit & Supervisory Board meetings 16 times/17 times

* Yukio Okamoto, Eiji Hirano, and Mariko Fujii are outside directors.

*Tetsuro Yamaguchi, Tetsuya Obata, Katsura Sakurada, and Rieko Sato are outside audit & supervisory board members.

【The system of business execution and the mechanism of management monitoring and internal control】



【The gender ratio of the employees of NTT DATA Corporation】

As of March 31, 2019

	Male (Number of Employees)	Female (Number of Employees)	Ratio of Female Employees (%)
Number of Employees	8,935	2,375	21.0
Manager level	1,838	140	7.1
Senior Manager level	537	24	4.3

【Overview of the timely disclosure system】

