Message from the CEO | Company Data | Sustainability in the NTT DATA Group | Efforts to Make Social Contributions through Businesses | Social | Environment | Governance | GRI Standards

86

Governance

We engage in sound and transparent corporate management in a bid to secure sustainable growth while endeavoring to earn the trust of stakeholders.

NTT DATA Group's Approach

While practicing sound and transparent management, the NTT DATA Group contributes to the ongoing growth and development of clients and society by creating new paradigms and values.

We also work toward promoting a prosperous, well-balanced, safe and secure society as we endeavor to grow in our own right. We strongly believe that these aspirations and endeavors encapsulate our mission and responsibilities as a company.

With this understanding, we have constructed an effective system of corporate governance and adhere strictly to all statutory and regulatory requirements while ensuring that frontline employees carry out their duties in an ethical manner. In conjunction with efforts aimed at ensuring our approach toward management takes root across the entire Group, we place the utmost emphasis on management efficiency and discipline. Through these means, we continue to build a robust foundation for ESG management that responds to the expectations of the global community.

Employees received Information Security training in FY2018
100%

Female Directors and Audit & Supervisory Board Members in FY2018
11.76%

Employees received Compliance training in FY2018
98.3%

Contents

Corporate Governance

Policies

NTT DATA is working on the following basic policies in accordance with the purpose of each principle of Japan's Corporate Governance Code to ensure that corporate governance will effectively function: (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.

(1) Ensuring Transparency and Soundness in Business Management

   NTT DATA strives to disclose information in a just, fair, and timely manner in accordance with the Disclosure Policy, based on the Disclosure Guidelines. Information disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds financial results briefing quarterly, and often holds other meetings for domestic and international investors and analysts in order to ensure transparency in business management. To reinforce the function of supervising and auditing the fairness in business execution, NTT DATA places Outside Directors and Outside Audit & Supervisory Board Members to supervise and conducts audits in Board of Directors and the Audit & Supervisory Board and to ensure soundness in its business management. NTT DATA also pays attention to maximize the profit of its shareholders when transacting business with NTT, the holding company of NTT DATA, and the companies in the NTT Group. With regards to transactions involving conflicts of interest as defined in the Companies Act, such as direct transactions between the Company and an individual director of the Company and transactions between the Company and another organization/company represented by a director of the Company, the Company's Regulations of the Board of Directors stipulate that approval must be obtained from the Board of Directors in advance. Such approval is given only after the legal department reviews and confirms the validity and economic rationality of the transaction, such as whether the terms and conditions are equivalent to those of general transactions. Even after approval is granted, the status and other information of the transaction are regularly reported to the Board of Directors.

(2) Achievement of Appropriate and Swift Decision-Making and Business Execution

Decision-making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with Authority Rules, which stipulate the responsibility and authority of the president and CEO, the senior executive vice president, the officers in charge of each segment and region, and the heads of each section or group. For smooth and swift decision-making and supervision in its business operations, NTT DATA has established the Corporate Management Committee, which is made up of the president and CEO, the senior executive vice president, officers in charge of each segment and region, and other heads of important sections or groups.

The Corporate Management Committee holds preliminary discussions about the items to be resolved at the Board of Directors' meetings in order to enrich discussions held at that level. In addition, NTT DATA pursues appropriate and swift decision-making and business execution by placing senior vice presidents in charge of business execution, assigning most of the authority relating to business execution to such senior vice presidents from directors, with each section or group executing business operations independently and responsibly in accordance with the Organizational Regulations.

(3) Thorough Implementation of Compliance

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by establishing its Global Compliance Policy, targeted at all officers and employees of the NTT DATA Group, in order to clarify its basic policy and specific behavior guidelines relating to corporate ethics. To ensure the effective implementation of the Global Compliance Policy, NTT DATA conducts various educational activities on compliance for its employees continuously, such as training and attitude surveys. Furthermore, in pursuit of a more open corporate culture, NTT DATA operates hotlines, "Harassment Hotline" and "Whistle Line", which function as Groupwide points of contact to receive both anonymous and named reports from within and outside of the Company. NTT DATA ensures that reporters to the lines will not be unfavorably treated because of their reporting.

Structure

Governance Structure designed to Improve Management Quality by Enhancing the Functions of Execution, Supervision and Audit

As a company with corporate auditors, NTT DATA has a Board of Directors and an Audit & Supervisory Board, as well as a Corporate Management Committee.

   The Board of Directors meets, in principle, monthly, holds extraordinary meetings as necessary, and is responsible for decision-making and supervision regarding legal and important management matters. In addition to introducing both business segments and department systems, we have also appointed regular executive officers, whose responsibility is to focus on business execution. By having directors delegate significant executive authority to executive officers, NTT DATA aims to accelerate the decision-making process. The Audit & Supervisory Board meets, in principle, once a month to decide on audit policies, plans, methods, and various other important audit-related matters. The Corporate Management Committee is an advisory body operating under the authority of the president and CEO. The president and CEO and persons appointed by the president and CEO meet in principle, once a week to discuss business

Message from the CEO | Company Data | Sustainability in the NTT DATA Group | Efforts to Make Social Contributions through Businesses | Social | Environment | Governance | GRI Standards

88

policies and important management matters to establish and ensure smooth execution of basic management strategies.

Regarding self-assessments and analyses in fiscal 2018, the following methods were conducted on the advice of an external organization.

• Implementation period: October 2018

• Assessment method: A survey was implemented targeting all directors who are members of the Board of Directors and Audit & Supervisory Board members (Five-point scale questions. A comment field is also provided for each question category, where respondents can freely express their views.)

• Response method: Responses were provided to an external organization to ensure anonymity

The results of the survey, aggregated and reported by the external organization, were analyzed, discussed, and evaluated between December 2018 and February 2019. The evaluation results were then reported to the Board of Directors, where discussions were held regarding the results and to explore policies for further improvement. From this survey, it was found that the composition and operation of the Board of Directors were generally evaluated positively, reaffirming our understanding that the effectiveness of the Board of Directors is maintained overall.

With regards to the need to further deepen and intensify discussions on management strategies as well as to further improve the content of reports for investors, which are issues brought to light by the fiscal 2017 survey, evaluation scores went up, indicating that a certain level of improvement had been realized.

While it showed the overall improvements made over the fiscal 2017, the survey, as aforementioned revealed issues that remains to be addressed. Thus we are working to better design the operation of the Board of directors by addressing the those issues including the following:

• Further deepening and intensifying of discussions on management strategies (ongoing issue)

• Increase of information and opportunities to further expand our knowledge on the latest trends in technology and the Company's businesses

• Further increase of opportunities to communicate with outside directors and Audit & Supervisory Board Members

Moving forward, we will continue to evaluate the effectiveness of our Board of Directors and proceed with initiatives aimed at raising its functionality.

▶ Corporate Governance Structure
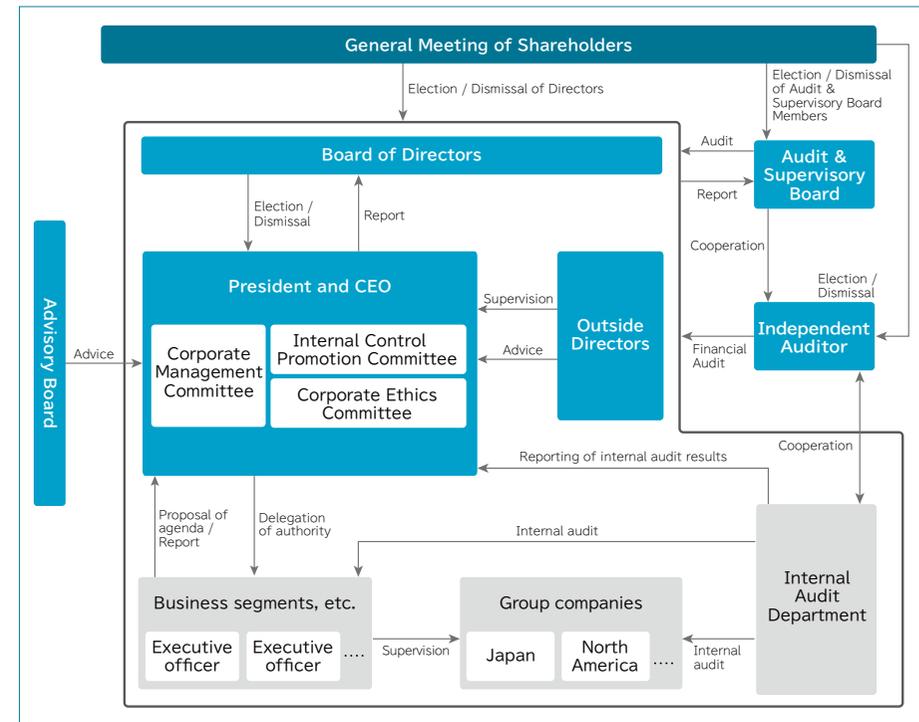
Efforts to incorporate diverse perspectives into management

NTT DATA continues to strengthen functions that oversee fairness in business execution by inviting directors and Audit & Supervisory Board members from outside the Company. As of July 2019, NTT DATA had three outside directors and four outside Audit & Supervisory Board members. In appointing outside officers, the Company provides selection criteria that anticipate that they will bring to management opinions from broad perspectives that draw on their respective experiences. NTT DATA has three outside directors and two outside auditors registered as independent directors/auditors who meet the requirements of Tokyo Stock Exchange regulations as well as its own in-house requirements. In addition, we established an Advisory Board in July 2012 that has since obtained advice from outside experts to expand our scope of management, achieve further growth, and ensure the sound management of our operations.

Group Governance

Strengthening Group Governance by Establishing a Liaison Department responsible for collaborating with a Group Company

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

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

Furthermore, NTT DATA is building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional head office.

As part of this initiative, NTT DATA has established nomination and compensation committees and audit committees within the boards of directors in regional head office. Meanwhile, the Group has a structure that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by a comprehensive internal control system that includes overseas organizations.

In Japan, in fiscal 2014 NTT DATA increased management efficiency by operating the common accounting system that domestic Group companies use. As of March 31, 2019, NTT DATA extended the introduction of this system, which is used by approximately 70 major domestic Group companies. As a result, many domestic Group companies use a common accounting system. This enables centralized management of accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

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

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

To optimize the Group as a whole, the NTT DATA Group established Group Management Policies to define the basic approach to Group management. In addition, NTT DATA has established rules concerning consultation and reporting between Group companies. We have combined these rules with the aforementioned Group Management Policies and are working to secure sound operation of Group Governance.

▶ Governance Structure of Regional Head Offices
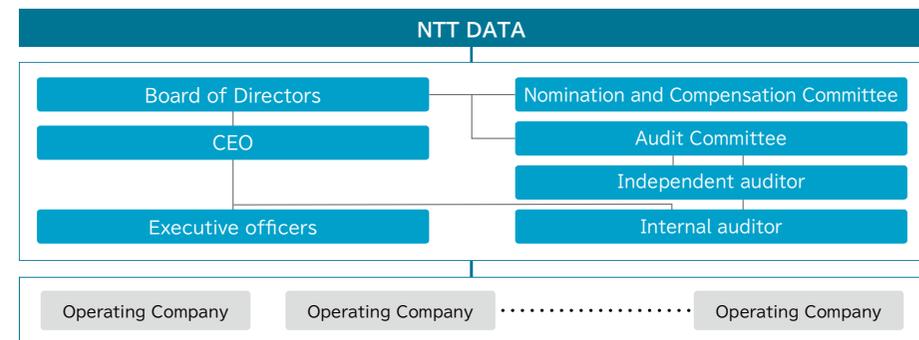
Initiatives to Spread Our Vision

At the NTT DATA Group, we are working to spread the Values we hold to be important and achieve the Group Vision we have for ourselves ten years from now.

To act with these Values in mind, we must have an idea of how to apply them in our work duties. For this reason, we are given an opportunity to engage in dialogue with our co-workers.

Since 2014, we call the week of the May 23, the date of our founding, "Values Week." "Values Week" is also a series of events to discuss the Values among the NTT DATA colleagues. During "Values Week 2018," approximately 20,000 employees in 100 cities and nearly 30 countries took part in workshops and discussed the Values ardently.

China

Vietnam

The United Kingdom

Internal Control

Maintaining and Continuously Strengthening Internal Control Systems

The NTT DATA Group promotes the creation and maintenance of internal control systems based on a basic policy of always considering risks arising from business activities and taking various types of measures to realize efficient implementation of equitable, transparent business activities.

Twice a year, we convene meetings of the Internal Control Promotion Committee, which is tasked with assessing the effectiveness of internal control systems and managing and furthering overall internal control. With its global business expanding, the Company will maintain efforts to strengthen the Group's overall internal control capabilities.

Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a standpoint that is independent from operational divisions. In fiscal 2018, the department audited in-house organizations and 27 Group companies primarily focusing on the themes of business process compliance, working hours, appropriateness of outsourcing contract, and information security. The department also monitored the internal auditing activities of 27 Group companies. In addition, as part of Groupwide efforts to enhance internal auditing, 77 domestic and overseas Group companies conducted voluntary inspections based on unified audit items.

Furthermore, as an IT adaption, we have also introduced a monitoring indicator system to detect sings of fraud, and we are expanding the functions of the system using its computer-assisted audit techniques (CAAT) tools to analyze data extracted from various in-house information systems. This system is already adopted into some of our internal organizations and Group companies, and we are considering the possibility of expanding its implementation.

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

Education and Training Related to Internal Control Systems

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

Directors and Audit & Supervisory Board Member

As of June 20, 2019
15 men and 2 woman (Female ratio of 11.76%)
Board of Directors (Average attendance rate of 98.0% in fiscal 2018)

Position	Name	Outside / Independent	Term	Areas of Responsibility	Concurrent Position	Meeting Attendance	Shares Owned[6]
President and Chief Executive Officer, Representative Director,	Yo Honma	—	*1			18/18	36,200
Senior Executive Vice President and Representative Director	Keiichiro Yanagi	—	*1	Head of HR Headquarters, Responsible for Corporate Strategy** Human Resource, Management, Finance (CFO), Investor Relations, Risk Management (CRO), and Public Relations		18/18	31,400
Senior Executive Vice President and Representative Director	Shigeki Yamaguchi	—	*1	Responsible for Public & Social Infrastructure Segment, Enterprise & Solutions Segment, and China & APAC Segment		18/18	14,700
Senior Executive Vice President and Representative Director	Toshi Fujiwara	—	*1	Responsible for Americas & Europe Segment, and Global Marketing		18/18	17,100
Executive Vice President and Director	Tsuyoshi Kitani	—	*1	Head of Technology and Innovation General Headquarters, Responsible for Technology Strategy (CTO) and Information Security (CISO)*5		18/18	25,700
Executive Vice President and Director	Shunichi Takeuchi	—	*1	Deputy responsible for Public & Social Infrastructure Segment		14/14	10,200
Executive Vice President and Director	Koji Ito	—	*1	Head of North American Sector and EMEA & LATAM Sector, Deputy responsible for Americas & Europe Segment		14/14	7,400
Executive Vice President and Director	Hisashi Matsunaga	—	*1	Head of Third Financial Sector, Responsible for Financial Segment,		—	13,600
Director	Yukio Okamoto	Outside Director, Independent Director	*1		Representative Director of Okamoto Associates, Inc. (to present)	18/18	7,100
Director	Eiji Hirano	Outside Director, Independent Director	*1		Vice Chairman and Director of MetLife, Insurance K.K. (to present), Director of RIKEN CORPORATION (to present)	18/18	4,100
Director	Takashi Ebihara		*1			18/18	1,400
Director	John McCain		*1			10/14	0
Director	Mariko Fujii	Outside Director, Independent Director	*1			—	0
Standing Audit & Supervisory Board Member	Tetsuro Yamaguchi	Outside Audit & Supervisory Board Member	*3			18/18	6,200
Standing Audit & Supervisory Board Member	Tetsuya Obata	Outside Audit & Supervisory Board Member	*2			14/14	1,500
Standing Audit & Supervisory Board Member	Katsura Sakurada	Outside Audit & Supervisory Board Member, Independent Auditor	*2			14/14	1,200
Audit & Supervisory Board Member	Rieko Sato	Outside Audit & Supervisory Board Member, Independent Auditor	*3		Partner of Ishii Law Office (to present), Audit and Supervisory Board Member of Gigno System Japan, Inc. (to present), Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. (to present) Director of J. FRONT RETAILING, Co., Ltd. (to present)	17/18	8,600

*1: Director's term ends with the closing of the Ordinary General Meeting of Shareholders for the last fiscal year that ends within two years from appointment at the Ordinary General Meeting of Shareholders held on June 20, 2018

*2: Director's term ends with the closing of the Ordinary General Meeting of Shareholders for the last fiscal year that ends within one year from appointment at the Ordinary General Meeting of Shareholders held on June 19, 2018

*3: Audit & Supervisory Board Member's term ends with the closing of the Ordinary General Meeting of Shareholders for the last fiscal year that ends within four years from appointment at the Ordinary General Meeting of Shareholders held on June 22, 2016

*4: Allocation that collectivizes the strategy formulation and implementation related to the Group's technology development and R&D, as well as the formulation and implementation of security strategies

*5: The President and CEO, as well as all other members of the Board of Directors, must own stock in the Company equivalent in value to at least 10% of his or her annual basic remuneration

*6: Full-time directors residing in Japan are required to hold the Company's stock equivalent in value to a certain portion of their annual basic remuneration.

▶ Total Remuneration of Directors and Audit & Supervisory Board Members (Fiscal 2018)

Executive Classification	Number of Persons	Basic Remuneration	Directors' Bonuses	Remuneration Amount
Directors (excluding outside directors)	12 members	¥281 million	¥81 million	¥363 million
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	—	—	—	—
Total	12 members	¥281 million	¥81 million	¥363 million

* The above includes four director who retired as of the conclusion of the 30th Ordinary General Meeting of Shareholders held on June 19, 2018.
* Regarding the remuneration for directors and Audit & Supervisory Board members, by resolution at the 18th Ordinary General Meeting of Shareholders held on June 22, 2006, the amount of remuneration for directors shall be ¥580 million or less and remuneration for Audit & Supervisory Board members shall be ¥150 million or less, annually.

▶ Total Remuneration of Outside Corporate Officers (Fiscal 2018)

	Number of Persons	Basic Remuneration
Total remuneration of outside corporate officers	8 members	¥126 million

Policy Determining Director Remuneration

NTT DATA explains its policy, structure, and levels of remuneration for its directors to the parent company and independent outside directors. The amounts of remuneration are determined, upon receiving appropriate advice from the parent company and independent outside directors, at the Board of Directors' meeting to such extent as resolved at a shareholders' meeting.

· The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses. The amount of monthly remuneration is determined and provided in accordance with the role and scope of responsibility of each director's position. Bonuses are paid in consideration of such factor as the achievement level of the Company's performance indicators, operating income, of the current fiscal year. To reflect medium- to long-term business performance in directors' remuneration, full-time directors residing in Japan are required to spend a certain portion of their monthly remuneration and bonuses for purchasing the Company's shares through the officers' shareholding association and retain all the shares purchased during their term of office. In the case of standard business performance, the ratio of fixed compensation to performance-based compensation is roughly 7:3. Directors residing overseas receive performance-based deferred compensation at overseas consolidated subsidiaries. Moving forward, with the aim of making directors even more conscious about achieving the medium-term management strategy, sustainable growth, and medium- to long-term improvement in corporate value, we will consider increasing the proportion of performance-based compensation, such as stock awards, to the total compensation.

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

· Audit & Supervisory Board member remuneration is determined through consultation with Audit & Supervisory Board members, who are paid only monthly remuneration, unrelated to business performance in order to ensure a high degree of independence.

Compliance

We share our guidelines on ethical conduct beyond legal compliance across the entire Group.

Policy and Structure

NTT DATA positions the Global Compliance Policy, which serves as the foundation of its approach to corporate ethics, as a part of Our Way, and is striving to establish the policy throughout the Group.

Reinforcing the Compliance Promotion System

The NTT DATA Group is diligently spreading its Global Compliance Policy to all related parties, including executives and employees. Within the Company, we are fostering a culture of compliance with legal regulations and ethical rules as well as promoting the establishment of related internal structures and mechanisms.

Each year, our Corporate Ethics Committee, with our Chief Risk Officer (CRO) as chairperson, discusses and reports on details of compliance-related initiatives.

Implementation of Compliance Assessments

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

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

Maintaining "the Whistle Line" for the Early Detection of Problems

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

In operating this system, we place the utmost importance on the protection of privacy, prohibitions against unfair treatment of whistleblowers, and the obligation to uphold confidentiality. We offer consultations and take inquiries regarding human rights issues in general at all times at a contact desk in the Human Rights Promotion Office of the ESG Promotion Department. Investigation results and corrective actions taken are reported to the senior

management and Audit & Supervisory Board Members and utilized to increase the soundness of our business management. We also disclose the number of reports received, changes over time, and other information to Group companies and, as necessary, conduct trend analysis of similar compliance cases. Most noteworthy cases identified through this analysis are shared across the Group to raise attention and prevent their recurrence.

In fiscal 2018, we received 108 reports. In an effort to detect problems early and promote the use of the whistleblowing system, we improved our way of disseminating the system and introduced examples of whistleblowing cases. We are also working to ensure early detection of issues by innovating the ways in which we provide guidance for our internal reporting systems and by introducing examples of previous reports made through them.

When the NTT DATA Group receives information internally, it works to protect the privacy and guarantee the status of the information provider, conduct an impartial investigation, and treat the matter fairly. The information provider will not receive disadvantageous treatment from the Company (from either a personnel or compensation perspective) on the grounds of having provided information. In addition, we have established rules ensuring that employees who are the subject of the information received will not be subjected to disadvantageous treatment from the Company solely on the grounds of having had information provided to the internal reporting desk.

If a violation of compliance or our regulations, such as the Global Compliance Policy and NTT DATA Group Security Policy (GSP), is found as a result of investigation, we will take action based on the disciplinary and other applicable rules established by each Group company.

Such violation may result in disciplinary action, such as pay cuts and/or suspension of work, and, depending on the case, may be reflected in personal evaluation and transfer of violating employees. In fiscal 2018, two disciplinary actions were taken.

Moving forward, we will continue to encourage the use of internal reporting systems and strengthen response initiatives to help prevent the recurrence of reported incidents.

▶ Compliance Consultations over the Last Three Years

(Number of Consultations)

Topic	Fiscal 2016	Fiscal 2017	Fiscal 2018
Number of compliance consultations	85	88	108
Number of compliance-related violations	79	59	83
Misuse of Company expenses	5	8	5
Harassment	56	39	62
Other compliance-related violations	18	12	16
No violations	6	29	25

▶ Flow Diagram of the Whistleblowing System
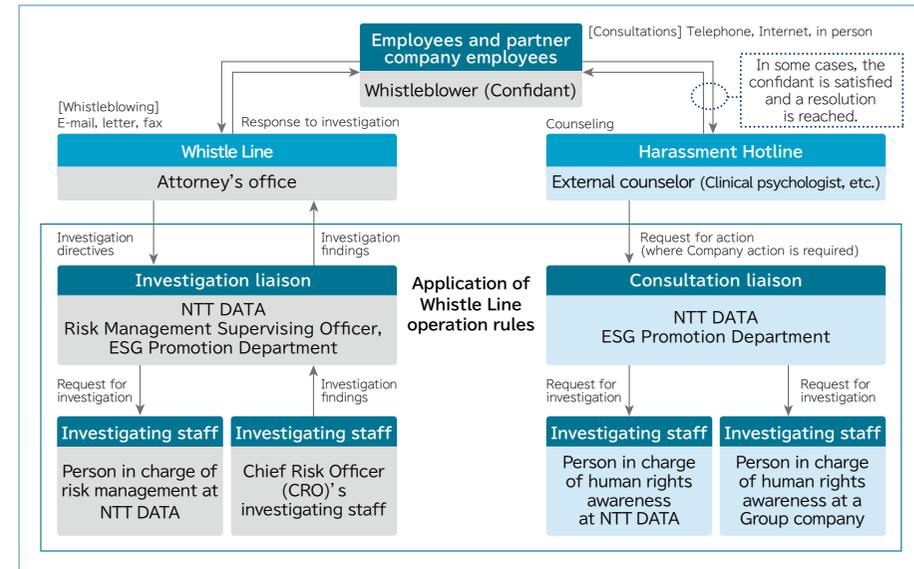
▶ The Whistle Line
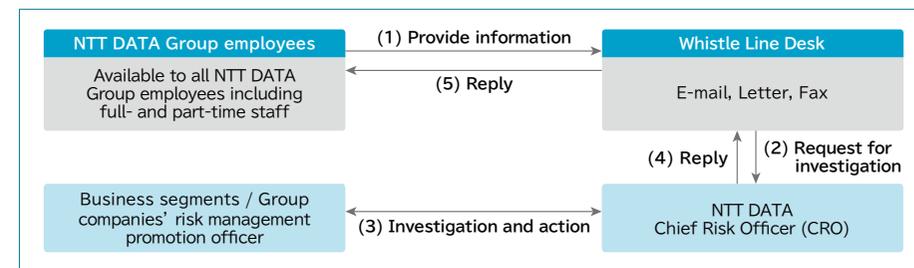
Compliance Training and Awareness

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

Efforts to promote compliance awareness among employees

The NTT DATA Group conducts compliance training (including e-learning) for approximately 38,000 employees at domestic Group companies and approximately 112,000 employees at overseas Group companies. The Company also arranges lectures on corporate ethics at position-based training sessions conducted as part of promotional milestones. Our compliance-related training is tailored to the business characteristics of each organization and Group company.

Also, given the growing global reach of our business activities, we enrich our training content to foster greater awareness about stricter anti-bribery and anticorruption regulations in the global business community and draw attention to outsourcing contracts in view of regulatory revisions. Furthermore, we created and provided employees with the "NTT DATA Group Ethics Guide: Learning About Compliance through Familiar Cases" to explain examples of ambiguous cases that one may likely to face in one's daily operations, with the aim of promoting further understanding of our Global Compliance Policy. This guide is posted on our intranet site so that it can be referred to and used as needed.

▶ Major Compliance Initiatives Undertaken in Fiscal 2018

Name of Training Session	Number of Attendees	Ratio
Compliance IBT training (e-learning)	Approx. 38,000 (Domestic employees)	99.4%
Global Compliance Policy Training	Approx. 112,000 (Overseas employees)	98.7%
Position-based group training sessions (Lectures on corporate ethics, risk management, etc.)	Approx. 2,800	96.9%

Initiatives on Human Rights

Respect for Human Rights

As a member of the NTT Group, the NTT DATA Group is engaged in an organizational effort in line with the NTT Group's Human Rights Charter, established in June 2014, which incorporates the concepts of the ISO 26000 international standards on social responsibility and the UN Guiding Principles on Business and Human Rights. Our Global Compliance Policy stipulates the Group's fundamental principle of respect for human rights. We pledge not to carry out or tolerate discrimination and take a firm stand against discrimination by others, aiming to pursue a comfortable work environment free from any form of discrimination. We place a great importance on resolving human rights issues as we are promoting human rights awareness activities organizationally throughout the Group.

The NTT Group's Human Rights Charter

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

1. We[1] respect internationally recognized human rights[2], including the Universal Declaration of Human Rights in all company activities.

2. We responsibly respect for human rights by efforts to reduce any negative impacts on human rights holders. We respond appropriately when negative impacts on human rights occur.

3. We aim to not be complicit in infringing human rights, including being involved in discrimination, directly or indirectly.

4. When negative impacts on human rights are done by a business partner and are linked to a product or service of the NTT Group, we will expect them to respect human rights and not to infringe on them.

Notes:1. "We" means the NTT Group and its officers and employees.
2. "Internationally recognized human rights" are rights included in declarations and rules that form the basis for international standards of universal human rights throughout the world and specifically refer to the following. United Nations (the Universal Declaration of Human Rights and the two Covenants on human rights)
· The Universal Declaration of Human Rights (adopted by the United Nations General Assembly in 1948)
· International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights (adopted by the United Nations General Assembly in 1966, in force from 1976) International Labour Organization (eight basic principles of the Core Conventions of the ILO Declaration)
· The eight core principles of the ILO Declaration on Fundamental Principles and Rights at Work (adopted at the 86th International Labour Conference in 1998) are: Forced Labour, Freedom of Association and Protection of the Right to Organize, Right to Organize and Collective Bargaining, Equal Remuneration, Abolition of Forced Labour, Discrimination (Employment and Occupation), Minimum Age Convention, and Elimination of the Worst Forms of Child Labour.
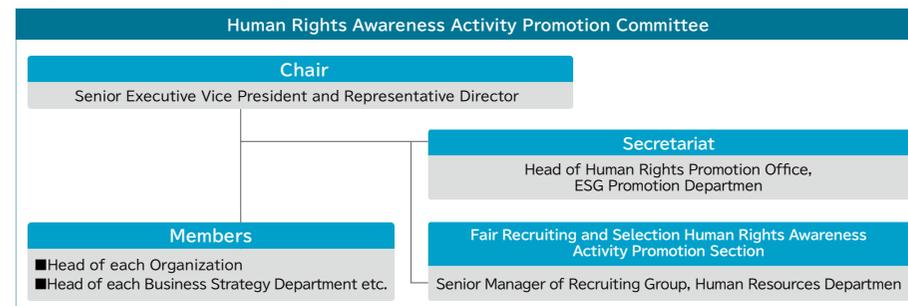Notes: In carrying out article 2 through 4 above, we apply UN Guiding Principles on Business and Human Rights and ISO26000 and are subject to the procedures described therein.

| Message from the CEO | Company Data | Sustainability in the NTT DATA Group | Efforts to Make Social Contributions through Businesses | Social | Environment | Governance | GRI Standards |

94

Establishing a System to Promote Human Rights Awareness Activities

With the aim of realizing cheerful and comfortable workplaces by raising awareness and understanding of human rights, NTT DATA convenes a meeting of the Human Rights Awareness Activity Promotion Committee at the beginning of each fiscal year. The committee consists of leaders of each organizational unit and is headed by a senior executive vice president and representative director.

Those in charge of promoting human rights awareness activities have been assigned in each of our organizations and Group companies. They promote relevant employee training and measures in cooperation with the Human Rights Promotion Office in the ESG Promotion Department and also address human rights issues within our respective organizations. In addition, we develop these human rights awareness experts by having them participate in internal and external training sessions.

▶ System to Promote Human Rights Awareness Activities

Human Rights Awareness Activity Promotion Committee

Chair
Senior Executive Vice President and Representative Director

Secretariat
Head of Human Rights Promotion Office,
ESG Promotion Departmen

Members
■Head of each Organization
■Head of each Business Strategy Department etc.

Fair Recruiting and Selection Human Rights Awareness Activity Promotion Section
Senior Manager of Recruiting Group, Human Resources Departmen

Promoting Human Rights Awareness

To further deepen understanding and heighten awareness of human rights, awareness-raising activities are important for all employees. Following this concept, we have been holding Human Rights Awareness Workplace Seminars at the workplace level for domestic NTT DATA Group employees since fiscal 2010. With these seminars, we aim to raise awareness and promote understanding regarding human rights issues.

Additionally, in 2018 we continued to conduct sessions on human rights in position-based training, recruiters' training, and other programs to inculcate even deeper awareness. In response to the increasing number of employees assigned to overseas posts, we conducted pre-overseas assignment training to ensure their proper understanding of the religions, cultures, and customs of the countries and regions to which they have been assigned. In fiscal 2018, a total of 45 employees assigned to one of 11 overseas posts took part in the program. Also,

in October 2018 we held a human respect slogan contest for NTT DATA Group employees, partner company employees, and family members from whom we solicited slogans on the theme of human rights awareness. We received 208 entries for the contest and awarded outstanding slogans at an event during the United Nations-designated Human Rights Week in December.

▶ Major Initiatives on Human Rights Awareness

Example Initiatives	Participation in Fiscal 2018
Human rights awareness workplace seminars	27,980 people
Position-based training course (Human rights awareness)	2,100 people
Recruiters' training course	500 people
Training experts (in charge of promoting human rights awareness activities and the HR section in the ESG Promotion Department)	13 people (6 sessions)
Training prior to international assignment	45 people (11 countries)
Human respect slogan contest (Number of applications)	208 applications

Human rights due diligence and Related Initiatives

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

Strengthening Human Rights Management System

In fiscal 2017, in order to verify the results of internal investigation, NTT assessed across the its Group the degree of potential negative impact of the group's business on the human rights of its stakeholders by examining the likelihood of human rights risks in each country and the impact of potential human rights risks that may be caused by the group's business. Based on this assessment, as well as advice from external expert organizations and good practices of other companies, we identified human rights issues that need to be addressed on NTT group level.

In fiscal 2018, the NTT Group conducted an assessment on its apparent impact on human rights in the Asian region to verify the results of a potential human rights risk assessment implemented in the previous year.

Going forward, NTT Group will re-examine risk mapping results in all the regions the Group operates and while it evaluates and analyzesthe Group's most common issues and priority issues, the Group will focus on strengthening its governance system to enhance its due diligence processes.

Measures in Response to the UK Modern Slavery Act

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

- Recruitment and checks against the MSA for all activity.
- Our terms and conditions of purchase require all suppliers to comply with the MSA.
- Procurement checks of our top suppliers on a regular basis for compliance to a number of business and regulatory requirements including the MSA.
- Checks performed since 2015 confirmed compliance with the MSA. Other suppliers are checked dependent on due diligence and risk assessments undertaken. Swift action is taken for noncompliance which could include immediate order termination.
- We have an external whistleblowing service which can be used to register non-compliance.
- Training is performed on an as required basis.
- NTT DATA UK's obligation to comply with government regulations is communicated to staff on a regular basis and compliance is reviewed by the directors on an annual basis.

Risk Management

To continue fulfilling our responsibilities to clients and society, we identify and rigorously manage risks.

Policy and Structure

The NTT DATA Group seeks to ascertain all risks associated with its 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, 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 and reviews progress toward addressing these and achieving related targets with the results of such reviews being reflected in various measures. The Internal Control Committee convenes twice every year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Corporate Management Committee as well as the Board of Directors.

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

▶ Risk Management Structure
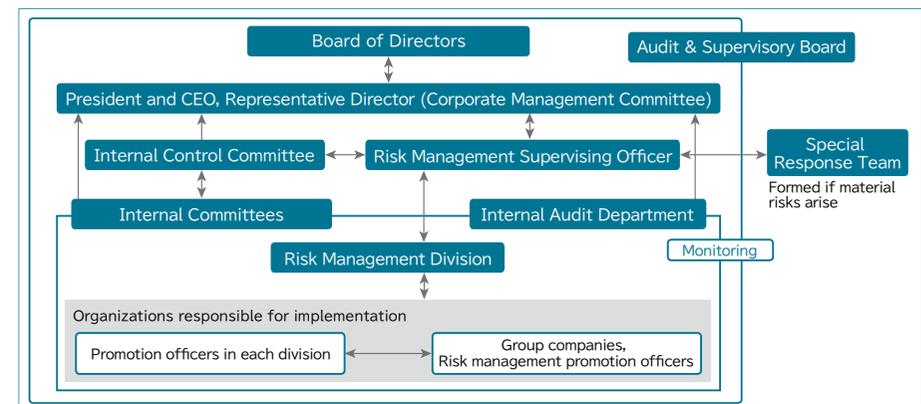
Risk Management Method

NTT DATA identifies risks that may impact its Head Office, regional head office, and individual Group companies and strategize measures accordingly. The Risk Management Division analyzes, evaluates, and monitors the risk management of the entire Group. Risks determined to have the potential to impact the entire Group are defined as global-control risks and are managed stringently and thoroughly on a Groupwide basis. Additionally, the Group considers material risks set by regional head office and other entities to be "region-control risks" and maintains an evaluation and improvement cycle based on the implementation statuses of countermeasures and on risk occurrence incidents.

▶ Risk Management Categories
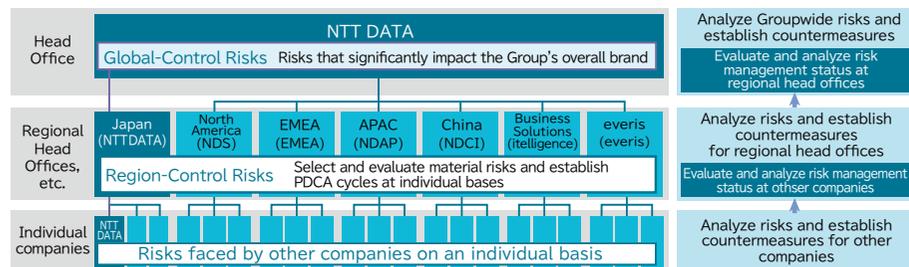
Global-Control Risks

Global-control risks with the potential to impact the entire Group are identified by the Internal Control Promotion Committee in consideration of changes in social trends and input from outside specialists. In fiscal 2018, we continued addressing the same risks as those in the previous fiscal year as a medium- to long-term effort under the initiative of NTT DATA's Head Office.

▶ NTT DATA's Global-Control Risks

Material Risks	Major Improvements, etc.	Initiatives
Information leakage, personal / confidential information, cyberattacks	● Strengthen response to the increasing number of advanced cyberattacks	● Stimulate awareness through training ● Revise security rules at the global level ● Strengthen the support organization to minimize damage in the event of an incident ● Ensure thorough compliance with the EU's General Data Protection Regulation (GDPR)
Accounting fraud, including window dressing	● Ensure thorough operation of IFRS-based unified rules ● Expand the scope of risk indication auditing	● Promote introduction of unified accounting rules and check financial process (control activities) structure and operation ● Stimulate awareness through training ● Expand the types of fraud subject to risk indication auditing and promote risk indication auditing at Group companies
Bribery	● Continue strengthening compliance education	● Stimulate awareness through training (Japan: Implement Internet-based testing (IBT) for compliance and position-based training, Overseas: Conduct training at individual locations)

Region-Control Risks

Region-control risks managed independently by regional head offices define material risks based on approximately 40 risk candidate items in each region that are evaluated and improved in light of material risk countermeasure implementation and risk occurrence status.

▶ Process for Selecting Region-Control Risk
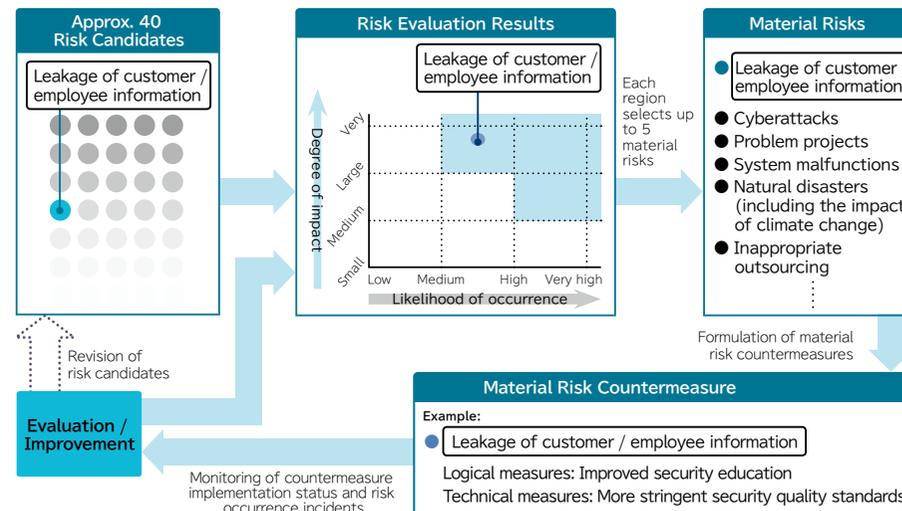
Risk Management Training

The NTT DATA Group conducts ongoing training regarding the legal and other roles of newly appointed directors and Audit & Supervisory Board members at NTT DATA and Group companies to ensure thorough risk management throughout the Group. During fiscal 2018, we provided training to newly appointed directors at the time of their appointment concerning their duties and responsibilities with regard to corporate governance and under the Companies Act. In August of the same year, we also conducted training for executives of Group companies in Japan. Later, in August of the same year, we also provided training for Company executives at domestic Group companies. Going forward, we will promote increased risk management awareness and enhanced response capabilities by implementing various types of training on an ongoing basis.

Information Security

The NTT DATA Group is constantly striving to enhance its information security mainly through technical development that keeps the Group abreast of social, technological, and business trends as well as of the latest trends in security. The results of these efforts are reflected in the Group's systems and client services.

Basic Policy

The more pervasive IT becomes in our lives, the more risks we face with regard to the safety of information and the greater the necessity for appropriate measures to safeguard that information. In the business world, however, focusing solely on ensuring information security hinders the active utilization and sharing of information and stymies the use of beneficial information and know-how.

 The NTT DATA Group recognizes the importance of achieving an appropriate balance between ensuring the safety of information and the active utilization and sharing of information. We implement a wide range of measures that cover both the logical and technological aspects of information security. Logical measures include formulating rules and providing education and training in information security, while technological measures involve solutions that prevent information leaks and the adoption of thin-client computing.
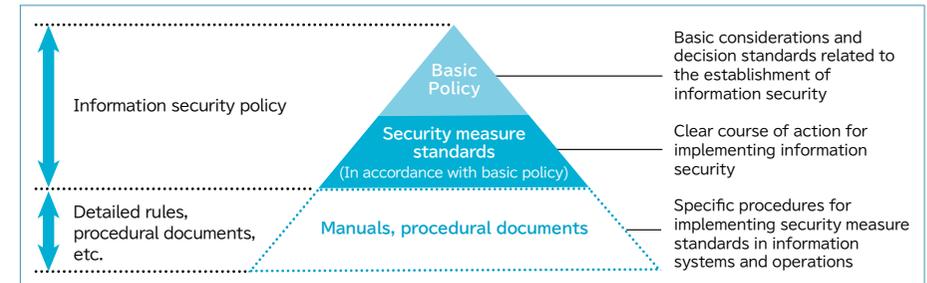
 Our information security personnel come together in forums to facilitate Groupwide sharing of knowledge and know-how. Through this distribution of knowledge within the Group, we are working to establish unified information security governance.

NTT DATA Group's Unified Information Security Policy (GSP)

The NTT DATA Group is well aware that information leakage caused by security breaches and other incidents, as well as unauthorized use of information, can pose a serious threat to the Group's credibility. Based on this awareness, we make sure to handle our information assets appropriately in accordance with the unified code of conduct. We also implement the NTT DATA Group Security Policy (GSP) to ensure safe information distribution throughout the Group. Each Group company has formulated an information security policy based on the GSP. For business partners to whom we outsource software development and other tasks, we ensure that they abide by our rules established to prevent information security incidents.

 Our information security policies stipulate not only our basic principles, but also security measure standards that reflect the basic principles and indicate a clear course of action. Apart from the information security policies, we also have manuals and procedural documents in place which set forth specific procedures for implementing the security measure standards in our business operations.

▶ Information Security Policy Configuration

- Information security policy
  - Basic Policy — Basic considerations and decision standards related to the establishment of information security
  - Security measure standards (In accordance with basic policy) — Clear course of action for implementing information security
- Detailed rules, procedural documents, etc.
  - Manuals, procedural documents — Specific procedures for implementing security measure standards in information systems and operations

Information Security Management System

In order to deal with information security risks and establish information security governance, NTT DATA has appointed executives who promote information security management from a Companywide point of view and has built an information security management system. The main organizations and their functions are listed below.

 Furthermore, to reinforce information security on a global scale we operate a global security governance system centered on regional head offices that is similar to the system in place for business management. NTT DATA regularly reviews the information management conditions of each regional head offices on a quarterly basis to maintain an understanding of management circumstances and provide support for maintaining and enhancing the level of control.

 Since fiscal 2015, we have held workshops aimed at strengthening our initial response in the event of an incident.

▶ Main Organizations and Functions for Information Security Governance

Organization	Functions
Information Security Committee (Assessment / Steering)	Chaired by the chief information security officer and made up of the heads of business units. Monitors and evaluates Companywide activity status and issues, and determines Groupwide information security strategies.
Information Security Office (Promotion and monitoring)	Promotes the decisions of the Information Security Committee and confirms the status of progress. Designates information security promotion officers at each worksite.
NTTDATA-CERT (Backups)	Organization for preventing information security incidents[1] and responding to any incidents that might occur. Joined the Nippon CSIRT Association as well as the Forum of Incident Response and Security Teams (FIRST)[2], a global computer security incident response team (CSIRT) community to collect a wide range of information on security trends in Japan and overseas and utilize it toward improving the security of our own systems.

*1: Actualization of security threats related to information management and system operation, such as computer malware infection, unauthorized access, and information leakage
*2: A global community consisting of approximately 400 or more CSIRTs from government agencies, educational institutions, companies, and other organizations

▶ Information Security Management System
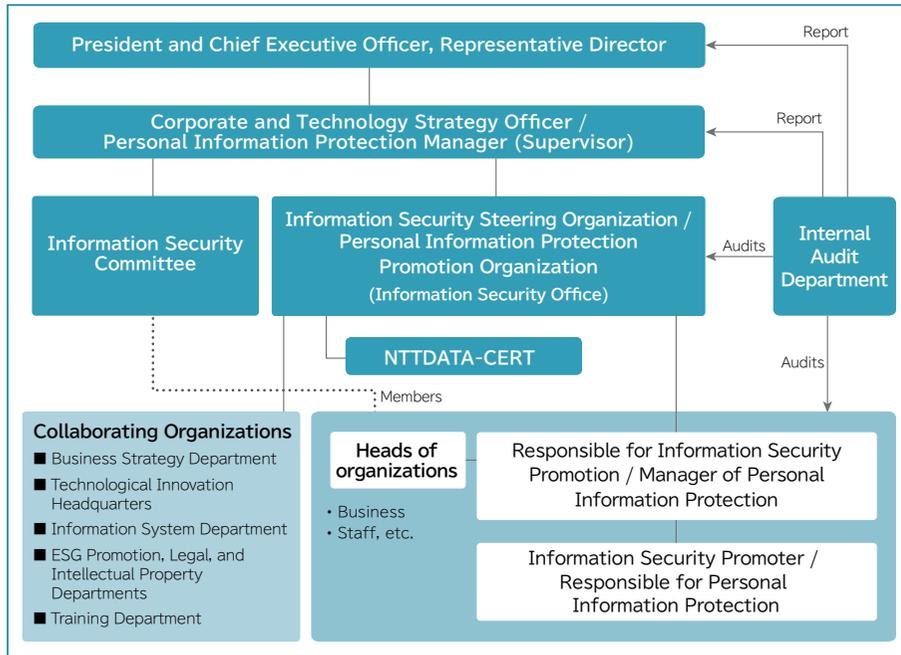
Acquisition of Information Security Management Certification

At NTT DATA Group companies, each unit that handles confidential information and personal information acquires ISO/IEC 27001 certification—the international standard for information security management systems (ISMS)—as an organization, as necessary. As of March 31, 2019, 42 Group companies, including NTT DATA, have acquired this certification in Japan. Several overseas Group companies, for example in Europe, China, and India, have also obtained ISO/IEC 27001 certification.

In addition, 41 Group companies, including NTT DATA, have been granted the right to display the PrivacyMark of the Japan Institute for Promotion of Digital Economy and Community (JIPDEC).

Information Security Governance
## Global Governance

The NTT DATA Group has been diligently working to secure information security based on the NTT DATA Group Security Policy (GSP) since fiscal 2006. The GSP has been applied to the Group's overseas locations as well. A global framework for promoting information security has been built since fiscal 2012, centered around the six regional head offices in North America (NDS), EMEA (EMEA), APAC (NDAP), China (NDCI), Business Solutions (itelligence), and Spain and Latin America (everis). Information security is managed based on unified baselines as well as in a flexible manner that meets the specific needs of each region.

Global Security through Collaboration

To ensure thorough information security governance globally, information security is managed at the three levels of information security steering organizations at the Head Office, regional head offices, and individual Group companies.

The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor information security measures, respond to emergencies, and take preventive measures against incidents.

▶ Global Information Security Governance Structure
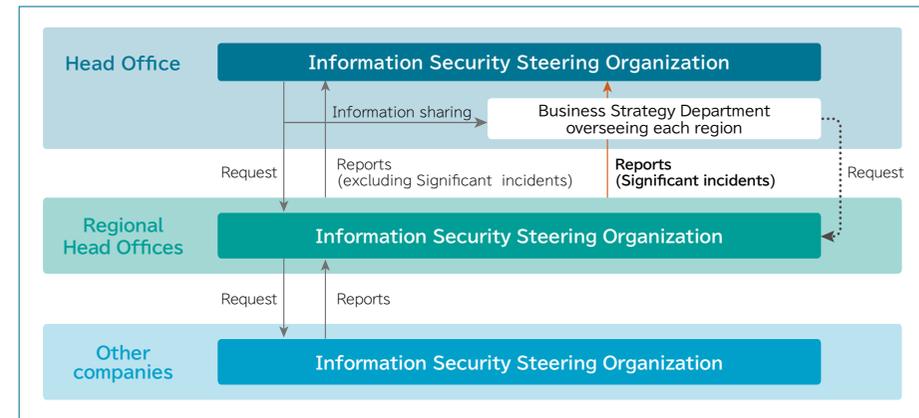
CSIRT Management within Internal Organizations

The NTT DATA Group is managing NTTDATA-CERT as an organizational CSIRT to prevent the occurrence of security incidents through its day-to-day activities. NTTDATA-CERT works to detect incidents early and provide quick and appropriate emergency response.

Activities in Preparation for New Security Risks

We established NTTDATA-CERT in July 2010, after collecting the CSIRT activities that had been implemented internally in each business sector since 2000. NTTDATA-CERT's primary activities include wide-ranging gathering, analysis and communication of information related to the newest attack methods and incident occurrences, communication monitoring, emergency response, research and development, and collaboration with external organizations. We are working to bolster our ability to respond to the most current risks as cyberattack targets and methods change each year.

Collaborative and Wide-Ranging Domestic and International Activities

The scope of NTTDATA-CERT's activities extends beyond the limits of the NTT DATA Group. The team is widely collaborating with external security organizations, including the JPCERT Coordination Center (JPCERT/CC) and CSIRT teams from all member companies of the Nippon CSIRT Association (NCA).

With these efforts, we are quickly sharing security-related information and enabling early detection and response to security concerns.
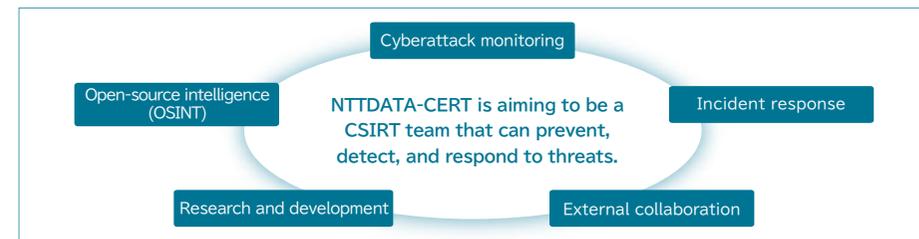
Activities Utilizing OSINT

We adopt an open-source intelligence (OSINT) approach when operating NTTDATA-CERT, which involves actively utilizing information obtained lawfully through mediums including official government announcements and mass media, such as reporting, academic articles, and technical data. Information collected daily is analyzed by NTTDATA-CERT's experts, who then predict future security trends and distribute their findings to all companies in the NTT DATA Group through quarterly reports and security-related news briefings.

Additionally, the NTT DATA Group uses this information in its security strategies and countermeasures, including cyberattack monitoring intensification and the selection of new research and development themes for the next fiscal year.

Incident Response Workshop

We hold workshops for Group companies to ensure that they can provide an appropriate initial response to an incident on site. The workshops are conducted based on our initial response guidelines and designed to help the staff understand the goals of initial incident response and what each of them must do and deepen their knowledge regarding the targets and methods of cyber attackers through examples of incidents that occurred within the NTT DATA Group.

▶ NTTDATA-CERT's Vision

NTTDATA-CERT is aiming to be a CSIRT team that can prevent, detect, and respond to threats.

- Cyberattack monitoring
- Open-source intelligence (OSINT)
- Incident response
- Research and development
- External collaboration

Auditing and Monitoring System

Since 2006, the NTT DATA Group has been diligently working to secure information security in accordance with its GSP. We are also establishing auditing and monitoring systems at domestic and overseas Group companies.

The Company has been pressing forward with initiatives related to security auditing while focusing on three points of view: thoroughness of basic operations, external fraud countermeasures, and response to internal fraud.

Moving forward, we will continue to pursue thoroughness of basic operations and pay particular attention to fraud response measures.

1. Thoroughness of basic operations
   We verify the management statuses of internal organizations and systems that process personal information based on our GSP.

2. External fraud countermeasures
   In order to respond to increasingly sophisticated and complicated cyberattacks, we check the statuses of system countermeasures at Group companies.

3. Response to internal fraud
   We confirm the statuses of system response measures to ensure proper reaction to and prevention of internal fraud.

▶ Internal Auditing System

| Group companies (individual) | Performed annually and internally in accordance with GSP |
| NTT DATA (Head Office) | Internal Audit Department |

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

• We monitor audit items shared between Group companies.

Information Security Strategies
Key Strategies in Fiscal 2018

Practicing and maintaining an appropriate balance between ensuring safety of information and actively utilizing and sharing information, both of which are objectives of the GSP, is essential if the NTT DATA Group is to continue to be a partner to customers that aids in their evolution.

In fiscal 2018, we focused on the issue of improving security governance in NTT DATA's global management and, as specific measures to address this issue, worked on building a global security infrastructure and accelerating escalation for the management of a serious incident. To prepare within the Company for cyberattacks, which are becoming increasingly sophisticated and complex, we also worked to develop an IT infrastructure that will enable us to speed up incident response.

Building of Global Security Infrastructure

To counter increasingly sophisticated cyberattacks, we have established a Groupwide infrastructure that strengthens security across NTT DATA Group locations in and outside of Japan. The infrastructure comprises, firstly, the centralized management of Internet connection points, which makes it possible for us to maintain a constant security level for the entire NTT DATA Group. Secondly, a network with enhanced safety that enables the NTT DATA Group to block connection between its locations in and outside of Japan as necessary. This allows us to prevent the damage from spreading to other areas in the event of an intrusion. Thirdly, an advanced log analysis solution that enables us to detect even advanced persistent threats (APTs). We have introduced this solution throughout the NTT DATA Group.

Establishment of an Escalation System to Manage Significant Incidents

To facilitate the management of Significant incidents, we have established a common escalation system for NTT DATA Group locations in and outside of Japan by setting global security rules that clearly stipulate early detection and reporting. We also have incident response organizations organized hierarchically, allowing an incident that a lower-level organization cannot handle to be escalated to the next-level organization for support. This system helps us secure the ability to quickly respond to incidents on site as well as to address very difficult incidents.

Thanks to these escalation arrangements, roles, responsibilities, and reporting standards in the event of a serious incident have been clarified, and prompt reporting from the overseas regional head offices to the Head Office has been ensured.

Establishment of an IT Infrastructure That Enables Quick Response to Incidents

To prevent incidents such as sophisticated cyberattacks and massive malware infection, NTT DATA has to date put its efforts into reinforcing security of its internal IT infrastructure, such as strengthening terminal security and building a mechanism to constantly monitor the characteristic behaviors of malware.

We have also reviewed and improved our initial response to malware infection by building a mechanism to separate and control the network environment at an early stage and introducing endpoint detection and response (EDR)[1]. EDR automates security patch management on a terminal-by-terminal basis and applies patches to unpatched terminals remotely. EDR can also detect and automatically isolate unpatched terminals.

[1]: Endpoint detection and response (EDR): A product that supports the handling of incidents by centrally managing terminals and analyzing infected terminals and executing countermeasures collectively

Information Security Education and Training
Initiatives Aimed at Spreading Understanding among Employees and Others

The NTT DATA Group provides information security education for employees, business partners, and temporary workers. We have delivered this education and training via e-learning and classroom instruction to promote understanding of the Group's policy on the protection of personal information, the rules contained in the GSP, and the need to be constantly aware of the importance of information security in one's work. In fiscal 2018, we continued implementing a broad range of measures with the primary aim of ensuring that every employee is aware of the basic actions required to maintain information security.

▶ Information Security Training Offered in Fiscal 2018

Target	Content and Format	Participation	
All employees	Information Security and Personal Information Protection Training (e-learning; in three languages)	Target	100% employee completion (11,527 people)
		Achieved	100% employee completion (11,527 people)
Position based	Information security lectures Onsite learning	Incorporated in position-based training conducted by the Human Resource Department	
	Internal Security training for qualified personnel (e-learning)	Learning materials were provided online to applicable personnel.	
Business partners and temporary staff	Personal Information Protection Introduction Training / Information security education (e-learning)	Target	100% of all parties registered on our company system (26,302 people)
		Achieved	100% of all parties registered on our company system (26,302 people)
	Information Security Training Handbook	Booklets available to new business partners and temporary staff via download	

▶ Information Security Training at Key Group Companies in Fiscal 2018

Target	Implementation Format	Participation
Group company employees, business partners, and temporary staff	GSP security training and personal information protection training (e-learning; in three languages)	Domestic Group companies 67 companies, 29,979 employees Overseas Group companies 25 companies, 4,375 employees

Response to Security Incidents Involving the Leakage of Personal Information

NTT DATA maintains personal, confidential, and business information. When this information leaks, it poses the threat of damaging our social credibility and brand image. Leaks may also have negative impacts on the Group's operating results and financial conditions through, for example, payments for damages. We are engaging in the following initiatives aimed at predicting and alleviating these security risks.

There were no substantiated complaints concerning breaches of customer privacy or loss of customer data in fiscal 2018.

Management system	We established a system led by the Corporate and Technology Strategy Officer, in which the Information Security Committee comprehensively evaluates activities conducted during the fiscal year under review.
Auditing and monitoring system	The Company established a governance monitoring system that covers domestic and international Group companies and operates from three points of view: thoroughness of basic operations, external fraud countermeasures, and response to internal fraud.
Incident response	We are operating an organizational CSIRT that works to detect incidents early on and provide quick and appropriate emergency response.
Human resource development	The Company is strengthening both e-learning and onsite learning to develop human resources well-versed in security.

Disaster and System Failure Countermeasures

The NTT DATA Group provides many information systems and services that support social infrastructure. Therefore, a system shutdown or interruption of services in the event of a disaster would have an enormous impact on society and people's lives. Therefore, we strive to constantly improve our disaster BCP as well as contingency plans for systems and services related to social infrastructure. Since the Great East Japan Earthquake, we have particularly sought opportunities where we can apply the lessons we learned from this difficult experience.

▶ Structure for Responding to Earthquakes and Other Large-Scale Natural Disasters
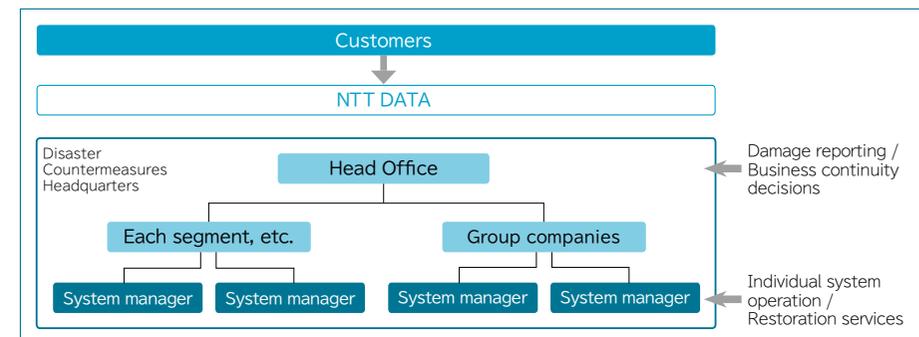
Plans and Systems Responsive to Disaster-Related Risks

As in the case with the Great East Japan Earthquake, we face the risk of disasters of greater scale and diversity, which further raises the importance of plans and systems for response.

NTT DATA has "Disaster Business Contingency Plans (BCPs)" and "Contingency Plans" in place, and conducts various drills and trainings to ensure that the Company can swiftly ensure the continuation of its business after a disaster.

We hold Companywide drills for all employees, including drills for confirming personal safety and setting up the Disaster Countermeasures Headquarters at the Head Office. Furthermore, each organization conducts separate drills that reflect the nature of their respective operations in an effort to minimize disaster risks.

Protecting our buildings, electrical systems, air conditioners, security, and various functions of our data centers is vital for the operation of information systems. For this reason, we have obtained certification for ISO 22301:2012, an international standard for business continuity management, at all Group-owned buildings and have established a system able to respond in the event of a large earthquake, widespread power outage, or similar incidents.

* As of March 31, 2019

Message from the CEO | Company Data | Sustainability in the NTT DATA Group | Efforts to Make Social Contributions through Businesses | Social | Environment | Governance | GRI Standards

102

System Failure Countermeasures Focusing on Prevention and Response

Information systems have developed to the point where they have become infrastructure that supports people's daily lives and industry, so if there were some sort of system failure it could have an enormous impact on everyday tasks and business.

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

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

Human Resource Development Targeting Stable System Management

NTT DATA's Quality Assurance Department is promoting IT-SM community activities as one of its human resource development policies. These activities are aimed at stabilizing system management and maintenance through the development of related personnel.

Our IT-SM community activities include IT service management improvement training, which involves learning through examples of system failure response and prevention, and IT-SM community seminars, which provide a venue for sharing and announcing these examples. Additionally, we are providing support through our IT-SM training (mentoring) school for IT service managers. At this school, two executive IT service managers serve as mentors, passing on skills and expertise, providing psychological support (discussion of concerns), and helping out with personal network building (vertical relationships between IT service managers).

Furthermore, we are supporting and developing personnel involved in system operation and maintenance by offering various tools. These include: standardized on-site inspection checklist for stable system operations; a portal site that provides know-hows for stable system operations and IT service management; a collection of example failure cases for recovery exercise; a system development guide aimed at improving operational quality during their development phase; and a guide for reducing human errors that presents well explained strategies and case studies.

Tax Strategy

The NTT DATA Group has established tax policies for ensuring compliance with tax-related laws and regulations throughout the Group, including overseas Group companies.

Tax Policy

We established our basic policy on tax affairs in view of the growing importance of adopting a global perspective on properly addressing and managing tax risks posed by the increasingly multinational nature of our Group companies, which include regional head offices, and the increase in international transactions brought about by the rapid globalization of our business.

Tax Payments and Reporting

The NTT DATA Group pays appropriate taxes related to business operations in accordance with tax-related laws and the regulations of each country and region. In fiscal 2018, corporate taxes amounted to ¥49,210 million, a tax burden of 33.50% on pretax profit.

Raising the Awareness of NTT DATA Group Employees

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

Relationship with Tax Authorities

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

Brand Management

To promote its global business, the NTT DATA Group is conducting PR activities and surveys to attain sufficient recognition for its corporate brand.

Policy on Branding Activities

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

1. Overseas (Global Market)
   Given that NTT DATA's recognition rate is still low, we will develop activities to promote the Company name and business activities with the aim of improving awareness.

2. Japan (Domestic Market)
   We will further enhance understanding and affinity for NTT DATA and aim to enhance corporate value and improve our brand image by co-creating with customers through our latest technologies.

NTT DATA Brand Awareness Surveys

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

▶ Brand Awareness from People Involved with IT from Countries with Major Markets*1

Country	(%)
United States	58
Germany	63
United Kingdom	67
Italy	72
Singapore	82
India	85
Spain	75
China	89
Japan	99

*1: Percentage of people involved with IT who indicated, through survey responses, that they had seen or heard NTT DATA's company name before

Cases of Advertising or Marketing Offenses

NTT DATA was not involved in any offenses related to the Act against Unjustifiable Premiums and Misleading Representations in fiscal 2018.