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Company name: NTT DATA CORPORATION

Representative : Yo Honma

President & CEO, Representative Director

(Code No.: 9613, TSE Div. No. 1)

Contact: Sota Endo

Senior Executive Manager, Investor Relations Office

Phone : +81-(0)3-5546-8119

## Notice Regarding Introduction of Performance-based Stock Remuneration Plan for Directors and Executive Officers

At its Board of Directors meeting held today, NTT DATA Corporation ("NTT DATA") resolved to introduce a performance-based stock remuneration plan (Hereinafter referred to as "the Plan".) using a trust for its directors (excluding directors who are Audit and Supervisory Committee members, and outside and par-time directors who are not Audit and Supervisory Committee members; hereinafter referred to as "Director"), and decided to propose the introduction of the Plan at the 33rd Ordinary General Meeting of Shareholders (Hereinafter referred to as "Shareholders' Meeting".) scheduled to be held on June 17, 2021, as follows.

### 1. Introduction of the Plan

The remuneration for Directors is composed of "monthly remuneration" and "bonuses", and NTT DATA will newly introduce a stock remuneration for Directors.

- (1) Under the vision of "Trusted Global Innovator", and with the willingness to "become a partner that enables future business innovation together through the use of technology", NTT DATA is pursuing "Profitable Global Growth with Consistent Belief and Courage to Change" towards the realization of its Global 3rd Stage in 2025. In addition to enhancing our four capabilities which are Growth, Earnings, Transformation and Synergy, we are striving to contribute to the achievement of SDGs through value creation based on Long-Term Relationships with clients in order to realize our consistent belief of "Shape the Future Society with our Clients" and to sustainably enhance corporate value.

The purpose of the introduction of the Plan is to further clarify the link between the remuneration of Directors and the corporate value of NTT DATA, and to raise awareness among Directors of contributing to the improvement of medium- to long-term business performance and the increase of corporate value by sharing benefits and risks associated with stock price fluctuations with shareholders. With the introduction of the Plan, the remuneration of Directors will consist of "monthly remuneration" "bonus" and "stock remuneration".

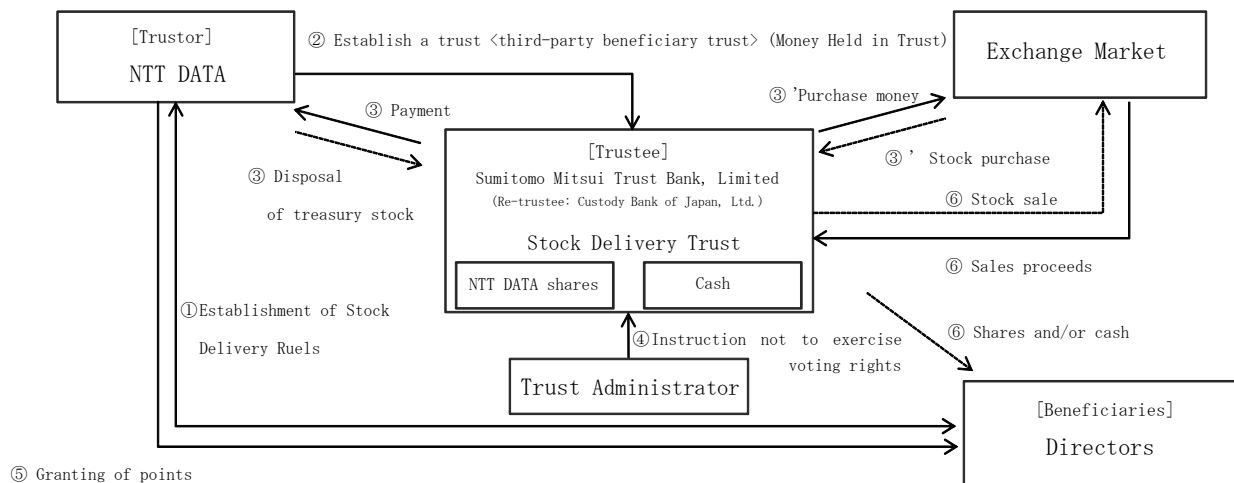
- (2) The introduction of the Plan is subject to approval by Shareholders' Meeting.
- (3) In order to ensure transparency and objectivity in the remuneration determination process, the Board of Directors of NTT DATA has deliberated on the introduction of the Plan. In addition, the Board of Directors has established the "Policy on Determining the Details of Remuneration for Individual Directors", which is attached at the end of this document for reference, accompanying the introduction of the Plan.

## 2. Outline of the Plan

### (1) Structure of the Plan

The Plan is a stock remuneration plan in which a trust established by NTT DATA through the contribution of money (Hereinafter referred to as "Trust".) acquires shares of NTT DATA and a number of NTT DATA shares are delivered to each Director through the Trust in accordance with the points that NTT DATA grants to each Director. The delivery of NTT DATA shares under the Plan shall be made to Directors who are in office during the period covered by NTT DATA's medium-term management plan (Such a period is hereinafter referred to as the "applicable period " and the initial period is one business year up to the business year ending March 31, 2022, which is the remaining period of the current medium-term management plan.), and the number of NTT DATA shares that corresponds to the positions of each Directors, etc. and the degree of achievement of the performance targets under the medium-term management plan, etc. shall be delivered as remuneration to Directors who are in office during the period. In principle, the timing of the issuance of NTT DATA shares to Directors is upon retirement of Directors.

#### <Outline of the Plan>



- ① NTT DATA will establish Stock Delivery Rules for Directors.
- ② NTT DATA will establish a stock delivery trust (other benefit trust) with Directors as beneficiaries (Trust). In doing so, NTT DATA entrusts the trustee with an amount of money equivalent to the funds for the share acquisition (the funds for the acquisition of shares to be delivered to Directors of NTT DATA shall be within the amount approved by Shareholders' Meeting.).
- ③ The trustee will acquire a certain number of NTT DATA shares in a lump sum that are expected to be delivered in the future (It depends on the method of disposal of treasury stock and the method of acquisition from the exchange market, including off-hours tradings).
- ④ A trust administrator (the company shall be independent from NTT DATA and its directors.) who protects the interests of beneficiaries subject to Stock Delivery Rules and supervises the trustee throughout the trust period will be designated. With respect to NTT DATA shares under the Trust, the trust administrator shall give instructions to the Trustee not to exercise voting rights, and the Trustee shall not exercise voting rights throughout the trust period based on said instructions.
- ⑤ In accordance with Stock Delivery Rules, NTT DATA grants points to Directors.
- ⑥ Directors who meet requirements set forth in Stock Delivery Rules and the trust agreement relating to the Trust, as beneficiaries of the Trust, shall receive delivery of NTT DATA shares in accordance with the points granted by the Trustee. If certain grounds pre-specified in Stock Delivery Rules and the trust agreement are met, part of the NTT DATA shares to be delivered will be sold on the exchange market and cash will be

delivered.

Of the residual assets of the Trust at the termination of the Trust, NTT DATA shares are planned to be acquired by NTT DATA without compensation and cancelled by resolution of the Board of Directors.

In addition, among the residual assets of the Trust at the time of the termination of the Trust, a certain amount of money is planned to be donated to a designated public interest corporation that has no interest in directors of NTT DATA, pursuant to the Stock Delivery Rules and the Trust Agreement set forth in advance.

Sumitomo Mitsui Trust Bank, Limited, the Trustee of the Plan, will entrust (retrust) the management of trust assets to Custody Bank of Japan, Ltd..

## (2) Establishment of Trust

Subject to the approval of the introduction of the Plan at Shareholders' Meeting, NTT DATA will establish the Trust by contributing the funds necessary for the Trust to acquire a certain number of NTT DATA shares that are reasonably expected to be necessary for the delivery in accordance with (6) in advance by a certain period. As described in (5), the Trust will acquire NTT DATA shares using the funds contributed by NTT DATA as the source. Sumitomo Mitsui Trust Bank, Limited, the trustee of the Plan, will entrust (retrust) the management of trust assets to Custody Bank of Japan, Ltd..

## (3) Trust Period

The trust period shall be approximately one year from August 2021 (planned) to August 2022 (planned). However, as described in (4), the trust period may be extended.

## (4) Maximum amount of trust money to be contributed to the Trust as funds for the acquisition of shares

NTT DATA will contribute up to 90 million Japanese yen in total as remuneration to Directors who will be in office during the initial period as funds for the acquisition of NTT DATA shares necessary for delivering NTT DATA shares to Directors under the Plan during the initial applicable period, and establish the Trust with Directors who meet certain requirements as beneficiaries. The Trust will acquire NTT DATA shares using the money entrusted by NTT DATA as the fund, either by disposing of treasury shares from NTT DATA or by acquiring shares from an exchange market (Including off-floor tradings.).

Note: The amount of money actually entrusted by NTT DATA to the Trust will be the sum of the estimated amount of necessary expenses such as trust fees and trust administrator fees in addition to the funds for the acquisition of NTT DATA shares described above.

After the expiration of the applicable period, by a decision of the Board of Directors of NTT DATA, the period of the Medium-term Management Plan established by NTT DATA at the time may be set as a new period, and the trust period of the Trust may be extended for the same number of years as the new period (including substantially extending the trust period by transferring the trust property of the Trust to a trust established by NTT DATA under the same purpose as the Trust. The same applies to..) to continue the Plan. In this case, NTT DATA will contribute to the Trust an additional amount of money to the maximum of 90 million Japanese yen multiplied by the number of fiscal years in the new applicable period as funds for the additional acquisition of NTT DATA shares necessary to deliver to Directors under the Plan during the new applicable period, and will continue to grant points as described in (6) and deliver NTT DATA shares.

In addition, even if the Plan is not continued by setting a new applicable period as described above, if, at the expiration of the trust period, there are Directors who have already been granted points but have not yet retired, the trust period of the Trust may be extended until such directors resign and the delivery of NTT DATA shares is completed.

(5) Method of Acquisition of NTT DATA Shares by the Trust, etc.

The initial acquisition of NTT DATA shares by the Trust is planned to be made by way of a disposition of treasury shares from NTT DATA or an acquisition from an exchange market within the upper limit of the funds for the share acquisition described in (4) above. Details of the acquisition method will be determined and disclosed after the resolution of Shareholders' Meeting.

During the trust period, if there is a possibility that the number of NTT DATA shares in the Trust will fall short of the number of shares corresponding to the number of points to be granted to Directors during the trust period due to an increase in the number of Directors, etc., additional money may be entrusted to the Trust within the upper limit of the trust money described in (4) to acquire additional NTT DATA shares.

(6) Calculation method and maximum number of NTT DATA shares to be delivered to Directors

① How to grant points to Directors

At a certain time every year during the trust period and for each business year during the applicable period, based on the Share Delivery Rules established by the Board of Directors of NTT DATA, points (hereinafter referred to as "base points") calculated according to the following formula will be granted to each Director according to his or her position. Then, at a certain timing (It is expected to be around June 2022 for the initial Plan Period.) immediately after the last day of the final business year of the applicable period, the number of points is calculated by multiplying the cumulative number of base points granted for the applicable period by the performance-based coefficient (hereinafter referred to as "Number of stock delivery points").

The performance-based coefficient shall be determined within a range of 0 to 150% in accordance with the evaluation of the attainment level of targets such as financial indicators set forth in the Medium-term Management Plan. For the initial period, it shall be determined based on the attainment level of performance targets of consolidated net sales and consolidated operating income for the final fiscal year (fiscal year ending March 2022) of the applicable period.

(Formula for calculating the base points)

Standard stock remuneration amount determined by position / average closing price of NTT DATA shares on the Tokyo Stock Exchange in the month immediately preceding the month in which the applicable period started (For the first applicable period, the month prior to the month in which the trust agreement date falls)  
(Rounds down to the nearest whole number)

However, the total number of base points granted by NTT DATA to Directors shall be a maximum of 105,000 points per fiscal year, and the maximum number of points granted to Directors during the trust period of the Trust shall be the number of points obtained by multiplying 105,000 points by the number of years in the applicable period. In addition, the maximum number of NTT DATA shares that the Trust will acquire to deliver to Directors during the trust period and deliver to Directors shall be the number of shares equivalent to such maximum number of points (Hereinafter referred to as "Maximum number of shares to be granted"). Therefore, the maximum number of shares to be granted during the initial applicable period for one fiscal year will be 105,000 shares (One NTT DATA share per point). In addition, if the Trust is continued pursuant to (4), the maximum number of points to be granted to Directors during the extended trust period shall be 105,000 points multiplied by the number of years in the extended period, and the maximum number of NTT DATA shares to be acquired and delivered by the Trust to Directors during the trust period shall be the number of shares equivalent to the maximum number of points.

② Delivery of NTT DATA shares based on the number of stock delivery points

Directors shall receive the delivery of NTT DATA shares following the procedures set forth in (6) ③ in accordance with the number of stock delivery points set forth in (6) ① above. If a director resigns or dies during

the trust period, the number of shares to be delivered will be determined using the number of base points accumulated up to that point as the number of stock delivery points. However, if a Director resigns for his or her own convenience against the will of NTT DATA, he or she shall not receive such shares.

One point shall be one share of NTT DATA. However, in the event that it is deemed reasonable to adjust the number of NTT DATA shares to be delivered, such as a stock split or a stock consolidation, the number of NTT DATA shares per point shall be adjusted according to such split ratio, consolidation ratio, etc.

### ③ Delivery of NTT DATA Shares to Directors

In principle, each Director shall acquire the beneficial interest of the Trust by following the prescribed procedures upon retirement, and shall receive the delivery of NTT DATA shares set forth in (6) ② from the Trust as a beneficiary of the Trust.

However, with respect to a certain percentage of NTT DATA shares, NTT DATA may convert funds for tax payment, such as withholding income tax, into cash for sale in the Trust for the purpose of withholding tax, and deliver cash in lieu of NTT DATA shares. In addition, if NTT DATA shares in the Trust are converted into cash, such as when NTT DATA shares in the Trust are settled by tendering for a tender offer, cash may be delivered in lieu of NTT DATA shares.

In addition, if a director dies during the trust period, the heir of the director shall receive the cash equivalent to the cash conversion disposition after cashing NTT DATA shares corresponding to all the number of stock delivery points calculated at the time from the Trust.

### (7) Clawback provision, etc.

For the event that a director commits a serious misconduct or violation, or in the event that a director concludes an employment contract or a delegation contract with another company in the same industry without the permission of NTT DATA, certain rules will be established under which the director may forfeit or confiscate the right to receive NTT DATA shares based on the Plan (Malus) and request the return of money equivalent to NTT DATA shares (Clawback).

### (8) Exercise of voting rights

Voting rights pertaining to NTT DATA shares in the Trust shall not be exercised uniformly based on the instructions of a trust administrator who is independent from NTT DATA and its officers. Through this method, it is intended to ensure neutrality to NTT DATA management with respect to the exercise of voting rights pertaining to NTT DATA shares within the Trust.

### (9) Treatment of Dividends

Dividends on NTT DATA shares in the Trust will be received by the Trust and allocated to the acquisition fund of NTT DATA shares and the trust fees of the Trustee related to the Trust.

### (10) Handling of NTT DATA shares and money at the time of termination of the Trust

Of the residual assets of the Trust at the termination of the Trust, NTT DATA shares are planned to be acquired by NTT DATA without compensation and cancelled by resolution of the Board of Directors.

In addition, among the residual assets of the Trust at the time of the termination of the Trust, a certain amount of money is planned to be donated to a designated public interest corporation that has no interest in directors of NTT DATA, pursuant to the Stock Delivery Rules and the trust agreement in advance.

(Reference) Outline of the Trust Agreement

Trustor	NTT DATA Corporation
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd..)
Beneficiary	Directors and executive officers of NTT DATA * who meet beneficiary requirements
Trust Administrator	Plan to appoint a third party company independent from NTT DATA and its directors
Exercise of voting rights	During the trust period, the voting rights of the shares in the trust will not be exercised.
Type of trust	Trust of funds other than money trust (Third-Party Benefit Trust)
Date of trust agreement	August 2021 (planned)
Trust period	August 2021 - August 2022 (planned)
Purpose of the Trust	To delivery NTT DATA shares to beneficiaries in accordance with Stock Delivery Rules

※ If the introduction of the Plan is approved at Shareholders' Meeting, the Company plans to introduce a performance-based stock remuneration plan similar to the Plan for the Executive Officers with whom NTT DATA has entered into a delegation agreement (Hereinafter referred to as "Executive Officers"). In this case, Executive Officers, as well as Directors of NTT DATA, will be beneficiaries of the trust established for the operation of the Plan. NTT DATA will also entrust the funds to acquire the shares to be delivered to Executive Officers.

## **(Reference) "Policy on Determining the Details of Remuneration for Individual Directors"**

In order to ensure objectivity and transparency, the remuneration policy, and the composition and remuneration level for directors who are not Audit and Supervisory Committee members of NTT DATA shall be determined by the Board of Directors consisting of 15 directors, including 5 independent outside directors, within the scope of the amount resolved at Shareholders' Meeting after explaining the remuneration policy to the parent company, independent outside directors, and directors who are Audit and Supervisory Committee members and receiving appropriate advice. The amount of remuneration for each individual shall be determined by the President and Representative Director delegated by the Board of Directors.

Remuneration for individual directors who are not Audit and Supervisory Committee members (excluding outside directors) consists of monthly remuneration (basic remuneration) and bonuses (short-term performance-based remuneration), as well as stock acquisition through the officers' shareholding association and a stock remuneration (medium- to long-term performance-based remuneration).

Monthly remuneration shall be fixed on a monthly basis and shall be paid based on the size of the role and the scope of responsibility of each position. Bonuses shall be paid in June every year in consideration of the performance of the relevant fiscal year. The performance indicators for bonuses are set and evaluated based on the targets set forth in the medium-term management plan.

Regarding the acquisition of NTT DATA's own shares, from the perspective of reflecting medium- to long-term business performance, full-time directors of NTT DATA shall contribute a certain amount every month to purchase NTT DATA's own shares through the officers' shareholding association, and the association shall hold all the shares purchased during the term of office.

For a stock remuneration, points are granted in accordance with positions in June of each year using a trust established by NTT DATA, and in June of the fiscal year following the end of the medium-term management plan, a performance-based coefficient is determined according to the degree of achievement of performance indicators, and the number of shares to be granted is calculated by multiplying the coefficient by the cumulative number of points. Shares are to be delivered upon retirement.

In the case of standard performance, the remuneration composition ratio is approximately "Fixed remuneration: Short-term performance-based remuneration: Medium- to long-term performance-based remuneration = 50%: 30%: 20%".

Remuneration for outside directors who are not Audit and Supervisory Committee members is not linked to business performance, and only fixed monthly remuneration is provided to ensure a high level of independence.

The remuneration of directors who are Audit and Supervisory Committee members is determined through consultation between directors who are Audit and Supervisory Committee members. From the viewpoint of ensuring high independence, the remuneration is not linked to business performance and only fixed monthly remuneration is paid.

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