

# Sustainability Report 2016



# Contents

## Message from the President P. 03

## Company Data P. 05

- Basic Data
- Business Domain
- An Ever-expanding Business Domain
- Increasing Geographic Coverage
- New Medium-Term Management Strategy
- Organizational Structure

## Our Way P. 11

- Our Way

## CSR in the NTT DATA Group P. 15

- NTT DATA Group CSR Policy
- Initiatives of the NTT Group
- CSR Management
- Commitment to Outside Initiatives
- Third Party Evaluation



## Society P. 22

- With Clients
- With Shareholders and Investors
- With Business Partners
- With Employees
- With Regional Communities and Society as a Whole



## Environment P. 47

- Environmental Management
- Addressing Climate Change
- Appropriate Use of Resources
- Reducing the Environmental Impact of the Value Chain
- Environmental Data



## Governance P. 66

- |  |   |
|--|---|
| ■ Corporate Governance   | ■ Information Security                        |
| ■ Directors, Audit & Supervisory Board Members, and Senior Vice Presidents | ■ Disaster and System Failure Countermeasures |
| ■ Compliance   | ■ Tax Strategy                                |
| ■ Initiatives on Human Rights  | ■ Brand Management                            |
| ■ Risk Management  | ■ Innovation Management                       |



## GRI Guidelines Index P. 89

## Editorial Policy

NTT DATA has reliably published information on its approach to corporate social responsibility (CSR) as a Group and the various CSR-related activities it undertakes as part of its disclosure of information on CSR, and as a way to communicate with stakeholders.

In view of the growing need for non-financial information related to the environment, society and governance for medium- to long-term investors, we reviewed our approach to disclosure to provide greater detail on our initiatives for long-term value creation, updated the format of the CSR Report, and have been publishing the Sustainability Report since fiscal 2015.

For Sustainability Report 2016, we sought to improve and deepen our information disclosure through reorganizing our activity reports by ESG and including our initiatives for resolving social issues. For more information on the business strategies and business operations of the NTT DATA Group, please refer to the Annual Report.

### Organizations covered

This report centers mainly on the activities of the NTT DATA Group in Japan while including details of certain activities conducted by Group companies outside Japan.

 [Group Overview  
http://www.nttdata.com/global/en/about/corporate/group/index.html](http://www.nttdata.com/global/en/about/corporate/group/index.html)

### Period of coverage

This report mainly covers initiatives undertaken in fiscal 2016 (April 1, 2015 to March 31, 2016). Details of certain activities that were conducted prior to fiscal 2016 or are planned for the future are also included in this report.

### Guidelines referenced in this report

- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, Version 4 (G4)
- Japan's Ministry of the Environment Environmental Reporting Guidelines (2012)

### Publication date

November 2016 (the Sustainability Report 2015 was published in December 2015; the Sustainability Report 2017 is scheduled for publication in November 2017)

### Disclaimer and notes

- This report not only contains historical or current facts relating to NTT DATA Corporation and Group companies but also judgments, plans, and predictions based on information available at the time of publication. NTT DATA therefore cautions readers that forecasts of the results of future business activities and events may differ materially from actual results and events.
- The names of products and services referred to in this report are trademarks or registered trademarks of NTT DATA and other Group companies or other companies.

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## Message from the President

**NTT DATA Makes Concerted Efforts to Help Society Realize a Sustainable Future Based on our Strategy, NTT DATA: ASCEND— Rise and grow as a global brand**

Toshio Iwamoto

President and  
Chief Executive Officer



### Looking Back on Fiscal 2016 and Ahead to the New Mid-term Management Plan

In recent years, a moderate recovery has taken shape in the Japanese IT services market, supported by system upgrade projects and IT spending as a means of growing global business. Against such a backdrop, NTT DATA has evolved to become a company that stays ahead of clients' business needs in order to efficiently provide diverse IT services worldwide. In the fiscal year ended March 31, 2016, net sales reached 1.614 trillion yen, with earnings per share of 226 yen, outperforming objectives set out under the mid-term management plan (for the period of fiscal 2013 to fiscal 2016). We believe that this accomplishment reflects solid progress made in our focus areas of expansion into new business fields and the reinforcement of product competitiveness and pursuit of overall optimization. Concerning other key objectives, however, we fell short of expected goals in preventing unprofitable projects and improving profitability of the global business, even though we stepped up our efforts. These remain key management focus areas.

The IT markets in Western countries are growing at present, while emerging markets are expected to enter a full-scale growth trajectory. Such trends will undoubtedly provide more chances to unlock the potential of IT in the future. Against that background, NTT DATA has formulated its new mid-term management strategy (for the period of fiscal 2017 to fiscal 2019) to establish our global brand. Based on core strategies of game-changing approaches and breakthrough technologies, the plan aims to increase our brand value by enhancing local presence and harnessing global synergies. At the same time, we will continuously use innovation to help clients' businesses by predicting dramatically changing market trends and the shift in demand in the IT services industry.

## Making Concerted Efforts across NTT DATA in Sustainable Development to Become a Global IT Innovator

We promote CSR, in our unique NTT DATA way, to address societal challenges through business activities. To this end, we have focused our attention on paradigms across the three areas of society and communities, people at work, and the global environment while strengthening infrastructures that support these areas. In particular, we are concentrating our efforts on three aspects: building stronger corporate governance, promoting diversity, and sharing the Group vision.

As for the first aspect of building stronger corporate governance, we continually drive initiatives to foster governance structures based on principles of the corporate governance code in order to establish more sound and transparent business operations. Specific examples include our initiative to verify and improve the effectiveness of the Board of Directors by holding sessions for external directors, auditors and representative directors to exchange opinions, and by conducting surveys with board members.

As to the second focus, we view diversity as the wellspring of innovation. One of our important management strategies is to promote diversity management, and we have been carrying out initiatives by using diverse talent and innovating how we work, as two wheels of a cart, in order to build an organization that can create high value. In light of our adoption of the government's law to promote women in the workplace, we reviewed our voluntary action plan and set new objectives. We will continuously implement a wide range of programs to further promote diversity by, for example, holding training sessions to raise awareness among various layers of employees, including executives, personnel in managerial positions and female workers as well as by adapting initiatives more widely for gender minorities such as LGBT members.

As to our third area of focus, amid the increasing uncertainty in the IT services market, sharing our common vision throughout the Group is necessary to keep us moving toward our global goals.

Taking on corporate philosophy and our vision of becoming a Global IT Innovator as guides, we share values that we live by to fulfill our Group vision, among all employees across the Group. Since 2014, we have set aside the week of May 23, the anniversary of our foundation, as Values Week every year and hold workshops to provide an open discussion opportunity to explore how our values can be practiced in day-to-day operations. Not only through individuals' proactive activities but also through concerted efforts as a Group, we aspire to keep growing in order to become a global company that clients and society wish to be served by, while striving globally to help society achieve sustainable development.

## Realizing an Affluent Society by Co-creating Innovation

With cutting-edge technology, we transform IT and with IT we help clients transform their business models and also transform ourselves. Through these efforts, we aim to create new value and contribute to addressing societal challenges. This is exactly what we do as NTT DATA and the very social responsibility that we should take.

In fiscal 2016, we developed a core banking system for the Central Bank of Myanmar, illustrating our significant contribution of building IT infrastructures in developing countries. Also, as the electricity retailing market was deregulated, we started to offer systems using our expertise in operating shared platforms and creating business through open innovation. Moreover, our activities with the Vatican Apostolic Library contributed to us winning an opportunity to take part in the digital archive project for Spain's National Heritage. In such ways, we have promoted projects in which IT contributes to passing down historically-precious assets. We will continue to help society solve issues by harnessing our extensive know-how and new technological innovation.

Finally, creating global synergy is integral as we continue to drive global business. A key theme is "NTT DATA: ASCEND— Rise and grow as a global brand," which helps us enhance synergies in global accounts, global delivery, global solutions and global talent across regions to create innovation with clients. We continuously pursue this value and aspire to create a sustainable and affluent society by creating societal value through co-creation as a Global IT Innovator.





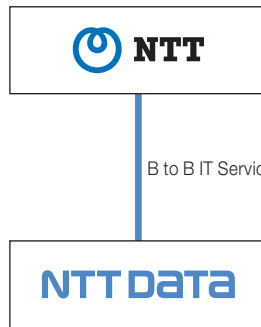
# Company Data



## Basic Data

(As of March 31, 2016)

<b>Company Name</b>	NTT DATA Corporation (NTT DATA)
<b>Form of Company</b>	Company with a board of company auditors
<b>Head Office</b>	3-3, Toyosu 3-chome, Koto-ku, Tokyo 135-6033, Japan
<b>Date of Establishment</b>	May 23, 1988
<b>Common Stock</b>	¥142,520 million
<b>Fiscal Year</b>	April 1 to March 31 of the following year



### NTT Group – One of the world's largest ICT companies

<b>NTT Group</b>	
Total Assets:	Net Sales:
¥21,035.9 billion	¥11,540.9 billion
Number of Employees:	Consolidated Subsidiaries:
241,450 (consolidated)	907

### NTT DATA Group

<b>NTT DATA Group</b>	
Total Assets:	Net Sales:
¥1,860.3 billion	¥1,614.8 billion
Number of Employees:	Consolidated Subsidiaries:
80,526 (consolidated)	258

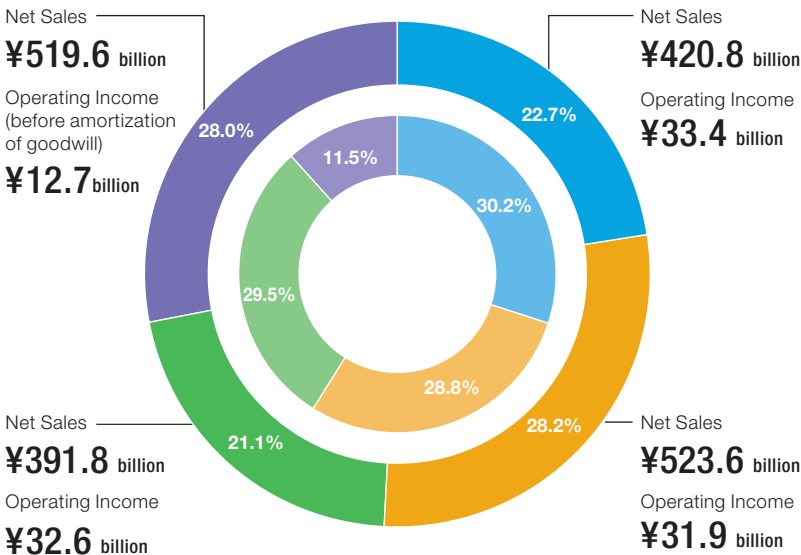
## Business Domain

### The NTT DATA Group, a Provider of IT Services

As leading specialist provider of IT services, the NTT DATA Group offers high-value-added IT services in a wide range of business fields.

#### Business Portfolio (As of March 31, 2016)

Net Sales (outside) Operating Income (inside)



#### Public & Social Infrastructure Segment

Business that provides high-value-added IT services that play important roles in social infrastructure, such as government, medical, communication, and utility systems as well as in regional development.

#### Financial Segment

Business that provides high-value-added IT services that support financial institutions to improve their business efficiency and offer good services.

#### Enterprise & Solutions Segment

Business that provides high-value-added IT services that support manufacturers, distributors, and service providers as well as payment services such as credit cards and platform solutions services, provided in collaboration with other IT services.

#### Global Segment

Global business that provides high-value-added IT services offered in each region and across regions.

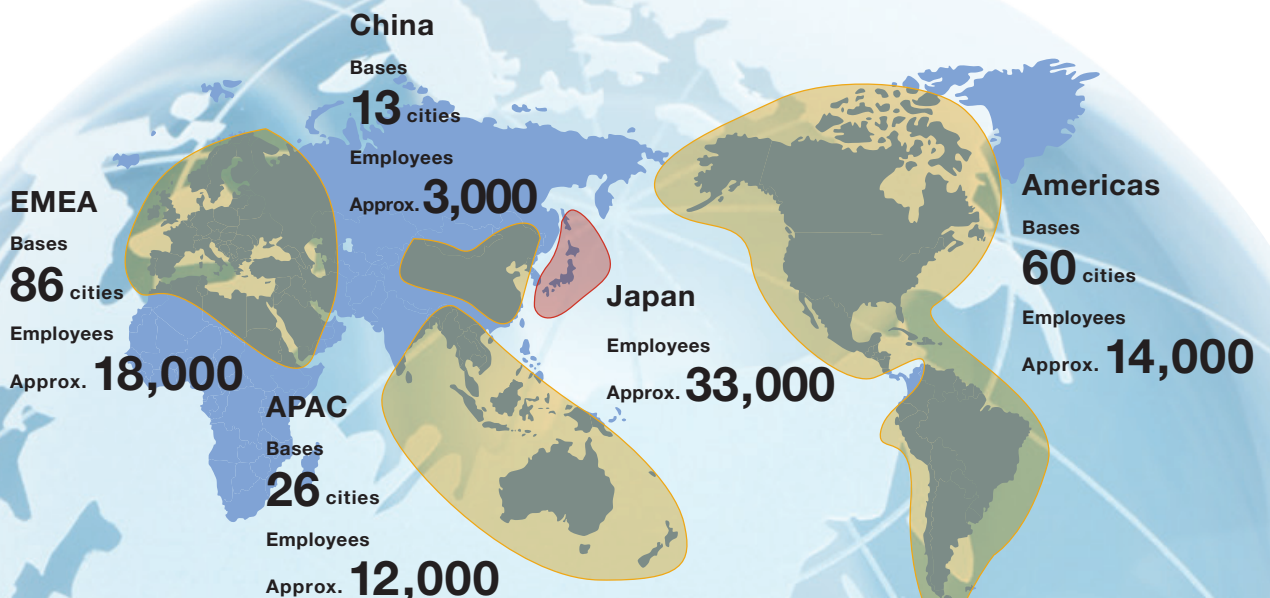
# A Growing Range of Business Fields

We are expanding our fields of business on a foundation of customer relations and technological capabilities.

 <p><b>Public Sector</b> Big data and cloud computing to support local communities</p>	 <p><b>Education</b> Technology for new learning environments</p>	 <p><b>Transportation and Logistics</b> Improving organizations and processes to take transportation and logistics forward</p>
 <p><b>Healthcare and Life Sciences</b> Activating databases for improved healthcare services</p>	 <p><b>Energy and Utilities</b> Generating dynamic environments while maintaining your competitive advantage</p>	 <p><b>Wholesale and Distribution</b> Services to support wholesale business evolution</p>
 <p><b>Banking and Financial Services</b> Reliable and advanced systems are the foundation of client trust</p>	 <p><b>Natural Resources</b> Supply chain expertise to conquer new challenges</p>	 <p><b>Retail</b> Improving efficiency and stimulating online sales</p>
 <p><b>Insurance</b> Expertise and creativity for leading insurance management systems</p>	 <p><b>Manufacturing</b> Greater efficiency for manufacturing process systems</p>	 <p><b>Service Providers</b> Capturing opportunities in the rapidly changing service industry</p>
 <p><b>Telecommunications</b> Communications to create new opportunities and client connections</p>	 <p><b>Automotive</b> Technologies and systems driving the automotive industry</p>	 <p><b>Fundamental Technologies</b> Cloud computing to transform data into a powerful business resource</p>
 <p><b>Media and Entertainment</b> IT solutions for new media business creation</p>	 <p><b>Electronics and High Tech</b> Optimizing technical development, manufacturing, and management operations</p>	 <p><b>Consumer Products</b> Online and mobile innovations for products development</p>

# Increasing Geographic Coverage (As of March 31, 2016)

The NTT DATA Group, comprising an organization that encompasses 185 cities in 45 countries and regions and some 80,000 people, is reinforcing its ability to provide support for global companies.

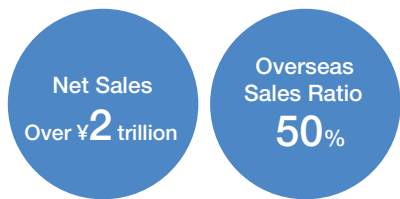


# New Medium-Term Management Strategy

In order for NTT DATA to establish a competitive foundation in the global IT services industry, we must ensure a definite presence in the markets of each country. To this end, the Global 2nd Stage aims to achieve consolidated net sales of ¥2 trillion and an overseas sales ratio of 50% by around 2020.

Under the new Medium-Term Management Strategy (from the fiscal years ending March 31, 2017 to 2019), we will move toward the establishment of a global brand in the Global 2nd Stage with increasing local presence in each country and region as the core strategic theme.

## Global 2<sup>nd</sup> Stage Establish a global brand



Strengthen  
Local  
Presence

NTT DATA : ASCEND  
Rise and grow as a global brand  
FY2016–FY2018

Game-Changing  
Approach

Breakthrough  
Technology

## Previous Medium-Term Management Plan Global 1<sup>st</sup> Stage Increase global coverage



FY2015  
Overseas  
Sales Ratio  
30%

### A look back at the previous Medium-term Management Plan

#### < Target attainment status >

At least			
Net sales	¥1.5 trillion	Net sales for FY2015	1.614 trillion <span style="color: orange;">Achieved</span>
EPS	¥200	EPS for FY2015	¥226 <span style="color: orange;">Achieved</span>

#### < Key issues to address in the new Medium-Term Management Strategy >

1. Enhancing Our Local Presence
2. Enhanced Control of Unprofitable Projects
3. Further Improving Profitability Overseas

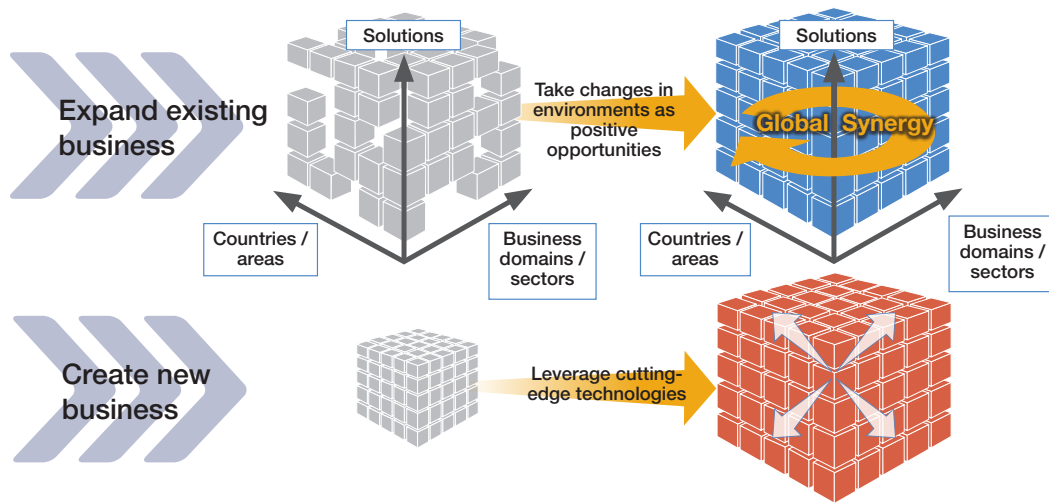


## New Medium-Term Management Strategy Approach

The new Medium-Term Management Strategy is focused on two global strategies: Game-Changing Approach and Breakthrough Technology. Engaging in this shared strategy, to achieve Global 2nd Stage goals we aim to create global synergies between domestic and overseas businesses.

### Global Strategy (1) Game-Changing Approach

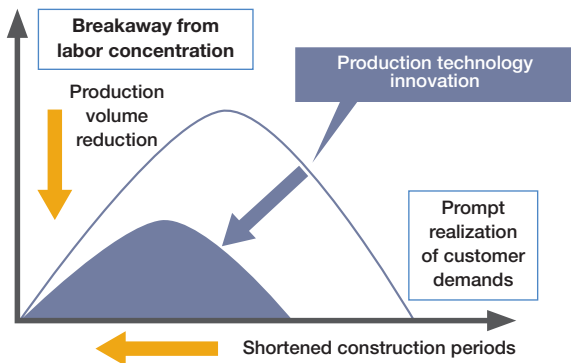
› Viewing global environmental upheaval as a good opportunity, we aim to expand share in each region and accelerate new market creation  
Leverage enhanced global coordination to enter countries, regions, business domains, and sectors that up to now were impenetrable.



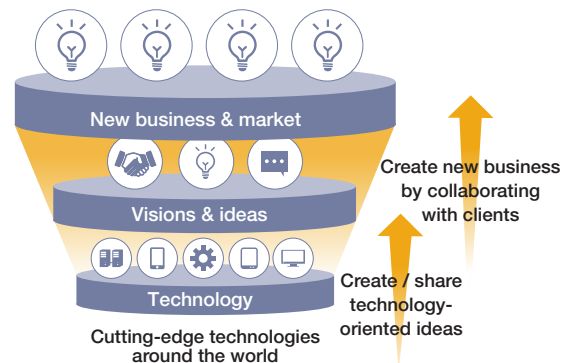
### Global Strategy (2) Breakthrough Technology

› Innovate technologies to provide IT solutions with agility and flexibility  
› Leverage cutting-edge technologies and collaborate with clients

#### Production Technology Innovation



#### Spark New Ideas / Technologies



**Japan**  
Stable Growth

**Global Synergy**

- Innovate production technology/Spark new ideas and technologies
- Global Accounts/Global Delivery/Global Offering/Global Talents

**Outside Japan**  
Grow Revenue and Profitability

**Sound Financial Ground**  
(managing ROI and D/E ratio, stable payout of dividends)

## M&A Strategies

### To Enhancing Our Local Presence

Increasing our sales ranking in the market for IT services in key countries around the world and moving into the top 10 or top 20 should raise our level of recognition. This move would increase our visibility, providing us with more opportunities to pitch our services to the CEOs and CIOs of Fortune Global 500 companies.

### Global M&A Strategy

M&A represents one important means of achieving global growth going forward. We will engage in M&A activities based on the following M&A strategy.

**Utilize M&A activities to drive growth strategies by expanding synergies between geography, lifecycle and offerings.**

#### ✓ Geography

The scale of the IT service market is huge, and although NTT DATA already develops business in this market, its share is less than 2% in some countries and regions. We will utilize M&A activities to expand market share and increase presence.

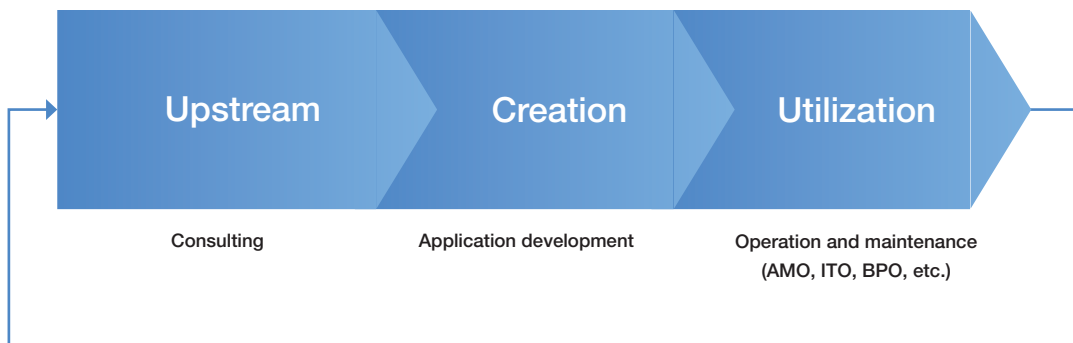
#### ✓ Lifecycle

We will acquire consulting capabilities and outsourcing service delivery capabilities to enable support from the upstream phase for customer management issues, with superior project proposal capabilities for client company management and formation capability and utilize these capabilities globally.

#### ✓ Offerings

We will obtain skills enabling support for global accounts and customers in all countries and regions to enhance service provision capabilities and acquire solutions for the automobile and financial industries.

#### Lifecycle



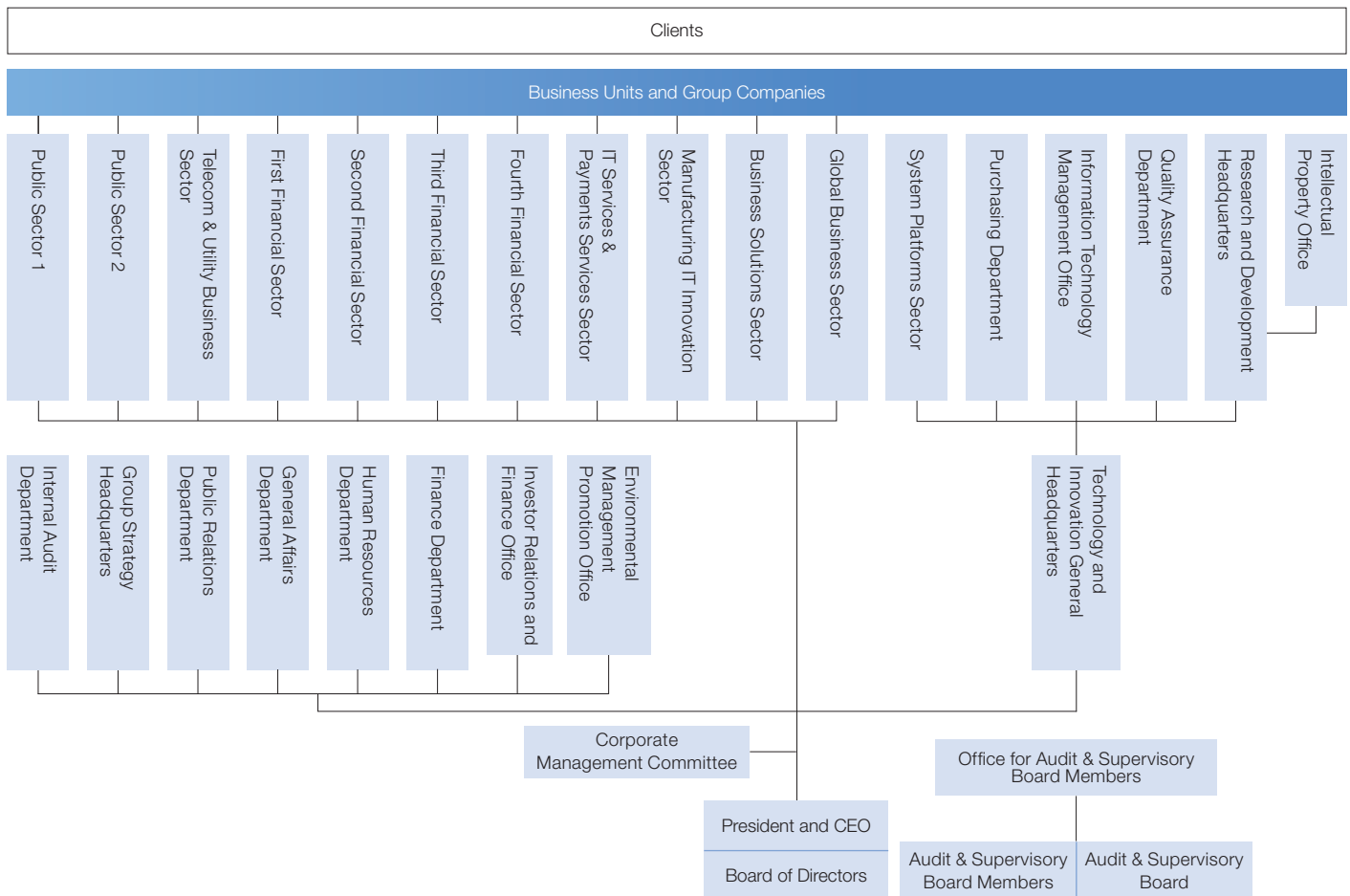
Integrate and conduct ongoing consulting, application development, and operation and maintenance to create and provide new value as a business partner to our customers.

# Organizational Structure

Amid anticipation of rapid industry changes in the Japanese market and advances in IT technology, meeting the ever-diversifying expectations of our clients and society at large requires us to work even harder to expand collaboration across our businesses and accelerate the pace of decision making. Accordingly, NTT DATA has sought to enhance the flexibility of its business organization further by discontinuing the Company System and reorganizing its business sectors, effectively shifting to a structure that leaves decision making on the execution of operations to each business sector as of July 1, 2015.

Specifically, we regrouped our business segments into Public & Social Infrastructure; Financial, Enterprise & Solutions; and Global operations with the aim of transcending business sectors to develop strategies and create new businesses across the segments. We also established the Technology and Innovation General Headquarters to expand our global business and respond to rapid advances in IT technology. Through these measures we are seeking to enhance productivity throughout the Group and bolster our global competitiveness.

■ **Organizational Structure** (As of July 1, 2016)





# Our Way

## Our Way

Today’s business world is evolving faster than ever in Japan and across the globe. As a company and as individuals, we think through what we do, act differently and transform our business to drive a better future for NTT DATA. To guide us in our efforts, the NTT DATA Group has integrated the Mission Statement, which serves as the cornerstone of management and our shared values, into “Our Way” and is striving to achieve the Group Vision in a united effort.

<b>Our Mission</b>	<b>Mission Statement</b>	<b>Employee Creed</b>
	Portrays NTT DATA’s mission and reason for existence while serving as a foundation for management.	Sets forth policies and action guidelines to which all of our employees should adhere.
<b>Pursuing Our Mission in a Changing Business Environment</b>	<b>Group Vision</b>	<b>Values</b>
	Indicates where NTT DATA aims to be in 10 years.	Expresses what is most important for the realization of our Group Vision.

**Criteria that guide our daily actions with regard to ethics, laws, regulations, etc.**

**Global Compliance Policy**

### Mission Statement

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

### Employee Creed

1. We will do our utmost to serve our customers.
2. We will meet the challenges of our work with an active and positive spirit.
3. We will create a vital and vibrant company.

### Group Vision

In 2005, in response to accelerating globalization, NTT DATA instituted a new Group Vision, which we termed Global IT Innovator. With IT at the core of our business, we aimed to comprehensively expand our operations to markets around the world. Our vision embraced two beliefs: “we could change IT to make it better” and “through IT we could change the world.” As a leading innovator in the field of IT, we set out to enable our clients to achieve their highest goals and aspirations.

Our Group Vision contains three messages: (1) we build long-term relationships with our clients and enable them to reach their highest goals and aspirations; (2) we create evolving ecosystems through advanced technology; and (3) we enhance our creativity through the respect and encouragement of diversity at every level of our company.

In 2016, NTT DATA expanded to about 80,000 employees and the company itself continues to grow. We will advance the classification of Global IT Innovator while taking on new challenges and opportunities for greater progress.

## Global IT Innovator

**We realize 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

An important step in working together and achieving the corporate transformation set out in our Group Vision is stating the values we esteem and seek to share. These values are as follows.

### Clients First

First, and above all else, we place the needs of our clients. We work continuously to understand your business and we strive to resolve every concern to your satisfaction. We feel responsibility to ensure your success and we let this obligation set the direction of our work and guide our actions.

### Foresight

We never settle for the status quo. Instead, with speed and foresight, we anticipate challenges that lay ahead. We consider the future of IT as well as the future of your business, work to enhance our ability to picture the future, and with our ecosystems, adapt to the changing business environment. In this way, we help you to meet your goals and create a brighter future for society.

### Teamwork

We put great importance on enabling our employees to achieve their best through their work with each other. We believe that when a diverse group of individuals brings their unique world views together, shares their wisdom, and works toward a common goal, the results are extraordinary and far beyond what can be achieved by any one person.



## Global Compliance Policy

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

### < Preamble >

#### To Be a Trusted Company

Trust by customers, shareholders, suppliers and the societies is indispensable for a company to sustainably grow.

A company can be trusted upon by being aware of its social responsibility (“CSR”) and by fulfilling the expectation of, and enhancing the satisfaction of, customers and other stakeholders through good dialogues.

We also believe that it is fundamental to gain trust not only by complying with laws, regulations and agreements but also by respecting various international norms, including human rights, acting with good moral and integrity, and performing fair and transparent business activities.

Furthermore, our mission is to create new “mechanisms” and “values” with IT and to materialize more affluent and harmonious societies, and we aim to resolve the issues that the earth and societies are facing.

With these in mind, everyone at NTT DATA will act in accordance with this “Global Compliance Policy” and we all do our utmost to be a trusted company.

### < Application >

All directors, officers and employees shall fully understand this Global Compliance Policy, and act as follows to achieve its purposes. Directors and officers shall take their initiatives and exert to cultivate the high morals in employees.

### < Principles >

#### We will:

- Comply with all relevant laws and regulations of the jurisdictions where we do business, including international laws, and act in accordance with good integrity.
- Be aware of our corporate social responsibility, and perform fair and transparent business activities.

### < For Customers >

#### We will:

- Execute appropriate agreements with our customers, and provide systems and services pursuant to the agreement.
- Thoroughly manage customer information in accordance with the agreements, relevant laws and regulations related to the protection of personal data.

### < For Shareholders >

#### We will:

- Undertake sound corporate management and strive to increase the interests of our shareholders.
- Timely and appropriately disclose management information in order to perform transparent management.

### < To Competitors >

#### We will:

- Restrict ourselves from performing any acts that would impede market competition, including defamation, dumping, cartels, and other unfair/anti-competitive conducts, and perform fair and free competition.
- Protect our own intellectual properties and respect the same of others.

### < To Suppliers >

#### We will:

- Act with integrity without abusing a superior position.
- Comply with relevant laws and regulations applicable to transactions with suppliers, and observe agreements with suppliers.

### < To Government >

**We will:**

- Not provide any gift or hospitality against our policy or applicable laws, nor conduct any act that would be suspected of corruption.
- Not be involved in any bribery with government officials in any manner and in any jurisdiction.

### < To Society >

**We will:**

- Actively undertake social contribution, such as volunteering or other community activities, to fulfill our responsibility as a good corporate citizen.
- Respect the diversity of cultures and values, and contribute to the development of societies where we do businesses.
- Refuse to do any business with anti-social forces.

### < To the Environment >

**We will:**

- Propose IT systems and solutions to contribute to the reduction of the environmental load.
- Strive to reduce the environmental load caused by our business operations.
- Increase our awareness of biodiversity, and undertake activities to protect the natural environment.
- Observe laws and regulations related to the environment.

### < To Employees & Co-workers >

**We will:**

- Respect the individuality and personality of our people.
- Respect human rights and will not discriminate based on gender, nationality, belief or religion.
- Not commit any harassment.
- Maintain fair and equal treatment of employees and provide employment opportunities on the basis of individual merit, in a working environment safe, secure, and free of violence, drugs or child labor.

### < As Employees >

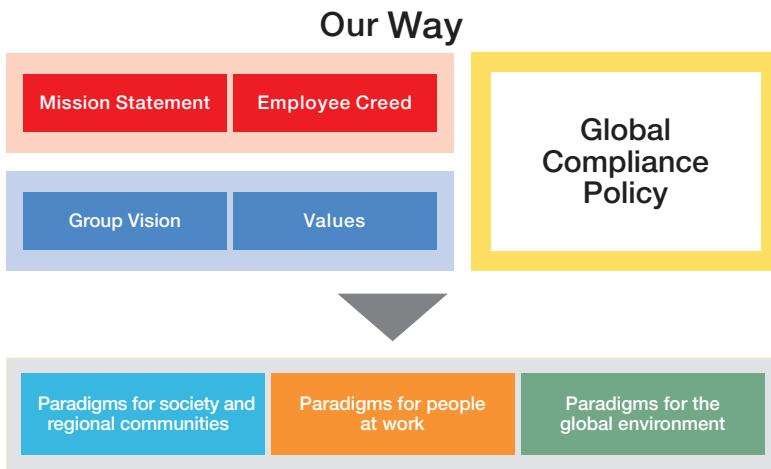
**Each employee will:**

- Ensure that information security be maintained and not conduct any privacy infringement, unauthorized access and other unlawful acts.
- Observe the company policies and not engage in any act that conflicts with the interests of the company or that provides personal gain to the detriment of the company.
- Not engage in insider trading in any manner.
- Not provide or receive any gifts or hospitality against our policy from/to customers, suppliers or business partners.
- Not post to any social media any confidential or proprietary information or any message that harms the trust or rights of any parties.
- Promptly report any breach or suspected breach of this policy or other unlawful act to your manager, local compliance officer, or whistle blowing line where appropriate. The company will not make any retaliation to those who made good faith reporting through the whistle line.

# CSR in the NTT DATA Group

## NTT DATA Group CSR Policy

We practice Our Way, the guiding principles of our CSR activities, by pursuing our Material CSR Challenges of developing paradigms for society and regional communities, for people at work and for the global environment.



## Initiatives of the NTT Group

### The NTT Group CSR Charter

In recent years, attention to environmental, social and governance (ESG) concerns has increased across the globe, as evidenced by the adoption of the Sustainable Development Goals (SDGs) by the UN General Assembly and the COP21 Paris Agreement, along with growing expectations by shareholders, investors and other stakeholders for companies to align management strategy with CSR strategy.

Therefore, the NTT Group revised the charter in May 2016 to reflect the global scope of our business activities, including the value chain.

Guided by the revised NTT Group CSR Charter, the NTT DATA Group continues to engage in CSR activities that are commensurate with the nature of its business operations.



## CSR Committee

In fiscal 2016, the NTT Group established the Group CSR Committee, chaired by the chairperson of NTT's CSR Committee (representative director and senior executive vice president) and comprising chief CSR officers (senior executive vice presidents and the executive vice president) of the eight major NTT Group companies. The NTT DATA Group contributed to advancing CSR management for the NTT Group as a whole through such efforts as participating in the Group CSR Committee. It also takes part in the Group CSR Liaison Meetings on a regular basis to share common challenges and successful examples from each Group company and to monitor progress on the implementation of our CSR Priority Activities with respect to PDCA cycles and further promote a sense of unity across the Group.

## Raising Groupwide CSR Awareness through Conferences

The NTT Group has been convening the NTT Group CSR Conference, which the NTT DATA Group participates in every year, since fiscal 2014 to raise employee awareness of CSR and encouraging them to think about the future of CSR and social contribution by sharing superior CSR initiatives across the Group.



NTT Group CSR Conference

### Presentations by the NTT DATA Group

Two of NTT DATA's initiatives in Japan were selected as superior CSR initiatives, and one initiative at an overseas Group company was selected for significantly advancing CSR. Accordingly, we presented our initiatives at the third conference, in February 2016.

#### Japan: Verification Test for Supporting the Elderly with Communication Robots

For three months beginning in March 2015, NTT DATA conducted verification trials at nursing homes for a senior citizen service using communication robots and sensors. As Japan's population continues to age, the government is seeking to structurally reform medical and nursing services, and the development of a framework for supporting the elderly who live at home has become a social concern. The purpose of the trials was to raise the efficiency of elderly care and prevent the advance of dementia. Following research on the current staffing and daily lives of elderly people in nursing homes, the trials were conducted using robots with mounted sensors to take on the task of checking on the elderly and monitoring their physical condition. We intend to develop an organic link with various services and introduce robots that can assist with daily living needs, which will be essential for providing support that closely aligns with demand.



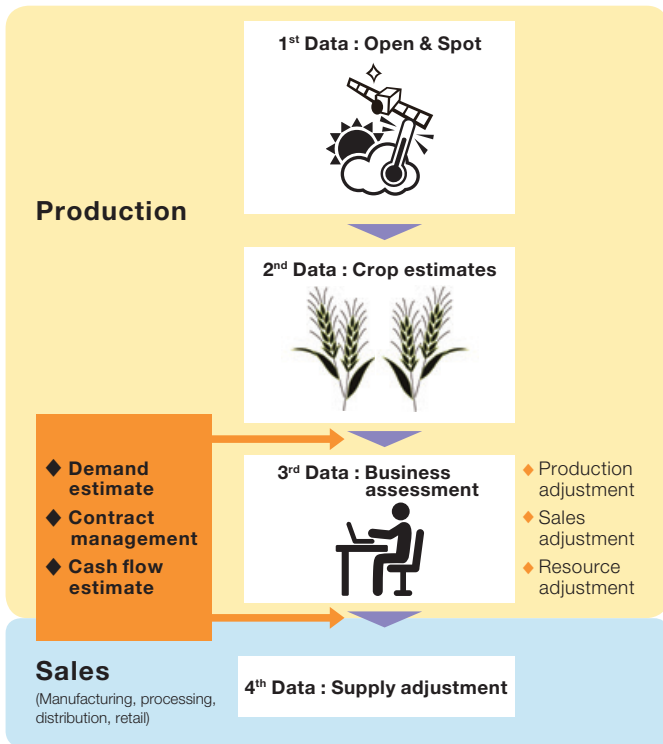
The "Sota" communication robot



### 〈 Initiatives in Japan: Introducing Data Science to Agriculture 〉

JSOL conducts R&D on agricultural business management while using data science, such as crop estimates and market forecasts. In Japanese agriculture, particularly the primary industries, supply does not function as well as production, which adversely affects the entire economy. We have been utilizing the results of our research in the construction of an IT platform for research in order to turn agriculture into a growth industry. Moreover, we intend to continue applying ICT to support creative food production that can be handed down to the next generation by strengthening collaboration with the NTT Group and working on joint projects with external research institutions.

#### ■ Crop Estimate Model for Farmers



### 〈 Overseas Initiatives: Social Contribution Activities by NTT DATA Global Delivery Services 〉

NTT DATA Global Delivery Services believes that supporting local communities, the environment and disaster relief will have a positive impact on local communities. We therefore support the daily lives of children, women and the elderly by providing medical services, education and food, and we extend aid in the event of a natural disaster. During our Global Volunteering Week in December of each year, more than 2,000 employees participate in over 50 social contribution programs organized by various NGOs. Our Companywide efforts in these and other activities have been regarded highly by society and acknowledged with external awards.



Employees participating in Global Volunteering Week



# CSR Management

## System for Promoting CSR

NTT DATA manages its CSR activities under the leadership of the representative director, senior executive vice president and director, and executive vice president. The General Affairs Department handles related operations such as compiling information, training employees and engaging with outside entities, and each workplace carries out CSR activities to contribute to resolving social issues.

## Material CSR Issues

### ■ Identifying Material CSR Issues

The NTT DATA Group pursues activities in line with its Material CSR Challenges by upholding Our Way while at the same time striving to establish the infrastructure for our CSR management, such as corporate governance, to meet the expectations of the global community. To make our measures for promoting Group activities more effective, we identified the material issues requiring a focused effort, by following the materiality analysis process outlined in the GRI Guidelines (G4).

#### ■ Material CSR Issues of the NTT DATA Group

Material CSR Challenges			CSR Infrastructure
Society and regional communities	People at work	Global environment	
<ul style="list-style-type: none"> <li>Contribute to the realization of a fair society</li> <li>Develop IT human resources</li> </ul>	<ul style="list-style-type: none"> <li>Realize diversity in hiring and promotion</li> <li>Eliminate illegal labor practices (child labor, forced labor, extended work hours)</li> </ul>	<ul style="list-style-type: none"> <li>Conservation of biodiversity (response to climate change)</li> </ul>	<ul style="list-style-type: none"> <li>Broadly establish safe and secure IT infrastructure</li> <li>Innovate advanced IT technologies</li> <li>Ensure information security</li> <li>Ensure compliance</li> <li>Respond to disaster risks</li> </ul>

### ■ Process of Identifying Material Issues

We used the following process to identify our Material CSR Issues.

- (1) In view of the Group’s business environment, we considered the internal and external situation from the perspective of ESG to extract the issues that the NTT DATA Group should address.
- (2) We prioritized these issues from the perspective of “materiality for society” and “materiality for the NTT DATA Group” to identify our material issues.
- (3) The General Affairs Department, which serves as the secretariat for CSR, verified the validity of the material issues we identified in order to ensure that the material issues of the NTT DATA Group have been adequately covered and that the expectations of our stakeholders have been appropriately reflected. The identification of issues was ultimately confirmed after gaining final approval from directors.
- (4) We annually publish a report on our material issues and related initiatives. Also, we gather feedback from our stakeholders through surveys, external reviews and other means to improve our activities in the upcoming fiscal year.

**Materiality Analysis**

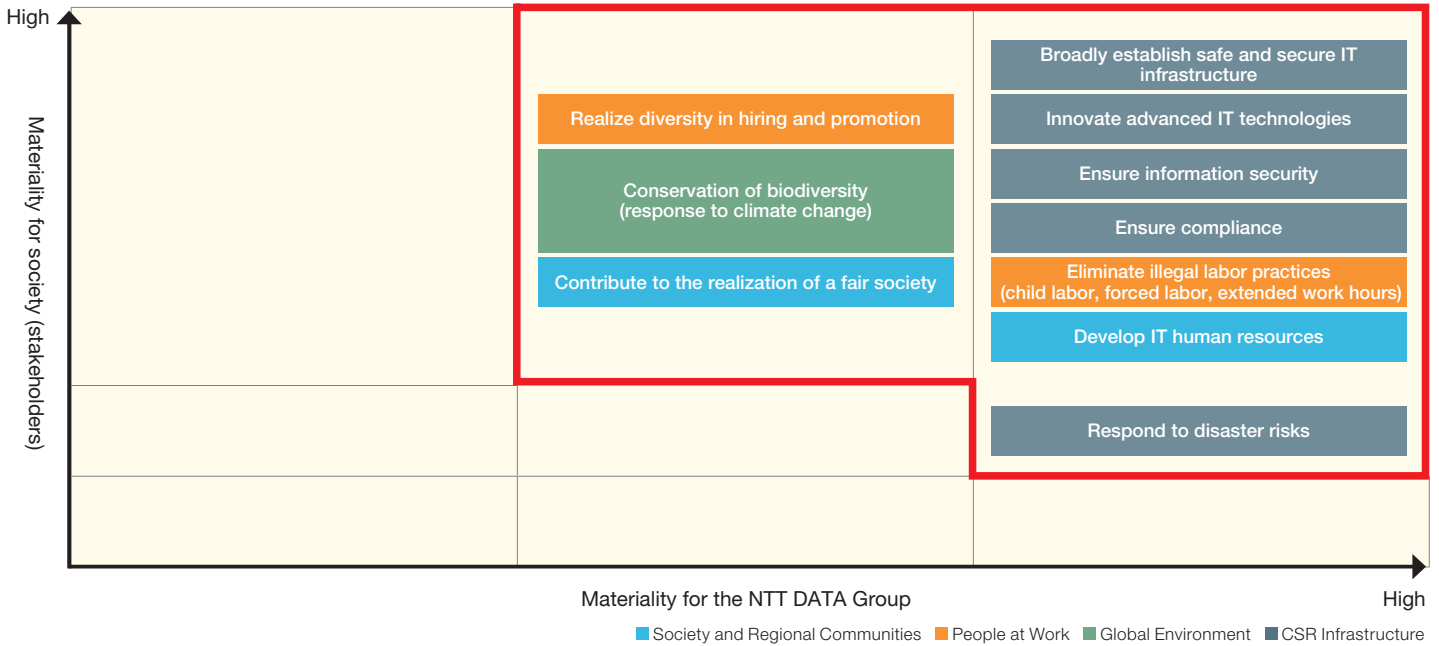
**Identifying materiality for society**

- Sort out and analyze the results of evaluation by research and rating agencies
- Identify the categories adopted by the GRI Guidelines, ISO 26000, etc.
- Interview outside experts

**Identifying materiality for the NTT DATA Group**

- Conduct an employee survey on the Sustainability Report
- Conduct the Employee Satisfaction Survey, Customer Satisfaction Survey, etc.

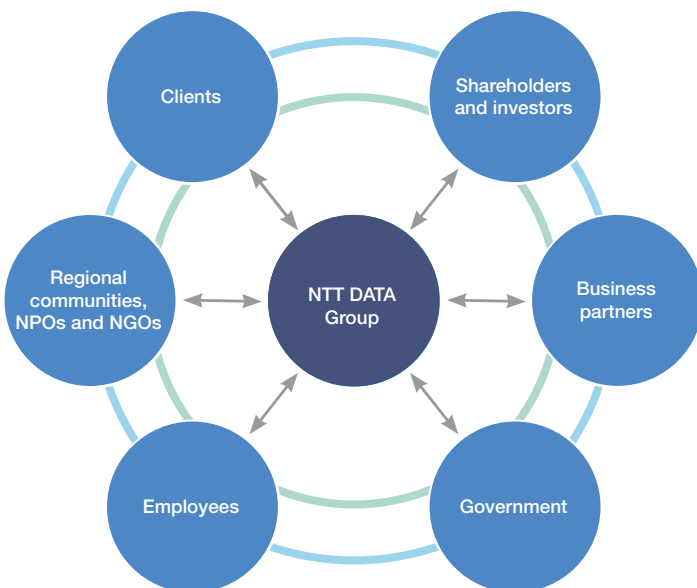
We also referenced the NTT Group CSR Charter to identify materiality.



**Stakeholder Engagement**

In business, there are always opportunities to engage with stakeholders in dialog and make improvements based on these conversations. We value the conversations we have on a daily basis and instill within the Group our commitment to our stakeholders while at the same time considering what society at large expects of us as we strive to address social issues.

**Key Stakeholders**



## Overview of Stakeholder Engagement

	Stakeholders	Related Material CSR Issues	Main Approach
Clients	<ul style="list-style-type: none"> <li>All our clients, including corporations, that use services provided by the NTT DATA Group</li> </ul>	<ul style="list-style-type: none"> <li>Broadly establish safe and secure IT infrastructure</li> <li>Innovate advanced IT technologies</li> <li>Ensure information security</li> </ul>	<ul style="list-style-type: none"> <li>Regular sales and proposal activities</li> <li>Client satisfaction surveys (questionnaires, interviews)</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Shareholders and creditors of the NTT DATA Group, and individual and institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>Respond to disaster risks</li> <li>Ensure compliance</li> </ul>	<ul style="list-style-type: none"> <li>Annual Meeting of Shareholders</li> <li>Annual reports</li> <li>Investor relations website</li> <li>Financial results briefings</li> <li>Shareholder newsletters</li> </ul>
Government	<ul style="list-style-type: none"> <li>Central and local governments overseeing policies on the IT service industry, employment, the economy and the environment</li> </ul>	<ul style="list-style-type: none"> <li>Broadly establish safe and secure IT infrastructure</li> <li>Innovate advanced IT technologies</li> <li>Ensure information security</li> <li>Ensure compliance</li> <li>Realize diversity in hiring and promotion</li> </ul>	<ul style="list-style-type: none"> <li>Various applications and reports</li> <li>Consultative meetings, committee meetings and research committees held by government agencies</li> <li>Committee meetings and investigative meetings held by industry groups and organizations</li> </ul>
Regional communities, NPOs and NGOs	<ul style="list-style-type: none"> <li>Local communities and NPOs involved with NTT DATA Group companies through our core businesses</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to the realization of a fair society</li> <li>Develop IT human resources</li> <li>Broadly establish safe and secure IT infrastructure</li> <li>Ensure information security</li> </ul>	<ul style="list-style-type: none"> <li>Participation in community events</li> <li>Collaboration with/sponsoring of social contribution activities</li> <li>Feedback via our website</li> <li>Advisory boards</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>Business partners that cooperate in providing NTT DATA Group services</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance</li> </ul>	<ul style="list-style-type: none"> <li>Regular business activities</li> <li>Business Partner (BP) Presidents' Meetings</li> <li>Discussion meetings</li> <li>Technological briefing sessions</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employees of the NTT DATA Group and their families</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate illegal labor practices (child labor, forced labor, extended work hours)</li> <li>Realize diversity in hiring and promotion</li> <li>Respond to disaster risks</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction surveys</li> <li>Management-employee town halls</li> <li>Proposal Patio (bottom-up suggestion system)</li> <li>"Nexti" (NTT DATA Group internal social networking service)</li> <li>Helpline</li> <li>Counseling</li> </ul>

## Advisory Board Established to Incorporate Opinions and Proposals into Business Activities

In August 2016, NTT DATA set up its third advisory board as a forum for seeking objective opinions and proposals of outside experts on NTT DATA's management. The members exchange views on aspects of our management and on social issues, and we incorporate their opinions and proposals into business activities.

- Term: from August 2016 to September 2017 (tentative)
- Frequency of meetings: twice a year
- Advisory Board Members (as of September 2016)
  - Noriko Arai, Professor, National Institute of Informatics/Director, Research Center for Community Knowledge
  - Yoshinori Ando, President, Ando Yoshinori Office
  - Fumihiko Ike, Former Chairman, Honda Motor Co., Ltd.
  - Shuzo Kaihori, Chairman of the Board, Yokogawa Electric Corporation
  - Hirohide Yamaguchi, Chairman of the Advisory Board, Nikko Research Institute, Inc.

# Commitment to Outside Initiatives

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

- Japan Data Communications Association (board member)
- VCCI Council
- The ITU Association of Japan
- KEIDANREN (Japan Business Federation)
- Japan Electronic Payment Promotion Organization (Chair)

# Third Party Evaluation

NTT DATA's CSR initiatives are evaluated by domestic and overseas research agencies (as of September 2016).



Dow Jones Sustainability Asia Pacific Index



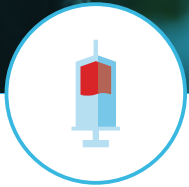
NTT DATA is a component of the FTSE4Good index series, a stock index series designed to promote investment in companies that meet global standards related to the environment, society and governance.



Morningstar Socially Responsible Investment Index



oekom research AG  
NTT DATA has been evaluated as a "Prime" leader in the Internet & Software industry category.



# Society

The NTT DATA Group addresses societal issues by harnessing IT and contributes to the development of a sustainable society by engaging its stakeholders.

## Approach Adopted by the NTT DATA Group

At the present time, as business becomes ever more global and IT continues to evolve, the needs that companies ask us to meet are becoming more diverse. Responding to those needs require us to constantly hone our powers of foresight and create new mechanisms that are of benefit to society.

Recognizing the critical importance of providing its clients with safe and secure services, the NTT DATA Group has been actively facilitating the supply of, for example, highly reliable as well as people-friendly systems, thereby contributing to the development of society.

Through these efforts we will create new businesses that will nimbly pick up on changes in the world and expand our business domains, while helping to resolve wide-ranging social issues.

Looking ahead, we will bring innovation to fruition in cooperation with our clients and use IT to provide paradigms that are beneficial to both larger society and regional communities.

## With Clients

The NTT DATA Group provides safe, secure services to clients and strives to enhance these services by continuously keeping pace with client needs.

### Management Approach

The NTT DATA Group recognizes the critical importance of providing its clients with safe and secure services and provides highly reliable systems by constructing a systematic quality management system and establishing advanced methods for system development. To meet the diverse needs of our clients, we conduct client satisfaction surveys and carry out activities intended to reflect the opinions and requests we receive in improving our services so that they are even better from the client standpoint.

### Developing Systems that Are Safe and Secure

The bringing to fruition of systems and services that offer round-the-clock, year-round stability is a key responsibility and forms the basis for providing services to clients. In realizing a social infrastructure that people feel safe and secure to use, the entire NTT DATA Group is engaged in, for example, the gaining of certification under quality management standards and the standardization of development and management methods. The Group is facilitating the provision of services that are geared to raising system reliability.



## ■ Initiatives to Improve Quality

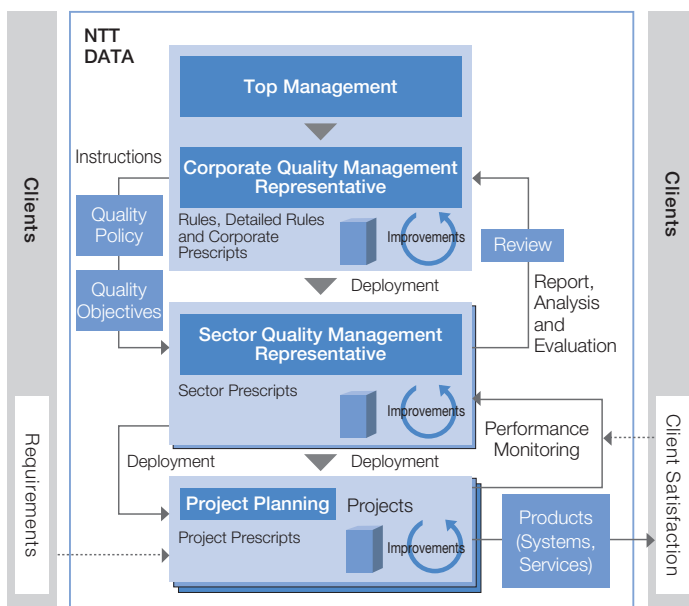
### 〈 Building a Management System Based on ISO 9001 and Continuously Promoting Improvement Activities 〉

NTT DATA obtained ISO 9001 certification – the international standard for quality management – on a Group-wide basis in 1998 and subsequently adopted a systematic approach for quality management system across the entire organization. Since fiscal 2008, NTT DATA has created unified Company-wide rules governing system development and management methods and has clarified procedures for applying the rules to bolster the system on a Group-wide basis. In March 2010, we formulated an implementation method to boost quality and productivity, which we have also deployed Company-wide, under our unified rules. In addition, we quickly focused on making process improvements and enhancing the transparency of system development, and we incorporated Capability Maturity Model Integration (CMMI)\* to formulate development and operational standards. In recent years, we have particularly recognized the importance of raising the standard of quality control at development sites, including those of Group companies. We are therefore taking steps to roll out CMMI throughout the Group and to share quality-related information.

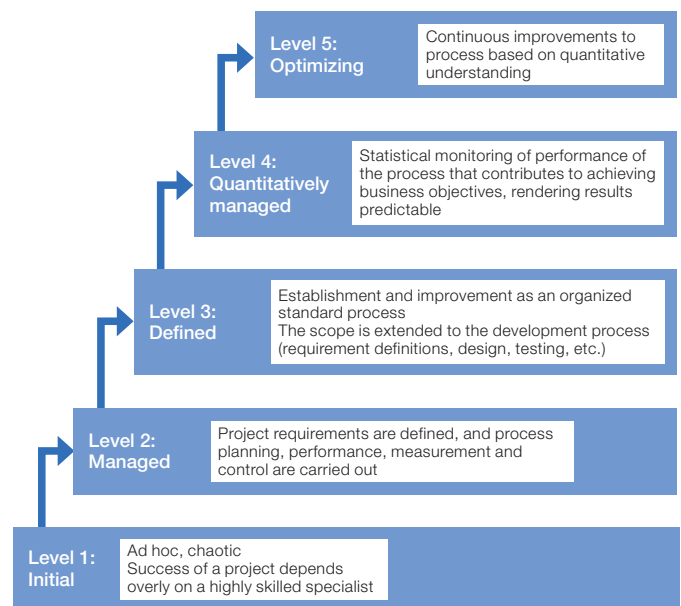
As part of our global effort to enhance quality, we have deployed a quality assurance system in the Asia-Pacific region and are preparing to obtain ISO 9001 certification in Vietnam and Australia while providing support and information for process improvement utilizing CMMI to offshore locations in China.

\* CMMI is an approach managed by the CMMI Institute that expresses the level of maturity of the organization undertaking system development on a five-point scale.

#### ■ NTT DATA Quality Management System



#### ■ Capability Maturity Model Integration



### 〈 Enhancing and Standardizing Project Management 〉

NTT DATA is endeavoring to enhance and standardize project management in order to improve the quality and efficiency of system development. In April 2016 we integrated our R&D organization for production technologies, which includes project management, with our project support organization to establish the Project Management Solution Center within the Technology and Innovation General Headquarters. We also opened the Agile Professional Center as an entity that applies the agile development method to collaborate with clients in creating new businesses and services.

#### ► Project Management Solution Center

The Project Management Solution Center was established to research and develop innovative project management methods, reinforce them through verifiable methods familiar to the actual worksites, and provide them within the Group in an easy-to-use manner. The center is also responsible for establishing the NTT DATA Global Standards, which integrate standard procedures for system development around the world, and for developing next-generation management tools that raise the execution rate of progress management and quality management, thereby enhancing the competitiveness of the NTT DATA Group and limiting problematic projects.

► **Agile Professional Center**

The Agile Professional Center was established to create new businesses in collaboration with clients in response to the expanding business need for generating innovation. We are actively developing human resources in the area of agile development and building an on-demand development structure by setting up agile development locations around the world.

► **Quality Management Portal Site**

In fiscal 2011, NTT DATA launched the Quality Management Portal Site. Our objective was to enable the sharing of all kinds of information related to quality among the different development locations, including those of Group companies.

In fiscal 2016, in addition to enhancing content, we sought to increase the usefulness of the information portal by restructuring the site to comply with the Software Quality Body of Knowledge Guide, which focuses on quality management, and by adding items to the menu so that content could be viewed by stage of application, such as when a project is launched or in progress. We will continue our efforts for making better use of quality assurance expertise to achieve further improvements and reduce the environmental impact of rework.

**Initiatives for Improving Client Satisfaction**

Initiatives that involve listening to what clients have to say and targeting improvements in their levels of satisfaction are an important issue when considering contributions that can be made to society through business operations.

In line with its client-first approach, the NTT DATA Group strives to improve client satisfaction as a means of contributing to their success.

■ **Improving Client Satisfaction**

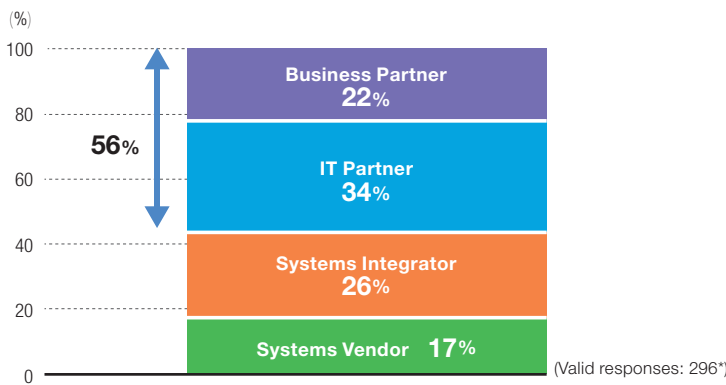
◀ **Promoting Improvement through Interviews and Questionnaires** ▶

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

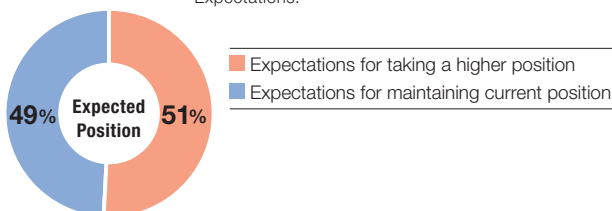
In fiscal 2016, we listened to the opinions and requests of 52 organizations in interviews and obtained feedback in questionnaires received from 301 people in 155 client organizations. These client satisfaction (CS) surveys revealed that 56% of clients viewed “NTT DATA as a partner that puts thought into both their business and into IT.” Meanwhile, 51%, or roughly half of the clients, indicated that they expected NTT DATA to take a “higher position” in their business.

In the years to come, we plan to continue CS activities across the Group as a basic practice.

■ **NTT DATA's Actual Position for Customers**



\* Figures are based on a compilation of responses for “Actual” and “Expectations.”



**Business Partner**  
A business partner that works hand in hand with customers to help customers develop new businesses and services from their conception to market release

**IT Partner**  
An IT partner that brings new issues to the attention of customers, working in unison to put forward systems solutions

**Systems Integrator**  
A partner that is capable of providing timely advice regarding the necessary systems and services based on solutions that are required to address new issues that come to the attention of customers

**Systems Vendor**  
A partner that takes steps to approach customers in conjunction with other vendors when the necessary systems and services have been clarified

## With Shareholders and Investors

NTT DATA endeavors to enhance its corporate value in response to the trust and expectations of its shareholders and investors by appropriately distributing profits and ensuring transparency in its information disclosure.

### Management Approach

NTT DATA is guided by its fundamental policy of appropriately distributing profits while working to increase corporate value over the medium to long term by achieving sustained growth for the Group by means such as investing in new and other business activities and ensuring efficient management of business operations.

We intend to pay a stable dividend based on a comprehensive assessment for achieving a balance between the sustainable development of our business and shareholder return.

To increase the transparency of our management, we follow our Disclosure Policy and disclose information in a timely and appropriate manner. The Disclosure Committee is responsible for formulating policies related to the disclosure of management information and for constructing a mechanism for reflecting shareholder opinions in our management. The committee endeavors to enhance our IR activities and stimulate two-way communication by, for example, creating opportunities for dialogue.

### Approach to Information Disclosure

#### ■ Disclosure Policy

NTT DATA adheres to its Disclosure Policy and discloses information of material importance to the Company in a timely, just and fair manner in accordance with relevant laws and regulations, including Japan's Financial Instruments and Exchange Act and the securities listing rules of the Tokyo Stock Exchange.

Moreover, to the greatest extent possible, we actively pursue fair disclosure of information that is not deemed to be of material importance, if we consider the information to be useful to shareholders and investors.

### System for Ensuring a Constructive Dialogue

#### ■ System

NTT DATA has appointed a director to be responsible for IR and set up an office specializing in IR (Investor Relations and Finance Office) to engage shareholders and investors in constructive dialogue. To ensure that internal departments collaborate on IR activities in a coordinated manner, we hold regular meetings of the Disclosure Committee, which has its secretariat in the Investor Relations and Finance Office and comprises the president and CEO, the senior executive vice president, the director responsible for IR, the officers in charge of each segment, and the head of the Group Strategy Headquarters. The committee deliberates on the formulation of the disclosure guidelines for management information as well as its ongoing disclosure.

#### ■ Mechanism for Reflecting Shareholder Opinions

We ensure that shareholder opinions and concerns are effectively incorporated into meetings of the Board of Directors, regular meetings attended by the president and CEO, the senior executive vice president, the director responsible for IR, the officers in charge of each segment, and the head of the Group Strategy Headquarters. In addition, we seek to understand the opinions and concerns of shareholders and investors by providing them with opportunities for engaging in direct dialogue with the president and CEO and executive officers.

## Returning Profit to Shareholders

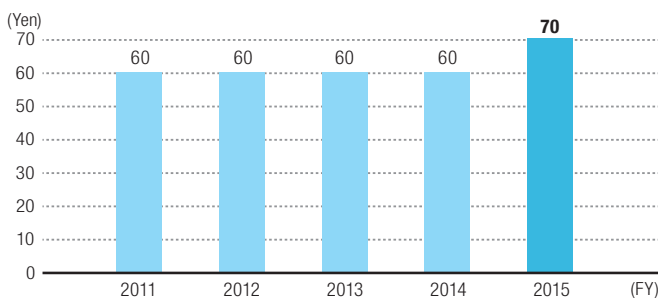
### Ensuring Stable Dividends Based on Operating Results and Financial Position

NTT DATA is guided by its fundamental policy of appropriately distributing profits while working to increase corporate value over the medium to long term by achieving sustained growth for the Group by means such as investing in new and other business activities and ensuring efficient management of business operations.

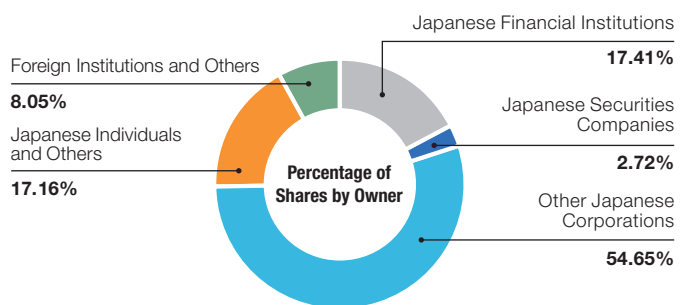
We intend to pay a stable dividend based on a comprehensive assessment for balancing dividend payments with business investments and technology development for achieving sustainable growth in future and expenditures for maintaining and reinforcing financial strength, in light of our consolidated operating results and financial position.

We plan to allocate retained earnings to investments in new businesses, technology development and capital investments to maintain continuous stable growth well into the future.

#### Annual Dividends per Share



#### Distribution of Ownership Among Shareholders (as of March 31, 2016)



## Communication with Shareholders and Investors

### Promoting Opportunities for Communication

Enhancing IR activities for shareholders and investors and promoting two-way communication are key issues for NTT DATA's IR activities. To this end, we conduct briefings for institutional investors and individual investors in order to cultivate an understanding of our management strategies and business activities.

### Direct Communication through Presentations and Meetings

NTT DATA holds quarterly earnings presentations in which top management offers an overview of financial results and explains the business environment, strategies and its outlook. We also organize individual and small gatherings with investors in Japan and overseas.

In fiscal 2016, we responded to about 290 inquiries from investors and analysts and held briefings for individual investors as part of our communication activities targeting individual investors. In a post-briefing questionnaire, more than half of the respondents said they would like to invest in NTT DATA or add the Company to their list of investment candidates.

We intend to continue our efforts to promote two-way communication with shareholders and investors in fiscal 2017.

### External Recognition of Our IR Activities

NTT DATA engages in IR activities for shareholders and investors in Japan and overseas by taking advantage of the respective characteristics of various media, including paper-based publications, websites and video streaming.

In recognition of our corporate stance on IR activities and the status of our information disclosure, we were selected in fiscal 2016 for the Excellence Award in the Internet IR Excellence Awards presented by Daiwa Investor Relations, Co., Ltd. for the fifth consecutive year.

## ■ Reinforcing Information Dissemination through IT Tools

NTT DATA publishes an annual report for investors in Japan and overseas and compiles reference materials for IR presentations, including progress reports on its businesses, which are available on its website. Moreover, to coincide with the 28th Ordinary General Meeting of Shareholders, we revamped the Notice of Convocation by printing it in color, among other changes, and began disclosing the content on our website and the Tokyo Stock Exchange website before distributing it to shareholders in an effort to facilitate understanding of the results and nature of our businesses.

Our RSS feed for press release updates and video streaming on earnings presentations have added vigor to the two-way communication, as we provide the latest information on NTT DATA in a timely manner and in return receive inquiries and opinions from shareholders and investors.

We will continue to improve our IR tools to provide information on the results and nature of our businesses in a timely and easy-to-understand manner.

## With Business Partners

The NTT DATA Group is pursuing initiatives for constructing a sustainable supply chain by promoting open and fair transactions toward a mutually successful future with business partners.

### Management Approach

The NTT DATA Group believes that developing mutual understanding and forging relationships of trust with business partners constitute the essential elements of fair business activity. Accordingly, we have formulated our Procurement Policy and Fair Transaction Rules as part of a rigorous effort to ensure fair transactions. We are working toward building a sustainable supply chain by establishing our supply chain CSR procurement guidelines to disseminate NTT DATA's CSR Policy among suppliers and conducting a survey on CSR procurement to monitor the status of compliance with the guidelines and suggest future improvements in a bid to work together on CSR activities.

### Building Strong Relationships with Business Partners

Properly managing a supply chain is a basic responsibility of companies that society demands.

Along with promoting open and fair transactions, the NTT DATA Group works to improve the quality of its products and services and workplace environments through active communication with our business partners so we can move forward together.

## ■ Thoroughgoing Fair Transactions

Amid widening acceptance of corporate social responsibility (CSR) these days, companies are expected to promote initiatives ensuring thorough compliance with fair business practices together with business partners. The NTT DATA Group strives to uphold fair business practices with its partners by maintaining guidelines for promoting CSR along the supply chain and ensuring adherence to its procurement policy.

## ■ Procurement Policy

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

## Procurement Policy

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

## Supply Chain Management

The NTT DATA Group fosters mutual understanding and builds relationships of trust with business partners by appropriately monitoring and managing the supply chain. It also performs a spend analysis for transactions with all of its approximately 1,800 suppliers. From all transactions, we carefully screen our business partners in the key categories of software outsourcing and hardware and software procurement to identify our key suppliers. As of March 31, 2016, spending on transactions with key business partners accounted for approximately 50% of total transactions, and at about 1% of these companies, orders from the NTT DATA Group accounted for over 30% of sales. With respect to software outsourcing, we have established a business partner system for conducting evaluations based on transaction volume, secured quality, management conditions and performance. We accredit subcontracted suppliers displaying excellence as business partners (BPs) or associate partners (APs).

In view of the growing requirements of CSR over the past few years, we are promoting CSR procurement with due consideration for environmental, social and governance (ESG). NTT DATA objectively evaluates its business partners in terms of quality, financial health and contractual obligations in its pursuit of fair transactions with an eye on the legitimacy of partner companies. Furthermore, to secure transparency of the supply chain and undertake responsible procurement, NTT DATA and the NTT DATA Group abide by “NTT Group’s Approach to Conflict Minerals” to promote initiatives for eliminating the use of conflict minerals, which serve as the source of funding for militant groups.

Some of these ESG factors are included in the articles of the basic agreement. We also established our supply chain CSR procurement guidelines to disseminate NTT DATA’s CSR Policy and conduct CSR procurement surveys and evaluations to monitor the status of compliance with the guidelines and ongoing initiatives undertaken by suppliers in order to suggest future improvements in a bid to work together on CSR activities.

In the survey, we seek responses on green procurement and on our supply chain CSR procurement guidelines. We also interview managers and employees at the suppliers, as necessary, to confirm the status of their initiatives and identify problem areas as well as to disseminate our guidelines far and wide.

## Communication with Business Partners

Each year, NTT DATA conducts mutual evaluations and interviews to improve the quality of software development as well as prevent various contractual problems by deepening mutual understanding with key suppliers in software outsourcing. To forge sound relationships with its business partner (BP) companies, NTT DATA holds Core BP and BP Presidents’ Meetings, in which people in the top position at companies participate.

In December 2015, we held a Core BP Presidents’ Meeting attended by representatives of Core BP Companies. Active discussions took place on the current state of NTT DATA, the arrival of the digital era, major topics related to NTT DATA’s businesses and the latest trends in innovations in production technology.

Representatives from a total of 37 companies, including the four Core BP Companies, attended the BP Presidents’ Meeting in February 2016, where they shared information and discussed topics including recent trends in technology, software outsourcing policies, results of mutual evaluations and the need for rigorous efforts on compliance and information security.



## ■ Forging Win-Win Relationships

NTT DATA believes that forging solid collaborative relationships with its suppliers, including issues related to ESG factors, is effective for realizing a broad range of objectives, such as appropriate pricing, efficient operations, strict compliance and information security.

The development of favorable relationships with BP companies has also contributed to securing human resources and improving productivity and quality at BP companies, which in turn has led to raising the competitiveness of the supply chain as a whole. Maintaining good relationships, particularly with specific suppliers, has allowed us to retain highly competitive development capabilities by improving the efficiency of various procedures and sharing expertise on similar operations.

## With Employees

The NTT DATA Group is promoting the active participation of diverse human resources while seeking to strengthen its global competitiveness by creating a working environment in which employees feel comfortable in fully demonstrating their abilities and by nurturing an organizational culture that provides a genuine sense of personal growth.

### Management Approach

The NTT DATA Group recognizes diversity and inclusion as one of its management strategies to succeed against global competition and achieve sustainable future growth by meeting the diversifying needs of society. In pursuing this strategy, we intend to create new corporate value in accordance with the two core concepts of advancing diverse human resources and changing work styles. To realize these goals, we are pursuing a united Group effort to establish an organization that generates superior value by enhancing our systems for merit-based compensation, including transparent personnel evaluations, as well as encouraging employees to create more work-life balance and work so they can vigorously engage in their jobs and fully demonstrate their abilities. We also conduct employee satisfaction surveys covering all employees at NTT DATA and its Group companies. The results are analyzed and shared during training and in the workplace to discuss possible solutions for outstanding issues in an effort to create rewarding working environments and nurture an organizational culture that encourages the continuous growth of each individual employee.

### Hiring and Promoting Human Resources

NTT DATA is expanding into global markets and operating in a business environment where there is growing demand for new and unprecedented IT services. Consequently, recognizing the need to bring together a greater diversity in perspectives and capabilities, NTT DATA endeavors to conduct its recruiting activities fairly and with an emphasis on diversity, aiming to expand work opportunities and optimize placements.

We will continue to recruit new graduates and mid-career personnel, employ people with disabilities, reemploy retired workers and take other steps. In this manner, we will bring together employees with diverse values and allow them to work together. Through these efforts, we strive to evolve into a company that creates new value while adapting to the changing environment.

## ■ Hiring Human Resources

### 〈 Hiring Diverse Human Resources 〉

In our hiring practices we prioritize aptitude, motivation and ability over academic record, age, gender and nationality. Thus far, we have taken on new graduates from more than 100 educational institutions and our diverse mid-career outreach channels include online sites.

While expanding its business fields beyond Japan to overseas countries, NTT DATA has been proactive in its efforts to hire foreign nationals. Every year, people from around ten foreign countries are brought on board to work in a variety of fields, both in and outside of Japan.

NTT DATA will continue to undertake broad-based hiring as it works toward becoming a Global IT Innovator, the Group's vision.

## ■ Data on Employees in Japan

	Fiscal 2013		Fiscal 2014		Fiscal 2015		Fiscal 2016	
	Non-consolidated	Group companies	Non-consolidated	Group companies	Non-consolidated	Group companies	Non-consolidated	Group companies
Number of employees	10,804	21,745	11,000	21,779	11,110	21,751	11,213	21,772
Male	8,985	17,754	9,086	17,977	9,117	17,871	9,134	17,267
Female	1,819	3,991	1,914	3,802	1,993	3,880	2,079	4,505
Number of women in management positions [Ratio]	96 [4.6%]	217 [5.4%]	106 [4.8%]	189 [5.0%]	112 [4.9%]	196 [5.0%]	120 [5.1%]	233 [5.9%]
Average age	36.5	—	36.7	—	37.1	—	37.6	—
Average years of service	12.7	—	12.9	—	13.4	—	13.9	—

Figures as of March 31 of each fiscal year.

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Number of newly recruited graduates* <sup>1</sup> (non-consolidated)	496	475	379	379	378
Male	339	334	262	255	248
Female	157	141	117	124	130
Number of mid-career hires	16	23	20	8	—
Male	11	18	15	7	—
Female	5	5	5	1	—
Number of employees with disabilities* <sup>2</sup> [Employment ratio] (non-consolidated)	241 [2.02%]	245 [2.05%]	254 [2.10%]	260 [2.13%]	280 [2.27%]
Number of reemployed retired workers* <sup>1</sup> [Utilization ratio of the NTTDATA Reemployment System]	120 [57.14%]	105 [59.09%]	130 [74.14%]	120 [72.22%]	105 [78.26%]
New recruitment	28	26	43	26	18
Continued recruitment	92	79	87	94	87

\*<sup>1</sup> Figures for the number of newly recruited graduates and retired employees using the NTT DATA Reemployment System are as of April 1 for each fiscal year.

\*<sup>2</sup> The number of employees with disabilities as of June 1 for each fiscal year.

## ■ Starting Salary (Actual Results for April 2015) and Average Salary

	Starting salary
Doctoral degree	¥291,870
Master's degree	¥243,320
Bachelor's degree	¥216,820
College of technology graduate	¥187,610

Average salary for fiscal 2016: ¥8,079,821

## ■ Personnel Management System

NTT DATA's framework for managing employees emphasizes performance, achievements and activities irrespective of employment status. We expect our employees to put the Group's vision into practice and raise their level of professionalism. Our employees' concept of work focuses on performance and achievement through this approach, and it has firmly taken root across the Company.

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

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

In addition, we avoid placing disproportionate weight on short-term performance improvements by paying due consideration to mid- to long-term incentives for maintaining long-term motivation, such as an employee stock purchasing program, retirement benefits and a defined contribution pension plan.

## Nurturing Human Resources

### Supporting Employee Skills Development

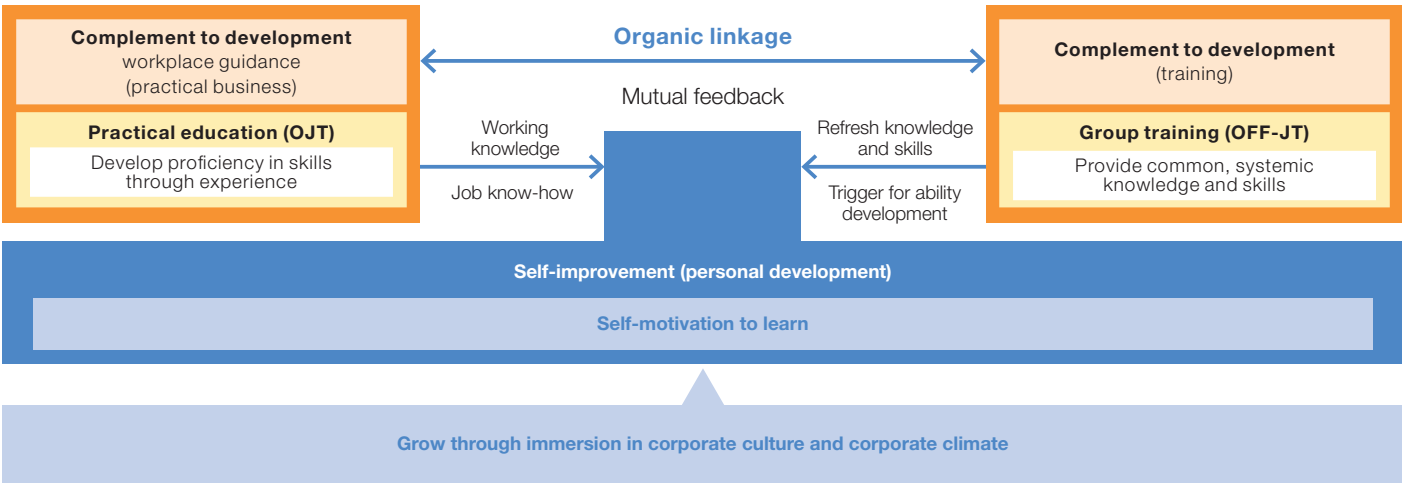
NTT DATA's personnel education and development is anchored in the employee's aspiration to learn and grow by setting goals on their own initiative.

Our basic policy for personnel education is to offer on-the-job training (OJT) as the center of educational opportunities complemented and enhanced by off-the-job group training (OFF-JT).

At each workplace, we clearly define the roles of staff responsible for different aspects of training under a system in which each employee sets his or her own annual education plan as a means for raising motivation to learn by systematically addressing both the workplace and the employee.

Moreover, to meet the needs of the ever-changing business environment, we are focusing on nurturing human resources with advanced expertise and responsiveness to change, as well as those who can demonstrate their talents in the global marketplace.

#### Approach to Personnel Education and Development

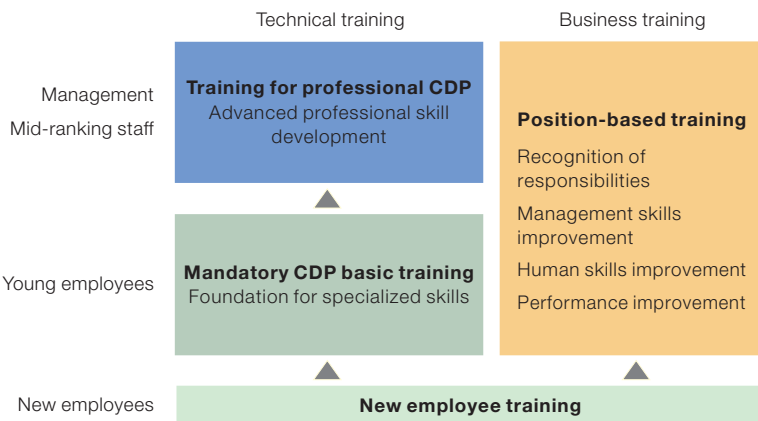


### Framework for Various Training Programs

NTT DATA offers business training to facilitate business skill improvement and technical training to boost specialist expertise, with employees free to select courses attuned to their position and job assignment when needed. Moreover, we have established a system where all our employees are able to acquire knowledge and skills to a certain degree pertaining to operations outside of their regular job assignments.

In new employee training, we offer programs for forming the essential mindset and ability necessary for developing into a disciplined human resource.

#### Framework for Various Training Programs



■ Participants and Training Costs in Fiscal 2016

Training Program	Participants and Other Data	Training Cost
Professional CDP (non-consolidated)	Number certified: approx. 1,100 Aggregate number certified: approx. 8,500	—
Position-based training	Aggregate number of days: approx. 50,000	Approx. ¥700 million
New employee training	Number of participants: 390 Days of training: 45	¥570,000 per person

〈 Human Resource Cultivation System Based on Professional CDP 〉

As clients' IT needs diversify in this changing business environment, companies require human resources who can respond appropriately and flexibly. NTT DATA has put in place a Professional Career Development Program (CDP) that was designed to transform its employees into professional human resources who are highly specialized and can flexibly adapt to change. We are seeking to apply the program to Group companies as well. Through this program, we show each employee's current accreditation level and what each employee needs to do to further develop his or her skills in an easy-to-understand format in order to support each employee's self-directed growth from the time they join the Company until retirement.

The creation of new solutions and the expansion of business fields are increasingly important today, so we will continue to push forward efforts aimed at cultivating professional human resources in the NTT DATA Group.

〈 Policy and Current Status of Global Human Resource Development 〉

To provide a greater number of employees with international business opportunities, the NTT DATA Group is strengthening ties among the human resource departments of its four regional structures of the Americas, EMEA, APAC and China as well as their counterparts at Business Solutions and everis, centering around the head office in Japan.

In specific terms, we conduct the Global Leadership Program, which was launched in fiscal 2010. Executive trainees from overseas Group companies come together to hold discussions, and from fiscal 2013 we have continued to send employees from our headquarters in Japan to an EMEA-organized program as part of an initiative aimed at bolstering cooperation with regional companies. Not only do we send employees abroad from Japan, but we also transfer overseas personnel to our headquarters in Japan and EMEA employees to China. These initiatives help to provide opportunities for interaction and international work exchange to as many employees as possible.

In fiscal 2014, we started the Regional Leadership Program-JAC aimed at providing leadership training to Japanese, APAC and Chinese employees. We will continue to face the challenge of training, head on, the Asian business leaders who will bear the responsibility for the future.



Regional Leadership Program-JAC

## Advancing Diverse Human Resources

### Promotion of Diversity

#### ◀ Promoting Activities by Diverse Human Resources ▶

Diversity management is crucial for a company seeking to achieve sustainable growth by generating innovation in response to the diversifying needs of society. With this in mind, NTT DATA promotes diversity and inclusion as one of its management strategies to succeed against global competition. Our aim is to create new corporate value based on the two core concepts of advancing diverse human resources and changing work styles.

Since fiscal 2013, we have concentrated on advancing women in the workplace and reducing annual work hours by changing the way we work, in a bid to create a work environment where each individual employee can thrive. In March 2013, NTT DATA was selected as one of the Diversity Management Selection 100 sponsored by Japan's Ministry of Economy, Trade and Industry. In March 2014, NTT DATA was awarded the 2014 J-Win Diversity Award's Corporate Award for Basic Achievement from the NPO Japan Women's Innovative Network (J-Win).

#### Major Initiatives Aimed at Promoting Diversity

	Major Initiatives
Advancing women in the workplace	<ul style="list-style-type: none"> <li>● Career development training for female candidates for leadership positions and their supervisors</li> <li>● Training held outside the Company for female candidates for leadership positions</li> <li>● Participation in activities for promoting the careers of female employees (activities for advancing women sponsored by J-Win, an NPO that supports female employees at corporations, and the 21st Century Support Forum sponsored by the 21st Century Work Foundation)</li> <li>● Forum in which senior management offers their views on diversity</li> <li>● Transmission of messages from senior management via the in-house website</li> <li>● Lectures by outside experts</li> <li>● Training for managers on overseeing the development of female employees</li> <li>● Formulation of development plans and monitoring activities for promoting women into management positions</li> <li>● Planning and implementation of Women's Initiative @NTT DATA, voluntary activities by women in management positions</li> <li>● Introduction of profiles and career descriptions of diverse women in management positions via the Women's Advancement Website</li> </ul>
Supporting continued employment	<ul style="list-style-type: none"> <li>● Operation of the Egg Garden in-house day-care center</li> <li>● Seminar for promoting career development for employees on or about to take childcare leave</li> <li>● Rental thin-client terminals for employees taking childcare leave, distribution of a handbook with information on the childcare leave system and support for employees seeking to balance work and childcare</li> <li>● Nursing care support services provided by Umi wo Koeru Care no Te, a remote family care service NPO</li> <li>● Seminar for supporting employees seeking to balance work and nursing care</li> </ul>
Changing work styles	<ul style="list-style-type: none"> <li>● Ongoing implementation of the "changing work styles" seminars for newly appointed department and section managers</li> <li>● Ongoing effort to maintain workplace environments that allow employees to review their working styles according to each organization, including a trial of free address office, a workspace sharing model among employees, discretionary work system and teleworking</li> <li>● Introduction of "impressive worksites" as successful examples of changing work styles via the in-house website</li> <li>● Efforts to encourage employees to take paid leave (including refreshment leave and anniversary leave)</li> <li>● Expansion of scope of employees eligible to use the flextime system, greater flexibility of hours (from 2016)</li> </ul>

#### ◀ Goals for Advancing Women's Careers ▶

Following the enactment of the Act of Promotion of Women's Participation and Advancement in the Workplace in Japan, NTT DATA formulated an action plan for developing the necessary environment for advancing women. It also gave us an opportunity to review our past initiatives, and we intend to consistently and steadily work toward achieving our goals through a Company-wide effort.

#### Plan Period

From April 1, 2016 to March 31, 2021

#### NTT DATA Issues

1. While there were no outstanding issues regarding gender discrimination in hiring or the state of continuous employment between men and women, we must continue working to increase job applications by female students and develop the population of female science students applying for jobs.
2. Optimization of total working hours
3. Low percentage of women in deputy manager positions that make up the population of top management and other management positions, and candidates for management positions

### Quantitative Targets

- Target 1: Continue raising the percentage of female recruits to above 30% by the end of fiscal 2021.
- Target 2: Achieve average total working hours of 1,890 hours per employee by the end of fiscal 2019.
- Target 3: Increase the number of women in management positions to at least 200 by the end of fiscal 2021.
- Target 4: Increase women in senior management positions (directors, heads of organizations, etc.) to at least 10 by the end of fiscal 2021.

### ◀ Promoting Initiatives on LGBT and Sexual Minorities ▶

NTT DATA is promoting initiatives on LGBT and sexual minorities from the standpoint of further improving a working environment in which diverse human resources can thrive. In addition to messages communicated by senior managers, we provide in-house education to encourage understanding and operate a contact point for consultation. We also started to apply various programs related to life events to same sex partners in 2016.

Looking ahead, we plan to consider expanding the scope of programs related to spouses to include same sex partners as long as there are no legal restrictions.

### ◀ Promoting Employment of People with Disabilities ▶

To help employees with disabilities realize their potential, NTT DATA has sought to create various work opportunities through NTT DATA DAICHI Corporation, a special subsidiary established in July 2008.

In addition to its initial operations, NTT DATA DAICHI began providing data input operations in fiscal 2013. In fiscal 2016, it began handling in-house delivery of reference materials as well as screening and approval of application forms. Moreover, following the expansion of the Company's business operations, we continue to maintain hiring activities in collaboration with vocational training schools for persons with disabilities.

#### ■ NTT DATA DAICHI's Business Activities

IT Services	Office Business
<ul style="list-style-type: none"> <li>Maintenance and upgrades of internal and external websites for NTT DATA and Group companies</li> <li>Basic skills training in website production for persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Answering and redirecting calls made to main switchboards</li> <li>In-house line management</li> <li>Long-term storage and management of internal documents</li> <li>Collection and shredding of confidential documents</li> <li>Production of employee IC cards</li> <li>Office cleaning and greenery maintenance</li> <li>Printing (business cards, training texts and other documents)</li> <li>Delivery of in-house documents</li> <li>Screening and approval of application forms</li> </ul>

### ◀ Promoting Reemployment of Retired Workers ▶

The NTT DATA Group has a Career Staff System that caters to employees who have reached the mandatory retirement age but wish to continue working until 65. This hourly wage system offers an array of work style options that can be adopted to the requirements of participants, including full-time employment, reduced working hours, and three- and four-day working weeks.

In response to the revision of the Law Concerning Stabilization of Employment of Older Persons, the NTT DATA Group introduced the Maester/Platinum Maester System in fiscal 2015. This system allows employees to remain in full-time employment on a monthly salary, using the skills they have amassed over the years, nurturing successors and passing on their skills. We are improving working conditions for senior employees so they can continue working comfortably.

As of April 1, 2016, 105 employees (18 of whom were new) were taking advantage of these systems at various Group workplaces.



## Creating Comfortable Working Environments

Healthy, stimulating work environments are essential to create high value by maximizing the abilities of each and every employee as they work with enthusiasm.

We are working to create healthy workplaces across the Group that support high employee satisfaction while striving to achieve working style innovations for each employee in teams, placing importance on individual abilities that lead to organizational strength.

### ■ Reducing Long Working Hours

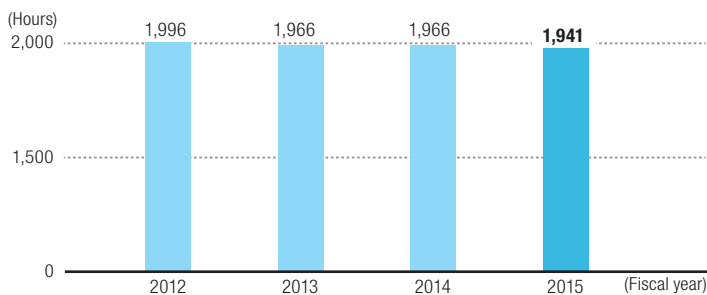
#### 〈 Promoting Initiatives toward Addressing the IT Company Issue of Long Working Hours 〉

In the IT industry, long working hours are an ongoing problem. NTT DATA is promoting efforts aimed at decreasing total working hours based on appropriate labor management.

Since fiscal 2014, we have sought to manage working hours by recording computer log on and log off times, setting reduction targets for total working hours at each workplace and promoting the consideration and implementation of measures for attaining the targets.

In fiscal 2017, we will continue to set reduction targets for each organization and seek to achieve them by making continuous improvements through the use of the PDCA cycle.

#### ■ Trends in Annual Working Hours per Employee (Non-consolidated)



### ■ Work-Life Balance

The ongoing decline in the country's workforce due to a falling birth rate and aging population is an issue that must be addressed for the sustainable growth of corporations.

The NTT DATA Group is actively hiring skilled, motivated personnel, irrespective of gender, nationality, age or disability, and ensuring that a broad range of personnel with diverse values can demonstrate their talents and that all employees can lead healthy and prosperous lives.

#### 〈 Life Plan Training 〉

NTT DATA provides training and incentives for each age group to strike a work-life balance while offering total support for their life plans. We will continue to offer training and help for employees in designing their life plans in balance with work.

#### ■ Training by Age Group and Activities in Fiscal 2016

Age Group	Content of Training	Activities in Fiscal 2016
Two years after joining company	<ul style="list-style-type: none"> <li>● Cafeteria Plan System</li> <li>● Asset formation via asset-building savings plans</li> <li>● Turning points in life (marriage, childbirth, buying a home)</li> </ul>	357 employees participated in four sessions
Age 50	<ul style="list-style-type: none"> <li>● Social insurance and taxes</li> <li>● Life insurance</li> <li>● Asset management</li> </ul>	215 employees participated in six sessions
Mandatory retirement age	<ul style="list-style-type: none"> <li>● Retirement benefits, corporate pensions, public pensions</li> <li>● Work options after retirement (internal system)</li> <li>● Financial planning</li> </ul>	78 employees participated in four sessions

## 〈 Encouraging Employees to Take Paid Vacation 〉

To promote work-life balance among employees, NTT DATA encourages employees to take advantage of its refreshment leave<sup>\*1</sup> and anniversary leave<sup>\*2</sup> systems.

As a company participating in the Ministry of Land, Infrastructure and Transport's Positive Off initiative, NTT DATA asks its employees to plan and take long vacations during the summer break and year-end holidays and use the refreshment leave system.

We have promoted activities to reduce electricity usage during the summer months since 2011, such as designating certain office floors off limits for a day in each organization, while encouraging flexible working styles with time off, common spaces and teleworking. As a result, the average number of vacation days taken was 17.0 per employee in fiscal 2016.

We will continue to encourage employees to take paid vacation through these measures.

\*1 Employees can take more than five consecutive days of vacation when a work milestone is achieved.

\*2 Employees decide their own anniversary date and plan to take vacations every year on this anniversary.

## 〈 Opening the Way for Work Styles that are not Location Dependent 〉

NTT DATA has operated a teleworking program since February 2008 as one specific example of work style innovation.

In addition, our IT system enables employees to access the Company's servers via their PCs, smartphones and mobile phones (feature phones) when they are out of the office or on a business trip. About 60% of our employees take advantage of this system.

In addition to promoting work styles that are not location dependent, we are actively adopting the use of the discretionary work system with respect to working hours so as to accelerate flexible work styles, and in fiscal 2016 we expanded the flextime system to staff departments. More than half of our employees take advantage of both systems.

Amid globalization, we have put in place the infrastructure for teleconferencing and conference calls to offer flexible working styles without regard to time or location.

## 〈 Upgrading Childcare and Nursing Care Systems 〉

In order to help employees balance childbearing and rearing, nursing care and work responsibilities with less worry, the NTT DATA Group is upgrading its leave systems while enhancing employee understanding and improving the workplace environment that makes these systems easier to use.

NTT DATA earned the Kurumin Next-generation Certification Mark in June 2008 from the Ministry of Health, Labour and Welfare for our system to support employees with children. Following the revision to the Act on Advancement of Measures to Support Raising Next-generation Children, we acquired the new Kurumin Mark in August 2015.

Furthermore, with the aim of offering direct support to employees with nursing responsibilities at home, NTT DATA has since 2011 enabled them to use remote nursing care support services provided by the NPO Umi wo Koeru Care no Te. Moreover, from 2012, our life design training sessions for workers reaching age 50 introduced employees to this support program. With such efforts, we have started providing employees with a wide range of information and raised their awareness.

### ■ New Kurumin Mark



## Principal Systems

Principal Childcare Systems	Principal Nursing Care Systems
<ul style="list-style-type: none"> <li> <b>Childcare leave</b>            Childcare leave can be extended until the child reaches four years of age. The deadline for application to return to work is one month prior to the expected return.         </li> </ul>	<ul style="list-style-type: none"> <li> <b>Nursing care leave</b>            Nursing care leave can be extended up to a maximum of 18 months.         </li> </ul>
<ul style="list-style-type: none"> <li> <b>Shorter working hours for childcare</b>            Shorter working hours for childcare are available until the child completes his or her third year of elementary school. The application deadline for shorter working hours is two weeks prior to the start.         </li> </ul>	<ul style="list-style-type: none"> <li> <b>Shorter working hours for nursing care</b>            Shorter working hours for nursing care are available for a maximum of three years, including periods of nursing care leave.         </li> </ul>

## Trends in the Number of Employees Using Childcare and Nursing Systems (Non-consolidated)

	Fiscal 2014		Fiscal 2015		Fiscal 2016	
	Female	Male	Female	Male	Female	Male
Childcare leave (people)	124	11	129	17	149	12
Shorter working hours for childcare (people)	180	3	208	2	240	2
Nursing care leave (people)	4	2	1	4	1	3
Shorter working hours for nursing care (people)	0	0	0	0	1	0
Average paid leave taken (days)	16.6		17.4		17.0	
Average rate of paid leave taken (%)	82.9		86.8		85.0	
Teleworking (people)	—		453	1,227	383	1,055

### 〈 In-house Day-care Center, Egg Garden 〉

We established the Egg Garden, an in-house day-care center for our employees in Toyosu Center Building Annex 1F in Tokyo, Japan, in December 2011. We were prompted to build the facility after some employees came up with the idea. The facility enables employees to give birth and take childcare leave with their minds at ease, freeing them from concerns about having their children being placed on childcare center wait lists. Thanks to childcare support that allows them to return to work as they planned, women can be expected to be actively involved in the Company. Employees that take advantage of the Egg Garden tend to return to work more quickly after taking childcare leave.

Nine children were registered for the monthly childcare service, and 93 children were registered for the temporary childcare program in fiscal 2016. We will promote the facility actively to increase users in trial events and other opportunities.

## Employee Health Maintenance and Promotion

NTT DATA promotes employee health and mental healthcare in cooperation with its various workplaces centered on the industrial physicians and health nurses at its Health Promotion Office.

Long working hours is an issue characteristic to the IT industry. To address this issue, in fiscal 2012 our Health Promotion Office began checking the degree of fatigue of employees whose monthly overtime exceeded 45 hours. We have an industrial physician or health nurse interview those confirmed to have a high degree of accumulated fatigue. Furthermore, all employees are required to fill out an online medical history questionnaire after undergoing medical examinations so the Health Promotion Office can ascertain their subjective physical and psychological symptoms and how they are doing in the workplace. Through these efforts, we are promoting early detection of those in poor health and building awareness regarding self-care among employees.

### Implementation of Mental Health Management Exams

NTT DATA has conducted mental health management examinations for all managers annually from fiscal 2010 to serve as the basis for looking after their subordinates (reporting line care).

A total of 193 people, primarily newly appointed managers and their peers, took the exam, and 180 passed it (the pass rate was 93.3%) in fiscal 2016.

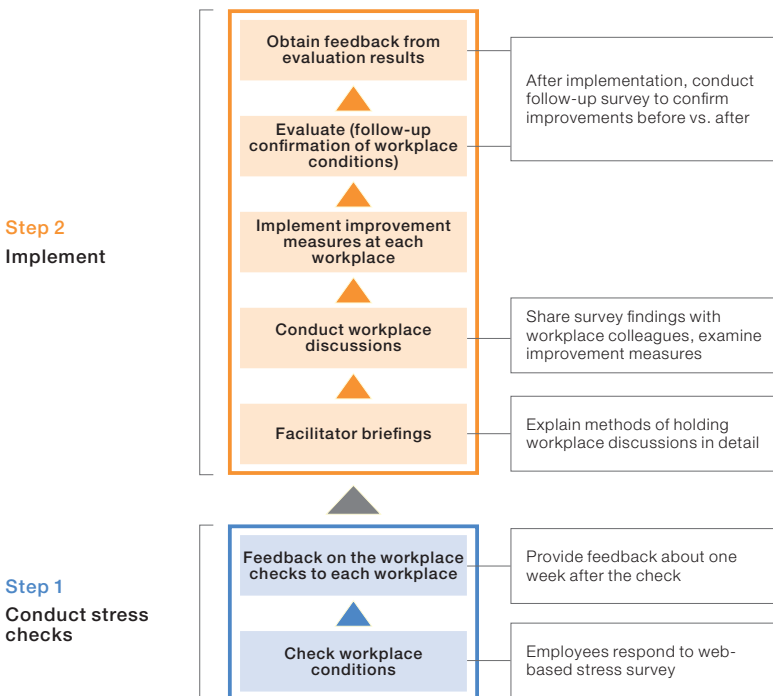
Looking ahead, we will continue to strive to build awareness among managers by administering the exam in conjunction with the provision of reporting line care training led by industrial physicians.

### Creating Safe Workplace Environments through Health and Safety Committees at Worksites

NTT DATA has formed Health and Safety Committees for each of its organizational units to ensure an environment in which employees can work in safety and comfort and to improve the safety consciousness of staff.

Workers in the IT industry tend to feel heavily stressed by the nature of their work. At Health and Safety Committee meetings, the accumulated fatigue checks and interviews by industrial physicians or health nurses, both conducted by the Health Promotion Office, are shared in a continuous effort to improve the workplace environment.

#### Flow of the Workplace Improvement Program



### Industrial Accident Prevention Initiatives

In fiscal 2015, we carried out two annual workplace safety patrols and activities to raise in-house awareness of National Safety Week, National Industrial Health Week, and the Accident-Free Holiday Campaign organized by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety and Health Association.

The number of occupational accidents during fiscal 2016 stood at six, an increase of one from fiscal 2015.

With the aim of achieving no accidents, NTT DATA will continue its efforts to ensure that employees remain on guard against potential hazards, primarily through its Health and Safety Committee.

## Labor Relations

### A Better Work Environment Based on Labor-management Dialogue

The Company conducts labor-management talks with NTT DATA unions regarding issues pertaining to working conditions as they arise. NTT DATA's basic stance is to emphasize dialogue between labor and management in addressing various issues.

## ■ Pursuing Employee Satisfaction

### 〈 Ongoing Employee Satisfaction Surveys 〉

The NTT DATA Group conducts annual employee satisfaction surveys of all NTT DATA Corporation and NTT DATA Group employees in Japan.

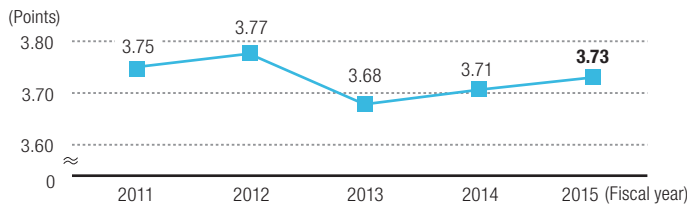
According to the results of the fiscal 2016 survey, “overall satisfaction” among NTT DATA Corporation employees remained within the realm of satisfaction. With the aim of driving further progress and sustaining organizational growth, we have been sharing findings since the fiscal 2014 survey in training sessions and the workplace to create rewarding working environments where employees can leverage their abilities and will aspire to work in the future as places where they can fulfill their dreams.

Related initiatives are moving ahead across the Group. In fiscal 2012, we began holding annual Whole Group Feedback Meetings for those in charge of the employee satisfaction survey facilitation at Group companies in Japan, and the meetings continued in fiscal 2016. In addition to reporting survey results and issues, we used representative cases to reach a deep understanding of the survey’s findings to help consider institutional solutions. We provide full support for these activities across the NTT DATA Group.

Moreover, in fiscal 2016 we began conducting the “One Voice” employee engagement survey for all employees working at our Group companies overseas.

We are striving to create rewarding workplace environments through these initiatives.

### ■ Employee Satisfaction Survey Results



	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Ratio of respondents to all employees	94%	98%	95%	95%	95%

A full score is 5.0. Employee satisfaction is measured in four stages, including [requires improvement (below 3.0)], [requires attention (from 3.0 to 3.29)], [normal (from 3.3 to 3.59)], and [satisfied (3.6 and above)]. The level at NTT DATA lies within the “satisfied” domain.

## With Regional Communities and Society as a Whole

The NTT DATA Group works to create and develop a healthy society through social contribution activities that emphasize employee participation, and through the development of IT systems designed to help resolve social issues.

### Management Approach

The NTT DATA Group contributes to the advancement of society as a whole by developing and providing IT solutions for global social issues. To encourage each individual employee to proactively pursue social contribution activities, the Social Contribution Promotion Office takes the lead in promoting effective initiatives under our social contribution policy. We will continue to fulfill our responsibility as a corporate citizen by engaging in effective social contribution activities that are in line with international initiatives and guidelines such as the Sustainable Development Goals adopted at a United Nations summit in 2015.

## Harnessing IT to Address Social Issues

### ■ Initiatives for Closing the Digital Divide

The widespread adoption of information technology in society has brought with it the global problem of the digital divide<sup>\*1</sup>. In Japan, there are calls to take into consideration the elderly and disabled in terms of familiarity with computers and the Internet and to improve the IT user-friendliness across a wide range of digital devices including tablets.

The NTT DATA Group, recognizing in each IT user the potential for innovation, promotes the development of people-friendly information systems centered on universal design (UD)<sup>\*2</sup>. We are pursuing a wide-ranging effort, from applying UD in the systems and services we deliver to clients to training and enhancing the awareness of employees.

\*1 The economic and social gap or imbalance that exists between those who have access to computers and the Internet and the capability to use them and those that do not

\*2 Design aiming for ease of use by all people, irrespective of age, gender, nationality, disability or individual experience and abilities

### 〈 Active Involvement in the International Association for Universal Design 〉

The International Association for Universal Design (IAUD) was established in Japan in 2003 to promote the widespread adoption of universal design (UD). NTT DATA has been a full member of the IAUD—the largest organization of its kind in Japan—since its inception.

In fiscal 2016, NTT DATA employees continued to participate in the UD Project for Media and the Mobile Space Project.

### 〈 Initiatives for Broadly Improving Website Accessibility 〉

NTT DATA is responding to the growing interest in usability by incorporating usability evaluation into the development of information systems and the IT services process so that we can systematically organize and apply expertise in this field. In addition to making screens easier to understand, we are working on improving user manuals.

Meanwhile, initiatives aimed at improving usability have recently progressed from being defined as ease of use to place greater emphasis on the user experience (UX) from the user's perspective, an approach that leans toward fuller satisfaction for users. We will endeavor to resolve accessibility issues in the ICT and IoT areas by developing systems that are easy to use and satisfy users through the increased, active incorporation of the UX approach.

### ■ Example of Solutions for Social Issues

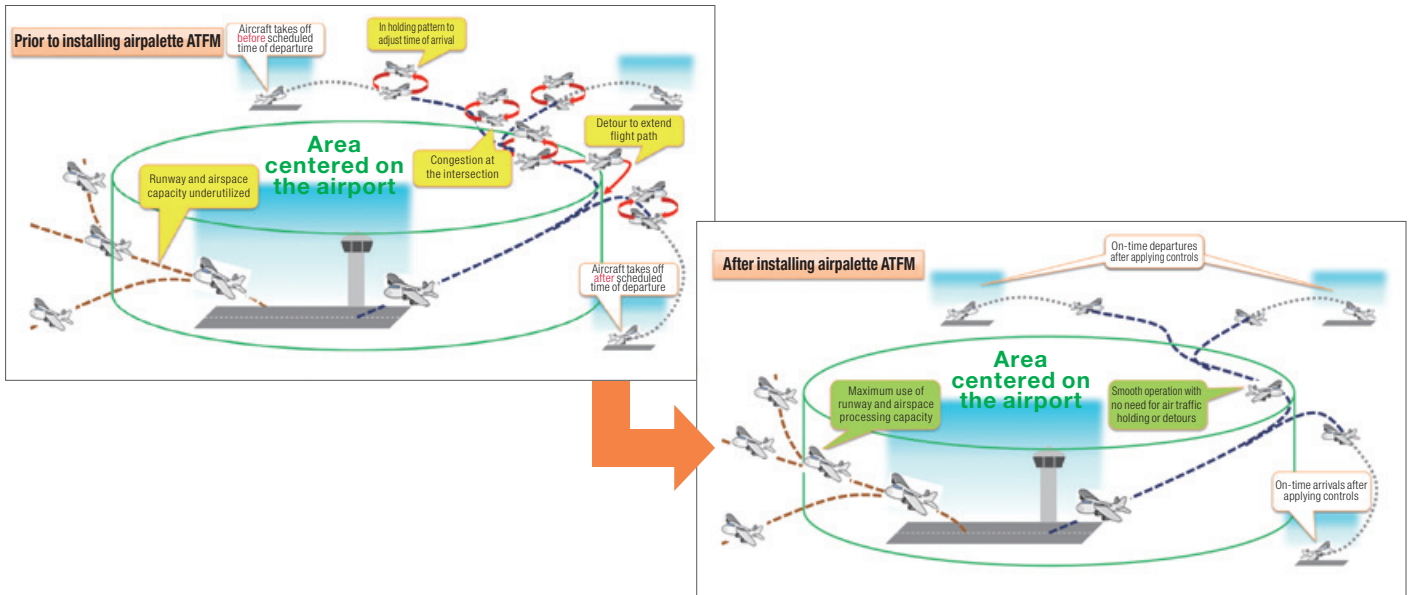
The NTT DATA Group is contributing to addressing social issues through the use of ICT.

### 〈 Easing Airspace Congestion by Providing Air Traffic Forecast Data 〉

NTT DATA has been contributing to safe and efficient flight operations around the world and developing overseas business in the area of air traffic control by providing the PANADES<sup>®</sup> flight procedure design system. To further promote our overseas business by flexibly responding to different business models, we have subsequently launched “airpalette” as a total brand encompassing NTT DATA's full lineup of air traffic control products. In February 2016, we began providing the airpalette ATFM (Air Traffic Flow Management system), which allows for optimal air traffic flow by predicting air traffic volume based on the latest flight plans and meteorological data and accordingly adjusting departure times at related air control towers. Installing airpalette ATFM boosts the efficiency of flight operations and enhances air traffic safety, relieves the workload of air traffic controllers by evening out traffic volume, and reduces fuel consumed by aircraft in holding patterns. We plan to develop this business with a focus on Asian countries, where air traffic volume is expected to increase in the coming years.



■ Expected Results of Installing airpalette ATFM



< Developing a Digital Archive to Conserve Spain's National Heritage >

Since January 2016, NTT DATA and the everis Group have been participating in a project to digitize rare collections of over five million items owned by the Spanish Crown and centrally managing assets hosted in several repositories. The project will leverage NTT DATA's AMLAD™ digital archive solution to support the long-term storage and integrated management of relics of historical value in the form of high-definition digital data. NTT DATA has been involved in creating a digital archive of handwritten manuscripts for the Vatican Apostolic Library, making this the second project for handing down a historically valuable cultural heritage, in which we contribute to advancing the areas of culture, science and education.

Focus >>>

Contributing to Global Infrastructure Development by Providing Digital 3D Maps of the Entire World

NTT DATA is contributing to bringing greater sophistication and efficiency to industry, daily life and public administration in Japan and abroad through the use of the Digital 3D Map of the Entire World, which it distributes jointly with the Remote Sensing Technology Center of Japan. The service is based on images captured by the earth observation satellite operated by the Japan Aerospace Exploration Agency (JAXA) and achieves even higher definition for the world's most precise 3D map of the entire world, thus realizing highly accurate absolute positioning without on-ground corrections. This high level of accuracy makes solving a wide range of issues possible, including the development of maps for emerging countries, countermeasures for natural disasters, planning for electric power generation, surveys of resource areas and countermeasures for epidemics. The system received the Prime Minister's Award from the Cabinet Office in March 2016 for significantly contributing to the promotion of space development.

■ Comparison with an existing map of the entire world (Uluru/Ayers Rock)



Left: New 5 m resolution DEM\* map    Right: 90 m resolution DEM map

\* Digital Elevation Model: a digital expression of the terrain of the ground surface that has digitized height values in intervals of certain lattice points. The resolution is a measure of the level of detail of the data. Five-meter resolution means that the height values have been recorded in lattice point intervals of five meters.

## Contributing to Regional Communities and Society as a Whole

### Promoting Social Contribution Activities

In April 1992, NTT DATA established a Social Contribution Promotion Office to plan and promote social contribution activities. Since then, we have conducted activities that benefit people, targeting fields that include education, welfare, regional communities and international contribution as well as a diverse array of activities related to the natural environment, culture and the arts. At the same time, we are working to raise employee awareness concerning volunteer activities, while promoting a wide range of activities, including those that take advantage of our business activities and initiatives that are implemented throughout the Group.

#### Expenditures for Social Contribution Activities

(Millions of Yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Expenditures for social contribution activities	425.00	368.00	326.42	271.07
Donations (funding for matching gifts: amount extended by the Company)	105.00	101.00	85.73	93.10
Expenditures for various other social contribution projects	320.00	267.00	240.69	177.97

### Setting Our Social Contribution Policy

The NTT DATA Group has defined five categories in its approach to social contribution activities. Specific activities are published by category on our website. The following is a description of one of these categories: Development of IT human resources.

#### NTT DATA Group Approach to Social Contribution Activities

With our Corporate Philosophy and awareness of our social responsibilities as a corporate citizen, we are continuously engaged in global social contribution activities.

- ▶ Development of IT human resources
- ▶ Support for disaster recovery
- ▶ Response to climate change
- ▶ Realization of a fair society
- ▶ Global social contribution activities

URL

#### Social Contribution Activities

<http://www.nttdata.com/global/en/csr/social-contribution/index.html>

#### Development of IT Human Resources

Worldwide attention is on the United Nations Program for Education for Sustainable Development (ESD). Under this initiative, companies are expected to contribute to the education of children and young generations of people.

With a clear focus on the future, the NTT DATA Group supports education from diverse perspectives to ensure that ICT will be broadly deployed in a fair and appropriate manner as a social infrastructure. We recognize this is an important responsibility for us as a Global IT Innovator.

▶ **IT Experience for Children, the Future Leaders of the Next Generation**

IT Experience for Children was launched in 2004 as an event offering elementary school children a fun opportunity for gaining hands-on experience with IT. To reflect the changing IT environment, the content of the event was changed into a programming class that even beginners could enjoy. The event has been held twice a year, in spring and summer, since 2014.

In 2016, the spring program took place on March 5 and 6 and the summer program on July 30 and 31, both at the NTT DATA Komaba Training Center, with about 350 children in attendance.

Programming offers a tool for realizing ideas for the future. We plan to consistently provide children with opportunities to familiarize themselves with IT, stimulate their interest through fun courses and encourage them to create their own future.

▶ **Work-study Programs for Junior High and High School Students**

Each year, NTT DATA runs a work-study program mainly for junior high school students in Koto Ward, Tokyo. The program provides an opportunity for experiencing the near future using big data and demonstrations of the latest technologies. In fiscal 2016, a total of 131 students participated from six junior high schools and high schools. They discussed ways to use IT to answer and resolve everyday questions and issues.

We will continue running the program with the dual objectives of giving youngsters first-hand experience of the working world and deepening their understanding of how IT – which we now tend to use subconsciously – really works.

▶ **Promoting Human Resource Development via Industry-Academia Cooperation**

NTT DATA supports and works alongside a range of educational organizations on initiatives aimed at fostering the next generation of IT human resources. As part of this drive, we are involved in various industry-academia cooperation initiatives for supporting the development of technologies at universities in Asia and their extension to practical uses, as well as help foster human resources.

Since May 2012, NTT DATA and SFC Research Institute at Keio University have promoted research related to big data management based on open cloud computing concepts through the School on Internet (SOI) Asia Project, a foundation for Internet education and research with 28 leading universities in 14 Asian countries.

Through these efforts, we aim to strengthen the personal contacts and ties that NTT DATA has with top universities in a rapidly growing Asia.

■ **List of SOI Asia Project Partners**

Country	Organizations
Republic of Indonesia	University of Brawijaya, Sam Ratulangi University, Hasanuddin University, Bandung Institute of Technology, Syiah Kuala University
Lao People's Democratic Republic	National University of Laos
Republic of the Union of Myanmar	University of Computer Studies, Yangon, University of Computer Studies, Mandalay
Kingdom of Thailand	Chulalongkorn University, Asian Institute of Technology, Prince of Songkla University, Chulachomklao Royal Military Academy (Thailand)
Malaysia	University Sains Malaysia, Asian Institute of Medicine, Science & Technology University
Socialist Republic of Vietnam	Institute of Information Technology, University of Science and Technology of Hanoi, Vietnam National University
Republic of the Philippines	Advanced Science and Technology Institute, University of San Carlos
Mongolia	Mongolian University of Science and Technology
Federal Democratic Republic of Nepal	Tribhuvan University
Kingdom of Cambodia	Institute of Technology of Cambodia, University of Health Sciences-Cambodia
People's Republic of Bangladesh	Bangladesh University of Engineering and Technology
Republic of Singapore	Temasek Polytechnic
Democratic Republic of Timor-Leste (East Timor)	National University of East Timor
Japan	Tokyo University of Marine Science and Technology, Japan Advanced Institute of Science and Technology, Nara Institute of Science and Technology, Keio University
Other international organizations	The United Nations Educational, Scientific and Cultural Organization, Southeast Asian Ministers of Education Organization, University Network, Thailand, Canal ASEAN Virtual Institute of Science and Technology, Collaboration for Network-eNabled Education, Culture, Technology and Sciences, Nepal Research and Education Network

### ▶ Supporting Human Resource Development for Middle Management

NTT DATA provides overall support for the Innovation Management College of Japan (IMCJ)\*, a CIO and innovation leadership training program targeting the middle management of corporations. The objective of the program is to generate “Innovation Leaders” who will transform their corporations through the strategic use of information as a management resource and IT.

In fiscal 2016, we launched a new innovator training program called IMCJ D3 based on the concept of the three “Ds,” Digital Business, Data Analytics and Design Innovation. We also examined Germany’s Industrie 4.0 initiative along with participants to step up our own activities for pursuing an aggressive approach to IT.

\* This college was established by the Japan Users Association of Information Systems in April 2009, with programs targeting people in middle management. NTT DATA supports various aspects of the college, including its research activities and the planning of its human resource development program.

## Examples of Global Activities

As a corporate group operating across the globe, the NTT DATA Group seeks to contribute to the creation of a better society by continuously engaging in diverse activities around the world.

### ■ Principal Activities in Each Region

Our overseas Group companies are engaged in activities in their respective regions.

#### ▶ IT Education Program for University Students: EBS Romania (Romania)

EBS Romania collaborates with Porsche AG and its subsidiary Mieschke Hofmann und Partner GmbH (MHP) to support an elementary program on IT education for the Faculty of Mathematics and Computer Science at Babes-Bolyai University. The program provides students with the necessary skills for becoming IT specialists in the near future. In fiscal 2017, 31 students enrolled in the second year of the program, and 71 students who completed the program have been offered jobs from supporting companies. We will continue to support the program as our contribution to nurturing the next generation.

#### ▶ Supporting the Social Participation of Persons with Mental Disorders through Employment: NTT DATA Deutschland GmbH (Germany)

For the past two decades since the 1990s, NTT DATA Deutschland GmbH has been offering persons with disabilities an opportunity to participate in society by hiring personnel from the Heilpädagogisches Centrum Augustinum, a center for treating persons with mental disorders. This has also led to broadening the understanding of diversity among employees, and we intend to continue accepting personnel from the center.

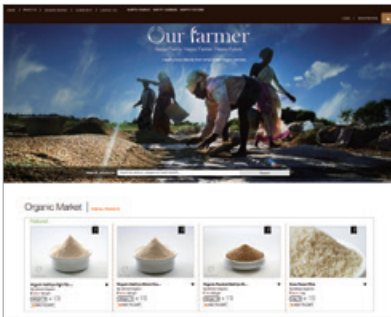
#### ▶ Contributing to the Spanish Economy through Cross-Sector Corporate Collaboration: everis (Spain)

To address the economic stagnation that has severely impacted people’s lives in Spain, everis launched a project in 2014 for collaborating with companies in Valencia. Driven by the aspiration of employees who sought to help people experiencing economic hardship, companies have worked together to offer donations and provide products and services with the participation of many volunteers. The project won the approval of many organizations and companies, and the number of participants has grown to 40. We will continue to unite under this project to contribute to the economy and people’s livelihood in Spain.

## Harnessing IT to Solve Issues in Rural Villages in India: NTT DATA Asia Pacific

Despite the nation's economic growth, the gap between the rich and poor has become a major issue in India. Aspiring to improve the situation through the power of IT, we conducted a series of research and verification efforts that led us to focus on logistics, which is a particularly acute issue in rural regions with high rates of poverty. In January 2016, we set up "Our Farmer," an online site for the more affluent to purchase organic farm products. In view of the state of domestic distribution, about 2,500 farmers in Chennai in the State of Tamil Nadu are providing produce that keeps for a relatively long time.

The site takes advantage of the need for safe and secure food in urban areas and the high penetration of mobile devices in the country. Also, it enables farmers to directly connect with consumers without requiring an intermediary and thus earn more while providing health-conscious consumers easier access to organic products. We will seize on the development of EC business in emerging countries as a new opportunity for growth and continue to expand our business while seeking to resolve social issues.



Our Farmer website



Local farmers planting seeds



Harvesting crops

## ■ Commendations for Supportive Activities around the World

### ▶ Relief Activities for those Affected by the Floods in Chennai: NTT DATA India (India)

The CSR team at NTT DATA India provided support to those affected by record flooding in Chennai, India, in November 2015. Working with various NGO groups, the team participated in activities that included delivering relief goods, such as food, clothing and baby food, and organizing blood donations. The results of the activities were highly regarded, and numerous awards were received from external organizations.

### ▶ 17 Years of Support for Voluntary Organization MEND: NTT DATA, Inc. (USA)

Over the past 17 years, since 1999, NTT DATA, Inc. has continuously lent its support to the volunteer activities of Meet Each Need with Dignity (MEND). This private volunteer organization provides support in the form of food and clothing and does volunteer work in the areas of education and medical services. Employees at NTT DATA, Inc. have spent between 500 and 1,000 hours each year participating in the activities. The company received the "Overall Volunteer of the Year Award" from MEND for its contributions to raising the efficiency of operational processes through management of the activities.

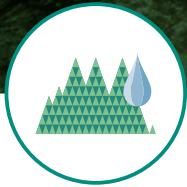
### ▶ Supporting Young Entrepreneurs Break Through: everis (Portugal)

everis has been continuously engaged in activities to assist socially and economically disadvantaged youth who do not have sufficient access to education so that they can demonstrate their entrepreneurial abilities. As part of a project organized by the NGO Instituto P. António Vieira (IPAV), as many as 65 employees spent a total of 3,000 hours providing guidance through mentor support, training content development, training and coaching for an innovative social entrepreneurship project in an effort to nurture the next generation.

■ Major Activities

Region	Company (Location of Head Office)	Activity
EMEA	EBS Romania (Romania)	<ul style="list-style-type: none"> <li>● Support for nurturing the next generation (support for educational events related to culture and the arts, promotion of sports)</li> <li>● Activities for vitalizing local communities (support to promote culture, collaboration with NGOs)</li> <li>● Medical support (support for cancer patients, promoting understanding of autism)</li> </ul>
	NTT DATA Deutschland GmbH (Germany)	<ul style="list-style-type: none"> <li>● Support for nurturing the next generation (support for promoting sports, child welfare facilities)</li> <li>● Support for areas affected by disasters (support for people affected by the earthquake in Nepal)</li> <li>● Contribution to sustainable urban transport through business (contribution to mitigating congestion, car sharing)</li> </ul>
	NTT DATA UK (United Kingdom)	<ul style="list-style-type: none"> <li>● Contribution to sustainable urban transport through business (verification tests for developing technology aimed at mitigating congestion)</li> </ul>
	everis (Spain)	<ul style="list-style-type: none"> <li>● Contribution to vitalizing local communities through business (contribution to economy through corporate collaboration)</li> </ul>
APAC	NTT DATA Asia and Pacific (India)	<ul style="list-style-type: none"> <li>● Contribution to vitalizing local communities through business (support for farms using IT)</li> </ul>
Americas	NTT DATA, Inc. (USA, India)	<ul style="list-style-type: none"> <li>● Continuation of Global Volunteer Week (donation of goods and money, cleaning and other voluntary activities at branch offices worldwide)</li> </ul>
China	NTT DATA China (China)	<ul style="list-style-type: none"> <li>● Improvement of the quality of information security management</li> <li>● Environmentally sound in-house initiatives</li> </ul>





# Environment

The NTT DATA Group is contributing to the greening of our clients and society through IT while making a Group-wide effort to reduce the environmental impact of its own business activities.

## Approach Adopted by the NTT DATA Group

In addressing global environmental issues, it is important to ensure sustainability from a wider perspective that includes responding to climate change and conserving biodiversity. The NTT DATA Group is working to resolve a range of environmental issues. In addition to the “Greening of Our Group,” based on an environmentally oriented management approach that gives 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 as a whole through its products and services. In conjunction with this promotion of “environmental contributions and communication,” the Group is working to reinforce environmental management to achieve significant results toward the improvement of environmental issues.

Looking ahead, the NTT DATA Group will utilize IT as it aims to create paradigms that benefit the global environment.

## Environmental Management

In order to further entrench the management of operations with a firm regard to the environment, and maintain our efforts to promote the protection of the environment, we believe it is important to establish a foundation for promoting action and create a framework for environmental management across the Group as a whole.

With the goal of promoting activities to protect the environment across the Group, the NTT DATA Group has established the Groupwide Organization for Promoting Environmental Protection Activities and remains committed to promoting environmental management based on a PDCA cycle.

## Environmental Management Policy and Long-term Goals

### ■ Stance on Environmental Protection

The NTT DATA Group established its Environmental Policies in July 1999. Since then, we have focused not only on reducing the environmental impact of our own activities, through such measures as the announcement of our Environmental Messages beginning in fiscal 2011, and the revision of our Environmental Policies in fiscal 2012, but also on providing environmentally responsible systems and services in our capacity as an information services provider, and participating in activities aimed at reducing the environmental impact of society as a whole.

## Environmental Policies of the NTT DATA Group

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

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

### 1. Environmental Considerations in Conducting Business

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

- (1) We are promoting environmentally responsible system development.
- (2) We are actively carrying out green purchasing.
- (3) We are working to prevent pollution and limit resource use, by implementing policies for saving resources and energy, promoting reuse and recycling, and reducing waste.

### 2. Meeting Legal Obligations

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

### 3. Raising Awareness

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

### 4. Promoting Communications

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

June 2012

Toshio Iwamoto,  
President and CEO

## Environmental Messages

### Earth Solutions Using IT to solve environmental problems

The NTT DATA Group is applying IT to create new ways and means of resolving the environmental problems facing the world and society.




#### < Action Plans >

- ▶ Contributing to the greening of our clients and society through IT
  - Promote the visualization of environmental impact assessments of the systems and solutions provided by the NTT DATA Group
  - Help to reduce society's environmental impact by promoting the creation and expansion of environmental solutions
- ▶ Contributing to the global environment by promoting the greening of the NTT DATA Group
  - Steadily reduce CO<sub>2</sub> emissions by the Group by raising the efficiency of and implementing operational improvements to its data centers and by such work-style innovations as hot-desking
  - Implement systematic cuts to paper usage and waste volumes

- ▶ Engaging each employee in thinking about the environment and making his or her own active contribution
  - Promote environmental social contribution activities across a range of fields both as an organization and individuals
  - Promote proactive environmental communication, within and outside the Group

## ■ The Eco Strategy 2030

The NTT Group set “Eco Strategy 2030” with targets for its environmental efforts for the period up to fiscal 2031. As a member of the NTT Group, the NTT DATA Group will also pursue its initiatives under Eco Strategy 2030.

 <b>Realizing a Low Carbon Future</b>	We will seek to increase the amount of CO <sub>2</sub> emissions reduction in society by our contribution to at least 10 times more than the NTT Group's own emissions.
	We will seek to raise power efficiency per communication data for our Telecommunication businesses to at least 10 times higher than in fiscal 2014.
	We will seek to play our part in adaptation to climate change by actively promoting initiatives through all our activities. Also, we will collaborate with our stakeholders.
 <b>Implementing Closed Loop Recycling</b>	We will seek to achieve zero emissions* with regard to the final disposal ratio for waste discharged from the NTT Group.
 <b>Planning a Future of Natural Harmony</b>	We will seek to play our part in preservation ecosystems by actively promoting initiatives through all our activities. Also, we will collaborate with our stakeholders.

\* Zero emissions: The NTT Group considers a final disposal rate of 1% or less to satisfy zero emissions conditions.

## Environmental Management System

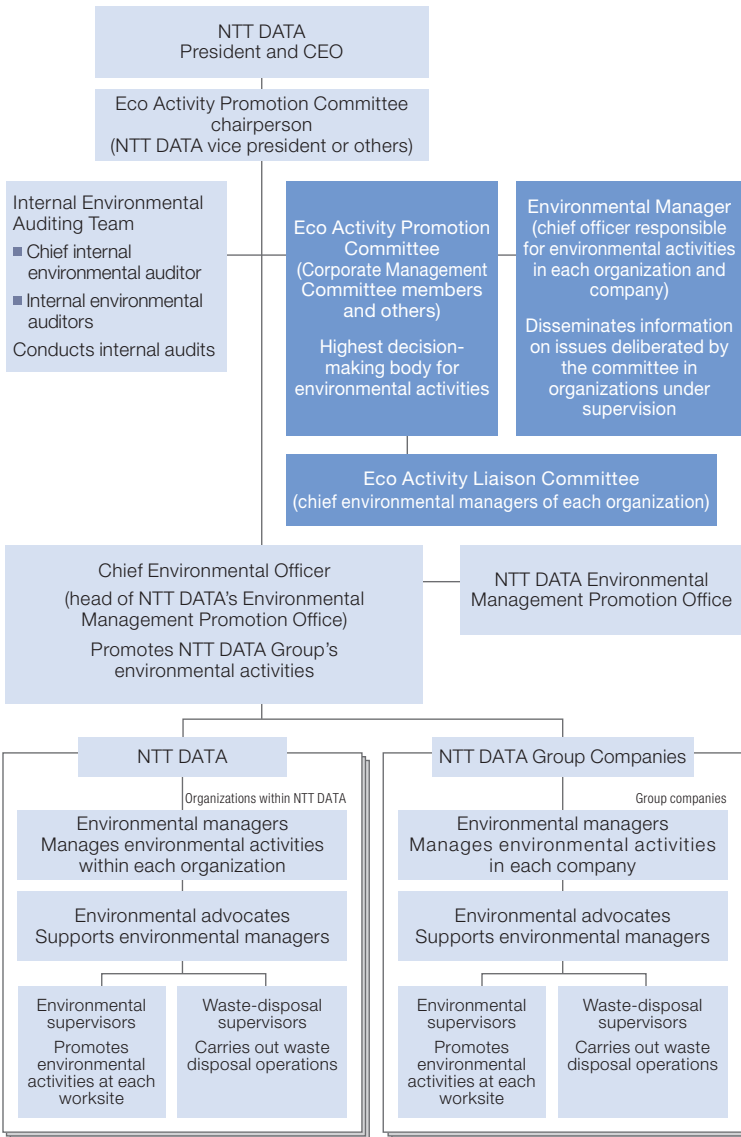
### ■ Cross-Group Environmental Management System

The NTT DATA Group is building a cross-Group environmental management system centered on the Eco Activity Promotion Committee and the Eco Activity Liaison Committee.

The Eco Activity Promotion Committee ascertains the activity status of Group companies and discusses the following fiscal year's targets, policies, and other issues. Deliberation results are shared with the Liaison Committee, which meets twice each year and whose members include environmental managers and environmental advocates of ISO 14001-certified departments and Group companies. This information is reflected in individual organizational units' targets.

We reorganized the Environmental Protection Promotion Office as the Environmental Management Promotion Office in July 2009 to advance environmentally oriented management throughout the Group and bolstered collaborative relationships between relevant departments. In addition, we assigned environmental managers to Group companies that are not yet ISO 14001-certified and are reinforcing the Group's environmental management promotion system.

## ■ Organization for Promoting Environmental Protection Activities



## ■ Deploying Ongoing Improvement Activities Based on ISO 14001

In April 1998, NTT DATA set up a dedicated unit to establish the Organization for Promoting Environmental Activities and has received ISO 14001 certification for environmental management. We began seeking Group integrated certification in 2004 and have been endeavoring to extend the scope of our environmental management system (EMS) to the entire Group. Work is currently underway to make our transition to ISO 14001:2015 in 2017.

As of the end of March 2016, a total of 33 Group companies, including NTT DATA, had attained ISO 14001 certification. Of this total, 28 companies acquired Group integrated certification, while five companies gained independent certification. As a result, the EMS coverage rate of sales totaled 63%, with 60% by ISO and 3% by independent certification.

## ■ Status of ISO 14001 Certification (as of March 31, 2016)

NTT Group entities that have acquired certification	
NTT DATA CORPORATION	NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.
NTT DATA HOKKAIDO CORPORATION	NTT DATA CCS CORPORATION (head office, data center)
NTT DATA TOHOKU CORPORATION	JSOL CORPORATION (Tokyo head office)
NTT DATA SHINETSU CORPORATION	NTT DATA SYSTEM TECHNOLOGIES INC.
NTT DATA TOKAI CORPORATION	NTT DATA SEKISUI SYSTEMS (Osaka head office, Tokyo head office)
NTT DATA HOKURIKU CORPORATION	NTT DATA INTELLILINK CORPORATION
NTT DATA KANSAI CORPORATION	NTT DATA SOFIA CORPORATION
NTT DATA CHUGOKU CORPORATION	NTT DATA DAICHI CORPORATION
NTT DATA SHIKOKU CORPORATION	DACS CORPORATION (head office, Tokyo branch office, Osaka data center, BPO center)
NTT DATA KYUSHU CORPORATION	NTT DATA BUSINESS SYSTEMS
NTT DATA i CORPORATION	NTT DATA FINANCIAL CORE
NTT DATA WAVE CORPORATION	NTT DATA FRONTIER CORPORATION
NTT DATA SMS CORPORATION	NTT DATA MANAGEMENT SERVICE (head office, Tokai office, Kansai office)
NTT DATA CUSTOMER SERVICE CORPORATION (Tokyo head office, Shikoku office)	NTT DATA UNIVERSITY CORPORATION

NTT Group entities that have acquired certification independently	
NJK CORPORATION	CATS CO., LTD.
EMAS CO., LTD.	JAPAN INFORMATION PROCESSING SERVICE CO., LTD.
NTT DATA MSE CORPORATION	

Overseas Group companies EMEA (NTT DATA UK) and everis have also obtained ISO 14001 certification and are actively engaged in initiatives such as setting reduction targets for CO<sub>2</sub> emissions.

## Internal Environmental Audits

### ■ Improving Activity Levels through Periodic Internal Audits

The NTT DATA Group periodically conducts internal environmental audits to confirm conformance with ISO 14001 specifications and PDCA cycle functionality.

In fiscal 2016, we conducted two actual audits carried out by internal environmental auditors from organizations other than the one being audited. In addition, internal environmental auditors conducted two environmental audits of their own organizations on a self-audit basis.

We hold meetings before and after audits to confirm important audit items and the status of Group-wide environmental management systems, as well as to share suggestions, improvements and other information as part of a drive to bolster the levels of internal environmental auditing and Group environmental protection activities.

### ■ Results of Internal Environmental Audits for Fiscal 2016

Term of Implementation	First Audit June 25 to July 30, 2015	Second Audit January 25 to February 26, 2016
Target organizations and companies	<ul style="list-style-type: none"> <li>● NTT DATA Actual inspection: 5 organizations Self-audit: 42 organizations</li> <li>● Group companies Actual inspection: 16 companies</li> </ul>	<ul style="list-style-type: none"> <li>● NTT DATA Actual inspection: 5 organizations Self-audit: 24 organizations</li> <li>● Group companies Actual inspection: 11 companies</li> </ul>
Audit results	<ul style="list-style-type: none"> <li>● Actual inspection 1 serious case, 12 minor cases, 29 cases for observation</li> <li>● Self-audit 5 serious cases, 2 minor cases, 6 cases for observation</li> </ul>	<ul style="list-style-type: none"> <li>● Actual inspection 1 serious case, 6 minor cases, 15 cases for observation</li> <li>● Self-audit No serious cases, 2 minor cases, no cases for observation</li> </ul>



## ■ Training Internal Environmental Auditors

The NTT DATA Group has expanded the scope of ISO 14001 certification, enhancing systems to foster internal audit staff.

In fiscal 2016, internal environmental auditors reviewed the environmental assessments conducted by each organization and Group company at the start of the fiscal year to enhance the quality of the assessments as well as to improve the competence of internal environmental auditors.

Looking ahead, we will seek to raise the efficiency of internal audits even further by promoting a long-term program for cultivating internal environmental auditors, which includes transferring know-how from experienced auditors and seeking guidance from outside experts toward the transition to ISO 14001:2015.

- Internal environmental auditors: 84 (as of March 31, 2016)

## Compliance with Laws and Regulations

### ■ Periodically Confirming the Status of Compliance with Laws and Regulations

We determine items that require monitoring and measurement with respect to various laws and regulations, including Japan's Law Concerning the Rational Use of Energy (Energy Saving Act) and Waste Management and Public Cleansing Law, while periodically confirming the status of compliance. Moreover, we address the need to monitor, measure and report on the volume of CO<sub>2</sub> emissions in accordance with Japan's Law Concerning the Promotion of Measures to Cope with Global Warming and the Ordinance on Environmental Protection issued by the Tokyo Metropolitan Government.

#### ■ Major Laws and Regulations and the Scope and Number of Facilities Impacted in Fiscal 2016

Major Laws and Regulations	Target Items	Number of Facilities Impacted
Energy Saving Act	Crude oil equivalent, Number of facilities using 3,000 kl/year or more	12
	Crude oil equivalent, Number of facilities using 1,500 kl/year or more	4
Air Pollution Control Act	Number of smoke generating facilities	7
Water Quality Pollution Control Act	Number of oil storage and other facilities	50
Sewerage Service Act	Number of facilities generating 50 m <sup>3</sup> or more of wastewater per day	5

## Environmental Education

### ■ Conducting Business- and Role-specific Environmental Education

The NTT DATA Group conducts various environmental education activities to help employees properly understand the significance and purpose of environmental protection activities and environmental management based on ISO 14001 standards. These activities are also aimed at raising awareness toward environmental issues.

Our efforts span an e-learning curriculum that covers the basics of environmental conservation, courses for waste-disposal supervisors, environmental managers, environmental advocates and environmental supervisors, and education programs customized for each organization and business function.

To encourage an understanding of and promote environmentally oriented management, we are extending education on the basics of environmental conservation beyond ISO 14001-certified companies to include all Group companies in Japan. To meet the needs of participants, we conduct group training sessions in addition to the e-learning courses we have provided to date.

In fiscal 2016, we enhanced the curriculum for the basics of an environmental conservation course attended by all Group employees by including information on the latest global trends and adding content related to environmental regulations to further strengthen compliance.

We intend to maintain our efforts to enhance the content in fiscal 2017 by adding the latest topics.

#### ■ Course Participants in Fiscal 2016

Environmental basics	29,670
Course for waste-disposal supervisors	697
Course for environmental managers, environmental advocates, and environmental supervisors	827



## Environmental Contributions and Communication

### Promotion of Environmental Contribution Activities

In accordance with the promotion of awareness activities set forth in the NTT DATA Group's environmental policies, we strive to raise awareness on environmental issues by educating our employees and temporary staff through environmental contribution activities.

To promote environmental contribution activities targeting local communities, the NTT DATA Group has set a target for the number of participants in environmental contribution activities since fiscal 2011.

In fiscal 2016, each organization and company within the Group sought to increase the number of participants by sharing information on environmental contribution activities within the Group and by actively participating in new events, such as the Tokyo Bay Cleanup Campaign. While atypical weather and other factors prevented us from attaining our target, 3,572 people participated in the activities, which was more than in the previous year.

In addition to continued participation in Greenship Action and clean-up activities in areas around office buildings, we aim to actively participate in a number of events held in many different regions, and we have set our target for the number of participants at more than 3,600 in fiscal 2017.

## The NTT DATA Group's Environmental Impact

### Targets for Fiscal 2017 Onwards (Medium-term Targets)

The NTT DATA Group establishes three-year medium-term targets as part of its ongoing ISO 14001 improvement activities and reviews those targets each year against results.

Since fiscal 2010, we have promoted the greening of clients and society, and the greening of our Group while engaging in environmental contribution activities and increasing communication. We have established targets for our environmental activities attuned to this shift in direction.

With the goal of further raising environmental targets, we revised the focus of our target CO<sub>2</sub> emissions indicator from the basic units of sales value to total CO<sub>2</sub> emissions and amended the measurement criteria of our indicator for waste material from zero emissions of industrial waste to the final disposal rate of waste as a whole in fiscal 2013.

Moving forward, the NTT DATA Group continues to reduce its environmental impact in order to meet these targets.

### Targets for Fiscal 2017 and Beyond

(Base year: 2008; Scope of data: NTT DATA and 27 Group companies in Japan that have acquired Group integrated ISO 14001 certification)

Scope	Target Definitions	Fiscal 2016 Results	Fiscal 2017	Fiscal 2018	Fiscal 2019
Reduce the environmental impact of society through the promotion of Green IT	External (Smart & Green IT)*	—	5	5	5
Reduce greenhouse gas emissions	Amount of CO <sub>2</sub> emissions	25% reduction	16% reduction	16% reduction	16 % reduction
Reduce the amount of copy paper purchased	Amount of copy paper purchased (gross amount calculated on a number of sheets basis)	41% reduction	37% reduction	37% reduction	37% reduction
Reduce the amount of waste for final disposal	Amount of waste for final disposal (gross amount)	78% reduction	72% reduction	73% reduction	74% reduction
	Final waste disposal rate (final disposal amount/total amount of waste)	1.9%	2.2% or less	2.1% or less	2.0% or less
Participation in local community environmental contribution activities	Number of activity participants	3,572	3,600	3,700	3,800

\* New targets for fiscal 2017 and beyond

## ■ Fiscal 2016 Target Attainment Status

The figures are based on data collected from NTT DATA Group companies that have acquired both ISO 14001 and Group integrated certification (see list of companies on page 51).

### ■ Group Targets and Results in Fiscal 2016

(Scope of data: NTT DATA and 27 Group companies in Japan that have acquired Group integrated ISO 14001 certification)

Scope	Target Definitions	Base Value (base fiscal year: 2008)	Fiscal 2015		
			Target Value	Results	Assessment
Reduce the environmental impact of society through the promotion of Green IT	Simplify quantitative assessment tools	—	Assessment following full-scale application: 20 cases	Assessment following full-scale application: 20 cases	○
Reduce greenhouse gas emissions	Amount of CO <sub>2</sub> emissions	306,562 t	16% reduction (257,512 t or less)	25% reduction (230,728 t)	○
Reduce the amount of copy paper purchased	Amount of copy paper purchased (gross amount calculated on a number of sheets basis)	327,800,000 sheets*	37% reduction (206,510,000 sheets or less)	41% reduction (192,100,000 sheets)	○
Reduce the amount of waste for final disposal	Amount of waste for final disposal (gross amount)	402 t	71% reduction (116 t or less)	78% reduction (89 t)	○
	Final waste disposal rate (final disposal amount/total amount of waste)	—	2.3% or less	1.9%	○
Participation in local community environmental contribution activities	Number of activity participants	—	4,000	3,572	×

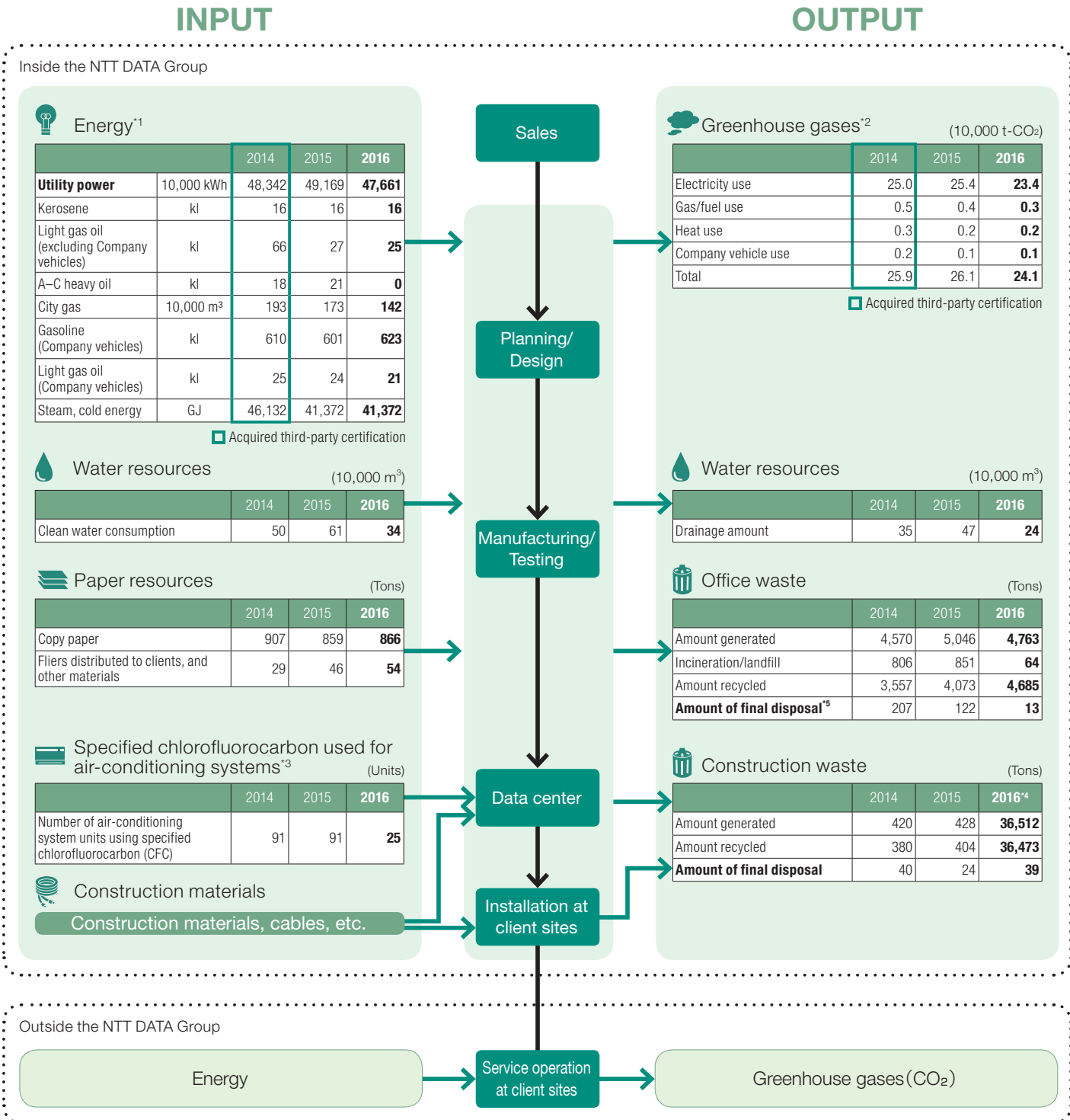
\* Revised to reflect the significant impact of expanding the scope of data in fiscal 2016.

## ■ Overview of the NTT DATA Group's Environmental Impact

We believe that the reliable and continuous achievement of our goals to reduce the NTT DATA Group's environmental impact is a fundamental responsibility of our environmental management efforts. To minimize the environmental impact of its business activities, the NTT DATA Group monitors and analyzes the types and amounts of resources and energy consumed by various processes and their environmental impacts.

The environmental impact posed by the NTT DATA Group's business activities primarily arises from the emission of greenhouse gases resulting from the consumption of energy, mainly as electric power. However, there are many other factors that affect the environment, including data center construction and the use of paper and water resources. In addition, we cannot ignore the environmental impact of energy consumption resulting from the operation of systems and services provided by the NTT DATA Group by clients. The NTT DATA Group strives to correctly ascertain and analyze the environmental impact of its business activities and to utilize these results in various improvement activities.

Material Flow Diagram



Scope of Environmental Impact Measurement

Fiscal 2014: NTT DATA (all organizations), 69 Group companies (Japan only)  
 Fiscal 2015: NTT DATA (all organizations), 73 Group companies (Japan only)  
 Fiscal 2016: NTT DATA (all organizations), 75 Group companies (Japan only)

\*1 Steam and cold energy included from fiscal 2014

\*2 Heat use included from fiscal 2014

\*3 Details of the number of air-conditioning system units were presented based on the central heating prior to fiscal 2013. From fiscal 2014, details of the number of air-conditioning system units is presented based on the central heating together with details of air-conditioning systems based on the individual method.

\*4 Data for fiscal 2016 reflects the demolition of a large-scale building.

\*5 Thermal recycling has been taken into consideration for the calculation of data since fiscal 2016.

## ■ Environmental Accounting

### 〈 Aiming to Conduct Efficient and Effective Environmental Preservation Activities 〉

In fiscal 2016, Group environmental cost comprised ¥6 million in investments and ¥449 million in expenses. Improved recycling rates led to a decrease in costs for inter-office waste disposal under “Resource recycling costs,” thereby reducing costs associated with business domains.

#### ■ Environmental Accounting Conservation Cost (Scope of data: all organizations of NTT DATA and 75 Group companies (Japan only)) (Millions of yen)

Ministry of the Environment's Environmental Accounting Guideline Categories	Major Initiatives	Fiscal 2014		Fiscal 2015		Fiscal 2016	
		Investment	Expenses	Investment	Expenses	Investment	Expenses
Business area costs		9	207	1	277	6	187
Pollution prevention costs	Asbestos countermeasures, PCB management, etc.	0	7	0	21	0	21
Global environment conservation costs	Implementation of energy conservation measures; measures to reduce CO <sub>2</sub> emissions through the introduction of outdoor-air cooling devices; elimination of specified chlorofluorocarbons in air-conditioning equipment, etc.	0	0	0	0	0	0
Resource recycling costs	Inter-office waste disposal, construction waste countermeasures, office paper curtailment countermeasures, etc.	9	201	1	256	6	167
Upstream/downstream costs	Compliance with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	0	0	0	0	0	1
	Labor costs related to environmental protection activities, ISO certification acquisition, building greening, environmental PR, etc.	0	265	0	256	0	261
R&D costs	Environment-related R&D	0	0	0	0	0	0
Citizen activity costs	Environmental contribution to regional communities	0	1	0	1	0	1
<b>Total</b>		<b>9</b>	<b>473</b>	<b>1</b>	<b>534</b>	<b>6</b>	<b>449</b>

## Addressing Climate Change

The rising concentration of greenhouse gases and other factors are impacting the climate in ways that have led to the increased severity and frequency of natural disasters such as typhoons and floods while also significantly impacting everyday life across society and industry.

In December 2015, the Paris Agreement, which serves as a new international framework for global warming countermeasures beyond 2020, was adopted by the United Nations. Addressing climate change was also included in the United Nations Sustainable Development Goals adopted in September of the same year. As illustrated by these developments, response to climate change in terms of mitigation and adaptation has gained even greater significance as a common global concern. The NTT DATA Group is pursuing strategic initiatives through its business with the intention of offering a more effective response to climate change.

### Strategy for Addressing Climate Change

#### ■ Climate Change Strategy

##### 〈 Company Level 〉

The Environmental Management Promotion Office analyzes the financial impact of regulatory trends (including carbon taxes, fixed price purchase schemes for renewable energy, and cap-and-trade systems) as well as trends in environmental load indicators (energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes, and water usage). Using their analysis, the office reports to the Corporate Management Committee on risks and opportunities it deems significant and measures for addressing them.

##### 〈 Asset Level 〉

The Facility Management Division, which has expertise in building design, compiles information on environmental load indicators for each data center and office (including energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes, and water usage), the status of energy conservation measures, and regulatory trends at the local government

level, and reports its findings to the Environmental Management Promotion Office. If the Environmental Management Promotion Office deems that any reported matter is likely to significantly impact the Company's business, it draws up and submits countermeasures to the Corporate Management Committee, which is the Company's highest decision-making body.

### 〈 Prioritization of Risks 〉

The Environmental Management Promotion Office compiles a list of key climate change risks and opportunities together with other important factors such as CO<sub>2</sub> emission volumes, financial effects and external evaluation of the Company's response to climate change. It prioritizes items based on difficulty, urgency and financial impact and then formulates proposals to address them.

### 〈 Offices 〉

We are reducing CO<sub>2</sub> emission volume by approximately 15,150 t-CO<sub>2</sub> each year by efficiently operating office facilities through efforts such as optimizing the operation of air supply and exhaust systems and optimizing the number of air-conditioners and hours of operation.

### 〈 Products and Services 〉

Our XECHNOR Power + FRESH HVDCR received the Minister of Economy, Trade and Industry Award in the energy-saving category of the Green IT Promotion Council's Green IT Awards 2012. This solution significantly reduces power loss from AC/DC conversion in the power supply route of data centers, saving between 10% and 30% more energy than conventional UPS (uninterruptible power supply) power sources that are widely used in existing data centers, and thereby further reducing CO<sub>2</sub> emissions.

## ■ Risks and Opportunities Related to Climate Change

### 〈 Risks Driven by Regulatory Changes 〉

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

For example, under the Tokyo Metropolitan Government's Ordinance on Environmental Preservation, large facilities are required to reduce total CO<sub>2</sub> emissions from energy usage and to participate in a cap-and-trade program of emissions trading. A total of eight NTT Data buildings in Tokyo are subject to the ordinance, which presents the risk of increased operating costs due to measures aimed at complying with the ordinance. Costs associated with emissions trading to meet the requirements for total CO<sub>2</sub> emission reductions are estimated to be approximately ¥100 million for the period between fiscal 2016 and 2021. Calculations for the second compliance period were based on the need to purchase 10,000 t-CO<sub>2</sub> of credits (certificates) priced at 10,000 yen/t-CO<sub>2</sub>. However, we anticipate that we will be able to offset these costs against surpluses from the first compliance period. To manage this risk, we are implementing measures such as upgrading to highly efficient electrical equipment and air-conditioning equipment and enhancing operation of air-conditioning, lighting and other shared facilities. The cost of addressing this risk for the period between fiscal 2011 and fiscal 2015 was approximately ¥1.7 billion, and reductions in CO<sub>2</sub> emissions for the same period totaled 53,903 t-CO<sub>2</sub> (rate of reduction: approximately 17% from the base value set in accordance with the Tokyo Metropolitan Government's Ordinance on Environmental Preservation).

### 〈 Risks Driven by Physical Impact 〉

With regard to physical impact caused by climate change, there is a risk that abnormal weather phenomena such as large typhoons, flooding, heatwaves and torrential rains could shut down the power supply to data centers in Japan and the EU, while flooding could halt operations at the data centers. The suspension of operations at our data centers could have an impact on large-scale NTT DATA systems that sustain social infrastructures, such as financial and medical services, thereby posing the risk of extensively impeding wider social systems.

The NTT DATA Group has equipped its data centers with in-house emergency generators in readiness for power outages. However, if these generators halt operations, there is a risk that our data center business continuity may be jeopardized. Operation of our data centers could also be interrupted by malfunctions in equipment caused by lightning strikes. We have been taking various measures to avoid these risks, such as by: (1) identifying data centers where basements present high flood risk based on municipal hazard maps and implementing flood prevention works; (2) establishing back-up data centers in multiple locations; and (3) upgrading lightning rods at 15 NTT DATA buildings nationwide.

Furthermore, average global temperatures have been clearly on the rise over the past few years, posing the risk of higher energy and operational costs due to air-conditioning needs at NTT DATA's data centers, which are located around the world.

We estimate that a temperature rise of 1°C in NTT DATA's data centers in Japan would increase electricity usage by 5.4 million kWh, hiking energy costs by approximately ¥80 million. To manage this risk, we are upgrading power equipment and

improving the operating efficiency of air-conditioning, lighting, etc., at data centers in Japan. At the NTT Data Mitaka Building, for example, in addition to the above measures, we have reduced electricity consumption by approximately 30% compared to our conventional data centers by installing photovoltaic power generation systems and high voltage direct current power supply systems. The costs of upgrading facilities and enhancing operations at all data centers in Japan totaled approximately ¥3.5 billion yen for the period between fiscal 2011 and fiscal 2015.

### 〈 Other Risks 〉

Risks driven by changes in other climate-related developments include increased investor requests for corporate information disclosure related to climate change, declines in share price associated with lower evaluation by investors, and deterioration in market-imposed financing conditions.

As of March 31, 2016, 17.16% of NTT Data stock was held by overseas corporations, and this figure is likely to rise in the future. Lower evaluation by overseas investors actively engaged in ESG investment carries the risk of a decline in share price that would decrease corporate value. If the price of shares held by overseas investors were to fall by 0.1%, the impact on the Company's market capitalization would amount to approximately ¥272 million<sup>\*1</sup>.

NTT Data recognizes the importance of information that investors focus on in their requests for information disclosure related to climate change, especially from CDP<sup>\*2</sup>, and proactively discloses information to investors. From fiscal 2014 to fiscal 2017, we have been actively disclosing information on matters including climate change by participating in a Ministry of Environment project to develop infrastructure for environmental information disclosure systems, which is intended to construct an information platform that enables institutional investors in Japan to utilize ESG data.

<sup>\*1</sup> Calculated on the basis of 280,500,000 outstanding shares as of March 2016.

<sup>\*2</sup> CDP (formerly the Carbon Disclosure Project) was launched in 2003 by a U.K.-based NGO to evaluate the climate change policies of businesses and enterprises.

While addressing climate change is associated with business risks, it also presents business opportunities for the NTT DATA Group. Our goal is to bring about a sustainable society and achieve growth for the Group by providing IT services that can be applied to addressing the social challenge of mitigation and adaptation with regard to the impact of climate change.

### 〈 Opportunities Driven by Regulatory Changes 〉

The introduction of CO<sub>2</sub> emission caps will prompt an increase in demand for more efficient IT systems, which account for a certain proportion of corporate energy consumption. Examples include demand for virtualization, consolidation into joint data centers, and outsourcing to data centers with high energy efficiency. NTT Data's sales of data center and related services amounted to ¥47.3 billion in the fiscal year ending March 31, 2016, and we believe we can further expand sales to ¥48.0 billion in 2017, buoyed by demand for outsourcing to energy-efficient data centers.

The NTT DATA Group is promoting a Green Data Center service aimed at reducing the environmental load by integrating IT and facilities technologies and is steadily introducing green data center technologies that can achieve large-scale reductions in energy consumption at our own data centers. Seeking to further expand business opportunities, we have invested over ¥10 billion in technologies including HVDC (high voltage direct current) power supply systems from fiscal 2010 to fiscal 2016 and have steadily advanced from demonstration experiments to commercialization. For example, through comprehensive installation of green data center technologies, including HVDC power supply systems, virtualization technologies and air current control systems for cooling, we succeeded in reducing energy consumption at the NTT DATA Mitaka Building by approximately 30% compared to our conventional data centers. Furthermore, we collaborated with our subsidiary NTT Data Intellilink Corporation and Japan Radio Co., Ltd. to develop a unified HVDC power supply system, which has been installed at data centers of other companies. The system was recognized with a Minister of Economy, Trade and Industry Award in the Green IT Awards 2012.

We have also been recognized by the Green IT Promotion Council for the energy-saving performance of our systems and plan to set industry standards by gaining recognition from these industry organizations. In fiscal 2015, we participated in trials to test high-temperature superconducting direct current power supply systems, carried out as part of a METI research project to test high-temperature superconducting direct current power supply systems.

### 〈 Opportunities Driven by Physical Impact 〉

There is an opportunity to accelerate business utilizing cloud-based data centers, which will enable high levels of safety in corporate data storage by avoiding the risk of data loss due to abnormal weather phenomena such as typhoons and localized torrential rain. In its dual roles of supporting the construction of corporate systems and providing joint-use system services, NTT Data has accumulated expertise in system platform technologies related to cloud computing and provided safe and highly reliable system platforms.



In 2015, sales of the NTT DATA Group’s cloud computing services amounted to approximately ¥323 billion and accounted for over 20% of total sales of ¥1,614.9 billion. For example, our joint-use enterprise systems, such as the “Chigin Kyodo Center” for regional banks, have gained the top market share of around 30%, and more than 90% of credit associations in Japan use our comprehensive online “Shinkin Kyodo System.” We believe that accelerating demand for cloud computing services will enable us to further expand our business.

Our cloud computing services create business opportunities by providing two comprehensive solutions for platform services, one that offers everything from infrastructure to applications and another that offers construction and operation services that build data center environments combining common use system components, such as those offered in joint-use data centers for financial institutions. For example, since 2011 our BizXaas® Office service, which provides systems required for an office environment via cloud computing, has been deployed in-house to promote telecommuting and set up satellite offices as part of business continuity plans.

In 2012 we also enhanced our service line-up by adding low-cost, fast-response “quick services” to our existing menu of data analysis and information services, taking advantage of the use of big data, a peripheral service that is highly compatible with cloud computing.

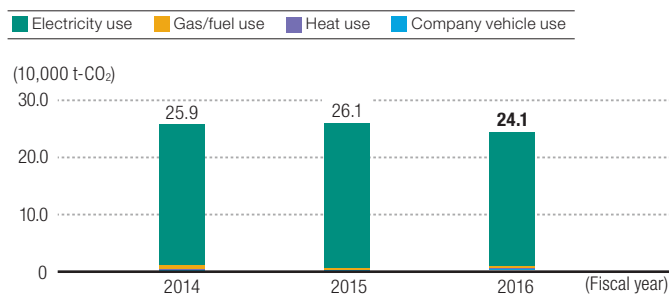
Between fiscal 2010 and fiscal 2016, we have invested over ¥10 billion in capital expenditure on cloud computing in data centers.

## Reducing Greenhouse Gas Emissions

### ■ Initiatives of the NTT DATA Group

In fiscal 2016 we continued to promote power-saving measures that take into account diverse workstyles, including the use of telework owing to the rotating partial closure of office floors in major buildings in the Tokyo Metropolitan area. Data centers account for about two-thirds of the CO<sub>2</sub> emissions discharged by the NTT DATA Group’s business activities. Since our data centers are entrusted with clients’ systems, we strive to maximize reductions in power consumption to the extent that such reductions do not affect our services to clients. We are also increasing the use of renewable energy, and out of the 357,144 MWh in total electricity used at all of our data centers, 299 MWh is being generated by solar power and other renewable energy sources. As a result of our efforts to reduce total CO<sub>2</sub> emissions in fiscal 2016 by at least 16.0% compared to fiscal 2009, we were actually able to achieve a considerable reduction of 25% from the levels recorded in fiscal 2009.

■ Greenhouse Gases (Scope of data: all organizations of NTT DATA and 75 Group companies (Japan only))

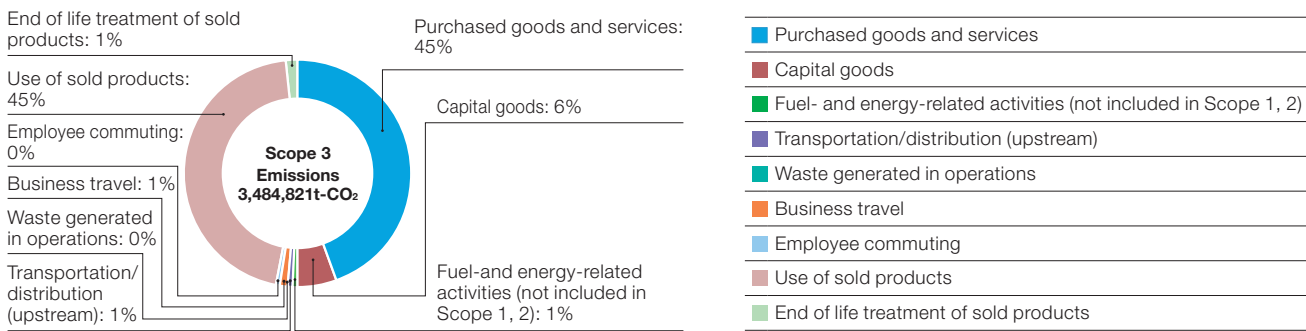


### ■ Managing GHG Emissions across the Supply Chain

To realize a low-carbon society, it is important to engage in energy saving measures not only for the Company’s facilities but for society as a whole. From fiscal 2014, the NTT DATA Group broadened the scope of its aggregate calculation of CO<sub>2</sub> emissions and began management under Scope 3, which calculates the aggregate amount of CO<sub>2</sub> emissions by taking into account product and service life cycles, from their procurement through their distribution and to their disposal. As a result, total CO<sub>2</sub> emissions of the NTT DATA Group, including overseas Group companies, was 3,484,821 t-CO<sub>2</sub>.

Moving forward, the entire NTT DATA Group will build on this result by seeking measures that are even more effective toward the creation of a low carbon society and will confront challenges in conjunction with its clients and business partners.

■ **Scope 3 Emission Rates (by Category) for Fiscal 2016** (Scope of data: NTT DATA and 258 Group companies in Japan and overseas)



■ **Third-party Verification of Greenhouse Gas Emissions**

We received third-party verification of Scope 1–3 greenhouse gas emission volume results for fiscal 2014 from Lloyd’s Register Quality Assurance Limited. We intend to further improve the transparency of our data disclosure in fiscal 2016 by applying the same calculation method used in fiscal 2014.

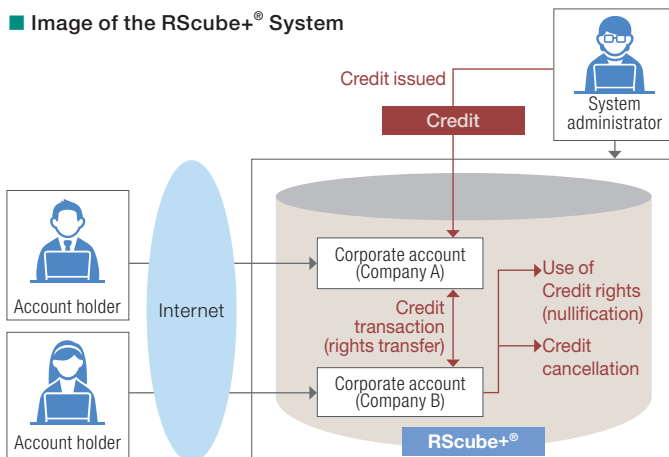
**Focus** >>>

**NTT DATA’s System for Greenhouse Gas Credit Management Adopted for Use in Japan’s Joint Crediting Mechanism**

NTT DATA provides the “RScube+®” package software for managing the reduction of greenhouse gases and absorbed amounts (hereinafter referred to as “Credits”). RScube+® was adopted for use in the system for the “Joint Crediting Mechanism” being promoted by the Japanese government and has been applied to the system since November 2015.

Market mechanisms, including bilateral credit transactions, have been incorporated into the Paris Agreement on climate change and are expected to generate demand for systems that can manage complicated Credit transactions. By providing RScube+® to facilitate efficient Credit management, we also contribute to introducing low-carbon technologies in emerging countries and supporting sustainable economic development.

■ **Image of the RScube+® System**



■ **RScube+® Function Groups**

<p><b>User management</b> Handles users such as account holders, etc.</p>	<p><b>Transaction management</b> Handles transaction management such as transfers and cancellations</p>	<p><b>Credit management</b> Handles Credit information</p>
<p><b>Account management</b> Handles accounts for keeping Credits</p>	<p><b>Data output</b> Outputs data such as account information, Credit information, etc.</p>	<p><b>Contact management</b> Sends announcements and notifications via email to account holders</p>
<p><b>Settings panel</b> Individually establishes rules that differ by system</p>	<p><b>Portal</b> Edits the contents of notifications sent to account holders</p>	<p><b>Workflow</b> Establishes a workflow for registering, viewing, examining and approving applications, etc.</p>

**Appropriate Use of Resources**

**Promoting Resource Saving and Recycling**

■ **Waste Reduction**

In fiscal 2016, we continued our efforts from the previous fiscal year to improve our recycling ratios and reduce the final amount

of waste disposal. As a result, we significantly exceeded our targets by achieving a 78% reduction in the final amount of waste disposal compared to fiscal 2009 and a final waste disposal rate of 1.9%.

In fiscal 2017, we will strive to improve our recycling ratios through measures such as using disposal firms with high recycling ratios and changing the processing route while maintaining our efforts on the reuse and recycling of office equipment.

### ■ Reduction of Copy Paper Purchased

In fiscal 2016, we made a committed effort to reduce unnecessary use of copy paper through measures such as promoting the expansion of next-generation offices and advancing paperless meetings. As a result, we significantly exceeded our target for fiscal 2016 of reducing usage by 41% compared to fiscal 2009.

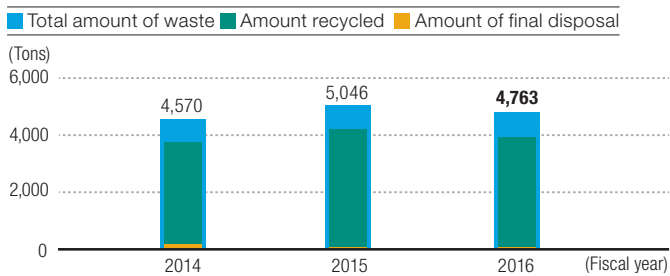
In fiscal 2017, we will further reduce the use of copy paper as part of an overall revision of our operations, including improvements to our operational processes.

### ■ Proper Handling of Hazardous Materials

The NTT DATA Group stores manufactured goods containing polychlorinated biphenyl (PCB). Accordingly, the Group handles such items as waste PCB, which is designated as a specified toxic industrial waste material. Moreover, the Group disposes of materials including waste acid from batteries and such contaminated industrial waste as used syringe needles. In the handling of industrial waste materials requiring special storage and proper management, we carefully observe the Waste Management and Public Cleansing Law and all other relevant laws and regulations particularly with respect to disposal. We have promoted the systemic disposal of waste PCB since fiscal 2014 in line with the Law Concerning Special Measures against PCB Waste and guidance from relevant ministries and government agencies.

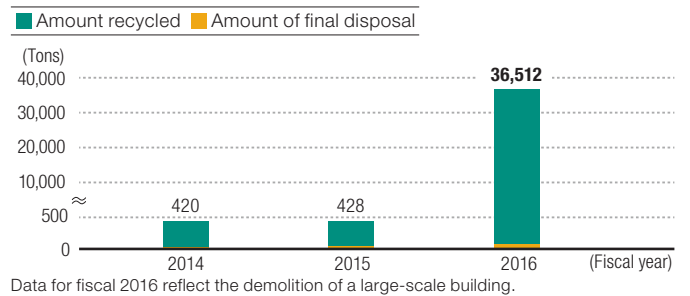
#### ■ Office Waste

(Scope of data: all organizations of NTT DATA and 75 Group companies (Japan only))



#### ■ Construction Waste

(Scope of data: all organizations of NTT DATA and 75 Group companies (Japan only))



## Reducing the Environmental Impact of the Value Chain

### The Greening of Clients and Society

#### ■ Reducing the Environmental Impact of Society through IT

The NTT DATA Group and the NTT Information Network Laboratory Group have jointly verified general-purpose evaluation and measurement methods<sup>\*1</sup> for quantitatively evaluating the effectiveness of environmental impact reduction for all development projects. We began conducting quantitative evaluation in fiscal 2015 with tools based on the results of this verification.

In fiscal 2015, we conducted two quantitative evaluations based on these methods, which are more suited to general-purpose applications and actual business conditions than to the environmental impact assessment system<sup>\*2</sup> used in the past. From fiscal 2016, we began full-scale application of these methods throughout the Group and conducted 20 quantitative assessments.

\*1 The results of our joint verification have been patented (Pat. No. 5785229 (2015))

\*2 A service for assessing the environmental impact of information systems developed by the NTT Information Network Laboratory Group. The service calculates environmental impact reductions that can be achieved through reduced consumption of materials and energy, transportation volume of people and goods, etc., resulting from system introduction.

## ■ Proactively Participating in Environmental Projects Promoted by Administrative and Industrial Organizations

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

In recent years, we have been exchanging a wide range of opinions as a member of the Japan Smart Community Alliance (JSCA)<sup>\*1</sup> and the Green IT Promotion Council<sup>\*2</sup>. These discussions include the creation of smart communities aimed at realizing next-generation sustainable societies, the development of methods for estimating and measuring the energy-saving of and with IT devices, and research involving the introduction of energy management systems to buildings and stores. NTT DATA also works in a study group under the business platform of the Life Cycle Assessment Society of Japan (JLCA)<sup>\*3</sup> on building a common framework among corporations to reduce CO<sub>2</sub> emissions via the use of IT and has participated in formulating common guidelines for estimating reductions in CO<sub>2</sub> emissions in ICT businesses.

\*1 An organization comprised of members of both the public and private sectors that was established to promote the spread of smart communities within Japan as well as their global expansion

\*2 Sponsored by the Japan Electronics and Information Technology Industries Association (JEITA). The Green IT Promotion Council is responsible for promoting green IT and helping build a smart society through various activities. These include developing methods for estimating and measuring the energy-saving of and with IT devices, formulating an energy-saving technology roadmap, developing public awareness about green IT in Japan and overseas, and bolstering cooperation with countries in Asia and elsewhere.

\*3 A working group of the Life Cycle Assessment Society of Japan. The group's objectives are to establish a shared method for estimating the effect that ICT has on reducing environmental impact and devise key performance indicators (KPIs) to measure energy savings achieved via environmental management in companies that supply ICT as well as companies that adopt ICT.

## Promoting Green Purchasing

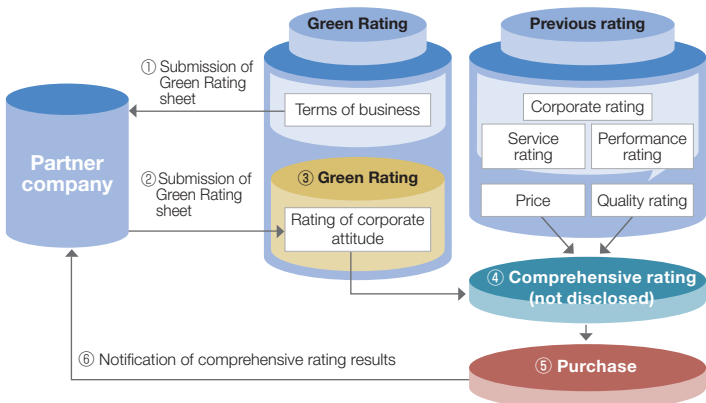
### ■ Promoting Green Purchasing through an Assessment of a Company's Corporate Stance and Products

NTT DATA has established an assessment criterion with respect to environmental preservation and the eco-friendliness of products and services as factors in procuring items and selecting business partners. This criterion complements such traditional criteria as price and quality assessment. Collectively, this evaluation criteria sets out specific standards for selecting suppliers.

### ■ Important Assessment Items

At present, assessments conducted with the aim of promoting green purchasing center on evaluating the approach a company takes with regard to environmental issues. While this naturally includes compliance with environmental laws and regulations, considerable weight is also attached to whether or not ISO 14001 certification and other environmental management standards have been acquired. Furthermore, we assess the operating effectiveness of environmentally oriented management in place at suppliers that have not attained environmental certification. We do this by asking specific questions based on a checklist, such as whether or not they have environmental guidelines, targets for reducing the environmental impact of their activities, or an environmental management structure.

### ■ Mechanism of Green Purchasing



# Environmental Data

## Environmental Impact Data of the NTT DATA Group in Fiscal 2016

Environmental Data		Units	Amount
Paper resource	Total volume used (including paper from virgin pulp and recycled paper)	Tons	920
	Office paper	Tons	866
	Client services (leaflets, pamphlets, instruction manuals, etc.)	Tons	54
	Amount of total paper from virgin pulp	Tons	276
	Office paper	Tons	260
	Client services (leaflets, pamphlets, instruction manuals, etc.)	Tons	16
Global warming	Greenhouse gas emissions (CO <sub>2</sub> conversion) <sup>1</sup>	t-CO <sub>2</sub>	241,463
	Carbon dioxide (CO <sub>2</sub> ) emissions	t-CO <sub>2</sub>	241,380
	Electricity use	t-CO <sub>2</sub>	234,168
	Gas/fuel use	t-CO <sub>2</sub>	3,355
	Heat use	t-CO <sub>2</sub>	2,358
	Company vehicle use	t-CO <sub>2</sub>	1,499
	Methane (CH <sub>4</sub> ) emissions	t-CO <sub>2</sub>	10
	Furnaces	t-CO <sub>2</sub>	7
	Shipping (automobiles, ships)	t-CO <sub>2</sub>	3
	Dinitrogen monoxide (N <sub>2</sub> O) emissions	t-CO <sub>2</sub>	62
	Furnaces	t-CO <sub>2</sub>	2
	Shipping (automobiles, ships)	t-CO <sub>2</sub>	60
	Hydrofluorocarbon (HFC) emissions <sup>2</sup>	t-CO <sub>2</sub>	12
	Perfluorocarbon (PFC) emissions	t-CO <sub>2</sub>	0
	Low-pollution vehicles owned	Vehicles	777
	Hybrid vehicles	Vehicles	101
	Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)	Vehicles	642
	Electric vehicles	Vehicles	4
	Others	Vehicles	30
	Low-pollution vehicles introduced during the year	Vehicles	30
	Hybrid vehicles	Vehicles	29
	Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)	Vehicles	0
	Electric vehicles	Vehicles	0
	Others	Vehicles	1
	Sustainable/new energy systems installed	Units	3
	Solar power systems	Units	2
	Hybrid (solar and wind power) systems	Units	1
Cogeneration systems (CGS)	Units	0	
Sustainable/new energy systems introduced during the year	Units	0	
Solar power systems	Units	0	
Hybrid (solar and wind power) systems	Units	0	
CGS	Units	0	
Electric power generated by sustainable/new energy systems	kWh	184,781	
Solar power systems	kWh	184,781	
Electric power generated by sustainable/new energy systems introduced during the year	kWh	0	
Solar power systems	kWh	0	

### Scope of Environmental Impact Measurement

NTT DATA (all organizations), 75 Group companies (Japan only)

\*1 CO<sub>2</sub> conversion factor uses CO<sub>2</sub> emission factor by electric power companies.

\*2 Units and emissions from fiscal 2014 include individual free-standing air-conditioning units as well as central air-conditioning units.

Environmental Data		Units	Amount
Waste countermeasures	Industrial waste requiring special management, etc.		
	Asbestos removed (from buildings) during the year	Instances	0
	Asbestos emissions (from buildings) during the year	Tons	0
	Waste batteries	Tons	94
	Other waste (acidic ash, alkali, oil, etc.)	Tons	0
	Use of products containing PCBs	Units	1
	Transformers	Units	1
	PCB-containing products renewed (removed, stored) during the year	Units	0
	Transformers	Units	0
	Stabilizers	Units	0
	Storage of PCB-containing products	Units	177
	Transformers	Units	0
	Stabilizers	Units	177
	Disposal of PCB-containing products during the year	Units	0
	Transformers	Units	0
	High voltage condenser	Units	0
	Low voltage condenser	Units	0
	Stabilizers	Units	0
Ozone layer protection	Removal of air-conditioning system units using chlorofluorocarbons (CFCs) during the year		
	Removal of air-conditioning system units using specified CFCs	Units	2
	Removal of air-conditioning system units using alternative hydrochlorofluorocarbons (HCFCs)	Units	0
	Removal of air-conditioning system units using alternative hydrofluorocarbons (HFCs)	Units	0
	Recovery and destruction of specified CFCs used for air-conditioning systems	kg	547
	Recovery and destruction of alternative HCFCs used for air-conditioning systems	kg	0
	Recovery and destruction of alternative HFCs used for air-conditioning systems	kg	0
	Use of air-conditioning system units using CFCs		
	Air-conditioning system units using specified CFCs	Units	25
	Air-conditioning system units using alternative hydrochlorofluorocarbons (HCFCs)	Units	4
	Air-conditioning system units using alternative hydrofluorocarbons (HFCs)	Units	14
	Specified CFCs used for air-conditioning systems	kg	12,266
	Alternative HCFCs used for air-conditioning	kg	5,076
	Alternative HFCs used for air-conditioning	kg	8,104
	Storage of air-conditioning system units using CFCs		
	Storage of air-conditioning system units using specified CFCs	Units	0
	Storage of air-conditioning system units using alternative HCFCs	Units	0
	Storage of air-conditioning system units using alternative HFCs	Units	0
	Stored amount of specified CFCs used for air-conditioning systems	kg	4,351
	Stored amount of alternative HCFCs used for air-conditioning systems	kg	1,060
	Stored amount of alternative HFCs used for air-conditioning systems	kg	170
	Use of vehicles using CFCs		
	Company vehicles that employ CFCs in air-conditioner refrigerants	Units	0
	Company vehicles that employ HCFCs in air-conditioner refrigerants	Units	0
Company vehicles that employ HFCs in air-conditioner refrigerants	Units	0	
Use of CFCs in vehicle air-conditioners	kg	0	
Use of HCFCs in vehicle air-conditioners	kg	0	
Use of HFCs in vehicle air-conditioners	kg	0	
Elimination of specified-CFC fire prevention equipment			
Buildings from which specified-CFC fire prevention equipment removed during the year	Buildings	0	
Amount of specified CFCs removed from fire prevention equipment during the year	kg	0	
Amount of specified CFC gas emitted by fire prevention equipment during the year	kg	0	
Remaining number of buildings employing specified-CFC fire prevention equipment	Buildings	15	
Remaining specified CFC gas emissions from fire prevention equipment	kg	38,870	



Environmental Data		Units	Amount
Resource usage	Consumption of water resources	m <sup>3</sup>	630,016
	Clean water consumption	m <sup>3</sup>	342,463
	Sewerage water consumption	m <sup>3</sup>	239,692
	Gray water consumption	m <sup>3</sup>	42,619
	Rainwater consumption	m <sup>3</sup>	1,538
	Consumption of clean, sewerage and other water	m <sup>3</sup>	3,704
	Energy consumption		
	Utility power	10,000 kWh	47,661
	Kerosene	kl	16
	Light gas oil (excluding Company vehicles)	kl	25
	A-C heavy oil	kl	0
	City gas	10,000 m <sup>3</sup>	142
	Gasoline for Company vehicles	kl	623
	Light gas oil for Company vehicles	kl	21
	Steam	GJ	9,314
Cold energy	GJ	32,059	

## Office Waste of the NTT DATA Group in Fiscal 2016

(Kilograms)

Primary Category	Subcategory	Recycled Amount	Waste Disposal Amount		Total Emissions	Final Disposal
			Incineration	Landfill Amount		
Category A+B	Mixture of Categories A and B (unsorted waste)	0	0	0	0	0
Category A (burnable)	Fine paper	1,255,844	0	0	1,255,844	0
	Newspapers, magazines, cardboard	92,985	0	0	92,985	0
	Refuse	14,839	775	559	16,173	637
	Paper waste	270,750	3,550	0	274,300	355
	Plastics (burnable)	4,869	0	0	4,869	0
	Waster oil	0	0	0	0	0
	Unsorted burnable waste, other burnable waste	353,795	44,056	0	397,851	4,406
Category B (non-burnable)	Bottles	35,734	0	62	35,796	62
	Cans	294,576	0	0	294,576	0
	Plastics (non-burnable)	1,453	0	0	1,453	0
	PET bottles	95,814	0	0	95,814	0
	Unsorted non-burnable waste and other non-burnable waste	289	0	252	541	252
Category C	OA equipment, fixtures, others	2,264,527	22,899	4,954	2,292,380	7,244
<b>Total</b>		<b>4,685,474</b>	<b>71,280</b>	<b>5,827</b>	<b>4,762,581</b>	<b>12,955</b>

### Scope of Environmental Impact Measurement

NTT DATA (all organizations), 75 Group companies (Japan only)

Global IT Innovator



# Governance

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

## Approach Adopted by the NTT DATA Group

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 CSR management that responds to the expectations of the global community.

## Corporate Governance

### Corporate Governance Structure

#### ■ Improving Management Quality Based on a Governance Structure by Enhancing Business Execution, Oversight, and Auditing Functions

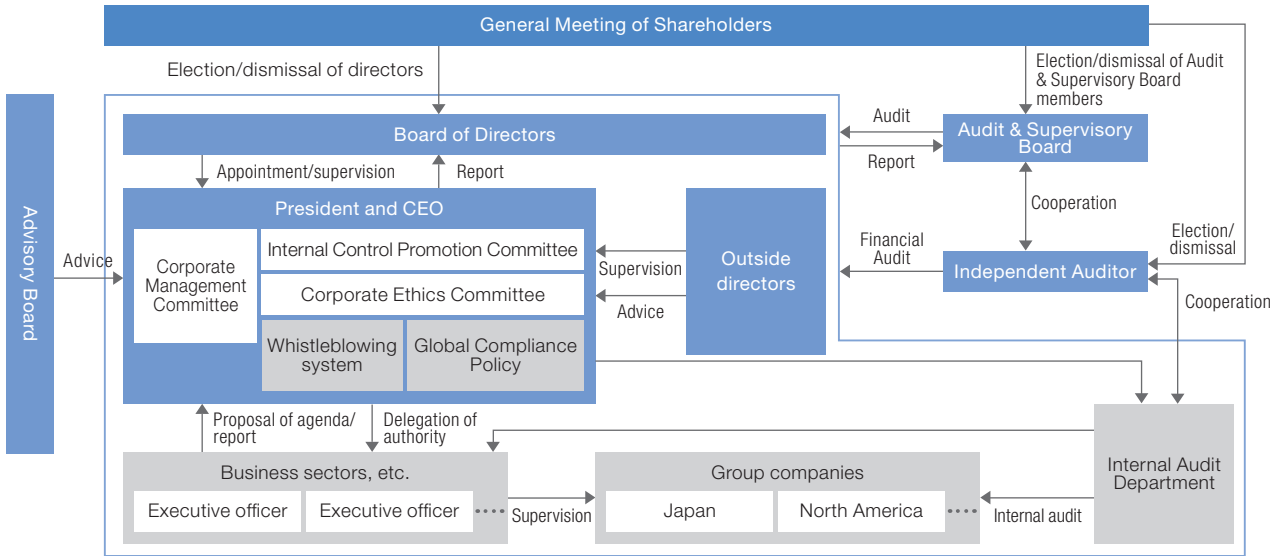
As a company with corporate auditors, NTT DATA has a Board of Directors and an Audit & Supervisory Board, as well as a Corporate Management Committee.

The Board of Directors meets 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 sectors 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 includes the president, vice presidents and the heads of major organizational sections. The committee meets, in principle, once a week, to ensure smooth and timely decision-making and the supervision of day-to-day operations.

**Corporate Governance Structure**



**Initiatives that Add Varied Perspectives to Management**

NTT DATA works to strengthen functions that oversee fairness in business execution by inviting directors and Audit & Supervisory Board members from outside the Company. As of July 2016, NTT DATA has two outside directors and four outside Audit & Supervisory Board members. In appointing these 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 two outside directors and three outside auditors registered as independent directors who meet the requirements of Tokyo Stock Exchange regulations as well as our own in-house requirements. In addition, we established an Advisory Board in July 2012 to obtain advice from outside experts, which is being used to achieve further growth and ensure the sound management of our operations.

**Initiatives to Spread Our Vision**

The NTT DATA Group announced its new Group Vision in May 2013, and we have been encouraging employees to internalize the Group's Values, our core values that we live by to fulfill our Group Vision. To act with these values in mind, we must have an idea of how to apply them in our work duties. For this reason, it is important to continuously engage in dialogue with our coworkers. On the anniversary of our founding, we decided to hold Values Week starting on May 23, 2014, as a series of events to spread the word about our values among the people with whom we work. During our Values Week in 2016, about 10,000 employees in more than 60 cities and nearly 20 countries took part in workshops and talked about our values. We expect 20,000 employees in 90 cities in 28 countries to participate in 2016.



Cologne, Germany



Charlotte, United States



Wuxi, China

## ■ Group Governance

### 〈 Strengthening Group Governance by Establishing a Liaison Department for Group Companies 〉

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

Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&A activities and other measures. Specifically, the Company is establishing a system centered around five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Spain and Latin America—as well as business solutions. NTT DATA has instituted rules for consultation and reporting between the Company and Group companies in relation to 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 integrated company. As part of this initiative, NTT DATA is establishing nomination and compensation committees and audit committees within regional integrated companies' boards of directors. Meanwhile, the Group is establishing a system that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by building a comprehensive internal control system that includes overseas organizations.

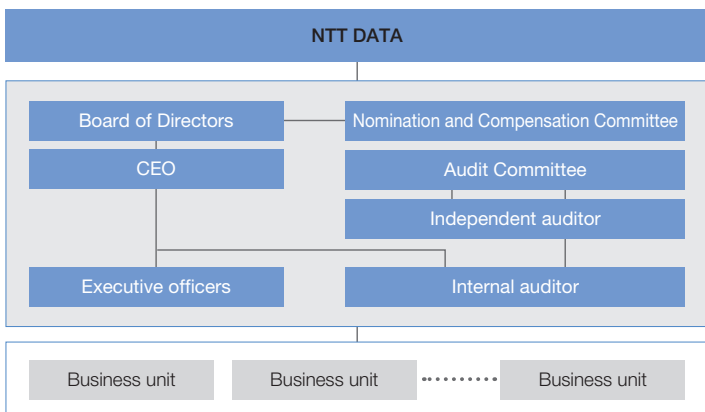
In Japan, in the fiscal year ended March 31, 2014, NTT DATA increased management efficiency by beginning the renewal of the common accounting system that domestic Group companies use. In the fiscal year ended March 31, 2015, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies. As a result, most domestic Group companies use a common accounting system. This enables centralized management of accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces the maintenance and operational burdens.

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

### 〈 Ensuring Robust Group Governance Based on Group Management Policies and Group Management Rules 〉

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

#### ■ Governance Structure of Regional Integrated Companies



## Internal Control

### ■ Maintaining and Continuously Strengthening Internal Control Systems

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

Twice a year, we also 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. In addition, NTT DATA actively conducts internal audits that focus on a range of different risks.

Given continued global business expansion going forward, the Company will maintain efforts to strengthen the Group's overall internal control capabilities by further advancing efforts to establish global internal audit capabilities while introducing efficient methods of auditing.

### ■ Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a standpoint that is independent from operational divisions.

In fiscal 2016, the Company audited in-house organizations, 10 domestic Group companies and 10 overseas Group companies. This audit primarily focused on risks specific to the Company. These risks include bid rigging, dumping and other corruption risks as well as overall information security. Also, the Company monitored the internal auditing activities of 24 Group companies.

In addition, to expand and improve internal auditing of the Group as a whole, 83 domestic and overseas Group companies conducted autonomous inspections based on unified audit items.

In terms of new initiatives, we have also introduced a monitoring indicator system to detect indications of fraud before it occurs, and we are expanding the functions of the system using CAAT (computer-assisted audit techniques) tools to analyze data from various in-house information systems. This auditing system is already being applied to our internal organizations, and we are seeking to advance the initiative by considering expanding its application to Group companies in Japan and anticipating more of its deployment in our overseas Group companies as well.

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

### ■ Education and Training Related to Internal Control Systems

As an annual exercise, NTT DATA provides an e-learning course on internal control related to financial reporting in order to emphasize the importance of internal controls and promote understanding among employees about the NTT DATA Group's policies and views. We plan to continue providing these courses.

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

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

(As of July 1, 2016)

Position	Name	Outside/ Independent	Term	Areas of Responsibility	Concurrent Position	Meeting Attendance <sup>*6</sup>	Shares Owned
Representative Director, President and Chief Executive Officer	Toshio Iwamoto	—	*1			—	12,900
Representative Director and Senior Executive Vice President	Masanori Shiina	—	*1	Responsible for Corporate Strategy <sup>*4</sup>	Executor of business for the Limited Liability Partnership of Regional Revitalization/ Value Partner 2020	—	6,900
	Yo Honma	—	*1	Responsible for Enterprise & Solutions Segment	President, Construction-ec.com Co., Ltd.	—	5,200
Representative Director and Executive Vice President	Eiji Ueki	—	*1	Responsible for Technology Strategy <sup>*5</sup> and Financial Segment	Director, Center for Financial Industry Information Systems	—	6,800
Director and Executive Vice President	Kazuhiro Nishihata	—	*1	Responsible for Global Segment	NTT Data International L.L.C. Chair	—	5,200
	Tsuyoshi Kitani	—	*2 Newly appointed	Head of Technology and Innovation General Headquarters, Head of System Engineering Headquarters		—	3,500
	Keiichiro Yanagi	—	*2 Newly appointed	Head of General Affairs Department, Head of Human Resources Department		—	4,700
	Hiroyuki Aoki	—	*2 Newly appointed	Responsible for Public & Social Infrastructure Segment		—	700
Director	Yukio Okamoto	Outside and independent	*1		Representative Director, Okamoto Associates, Inc. Outside Director, Mitsubishi Materials Corporation Outside Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) Representative Director, Signal of Hope Fund	20/21	300
	Hiromasa Takaoka	—	*1		Vice President of HR, General Affairs Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION	16/16	100
	Eiji Hirano	Outside and independent	*2 Newly appointed		Vice Chairman, Director and Representative Executive Officer, MetLife, Inc. Director, RIKEN CORPORATION Advisor, Toyota Financial Services Corporation	—	0
Standing Audit & Supervisory Board Member	Yukio Ishijima	Outside and independent	*3			20/21 (19/19)	300
	Tetsuro Yamaguchi	Outside	*3			16/16 (10/10)	100
	Akio Nakamura	Outside and independent	*3 Newly appointed		Special Partner, TANABE & PARTNERS Director, Tokyo Century Corporation	—	0
Audit & Supervisory Board Member	Rieko Sato	Outside and independent	*3		Partner of Ishii Law Office Auditor, GignoSystem Japan, Inc. Director, Dai-ichi Life Insurance Co., Ltd.	20/21 (18/19)	1,100

\*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 17, 2015.

\*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 22, 2016.

\*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 In the NTT DATA Group's division of duties, the "Officer responsible for Corporate Strategy" exercises oversight of formulation and execution of strategies, finance, IR and risk management.

\*5 In the NTT DATA Group's division of duties, the "Officer responsible for Technology Strategy" exercises oversight of formulation and execution of strategies for technology development and R&D as well as the formulation and execution of strategies for security issues.

\*6 Number of meetings of the Board of Directors attended (upper lines) and number of meetings of the Board of Corporate Auditors (in parentheses).

### Total Remuneration of Directors and Audit & Supervisory Board Members for the Business Year under Review

(Results for fiscal 2016)

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



## ■ Total Remuneration of Outside Corporate Officers for the Business Year under Review

(Results for fiscal 2016)

	Number of Persons	Basic Remuneration
Total Remuneration of Outside Corporate Officers	5	¥101 million

In addition to the above, there is ¥9 million (yen-denominated amount based on the average foreign exchange rate during the fiscal year under review) in compensation, etc., received for having served as a director at a subsidiary of NTT DATA's parent company (excluding NTT DATA Corporation) before being appointed as an outside director of NTT DATA.

## Compliance

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

### Compliance 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

NTT DATA has a Corporate Ethics Committee chaired by the Chief Risk Officer (CRO), which works to include elements of the Global Compliance Policy in the performance review. The Committee is also engaged in promoting the spread and thorough understanding of the policy among executives and employees and fostering corporate culture conducive to compliance with legal regulations and corporate ethical rules.

Details of various compliance-related initiatives are also reported to and discussed by the Corporate Ethics Committee, which determines their ongoing implementation as well. We also maintain a remuneration system for staff responsible for management, which reflects the occurrence of ethics violations throughout the Group.

### ■ 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, recipients answer 30 questions about such matters as bribery, information security 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

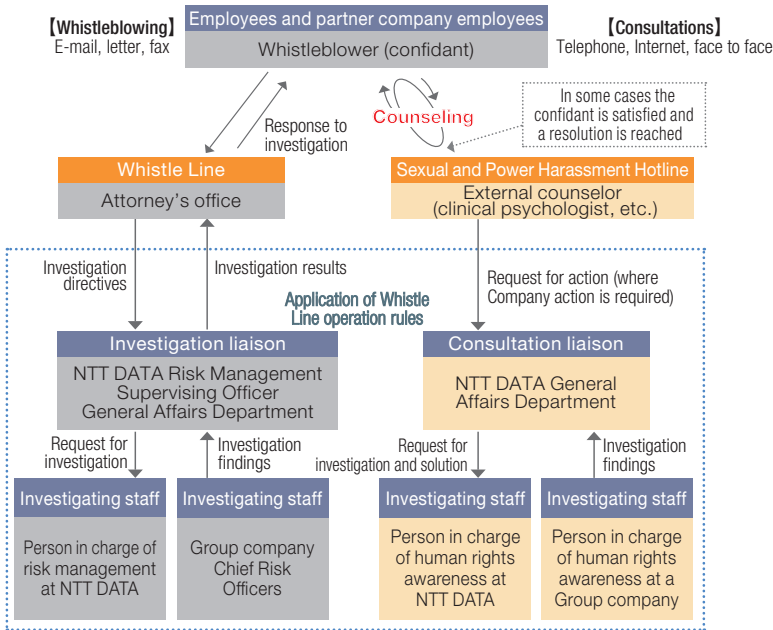
The NTT DATA Group seeks to maintain sound management through the detection and correction of behavior that contravenes laws and corporate ethics at an early stage. For this reason, we operate a sexual and power harassment hotline and a whistleblower line to receive reports from and provide consultation to all NTT DATA Group personnel, including employees and temporary staff, as well as suppliers.

In operating this service, we place the utmost importance on the protection of privacy, prohibitions against unfair treatment, and the obligation to uphold confidentiality. We accept consultation requests and respond to inquiries at all times and have set up a Human Rights Awareness Activity Promotion Office within the General Affairs Department to address general human rights issues. Survey results and corrective actions are reported to the Executive Committee, corporate auditors and other authorities and are used to increase the soundness of business management. We disclose the number of reports and annual changes to Group companies and, as necessary, we analyze the likelihood of similar cases and take Group-wide measures on prominent cases to draw attention and prevent a recurrence.

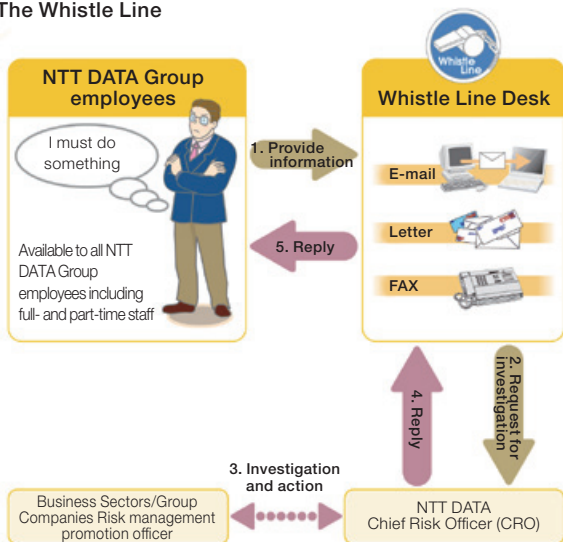
In fiscal 2016 we received 68 reports, including 40 reports about harassment, 21 concerning in-house programs and the workplace environment, and 7 on other issues. Looking ahead, we will continue to encourage the use of these internal reporting systems and strengthen efforts aimed at making improvements regarding similar incidents.

When it receives information internally, the NTT DATA Group 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.

**Flow Diagram of the Whistleblowing System**



**The Whistle Line**



**Compliance Training**

The NTT DATA Group is steadily fostering compliance awareness among employees through various types of training. To improve problem areas in the workplace going forward, we will enhance training content that involves identifying issues in the workplace and implement thorough training sessions for all employees.

## ■ Promoting Compliance Training

The NTT DATA Group conducts compliance training (including e-learning) for approximately 63,000 of its employees at domestic and overseas Group companies. The Company also arranges lectures on corporate ethics at position-based training sessions held as part of promotional milestones to foster compliance awareness. Our compliance-related training is tailored to the business characteristics of each organization and Group company.

Given the growing global reach of our business activities, in fiscal 2016 we continued to 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.

### ■ Major Compliance Initiatives Undertaken in Fiscal 2016

Name of Training Session	Numbers of Attendees
Compliance IBT Training (e-learning)	Approx. 34,000 (domestic employees)
Global Compliance Policy Training	Approx. 45,000 (overseas employees)
Position-Based Group Training Sessions (lectures on corporate ethics, risk management, etc.)	Approx. 2,400

## 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 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 working 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

### 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.

- We<sup>\*1</sup> respect internationally recognized human rights<sup>\*2</sup>, including the Universal Declaration of Human Rights in all company activities.
- 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.
- We aim to not be complicit in infringing human rights, including being involved in discrimination, directly or indirectly.
- 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.

\*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 1977)

International Labour Organization (eight basic principles of the Core Conventions of the ILO Declaration)

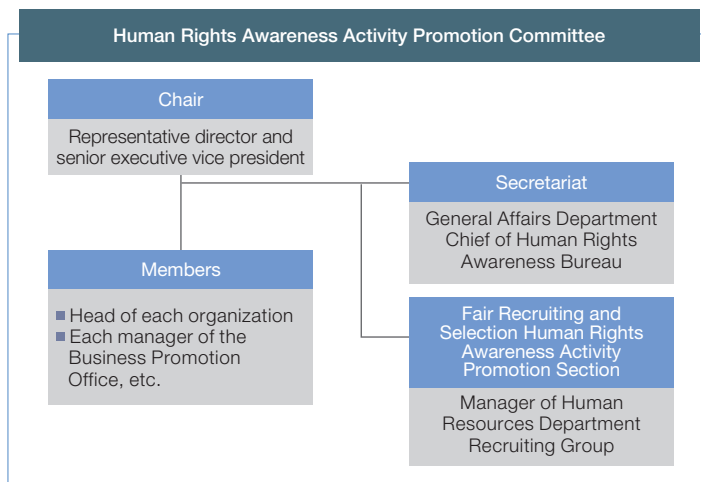
- ILO Declaration on Fundamental Principles and Rights at Work (adopted at the 86th International Labour Conference in 1998)

## ■ 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. It includes leaders of each organizational unit and is headed by the representative director and senior executive vice president.

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 Awareness Activity Promotion Office in the General Affairs 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



## ■ Promoting Human Rights Awareness Activities

To further deepen understanding and heighten awareness of human rights, awareness raising activities are important for all employees. Following this concept, we replaced in fiscal 2011 our human rights awareness raising e-learning program, which had been implemented targeting all NTT DATA Group employees in Japan, with Human Rights Awareness Workplace Seminars to promote and encourage understanding on human rights issues at the workplace level.

Moreover, in fiscal 2016 we continued to conduct sessions on human rights in position-based training, recruiters training and other programs. In response to the increasing number of employees assigned to overseas posts, we conducted pre-assignment training to ensure their proper understanding of the religions, cultures and customs of the countries and regions to which they have been assigned. A total of 25 employees assigned to one of 13 overseas posts took part in the program. In October, 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. As a result, we received 307 phrases and presented awards for outstanding entries at an event during the United Nations-designated Human Rights Week in December.

### ■ Major Initiatives on Human Rights Awareness

Example Initiatives	Participation in Fiscal 2016
Human rights awareness workplace seminars	23,245
Position-based training course	2,177
Recruiters training course	684
Training experts (in charge of promoting human rights awareness activities and the HR section in the General Affairs Department)	34 in 13 sessions
Pre-overseas-assignment training	25 (13 countries)
Human respect slogan contest	307 phrases

# Risk Management

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

## Policy

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.

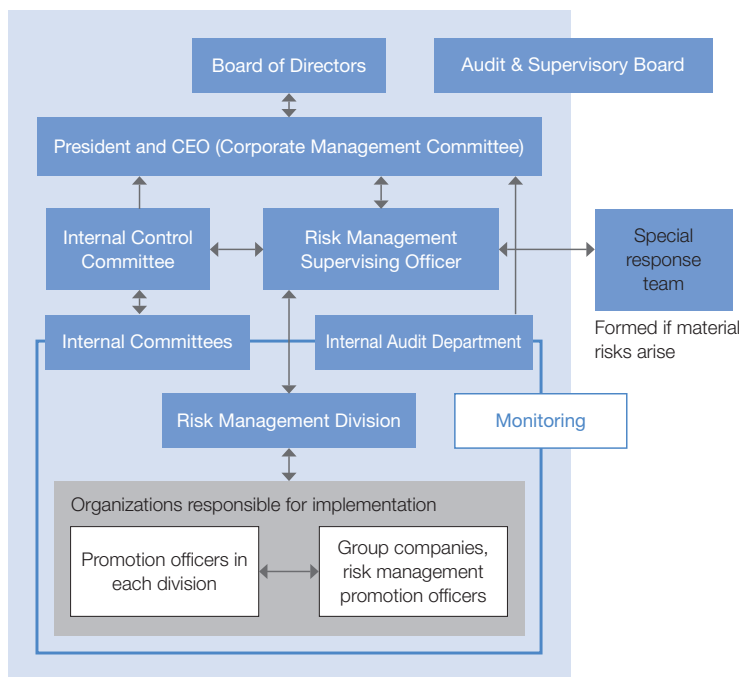
In addition, risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

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 a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of the evaluations are reported to the Corporate Management Committee as well as the Board of Directors.

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 decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.

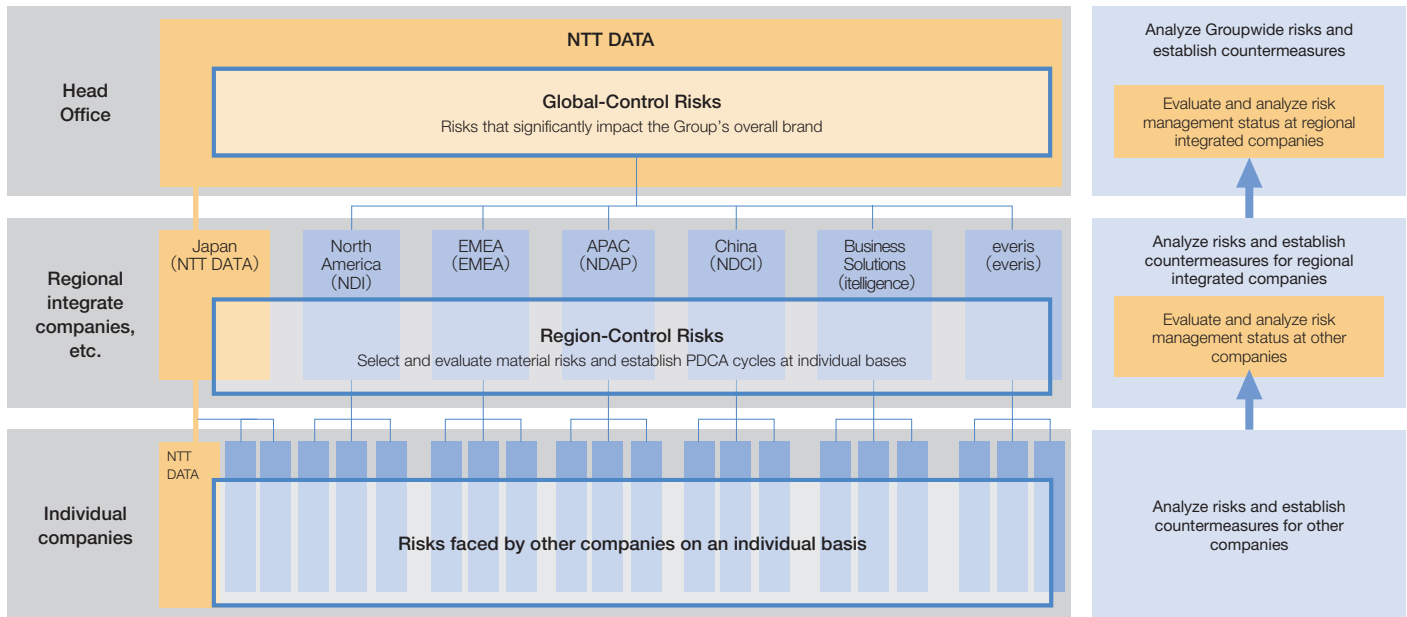
### Risk Management Structure



## Management Structure

NTT DATA identifies risks that may impact its head office, regional integrated companies, and other companies on an individual basis and formulates countermeasures accordingly. High-level divisions effectively manage the measures in place at organizations under their jurisdiction by analyzing and evaluating their implementation status. Group-wide 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. In this manner, the Company is practicing stringent and comprehensive risk management.

■ Risk Management Categories



**Global-Control Risks**

Global-control risks with the potential to impact the entire Group are identified by the Internal Control Committee by incorporating input from outside specialists and adopting a broad perspective that encompasses factors such as changes in social trends.

In 2016, we will continue selecting the same risks as those in the previous fiscal year as a medium- to long-term effort spearheaded by NTT DATA's head office to strengthen our response to auditing deficiencies and the auditing of alliances, among other initiatives.

■ NTT DATA's Global-Control Risks

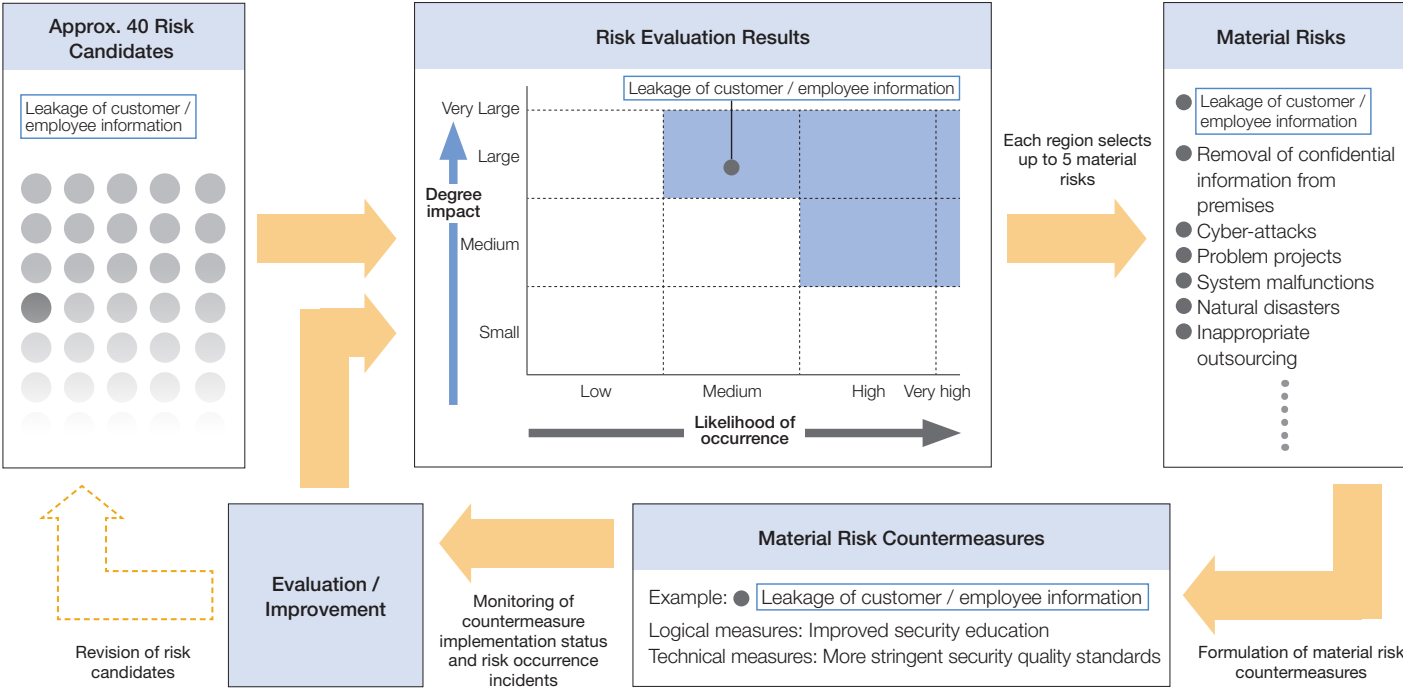
Material risks	Major improvements, etc.	Initiatives
Information leakage (personal/confidential information) Cyber-attacks	<ul style="list-style-type: none"> <li>● Continue enhancing countermeasures for ever-increasing security risks</li> <li>● Strengthen preparedness for advanced cyber-attacks focused on public institutions</li> </ul>	<ul style="list-style-type: none"> <li>● Promote Companywide security measures (targeted attack emails, etc.), conduct cyber-attack response drills, review response to malware mass infection, and provide shared infrastructure for security</li> <li>● Expand security personnel training/qualifications</li> </ul>
Accounting fraud (including window dressing)	<ul style="list-style-type: none"> <li>● Expand global unified auditing, connect to risk indication auditing</li> </ul>	<ul style="list-style-type: none"> <li>● Review and implement global unified auditing items</li> <li>● Implement full-scale risk indication auditing, deploy in Group companies</li> <li>● Promote introduction of unified rules related to accounting, check mechanisms and operations</li> <li>● Simulate awareness through training</li> </ul>
Bribery	<ul style="list-style-type: none"> <li>● Continue strengthening compliance education</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct training related to overseas bribery regulations</li> <li>● Organize approach related to handling of gifts, etc.</li> </ul>



## Region-Control Risks

Region-control risks managed independently by regional integrated companies 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 of Selecting Region-Control Risk



## Information Security

The NTT DATA Group is constantly engaged in technical development by keeping abreast of social, technological and business trends as well as the latest trends in security, and the results are reflected in the systems we develop for the Group and our clients.

### 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 Information Security Report 2016**  
<http://www.nttdata.com/global/en/csr/security/>

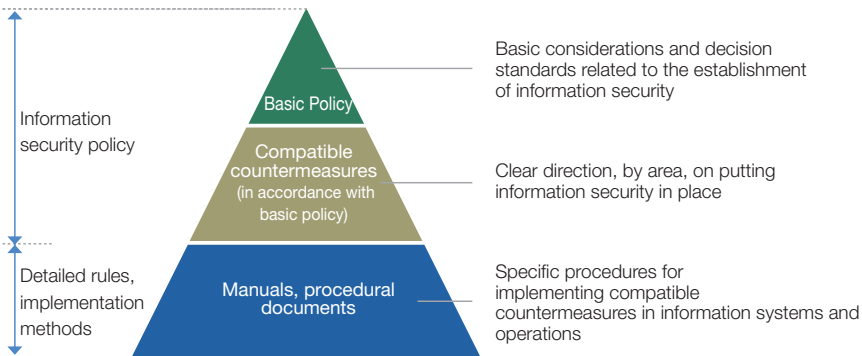
## NTT DATA Group's Unified Security Policy

Information leaks stemming from security breaches and improper use of information have serious implications for our credibility. NTT DATA has therefore established policies covering the entire Group to ensure appropriate handling of information assets in line with uniform standards so that information can be circulated safely throughout the Group. We have also established rules to prevent information security incidents at partner companies commissioned by NTT DATA to undertake operations, including software development.

### Information Security Policies

Policy	Outline
NTT DATA Group Security Policy (GSP)	Uniform rules for information security for the NTT DATA Group
Information Security Policies	Basic policies, standards and specific procedures related to information security

### Information Security Policy Configuration



## Information Security Management System

### Information Security Management System

The NTT DATA Group has built an information security management system and established an information security governance in order to deal with information security risks. The main organizations and their functions are listed below.

### Main Organizations and Functions for Information Security Governance

Organization	Functions
Information Security Committee (Assessment/Steering)	Chaired by the chief information security officer and comprising managers of each sector, the committee is responsible for ascertaining and evaluating the status of activities and issues at all the companies and determining information security strategies for the Group.
Information Security Office (Monitoring)	Promotes the decisions of the Information Security Committee and confirms the status of progress. Designates information security promotion officers at each worksite.
NTT DATA-CERT (Backups)	Organization for preventing information security incidents <sup>1</sup> 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) <sup>2</sup> , a global computer security incident response team (CSIRT) <sup>3</sup> 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.

<sup>1</sup> Actualization of security threats related to information management and system operation, such as computer virus infection, unauthorized access and information leakage.

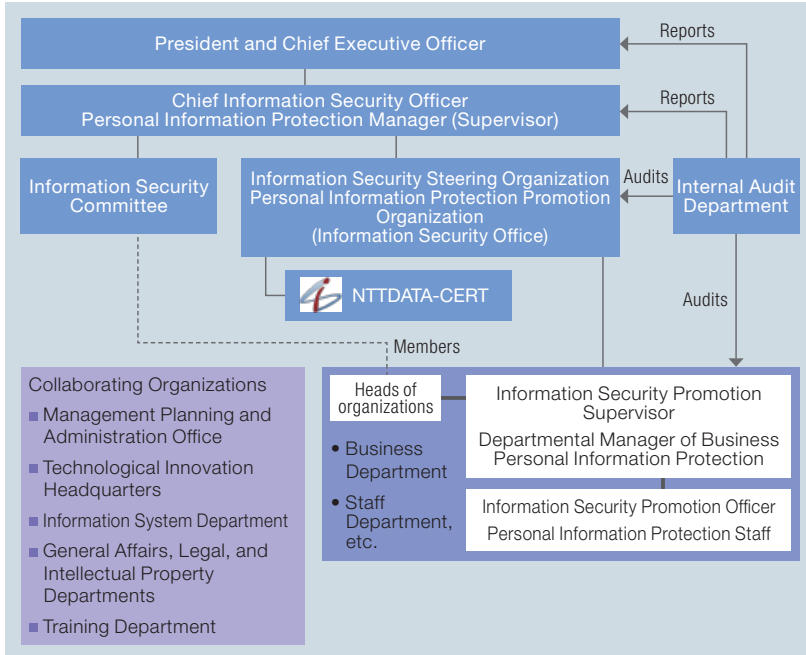
<sup>2</sup> A global community consisting of approximately 300 CSIRTs from government agencies, educational institutions, companies and other organizations.

<sup>3</sup> Incident response teams comprised of security specialists. The teams collect and analyze information on security incidents, security-related technologies and vulnerabilities and conduct activities including implementing effective countermeasures and training.

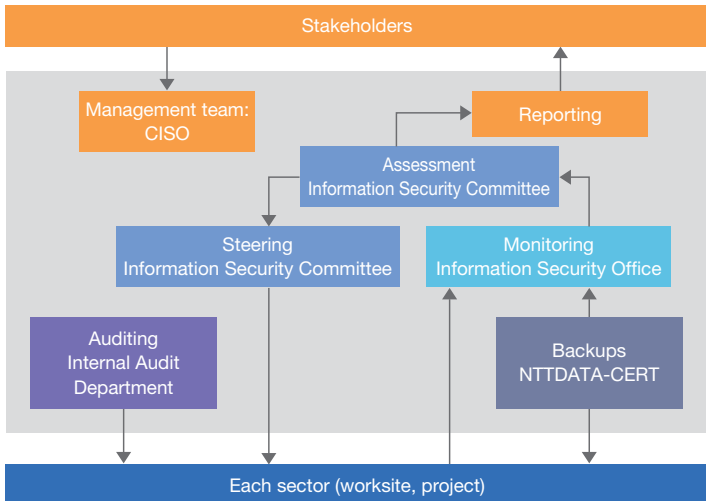
Furthermore, to reinforce information security on a global scale we operate a global security governance system centered on regional integrated companies that is similar to the system in place for business management. NTT DATA reviews the information management conditions of each regional integrated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

In fiscal 2016, we held a workshop for Group companies in Japan and overseas aimed at strengthening initial response in the event of an incident.

**Information Security Management System**



**Information Security Governance**



**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, 2016, 35 Group companies, including NTT DATA, have acquired this certification in Japan. Several overseas companies, for example in Europe, China and India, have also obtained ISO/IEC 27001 certification.

In addition, 37 Group companies, including NTT DATA, have been granted the right to display the Privacy Mark of the Japan Institute for Promotion of Digital Economy and Community (JIPDEC). As part of its efforts in personal information protection, NTT DATA (CHINA) CO., LTD. obtained Personal Information Protection Assessment (PIPA) certification, equivalent to Japan’s Privacy Mark, in January 2012.

## Information Security Strategies

### ■ Key Strategies in Fiscal 2016

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 2016, we planned and implemented the three key measures of enhancement and strengthening of security measures, promotion of the security of commercial systems, and upgrading of preventive measures and improvement of ability to respond to accidents.

### ■ Measures to Ensure Security of Commercial Systems

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

The NTT DATA Group shares the latest trends in security technology and vulnerability information within the Group in a timely manner. In having built the system that is now in operation, the Group incorporated processes to maintain the necessary level of security and has established mechanisms to enable the system to maintain that level of security. The system in place is also subjected to regular security diagnostic testing carried out by security experts. To be able to provide safe and secure systems and services to its clients on an ongoing basis, NTT DATA has worked on, for example, appropriate responses to newly discovered vulnerabilities.

### ■ Ensuring Safe and Secure Environments with Total Security Management

The NTT DATA Group harnesses the expertise it has gathered from its ample experience and track record to provide optimal solutions, including security governance designs that reflect changes in the clients' business structure, superior security technology required for mission-critical systems, and the latest security methods for safely constructing IoT<sup>\*1</sup> environments. It has recently become important to prepare against contingencies on the assumption that protective security measures may be bypassed altogether by sophisticated targeted attacks or information leaks caused by internal improprieties. To contain and localize the damage, we must provide reliable detection of an attack and swift response and recovery. We help to reinforce our the security measures of our clients by offering security consulting to identify the risks and providing solutions and services for neutralizing and protecting against risks. Furthermore, we support detection, response and recovery through services such as constructing systems compatible with IoT environments, including sandboxes<sup>\*2</sup>, SIEM<sup>\*3</sup>, SOC<sup>\*4</sup> and CSIRT, as well as monitoring system management.

\*1 Internet of Things. A mechanism for incorporating communications capability into objects in the world to enable them to transmit information and communicate with each other via the Internet in addition to telecommunications equipment such as computers.

\*2 Solution for detecting malware by running programs within a protected virtual environment.

\*3 Security Information and Event Management: Monitoring and analyzing logs in an integrated and interrelated way to manage a security information event or a solution for doing this.

\*4 Security Operation Center: A center or system for conducting comprehensive monitoring of IDS/IPS, firewalls, DB firewalls and Web application firewalls (WAF).

### ■ In-house IT Platform for Minimizing Risks

In recent years, there has been a rapid increase in targeted attacks. This new variation of attack on information systems frequently causes harm to government agencies and private businesses. Because many targeted attacks use already-known vulnerabilities, it can be preventable by security patch management and other measures.

The NTT DATA Group has intensified vulnerability checks on its main software programs and ensured that terminals with inadequate security measures cannot connect to the Group's in-house networks.

However, taking measures such as virus detection using anti-virus software (entry measure) and blocking by URL filters (output measure) alone would be insufficient for sophisticated attacks. Attacks may exploit the brief period between the discovery of a vulnerability and the application of patch software and cause damage. NTT DATA is making advances in R&D into new detection methods and dynamic defenses to construct systems and structures that provide early detection and

response by monitoring suspicious communications and blocking unwanted access, so that we can take immediate action in the event that a vulnerability is exploited to cause damage, such as spreading a computer virus.

## ■ Initiatives in the Medium-term Management Strategy

The NTT DATA Group is promoting information security measures under its new Medium-term Management Strategy, while focusing on security management, cyber security and security experts as key policies, based on issues that became apparent through our efforts on the three key measures in fiscal 2016.

### Information Security Education and Training

#### ■ Education and Training for Employees and Partner Companies

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 Group Security Policy, and the need to be constantly aware of the importance of information security in one's work.

We will continue 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 2016

Target	Content and Format	Participation
All employees	Personal Information Protection IBT (e-learning; in three languages)	All employees, 100%
	Information security workshop	1 session
By position	Information security lectures (classroom instruction)	Incorporated in position-based training conducted by the Human Resource Department
Business partners and temporary staff	Personal Information Protection Introduction Training/Information security education (e-learning)	All parties registered on our company system, 100% (26,707 persons)
	Information Security Training Handbook	Booklets distributed to all new business partners and temporary staff

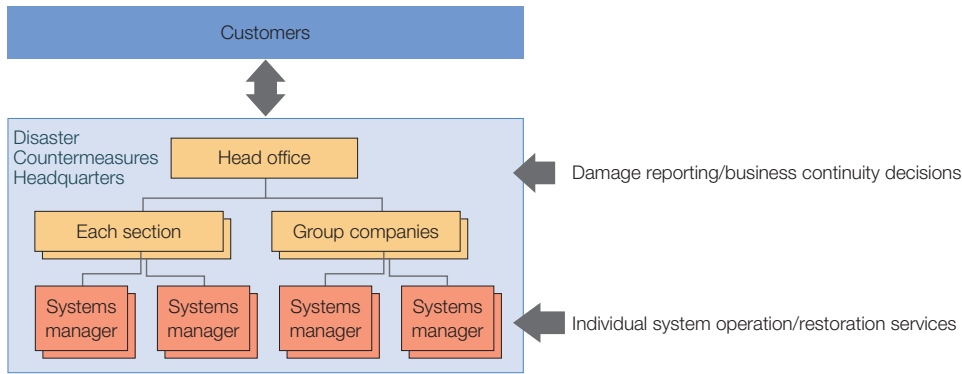
#### ■ Support for Training Activities of Key Group Companies in Fiscal 2016

Target	Implementation Format	Participation
Group company employees, business partners, and temporary staff	e-learning: GSP security training and personal information protection training	94 companies, 31,770 employees
Information security team member	GSP internal auditor training (studying offline at their desks)	86 companies, 431 employees

## Disaster and System Failure Countermeasures

The NTT DATA Group provides many information systems and services that support social infrastructure. As a result, 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 disaster BCPs 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 a System Responsive to Disaster-related Risks**

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

In addition to establishing a BCP in the event of a disaster and a contingency plan, NTT DATA is conducting drills to ensure that we swiftly respond for the continuation of our 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 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 for responding in the event of a large earthquake, widespread power outage or similar incidents.

**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 standpoint that is in line with ITIL, ISO 20000 and other standards, deployment of response know-how at the time of a failure, and development of IT service managers.

Meanwhile, the NTT DATA Group will continue overhauling and reinforcing measures for dealing with failures caused by security breaches, which have become a growing social problem in recent years.

**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 and the increase in international transactions brought about by the rapid globalization of our business.

## Raising the Awareness of NTT DATA Group Employees

We are seeking to establish thorough legal compliance and reduce tax risks by educating employees on proper tax accounting, sharing related information and holding consultations.

## Relationship with Tax Authorities

We have established relationships of trust with tax authorities by providing appropriate and timely information and consulting on accounting procedures.

# Brand Management

The strength of a corporate brand has major significance for business management. To develop its global business, the NTT DATA Group is conducting public relations activities and surveys to attain appropriate recognition for its corporate brand.

## Policy on Branding Activities

### Policy

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

#### 1. Overseas (Global Market)

In view of the relatively low recognition of NTT DATA, we are pursuing activities for raising awareness of our company name among our client base (enhancing recognition).

#### 2. Japan (Domestic Market)

We have already attained a certain level of recognition and are pursuing activities for further increasing understanding of and cultivating empathy for the Company to acquire a broad base of NTT DATA fans.

We conduct an annual brand awareness survey based on the model of Interbrand, the globally renowned brand consultancy, targeting external business persons involved in IT. We also monitor the value of the NTT DATA brand calculated by Interbrand (latest result: US\$563 million).

## NTT DATA Brand Awareness Survey

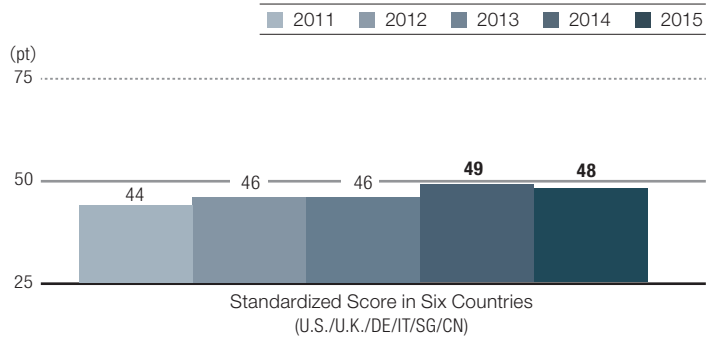
We conduct brand awareness surveys, including comparisons with competitors, in six key countries to monitor the state of awareness, understanding of business and image cultivation with regard to NTT DATA.

These brand awareness surveys are conducted in countries that serve as the base of the four global regions in which we have integrated companies – the U.S., U.K., Germany, Italy, Singapore and China. The surveys take into account the characteristics of each market and provide important basic information for developing our business activities.

In conducting the surveys, we also monitor the gap between NTT DATA and local competitors to more effectively apply the results to business development.

From the standpoint of corporate management, our criteria for brand measurement include market share, customer loyalty, stakeholder recognition and reputation.

■ Standardized Score in Six Countries (Top 3\* Box: Deviation; Average: 50)



\* "Well aware of the Company's products, services and content of business" + "Know a little about the Company's products, services and content of business" + "Only know the name of the Company"

# Innovation Management

The NTT DATA Group pursues innovation management centered on the core idea of harnessing IT technology to drive innovation, seeking solutions to social issues, and developing a sustainable society. We are sharing medium- to long-term issues with our clients and transcending internal boundaries to accelerate our efforts in diverse new businesses.

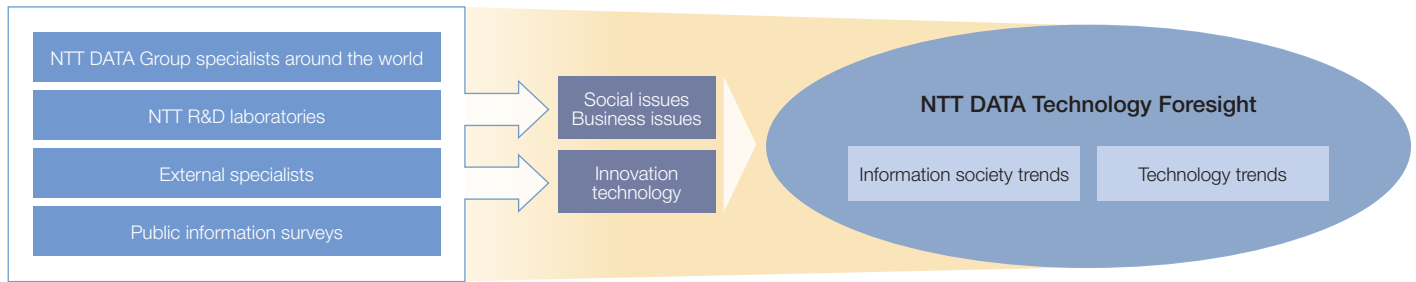
## NTT DATA's Basic Policies

Adopting the perspective of clients and based on the issues faced by society and businesses, NTT DATA conducts surveys on and investigations of various trends. Specifically, we focus on the near-future information society trends that are expected to have a substantial influence on client businesses over the medium to long term as well as the technology trends that lie at the base of these trends. The findings of these activities are compiled in the NTT DATA Technology Foresight report, released annually. The trends described in these reports are re-incorporated into management strategies and utilized to guide forward-looking technological development ventures as well as efforts to co-create businesses together with clients.

In particular, we analyze political, social, economic and technological trends. We also engage in wide-ranging information collection activities and discussions that extend to NTT DATA Group companies as well as NTT R&D laboratories in Japan and overseas. These activities include interviews with external specialists in various fields.

Through these activities, we have identified core issues warranting particular attention in social and business fields as well as groundbreaking technologies that are evolving and spreading with remarkable speed. Extrapolating from these, we have defined four information society trends and eight technology trends, on which we transmit information.

## ■ NTT DATA Technology Foresight Formulation Process



### Focus Field 1 – Software Engineering

NTT DATA has been working to achieve high-quality, rapid software development by employing automated tools, which has given us a highly competitive edge. However, rival companies have also made advances in their automation technology for software development in recent years. Under these circumstances, further sophistication in automation technology and improvement in adoption rate with regard to internal development projects have become important factors in surviving the competition.

In addition, the need for renewing legacy systems, or legacy modernization, is expected to grow in significance within the IT industry as a new technological factor. For systems developed long ago, repeated additions of functions have commonly resulted in clients themselves losing perspective of system specifications, making the renewal of the systems highly challenging. As current systems become obsolete, we expect there will be an increase in these projects, which would require the establishment of a safe and reliable methodology for legacy modernization.

### ■ Example of Major Initiatives

As a general rule, we have been pursuing a policy of disseminating and deploying automation technology in software development projects wherever applicable. In fiscal 2016, we sought to raise the accuracy of the requirements definition documents used to select projects to which automation technology should be applied. As a result, we were able to raise the aggregate annual adoption rate for the technology to 70%. Also, we overhauled our open systems application framework and released the TERASOLUNA Server Framework for Java 5. Adopting the widely used Spring Framework has made it easier for us to comply with the latest technology and securing programmers on a global basis.

### Focus Field 2 – IT Platform Technology

It is becoming increasingly more important to develop technologies for constructing and managing infrastructure that provides the flexibility, high availability and short time requirements that clients expect from IT systems. NTT DATA has been working to develop standardized IT infrastructure compatible with cloud-based platform services offered by various vendors. In the coming years, we will seek to meet client needs by establishing on-demand technology that provides highly reliable infrastructure featuring a sophisticated combination of diverse IT platform technologies.

Over the years, NTT DATA has also been publicly disclosing its knowledge on constructing a framework for the distributed processing of large-scale data, such as Apache Hadoop. We are aware of our role in contributing to the realization of IoT that connects various objects to IT systems and a digital society by applying our know-how to social infrastructure.

## ■ Example of Major Initiatives

In fiscal 2016, employees at NTT DATA were appointed members of the Project Management Committee of Apache Hadoop, an open-source software for high-speed parallel distributed computing of large-scale data, and the similar open-source software, Apache Spark. This was a first for a Japanese company. As the main developers, our employees are also responsible for community management. NTT DATA is ranked fourth in the world, as of March 31, 2016, in terms of its contribution to the Hadoop community and actively provides feedback to the open-source community from the experiences gained in cluster operations. We have applied the results of these activities to launch an Apache Spark construction and management solution service.

### Focus Field 3—Advanced Technology

We strive to continuously propose and provide systems that appeal to clients, and an important factor in doing that is to focus on developing cutting-edge technologies that meet society's future needs by following the trend information presented by the NTT DATA Technology Foresight. In fiscal 2016, we decided to strengthen our initiatives in artificial intelligence (AI), including communication robots, an area that is growing in both significance and as a focus of attention among technology trends, by setting up a unit dedicated to AI.

Information from the NTT DATA Technology Foresight is available through lectures conducted outside the Company, private seminars and by other means.

Through these activities we seek to promote NTT DATA's technology and innovation, enhance our brand and deepen client loyalty. In fiscal 2016, we observed significant activity in our "Co-Creation Workshops" aimed at using the information to generate new business ideas in collaboration with our clients, and this has led to orders for new projects.

## ■ Example of Major Initiatives

In our initiative to enable communication robots to engage in customer service-related operations, we developed a cloud robotics platform. This coordinates with a sensor device that automatically detects approaching customers and incorporates speech-based communication technology as a mechanism for using the cloud to provide functions required by robots such as speech recognition and speech synthesis. We used the platform to conduct a verification test involving robots taking questionnaires from visitors to the National Museum of Emerging Science and Innovation. We also conducted a joint verification test with RESONA Bank, Ltd. on customer support at its strategic Toyosu Branch (Seven Days Plaza Toyosu). Through these activities we intend to accumulate know-how on using communication robots. We also plan to widen their capabilities for assisting customer service-related operations such as customer guidance and product information, with the goal of commercializing the service by the end of fiscal 2017.

R&D expenditures for fiscal 2016, including these projects, was ¥12,410 million.

## Sharing the Fruits of Innovation

The NTT DATA Group passes on its broad array of cutting-edge initiatives to society and contributes to the realization of a sustainable society.

### ■ Activities at the INFORIUM Toyosu Innovation Center

In 2015, we opened the INFORIUM Toyosu Innovation Center at our head office in Toyosu to enable visitors to experience the cutting-edge technologies that the NTT DATA Group is developing.

As a place for creating new businesses with clients, the center offers space for holding workshops on co-creation activities.



INFORIUM Toyosu Innovation Center, an exhibition space at the head office

### ■ NTT DATA Technology Foresight

We monitor changes in IT from the standpoints of political, social, economic and technological trends and annually compile and publish information society trends (near-future outlook) and technology trends via a special website.

### ■ Owned Media *INFORIUM*

We publish our corporate information magazine *INFORIUM* twice a year to introduce readers to exceptional foresight together with the innovative initiatives that the NTT DATA Group is undertaking.

In May 2016, we launched a website that collaborates with the magazine to provide information that could inspire businesspeople with ideas for using technology to open new possibilities for the future.

 <https://inforium.nttdata.com/>

(in Japanese only)

### ■ “Ima-Shun!” Highlights the Latest Technology Trends

We report on technology trends under the latest buzzwords.

 [http://www.nttdata.com/jp/ja/insights/trend\\_keyword/index.html](http://www.nttdata.com/jp/ja/insights/trend_keyword/index.html)

(in Japanese only)

## ■ “Innovation EYE” for Ideas on IT Strategy

Cutting-edge IT projects are introduced by innovation navigators tasked with the mission of actively transmitting the knowledge of the NTT DATA Group and contributing to society.

 [http://www.nttdata.com/jp/ja/insights/innovation\\_eye/index.html](http://www.nttdata.com/jp/ja/insights/innovation_eye/index.html)  
 (in Japanese only)

## ■ Pursuit of Open Innovation

### < From Toyosu Harbor >

Initiative for accelerating the pace of new business creation by bringing together a broad array of knowledge, technology and human networks from inside and outside the NTT DATA Group as well as across organizational frameworks under the banner of open innovation.

 <https://info.jp.nttdata.com/minato/>  


## Further Challenges for Innovation

### ■ Launch of a Joint Study Aimed at Delivering Technologies to Alleviate Traffic Congestion as Part of the Congestion-Busting Project in Exeter, U.K., with Imtech Traffic & Infra

 <http://www.nttdata.com/global/en/news-center/pressrelease/2015/120900.html>  


### ■ Commencement of a Joint Verification Test toward Supporting Customer Service Performed by a Communication Robot at a Bank

 <http://www.nttdata.com/jp/ja/news/release/2015/111301.html>  
 (in Japanese only)

### ■ Acquisition of Carlisle & Gallagher Consulting Group by NTT DATA, Inc.

 <http://americas.nttdata.com/News/News/Press%20Releases/Press-Releases/2015-Press-Releases/NTT-DATA-to-acquire-Carlisle-Gallagher-Consulting-Group.aspx>  




# GRI Guidelines Index

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines, Version 4 (G4).

Indicator	Description	Page	Annual Report 2016	Website
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>Economic</b>				
<b>G4-1</b>	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P3-4		
<b>G4-2</b>	Provide a description of key impacts, risks, and opportunities.	P75-77		
<b>Organizational Profile</b>				
<b>G4-3</b>	Report the name of the organization.	P5		<a href="http://www.nttdata.com/global/en/about/corporate/index.html">http://www.nttdata.com/global/en/about/corporate/index.html</a>
<b>G4-4</b>	Report the primary brands, products, and services.	P6		<a href="http://www.nttdata.com/global/en/services/index.html">http://www.nttdata.com/global/en/services/index.html</a>
<b>G4-5</b>	Report the location of the organization's headquarters.	P5		<a href="http://www.nttdata.com/global/en/about/at-a-glance/index.html">http://www.nttdata.com/global/en/about/at-a-glance/index.html</a>
<b>G4-6</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P6	P3	
<b>G4-7</b>	Report the nature of ownership and legal form.	P5		<a href="http://www.nttdata.com/jp/ja/corporate/ir/management/governance.html">http://www.nttdata.com/jp/ja/corporate/ir/management/governance.html</a> (Japanese only)
<b>G4-8</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	P5-6	P3	<a href="http://www.nttdata.com/global/en/investor/library/index.html">http://www.nttdata.com/global/en/investor/library/index.html</a>
<b>G4-9</b>	Report the scale of the organization (including the total number of employees, operations, etc).	P5-6	P2-3,6	<a href="http://www.nttdata.com/global/en/about/at-a-glance/index.html">http://www.nttdata.com/global/en/about/at-a-glance/index.html</a>
<b>G4-10</b>	Details of employment by type and employees by gender	P30	P3	
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements.	-		
<b>G4-12</b>	Describe the organization's supply chain.	P27-29		
<b>G4-13</b>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	-		
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization.	P21		
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	P21		
<b>G4-16</b>	Details of any external associations including industry associations and national or international advocacy groups in which the organization is a member	P21		
<b>Identified Material Aspects and Boundaries</b>				
<b>G4-17</b>	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	-		<a href="http://www.nttdata.com/jp/ja/corporate/profile/guide/group/index.html">http://www.nttdata.com/jp/ja/corporate/profile/guide/group/index.html</a> (Japanese only)
<b>G4-18</b>	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	P18-19		
<b>G4-19</b>	List all the material Aspects identified in the process for defining report content.	P18-20		
<b>G4-20</b>	For each material Aspect, report the Aspect Boundary within the organization.	-		
<b>G4-21</b>	For each material Aspect, report the Aspect Boundary outside the organization.	-		
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	-		
<b>G4-23</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-		
<b>Stakeholder Engagement</b>				
<b>G4-24</b>	Provide a list of stakeholder groups engaged by the organization.	P19-20		
<b>G4-25</b>	Report the basis for identification and selection of stakeholders with whom to engage.	P19-20		
<b>G4-26</b>	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	P20		
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	P20		
<b>Report Profile</b>				
<b>G4-28</b>	Reporting period (such as fiscal or calendar year) for information provided.	P2		

Indicator	Description	Page	Annual Report 2016	Website
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>G4-29</b>	Date of most recent previous report (if any).	P2		
<b>G4-30</b>	Reporting cycle (such as annual, biennial).	P2		
<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents.	P2		
<b>G4-32</b>	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	–		
<b>G4-33</b>	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	–		
<b>Governance</b>				
<b>G4-34</b>	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	P18,66-69	P55-59	<a href="http://www.nttdata.com/jp/ja/corporate/ir/management/governance.html">http://www.nttdata.com/jp/ja/corporate/ir/management/governance.html</a> (Japanese only)
<b>G4-35</b>	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	P18,66-69		
<b>G4-36</b>	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	P18		
<b>G4-37</b>	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	P18-19		
<b>G4-38</b>	Report the composition of the highest governance body and its committees by: · Executive or non-executive · Independence · Tenure on the governance body · Number of each individual's other significant positions and commitments, and the nature of the commitments · Gender · Membership of under-represented social groups · Competences relating to economic, environmental and social impacts · Stakeholder representation	P66-70		
<b>G4-39</b>	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	P66		
<b>G4-40</b>	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: · Whether and how diversity is considered · Whether and how independence is considered · Whether and how expertise and experience relating to economic, environmental and social topics are considered · Whether and how stakeholders (including shareholders) are involved	P66-67		
<b>G4-41</b>	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: · Cross-board membership · Cross-shareholding with suppliers and other stakeholders · Existence of controlling shareholder · Related party disclosures	–		
<b>G4-42</b>	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	P66-69		
<b>G4-43</b>	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	P20		
<b>G4-44</b>	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	–		
<b>G4-45</b>	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	P19-20, 75-77	P60-61	
<b>G4-46</b>	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	P18,75-77	P60-61	
<b>G4-47</b>	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	P75-77	P60-61	
<b>G4-48</b>	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	–		
<b>G4-49</b>	Report the process for communicating critical concerns to the highest governance body.	P20		
<b>G4-50</b>	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	–		

Indicator	Description	Page	Annual Report 2016	Website
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>G4-51</b>	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> <li>· Fixed pay and variable pay: <ul style="list-style-type: none"> <li>–Performance-based pay</li> <li>–Equity-based pay</li> <li>–Bonuses</li> <li>–Deferred or vested shares</li> </ul> </li> <li>· Sign-on bonuses or recruitment incentive payments</li> <li>· Termination payments</li> <li>· Clawbacks</li> <li>· Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> </ul> b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	P70-71	P58	
<b>G4-52</b>	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	–		
<b>G4-53</b>	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	–		
<b>G4-54</b>	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–		
<b>G4-55</b>	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–		
<b>Ethics and Integrity</b>				
<b>G4-56</b>	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	P11-15		<a href="http://www.nttdata.com/global/en/about/corporate/mission/index.html">http://www.nttdata.com/global/en/about/corporate/mission/index.html</a>
<b>G4-57</b>	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	P71-72		
<b>G4-58</b>	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	P71-72		
<b>SPECIFIC STANDARD DISCLOSURES</b>				
<b>Disclosures on Management Approach</b>				
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> <li>· The mechanisms for evaluating the effectiveness of the management approach</li> <li>· The results of the evaluation of the management approach</li> <li>· Any related adjustments to the management approach</li> </ul>	P22-24, 25,27,29,39, 42,47,49-50,66-67,71-72		
<b>Economic</b>				
<b>Economic Performance</b>				
<b>G4-EC1</b>	Direct economic value generated and distributed	P30,42	P34-38	
<b>G4-EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change	P56-59		
<b>G4-EC3</b>	Coverage of the organization's defined benefit plan obligations	P30		
<b>G4-EC4</b>	Financial assistance received from government	–		
<b>Market Presence</b>				
<b>G4-EC5</b>	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–		
<b>G4-EC6</b>	Proportion of senior management hired from the local community at significant locations of operation	–		
<b>Indirect Economic Impacts</b>				
<b>G4-EC7</b>	Development and impact of infrastructure investments and services supported	P40-41, 45,88		
<b>G4-EC8</b>	Significant indirect economic impacts, including the extent of impacts	–		
<b>Procurement Practices</b>				
<b>G4-EC9</b>	Proportion of spending on local suppliers at significant locations of operation	P28		
<b>Environmental</b>				
<b>Materials</b>				
<b>G4-EN1</b>	Materials used by weight or volume	P55		
<b>G4-EN2</b>	Percentage of materials used that are recycled input materials	P55,61		
<b>Energy</b>				
<b>G4-EN3</b>	Energy consumption within the organization	P55,65		
<b>G4-EN4</b>	Energy consumption outside of the organization	–		

Indicator	Description	Page	Annual Report 2016	Website
<b>SPECIFIC STANDARD DISCLOSURES</b>				
<b>G4-EN5</b>	Energy intensity	–		
<b>G4-EN6</b>	Reduction of energy consumption	P55		
<b>G4-EN7</b>	Reductions in energy requirements of products and services	–		
<b>Water</b>				
<b>G4-EN8</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	P55,65		
<b>G4-EN9</b>	Water sources significantly affected by withdrawal of water	–		
<b>G4-EN10</b>	Percentage and total volume of water recycled and reused	–		
<b>Biodiversity</b>				
<b>G4-EN11</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–		
<b>G4-EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	–		
<b>G4-EN13</b>	Habitats protected or restored	–		
<b>G4-EN14</b>	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–		
<b>Emissions</b>				
<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1)	P55,59		
<b>G4-EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	P55,59		
<b>G4-EN17</b>	Other indirect greenhouse gas (GHG) emissions (Scope 3)	P59		
<b>G4-EN18</b>	Greenhouse gas (GHG) emissions intensity	–		
<b>G4-EN19</b>	Reduction of greenhouse gas (GHG) emissions	P55,59		
<b>G4-EN20</b>	Emissions of ozone-depleting substances (ODS)	P64		
<b>G4-EN21</b>	NOx, SOx, and other significant air emissions	–		
<b>Effluents and Waste</b>				
<b>G4-EN22</b>	Total water discharge by quality and destination	–		
<b>G4-EN23</b>	Total weight of waste by type and disposal method	P55,61,65		
<b>G4-EN24</b>	Total number and volume of significant spills	Not applicable		
<b>G4-EN25</b>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable		
<b>G4-EN26</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Not applicable		
<b>Products and Services</b>				
<b>G4-EN27</b>	Extent of impact mitigation of environmental impacts of products and services	P61-62		
<b>G4-EN28</b>	Percentage of products sold and their packaging materials that are reclaimed by category	–		
<b>Compliance</b>				
<b>G4-EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–		
<b>Transport</b>				
<b>G4-EN30</b>	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	–		
<b>Overall</b>				
<b>G4-EN31</b>	Total environmental protection expenditures and investments by type	P58		
<b>Supplier Environmental Assessment</b>				
<b>G4-EN32</b>	Percentage of new suppliers that were screened using environmental criteria	P62		
<b>G4-EN33</b>	Significant actual and potential negative environmental impacts in the supply chain and actions taken	–		
<b>Environmental Grievance Mechanisms</b>				
<b>G4-EN34</b>	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	–		
<b>Social</b>				
<b>Labor Practices and Decent Work</b>				
<b>Employment</b>				
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover by age group, gender and region	P30		
<b>G4-LA2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	P30		
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender	–		
<b>Labor/Management Relations</b>				
<b>G4-LA4</b>	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–		

Indicator	Description	Page	Annual Report 2016	Website
<b>SPECIFIC STANDARD DISCLOSURES</b>				
Occupational Health and Safety				
<b>G4-LA5</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	-		
<b>G4-LA6</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-		
<b>G4-LA7</b>	Workers with high incidence or high risk of diseases related to their occupation	-		
<b>G4-LA8</b>	Health and safety topics covered in formal agreements with trade unions	P38		
Training and Education				
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee category	P32		
<b>G4-LA10</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	P31,33-34		
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	P30-32		
Diversity and Equal Opportunity				
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	P30		
Equal Remuneration for Women and Men				
<b>G4-LA13</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	-		
Supplier Assessment for Labor Practices				
<b>G4-LA14</b>	Percentage of new suppliers that were screened using labor practices criteria	-		
<b>G4-LA15</b>	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-		
Labor Practices Grievance Mechanisms				
<b>G4-LA16</b>	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	P71-72		
Human Rights				
Investment				
<b>G4-HR1</b>	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-		
<b>G4-HR2</b>	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	P74		
Non-discrimination				
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken	-		
Freedom of Association and Collective Bargaining				
<b>G4-HR4</b>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	-		
Child Labor				
<b>G4-HR5</b>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	-		
Forced or Compulsory Labor				
<b>G4-HR6</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	-		
Security Practices				
<b>G4-HR7</b>	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-		
Indigenous Rights				
<b>G4-HR8</b>	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-		
Assessment				
<b>G4-HR9</b>	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-		
Supplier Human Rights Assessment				
<b>G4-HR10</b>	Percentage of new suppliers that were screened using human rights criteria	-		
<b>G4-HR11</b>	Significant actual and potential negative human rights impacts in the supply chain and actions taken	-		
Human Rights Grievance Mechanisms				
<b>G4-HR12</b>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	P71-72		
Society				
Local Communities				
<b>G4-SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	P42-46		
<b>G4-SO2</b>	Operations with significant actual and potential negative impacts on local communities	-		
Anti-corruption				
<b>G4-SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-		

Indicator	Description	Page	Annual Report 2016	Website
<b>SPECIFIC STANDARD DISCLOSURES</b>				
<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	–		
<b>G4-SO5</b>	Confirmed incidents of corruption and actions taken	–		
Public Policy				
<b>G4-SO6</b>	Total value of political contributions by country and recipient/beneficiary	–		
Anti-competitive Behavior				
<b>G4-SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–		
Compliance				
<b>G4-SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–		
Supplier Assessment for Impacts on Society				
<b>G4-SO9</b>	Percentage of new suppliers that were screened using criteria for impacts on society	–		
<b>G4-SO10</b>	Significant actual and potential negative impacts on society in the supply chain and actions taken	–		
Grievance Mechanisms for Impacts on Society				
<b>G4-SO11</b>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	P71-72		
Product Responsibility				
Customer Health and Safety				
<b>G4-PR1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	P22-24		
<b>G4-PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	–		
Product and Service Labeling				
<b>G4-PR3</b>	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	–		
<b>G4-PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	–		
<b>G4-PR5</b>	Results of surveys measuring customer satisfaction	P24		
Marketing Communications				
<b>G4-PR6</b>	Sale of banned or disputed products	–		
<b>G4-PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	–		
Customer Privacy				
<b>G4-PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–		
Compliance				
<b>G4-PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–		