Mission Statement / Group Vision / Values

Mission Statement

NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.

Group Vision – What We Aim to Become in 10 Years –

Trusted Global Innovator

A partner trusted by clients over the long term

We work in the dreams of our clients around the world through Long-Term Relationships. We develop evolving ecosystems with our clients through leading-edge technologies. We enhance our creativity by respecting diversity.

Values

Clients First

First, and above all else, we place the needs of our clients front and center. We achieve this through excellence in our work, which inspires our clients to think of NTT DATA as a partner trusted by clients over the long term. We also inspire others to pursue your success and let this spirit guide our work and guide our actions.

Foresight

We never settle for the status quo. Instead, with speed and foresight, we anticipate challenges and opportunities. We consider both the future of IT as well as the future of your business. We enhance your ability to picture the future, and with our ecosystem, offer solutions to the changing landscape. From innovation to change, we help you reach your goals and create a brighter future together.

Teamwork

We put great importance on enabling our employees to achieve their best through their work. In this spirit, we work to build a diverse and dynamic team of people who enhance each other’s skills and expand the world of thought and ideas. We work together, share the vision, and work toward a common goal. The results are not just for one or two people, but for everyone and far beyond what can be achieved by any one person.
Editorial Policy for NTT DATA Integrated Report 2021

NTT DATA Integrated Report 2021 has been positioned as a medium for communicating with shareholders, investors, and a wide range of other stakeholders as part of NTT DATA’s efforts to achieve sustainable enhancement of corporate value through constructive dialogue.

The report integrates information particularly important to shareholders and investors, such as business strategies, business performance trends, etc., as well as environmental, social, and governance (ESG) data. We consider this report as an integrated report to explain the NTT DATA Group’s initiatives in creating sustainable value.

For more information, please see the investors and sustainability sections on our website.

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NTT DATA Integrated Report 2021

Cautionary Statement Regarding Forward-Looking Statements

This integrated report contains forward-looking statements concerning the NTT DATA Group’s future plans, strategies, and performance. These forward-looking statements are not historical facts, other than representations and facts based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words “predicts,” “expects,” “anticipates,” “could,” “may,” or similar expressions.

These forward-looking statements are based on current assumptions and expectations of NTT DATA and are subject to a number of risks and uncertainties that without limitation, relate to the COVID-19 pandemic, economic conditions, new competitors in the information services industry, client demands, tax laws, regulations, and other factors. Readers of this integrated report are cautioned not to place undue reliance on these forward-looking statements. The NTT DATA Group disclaims any intention or obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of such statements.

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Message from the CEO

We will create new paradigms together with clients in order to fulfill the social mission encapsulated in our mission statement.

Yo Honma
President and Chief Executive Officer, Representative Director

The COVID-19 pandemic rapidly plunged the world into a state of chaos. Vaccines have been rolled out to combat the pandemic, giving hope that this dire situation may be coming to an end. However, it is clear that ongoing vigilance is still required as we are not yet able to return to the lifestyles seen before the pandemic.

In addition to radically transforming our lives, the pandemic cast light on the various social issues that had been neglected during the times of normalcy seen prior. The stagnancy in economic activities as a result of the pandemic reminded us of our involvement in climate change and environmental destruction, causing a worldwide surge in action to fight global warming. In Japan, teleworking was adopted rapidly, and progress was made in other technology-driven workforce reforms. At the same time, however, the undeniable slow progress in the digitization of public- and private-sector operations and in the installation of internet infrastructure at schools and healthcare institutions forced us to recognize that the country was suffering from a digital divide. The pandemic also brought to light a number of vulnerabilities faced along the global supply chain. Even in the face of this adversity, the NTT DATA Group continued to contribute to the resolution of social issues on a global scale through its business. In Japan, we provided solutions for automating processes related to the issuance of relief payments, which help reduce the burden placed on the staff of municipal government agencies.

In North America, we supported the Centers for Disease Control and Prevention, the National Institutes of Health, and other federal government agencies on the front lines of the fight against the pandemic by offering assistance with installing mission-critical IT infrastructure. Meanwhile, we helped prevent infections while facilitating the management of COVID-19 patients through the supply of telemedicine solutions in Europe and South America while contributing to the improvement of efficiency in diagnosis and management procedures in India.

As such, this was a year that reaffirmed the importance of the social mission encapsulated in our mission statement of “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.” The year also made it apparently clear just how resilient the NTT DATA Group is to change.
Message from the CEO

Since undertaking a major change of course in the mid-2000s, NTT DATA has continued to achieve success in accomplishing its management targets while steadily growing its global operations. As a result, we are now poised to advance on to the Global 3rd Stage, at which we will attain Global Top 5 status and become a company relied upon by our clients around the world as a “Trusted Global Innovator,” by 2025. The current medium-term management plan, which covers the period from FY2019 to FY2021, represents the midpoint of our quest to reach this stage. Under this plan, we define the policies of upholding our consistent belief in the new social frameworks along with recoveries in corporate performance, to the global push to utilize IT and digital technologies to create new value. We have also developed a number of other solutions as an ideal basis for the Future Value Cycle, these include comprehensive service channel provision platforms for supporting financial institutions, companies, and private business operators in undertaking digital shifts, the Internet of Things (IoT), and cloud platforms for manufacturers that combine data and other digital technologies. Given that DX is no longer limited to clients, as we are seeing a society-wide digital shift, the Design stage of the 4D Value Cycle will likely come to hold an even more important meaning based on a broader definition going forward.

Creation of New Value for Various Regions and Industries through the 4D Value Cycle

NTT DATA has succeeded in steadily cement its foothold in the global market. However, competing with the powerful rivals we face in this market will require us to continuously deliver high levels of value to clients implementing DX. Strategy 1 of the medium-term management plan—“expand global digital offerings”—is aimed at developing the tools and enhancing the approaches we use to accomplish this objective. Under this strategy, we will seek to build unified solutions by focusing on areas where we already boast strength while implementing genre top strategies to become No. 1 in strong-suit areas.

In focus areas, we are pursuing global coordination as a single united team to provide services to clients developing global operations. We currently have six regional teams in place serving 22 companies designated as global accounts. Moreover, global delivery systems have been established to accommodate these accounts. Adding to our past successes in the automotive and insurance industries, we managed to receive orders for global projects for the telecommunications and healthcare fields in FY2020. To augment our ability to acquire such large-scale orders, our conventional strengths in systems development are being combined with new strengths in digital technologies to develop competitive, global standard offerings under the guidance of the Digital Strategy Office, which was established in 2017.

In the North America Segment, we have developed digital transformation to accommodate large business domains on digital technologies, and we have thus been expanding our digital technology staffing, optimizing our human resource portfolio, and consolidating bases. We have thereby succeeded in bolstering our ability to cater to digital technology-related needs while building a robust business structure. As a result of these efforts, we are in a position to achieve our initial target for the North America Segment of an EBITA margin of 7% in FY2021. In the EMEA & LATAM Segment, traditional transformation aimed at accommodating digital transformation (DX) has begun producing results in terms of the reinforcement of profit structures and the receipt of digital technology-related orders in the telecommunications and utility fields. Other measures in this segment have included bringing two companies that had previously developed their operations under the names of everis and itelligence in line with the NTT DATA brand in April 2021 and establishing NTT DATA EMEA in September of this year as a regional headquarters for integrated operation of businesses in the EMEA & LATAM Segment. We will continue to move ahead with such structural business initiatives, while aiming for one-third of its medium-term management plan’s initial target for this segment of an EBITA margin of 7% in FY2023, two years later than scheduled.

As we introduce a system through which a dedicated team remotely offers sophisticated customer service to customers enjoying shopping at physical stores via cameras and displays installed at multiple stores, this system contributes to improvements in customer satisfaction, employee motivation, and efficiency while also creating value by allowing for marketing approaches to be enhanced in a data-driven manner. Another example would be the artificial intelligence (AI) powered image diagnosis solutions we provide together with partners in the healthcare field. This solution helps reduce the burden placed on physicians, without forcing them to change their traditional professional vocation-focused workflows, while expediting diagnoses and reducing risks of oversight. The solution thereby contributes to improved quality in healthcare services while addressing the shortage of physicians.

In the early 1480s, Milano, Italy, faced a years-long fight against the black death, which killed off one-third of its population. At the time, Leonardo da Vinci was living in this city. Well-versed in urban planning and architecture, da Vinci recognized that the spread of the plague was being propagated by the city’s confined conditions with narrow streets, unventilated buildings, and stagnant deposits of unsanitary air and water created by the dense population. It is said that da Vinci had proposed a plan for rebuilding Milano that entailed broadening the city’s streets and roads, relocating residents to reduce overcrowding in social frameworks and sewer systems, and implementing other measures from a public health perspective. Known by most as an artist, da Vinci also reinvented city plans from a design perspective aimed at improving people’s lives. This approach is also necessary today, more than 500 years after the time of da Vinci. The Japanese government established the new Digital Agency in September 2021, sparking a rapid, public-private initiative for developing social infrastructure that will allow for government procedures to be conducted using digital technologies and for various services for financial institutions and people’s lives to be provided on a one-stop basis. This move was based on the recognition that permeation of digital technology in the lifestyles of people of all ages, even the elderly, in underpopulated areas and across Japan means that we cannot allow for the existence of digital divides. I believe that these new frameworks will need a sense of warmth with a focus on people that makes them convenient and easy for anyone to use. More specifically, these frameworks must feature the ideal balance of the benefits of online and physical elements. It is therefore crucial that all frameworks be crafted from the perspective of the user.

NTT DATA offers numerous solutions that serve as prime examples of this ideal user-oriented balance of the benefits of online and physical elements. In the retail field, for example, we have introduced a system through which a dedicated team remotely offers sophisticated customer service to customers enjoying shopping at physical stores via cameras and displays installed at multiple stores. This system contributes to improvements in customer satisfaction, employee motivation, and efficiency while also creating value by allowing for marketing approaches to be enhanced in a data-driven manner. Another example would be the artificial intelligence (AI) powered image diagnosis solutions we provide together with partners in the healthcare field. This solution helps reduce the burden placed on physicians, without forcing them to change their traditional professional vocation-focused workflows, while expediting diagnoses and reducing risks of oversight. The solution thereby contributes to improved quality in healthcare services while addressing the shortage of physicians.

Going forward, we can expect to see a full-fledged move toward implementing the Society 5.0 concept, which calls for balance between economic growth and the resolution of social issues. This balance is to be achieved by merging virtual and physical spaces, which can be done now that various applications have been installed into IT and digital social platforms. To ensure that all goods and services are delivered to users in the optimal manner in this new society,
Message from the CEO

with the NTT Group in the future. Moreover, we have launched the new Society5S brand for its smart city platforms. This brand will be promoted through collaboration with a variety of partners.

Forward-Looking Human Resource Development

Maximization of Organizational Capabilities through Enhanced Skills of Employees Worldwide

I believe that when every employee continues to hone their skills as a professional, this will in turn strengthen their organization and consequently the Group as a whole. This belief is reflected in Strategy 3 of the medium-term management plan—"unlock our employees’ potential that maximizes organizational strengths." Based on this strategy, we aim to achieve a 100% digital work force, comprised of human resources that utilize digital technology, digital specialists, and core digital human resources, by 2025. Initiatives for enhancing the digital capabilities of our workforce include reskilling through digital human resource development programs and an in-house development system, an Advanced Professional (ADP) system for externally recruiting human resources with outstanding expertise in advanced IT, and a Technical Grade (TG) system for deciding promotions based on specialties. We have also developed structures for sharing insight on a global level. It can be anticipated that digital human resources with the capacity to co-create new social paradigms will come to be in demand throughout society in the future. In the past, IT vendors like NTT DATA or in regular companies, the other is the technical professionals that will come to be in demand throughout society in the future. The third goal is to reduce costs through collective efforts. We look forward to exercising these strengths in collaboration with Toyota Motor Corporation for developing smart cities, as well as developing smart factories and offices and solutions for conserving energy and optimizing electricity supply and demand balance.

Enhancement of Collaboration with the NTT Group

The comprehensive capabilities of the NTT Group will be a powerful asset toward realizing the overarching vision of NTT DATA. In fact, the enhancement of collaboration with the NTT Group is one of the measures described in our medium-term management plan. There are three main goals we hope to achieve through this collaboration. The first goal is to expand our comprehensive services and promote cross-selling through synergies between the data center network, core technologies with those of these partners, we aim to completely digitize TradeWaltz’s trading processes in order to cut back on workloads together with costs and thereby contribute to forest preservation along with massive reductions in greenhouse gas emissions (complete digitization would conserve three million trees and reduce annual CO₂ emissions by 40,000 tons a year if all Japanese trading firms were to use TradeWaltz Inc.). Looking ahead, NTT DATA hopes to make wider-reaching contributions to greening through means such as developing smart factories and offices and solutions for conserving energy and optimizing electricity supply and demand balance. We have also declared our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and will continue to proactively disclose information going forward.

The theme of Digital & Green will be an important pillar of the next medium-term management plan, which is slated to begin in FY2022. Based on this pillar, NTT DATA will contribute to DX throughout society and promote green innovation while making steady strides toward the Global 3rd Stage.

Foreword to the Integrated Report 2021

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NTT DATA combinations various IT services to deliver the optimal services to customers around the world.

Balanced Deployment of IT Services and Solutions in Japan and Overseas

**Integrated IT Solutions (Order-Based)**

**Integrated IT Solutions (Planned by NTT DATA)**

**System / Software Development (System Integration)**

**Consulting**

**Maintenance Support**

**Net Sales by Segment (FY2020)**

- Total Assets ¥2,897.0 billion
- Employees 139,677 people
- Consolidated Subsidiaries 315 companies

**External Recognition**

- Cutting-Edge Technologies (Assessment by Leading Research & Analysis Firm)
  - A Leader in Recognized NEAT Report for Cloud Infrastructure Brokers, Infrastructure & Management
  - Dow Jones Sustainability World Index / Asia Pacific Index

**ESG Index**

- Dow Jones Sustainability World Index
- FTSE4Good JAPAN

**Customers in Wide-Ranging Industries**

**Government Agencies and Municipalities**
Support for communities with cloud and big data

**Manufacturing**
Improvement of efficiency of manufacturing process systems

**Healthcare and Life Sciences**
Transformation of databases into tools for healthcare

**Automotives**
Advancement of the automotive industry with technologies and systems

**Banking and Financial Institutions**
Evolution of financial services with highly reliable systems

**Electronics and High-Tech Fields**
Assistance for optimizing development, manufacturing, and management

**Insurance**
Evolution of insurance systems with specialized technologies and creativity

**Telecommunications**
Creation of new opportunities and relationships with customers through telecommunication technologies

**Transportation and Logistics**
Evolution of transportation and logistics through improvements to organizations and processes

**Retail**
Support for improving efficiency and using networks to grow sales

**Media and Entertainment**
Exploitation of new media businesses with IT solutions

**Service Providers**
Support for evolution of wholesale sales with services matched to the operating environment

**Education**
Creation of new forms of education with IT

**Fundamental Technologies**
Transformation of resources to make greater use of data through cloud servers

**Natural Resources**
Accurate capitalization on opportunities in rapidly changing service industry

**Consumer Products**
Support for developing products with internal and mobile technologies

**Overall Rankings by Country**

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|        |        |        | Spain |
|        | 3rd     | 4th    | 5th |
|        |        |        | Public |
|        | 10th    |        | Manufacturing |

|        |        |        | Germany |
|        | 14th    |        |        |

|        |        |        | Italy |
|        | 9th     | 10th   |        |

|        |        |        | Turkey |
|        | 5th     |        |        |

|        |        |        | Chile |
|        | 6th     |        |        |

*Graphs / charts are created by NTT DATA based on Gartner Research Data. Rankings / Rankings by Country / Rankings by Industry / Rankings in the IT Services Market in 2020* (Net Sales)
Value Creation and History of Self-Transformations

The NTT DATA Group has continued to undergo self-transformations in conjunction with changes in technologies and in customer needs. This ongoing process of transformation has led to an achievement of revenue growth for 32 consecutive years since our founding.

2005–
External environment: Overseas deployment by Japanese companies
- Launched direct support for Japanese companies operating overseas
- Adopted slogan “Global IT Innovator”
- Began proactive development of global business

2012–
Brand integration / development of global management structure

2018–
Adopted slogan “Trusted Global Innovator”

Indicators
- Net sales
- Operating income
- Consolidated operating income

Net sales ¥2 trillion
Net sales ¥1 trillion

External environment: Client and industry changes due to spread of the internet
- Strengthened business development centered on internet technologies
- Expansion of business domain in Japan by the entire NTT DATA Group
- Growth driven by Group companies through IT partner strategies

1998
- Increased capital (built a solid financial foundation)

1995
- Listed on the Tokyo Stock Exchange

1988
- NTT DATA founded (split from NIPPON TELEGRAPH AND TELEPHONE CORPORATION)

Increased capital (built a solid financial foundation)

Surpassed net sales of ¥1 trillion

Surpassed net sales of ¥2 trillion

External environment: Overseas deployment by Japanese companies
- Launched direct support for Japanese companies operating overseas
- Adopted slogan “Global IT Innovator”
- Began proactive development of global business

Increased Global Coverage
- Expanded geographical coverage to 185 cities in 45 countries and regions
- The NTT DATA Group employed approximately 80,000 people

Recognized Global Brand
- Established a global brand with an overseas sales ratio of approximately 50% and consolidated net sales in excess of ¥2 trillion

2009–
External environment: Maturing Japanese IT market
- Full-fledged global business
- Expanded geographical coverage

2012–
Brand integration / development of global management structure

2018–
Adopted slogan “Trusted Global Innovator”

2019–
Medium-Term Management Plan
- Pursuing profitable global growth with consistent belief and courage to change

2019–2021 Medium-Term Management Plan

FY2009
- Enterprise 25%
- Public 50%
- Financial 25%

FY2020
- Enterprise 33%
- Public 43%
- Financial 44%
Throughout the entirety of its history, NTT DATA has sought to create new paradigms that respond to contemporary needs from a long-term perspective. This will be the stance that we maintain going forward as we pursue long-term ongoing improvements in corporate value.

Creation of New Paradigms Sought by Society

The emergence of multipurpose integrated circuits in the 1960s brought with it high anticipations for contributions to massive increases in the computing power of computers. At the 1964 Summer Olympics in Tokyo, one of the world’s first data communication networks was used to connect event sites in order to collect and record data on the competitions. This network and other innovations at the Olympics that year demonstrated the power of Japan’s technological capabilities to the world. Since then, Japan has continued to install data communication systems for connecting various locations as a piece of social infrastructure, thereby contributing to increased convenience and more enriched lifestyles for its citizens.

The transition to online services was particularly fast in the financial sector. Today, it is taken for granted that we can conduct withdrawals and deposits at financial institutions other than the one with which we have an account, but it was in the 1960s that this became a possibility. One system for this purpose was the Regional Banks Association data telecommunication system, which was launched in 1968 and allowed for fund transfers between regional banks across Japan. This system was created by the DATA Communications Bureau of NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION, “NTT”), NTT DATA’s predecessor, which was established in 1967.

Another step in the evolution of these systems was the Zengin System, which is the payment clearing network for Japanese banks. Put into operation in 1973, this system allowed for nationwide transmissions of bank data. By connecting financial institutions across Japan, this system shattered the previous established convention that bank deposits and transfers would not be completed until the following day, making Japan the first country in the world to provide immediate bank transfers on weekdays. Since it started operation, the Zengin System has continued to function without any major system failures, and ongoing upgrades have been implemented to this system to improve convenience for the companies and people who use it.

Credit cards started becoming a common part of people’s lives in Japan in the 1980s. The popularization of credit cards was supported by CAFIS, a joint credit card network system developed by the DATA Communications Bureau of NTT in 1984. CAFIS replaced previous analog credit inquiry methodologies with a digital system and made it possible for payment processing, which had previously required different terminals for each credit card provider, to be conducted using a shared terminal.

Another noteworthy NTT DATA offering was ANSER, a system that allowed for financial transactions performed at financial institutions or ATMs to be conducted online. This system continues to address social needs more than four decades since its launch by incorporating the new technologies that have emerged at such turning points as the spread of the internet and smartphones and the transition to a digital society.

Throughout our history, our predecessors have continued to respond to the social needs present at any given time, in the financial sector and throughout society, while utilizing IT to create new paradigms.

Initiatives Rooted in Long-Term Relationships with Clients (BeSTA FinTech Base)

Launched in October 2016, the BeSTA FinTech Base* seeks to promote innovation and create unprecedented financial services. In this pursuit, the base leverages NTT DATA’s Long-Term Relationships with regional financial institutions and the network of venture companies we have developed through open innovation initiatives like “From the Port of Toyosu” to combine the capacities of locally based regional banks and venture companies with cutting-edge technologies and innovative ideas.

* BeSTA FinTech Lab was renamed BeSTA FinTech Base in April 2020.

Including taxation, employment, labor affairs, trade, transportation, and healthcare. These systems have primarily been supplied to central and municipal government agencies.

This stance toward urgently addressing the needs of clients and society and continuously and diligently creating new value has enabled us to forge a major strength of NTT DATA, namely its Long-Term Relationships with clients.
Business Model for Achieving Ongoing Improvements in Corporate Value ———

Calling upon the insight regarding client work processes that NTT DATA has accumulated through its Long-Term Relationships, the Company aims to provide solutions that contribute to increased efficiency and competitiveness in said processes and thereby create a virtuous cycle that will further build upon these Long-Term Relationships. This process is anticipated to help stabilize our client base while generating steady cash flows that will, effectively, enable us to adhere to our clients’ first principle from a long-term perspective, without feeling the need to pursue short-term profits. As a result, this approach will make it possible to take a long-term stance toward investment.

NTT DATA is committed to acting as a multi-vendor that does not solely provide certain hardware and software products or services. This commitment is based on our belief that the ability to select the latest technologies and optimal products as needed on a case-by-case basis will contribute to higher levels of client satisfaction and thereby enable us to further enhance our Long-Term Relationships. The current operating environment, which is characterized by open competition and rapid technological processes, is conducive to exercising the true strength of a multi-vendor. Furthermore, as a multi-vendor, we are able to concentrate investments purely on the areas and technologies in which we boast strength, helping us improve investment efficiency while reducing risks.

In this manner, the Long-Term Relationships we have fostered through a dedicated management stance based on a long-term perspective form the basis of our pursuit of ongoing improvements in corporate value. This management stance can be clearly seen in the strategies NTT DATA implemented in the 2000s.

Self-Transformation from a Long-Term Perspective ———

In the 2000s, the NTT DATA Group put forth a long-term, global vision for the social structure changes and social needs it envisaged. All managers of NTT DATA thereafter have shared this vision as they have made steady, methodical progress in promoting the self-transformation of the Company.

In the past, NTT DATA’s earnings structure was such that half of earnings came from the public sector in Japan. We therefore recognized that heightening our competitiveness in the larger private-sector market would be imperative to achieving sustainable growth. Accordingly, we proceeded to bolster our competitiveness in the private sector by concentrating the allocation of management resources on fields in which we can exhibit strength and apply the success models we have developed in the financial sector, where we boast significant competitiveness. This approach proved effective as we were able to establish a strong position in e-commerce and numerous other fields. As a result, our sales in the private-sector market, which had only been approximately ¥380.0 billion in FY1999, have risen to more than ¥590.0 billion in FY2020.

At the same time, NTT DATA also pursued transformation in terms of globalization. In the early 2000s, it had been deemed a certainty that Japan would experience falling birthrates, population aging, and population declines in the future. This reality made NTT DATA recognize the importance of expanding its global business foundation, thus prompting it to put forth its Group Vision of becoming a “Global IT Innovator” and undertake a massive shift toward global management in 2005.

With almost non-existent operating foundations in the global market, NTT DATA defined the theme for its Global 1st Stage as “increased global coverage.” Based on this theme, we ramped up offshore development and conducted M&A activities around the world, beginning with U.S.-based The Revere Group, to expand our geographical presence.

We also recognized that, if we were to receive opportunities to make proposals to overseas governments and global companies, NTT DATA would need to claim a share of at least 2% in markets of major countries and also rank among the top 10 companies in terms of sales in these countries. To guide us in achieving this position, “recognized global brand” was defined as the theme for our offshore development and conducted M&A activities around the world, beginning with U.S.-based The Revere Group, to expand our geographical presence.

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Today, NTT DATA is looking to enter into the Global 3rd Stage as it seeks to obtain Global Top 5 status by 2025. Our current vision for NTT DATA is to become a company relied upon by our clients and societies around the world as a “Trusted Global Innovator.” The current medium-term management plan, which covers the period spanning from FY2019 to FY2021, has positioned it as the mid-point of our path toward this goal with the theme of “pursuing profitable global growth with consistent belief and courage to change.”

The COVID-19 pandemic has cast light on a number of social issues that threaten the sustainability of humanity and of our planet. These issues were seen in a wide range of fields including medicine and healthcare, water, food, education, energy, the environment, disaster preparedness, and infrastructure.

In the roughly 30 years since our founding, we have amassed strengths and capabilities through Long-Term Relationships developed on a global scale, and these strengths and capabilities have unlocked a wider range of possibilities for us to contribute to the resolution of new social issues.

Approach toward Technology through the Lens of End-Users and Society ———

Through self-transformations, NTT DATA managed to build Long-Term Relationships lasting more than a decade with numerous clients. These included private-sector clients in Japan as well as clients in the global market, mainly in North America and Europe, the Middle East, Africa, and Latin America (EMEAL). When the digitization trend emerged in the late 2010s, we responded by strengthening our digital capabilities and improving our value proposition in order to contribute to clients and societies around the world.

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Association between Long-Term Relationships and the 4D Value Cycle ———

The 4D Value Cycle is our value offering model shared throughout the NTT DATA Group comprised of the “four Ds” (Discover, Design, Develop, and Drive), which represent the steps of our approach toward new value creation.

NTT DATA is moving beyond the traditional system integrated business model, which entails developing systems based on the desires of clients, to provide value as a true partner to clients by exercising responsibility for the entirety of the IT service life cycle while interpreting future trends. This approach toward creating value is embodied in the 4D Value Cycle.

By implementing the 4D Value Cycle, we will create value that earns greater trust from clients and thereby build upon our Long-Term Relationships.
NTT DATA's Value Creation Process

Using its refined strengths to propose optimal solutions to clients, NTT DATA will contribute to a more affluent and harmonious society and enhance corporate value by shaping the future society with its clients. This is the very embodiment of our mission statement.

- **Value Co-Innovation Model**
  - **Group Vision**
    - Trusted Global Innovator
  - **Values**
    - Clients First
    - Teamwork
  - **Strengths**
    - Long-Term Relationships
  - **Relationships**
    - Provision of optimal solutions by linking cutting-edge technologies from around the world to clients needs

- **40 Value Cycle**
  - **Discover**
  - **Design**
  - **Develop**
  - **Deploy**
  - **Business Partners**
  - **Media**
  - **Insurance**
  - **Retail**
  - **Telecommunications**
  - **Manufacturing**
  - **Healthcare and Life Sciences**
  - **Banking and Financial Services**

- **NTT DATA's Value Creation Process**
  - **Input**
  - **Capital Usage**
  - **Financial Capital**
    - Consolidated Operating Income: ¥139.2 billion
    - Consolidated Total Equity: ¥1,126.5 billion
    - D/E Ratio: 0.54 times
  - **Non-Financial Capital**
    - Human Resources and Organizational Capabilities
      - Employees: More than 130,000
      - Number of employees working offshore: Approx. 70%
      - Staff of approximately 2,200 people in seven advanced digital technology fields (Centers of Excellence)
    - Technologies
      - Acquisitions of high-valuation businesses
      - Frameworks for global business development through collaboration with the NTT Group
      - Number of business partners (excluding the NTT DATA Group): Approx. 300 companies and approx. 48,000 people
      - Partnerships with worldwide IT companies (e.g., SAP, Amazon, etc.)
  - **Outcome**
  - **Realizing a More Affluent and Harmonious Society**
    - Shaping the future society with our clients

- **Enhancing Corporate Value**
  - **Targets of Medium-Term Management Plan (FY2019-2021)**
    - Consolidated Net Sales: ¥2.5 trillion
    - Consolidated Operating Income Margin*: 8%
    - Overseas EBITA Margin**: 7%
    - Client Base**: 80 or more

Please refer to the following sections for information on material ESG issues and key performance indicators (KPIs).

- **P12: Value Creation**
- **P1: Mission Statement / Group Vision / Values**
- **P46: Message from the CEO**
Management Resources That Support NTT DATA’s Growth

**HUMAN RESOURCES AND ORGANIZATIONAL CAPABILITIES**

- Professional human resources with advanced expertise (over 120,000 professionals in 150 countries and regions)
- High employee engagement capacities
  - 92% ranked employee for new graduates in Japan**1**, over 27,000 global employees, excellent human resources acquired, accelerated hiring of mid-career professionals
- High-quality approach to diversity and inclusion
  - Promotion of active participation of women (with a female employee ratio of 30% for the entire Group, selected for Nikkei Brand for two consecutive years, and obtained the Platinum Kurumin certification)
  - Approach to sexual minorities including LGBTIQ increased golden award in PID**1** (for four consecutive years)

High employee engagement (ratio of highly engaged employees of 21%**2**)

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**TECHNOLOGIES**

- Top-class technological and project management capacities that facilitate development and operation of mission-critical systems supporting social infrastructure
- One of the world’s best digital technology capacities
- A Leader in Natural Language for IoT (New England Artificial Intelligence Report for Cloud Infrastructure Brokerage, Orchestration & Multipurpose)
- A Leader in IoT Report for Blockchain Market**3**

Influence to advantages and transformed technologies
- High rankings in 2020 OSS development contribution rankings
- 5th for PostgreSQL, 6th for OpenID (Java), 7th for Apache Hadoop, and 7th for Apache Spark

FAD in collaboration with the NTT Group
The entire NTT Group network is approximately 150 billion yen annually in research and development, including NTT Laboratories, one of the world’s leading research institutions and NTT Research, Inc. (NTT DATA can utilize these technologies.)

- Promote responsible supply chain
- Offer social infrastructure and business category-specific solutions based on advanced technologies
- Build and ensure stable management / operation of IT infrastructure

**FINANCIALS AND OTHERS**

- Secure and develop IT human resources
- Promote diversity and inclusion
- Promote workstyle innovation
- Achieve organizational strengths
- FAD in collaboration with the NTT Group (with a female employee ratio of 30% for the entire Group, selected for Nikkei Brand for two consecutive years, and obtained the Platinum Kurumin certification)
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**ESG I S SUES**

- Secure and develop IT human resources
- Promote diversity and inclusion
- Promote workstyle innovation

Relevant Material ESG Issues

- Promote responsible supply chain
- Offer social infrastructure and business category-specific solutions based on advanced technologies
- Build and ensure stable management / operation of IT infrastructure

Relevant Medium-Term Management Plan Strategies

- Develop a workplace environment that is conducive to contributions from diverse employees
- Foster all employees to become digital humanities professionals
- Ensure our governance processes

Efforts in FY2020

- Develop a workplace environment that is conducive to contributions from diverse employees
- Foster all employees to become digital humanities professionals
- Ensure our governance processes
- Promote responsible supply chain
- Offer social infrastructure and business category-specific solutions based on advanced technologies
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**STRATEGIES**

**P36: Strategy 1, Expand Global Digital Offerings**

- In order to provide optimal solutions for our clients, we have to widely incorporate great products and technologies from our partners across the world.
- Good relationships with our partners enable us to build a stable and flexible delivery system.
- Our strong partnership with the NTT Group serves as one of our significant themes.

- We won the SAP AWARD OF EXCELLENCE for our partnership with 8 companies worldwide for the sixth consecutive year.
- We are among INGO Partner Network (APPO) Partner Tier Consulting Providers.
- Strategic partnership with Microsoft involving global deployment of intelligent management solutions. We also promote coordination in areas of Azure proficient human resource development and CSR.
- Acquisition of Acorio LLC to enhance capabilities through accelerated domestic and overseas collaboration with ServicesNow.
- We work together with Dell Technologies on several projects including OpenGeneva in Japan and healthcare and smart city projects overseas.
- We have accumulated our unique resources and knowledge through the Global Open Innovation Contest that we have hosted since 2013.
- We have a number of business partners**4** (approximately 150 companies and approximately 400 people).
- We collaborate with the NTT Group in R&D in advanced areas and utilize economies of scale.

**P39: Strategy 2, Deliver greater value to clients based on regional needs**

- Drive reduced costs through NTT global procurement organization.
- Drive NTT Group collaboration reinforcing partnerships with IT companies and acquiring new business opportunities.
- Spreading the NTT DATA brand across the world in view of our potential themes in acquiring new business opportunities. Our brand is an extremely valuable management resource for higher profitability.

- A client base, which has been created through Long-Term Relationships with our clients, is indispensable for providing our unique and high-value-added IT services that accurately reflect the clients’ needs. It also enhances our business stability and enables us to stably invest in the future.

**P40: Drive NTT Group collaboration**

- 80 or more clients**4**
- Long-term relationships with numerous clients and our deep understanding of their operations, which we have built over a long period of time by connecting and closely managing systems in national projects, etc.; that support social infrastructure (Client base**5**, 70 companies)

- We have made over a long period of time by constructing and closely running mega-scale systems in national projects, etc.; that support social infrastructure

- Standardization of global brand
- Establishment of NTT DATA EMEA (Europe, Middle East, Africa, and Latin America) to oversee operation of NTT DATA’s operations in Europe, the Middle East, Africa, and Latin America

**P42: Brand**

- In order to establish stable operation of the information infrastructure that supports society, finance, and the economy, it is important to generate cash for business investments and profitable global growth as well as to maintain a sound financial base.

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**NOTES**

3. Approximately 150,000 professional developers at FAD in collaboration with the NTT Group
4. Our business partnership network that enables management of huge value from multiple angles to certify excellent partners as Business Partner Companies
5. Clients with annual sales of over 40 billion yen (based on estimation by global or regional region)
**Financial / Non-Financial Highlights**

**Order Backlog / Net Sales**

Higher net sales were posted for the 32nd consecutive full year, despite the negative impacts of the COVID-19 pandemic. Order backlog remained at a high level due to the acquisition of large-scale system upgrade orders from public and financial institutions.

**Operating Income / Operating Income Margin**

A noticeable increase in operating income was achieved as reductions in unprofitable projects and higher sales countered the rise in expenses associated with structural transformations.

**Overseas Net Sales**

Overseas net sales were relatively unchanged year on year as the benefits of the increased scale of M&A activities helped compensate for reductions in sales stemming from the COVID-19 pandemic. The overseas EBITA margin decreased as a result of forward-looking structural transformations implemented in the North America Segment, which counterbalanced the benefits of FY2020 structural transformations as well as the cost reductions in the EMEA & Latin America Segment.

**Return on Invested Capital (ROIC)**

**Revenue**

NTT DATA's basic policy is to pay stable dividends focusing on maintaining the consolidated cash flow dividend payout ratio over the medium to long term. For FY2020, the dividend payout ratio was 95% (91% in the previous fiscal year)."
Opportunities and Risks

The NTT DATA Group aims to grow sustainably by understanding the constantly changing business environment, and opportunities and risks.

Opportunities
- **Technology innovations**
  - Needs for a business model reform utilizing digital technologies
  - Needs for the improvement of efficiency of the existing operations and systems utilizing digital technologies
- **System operations**
  - Risk that a delay in response to unexpected cybersecurity technology innovations could reduce competitiveness in markets and brand value
  - Risk that a project could become unprofitable
  - Risk that a failure is caused on a system in operation
- **Investments / M&A**
  - Risk that expected returns would not be realized
  - Risk of impairment of goodwill or others
- **Large-scale disasters, serious outbreak of an infectious disease, etc.**
  - Risk that providing services would become more difficult when a huge earthquake, climate change, other large-scale natural disasters, or serious outbreaks of an infectious disease, etc., occur
  - Risk that IT investments would be curtailed or postponed due to economic slowdown
- **Changes in economic situations, societies, and systems**
  - Needs for system investments to adapt to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, and political and economic situations in various countries
  - Risk that business opportunities would diminish due to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, and political and economic situations in various countries
  - Risk of missed business opportunities, diminished evaluations from clients, and reduced customer engagement due to delays in initiatives and businesses in green innovation fields
  - Risk of additional costs due to introduction of carbon taxes if dependence on fossil fuels is high
- **Climate change**
  - Needs for vendors with strengths in technologies and fields for contributing to green innovation amid rising concern for climate change issues among clients and the rest of society
  - Risk that providing services would become more difficult if excellent human resources are not secured or fostered
  - Risk of being unable to provide certain services due to a failure to obtain a necessary license, etc.
  - Risk of being blamed for damages from violating other parties’ intellectual property
- **Securing human resources**
  - Creating new competitive services through innovations achieved by excellent IT human resources and diverse personnel
  - Needs for system investments to strengthen and sophisticated security measures
  - Risk that a security incident would occur as a result of a cyberattack
- **Influence of parent companies**
  - Business expansion by increasing presence in the global market through collaboration with the NTT Group
  - Need for system investments to enhance compliance
  - Need for system investments to enhance compliance
  - Business expansion through solution development and platform offering
  - Increased competition due mainly to the emergence of consultant firms, active participation of platforms and start-ups in the market, and rapid growth of Indian vendors
  - Raised demands for lower costs mainly from clients who are more willing to adopt cloud technologies
- **Foreign exchange fluctuations**
  - Risk of foreign exchange fluctuations

Risks
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The NTT DATA Group has provided various services for a wide range of clients and industries around the world, and each business unit faces a different business environment. Therefore, we delegate significant authorities to heads of each sector, presidents of Group companies inside and outside Japan, and others, to enable each unit to appropriately understand relationships with clients as well as opportunities and risks related to market environments and take immediate actions. For opportunities and risks for each segment, please refer to the pages of each segment.

Areas highlighted in yellow represent risks of particular importance.
### Operating Environment Changes and the New Society Envisioned by NTT DATA

#### Changes in NTT DATA’s Operating Environment and Acceleration of Digital Transformation

The COVID-19 pandemic has greatly changed NTT DATA’s operating environment. These changes negatively impacted NTT DATA as clients faced challenging conditions in their businesses, causing them to downsize, cancel, or postpone IT investments.

There were also some benefits among these changes, as they led to the acceleration of businesses utilizing IT and digital technologies to create new social paradigms around the world while also casting light on various social issues. Cross-field and cross-industry coordination is being pursued to address these issues and drive society-wide DX, and this situation is creating a rise in new business opportunities through which NTT DATA can contribute.

Seeking to respond to changes in the operating environment and help shape a new society, NTT DATA is building upon the initiatives described in its medium-term management plan as it makes strong strides toward reaching its Global 3rd Stage by 2025.

#### Benefits

- Creation of new society with IT and digital technologies
- Society: Creation of new social paradigms
  - Recovery of performance
  - Acceleration of cross-industry coordination

#### Response to Operating Environment Changes and Contribution to Shaping a New Society

NTT DATA’s Vision for a New Society and Initiatives for Realizing This Vision

During the COVID-19 pandemic, we saw large increases in web conferences, online education, and e-commerce as well as the spread of teleworking from the perspective of workstyles. These factors made the growing potential of online interactions clearly apparent. At the same time, we were reminded of the value of physical world interactions.

Accordingly, after the pandemic has subsided, it will be important to utilize IT and digital technologies to create new social paradigms that optimally blend the benefits of online and physical interactions.

With a constant vision for a society that transforms for the better, NTT DATA will seek to realize its vision by calling upon the strengths and digital technologies it has accumulated to date.

### Contributions to Society through Business Activities amid the COVID-19 Pandemic

#### Initiative Example 1: Support for healthcare institutions through Tele-ICU remote ICU system

**Overview of Tele-ICU**

- **ICU** (Intensive Care Unit)
- **High Care Unit**
- **Support Center**
- **Patient Voice**
  - Smooth communication
  - Coordinated remote monitoring

**Sensitivity Scoring**

- Tracking of trends in patient condition

**Electronic Medical Records**

- Comprehensive medical information

**Anticipated Benefits**

- Improved healthcare quality
- Reduced burden on physicians
- Fewer instances of contact
- Mitigation of regional healthcare disparities

**Japan**

- Currently hosts approximately 17,000 intensive care unit (ICU) beds on a nationwide basis.
- The number of intensive care specialists is around 2,000.

**Objective**

- To support healthcare institutions in Japan and help shape a new society.

**Solution**

- NTT DATA partnered with Yokohama City University and developed the Tele-ICU remote ICU system, which was launched in October 2020.

**Deployment**

- Covers 12 hospitals in Japan, providing telemedicine support services.
- UHL (University Hospitals of Leicester) in the UK for seven years.

**Benefits**

- Improved healthcare quality
- Reduced burden on physicians
- Fewer instances of contact
- Mitigation of regional healthcare disparities

**Features**

- Remote monitoring of patient status
- Electronic medical records
- Telecommunication support

**Anticipated Benefits**

- Improved healthcare quality
- Reduced burden on physicians
- Fewer instances of contact
- Mitigation of regional healthcare disparities

**Overview**

- Tele-ICU remote ICU system
- UHL (University Hospitals of Leicester) in the UK
- NTT DATA UK
- Partnered with Yokohama City University
- Developed Tele-ICU remote ICU system

**Deployment**

- Tele-ICU remote ICU system
- UHL (University Hospitals of Leicester) in the UK
- NTT DATA UK
- Partnered with Yokohama City University
- Developed Tele-ICU remote ICU system

**Background**

- NTT DATA UK: Provision of innovative solutions to healthcare institutions.
- NTT DATA Corporation: Development and implementation of Tele-ICU remote ICU system

### Establishment of the Social Design Office

On October 29, 2020, NTT DATA established the Social Design Office.

In the future, it can be expected that the DX of government services, financial institution services, and corporate services will advance in an accelerated and intimately connected manner. NTT DATA seeks to contribute to society-wide DX through company coordination between its operations in the financial, public, and private sectors as well as its overseas business and R&D departments. Moreover, we will dispatch our personnel, including the CDO and CTO, as well as our teams to support society while offering proactive assistance to clients in fostering their own digital human resources.

#### Resolution of Issues through Business Activities

<table>
<thead>
<tr>
<th>NTT DATA</th>
<th>Physical Interactions</th>
<th>New Online Interactions</th>
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<tbody>
<tr>
<td></td>
<td>Society in which various forms of interaction can be practiced freely based on one’s objectives</td>
<td>Optimal blend of the benefits of online and physical interactions</td>
</tr>
</tbody>
</table>

#### New Online Interactions

- Oversee workstyles
- Cutting-edge work processes
- Safe and secure workplace environments

#### Self-Transformation

- Improved healthcare quality
- Reduced burden on physicians
- Fewer instances of contact
- Mitigation of regional healthcare disparities

#### Establishment of the Social Design Office

- NTT DATA, through its Social Design Office, is working to address various social issues by leveraging its expertise in digital transformation and innovation.

#### Immediate and Long-term Goals

- **Immediate Goals**
  - Provide digital solutions to healthcare institutions
  - Support medical facilities in the face of the COVID-19 pandemic

- **Long-term Goals**
  - Contribute to the development of a new society through digital transformation
  - Foster digital human resources
Every year, NTT DATA publishes NTT DATA Technology Foresight to provide information on technological trends likely to change the future. This publication features the information society trends that cover ongoing research into cutting-edge technologies and social trends, as well as predictions of how information technology will change society, as well as the technological trends that predict how the future will look with cutting-edge information technology, painting a path forward into the future.

In its 10th year, the FY2021 edition of this report talks about three information society trends and six technological trends. We hope it will be used as a source of information and starting point for discussions at a variety of events.

Through this initiative to present information about the latest technologies, which are becoming increasingly sophisticated, and to create a compass for guiding us into the future, NTT DATA is proud to broadly disseminate its foresight and technological capabilities to customers, in a bid to gain and strengthen their confidence in NTT DATA while co-creating innovation.

**Information Society Trends**

**Growth of a Seamless World**
- IT will become deeply ingrained in our daily lifestyles. Online activities will have the same value as real-life activities, and the digital economy will become intertwined with brick-and-mortar businesses, while AI is driving scientific technologies.
- We cannot delay in responding to the rapidly advancing and new forms of fusion between online and offline worlds, such as IT-led business restructuring, IT-driven science like vaccines, and the use of IT concepts in manufacturing, like fail-forwarding improvements.

**Individual-Centered Design**
- The pursuit of the individual through IT is a two-sided coin, with deeper insight into individuals and the need to address risks. Personalization will be the foundation for various services, provides insights into the needs of people, and can be transformed into an exchangeable value.
- Pursuit of the individual will bring criticism of measures of privacy rights from AI-driven analysts, and this will hasten the need to find ways to create technologies that protect personal information while facilitating the tailoring of services.

**Forge New Norms**
- The rapid speed of innovation and proliferation of IT means that rules for co-existing with society cannot keep pace. Meanwhile, the problems caused by IT have only worsened, such as the upick in world-spanning cybercrimes and growing disadvantages spawned by the digital divide.
- The rapidly expanding presence of IT has become a driver of change in society. People savvy in IT will continue to be heavily involved in the setting of new rules and help solve the many issues we face.

**Technological Trends**

**The Transformative Power of AI**
- The continuing growth of AI has led to advancements in increased model size and performance. These innovations are being applied to commodity AI research. Technologies supporting new AI uses will emerge, including efforts to improve learning data preparation. AI will evolve from a purpose-built tool to a broader exploratory technology.

**The Complication of IT Infrastructures**
- As AI dramatically increases hardware and network performance requirements, it is driving innovations in miniaturization, new materials, and processing methods–and a move to purpose-built, software-specific hardware designs. In supporting these challenging innovations, cloud service providers will develop expertise and lead the way on best practices.

**Simulation Takes on New Challenges**
- IT-based simulation has become increasingly accurate, expanding its applica-tion in automobile design, drug development, and other fields. AI will make it easier for simulations to mimic reality while helping reduce calculations. Finally, by supporting the discovery of new materials and proteins, AI will enable new paths in R&D.

**Distance Accelerates Automation**
- Technologies that capture human work and automate those tasks are proven to increase productivity for remote workers. By enabling AI to learn as an appren-tice does by observing a master–and eliminating the need for step-by-step programming–these technologies are bringing AI to new applications and automation opportunities.
R&D at NTT DATA consists of seeds R&D that eyes the future (R&D to plant the seeds for growth 2–5 years in the future) and needs R&D that helps companies take advantage of business opportunities. We are stepping up efforts in seeds R&D that align with the trends outlined in NTT DATA Technology Foresight 2021, and preparing to tap into growing business opportunities over the medium and long terms.

In addition to publishing the Quantum Computing Guidelines, NTT DATA will lay the groundwork for developing practical systems and rolling out services for various fields by leveraging the computing capabilities of quantum computing and next-generation architectures.

Example of Transportation Route Optimization
Quantum computing can efficiently solve complex problems, such as an route optimization for many delivery trucks. Quick calculation of routes for multiple delivery trucks.
Changes in the Growth Strategy and Positioning of the Medium-Term Management Plan

**Global 1st Stage**
Increased Global Coverage
FY2012–2015

**Global 2nd Stage**
Recognized Global Brand
FY2016–2018

**Global 3rd Stage**
Reputation as Trusted Brand
FY2019–2021

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**Management Targets**

**Net Sales**
- Over ¥1.5 trillion
  - Achieved

**Adjusted Operating Income**
- Over ¥2 trillion
  - Achieved

**EPS**
- ¥200
  - Achieved

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**Strategy Overview and Major Achievements**

**Expansion of new business fields and reinforcement of product competitiveness**
- We used game-changing approaches to increase our share of existing markets (client base\(^2\): 50 companies) and successfully enter new business fields.
- Expansion, enhancement, and reinforcement of global business
  - We achieved an overseas sales ratio of more than 30%, and overseas sales exceeded ¥500.0 billion.
- Pursuit of overall optimization
  - By introducing shared service centers, we reduced management expenses by more than ¥10.0 billion compared with FY2011.

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**Issues**

**Prevent unprofitable projects**
- The Company has introduced a variety of measures to curtail unprofitable projects, including the establishment of the Project Review Committee in FY2013. However, we recognize the need for further curtailment efforts, as a large amount of loss from unprofitable projects occurred in FY2015.
- Prevent unprofitable projects
- With the exception of a specific project, we succeeded in reducing the number below our target level\(^3\) through such methods as establishing the Project Review Committee. Due to particular to increasingly complex technologies, we need to further step up curtailment efforts.
- Improve profitability of overseas businesses
- Although net sales grew significantly, profitability remains low; so substantial improvement is necessary.

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**Maximize Value for Clients**

**Strategy 1:** Expand global digital offerings
- Create offerings we can roll out globally and strategically approach global accounts

**Strategy 2:** Deliver greater value to clients based on regional needs
- Provision of digital offerings created through Strategy 1 and further enhance the value provided to clients by continuing to utilize the 4D Value Cycle, taking into account market characteristics that differ by region and leveraging the Company's strengths.

**Strategy 3:** Unlock our employees’ potential that maximizes organizational strengths
- Unlock our employees’ potential that maximizes organizational strengths to support Strategy 1 and Strategy 2

**Drive NTT Group collaboration**
- Maintain original management and brand and enhance collaboration with the NTT Group to increase presence in the global market

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**Shape the Future Society with Our Clients**

- Contribute toward achieving the Sustainable Development Goals (SDGs) and cultivate ongoing increases in corporate value by creating value based on Long-Term Relationships with clients.
Overview of the Medium-Term Management Plan

**Profitable Global Growth: FY2021 Business Goals**

- **Growth**: Net Sales ¥2.5 trillion, Client Base 80 or more
- **Earnings**: Operating Income Margin 8%, Overseas EBITA Margin 7%

To shape the future society with our clients, we contribute to achieving the SDGs and cultivate ongoing increases in corporate value by creating value based on Long-Term Relationships with clients.

Specifically, we aim to contribute to society through our business by providing social infrastructure and business category-specific solutions in collaboration with our clients to help resolve social issues.

Furthermore, in our corporate activities we will embrace work-style innovation, respect diversity, and promote other initiatives that give maximum consideration to social issues. As a result, we aim to minimize risk and maximize our employees’ capabilities.

**Strategies for Maximizing Value for Our Clients**

Amid the onward march of digitization and globalization, as well as the major changes taking place in our business environment, we recognize the need to change ourselves in order to maximize the value we provide to clients.

To this end, as we maintain the courage to change we will enact strategies to step up our transformational and synergistic capabilities.

To date, we have operated our business based on strategies tailored to the characteristics of individual regions. In addition, going forward we will create offerings we can provide globally. We will approach global accounts strategically and unleash our employees’ potential that maximizes organizational strengths.

**Medium-Term Management Plan (FY2019–2021)**

- **Strategy 1**: Expand global digital offerings
- **Strategy 2**: Deliver greater value to clients based on regional needs
- **Strategy 3**: Unleash our employees’ potential that maximizes organizational strengths

**Consistent Belief**

- **Consistent Belief**: Shape the Future Society with Our Clients
- **Change**: Drive NTT Group collaboration
- **Belief**: Maximize Value for Our Clients
Medium-Term Management Plan (FY2019–2021)

**Strategy 1: Expand global digital offerings**

Enhancing our global digital offerings is a strategy designed to strengthen our overall global capabilities, increasing the Company’s sophistication and creating the tools it needs to compete globally. The previous medium-term management plan concentrated on increasing our local presence, and under this plan we operate businesses on the basis of strategies tailored to individual regions. However, to achieve the further growth necessary to reach the Global 3rd Stage, we recognize the need to create globally consistent strengths. For this reason, the current medium-term management plan defines global industry and technology focus areas. We will make strategic investments and consolidate our resources around the world to provide sophisticated services to global clients.

We have three specific measures: accelerate global marketing, develop digital offerings, and expand CoEs.

By defining the focus areas and investing proactively, we will create offerings that will be our strengths and accelerate global synergies together with marketing and technology utilization.

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**Accelerate Global Marketing**

- Globally Accelerate Intra-Industry Synergies and Strategically Approach Global Accounts
  - We will foster collaboration around the world among members in charge of specific industries and accelerate our global accounts program, which strategically approaches key clients doing business on a global basis. By also sharing and using digital success stories, we will encourage organic efforts as a unified global team (“Global One Team”).

**Develop Digital Offerings**

- Focus Industry: Global Industries & Accounts
  - Telecommunications
  - Banking
  - Insurance
  - Healthcare
  - Retail
  - Automotive
  - Retail
  - Automotive

**Case Study: Healthcare initiatives**

- NTT DATA Services has developed an AI solution that can make early predictions of patients at-risk of certain chronic diseases. This solution has been shaped using 13 million health insurance datasets from more than 5 million patients with type 2 diabetes and other serious chronic diseases along with data on the pharmaceuticals they use and clinical and inspection data. This solution is anticipated to see use by health insurance companies, which will be able to utilize this solution to assign chronic disease risk scores to general insurance users easily with no need for the intensive examinations required previously. This solution will thus make it easier for such scores to be supplied to users.

**Drive Agile Development and Provide Support on Better Utilization**

- New CoEs established in June 2020 to bolster the CoE network

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**Expand CoEs**

- Acquire the utilization of assets by aggregating knowledge and assets around advanced technologies such as blockchain and AI
- Expand the CoE network to include 5,000 people by March 31, 2022

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**Integrated Initiatives for Global Marketing and the Development of Offerings**

1. **Accelerate Global Marketing**
   - Enhance client loyalty program and accelerate collaboration throughout focus industries
   - Improve external relation activities (such as public relations and analyst relations)
   - Leverage global digital success stories

2. **Develop Digital Offerings**
   - Provide feedback on client needs
   - Roll out global offerings

3. **Expand CoEs**
   - Accelerate the utilization of assets by aggregating knowledge and assets around advanced technologies such as blockchain and AI
   - Expand the CoE network to include 5,000 people by March 31, 2022

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**Global Coordination in Focus Industries**

Coordination: Global One Team

**NTT DATA Services**

- NTT DATA Europe
- NTT DATA America
- NTT DATA Asia Pacific
- NTT DATA China

**NTT DATA EMEAI**

**NTT DATA APAC**

**NTT DATA CHINA**

**NTT DATA Services**

**NTT DATA Services**

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**AI Disease Prediction Solution**

- Input Data
  - Health condition
  - Treatment results
  - Payment

- AI Learning Model
  - Predict disease risks
  - Necessary healthcare

- Output Data
  - Disease risks
  - Necessary healthcare

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Each overseas Group company supports solution deployment and development.

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**NTT DATA**

**NTT DATA**

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**Integrated Report 2021**

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**Strategic Initiatives**

1. **Strategy 1**
   - Expand global digital offerings

2. **Strategy 2**
   - Develop Digital Offerings

3. **Strategy 3**
   - Expand CoEs
Develop Digital Offerings

Concentrated Investment in Seven Fields to Create Tools to Compete at the Global Level

The Digital Strategy Office is conducting concentrated investment in fields that represent areas of strength and in which it can utilize its digital technologies to create standardized tools to be used in competing at the global level.

For FY2021, we have defined seven fields for concentrated investment based on the scale of the markets for the respective fields and technologies and NTT DATA’s presence therein.

Areas of Strength

- Healthcare**
- Telecommunications
- Retail
- Disruptive Social Change**
- Banking
- Other technologies
- Insurance**
- Digital technologies
- Other technologies

Future Projections

Market trends

- Technology trends

NTT DATA Technology Forecasts

** The healthcare and insurance fields include the prior automation field and the disruptive social change field includes the prior information application field.

7 Strategy Fields

- Cloud-based telemedicine solution for healthcare institutions
- Global platform for health insurance companies (GIDP)
- Data management enhancement and utilization solutions (for medical test data, etc.)

Contributions to the Acquisition of Digital Projects by Bringing 15 Global Offerings to the Service Provision Stage through PoC Tests and Joint Development

Case Study

Commercialization of global offerings

GIDP (Global Offering for Insurance Companies)

The long periods of low interest rates and tighter capital restrictions have stimulated a rise in closed-block transactions.** It can therefore be expected that the market for business process outsourcing (BPO) services for the life insurance industry will grow while these transactions spread from early adopting markets like the United States and the United Kingdom into mainland Europe.

In North America, NTT DATA has more than 30 years of experience in the third-party administrator field, a BPO field that entails use of specialized insurance knowledge, and we provide services to more than 20 clients in this field. GIDP is an NTT DATA global offering that combines the life insurance BPO service expertise we have gained through our track record in the North American market with a digital platform comprised of Company and third-party assets. This end-to-end offering encompasses everything from the implementation of digital business process as a service (BPaaS) solutions to the operation of these solutions.

After first being launched in the North American market, the GIDP service will be expanded into the European market before eventually being deployed on a global scale. Over the two-year period encompassing FY2019 and FY2020, this service has helped us acquire orders amounting to approximately ¥10.0 billion. Our GIDP-related initiatives have been highly evaluated by analysts, resulting in NTT DATA being named as Leader in the NelsonHall 2020 NEAT Report for Salesforce Services.

** Life insurance transactions through which value, and consequently profit, is generated by acquiring and consolidating ownership contracts for products for which insurance companies have ceased sales (closed blocks)

Strategy 2

Deliver greater value to clients based on regional needs

In addition to providing the digital offerings we have created through Strategy 1, “Expand global digital offerings,” we will further enhance the value we provide to clients by continuing to utilize the 4D Value Cycle (a value offering model shared throughout the NTT DATA Group), taking into account market characteristics that differ by region and leveraging the Company’s strengths.

### Strategy 2: Deliver greater value to clients based on regional needs

#### Strategy 2

**Deliver greater value to clients based on regional needs**

- Common model to further enhance the value we provide to clients
- Providing the value at all four Ds (Discover, Design, Develop, and Drive) stages
- Continuing to utilize the 4D Value Cycle = Long-Term Relationships with clients
- This will result in NTT DATA’s differentiation from competitors and increased competitive advantage.
Drive NTT Group Collaboration

There are significant benefits for NTT DATA to capitalize on as a member of the NTT Group. These benefits include the ability to leverage the research results from the NTT Group’s world-leading research institutions, to achieve lower procurement costs by virtue of economies of scale, to expand its business through cross-selling and provision of total services in regions around the world, and so on. NTT DATA maintains its original management and brand and enhances collaboration with the NTT Group to increase its presence in the global market.

Maintain original management and brand and enhance collaboration with the NTT Group to increase presence in the global market

In advanced fields, we leverage the results of basic research conducted by NTT Research, Inc. and NTT Laboratories and take charge of efforts to transform those results into businesses. R&D expenses at NTT DATA total approximately ¥230.0 billion.*3 The privilege to utilize the results of the efforts of these research institutions is a major benefit of belonging to the NTT Group.

NTT Group, NTT Research, Inc.

- Basic research and development
- Mobile and security
- Edge computing
- Information security
- Quantum computing
- Next-generation computing
- Supercomputing

Collaboration in Advanced Fields

In January 2021, NTT DATA established the IOWN Promotion Office as a dedicated organization pertaining to the Innovative Optical and Wireless Network (IOWN) concept advocated by the NTT Group.

The office plays a role in connecting NTT Laboratories, which advances research and development on underlying technologies, with the NTT DATA organizations that commercialize research results to be supplied to customers.

Going forward, IOWN-related research successes will be applied to smart city, smart mobility, smart healthcare, and other fields in order to contribute to the realization of a super smart society based on the Society 5.0 concept.

Contributions to the Realization of a Digital Society—Establishment of the IOWN Promotion Office

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Going forward, IOWN-related research successes will be applied to smart city, smart mobility, smart healthcare, and other fields in order to contribute to the realization of a super smart society based on the Society 5.0 concept.
Enhanced Response to Individual Management Issues

We fully recognize the importance of curtailing unprofitable projects. However, as we take on new, ambitious projects, we cannot completely eliminate the risk of such projects turning out to be unprofitable. Accordingly, if the annual amount of losses from unprofitable projects is between 0.3% and 0.5% of consolidated net sales, we believe management can be judged to be effectively controlling risks.

Impacts of Unprofitable Projects on Income

We have reviewed an aggregate total of 90 project plans (11 plans assessed in FY2020), thereby succeeding in limiting the impacts of unprofitable projects on income.

Structural Transformation Initiatives

In the North America Segment, structural transformation was completed ahead of schedule, in FY2020, in an attempt to respond to the acceleration of DX that stemmed from the COVID-19 pandemic. We thereby undertook an early shift in our business domain to focus on digital technologies. Having completed these transformations, we will target an EBITA margin of 7% in FY2021.

In the EMEA & LATAM Segment, structural benefits of the transformation undertaken in FY2019 have been appearing, resulting in an accelerated acquisition of digital technology projects. We will begin standardizing our global brand and practicing integrated management of operating companies in FY2021 with the aim of achieving an EBITA margin of 7% in FY2023.

Improvement of Profitability of Overseas Businesses

With the goal of becoming a Global Top 5 company by 2025, NTT DATA is pursuing profitable global growth under the current medium-term management plan. However, the overseas EBITA margin remains at its previously low level, indicating that the improvement of profitability is an important task for management.

Structural transformation was undertaken in FY2019 and FY2020 to facilitate improvements with this regard.

Financials and Others
Directives for the Next Medium-Term Management Plan (FY2022–)

FY2021 is the final year of the current medium-term management plan. However, performance in this fiscal year is forecast to fall short of the plan’s initial targets* for all items as the impacts of the COVID-19 pandemic restricted growth in FY2020 in comparison to the original expectations of the plan. Regardless, NTT DATA will continue to march toward its goal of entering the Global 3rd Stage, its vision for becoming a Global Top 5 IT company relied upon by clients around the world as a “Trusted Global Innovator,” by 2025.

The next medium-term management plan, which is scheduled to begin with FY2022, will evolve the strategies of the current plan while promoting increased coordination from the three perspectives of domestic strategies, overseas strategies, and global strategies. Moreover this plan will be shaped based on changes such as the acceleration of DX spurred by the pandemic and the global decarbonization trend.

* Initial targets for FY2021: Consolidated net sales of ¥2.5 trillion, consolidated operating income margin of 8%, and overseas EBITA margin of 7%.

Directives for the Next Medium-Term Management Plan

Under the next medium-term management plan, NTT DATA will evolve prior strategies while promoting increased coordination from the three perspectives of domestic strategies, overseas strategies, and global strategies.

Operating Environment Changes and NTT DATA’s Vision

Advancing toward the Global 3rd Stage amid the acceleration of DX spurred by the COVID-19 pandemic and the global decarbonization trend will require NTT DATA to evolve the strategies of the current medium-term management plan based on these changes. In the digital field, this will entail realizing DX throughout society by accelerating cross-industry collaboration. In the green field, this will involve promoting green innovation with IT and a value co-creation model.

Digital & Green

Realizing DX throughout society by accelerating cross-industry collaboration

Turning the digital society concept into reality through cross-industry collaboration

Realizing green innovation with IT and a value co-creation model

Reducing environmental impacts by leveraging advanced technologies and through co-creation with clients

NTT DATA’s Vision

By leveraging the strengths of its technologies and Long-Term Relationships, NTT DATA will aspire to help shape a new Digital & Green society.
Higher net sales for 32nd consecutive fiscal year and increased operating income, despite negative impacts of the COVID-19 pandemic

Overview of FY2020

In FY2020, many clients curtailed IT investments and discontinued or scaled back projects in response to the COVID-19 pandemic. By working to operate our business in a manner that appropriately accommodated this environment, we were able to limit the negative impacts of this situation to a greater degree than anticipated when announcing performance forecasts in August 2020, thereby achieving strong financial results. I believe that this strong performance was a reflection of NTT DATA's ability to exhibit resilience in a challenging operating environment.

New orders received were down year on year in FY2020 as a result of the negative impacts of the pandemic as well as the absence of large-scale orders received in overseas businesses in FY2019. Regardless, we were able to achieve our 32nd consecutive year of higher net sales since the Company’s founding, a feat that was in part attributable to growth centered on domestic businesses.

Moreover, net sales exceeded our forecasts. This was a result of us, amidst a challenging environment, steadily converting orders received in previous fiscal years into sales and acquiring orders that could be converted into sales within the fiscal year. An increase was also achieved in operating income, despite the execution of structural transformations overseas, as a result of sales growth and our efforts to limit unprofitable projects in domestic businesses. The structural transformations entailed expenditures of approximately ¥16.0 billion in North America and ¥4.0 billion in EMEA and Latin America, through which we sought to bolster our digital capabilities and to improve profitability. Impairment losses were incurred in EMEA and Latin America as a result of an additional review of underperforming businesses, but we were still able to achieve operating income that greatly exceeded forecasts thanks to net sales growth.

Forecasts for FY2021

We cannot deny that the COVID-19 pandemic has triggered great change in NTT DATA’s operating environment, and the damages caused by the pandemic to the economy and to corporate activities are persisting. At the same time, however, we are seeing a gradual movement toward shaping a new society centered on IT and digital technologies.

Given this backdrop, we are projecting consolidated net sales of ¥2,360.0 billion, an operating income margin of 7.6%, and an overseas EBITA margin of 6% in FY2021, the final year of the medium-term management plan. In addition, we look to grow our client base to be comprised of more than 80 companies. The pandemic is a factor that was not projected when formulating the medium-term management plan, and this factor has made it impossible to achieve the plan’s initial targets. Nevertheless, we are committed to completing the strategies we have been implementing thus far with the goal of achieving the initial target of ¥2,350.0 billion in FY2023 and the initial target of an overseas EBITA ratio of 7% in FY2021 in the North America Segment and in FY2023 in the EMEA & LATAM Segment. I would now like to talk about our forecasts for FY2021 on a by-segment basis.

Overall new orders received are expected to show a slight decrease due to the absence of large-scale financial sector orders received in FY2020. Meanwhile, we are projecting our 32nd consecutive year of higher net sales, which are anticipated to reach ¥2,360.0 billion. Sales in North America are expected to undergo a temporary decline as a result of the sales of certain businesses planned to be carried out for the purpose of shifting toward more profitable operations. However, we expect to compensate for this decline with growth in operations in Japan and in EMEA and Latin America.

For operating income, we forecast a large increase of ¥40.3 billion year on year, making for total operating income of ¥180.0 billion. Steady income growth is anticipated in the three fields of domestic operations while the North America Segment is expected to achieve an EBITA margin of 7% due to profitability improvements stemming from the benefits of structural transformations. In the EMEA & LATAM Segment, meanwhile, we will seek to achieve a 7% EBITA margin in FY2023 by investing in the integration of operating companies for purposes such as standardizing NTT DATA’s brand on a global basis. Regardless, higher income is projected in this segment due to the profitability-boosting benefits of prior structural transformations and a decline in the one-time expenses associated with the recognition of underperforming businesses undertaken in FY2020.

We will improve corporate value through investments aimed at achieving profitable global growth while maintaining a sound financial base.

Senior Executive Vice President and Representative Director
Toshi Fujiwara

NTT DATA is currently moving ahead with the strategies delineated in the medium-term management plan to further it on its journey to reach the Global 3rd Stage. As we are still in a growth stage, our financial and capital strategy remains fundamentally unchanged.

Our policy regarding the use of funds is to prioritize business investments and M&A activities necessary for enhancing digital capabilities and achieving profitable global growth. The goal of these activities will be to move us toward the Global 3rd Stage, and the maintenance of a sound financial base will be an underlying principle of this approach.

Our shareholder return policy is to enhance returns over the medium to long term while considering an overall balance between the need to maintain a sound financial base and the business investments necessary for growth. We aim to raise capital efficiency by expanding profit rather than reducing invested capital.

Financial and Capital Strategy

We have also secured sufficient backup funds in case the operating environment deteriorates.
Message from the CFO (Business Performance Review, Financial and Capital Strategy)

Essential Business Investment Targeting Growth

Cash flows generated through business activities will be allocated on a priority basis to investments for creating digital offerings, investments for improving overseas profitability, and M&A activities and other investments necessary for growth. Should we encounter large-scale M&A opportunities that serve our strategies, we may raise the necessary extra funding by temporarily incurring interest-bearing debt while continuing to give due consideration to maintaining a sound financial base.

In FY2020, NTT DATA proceeded to conduct the investments necessary for growth, but was still able to secure a positive free cash flow of ¥178.6 billion. This accomplishment was due in part to improvements in working capital efficiency and one-time tax refunds associated with the COVID-19 pandemic. We plan to make further growth investments in FY2021 while monitoring the health of our financial base.

Investment Management

To acquire new technologies, solutions, and development resources, we develop strategic partnerships, and to do so, the NTT DATA Group has invested in companies and organizations inside and outside Japan. Against this backdrop, if an expected return is not realized, we need to take actions, including recording impairments resulting from goodwill and others which could have large impacts on the Group’s business performance results and financial position. We consider this one of the greatest risks.

To mitigate the above risks, we base M&A decisions on factors including investment effectiveness assessments using indicators including return on investment (ROI) and third-party evaluations of the Company’s financial health. To address risks that the Group may be unable to effectively control, and that may thereby impede the smooth operation of our business, we require investment decisions to be made after practicing due diligence looking at business factors and incorporating the opinions of internal business divisions as well as external experts such as financial advisors, accountants, and lawyers. We also require due diligence from a compliance perspective based on the country risks of investees. With these provisions in place, we seek to mitigate risks by making decisions based on verification of and countermeasures against the identified risks. For risks that expected return is not realized, for example, net sales or operating income are much lower than expected due to a lack of synergy with the NTT DATA Group, we focus on the continuous growth of acquired companies by creating synergy with the Group and using long-term incentives (compensation for a predetermined period of service), earnout (payment of acquisition price in instalments), etc., depending on the project scale and contents. We also formulate post-merger integration (PMI) plans when making decisions. Thus, we strive to reduce risks by starting the integration process at an early stage to maximize M&A effects.

Shareholder Return Policy

Due to our policy of allocating cash for the business investment necessary for growth, we are not currently considering share buybacks. For the foreseeable future, we will conduct a shareholder return primarily through the consistent issuance of dividends.

We intend to provide stable dividends in light of overall considerations for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance between business investments, technological developments, and the maintenance and strengthening of our financial structure. When determining the dividend amount, we emphasize maintaining the medium- to long-term consolidated cash flow dividend payout ratio. In FY2021, we plan to issue a dividend of ¥15 per share, an increase of ¥1 per share above the previous fiscal year’s dividend.

Going forward, in the event of changes to the balance between the scale of free cash flow and growth investment, we will also consider changes to the shareholder return balance.

Improving Capital Efficiency

We are facing higher demand for management conscious of capital efficiency due to revisions made to the Corporate Governance Code. Our policy concerning ROIC is to ensure a level that exceeds WACC over the medium to long term.

In terms of improving capital efficiency, we are currently in a growth stage and will allocate cash to the business investment necessary for achieving growth as we move forward, in principle. For this reason, we will improve capital efficiency by expanding profit (the numerator in the ROIC equation) through the achievement of growth that accompanies quality, rather than by decreasing invested capital (the denominator in the ROIC equation).

We are maintaining an awareness regarding profitability improvement under the current medium-term management plan and have thus set targets for the operating income margin. Over the medium to long term, we aim to achieve a consolidated operating income margin of 8% and an overseas EBITA margin of 7%.

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Improving Capital Efficiency

We are facing higher demand for management conscious of capital efficiency due to revisions made to the Corporate Governance Code. Our policy concerning ROIC is to ensure a level that exceeds WACC over the medium to long term.

In terms of improving capital efficiency, we are currently in a growth stage and will allocate cash to the business investment necessary for achieving growth as we move forward, in principle. For this reason, we will improve capital efficiency by expanding profit (the numerator in the ROIC equation) through the achievement of growth that accompanies quality, rather than by decreasing invested capital (the denominator in the ROIC equation).

We are maintaining an awareness regarding profitability improvement under the current medium-term management plan and have thus set targets for the operating income margin. Over the medium to long term, we aim to achieve a consolidated operating income margin of 8% and an overseas EBITA margin of 7%.

Appendix: R&D

1. Figures for FY2020 and onward were calculated excluding the lease amortization (¥38.3 billion as actual result of FY2019, ¥42.8 billion as actual result of FY2020 and ¥35.9 billion (estimated) as a forecast for FY2021).

2. Figures for weighted average of past 5 years in JGAAP. Figures based on IFRS are used in the management improvement plan for the individual company, seek companywide approval, and conduct focused monitoring.

3. In October 2013, a 100-for-1 stock split of common shares was conducted, and the unit share price was ¥20,000. Dividend per share is recorded with an amount considering this stock split. In July 2015, a 10-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

4. ROIC = Operating Income / (Effective tax rate / Average real assets during the period + Average interest-bearing liabilities during the period)

5. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

6. Earnings before interest, taxes, and depreciation (EBIT) includes all fees based in FY2020 in the North America Segment and in FY2012 in the Global & Others Segment.

7. Dividend per share as of FY2021.

8. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

9. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

10. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

11. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

12. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

13. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

14. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

15. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.

16. Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease obligations. Figures based on IFRS are the total of borrowings and bonds.
NTT DATA’s M&A

Up until now, M&A has been a growth driver for overseas business. Moving forward, we will continue to view M&A as an important tool as we aim to achieve our Global 3rd Stage.

The NTT DATA Group will utilize M&A as a driving force for global growth, placing the highest degree of importance on acquiring companies that share the same values and have affinity with the Group.

**Geography (Priority regions)**
- Expanding coverage and increasing local presence
  - Regions where IT services have a large market scale
  - Regions in which our market share is less than 2%

**Offering (Service provision capability)**
- Reinforcing capabilities that are lacking
  - Reinforcing consulting capability
  - Reinforcing ability to offer digital service
  - Expanding client base in focused industries

We will reduce acquisition risk by implementing the following risk-reduction measures:
1. Implementation of long-term incentives (Compensation for a predetermined period of service)
2. Utilizing earmark (Payment of acquisition price in installments)

**Example of Acquisition Scheme**

<table>
<thead>
<tr>
<th>Time of acquisition</th>
<th>Business performance</th>
<th>Earmark paid at the time of acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010.7</td>
<td>0.0%</td>
<td>Paid at the time of acquisition</td>
</tr>
<tr>
<td>2011.6</td>
<td>1.0%</td>
<td>Paid additionally in the event that the company to be acquired meets business performance targets after the acquisition</td>
</tr>
</tbody>
</table>

**Major Overseas Acquisitions**
(Acquired company, year of acquisition, purpose of acquisition) (Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Purpose of Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Turkey</td>
<td>5th position in Turkey</td>
</tr>
<tr>
<td>2009</td>
<td>Japan 2</td>
<td>2nd position in Japan</td>
</tr>
</tbody>
</table>

**Increase Our Presence in Major Countries in the IT Services Market**

We aim to increase the number of opportunities to propose IT services to a variety of key clients, including national governments and multinational corporations. To achieve this goal, we believe NTT DATA needs to gain a market share of 2% or higher, which we equate with top sales ranking, and we worked to present our presence in major countries.

**NTT DATA, in conducting M&A activities, considers it important that top management including the CEO share the same values and have affinity with the Group.**

**Transition of CEOs at Companies Acquired through M&As**

As of October 1, 2021
- Before assuming the CEO role (as of the date of this Report) and not as of the date of this Report. Each Gartner representation of fact. Each Gartner Report speaks as of its original publication date and does not necessarily reflect the current views of the consumer. Property use is subject to Change without notice.

**Strengthen Local Presence**

Increasing Our Presence in Major Countries in the IT Services Market

**NTT DATA Integrated Report 2021**

Integrated Report 2021
NTT DATA’s ESG Management

In recent years, there has been a growing movement to evaluate companies and their relationship with society in terms of ESG factors that stem from a demand that companies make a global response to social and environmental issues as represented by the SDGs.

We investigate advanced technologies and social trends that will hugely impact society and business in the next three to 10 years to publish the NTT DATA Technology Foresight that predicts future changes every year. In setting the Material ESG Issues in FY2019, we used the NTT DATA Technology Foresight as input and set 12 new Material ESG Issues based on the client satisfaction survey, the employee satisfaction survey, individual hearings with shareholders, ESG institutional investors, and experts from NPOs, taking into account socially important issues and expectations toward us, after discussions at the Board of Directors’ meetings.

In keeping with the mission statement of the Group, “use information technology to create new paradigms and values, which help contribute to more affluent and harmonious society,” our business itself resolves issues faced by our clients and society, using the power of IT. With technology advancing in leaps and bounds, and DX accelerating in kind, we sense a growing expectation upon us to fulfill this duty.

We established 12 Material ESG Issues after discussions at the Board of Directors’ meeting. Based on our consistent belief and our basic concept of “shape the future society with our clients,” we will provide solutions for the sustainable development of our clients and society, while contributing to the resolution of social issues through our corporate activities, which take into account cultivating IT talent, implementing workstyle innovation, and respecting diversity, etc., and sustainably increasing our corporate value.

We manage all ESG activities under the supervision of the Senior Executive Vice President and Representative Director and Senior Vice Presidents. By implementing the following plan–do–check–act (PDCA) cycle, we promote ESG management.

12 Material ESG Issues

<table>
<thead>
<tr>
<th>Category</th>
<th>Material ESG Issues</th>
</tr>
</thead>
</table>
| Business (Innovation) | Offer social infrastructure and business category-specific solutions based on advanced technologies  
Build and ensure stable management / operation of IT infrastructure |
| Human Resources  | Secure and develop IT human resources  
Promote diversity and inclusion  
Promote workstyle innovation |
| Security         | Ensure information security  
Protect data privacy |
| Environment      | Respond to climate change  
Respond to disaster risks |
| Community        | Promote IT education |
| Disaster Risk    | Ensure compliance |
| Compliance       | Promote responsible supply chain |

We thereby promote the creation of an ESG management base in the NTT DATA Group as a whole, including overseas Group companies.

**Concepts of ESG Management**

- Contributing to society and increasing corporate value through “business”
  - Resolve social issues with our clients and enhance our corporate value through our services and solutions
  - By resolving each of our material ESG issues and making use of know-how we have cultivated through our corporate activities in business, we will also resolve issues faced by our clients and society through business and increase corporate value.

- Contributing to society and increasing corporate value through “corporate activities”
  - Aiming for more effective corporate governance, we are working on the reinforcement of our governance system and a more effective Board of Directors. We thereby promote the creation of an ESG management base in the NTT DATA Group as a whole, including overseas Group companies.

**Points**

- Although we promote ESG management from both business and corporate activities, we specifically focus on social contribution and enhancement of corporate value through business.
- We established 12 Material ESG Issues after discussions at the Board of Directors’ meeting in FY2019.
- In FY2020, we set KPIs for the 12 Material ESG Issues.
- In FY2021, we assessed the level of progress toward KPI targets for FY2020 and set new KPI targets for FY2021 accordingly.

**Material ESG Issues Identification Process**

1. Set the NTT DATA Technology Foresight 2019—important issues that will change the world
2. Review and improve
3. Discuss appropriateness of the identified issues at the Board of Directors’ meetings to determine the issues to be prioritized
4. Set the NTT DATA Technology Foresight 2021—important issues relevant to NTT DATA and promote them
5. Examine materiality from the following two axes—“social significance” and “corporate significance”—then select issues relevant to NTT DATA and promote them

**Material ESG Issues**

<table>
<thead>
<tr>
<th>Step</th>
<th>Material ESG Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>
NTT DATA’s ESG Management

Establishment of Policies and KPI Targets in Each Business Sector and Unit

Instead of a corporate top-down method, each business sector or unit sets its own social contribution policy and targets based on the Companywide policy. We specifically focus on social contribution and enhancement of corporate value through business. In FY2021, every business sector has set KPI targets for social contribution and enhancement of corporate value through business.

Create a Companywide policy (Corporate)
Consider the entire NTT DATA Group’s ESG management philosophy, policy, and management evaluation rules.

Create a policy and targets (Business sectors and units)
In light of the Companywide policy, social issues beyond clients, and the organization’s strategies, create a social contribution policy and targets.

Check and approve (Corporate)
Policies and targets established by business sectors are checked in terms of “consistency with strategies,” “adequacy of indices,” and “adequacy of targets” and approved by the Senior Executive Vice President and Representative Director.

The percentage of organizations that have set KPIs for social contribution and enhancement of corporate value through business*

* The percentage of profit center organization as business entity.

Implementation and Progress Monitoring of Initiatives for Accomplishing KPI Targets

We believe that to root ESG in management, it is necessary for each employee to understand and engage with the organization’s policy for promoting its ESG management and reflect it in their actions. Therefore, we focus on measures to spread ESG management to employees and make various efforts.

Messages from the CEO and top management
- Top management or heads of organizations communicate policies and case studies at internal events such as the commencement of a business plan
- Internally communicate excellent case studies that contribute to society through business

Messages from each organization
- Each organization creates an ESG management-conscious social contribution policy in light of business strategies to take measures for spreading it at the organization’s events

Check the recognition level among employees
- Check the recognition level among employees in the form of a questionnaire (A certain level of employees participated in social contribution activities, to accelerate ESG management.

Initiative Result Reviews and Improvements

NTT DATA conducts internal assessments of the level of accomplishment of the KPI targets in each business sector and unit and reviews annual targets based on external feedback in order to guide ongoing efforts for social contribution and enhancement of corporate value through business.

Establishment of new social contribution policies and targets for FY2021

In general, NTT DATA accomplished its KPI targets set by each organization for FY2020 related to the material ESG issues. We also exercised our policy that encourages all employees to contribute to society through efforts to achieve KPI targets in their organizations. In FY2021, we will continue to pursue KPI targets set by each organization based on our concepts, “Contributing to society and increasing corporate value through business” and “Contributing to society and increasing corporate value through corporate activities,” to accelerate ESG management.
Business (Innovation)

Recently, a move to create a sustainable society, environment, and economy, including achievement of the SDGs, is expanding globally. There is a wide range of areas in which IT can contribute in building a sustainable society, environment, and economy, and we think that there is large potential as a market. In NTT DATA, as per our mission statement of “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” the business itself resolves client’s and social issues using the power of IT.

Going forward, we will use digital technologies for innovation together with clients, continuously and stably provide high-quality IT infrastructure services to contribute to the resolution of clients’ and social issues, and sustainably enhance our corporate value.

Example of NTT DATA Group’s Contributions in Resolving Social Issues Using IT

<table>
<thead>
<tr>
<th>GIDP (Global Offering for Insurance Companies)</th>
<th>OpenCanvas for Government</th>
<th>Case Studies for Workstyle Innovation Utilizing Digital Technology</th>
<th>Initiatives in quantum computing</th>
<th>TradeWaltz (Realization of new eco-friendly systems)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realizing a social foundation with convenience, safety, and reliability</td>
<td>Creating sustainable cities and regions</td>
<td>Lowering environmental burdens</td>
<td>Shaping a new society amid the COVID-19 pandemic</td>
<td>Ensuring stable and efficient energy provision</td>
</tr>
<tr>
<td>Realizing a more affluent and harmonious society</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Material ESG Issues

- Offer social infrastructure and business category-specific solutions based on advanced technologies
- Build and ensure stable management / operation of IT infrastructure

Social Values Provided

**Contributing to society through business**
- Contribute to the resolution of clients’ issues and social issues that goes beyond that by providing services to clients using state-of-the-art technologies including digital technologies
- Needs to transform business models using digital technologies
- Needs to improve efficiency of existing operations and systems using digital technologies
- Needs to invest in systems to overcome huge earthquakes, climate change, and other large-scale natural disasters as well as serious infectious diseases, and others
- Needs to invest in systems to respond to various factors and changes including social infrastructures such as electricity and communication, legal systems such as tax and various regulations, political and economic trends in different countries, and climate change

**Opportunities**
- Risk of reducing competitiveness and brand value in the market in case of delay in response to unexpected disruptive technological innovation
- Risk of unprofitable projects
- Risk of system failure
- Risk of services becoming difficult to provide in case of huge earthquakes, climate change, and other large-scale natural disasters as well as occurrence of serious infectious diseases
- Risk of decreased business opportunities due to various factors and changes including social infrastructures such as electricity and communication, legal systems such as tax and various regulations and political and economic trends in different countries

**Risks**
- The number of efficiency improvement measures implemented digital tools in existing businesses
- Application rate of standardization solutions to critical projects
- The number of new consumer-oriented business proposals and projects
- The number and amounts of digital business orders
- Sales of technology offerings

Relevant Medium-Term Management Plan Strategies

**Strategy 1 Expand global digital offerings**

**Strategy 2 Deliver greater value to clients based on regional needs**

Relevant Management Resources
NTT DATA’s ESG Management

Human Resources

In order to capture both clients’ needs and technological trends and continue to produce innovations in the IT services industry with remarkable technological evolution, diverse and excellent human resources are indispensable. Accumulated in people and organization, our know-how on both clients’ businesses and applications, which we have acquired from our solid client base over a long period of time, is the source of our competitiveness and the most important management resource. As our Group Vision states, we aim to “enhance our creativity by respecting diversity” from a long-term perspective.

Against this background, the medium-term management plan that started in FY2019 recognizes “unleash our employees’ potential that maximizes organizational strengths” as one of our growth strategies. To maximize the professionalism of employees, we are mainly working to enhance digital capabilities, design framework to accommodate diverse human resources, and improve employee engagement, as well as strengthen our global capabilities and implement workstyle innovation.

Material ESG Issues
- Secure and develop IT human resources
- Encourage workstyle innovation

Social Values Provided
- Contributing to society through corporate activities
  - Recruit and train diverse and excellent IT human resources who, in turn, will provide high-value-added IT services to contribute to resolving various clients’ issues as well as social issues

Opportunities
- Globally competitive and excellent IT human resources and diverse human resources produce innovations to create competitive services
- Improve productivity by taking advantage of our digital technology- enabled strengths
- Expand opportunities to provide IT services to solve human resource-related issues, based on our know-how on IT human resources development and workstyle innovation

<table>
<thead>
<tr>
<th>KPIs (FY2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure and develop IT human resources</td>
</tr>
<tr>
<td>Number of specialized human resources capable of leading frontline operations</td>
</tr>
<tr>
<td>Number of seminars based on themes for addressing material ESG issues</td>
</tr>
<tr>
<td>Establish and increase in usage of training platforms for promoting autonomous learning</td>
</tr>
<tr>
<td>The number of skilled workers hired</td>
</tr>
<tr>
<td>The number of hours spent on self-innovation</td>
</tr>
<tr>
<td>Promote workstyle innovation</td>
</tr>
<tr>
<td>Increase ratio of female employee to 30% or more, the number of female executives to at least 15, the ratio of female managers to 30%, and the ratio of male employees taking childcare leave to 30% by March 31, 2026</td>
</tr>
<tr>
<td>Improvement in scores of One Voice (employee engagement survey)</td>
</tr>
<tr>
<td>Promote workstyle innovation</td>
</tr>
<tr>
<td>Improvement in workstyles via teleworking</td>
</tr>
<tr>
<td>The number of ESG initiative examples announced to employees via Digital Work Place</td>
</tr>
</tbody>
</table>

Contributing to society through business
- Taking advantage of the know-how that we have cultivated through our efforts to train IT human resources and innovate workstyles, thereby contributing to resolving clients’ issues as well as social issues

Risks
- Our capabilities to serve our clients may deteriorate if we fail to recruit and educate excellent IT human resources and diverse human resources
- Our productivity may deteriorate if we fail to accelerate workstyle innovation or maintain employees’ mental and physical health
- Opportunities to provide IT services to solve human resource-related issues may decrease due to external environmental changes

Relevant Medium-Term Management Plan Strategy
- Strategy 3 Unleash our employees’ potential that maximizes organizational strengths

Relevant Management Resources

Recruit Diverse Human Resources

Achievements in Global Recruitment
- Over 27,000 hires globally in FY2020
- Need to continuously attract and recruit highly professional human resources necessary for business growth as IT workforce is highly mobile
- Implemented consistent global NTT DATA recruitment branding through local recruitment sites tailored to the market and a global career site that integrates the local sites
- Increased our followers by continuously posting about NTT DATA’s global business and talent with social recruiting tools to prepare for cross-border competition in IT hiring
- Relatable recruitment of new graduates through ongoing alliances with local universities in Japan, the United States, Spain, Italy, India, and other countries
- Enhancement of processes for recruiting and cultivating human resources capable of working with cloud-native apps and agile development through M&A activities in North America

NTT DATA’s Non-Consolidated Achievements in Recruiting

Overall rankings in recruitment of new graduates by Rakuten Minshu

| No. 2 (Top 3 for three consecutive years) |

Mid-career hires 199 (FY2018)

| 325 |

Retention of Diverse Human Resources

Global
NTT DATA believes that human resources are its valuable asset. Particularly in overseas markets with higher labor mobility, we are actively working to make human resources acquired through mid-career recruitment or M&As settle early and retain employees. We hold on-boarding sessions as appropriate in various places for mid-career hires. We also provide diverse opportunities where all employees can interact with one another on equal footing across the world beyond the border of a single organization through our efforts, including Values Workshops and NTT DATA Awards. With regard to M&A activities, forums for engagement between senior management and employees are arranged to resolve employees’ anxiety at an early stage, thus promoting the creation of better workplaces.

In a recent social environment with an uncertain future, we conducted mental checks and provided online training and consultation as appropriate to encourage our employees.

Employee Composition by Region

<table>
<thead>
<tr>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTT DATA</td>
</tr>
<tr>
<td>Overseas</td>
</tr>
<tr>
<td>Overseas - Global</td>
</tr>
</tbody>
</table>

NTT DATA (Non-Consolidated)
Labor mobility among IT human resources has been increasing. Even in Japan, we see so much interest in not just conventional membership-type employment but also job-type employment. More and more workers are oriented toward a workstyle that allows them to actively use their skills anywhere and anytime. We also believe that our employees can use their diverse skills better if we adopt a mechanism for better matching people with jobs. This belief led us to establish the Advanced Professional (ADP) system in December 2018, enabling us to recruit industry-ready human resources with outstanding expertise who can lead new business from outside. In October 2019, we established the Technical Grade system to realize a career path for specialists. In July 2020, we also set up the Flexible Grade system for adequately appointing and compensating diverse business contributors, including those with management skills, and employees certified through this system are active in an increasingly wide range of areas.

By organizing such human resources systems, we enable our employees to exercise and heighten their skills, which in turn helps us retain human resources. But this is not all. By maximizing our employees’ professionalism, we aim to maximize value provided to our clients.
Enhance Digital Capabilities
The medium-term management plan focuses on the reinforcement of digital capabilities of all employees and promotes a variety of system designs.

Definition of NTT DATA's Digital Human Resources and Their Development

We have implemented our unique human resources development program, Professional Career Development Program (CDP), across the entire Group. In FY2020, roughly 19,300 employees were newly certified in Japan and overseas, making for a total of approximately 72,000 employees certified on a Groupwide basis. In the Professional CDP, we have established phased human resource types matched to business requirements, and these levels have been adjusted to changes in technology and business.

Unique Digital Human Resources Development Program
We have implemented the professional career development program, Professional Career Development Program (CDP), across the entire Group. In FY2020, roughly 19,300 employees were newly certified in Japan and overseas, making for a total of approximately 72,000 employees certified on a Groupwide basis. In the Professional CDP, we have established phased human resource types matched to business requirements, and these levels have been adjusted to changes in technology and business. “Business Developers” and “Data Scientists” were added as human resource types in FY2019, and “Cloud” was recently added as IT specialists’ area of expertise in FY2020. In FY2021, the “Digital Business Manager” type, which refers to human resources capable of driving digital technology businesses, was introduced along with the new “Agile” category under the “Project Managers” type.

Human Resource Types at NTT DATA
- System development and operation
  - Project Managers
  - Application Specialists
  - IT Service Managers
  - IT Architects
  - R&D Specialists
- Technologies
  - Software
  - Hardware
- Sales
  - Sales Staff
  - Solution Sales
  - Corporate Sales
- Business Developers
  - Business Developers
- Digital Business Manager
  - Digital Business Manager
- Staff
  - Lecture
  - Lecture

Employee Skills Development
We offer a system of educational programs to support employee skills development. Each employee receives training for 91 hours annually. Since FY2019, we have implemented self-innovation time that allows employees to strengthen their skills and share knowledge with other organizations as part of their working hours, targeting continuous improvement and relearning of their skills. We are working to encourage the self-driven growth of all employees and foster Groupwide collaboration.

Hours of Training per Person
91 hours (FY2020)

Enhance Global Capabilities
In order to cultivate global digital human resources, we provide opportunities for international business exchanges targeting employees ranging from management to junior employees. A cumulative total of 841 employees have participated in the Global Leadership Program, a discussion forum for executive trainees from around the world. In addition, we provide a wealth of growth opportunities, including the Readiness Drive Program that is intended to nurture global response capabilities for young and mid-level employees and deployment to overseas subsidiaries for training.

NTT DATA recognizes diversity and inclusion as an important management strategy for global competitiveness and promotes active participation of diverse human resources and workforce innovation.

Active Participation of Diverse Human Resources
Accelerating Promotion of Diversity Worldwide
NTT DATA has established a signatory to the Women’s Empowerment Principles in March 2019. Based on the Diversity and Inclusion Statement—Blow the Power of Diversity, which was put forth as our shared worldwide diversity and inclusion declaration in March 2021, we are proactively promoting diversity and inclusion on a global scale.

Goals for Promoting Active Participation of Women
- Following the implementation of the Act on the Promotion of Female Participation and Career Advancement in the Workplace, NTT DATA has created an action plan to prepare a fuller environment to promote the active participation of women in the workplace in addition to its existing programs. In FY2020, we were able to accomplish all of the goals of this action plan, which was established in FY2016, as a result of our concerted Companywide effort.
- Today, we have a nearly 100% rate of female employees returning from childcare leave while the rate of male employees acquiring childcare leave has been rising each year (rate of 18.8% in FY2020). A new action plan was established in FY2021 to guide future initiatives for promoting the active participation of women.

Enhancing the Digital Maturity of Customers
The Digital Talent Service provides services to help clients cultivate digital human resources while enhancing the digital capabilities of our own human resources.

Expanding the Circle of Globalization Drivers
We aim to increase the number of human resources within the Company (on a non-consolidated basis) with long-term experience in global business to 1,000 in FY2021. We also work on online human resources development amid COVID-19 as a new initiative and carry out community activities, including the overseas Group companies.
**Workstyle Innovation**

### Workstyle Innovation Utilizing Digital Technology

We not only promote employees’ diverse workstyles but also improve their productivity through workstyle innovation utilizing digital technology.

We take advantage of our know-how on workstyle innovation that we have cultivated through internal initiatives to propose solutions that support clients’ workstyle innovations, including provision of BizXaaS Office to clients or promoting extended application of the integrated development cloud to clients’ commercial environments.

**Work Anywhere**

We enable employees to work at the office, on the go, or at home by using thin-client terminals (BizXaaS Office, etc.) and cloud-based development environments (extended application of the integrated development cloud in and out of Japan). In addition, we have a system and internal infrastructure in place so that all employees can utilize telework.

Furthermore, we are pursuing greater improvements in productivity in preparation for the upcoming new normal by promoting remote workstyles to create safer workplace environments and facilitate cutting-edge workstyles. Specifically, in October 2020 we established a remote work allowance system, changed commuting allowances to reflect actual commuting costs, and introduced the super flow-time system.

**Effective Workstyle**

We maximize value provided to our clients by utilizing RPA such as WinActor and AI in business to improve work efficiency and quality and to focus on more value-adding operations.

### Benefits of Workstyle Innovation

- **Extended White 500 Certification to the Entire Group**
  - NTT DATA and its Group companies in Japan are working on health management. As a result, NTT DATA and seven Group companies have acquired White 500 certification, a program that awards companies with excellent health management or initiatives that address local health issues, jointly hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaijo.

- **Improving Employee Engagement**
  - “To be a No. 1 employer for the best talent worldwide,” we conduct One Voice, a twice annual engagement survey of all employees, including those who work for overseas Group companies, and make concerted efforts to create a satisfying workplace.
  - The last survey resulted in a high engagement rate of 71%, in excess of 68%, the average rate of participants.

- **Efforts to Address Workload Challenges**
  - Organization-level results reports are prepared to provide each organization with an accurate understanding of the circumstances surrounding employees as gleaned, which is used to formulate action plans and take action for future improvement. This approach is anticipated to help improve engagement and create a better workplace.

- **Initiatives for Ensuring Appropriate Workhours**
  - Through the aforementioned digital technology-driven workstyle innovation and other productivity improvement initiatives, we have implemented a digital system for sharing expertise and know-how across the globe to promote collaboration and innovative business processes.

We share about 30,000 pieces of know-how and 11,336 employees’ Know-who content globally, which has proven effective in numerous proposal activities.

**Digital Knowledge Sharing**

We have been promoting digital knowledge sharing to support clients’ workstyle innovation, including provision of BizXaaS Office to clients or promoting extended application of the integrated development cloud to clients’ commercial environments.

### Digital Work Place

Accelerated aggregation and utilization of knowledge sharing (Know-how and Know-who) continues to maximize Group synergy globally.

### Digital Knowledge Sharing

#### Digital Work Place

#### Shared Contents

- **Effective in many proposal activities**
- **Digital Work Place**
- **Shared Contents**
- **Know-how**
- **Know-who**
- 30,259
- 11,336 people

### Solution Case 1

**BizuXaaS Office**

NTT DATA provides the BizXaaS Office service available anywhere, in and out of the office, by providing an office environment required for basic operations on the cloud. This service allows the user to work anywhere and activate communications between teams and the organization through web meetings. It also ensures security at the same level as the office environment and can be used from any equipment safely. For these reasons, it has acquired over 160 corporate clients (as of July 31, 2021).

By making a “usual office environment” available from internal or external terminals, it will contribute to the clients’ workstyle innovation, including the promotion of telework.

### Solution Case 2

**WinActor / WinDirector**

WinActor / WinDirector are software robots that automate operations performed using Windows applications. These tools can handle a wide variety of tasks ranging from those related to Excel and browsers to workflows and other business systems, making it easy to create scenarios without modifying the entire system.

Besides resolving human resource shortage as a social issue, it can contribute to labor-saving routine work and improved work efficiency and quality in a variety of industries and sectors. It has been highly appreciated by many clients as a means for optimally deploying human resources to value-added work. Since it is easy to implement and is stably usable after being implemented, it is used by over 3,500 corporate clients (as of June 30, 2021).

### Solution Case 3

**Knowler**

The recent rapid digitization trend has created a need for cross-organizational and cross-industry use of knowledge when creating new businesses and reforming processes.

However, as operations have become increasingly global and teleworking has become commonplace, opportunities to connect with people on a face-to-face basis have decreased, making it difficult to gather and share information through the interpersonal connections that were previously the primary venue for these activities. This situation has led to a rise of cases of employees not knowing who to ask when they have a question or the information necessary to perform one’s job not being shared. The resulting inability to identify or use effective in-house resources threatens to cause delays in responses to clients or lost business opportunities.

To address these issues, we launched support services for introducing the knowler knowledge management solution together with subsidiaries NTT DATA INTELLINK Corporation and QUINCE CORPORATION in May 2021.

The knowler solution can be linked with a variety of data (text, documents, expert and personal network information, know-how, etc.) stored through Microsoft 365 and other venues to categorize and define this information automatically using ontology and AI methodologies. This solution thereby supports the efficient location of information from among massive quantities of content and human resource information. Moreover, the user interface is linked to Microsoft Teams to allow for seamless sharing of information via communication platforms.

Also used in NTT DATA’s Digital Work Place, knowler has been extended to roughly 10,000 headquarters employees, thereby contributing to increased speed and efficiency in sharing internal information and facilitating initiatives for utilizing knowledge and methodologies in a manner that spreads beyond the boundaries of prior frameworks.

The insight acquired through this process is being utilized to provide guidance on how to introduce and use this solution of clients and to offer communication support. At the same time, we are promoting connections between people and information in order to reform workstyles and create a manner that is matched to the current speed-demanding digital era.

- **Compatibility with multiple devices**
- **Multi-language support**
- **AI-powered collective, categorization, and definition of various types of data (documents, expert and personal network information, etc.) and on-source provision**

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*Oncology refers to models that systematize concepts by structuring and organizing a variety of knowledge and information.*

---
The Information Security Policy was established in 1998 as guidance for appropriately handling clients’ and Company information assets and protecting information security, and the Personal Information Protection Policy was formulated in 2001. These policies are revised and improved in response to IT progress and social changes. The NTT DATA Group Security Policy (GSP) was also formulated in an effort to ensure the secure distribution of information throughout the entire Group.

The objective of GSP, ensuring both the safety of information and active use and sharing of information, is essential as a partner that supports clients’ efforts to create new businesses. To realize these objectives, we are promoting initiatives including managerial countermeasures covering the formulation of rules and provision of training and other educational activities related to information security, and technological countermeasures such as introduction of a solution to prevent information leakage as well as the introduction of secure fat- and thin-client PCs.

### Security Management System

The Information Security Office ascertains the Company-wide status of information security activities and areas requiring improvement and formulates necessary initiatives. In addition, NTTDATA CERT was established as a specialized organization for preventing information security incidents and responding to any incidents that might occur. NTT DATA also joined the Nippon CSIRT Association as well as Forum of Incident Response and Security Teams (FIRST), which is a global computer security incident response team (CSIRT) community. Through our participation in these organizations, we are collecting a wide range of information on security trends, which we then utilize to improve security. The information security governance structure comprises three levels of information security steering organizations located at the Head Office, overseas regional headquarters, and other companies to ensure thorough global information security governance. The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor information security measures, respond to emergencies, and engage in preventive measure activities to prevent incidents.

### Basic Approach Regarding Information Security

- **Safe Groupwide Application of Knowledge**
  - Ensuring safety of information
  - Managing information security
  - Ensuring safety of information

### Security Experts

With information security threats getting more diverse and sophisticated, there are concerns about the shortage of human resources with the information security expertise required. Against this backdrop, the NTT DATA Group develops security experts and improves their skills actively. As of April 2021, 1,867 experts, an increase of 102 year on year, with the “Security Expert Qualification” offered internally by the NTT Group were active in Japan and overseas.
NTT DATA’s ESG Management

Security Business Conditions and Security Quality Improvement Initiatives

As cyberattacks against information systems become increasingly more intense, the information security market is expected to continue to grow. NTT DATA recognizes that effective security and emergency response measures in the services it provides to clients are important obligations as a service provider. We are therefore working to improve the quality of security as an important element of systems while also providing security-related solutions to contribute to the resolution of the security issues of clients and society.

Initiatives for Improving Security Quality

- Analyze status and risks of upstream system processes and incorporate expert insight
- Enhance system for globally coordinated responses in preparation for incidents to combat increasingly more diverse and insidious cyberattacks
- Cultivate and develop skills of security personnel

NTT DATA’s Strengths

In the information security market, particularly the commercial system sector, sales tend to focus on stand-alone products. NTT DATA, however, views these products as components of larger systems. Our strengths thus include our ability to provide optimal services for entire systems, including hardware, middleware, and application layers; to supply comprehensive solutions that encompass operating procedures; and to combine products from different vendors to meet customer needs.

In order to strengthen governance, we adopted the cutting edge of countermeasures based on zero-trust architecture in the infrastructure used by our approximately 140,000 global employees. In addition, we will accelerate our digital offerings globally by collaborating with the NTT Group on the strength of our track record of implementing security platforms that have achieved a top-class global maturity rating in third-party evaluations.

Furthermore, we collaborate with Forum of Incident Response and Security Teams (FIRST), the Nippon CSIRT Association, and other global security-related organizations to acquire the latest security-related information from around the world. This diligence enables us to utilize cutting-edge technologies in client businesses.

Case Study: OpenCanvas for Government

OpenCanvas for Government is able to accommodate projects with a wide scope of requirements, ranging from those needing lower costs, increased flexibility, and scalability that are core characteristics of cloud services to those requiring high reliability and availability. These features make OpenCanvas for Government a community cloud service capable of delivering the optimum platform for customers.

In February 2021, NTT DATA released OpenCanvas for Government, a community cloud service for government agencies based on its OpenCanvas cloud service, which delivers the highest levels of reliability and security expected by financial institutions. OpenCanvas for Government is designed to encourage the use of cloud services for government information systems.

Service Concepts

- High-Reliability and Availability Cloud
- Adaptive Cloud
- Integrated Management Cloud
- Connective Cloud
- Hybrid Mixture Cloud

Platform with connectivity to change-resilience systems of engagement and reliability and availability-enhancing systems of record

Optimal managed services utilizing cutting-edge digital technologies

Provision and enhancement of functions for linking to banks and clouds of other companies, and promoting digitization of the government services with SaaS functions

Guaranteed compatibility with client-supplied equipment, patch control operating systems, and middleware necessary to meet client requirements

Transparent operation through information disclosure and audit compatibility, and high operating quality through segment- and staff-specific security levels

OpenCanvas for Government
NTT DATA's ESG Management

Environment

In addressing global environmental issues, it is important nowadays to ensure sustainability from a wider perspective, which includes responding to climate change and conserving biodiversity and water resources. The NTT DATA Group recognizes its responsibility for its corporate activities and businesses that may affect environmental burden. It also finds it important to understand the influence of environmental issues on its corporate management as well as its various systems that support social infrastructure provided by the Group and to take measures.

In addition to “Greening the Group,” an approach giving due consideration to the natural environment in every aspect of its corporate activities, the Group is continuing to promote progressive initiatives in the “Greening of Clients and Society” through its products and services. It contributes to resolving various environmental issues and sustainably enhances its corporate value.

Material ESG Issue

1. Respond to climate change

Social Values Provided

Contributing to society through corporate activities

- Advance Greening the Group, use renewable energy, and actually reduce environmental burden to contribute to the creation of a sustainable society

- Expand business opportunities in which clients recognize IT costs of addressing environmental issues, such as climate change, as an investment

- Expand business opportunities to respond to reinforced laws and regulations, social demand, etc., pertaining to environmental issues

- Expand business opportunities by becoming an acclaimed IT company that takes great environmental measures for its own activities and has excellent environmental solutions

Opportunities

- To contribute to resolving issues of both clients and society through IT

- To contribute to resolving issues of both clients and society through IT

Risks

- Loss of business opportunities in failing to proactively respond to decarbonization in which society and clients take an increasing interest

- Loss of business opportunities due to increased running costs in light of reinforced environmental laws and regulations or the delayed use of renewable energy

- As the average temperature rises and abnormal weather increases, disaster costs will increase to maintain assets such as data centers or loss may be incurred

- NTT DATA may destroy its credibility as an IT company if it fails to address environmental issues sufficiently or take due measures in rolling out solutions

KPIs (FY2021)

Contributing to society through corporate activities

- Social decarbonization initiatives (tracking and prediction of electricity consumption volumes)

- The number of online webinar programs to expand green businesses

Contributing to society through business

- The number of initiatives conducted in FY2021 based on climate action plan for 2030

- NTT DATA may destroy its credibility as an IT company if it fails to address environmental issues sufficiently or take due measures in rolling out solutions

Relevant Medium-Term Management Plan Strategy

Strategy 2 Deliver greater value to clients based on regional needs

Relevant Management Resources

- Human Resources and Organizational Capital
- Technologies
- Partners
- Client Base
- Brand
- Finance

NTT DATA is promoting green innovation to reduce greenhouse gas emissions across its supply chain and to help make clients and society greener in order to contribute to the realization of carbon-neutral society by 2050.

2020

2030

2040

2050

The NTT DATA Group’s Greenhouse Gas Emissions Reduction Targets

Scope 1 and Scope 2 emissions reduction target for FY2030:

- 60% reduction from FY2016
- 31% reduction achieved in FY2020
- 55% reduction from FY2016
- 28% reduction achieved in FY2020

Scope 3 emissions reduction target for FY2030:

- 55% reduction
- 28% reduction achieved in FY2020

Road Map toward Carbon Neutrality by 2050

*1 Organization encouraging companies to set greenhouse gas emissions reduction targets in line with the Paris Agreement
NTT DATA’s ESG Management

Management System

Established in November 2020, the Groupwide Climate Action Committee is promoting initiatives through four subcommittees: the Green Business Subcommittee, the Green Power Subcommittee, the Green Procurement Subcommittee, and the Workstyle Innovation & New Normal Subcommittee.

Overview of Climate Action Committee Initiatives

Initiatives for creating new business opportunities that address clients’ greening needs are being advanced through the four subcommittees of the Climate Action Committee.

Climate Action Committee Structure

The Climate Action Committee is chaired by the Senior Executive Vice President and Representative Director while an Executive Vice President and Director (Head of Corporate Headquarters) serves as the vice chair.

The Green Business Subcommittee is overseen by the Head of Corporate Headquarters and includes members such as segment heads and the Head of the Business and Technology Strategy Department. Meanwhile, the Green Power Subcommittee, the Green Procurement Subcommittee, and the Workstyle Innovation & New Normal Subcommittee are membered by key individuals from relevant divisions.

Furthermore, the Green Innovation Office was set up on October 1, 2021, to lead the Climate Action Committee in advancing Companywide decarbonization initiatives as a dedicated greening organization.

Climate Action Plan for 2030

NTT DATA aims to accomplish the following objectives by 2030 through the initiatives of the Green Business Subcommittee.

• Establish global presence as a top-level green innovation partner to clients
• Accomplish Science Based Targets-certified targets for 2030 (Scope 1 and 2: 60% reduction, Scope 3: 55% reduction compared to FY2016)

Climate Action Plan for 2030

Green Business

• Establish global presence as a top-level green innovation partner to clients

Green Power

• Achieve 50% reduction in greenhouse gas emissions through technology-driven energy conservation and renewable energy consumption in areas ranging from applications to facility layer

Green Procurement

• Reduce greenhouse gas emissions across the supply chain (hardware procurement, software development)

Workstyle Innovation & New Normal

• Develop creative and highly resilient workstyles (optimal combination of online and offline venues)
Green Business Case Study 2
Regional Bank Integrated Services Center (Contribution to greening of clients)

The Regional Bank Integrated Services Center, a joint-use service for regional banks launched in January 2004, is used jointly by 19 banks as of October 1, 2021.
The integrated system has contributed to a 76% reduction in CO2 emissions.¹ We look to further cut emissions and achieve an 81% reduction in total by FY2030 through shared operation and the development of an open mission critical (OMC) platform[2][3] in order to contribute to further greening (decarbonization).

¹ Electricity consumption reduction figures for the Regional Bank Integrated Services Center are based on sampling and other simulations.
² We define CO2 emissions from IT equipment as all emissions other than CO2 emissions from IT equipment.
³ We calculated assuming consumption of 50 sheets of A4 paper for one input/output transaction.

Reduction in Paper Document Transportation Volumes
- Annual Paper Loss: Up to 431 tons*¹
- Annual Tree Preservation: Up to 3,021,100 trees*
- Equivalent to the size of 1.2 Tokyo Dome stadiums

Reduction in Paper Loss
- Annual Greenhouse Gas Emissions Reductions: Up to 42,300 tons*¹
- Annual Tree Preservation: Up to 30,800 trees*
- Equivalent to the size of 116.3 Tokyo Dome stadiums

Participation in CDP Supply Chain Program, a Supply Chain Environmental Information Disclosure Program Implemented by International NGO CDP

NTT DATA is participating in the CDP Supply Chain Program, a supply chain environmental information disclosure program implemented by the international NGO CDP that sees participation by approximately 200 companies and government institutions on a global basis, including 13 from Japan. By taking advantage of CDP’s platform, we aim to promote the decarbonization of our supply chain.

Climate-Related Risk and Opportunities

NTT DATA has declared its support for the recommendations of the TCFD and has taken steps to identify the climate-related risks and opportunities facing the Company based on the TCFD framework. For more detailed information, please refer to NTT DATA Sustainability Report 2021 Data Book.

Opportunities

- Creation of new smart energy and Utility 3.0 businesses (NTT DATA is participating in the CDP Supply Chain Program)
- Expansion of businesses using renewable energy
- Creation of new businesses by addressing clients’ greening needs

Risks

- High Increases in costs due to carbon pricing (carbon taxes), rising impact on management if dependence on fossil fuels is high (up to ¥9.3 billion per year)
- Loss of clients due to low evaluations related to climate change
- Increased risks of abnormal weather events and other natural disasters
- Rising air-conditioning costs and increased risk of flooding at data centers and offices due to higher temperatures and sea levels

Government policy and ordinances
- High

Market
- High

Technologies
- High

Evaluations
- High

Sukkhi
- High

Chronic
- Medium

Product and services
- High

Resource
- High

Market
- High

Technologies
- High

Evaluations
- High

Sukkhi
- High

Chronic
- Medium

Product and services
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Resource
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Evaluations
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Product and services
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Resource
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Market
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Technologies
- High

Evaluations
- High

Sukkhi
- High

Chronic
- Medium

Product and services
- High

Resource
- High

Market
- High
NTT DATA's ESG Management

Other Material Issues

Community

NTT DATA makes “Promotion of IT Education” as the central theme of social contribution activities we should commit to globally. Through voluntary activities leveraging the employees’ expertise and financial and technological support in the IT field, where we have an advantage, we will support children and NPOs/NGOs in improving their IT skills and literacy.

Employees who have worked with NPOs addressing social issues every day will learn about specific events behind the issues and relevant stakeholders. This knowledge will help them improve their design capabilities to help resolve social issues and develop a discerning eye, for example, about which IT technology is useful. We will create businesses that help resolve social issues by becoming more sensitive to and capable of understanding social issues as an organization.

<table>
<thead>
<tr>
<th>Material ESG Issue</th>
<th>KPIs (FY2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote IT education</td>
<td>Contributing to society through corporate activities</td>
</tr>
<tr>
<td></td>
<td>• External information provision activities by core digital-human resources</td>
</tr>
<tr>
<td></td>
<td>• The number of external IT workshops held and IT workshop instructors cultivated through NTT DATA Academia program</td>
</tr>
</tbody>
</table>

Disaster Risk

NTT DATA provides a list of information systems and services that support social infrastructures. For us, disaster risk is one of the most significant risks because a failure to provide our systems or services during a disaster would critically affect clients’ operations and general users’ life. We will establish and continuously upgrade the “Business Continuity Plan (BCP) for a disaster” and utilize our know-how to develop and operate clients’ IT systems.

<table>
<thead>
<tr>
<th>Material ESG Issue</th>
<th>KPIs (FY2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respond to disaster risks</td>
<td>Contributing to society through corporate activities</td>
</tr>
<tr>
<td></td>
<td>• BCP drills held on work environment contents on teleworking</td>
</tr>
<tr>
<td></td>
<td>• The number of business ideas proposed for addressing climate change issues or disaster risks</td>
</tr>
</tbody>
</table>

Compliance

NTT DATA is determined to operate our business following high ethical standards and compliance. We have established the Global Compliance Policy, laying down all officers and employees of the NTT DATA Group’s basic policy and provide specific behavioral guidelines related to corporate ethics. To make such activities effective, we consider it necessary to implement a continuous educational campaign to promote ethics and compliance. Therefore, we have been holding training sessions on compliance for officers and employees and conducting employee attitude surveys.

In addition, with the aim of achieving a more-open corporate culture, we have placed the White Line, a Groupwise internal reporting system, as an internal and external venue for reports, whether anonymous or named. We ensure that any individual who uses this venue to report will not be subject to unfavorable treatment as a result of their reporting.

<table>
<thead>
<tr>
<th>Material ESG Issue</th>
<th>KPIs (FY2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure compliance</td>
<td>Contributing to society through corporate activities</td>
</tr>
<tr>
<td></td>
<td>• The number of cases of obtaining insights and know-how related to next-generation audials (digital audits, online audits, etc.)</td>
</tr>
</tbody>
</table>

Supply Chain

It is necessary for NTT DATA to adopt a wide range of excellent products and technologies from our global partners to provide clients with the most suitable services. Also, good relationships with our partners enable us to develop a stable and flexible delivery structure.

On the other hand, to comply with laws and regulations and practice corporate ethics, it is necessary that we manage corporate activities not only of the NTT DATA Group but also of our business partners. Against this backdrop, we try to spread the NTT DATA Guidelines for CSR in Supply Chain, which stipulate appropriate procurement rules and promote open and fair transactions. We will aim to develop together with our business partners by improving quality and creating a better work environment through active communication.

<table>
<thead>
<tr>
<th>Material ESG Issue</th>
<th>KPIs (FY2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote responsible supply chain</td>
<td>Contributing to society through corporate activities</td>
</tr>
<tr>
<td></td>
<td>• Ratio of Group companies implementing bribery risk assessment based on the NTT DATA Group Corporate Due Diligence Policy</td>
</tr>
</tbody>
</table>

Independent Practitioner’s Assurance

To enhance the reliability of the information presented in this integrated report, the following information associated with social and environmental performance data provided herein has been reviewed by an independent practitioner. Check mark is attached to the data subject to independent assurance.

Data Subject to Independent Assurance

The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance is appropriate when the results of the assurance engagement are to be used in an environment where the assurance user is able to apply judgment and analytical techniques and the assurance user is confident that the entity has appropriate systems in place.

For data subject to independent assurance other than GHG Emissions, Water Consumption, and Number of Female Managers, please refer to NTT DATA Sustainability Report 2021 Data Book.


Third-Party Evaluation (As of March 2021)

The ESG efforts of the NTT DATA Group have received positive reviews from research agencies in Japan and overseas, and have been selected as a constituent of a number of indexes.

<table>
<thead>
<tr>
<th>Sustainability Award</th>
<th>2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (NTR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISS ESG Prime</td>
<td>S&amp;P Global Sustainability Award</td>
</tr>
<tr>
<td>S&amp;P/JPX Carbon Efficient Index</td>
<td>Dow Jones Sustainability World Index / Asia Pacific Index</td>
</tr>
<tr>
<td>FTSE4Good Index Series</td>
<td>FTSE Blossom Japan</td>
</tr>
</tbody>
</table>

For detailed information on Community, Disaster Risk, Compliance, and Supply Chain, please refer to NTT DATA Sustainability Report 2021 Data Book.

Corporate Governance
Introduction to Officers (Skill Matrix*)
(As of July 1, 2021)

**Directors**

- **President and Chief Executive Officer, Representative Director**
  - Yo Honma
  - 2009 Joined NTT (present post)
  - 2015 Senior Manager of Strategic Business Development Division
  - 2016 President and Director of NTT DATA (present post)
  - 2020 Director of NTT DATA (present post)
  - Financial and enterprise fields

- **Senior Executive Vice President and Representative Director**
  - Shigeki Yamaguchi
  - 2009 Joined NTT (present post)
  - 2015 Senior Manager of Strategic Business Development Division
  - 2017 Representative Director of NTT DATA
  - Public administration and enterprise fields

- **Senior Executive Vice President and Representative Director**
  - Toshi Fuyiwa
  - 2009 Joined NTT (present post)
  - 2015 Senior Manager of Strategic Business Development Division
  - 2017 Representative Director of NTT DATA
  - Global field

- **Executive Vice President and Director**
  - Masanori Suzuki
  - 2006 Joined NTT (present post)
  - 2012 Senior Manager of Domestic Financial Services Department
  - 2017 Executive Vice President and Director of NTT DATA
  - Financial field

- **Executive Vice President and Director**
  - Yutaka Sasaki
  - 2002 Senior Partner of Value Partners S.p.A.
  - 2012 Executive Vice President and Director of NTT DATA
  - Enterprise field

- **Director**
  - Patrizio Magelli
  - 2009 Joined NTT (present post)
  - 2015 Senior Manager of Marketing, Sales and Strategy Headquarters
  - 2016 Representative Director of NTT DATA
  - Foreign national

- **Director**
  - Takeshi Arimoto
  - 2009 Joined NTT (present post)
  - 2015 Representative Director of NTT DATA
  - 2016 Director of NTT DATA
  - Foreign national

**Outside Directors**

- **Director**
  - Eiji Hirano
  - 2000 Joined Bank of Japan (Retired in 2009)
  - 2017 Director General of the Board of Audit of Japan (Retired in 2018)
  - 2020 Director of NTT DATA
  - Independently

- **Director**
  - Mariko Fujii
  - 2000 Member of the Board of Directors and Director of NTT DATA (present post)
  - Independently

- **Director**
  - Fumihiko Ike
  - 2000 Joined Credit Suisse First Boston (Japan) Ltd. (Later joined Nomura Securities Co., Ltd.)
  - 2008 Director of Nomura Securities Co., Ltd.
  - 2012 Director of Nomura Securities Co., Ltd.
  - Independently

- **Director, Audit and Supervisory Committee member (Full-Time)**
  - Tetsuya Uda
  - 1984 Joined the Board of Audit of Japan
  - 2013 Chairman and Representative Director of Honda Motor Co., Ltd.
  - 2017 Standing Audit & Supervisory Board Member of NTT DATA
  - Independently

- **Director, Audit and Supervisory Committee member (Full-Time)**
  - Katsu Sakurada
  - 2014 Special Advisor of Toyota Financial Services Corporation
  - 2018 Advisor of Toyota Financial Services Corporation
  - 2015 Director, Audit & Supervisory Board Member of NTT DATA
  - Independently

- **Director**
  - Akiko Okada
  - 2006 Owner and President of the NTTKC Foundation
  - 2009 Owner and President of the NTTKC Foundation
  - 2012 Director, Audit & Supervisory Board Member of NTT DATA
  - Independently

- **Director**
  - Riko Sato
  - 2017 General Manager, Business Planning Department, Head of Human Resources Department, and Head of Strategy Office of NTT DATA
  - 2020 Director, Audit & Supervisory Board Member of NTT DATA
  - Independently

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* Only business executors

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*1 Management comprises President, Executive Vice President, Executive Director of the Board, General Manager, Executive Manager, Manager, Executive Manager of the Board, Member of the Board of Directors, Director, Executive Director of the Board, Director of the Board, Manager of the Board of Directors, Executive Manager of the Board, Chair of the Board of Directors, and Director of the Board.

*2 The management team is responsible for business strategy, digital strategy, public relations, ESG promotion, social management, and business strategy (CBO), human resources (CRO), Finance and Investor Relations (COO), marketing, and IT (CTO). This includes strategies and activities, and other issues related to governance (ESG).

*3 NTT DATA Management (CDO) responsibilities include strategy, technology development and research, technology strategy (CDO), public relations, and social management.

*4 ESG perspectives are included in corporate management.
Corporate Governance

Basic Policy

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out its mission to "use information technology to create new paradigms and values, which help contribute to 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 cutting-edge technology trends.

Under this basic philosophy, 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.

Corporate Governance Systems

NTT DATA has adopted the company with Audit and Supervisory Committee structure described in the Companies Act of Japan. This transition was undertaken as it was judged that the resulting system, which will entail the establishment of Audit and Supervisory Committee members with audit and supervisory duties and voting rights at meetings of the Board of Directors as well as an Audit and Supervisory Committee comprised of a majority of outside directors, would be most effective for enhancing the supervisory function of the Board of Directors and other aspects of corporate governance and subsequently for heightening managerial efficiency and health.

Accordingly, Company corporate governance organizations now include the General Meeting of Shareholders, the Board of Directors, and the Audit and Supervisory Committee. We also established the Corporate Management Committee in an effort to make decision-making in our business execution as fast as possible.

Although NTT DATA has not set up an independent advisory committee such as a statutory nomination committee or remuneration committee, in advance of resolutions by the Board of Directors, we provide independent outside directors and directors that serve as Audit and Supervisory Committee members with explanations of the proposals to be submitted to the General Meeting of Shareholders on matters such as remuneration for members of management, appointment of director candidates, the disciplinary balance, internationalism and other aspects of diversity* on the Board of Directors, and Senior Vice President successor candidates. We are thus able to receive effective advice on these subjects. For this reason, we believe that independence and objectivity of the functions and accountability of the Board of Directors are fully assured.

* Includes diversity in terms of gender, age, work history, race, ethnicity, and cultural background

Initiatives to Strengthen Governance

NTT DATA appoints human resources to management positions in line with the human resource policy of selecting candidates on the basis of superior character, insight, and management ability regardless of age, gender, or nationality. The Company’s Board Directors consists of a total of 15 directors, including five independent outside directors including two female directors and one non-Japanese director. As a result, independent outside directors represent one-third of all directors.

Changes in the Composition of the Board of Directors

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Directors</th>
<th>Independent outside directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/6/20</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>2019/6/21</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>2020/6/18</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>2021/6/18</td>
<td>10</td>
<td>8</td>
</tr>
</tbody>
</table>

For details on our efforts, please visit the Corporate Governance section of our website.

Corporate Governance

Nomination Policies / Procedures of Candidates for Positions as Director

The candidates for directors that are not Audit and Supervisory Committee members 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 internationally, and the balance of the composition of professionals and those outside the Group.

NOMINATION POLICY FOR CANDIDATES FOR POSITIONS AS DIRECTORS THAT ARE NOT AUDIT AND SUPERVISORY COMMITTEE MEMBERS

The candidates for directors that are Audit and Supervisory Committee members are to be appointed from personnel that NTT DATA can expect to conduct audits from the viewpoints of specialized experience and knowledge. To ensure impartiality in audits and supervision of the business execution of directors that are not Audit and Supervisory Committee members, NTT DATA appoints directors that are Audit and Supervisory Committee members as outside directors to represent a majority of directors that are Audit and Supervisory Committee members in accordance with the Companies Act, with an emphasis on having diversity from various standpoints including internationally, and the balance of the composition of professionals and those outside the Group.

The procedures for nominating candidates for directors are to be carried out as follows: the backgrounds of candidates are first explained to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members prior to the meetings of the Board of Directors; then the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members provide appropriate advice, based on which the Board of Directors makes a resolution, and the resolution is proposed to the General Meeting of Shareholders. The procedure for nominating directors that are not Audit and Supervisory Committee members follows the above procedure, and directors that are Audit and Supervisory Committee members are able to exercise authority in voicing opinions in regard to these decisions. For directors that are Audit and Supervisory Committee members, nominations are made by the Board of Directors after discussion and consensus by the Audit and Supervisory Committee, which is members by a majority of outside directors that are Audit and Supervisory Committee members, and this proposal is submitted to the General Meeting of Shareholders.

Independence Standards and Qualification — 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 three most recent financial years:

1. A business executive of NTT DATA business partner with a trading amount exceeding the standards set forth by NTT DATA;* 4
2. A business executive of NTT DATA’s lender with an amount of lending exceeding the standards set forth by NTT DATA;* 4
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 or more per year other than executive remuneration in any year of the three most recent financial years; or
4. A business executive of an organization that has received contributions exceeding NTT DATA’s standards.* 4

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.

Reasons for Appointment and Status of Independence

Outside Directors That Are Not Audit and Supervisory Committee Members

<table>
<thead>
<tr>
<th>Years Served</th>
<th>Attendance in FY2020</th>
<th>Reasons for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>— — — —</td>
<td>— — — —</td>
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Outside Directors That Are Audit and Supervisory Committee Members

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</tbody>
</table>

Full Name of Director

Rieko Sato

Katsura Sakurada

Mariko Fujii

Eiji Hirano

Tetsuya Obata

Akihiko Okada

Independent

Independent

Independent

Independent

Note: Parentheses show number of years in position, including Audit & Supervisory Board members.

* NTT DATA’s lender with an amount of lending exceeding the standards set forth by NTT DATA.

** NTT DATA’s ultimate parent company of NTT DATA.

*1 A business executive of NTT DATA business partner with a trading amount exceeding the standards set forth by NTT DATA refers to a business executive of NTT DATA with a trading amount exceeding the standards set forth by NTT DATA’s business partner with an amount exceeding ¥200 million or more per year in any financial year out of the three most recent financial years.

*2 A business executive of NTT DATA’s lender refers to a lender who lends to NTT DATA at least ¥2 billion or a larger percentage of NTT DATA’s total assets at the time of the lender’s lending exceeding the standards set forth by NTT DATA.

*3 A business executive of NTT DATA refers to an organization that has received contributions from NTT DATA that exceed ¥20 million or more per year in any financial year out of the three most recent financial years.

*4 NTT DATA refers to a business executive of NTT DATA with a trading amount exceeding the standards set forth by NTT DATA, and NTT DATA’s lender refers to an organization that has received contributions from NTT DATA that exceed ¥20 million or more per year in any financial year out of the three most recent financial years. NTT DATA’s ultimate parent company of NTT DATA refers to NTT Group Corporation, and if its affiliated company, it is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing its wide range of perspectives and experiences.

Mr. Obata has extensive experience in the financial sector, and wide perspectives, in particular, as the chief executive officer of NTT DATA Group, and in the past acted as a business executive at NIPPON TELEGRAPH AND TELEPHONE CORPORATION, the ultimate parent company, and at related companies. He has been appointed based on the fact that he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his wide range of perspectives and experiences.

Mr. Sakurada has extensive experience in the financial sector, and wide perspectives, in particular, as the chief executive officer of NTT DATA Group, and in the past acted as a business executive at NIPPON TELEGRAPH AND TELEPHONE CORPORATION, the ultimate parent company of NTT DATA. He has been appointed based on the fact that he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his wide range of perspectives and experiences.

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Corporate Governance

Messages from Independent Outside Directors
(As of June 18, 2021)

NTT DATA has appointed five independent outside directors for the purpose of reflecting a diverse range of insight into the management of the Company.

Eiji Hirano
Years holding post: 5
Attendance at Board of Directors’ meetings: 14/14 (100%)

Mariko Fujji
Years holding post: 2
Attendance at Board of Directors’ meetings: 14/14 (100%)

Fumihiko Ike
Years holding post: 1
Attendance at Board of Directors’ meetings: 11/11 (100%)

Katsura Sakurada
Years holding post: 1
Attendance at Board of Directors’ meetings: 14/14 (100%)

Rieko Sato
Years holding post: 1
Attendance at Board of Directors’ meetings: 14/14 (100%)

Further Progress on Diversity and Inclusion

Diversity and inclusion is an important concept for society, organizations, and the way people work. For example, NTT DATA has drawn up action plans with numerical targets for promoting women in the workplace, and achieved all of these targets as of the end of FY2020. Based on my work experience to date, I personally feel that the Company has shown a deep commitment to these efforts. I look forward to the Company making further strides on diversity, a cornerstone for innovation and value creation, and a central facet of business strategy.

It is a vital element of NTT DATA’s business and the building of social infrastructure. Inclusive growth is a concept in government economic policy, and the Japanese Trade Union Confederation’s (Keidanren) New Growth Strategy (published on November 17, 2020) states that DX should be advanced in an inclusive way that does not leave anyone behind. I believe management is doing its best to precisely implement diversity and inclusion.

On a Path to Achieving the Global 3rd Stage

NTT DATA has enhanced its presence in the global market through bold and aggressive M&A. However, margins are low in its overseas operations, and management urgently needs to increase the quality of overseas businesses in order to achieve the Global 3rd Stage. The pandemic has had an outsized impact on the world market, and NTT DATA’s overseas businesses were severely impacted during the previous fiscal year. During the pandemic, however, the Company accelerated reforms of overseas operations, and is on a clear path toward achieving its target for EBITA of 7% in overseas businesses.

Under a challenging business environment, NTT DATA aims to not just increase profitability, but also expand its digital offerings, a major component of its strategy. With this in mind, the Company is pursuing strategic M&A deals in North America while making qualitative improvements to achieve the Global 3rd Stage. NTT DATA and the entire NTT Group must work together and carve out an unassailable brand value in the global market.

Further Enhancing the Functions of the Board of Directors

One year has passed since NTT DATA transitioned to a company with Audit and Supervisory Committee structure in 2020. During this period, the Company has increased the ratio of independent outside directors, and deliberations by the Board of Directors have changed in essence to be more objective and neutral from an outsider’s perspective, in my opinion. With the delegation of decision-making authority, I believe the role of the Board of Directors has pivoted from making individual decisions on business execution toward discussing management issues, plans and strategies, personnel at the management level, and verifying their compensation.

Along with the rapid expansion of overseas businesses, the Company is encountering more diverse and complex risks. It is vitally important that the Board of Directors engages in effective supervision, such as monitoring whether internal controls are functioning adequately, and that the responsibilities of Board members have become heavier than ever before.

As an independent outside director and a member of the Audit and Supervisory Committee, I will perform my duties of audit and supervision from the mindset of helping NTT DATA enhance its corporate value and attain healthy growth.

Increasing Corporate Value as a Global Enterprise

As a result of aggressive M&A overseas, NTT DATA has seen a rapid globalization of its operations. Compared with a decade ago, overseas sales and profits have doubled as the number of regions where it has a business presence has increased. However, NTT DATA still has a ways to go to catch up with global competitors. The Company’s governance systems might not be set up to efficiently deliver capital from the Head Office to far-flung geographic locations. This fiscal year, NTT DATA is undertaking major changes in order to reach its goal of becoming a Global Top 5 vendor, aiming to increase sales and profits while reinforcing governance and rebuilding its global organization. Turning to society, recent conditions are hard to fully comprehend with the emergence of COVID-19 pandemic, DX, and new value systems. In addition to past experiences and thoughts, I will strive to be more flexible and take broader viewpoints, properly exchange opinions with the business execution side, and endeavor to increase the corporate value of NTT DATA as a global company.

*1 Parentheses show number of years in position, including Audit & Supervisory Board members
*2 Excluding temporary costs such as M&A and structural transformation

ESG Targets in Core Operations

In a section about “Aiming for ESG-Focused Management” in its Annual Report 2018 published three years ago, NTT DATA conveyed the importance of having a story that leads to the creation of value in the future through ESG activities. As demonstrated by initiatives to address climate change over the past three years, the global ESG movement has accelerated, drawing ever more attention around the world.

ESG activities are arguably at the heart of NTT DATA’s core operations, which contribute to a more sustainable society by reinforcing the infrastructure that supports the world through IT. With digital, green, and global as its core concepts, NTT DATA’s business activities are emblematic of ESG at their core. With the intention of being a leading company on the ESG front in Japan, NTT DATA is expected to make even more progress on ESG issues, including in its next medium-term management plan that commences next fiscal year.

Integrated Report 2021
Corporate Governance

Board of Directors’ Meeting Agendas

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 strategies, investment, and other aspects of the 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. Additionally, since FY2017 the Board has been engaging in discussions with people outside the Board with the aim of enhancing discussions on strategic management matters. In FY2020, it held active discussions on strengthening global governance and business risk management. In FY2021, with the aim of further enriching these discussions, NTT DATA has created opportunities to discuss strategic matters on four occasions during the fiscal year, in addition to regular meetings of the Board of Directors.

Main Agenda Items

<table>
<thead>
<tr>
<th>Reports</th>
<th>Resolutions</th>
<th>Deliberations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Matters related to financing</td>
<td>• Financing-related matters</td>
<td>• Business environment and future direction of domestic and overseas segments</td>
</tr>
<tr>
<td>• Matters related to receiving orders and investments</td>
<td>• Matters concerning order receipts and investments</td>
<td>• Strengthening of global governance</td>
</tr>
<tr>
<td>• Result of internal audit and plans for next fiscal year</td>
<td>• Result of internal control initiatives and plans for next fiscal year</td>
<td>• Business risk management</td>
</tr>
<tr>
<td>• Result of key projects</td>
<td>• Monitoring of key projects</td>
<td>• Strategy to realize a digital society</td>
</tr>
<tr>
<td>• Measures to address climate change</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Initiatives for Lively Discussions by the Board of Directors

To have meaningful discussions at meetings of the Board of Directors, NTT DATA will take the following steps to ensure sufficient time for discussions and that outside directors receive information and assistance.

Ensure sufficient time for discussions

• Schedule Board of Directors’ meetings for the year and make rough overviews for agenda items
• Classify agenda items as reports, resolutions, or deliberations to ensure sufficient time for discussions on highly important resolution and deliberation items
• Authority for business operation is delegated to directors and executive officers to enable the Board of Directors to focus on discussion of items with a particularly large impact on the management of the Company and thereby secure sufficient discussion time by narrowing the scope of the agenda items discussed

Ensure outside directors receive information and assistance

• Provide briefings on important agenda items to outside directors prior to each meeting to allow for discussions to be held after any questions have been addressed and items have been fully understood
• During the Board of Directors’ meetings, each director who is in charge of the agenda provides supplementary explanations of key points and strategic implications
• Provide detailed explanation on the business environment and conditions to outside directors

Evaluation of Effectiveness of the Board of Directors

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. In FY2020, all directors, including Audit & Supervisory Board members, filled out questionnaires, which were collated and assembled into a report by an external organization, and outside directors were interviewed for the purpose of gaining more insight into analysis, discussions, and evaluations. 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.

Initiatives to Help Outside Directors Understand NTT DATA’s Operations

We help outside directors better understand NTT DATA’s businesses by explaining the IT services that the Company offers and by creating opportunities to experience actual systems.

For example, in July 2021 outside directors exchanged opinions with managers in charge after receiving explanations and seeing a demonstration of B-Digital Interaction Square, the Company’s knowledge site that has published more than 100 videos and documents about digital technologies owned by NTT DATA for the approximately 25,000 employees of the 13 banks* that participate in the Regional Bank Integrated Services Center.
Corporate Governance

Policies Regarding Executive Remuneration

As for policies, composition, and standards for remuneration of directors that are not Audit and Supervisory Committee members, in order to ensure objectivity and transparency, NTT DATA explains the policies for determining the remuneration for directors to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members. Upon receiving appropriate advice from them, the Board of Directors, which comprises 15 directors, five of whom are independent outside directors, determines the amount of remuneration within the total amount approved at the General Meeting of Shareholders. The amount of remuneration for individual directors is determined by the Representative Director & President, who is delegated with this responsibility by the Board of Directors. The remuneration for directors that are not Audit and Supervisory Committee members (excluding outside directors) is composed of monthly remuneration (fixed remuneration), bonuses (short-term performance-linked compensation), and stock compensation (medium- to long-term performance-linked compensation) through stock purchased via the officers’ shareholding association. The fixed amount of monthly remuneration is determined and provided in accordance with the degree of responsibility and extent of the role of the position of a given director. Provided in June of each year, bonuses are determined in consideration of the Company’s performance during the relevant period. Performance indicators for bonuses are set and evaluated based on targets outlined in the medium-term management plan (please see “Performance Indicators for Bonuses”). Each month, standing directors contribute a minimum amount to the officers’ shareholding association for purchasing the Company’s shares. Each director is also required to retain all the shares purchased by him or herself during their term of office as a reflection of medium- to long-term performance. Using a trust set up by the Company and points assigned based on the position of each director as of June in each year, stock compensation is decided based on a performance-linked coefficient that refers to the degree of achievement of performance indicators as of June in the fiscal year after the final fiscal year of the medium-term management plan. The number of shares is calculated based on the number of points accumulated by each director. Stock is transferred to directors when they retire. For standard performance, the ratio of compensation is set as 50% fixed remuneration, 30% short-term performance-linked compensation, and 20% medium- to long-term performance-linked compensation. Outside directors that are not Audit and Supervisory Committee members are paid only monthly remuneration, unrelated to business performance, in order to ensure a high degree of independence. The remuneration for directors that are Audit and Supervisory Committee members shall be determined through discussion among directors that are Audit and Supervisory Committee members. For the purpose of securing a high degree of independence of directors that are Audit and Supervisory Committee members, their remuneration is not linked to the business results and they receive monthly compensation only.

Total of Compensation for Each Director and Compensation Structure

<table>
<thead>
<tr>
<th>Directors That Are Not Audit and Supervisory Committee Members</th>
<th>Directors That Are Audit and Supervisory Committee Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside</td>
<td>Outside</td>
</tr>
<tr>
<td>FY2019 Total amount of remuneration*1</td>
<td>¥355 million (of which, ¥69 million was a bonus)</td>
</tr>
<tr>
<td>(15 directors)</td>
<td>(4 corporate auditors)</td>
</tr>
<tr>
<td>Fixed remuneration</td>
<td></td>
</tr>
<tr>
<td>Monthly remuneration</td>
<td>✓</td>
</tr>
<tr>
<td>Short-term performance-linked compensation</td>
<td>✓</td>
</tr>
<tr>
<td>Bonuses</td>
<td></td>
</tr>
<tr>
<td>Medium- to long-term performance-linked compensation</td>
<td>✓</td>
</tr>
</tbody>
</table>

Changes in Compensation Breakdown Ratios

Officer’s shareholding association and trust-type stock compensation

Performance Indicators for Bonuses

Financial targets in the medium-term management plan are set as performance indicators, and performance is evaluated based on year-on-year improvement and degree of achievement of these targets. Regarding the method for calculating bonuses, each performance indicator has its own method for converting performance to a payment rate. Each performance indicator is weighted and averaged based on the evaluation weights shown in “Performance Indicators for Bonuses,” and then this is multiplied by a preset number for the monthly remuneration for each position of director.

Performance Indicators for Bonuses

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance Indicators</th>
<th>Operating income</th>
<th>ROIC</th>
<th>Overseas sales</th>
<th>Overseas operating income margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-on-year improvement</td>
<td>35.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Achievement of targets</td>
<td>35.0%</td>
<td>7.5%</td>
<td>10.0%</td>
<td>10.0%</td>
<td></td>
</tr>
</tbody>
</table>

* In addition to the above, the Company evaluates the degree of achievement of targets for the number of 5G30 projects.
Corporate Governance

Policy as a Listed Subsidiary Regarding Controlling Shareholders

The corporate group centered on NTT DATA’s parent company mainly engages in the regional communications business, long-distance and international communications business, mobile communications business, and data communications business.

Protection of Minority Shareholders

With regard to the relationship between NTT DATA and our parent companies, NTT DATA’s basic policies shall respect each other’s autonomy and independence while cooperating, and shall adequately conduct transactions, etc., between the companies complying with laws and regulations.

When conducting transactions with the parent companies and NTT Group companies, NTT DATA considers the maximization of profit for NTT DATA’s entire shareholders. Specifically, NTT DATA confirms the rationality and adequacy of transactions, and gives approval in accordance with “Authority Rules” after preliminary screening, with the legal sector considering the opinions of the third-party specialists when necessary. When NTT DATA conducts a business transaction with those companies, the transaction condition and its determination method are the same as those of other business partners. Decisions regarding important agreements contracted with the parent companies shall be made after legal reviews by the legal sector. Particularly important agreements require approval by the Board of Directors, and steps will be taken to ensure that decisions are made independent from the parent companies. The Board of Directors consists of 15 directors, including five independent outside directors. As of the end of September 2021, independent outside directors represented one-third the total number of directors.

Governance Policy for Listed Subsidiaries

NTT DATA has listed subsidiaries in Japan comprising NTT DATA INTRAMART CORPORATION, XNET Corporation, and Netyear Group Corporation. These subsidiaries aim for sustained growth and development while maximizing the corporate value of the entire Group, working in concert together based on an understanding of the business characteristics of each company and respecting their identity, autonomy and independence.

Cross-Shareholdings

NTT DATA’s purpose of cross-shareholdings is to maintain the medium- to long-term relationships, to expand 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.

NTT DATA assesses the meaningfulness of cross-shareholdings for each stock 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, which include maintaining medium- to long-term relationships, expanding trading volume, and creating synergy with clients and business partners, and reports to the Board of Directors and then decides whether to hold or sell such shares. In FY2020, through such an assessment, we confirmed the adequacy of holding for all the listed shares held. If the reason for a given holding proves to be inadequate due to changes in situations, NTT DATA will take measures including reduction of the number of shares.

Group Governance

For important matters such as business planning, internal control, and compliance, NTT DATA’s basic policy is to ensure appropriate business operations throughout the Group by establishing rules for consultation and reporting between the Company and each Group company. Based on this policy, the Company has established a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company. Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&As and other measures. Specifically, the Company has established a rule to discuss and report on important matters such as business plans, large-scale projects, internal control, and compliance between the Head Office of NTT DATA in Tokyo and each of the two axes including four operating regions—North America, EMEA (Europe, the Middle East, Africa) and Latin America, China, and APAC (the Asia-Pacific region)—and business solutions. Furthermore, NTT DATA has established nomination and compensation committees and audit committees within regional headquarters’ boards of directors in overseas regions to delegate responsibility for business management to each regional integrated company while building a governance system that enables the unified management of the Group. Meanwhile, the Group is establishing a system that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by building a comprehensive internal control system that includes overseas organizations.

Overseas Group Governance System

Governance for Regional Headquarters

- Establishment of effective corporate governance systems with boards of directors comprised of directors dispatched from NTT DATA, local outside directors, etc.
- Quarterly monitoring by Strategy Planning Division / Finance Division
- Audit by Audit Division
- Internal control promotion
- Maintenance of compliance systems (appointment of officer in charge), training
- Business plan hearings led by the President and CEO
- Conclusion of agreement for important projects requiring consultation with NTT DATA

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Field</th>
<th>Main Business Activities</th>
<th>Voting Rights Owned</th>
<th>Composition of Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTT DATA INTRAMART CORPORATION</td>
<td>Enterprise &amp; Solutions</td>
<td>Packaged software sales</td>
<td>47.9%</td>
<td>5**</td>
</tr>
<tr>
<td>XNET Corporation</td>
<td>Financial</td>
<td>System sales</td>
<td>51.0%</td>
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<tr>
<td>Netyear Group Corporation</td>
<td>Enterprise &amp; Solutions</td>
<td>SIPS (Strategic Internet Professional Services) business</td>
<td>48.5%</td>
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Note: The organizational structures of regional integrated companies adhere to the laws of the respective countries and regions.

Cross-Shareholdings

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Corporate Governance

Internal Control / Risk Management (As of March 31, 2021)

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.

The NTT DATA Group seeks to ascertain all risks associated with business activities to minimize the frequency of occurrence of these risks and limit their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed an officer in charge of supervising and promoting risk management from a Companywide perspective. In addition, CRO / risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

NTT DATA defines material risks, reviews progress toward addressing these and achieving related targets, and reflects the results of such reviews in various measures. The Internal Control Committee convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Board of Directors.

Risk Management Methods

Groupwide measure implementation status is analyzed, evaluated, and monitored by the Risk Management Division. In addition, risks determined to have the potential to impact the entire Group are defined as “global-control risks,” and are managed on a Groupwide basis.

Risk Management Methods (As of March 31, 2021)

Important risks identified by regional headquarters are defined as “region-control risks,” and a cycle of evaluation and improvement based on countermeasures against these significant risks and the status of risk materialization.

Global-Control Risks

“Global-control risks” are identified by the Internal Control Committee based on changes in social conditions and the opinions of external specialists.

Global-Control Risks of NTT DATA

<table>
<thead>
<tr>
<th>Material Risks</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss or leakage of personal and confidential information</td>
<td>• Increase degree of maturity in global governance by revising the Global Security Policy&lt;br&gt;• Strengthen security against advanced cyberattacks</td>
</tr>
<tr>
<td>Cyberattacks</td>
<td>• Enhance email and cloud services with an eye on improving global security</td>
</tr>
<tr>
<td>Accounting fraud including window dressing</td>
<td>• Check and advise on application of rules consistent with IFRS&lt;br&gt;• Understand financial processes at overseas Group companies and establish management methods&lt;br&gt;• Monitoring of data analysis</td>
</tr>
<tr>
<td>Bribery</td>
<td>• Reinforce management execution structure&lt;br&gt;• Assessment of bribery risk&lt;br&gt;• Upgrade rules for preventing bribery and corruption&lt;br&gt;• Update organization for third-party management&lt;br&gt;• Update framework for compliance at investees</td>
</tr>
<tr>
<td>Pandemic</td>
<td>• Ensure business continuity with telework and restrict commutes to work depending on conditions in each country and at each company&lt;br&gt;• Limit the movement of people, including to and from international conferences</td>
</tr>
</tbody>
</table>

Region-Control Risks

“Region-control risks” entail the identification of significant risks at each overseas regional headquarters, while referring to a list of risk candidates in around 40 categories. We are implementing a cycle of evaluation and improvement based on countermeasures against these significant risks and the status of risk materialization.

Process for Identifying Base-Control Risks

- NTT DATA's ESG Management
- Value Creation by NTT DATA
Business Strategies by Segment (Summary)

**NTT DATA Group (Results for FY2020)**

**Net Sales**

<table>
<thead>
<tr>
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<th>FY2020 (Billions of yen)</th>
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**Net Sales by Segment**

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**New Orders Received**

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<th>Segment</th>
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<tr>
<td>Entire Company</td>
<td>¥455.4 billion</td>
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<tr>
<td>Public &amp; Social Infrastructure</td>
<td>¥441.6 billion</td>
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<tr>
<td>Financial</td>
<td>¥442.8 billion</td>
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<td>EMEA &amp; LATAM</td>
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*Graphs/charts are based on country research by NTT DATA, use a foreign exchange rate of US$1 = ¥109.76, and employ figures calculated by NTT DATA. Gartner Global Market Share: IT Services, Worldwide 2020, Dean Blackmore et al., 8 April 2021. Note: Above ratios are calculated excluding adjustments.
The financial market environment in Japan is undergoing major changes, including (1) the emergence of new business models as the boundaries disappear between financial and non-financial industries, and (2) the acceleration of DX throughout society due to the impact of the COVID-19 pandemic. Furthermore, financial institutions are expected to increase their IT investments to cope with climate change risks. In the midst of the changes described on the right, business opportunities are emerging not only to maintain and improve the efficiency of existing financial operations but also to upgrade them with digital technology and to pursue new business models.

(1) With the support of deregulation policies, in addition to the entry of companies from other industries into the financial business, financial institutions are increasingly entering and collaborating with businesses from other industries to play a new role in regional revitalization.

(2) The impact of the COVID-19 pandemic is expected to accelerate the provision of digitally linked and digitally complete services throughout society, as well as new services that integrate face-to-face and real channels.

(3) Growing global awareness of climate change risks is expected to accelerate promoting green finance by financial institutions as a national commitment.

The prolonged spread of COVID-19 has led to a polarization between companies that are aggressively expanding their IT investments and those that are cautious about investing. Active investing companies are shifting from traditional IT investments aimed at improving efficiency such as process improvement to digital business investments such as strengthening competitiveness and business transformation. Therefore, demand for solutions and services related to customer contact, data utilization, and cloud computing is increasing. There is also growing demand for new services, products, and operations suitable for the new normal, such as remote work.

Scale and Growth Rates of Financial Market (Japan)*1

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<th>CAGR</th>
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<td>2020</td>
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The scale of EMEA and Latin America IT market accounts for approximately 32% of the global IT market. It is expected to grow by about 9% annually.*3, 4

North America Segment

North America is the world’s largest market for IT services representing approximately 43% of the total global market, and it is expected to grow by around 7% annually.*6, 7

Financial Segment

Key external changes include (1) new values and lifestyles, (2) acceleration of DX throughout society due to the impact of the COVID-19 pandemic, (3) financial industries, and (4) the acceleration of DX throughout society due to the impact of the COVID-19 pandemic. In addition, although there is near-term uncertainty due to the impact of the spread of COVID-19, the overall trend is expected to increase over a long period of time due to IT investments aimed at achieving XEMS* and smart cities, etc.

The COVID-19 pandemic highlights various social issues and reveals that Japan lags behind in digitalizing and putting things online, especially in the government-related field, as pointed out in the Basic Policies on Economic and Fiscal Management and Reform 2021. Therefore, all initiatives toward the realization of Society 5.0 are expected to accelerate.

* New energy-management systems for electricity, gas, etc., using IT

Scale and Growth Rates of Enterprise & Solutions Market (Japan)**

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The medium-term management plan focuses on the expansion of digital businesses that capitalize on existing strengths to facilitate the implementation of growth strategies to reach the Global 3rd Stage (around 2025). To realize a remote and digital society amid new lifestyles, we will concentrate on the following fields and draw up action plans to accelerate the related initiatives.

Initiatives in Medium-Term Focused Fields 1
Related to digital government and My Number system
Supporting government services that provide greater value to citizens by promoting inclusion and people-friendly digitization with focus on basic policy for developing a digital society.
- Examples:
  - Launch of services for citizens in government agencies
  - Improvement of operational efficiency in government agencies (National Tax Agency and other central government agencies)

Initiatives in Medium-Term Focused Fields 2
Digital healthcare
Repositioning of health-related business by branching out into digital fields.
- Examples:
  - Launch of new services for cashless payments at central government agencies
  - Other initiatives and activities

Initiatives in Medium-Term Focused Fields 3
Smart energy
Continuing to deliver energy conservation through the provision of platforms necessary for the next-generation energy business.
- Examples:
  - Further cost reductions of IT investment in existing domains
  - Further cost reductions of IT investment in new services

Initiatives in Medium-Term Focused Fields 4
Smart cities
Combining the strengths of the NTT DRA Group and the NTT Group with external services to create customer-centric services that can be applied to various fields.
- Examples:
  - Provision of value for local residents, business owners, and the community

Focus Areas of the Medium-Term Management Plan (FY2019–2021)

- Related to digital government and My Number system
- Digital healthcare
- Smart energy
- Smart cities

Accelerated development of a digital society

Growth Strategy

Focus on Growth Strategy

In the Public & Social Infrastructure Segment, we will maintain existing projects, through means such as consistently receiving upgrade orders for core processes from the government and infrastructure companies, while at the same time expanding regional businesses by branching out into digital fields through the leveraging of track record, expertise, and other strengths we have cultivated thus far. In addition, operations in this segment will be grown by creating businesses to develop new social systems through public-private integration in accordance with the growth strategies and digital government action plans based on the Society 5.0 concept. This segment will also develop smart energy businesses for contributing to the realization of a green society and consequently achieving our greenhouse gas emissions reduction targets for FY2030 and our goal of carbon neutrality by 2050. Furthermore, we will expand businesses outside of existing business areas based on trends in government policy, clients, and markets in pursuit of medium- to long-term growth with an awareness of ESG management principles.
Business Strategy by Segment

Financial Segment

We provide high-value-added IT services that contribute to increased service and operational efficiency, with a focus on domestic financial institutions in Japan. For details, please refer to the following sections:

- **Strengths / Achievements**
- **High Technology Capabilities**
- **Business Innovations**
- **Open Service Architectures**
- **Focus Areas of the Medium-Term Management Plan (FY2019–2021)**

### Strengths / Achievements

- **Providing Large-Scale Financial Infrastructure Systems That Link**
- **Strong Trusting Relationships with Clients**
- **High Technology Capabilities**

#### Financial institutions

- **Fintech companies**: 43

#### Number of companies using the common gateway service for insurance company

- **Approx. 60 insurance companies**
- **Approx. 10,500 agencies**

### High Technology Capabilities

- **Blockchain Innovations**
  - **TradeWaltz**: Together with six partners, NTT DATA has commercialized joint investment in TradeWaltz Inc., the operator of the TradeWaltz trading information/invoice platform. By coordinating its technologies with those of three of these partners, the company will utilize blockchain technology to digitize trade procedures and thereby reduce office work and enhance risk management (service commenced in November 2020).

### Business Innovations

- **Open Innovations**
  - **Open Mission Critical (OMC) Platform**: Midstream for creating open platforms with high levels of reliability on par with mainframes that allow ongoing use of programs previously operated through mainframes (scheduled to start providing commercial services in 2024)

### Focus Areas of the Medium-Term Management Plan (FY2019–2021)

- **Open Service Architectures**
  - **Open Mission Critical (OMC) Platform**: Midstream for creating open platforms with high levels of reliability on par with mainframes that allow ongoing use of programs previously operated through mainframes (scheduled to start providing commercial services in 2024)

### Open Service Architectures

- **Open Service Architectures Initiatives**
  - **Characteristics**:
    - 1. **Open Platforms**
      - **Option of using BiSoL (No. 1 core banking system package) for open platforms**
      - **Secure use of three major public clouds or Azure/GCP**
      - **Can be used for other companies’ core banking systems**
    - 2. **Open API**:
      - **Openly developed API gallery, Japan’s largest API marketplace**
      - **Improves operational efficiency by combining microservices for banks**
      - **Compatibility with bank business models**
    - 3. **Open Innovation**:
      - **Japan’s largest open-friendly financial system (network connected to almost all financial institutions)**
      - **Free and unrestricted connectivity**
      - **Creation of a new society together with financial institutions, government agencies, and companies**

### Opportunities and Threats

- **Opportunities**
  - **Rising global awareness surrounding climate change risks**
  - **Awareness on money laundering countermeasures in conjunction with increased use of digital financial services**
  - **Management of risk for utilizing innovative technologies in financial institutions and enhancement of risk management procedures**
  - **Increased number of systems in conjunction with increased deployment of open-source technologies**
  - **Increased provision of new products and services in response to increased insurances needs and risk management**
  - **Exploration of high-value-added products and new business models**

- **Threats**
  - **Decreasing need for investment in the conventional system domain**
  - **Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models**
  - **Decreasing need for investment in development of shared systems and business models**
  - **Concerns regarding curtailment of IT investment to strengthen management foundations**

### Growth Strategy

We will continue to provide large-scale mission critical systems, one of strengths of NTT DATA, as well as high-quality systems based on strong relationships of trust with clients while developing and advancing these systems in response to the emerging new normal.

We will contribute to the provision of new value in response to changes in the times, including worldwide COVID-19 and the battle against climate change, by combining our cutting-edge technologies and operational technologies based on our track record of providing systems to a wide range of clients.

- **Based on strong relationships of trust with a wide range of clients, we will develop new services through co-creation with clients from different industries and external parties with fintech technologies.**

### Focus Areas

1. **Open Platforms**
   - **Open Mission Critical (OMC) Platform**: Midstream for creating open platforms with high levels of reliability on par with mainframes that allow ongoing use of programs previously operated through mainframes (scheduled to start providing commercial services in 2024)

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### Provision of New Digital Services through Co-Creation with Fintech Companies

- **BiSoL, Square**:
  - **User Front Area Services for Open Service Architecture**
  - **BiSoL, Square** is a platform equipped with functions for promoting revenue-generating opportunities and digitizing contact points between financial institutions and companies and private business owners. Through the various offerings of NTT DATA and fintech companies into the digital strategies of financial institutions, we will help improve the sales and reduce the costs of financial institutions.

**Opportunities and Threats**

- **Opportunities**
  - **Growing interest in BaaS to promote cross-industry collaboration and operational efficiency in banking functions and concentration on increased use of digital financial services**
  - **Management and system integration following the promotion of regional bank mergers by the government and the Bank of Japan**
  - **Interconnection function following the introduction of the use of blockchain technologies in financial institutions and increased use of open-source technologies**
  - **Enhancement of sales channels in conjunction with increased deployment of open-source technologies**
  - **Increased provision of new products and services in response to increased insurance needs and risk management**
  - **Exploration of high-value-added products and new business models**

- **Threats**
  - **Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models**
  - **Decreasing need for investment in the conventional system domain**
  - **Concerns regarding curtailment of IT investment due to impacts of BaaS on traditional financial services and digital strategies of financial institutions and business models**
  - **Decreasing need for investment in development of shared systems and business models**

**Considerations**

- **Zero contact model and automation for optimum performance**
- **Concerns regarding curtailment of IT investment to strengthen management foundations**
### Business Strategies by Segment

#### Enterprise & Solutions Segment

Centering on Japan, we provide high-value-added IT services that support manufacturing, distribution, and service industries and other business activities, as well as payment services and platform solutions linked with IT services in different fields.

#### Strengths / Achievements

The Enterprise & Solutions Segment is utilizing digital commerce, IoT platforms, and other offerings matched to customer needs in order to supply high levels of value via synergies between processes in business transformation areas and cutting-edge technologies.

#### Offerings

- **Digital commerce / Digital marketing**
  - Diverse expertise for developing digital commerce systems and e-commerce platforms that contain online and offline digital services with payment services
  - Capacity for supporting corporate transformations through user experience design

- **SAP global operation**
  - Around 1,000 SAP experts in Japan alone
  - Global SAP delivery capabilities

- **Payment**
  - Leading Japanese comprehensive-cashless payment platform, compatibility with multiple payment methods, and related expertise
  - Track record of integrating physical shopping venues with e-commerce venues and providing new purchasing experiences
  - Safe and secure cashless payment initiatives (preventing unauthorized use)

- **AI analytics / IoT platform**
  - Human resources capable of using AI, IoT, and data to offer support from concept planning, platform development to business results and experience in this regard
  - Provision of IoT platform technologies and mobility services required for connected cars
  - Largest number of embedded software engineers in Japan (1,500 people)

- **Advanced outsourcing**
  - Successful implementation of numerous integration and comprehensive outsourcing projects in the infrastructure domain
  - Expertise in utilizing cutting-edge technology to streamline operations

- **Design and data-driven business transformation**
  - Business consulting based on our strengths in design, data, and technology
  - Track record of creating new customer experiences and improving services through data collection and analysis utilizing Salesforce and Tableau
  - Capability to support DX through assistance in introducing and utilizing Salesforce

- **CRM / Salesforce**
  - Contributing to clients’ businesses through the promotion of DX
  - Creating new value through the combination of existing strengths and advanced technologies

#### Focus Areas

- Transforming purchasing experiences through strong support of e-commerce sites (Eleven & Pipilato, CAFI, NAVER, and other major retailers)
- Creation of new purchasing experiences with digital technologies (available remote customer service by TOKYU HANDS INC.; support for opening digital stores without cashiers, etc.)
- Providing CAPS Explorer service facilitating point and customer management

- SAP global operation
  - Receipt of SAP Awards of Excellence 2021
  - Providing core systems for globally operating manufacturers

- Payment
  - All years history of operating the CAPS payment platform to promote cashless payments, which now processes more than 900 million transactions each month
  - Scheduled launch of Digital CAPS providing new purchasing experiences
  - Providing unattended use prevention services for CAPS through CARINET to prevent unauthorized use of credit cards

- AI analytics / IoT platform
  - Providing Digital Success Program, a practical business transformation program with AI and data utilization
  - Data collection, analysis, and visualization through Snowake and Digital analytics and visualization of cutting-edge technologies
  - Promotion of mobility services through collaboration with TOYOTA Connected Corporation

- Advanced outsourcing
  - Launch of services using digital technologies to consolidate IT infrastructure operations aimed at automated and autonomous operations
  - Establishment of dedicated organization for promoting Servesioflow to digitize IT utilization and management and provision of 3D manuals for streamlining operations
  - Providing IT infrastructure managed services through cloud computing

- Design and data-driven business transformation
  - Design and data-driven business transformation
  - Track record of creating new customer experiences and improving services through data collection and analysis utilizing Salesforce and Tableau
  - Capability to support DX through assistance in introducing and utilizing Salesforce

- CRM / Salesforce
  - Contributing to clients’ businesses through the promotion of DX
  - Creating new value through the combination of existing strengths and advanced technologies

#### In the Enterprise & Solutions Segment, we are promoting business enhancements and expansion based on the following policies.

- **Focus on areas of clients’ transformation and contribution to business growth**
- **Provide high levels of value by combining work process and cutting-edge technology expertise**
  - Accelerating society-wide digitalization (digitalization of customer contact points, products, and business processes)
  - Shift toward and increased need for e-commerce and remote working

- **Retail, services, and payment**
  - Growth in e-commerce and other IT investment aimed at expanding sales through the utilization of digitalization to strengthen customer contact points (digital stores, marketing commerce, etc.)
  - Streamlining existing core systems and reconstruction of needs
  - Diversifying needs related to payment methods and functions as well as cashless payment promotions by the Japanese government

- **Manufacturing**
  - Branching out into smart cities while promoting connected cars
  - Growing need for visualization, improvement of efficiency, and advancement through the supply chain aimed at enhancing global competitiveness

- **AI / IoT**
  - Rising need for corporate transformations utilizing AI and data
  - Increase in investment for DX and data utilization

- **Networks, data centers, and cloud services**
  - Aiming to strengthen platforms through cloud computing and other approaches as well as growth in demand for digital projects
  - Business growth due to platform reconfigurations for digital and global compatibility
  - Growth in demand for behavior solutions

#### In the Enterprise & Solutions Segment, we will combine its existing strengths with cutting-edge technologies to deliver a new value that contributes to client businesses.

#### Growth Strategy

In the Enterprise & Solutions Segment, we are promoting business enhancements and expansion based on the following policies.

- **Focus on areas of clients’ transformation and contribution to business growth**
- **Provide high levels of value by combining work process and cutting-edge technology expertise**

- **Cultivate the mindset and culture of leading clients with the goal of becoming professionals in the areas of work processes and cutting-edge technology**

#### Areas of Strength

- **Digital commerce**
  - Payment
  - Payment Automation Technology

- **Real / Digital Stores**
  - Marketing
  - Technology

- **Digital Marketing**
  - Blockchain
  - Smart Value Chains

- **IoT Platform**
  - CRM / ERP

- **Coordination with Core Systems**

#### Opportunities and Threats

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Accelerating society-wide digitalization (digitalization of customer contact points, products, and business processes)</td>
<td>- Curtailment of IT investment due to the impact of COVID-19</td>
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<tr>
<td>- Shift toward and increased need for e-commerce and remote working</td>
<td>- Rapid changes in logistics and retail business models</td>
</tr>
<tr>
<td>- Growth in e-commerce and other IT investment aimed at expanding sales through the utilization of digitalization to strengthen customer contact points (digital stores, marketing commerce, etc.)</td>
<td>- Entry of players from other industries</td>
</tr>
<tr>
<td>- Streamlining existing core systems and reconstruction of needs</td>
<td>- Limited overseas investment due to trade friction between the United States and China</td>
</tr>
<tr>
<td>- Diversifying needs related to payment methods and functions as well as cashless payment promotions by the Japanese government</td>
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<td></td>
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</table>

#### Focus Areas of the Medium-Term Management Plan (FY2019–2021)

- **Digital Commerce**
  - Payment
  - Payment Automation Technology

- **Real / Digital Stores**
  - Marketing
  - Technology

- **Digital Marketing**
  - Blockchain
  - Smart Value Chains

- **IoT Platform**
  - CRM / ERP

- **Coordination with Core Systems**

#### Concrete Examples

- Realization of digital stores that propose, solicit, and sell products to consumers by combining digital devices and AI technologies with payment services
- Development of new corporate marketing approaches based on customer experience
- Work process enhancements and business transformations between companies through real-time coordination of supply chain management and IoT information
- Enhancement of data utilization through the combination of core system data and IoT platform data
Promote transformation to a digital-centric business domain by strengthening prioritized digital areas and optimizing the business portfolio

In the North America segment, we have been strengthening our capability to provide services by growth investment in the digital domain. In FY2019, as part of our efforts to strengthen our digital business, we made concentrated investments in 15 focused digital offerings, which enabled high-value-added services clients demand.

In addition, due to the accelerated digital shift caused by the COVID-19 pandemic in FY2020, we have completed structural transformation ahead of schedule in order to transform into a digital-centric business domain.

In order to achieve EBITA margin of 7%* in FY2021, we will focus on digital businesses with high growth potential, such as consulting, cloud migration, application migration, etc., and also add offerings such as security and AI to enhance the sophistication of our digital services and increase the value we provide.

Changes in EBITA Margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA Margin</td>
<td>6.8</td>
<td>6.4</td>
<td>3.6</td>
<td>3.1</td>
<td>3.6</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Structural Transformation in FY2020

Achievements

- Enhanced digital talent and shifted to a leaner structure
- Increased digital-related project wins significantly, contributing to better profitability and transformed into highly profitable business

Challenges

- Grow digital and consulting revenues profitability in traditional areas
- Strengthen digital capabilities by securing more digital talent
- Accelerate reshaping portfolio to keep transforming business domains

Efforts to Strengthen Digital Capability

- Awarded a New Contract for Cloud Data Analytics Project from a Large Environmental Services Company

Based on the expertise of Hashmap, a U.S.-based company that joined the NTT DATA Group in December 2020, we will realize cross-sector business operations through cloud data analytics using Snowflake, AWS, etc.

Gartner, Magic Quadrant for Managed Workplace Services, North America, Sudogawa, et al., 16 February 2021

Note: The Gartner Magic Quadrant is a market recognition from Gartner, Inc. and is a publication of Gartner, Inc. Gartner, Inc. and the Gartner Supply Chain Leadership Awards Program (GSLA Program) are trademarks and service marks of Gartner, Inc. and/or its affiliates in the U.S. and other countries and are used herein with permission. Nothing herein should be construed as constituting an endorsement or recommendation of any entity, offering, product, service, or project by Gartner, Inc.

1 Gartner, Magic Quadrant for Managed Workplace Services, North America, Sudogawa, et al., 16 February 2021

2 Temporary costs such as M&A, structural transformation, etc. are excluded.
Business Strategies by Segment

**EMEA & LATAM Segment**

Through the integrated global brand, we will further enhance our presence as “Global One NTT DATA” and promote business synergies.

**Strengths**

- Our rich experience in DX that supports our clients' businesses and our willingness to utilize advanced technologies have been highly evaluated, and we have been promoting digitization as a strategic partner in several projects. In the post-COVID-19 era, we are also accelerating our contribution to society through our business in order to help resolve various social issues and realize a new society.

**Industries and Domains of Expertise**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Earnings Leaders (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>9th</td>
</tr>
<tr>
<td>Italy</td>
<td>9th</td>
</tr>
<tr>
<td>Germany</td>
<td>14th</td>
</tr>
</tbody>
</table>

We provide broad-ranging IT services on a global scale, especially for Spanish banks and telecom companies, and have strong client relationships. We respond to a wide range of needs in digitization with multiple design studios, strong consulting capabilities, and the application of advanced digital technologies. We have strong delivery capabilities that make use of our development bases in Europe and Latin America, with Spain as the main Spanish-speaking country.

We provide IT services that mainly target telecommunications, media, energy, and utility and financial services companies headquartered in Italy and other parts of Europe, and have strong client relationships. We respond to a wide range of needs for digitization with a design-oriented method, our strength, according to market trend and speed. In addition, in response to demands for digitization for our clients, we have human resources skilled in digital technologies and strong delivery capabilities across the country.

We provide IT services globally for large companies, especially those in the German automotive industry, and have robust client relationships. For small and medium-sized German companies, we also provide consulting services for introduction of SAP software (SAP being the ERP market leader) and have a solid base. Our delivery capabilities take advantage of our development bases in Romania, which has excellent German-speaking human resources.

**Initiatives in Italy**

- We were awarded a contract from a major Italian energy company for product design and other services to promote our clients' digital businesses and enabling new business model development using next-generation smart meters. Using a design thinking approach, we provided product design services and technical support.

**Initiatives in Spain**

- We signed a contract with a global major oil company for introducing our digital solution called “events station” to gas stations in over 40 countries. Using “events station,” an industry-specific cloud-based solution for managing sales, payments, and other operations at gas stations, we will provide total support through a full partnership from digital consulting to IT and cloud implementation.

**Third-Party Evaluation**

**Digital Transformation: A Leader**

- Everest Group, “Healthcare Provider Digital Services PEAK Matrix® Assessment 2020”

**S/HANA Services: A Leader**

- NasonHall, NasonHall NEAT: Cloud Infrastructure Brokerage, Orchestration & Management 2020 – Overall

**Promote Digitization of Clients’ Businesses**

**Opportunities and Threats**

**Opportunities**

- Increased demand for outsourcing using cutting-edge technologies
- Increased investment in new markets including AI, IoT, big data analytics, mobile technology, and cloud computing
- Further acceleration of DX investment to adapt to the new normal during the COVID-19 pandemic, especially an increase in IT investment by strategic clients in Latin American markets
- Increased demand to Build Back Better looking ahead to the post-COVID-19 era

**Threats**

- Impact of the second and third waves of the spread of COVID-19 infection on the recovery of IT investment
- Delay in the normalization of economic activity due to the slow pace of COVID-19 vaccine distribution
- Disruptions and impacts in European markets due to the end of the Brexit transition period
- Increase in oil prices and currencies in Latin American markets
- Significant increase in labor costs due to overheated competition for digital human resources

**Changes in EBITA Margin**

<table>
<thead>
<tr>
<th>Period</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>3.2</td>
</tr>
<tr>
<td>FY2020</td>
<td>3.1</td>
</tr>
<tr>
<td>FY2021 (Est)</td>
<td>3.4</td>
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</table>

**Structural Transformation**

**In FY2021, we will continue to implement structural transformation, further expand digital projects, unify global brands, and promote integrated management of operating companies, aiming to achieve EBITA margin of 7% in FY2023.**

**Achievements**

- Won multiple digital deals
- Gave direction to better profitability by reviewing the talent portfolio and underperforming businesses
- Achieved direct cost savings related to integration of human resources

**Effort to Address the Challenges**

**Integrated the Global Brand**

NTT DATA unified the brands of its Group companies into the NTT DATA brand with the aim of making NTT DATA a more trusted brand in the global market.

As part of this effort, in April 2021 we integrated the brands of the two Group companies that had been conducting business activities as events and intelligence, into “NTT DATA.”

Through this brand integration, we will enhance greater and more seamless collaboration as “Global One NTT DATA” in various countries and regions around the world.

**Integration of Operating Companies**

NTT DATA EmEA, a regional headquarters company for Europe, the Middle East, Africa, and Latin America, was newly established in September 2021.

The integration of business operations in the EmEA region through the establishment of the new company is a fundamental step for the Group to develop its global business in a more integrated manner. We will continue to move forward as one NTT DATA to provide optimal, high-value services to all our clients.
Here, we would like to introduce the messages of CEOs of overseas operating companies regarding strategies for achieving the EBITA margin* of 7%.

**North America Segment**

**Bob Pryor**

CEO of NTT DATA Services

Bob Pryor has been serving as CEO of NTT DATA Services since 2018. From 2016 to 2018, he served as COO and Chief Integration Officer of the Company, overseeing the 22-month integration of the former Fujitsu Services into NTT DATA. Before joining NTT DATA Services, he was CEO of Fujitsu Americas Inc. He has also held senior leadership positions at AT&T, Grapevine, HP, and EDS.

In early FY2020, we prioritized our employees’ health and safety during the COVID-19 pandemic, which caused us to rapidly move most of our workforce to a remote “work-from-home” model. We currently still have approximately 90 percent of our global team working remotely. Even so, we maintained excellent service quality and reliability, completed 31 client transitions to our assumption-of-service agreements and platforms, and closed three acquisitions to strengthen our digital capabilities.

While COVID-19 initially suppressed sales, we found that the pandemic ultimately accelerated demand for IT transformation and digital transformation. Our sales pursuits were almost entirely virtual, yet our total bookings ended with our highest gross profit margin on new orders received in three years. Our Public Sector Group signed over US$1 billion in new bookings, our Financial Services and Consulting teams achieved their best year-over-year revenue and profit growth in 5 years, and the number of deals with new clients (e.g., new logos) increased 7 percent from the prior year.

Our Digital Offerings drive a majority of sales. As the pandemic reinforced our strategic priority of helping clients modernize their IT environments and transform their businesses, especially through Dynamic Workspaces, cloud, automation, analytics, and security.

Throughout FY2020, we executed a successful restructuring of our business, completing a range of projects that have further simplified and optimized our operations, reduced our office space, and improved our digital strategies across the country. We expect these efforts will significantly increase our profitability in FY2021 and, together with complementary ongoing initiatives, will sustainably drive accretive margins.

Recruiting, developing, and retaining highly skilled resources is vital for our long-term success, and we have substantially increased training and new skill opportunities for employees. By fiscal year-end, NTT DATA Learning Certification Institute, which received a Brandon Hall Group Excellence Award, had bestowed more than 17,000 technology certifications, including digital-skills training. We also held 14 virtual Global Town Halls during the year to ensure transparency and alignment to our strategic vision, goals, objectives, and values, and to support employee engagement.

To drive future revenue growth, we have greatly expanded the breadth and depth of our consulting capabilities. In addition, we have dedicated significant organizational resources to pursue and win new orders for specific high-growth opportunities including cloud, data intelligence, enterprise applications, and application development and modernization. Simultaneously, we are continuously editing digital capabilities and automation across the breadth of our portfolio of solutions to increase profitability and enhance user and customer experiences.

As client discretionary spending rebounds, we expect that demand for consulting, digital transformation, and application services will accelerate to represent the largest services market opportunity. We also expect clients to meaningfully increase new funding for technology-enabled operational improvements. We are very pleased with the positive recognition and leadership positions our Digital Offerings have received from clients and industry analysts. In addition, the continued standardization of our portfolio will further drive scale, boost productivity, and support growth and margins through well-defined architecture and delivery operating procedures.

Together, our success in FY2020 reinforces our expectation that we will achieve 7+ percent operating income (e.g., EBITA) in FY2021, representing a milestone on our journey to serve as our clients’ trusted advisor and preferred digital partner for our clients.

We believe we are in position to achieve above-market growth in digital offerings, especially as we continue to increase our collaboration across NTT DATA’s global enterprise and within NTT’s expanding ecosystem. We are stronger together, and we are excited about our learn, position, direction, and momentum.

**EMEA & LATAM Segment**

**Fritz Hoderlein**

CEO of NTT DATA EMEA

Fritz Hoderlein has been serving as CEO of NTT DATA EMEA since 2013 and CEO of NTT DATA EMEA since 2006. He joined the company in 1988 as an IBM employee working with the IBM Global Europe. He has a degree in Business Economics, Engineering, and a degree in Economics.

FY2020 was the year of COVID-19. Our priority number 1 has been and remains to protect our people. Despite this situation, we remained close and connected with our clients and we provided them with the same quality standards.

Our clients and the market have recognized our unique value proposition and our ability to fulfill their expectations. Despite our people and clients working remotely, in FY2020 we have acquired new logos and closed important deals, such as a €200 million contract to support the United Nations in their digital journey.

All business fundamental trends, such as growth, profitability, utilization ratios, etc., clearly show the same pattern. The COVID-19 impact was sudden and deeply affected our business and profitability from March to June 2020, and then recovery from October on.

We responded quickly, protecting our people, defining and implementing several initiatives such as a cost reduction program, the Cash-Flow enhancement plan, and the New Ways of Work transformation to increase the engagement of our people.

The result has been a clear recovery during the second half. Despite new COVID-19 waves, revenue has started to grow again steadily as well as profitability improvement.

This has also been the year to set up the right foundations for an integrated NTT DATA EMEA to continue the journey toward our 7% EBITA margin target. Under the newly established NTT DATA EMEA in September 2021, the business operations of events and NTT DATA EMEA have integrated, which will further enhance the presence in the European region, promote synergies, and optimize operations. And we continue to improve profitability. NTT DATA EMEA operates in 25 countries with approximately 38,000 employees consisting of over 80 different nationalities and cultures.

We have harnessed the required agile operational framework and the appropriate governance structure to become an effective multinational company in an extremely dynamic market. We start combining business and cost synergies between OpCOs with focus in Global Accounts and Industries.

We face different and unique realities country by country, because of the difference in our internal starting points and local context of the markets. So, we are addressing the challenges defining specific measures country by country:

- Improve profitability and sustainable growth in some units and countries applying structural changes.

- Realize one face and one operation to the market in the overlapping countries.

- Start developing relevant pending markets in Europe.

- Keep evolving in the rest of the areas to continuously improve our performance.

For FY2021, our key drivers for profitability to improve operating income remain in place:

- Increase margins pushing digital services to represent 50% of our service portfolio, while keeping Managed Services close to 50% of mix to ensure long-term sustainability.

- Increase our competitiveness through automation and digital industrialization of our production model and continue to develop reusable asset/product-based services generating new profit streams and non-linear growth.

- Keep focusing on reducing the impact from non-profitable projects/services, extending current process control and promoting a culture of excellence.

- Extend our business based on large clients aiming to have at least 75% of our revenue in key accounts.

In order to meet our clients’ expectations, we are combining a business driven approach with deep industry knowledge and advanced tech capabilities to deliver tangible business outcomes for them:

1) Anticipate the tech-waves of growth, in areas such as AI, analytics, cloud, automation, etc., and generate the right capabilities to integrate these technologies into innovative solutions for our clients.

2) Attract, develop, and engage the best people in our industry through attractive projects, smart flexible ways of work, and a competitive Talent Value Proposition.

I believe we have been rapidly and effectively managing the crisis, and the trend of our business fundamentals shows that we are well prepared for facing the challenges of FY2021.

*Temporary costs such as M&A, structural transformation, etc. are excluded.
**Financial Models of Principal Businesses**

### Integrated IT Solutions (Order-Based)

**Business Model**
- After receiving an order from a client, the Company makes capital expenditure to build IT systems, etc., that are held by us as our company asset, and provides full-cycle services from requirement definition to maintenance and operation with such asset.
- This model primarily targets Japanese central government offices and financial institutions.

**Financial Model**
- An order amount corresponding to several years of expected sales recorded once every few years as new orders received.
- Net sales is recorded over multiple years after the service starts.

### Integrated IT Solutions (Planned by NTT DATA)

**Business Model**
- NTT DATA makes capital expenditure in anticipation of multiple clients using our services, holds IT systems that we built as our assets, and receives commissions when the services are used.
- The services are mainly used by domestic financial institutions and the payment sector, and include systems shared among regional banks, ANSER, CAFIS, and various packaged softwares.

**Financial Model**
- Cost of sales does not fluctuate significantly after the launch of services, but requires upfront investment, and sales will fluctuate depending on clients usage. (Not recorded in orders)
- Additional investments will be made depending on business conditions.

### System / Software Development

**Business Model**
- NTT DATA receives orders for planning, design, and development of clients’ information systems and delivers the systems to the clients.
- After delivering the systems, the Company often handles the maintenance and operation of the clients’ systems.

**Financial Model**
- Orders are recorded upon receipt.
- Sales and cost of sales are booked upon delivery. (Projects that meet certain criteria employ the percentage-of-completion method, with sales and cost of sales recorded according to development status.)

### Consulting Maintenance Support

**Business Model**
- Consulting: The Company considers clients’ businesses together and defines the concepts of their IT system concepts, etc.
- Maintenance support: The Company provides technology support for system development, etc., that does not involve transfer of deliverables to clients, such as AMO, ITO, and BPO services, or services in which we perform maintenance and operation.

**Financial Model**
- After receiving an order from a client, net sales and cost of sales are recorded according to the provision of services and operations.
- The contract period for outsourcing services often spans multiple years.
Financial Position and Business Results Analysis

New orders received for FY2020 decreased ¥51.9 billion compared to the previous fiscal year, to ¥2,223.3 billion.

Orders in the Public & Social Infrastructure Segment were relatively unchanged year-on-year as the acquisition of new orders from central government agencies compensated for the absence of large-scale orders recorded in the previous fiscal year.

A significant increase in orders was achieved in the Financial Segment due to the acquisition of orders from banks.

Despite the relatively heavy impact of the COVID-19 pandemic, the Enterprise & Solutions Segment secured orders in line with the previous fiscal year by acquiring orders from logistics and service industry customers.

The North America Segment experienced a massive decline in orders due to the impacts of the pandemic coupled with the absence of the large-scale orders from the public and financial sectors recorded in the previous fiscal year.

Orders decreased in the EMEA & LATAM Segment as a result of the pandemic and the absence of a large-scale order received in Spain during the fourth quarter of the previous fiscal year.

Order Backlog and Recognition Period of Net Sales (Forecast)

Order backlog on March 31, 2021, came to ¥2,735.1 billion, an increase of ¥98.8 billion from a year earlier.

The COVID-19 pandemic placed downward pressure on orders, but year-on-year increases in order backlog were seen in all segments except the North America Segment, enabling the Company to once again secure a high order backlog.

Order backlog is growing smoothly in conjunction with the expansion of business scale, and we have secured a backlog that exceeds one year’s worth of net sales.

Order backlog is particularly large in the North America Segment, the Financial Segment, and the Public & Social Infrastructure Segment, reflecting the tendency to receive many large-scale and long-term projects in these segments.

As for the forecasted timing of the recognition of the order backlog on March 31, 2021, as net sales, a little less than half is expected to be recognized within a year.

We then expect to sequentially recognize net sales in FY2022, FY2023, and FY2024 onward. The more time passes, the larger the portion of net sales represented by orders from the North America Segment, the Financial Segment, and the Public & Social Infrastructure Segment will become, also reflecting the tendency to receive many large-scale and long-term projects in these segments.
Net Sales and Operating Income (Loss) by Segment

In FY2020, net sales in the Public & Social Infrastructure Segment increased primarily due to the expanded scale of services for government ministries and telecom and utility industries. Net sales in the Financial Segment increased largely as a result of higher sales in financial services and securities business. Net sales in the Enterprise & Solutions Segment were in line with the previous fiscal year as growth in sales retail and service sectors offset the heavy impacts of the COVID-19 pandemic felt centered on the manufacturing industry. The North America Segment recorded sales around the same level as FY2019 due to its increased scale, which was a result of M&A activities, thereby counteracting the decrease in sales attributable to the impacts of the pandemic and negative foreign exchange influences. The EMEA & LATAM Segment also recorded sales that were relatively unchanged year on year as the benefits of the strong sales achieved in Italy were dampened by the impacts of the pandemic.

Operating income in the Public & Social Infrastructure Segment increased due to higher sales and reductions in unprofitable projects. The Financial Segment achieved a rise in operating income by limiting unprofitable projects. Operating income was down in the Enterprise & Solutions Segment as the pandemic placed downward pressure on the ratio of selling, general and administrative expenses to net sales. The North America Segment recorded an operating loss as a result of the impacts of the pandemic as well as an increase in expenses for implementing forward-looking structural transformations. The EMEA & LATAM Segment achieved an increase in operating income as the benefits of structural transformations and lower expenses outweighed the impacts of the pandemic.

Impact of Loss from Unprofitable Projects

In October 2013, NTT DATA established the Project Review Committee. Since then, we have worked on the curtailment of unprofitable projects. While we have to make attempts to acquire new projects, we believe that we are in control of risks in terms of management if the impact of loss from unprofitable projects is 0.3%-0.5% of consolidated net sales. In FY2020, loss from unprofitable projects was limited to ¥1.4 billion as a result of the efforts of the Project Review Committee thus far.

We will implement the following four initiatives to prevent new unprofitable projects and enhance management processes, and further accumulation and utilization of capabilities.

1. Enhancements to management of our project pipeline to prevent new unprofitable projects
2. Review of project risk management processes
3. Enhanced management of sales and cost
4. Further accumulation and utilization of management skills, enhanced management processes, and further accumulation and utilization of capabilities

Net cash provided by operating activities in FY2020 was ¥352.5 billion (up ¥72.5 billion from the previous fiscal year). Factors increasing cash included net income of ¥81.7 billion, decrease in trade and other receivables of ¥50.4 billion, and depreciation and amortization, a non-cash expense item, of ¥214.3 billion. Factors decreasing cash included income tax expenses of ¥38.9 billion. Net cash used in investing activities was ¥173.9 billion (down ¥83.3 billion from the previous fiscal year) due to payments for acquisition of property, plant and equipment and intangible fixed assets and payments for investments in subsidiaries. As a result, free cash flow was a positive ¥178.6 billion (up ¥155.8 billion from the previous fiscal year).

Net cash used in financing activities totaled ¥101.6 billion (up ¥30.5 billion from the previous fiscal year), primarily due to repayments of long-term borrowings and redeeming bonds.

Financials and Others

Financial Position and Business Results Analysis

Consolidated Statement of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (Billions of yen)</th>
<th>FY2020 (Billions of yen)</th>
<th>Change (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,266.8</td>
<td>2,318.7</td>
<td>-51.8</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,494.6</td>
<td>1,734.1</td>
<td>+239.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>772.2</td>
<td>584.6</td>
<td>+187.6</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>441.3</td>
<td>445.4</td>
<td>+4.1</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>153.5</td>
<td>171.7</td>
<td>+18.2</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>21.8</td>
<td>22.7</td>
<td>+0.9</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>266.0</td>
<td>250.9</td>
<td>+15.1</td>
</tr>
<tr>
<td>Operating income</td>
<td>130.9</td>
<td>139.2</td>
<td>+8.2</td>
</tr>
<tr>
<td>Operating income margin%</td>
<td>5.8</td>
<td>6.0</td>
<td>+0.2p</td>
</tr>
<tr>
<td>Financial income and costs / share of profit / loss of entities accounted for using equity method</td>
<td>(10.8)</td>
<td>(8.7)</td>
<td>+2.1</td>
</tr>
<tr>
<td>Financial income and costs / share of profit / loss of entities accounted for using equity method</td>
<td>(10.8)</td>
<td>(8.7)</td>
<td>+2.1</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>120.2</td>
<td>130.5</td>
<td>+10.3</td>
</tr>
<tr>
<td>Income taxes and others</td>
<td>45.0</td>
<td>53.6</td>
<td>+8.6</td>
</tr>
<tr>
<td>Net income attributable to shareholders of NTT DATA</td>
<td>75.1</td>
<td>76.8</td>
<td>+1.7</td>
</tr>
</tbody>
</table>

* "Income taxes and others" includes corporate income taxes and net income attributable to non-controlling interests.

Impact of Loss from Unprofitable Projects

In FY2020, net sales increased ¥51.8 billion on year due to growth in operations centered on domestic businesses. Operating income was up ¥8.2 billion, even as we moved ahead with structural transformation overseas, as a result of higher sales and our ability to limit unprofitable projects in domestic businesses.

Net cash provided by operating activities in FY2020 was ¥352.5 billion (up ¥72.5 billion from the previous fiscal year). Factors increasing cash included net income of ¥81.7 billion, decrease in trade and other receivables of ¥50.4 billion, and depreciation and amortization, a non-cash expense item, of ¥214.3 billion. Factors decreasing cash included income tax expenses of ¥38.9 billion. Net cash used in investing activities was ¥173.9 billion (down ¥83.3 billion from the previous fiscal year) due to payments for acquisition of property, plant and equipment and intangible fixed assets and payments for investments in subsidiaries. As a result, free cash flow was a positive ¥178.6 billion (up ¥155.8 billion from the previous fiscal year).

Net cash used in financing activities totaled ¥101.6 billion (up ¥30.5 billion from the previous fiscal year), primarily due to repayments of long-term borrowings and redeeming bonds.

Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2021 (Billions of yen)</th>
<th>FY2020 (Billions of yen)</th>
<th>Change (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>280.0</td>
<td>352.5</td>
<td>+72.5</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>257.2</td>
<td>352.5</td>
<td>+95.3</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>22.8</td>
<td>178.6</td>
<td>+155.8</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>67.1</td>
<td>101.6</td>
<td>+34.5</td>
</tr>
<tr>
<td>Cash flow at end of the year</td>
<td>205.4</td>
<td>287.1</td>
<td>+81.7</td>
</tr>
</tbody>
</table>
## Financial / Non-Financial Values (Historical Changes)

### Financials and Others

![Table showing financial and non-financial values with columns for FY2010 to FY2020, including ROIC, Loss from unprofitable projects, Overhead EBITDA ratio, etc.](image)

### Non-Financial Values

- **Message from the CEO**
- **Management Strategies**
- **Value Creation by NTT DATA**

### Business Strategies by Segment

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**Note:** For detailed financial and non-financial metrics, please refer to the full document for further clarity and context.
Greetings on the Publication of the Integrated Report

Thank you for reading Integrated Report 2021 all the way through.

Amid rapid changes in the world during the COVID-19 pandemic, we have become even more aware of the importance of connections between people. As opportunities to come into direct contact with one another have been reduced, we have also come to realize the importance of digital connections and shared awareness among ourselves and with stakeholders.

We hope that Integrated Report 2021 will facilitate constructive dialogue with our stakeholders, investors, and other stakeholders. We will continue to further enhance and improve the transparency of information disclosure, and ask for your ongoing understanding and support.

Satoshi Inagawa
Senior Executive Vice President and Representative Director