

## Corporate Governance Report

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**NTT DATA Corporation**

Toshio Iwamoto, President and Chief Executive Officer

Contact: Investor Relations and Finance Office

Tel.: +81-3-5546-9962

Securities Code: 9613

<http://www.nttdata.com/>

The corporate governance of NTT DATA is described below.

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

#### **1. Basic Views**

NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out the mission to create new systems and values with information technology for a more affluent and harmonious society, and also by forecasting future trends to swiftly and accurately respond to the changing market environment, customer needs and the cutting-edge technology trend.

Under this management philosophy, NTT DATA Group is currently focusing on "Game-changing Approach" and "Breakthrough Technology" as its basic strategy in line with the basic principle "NTT DATA Ascend" which was set up for the improvement of brand value as a global brand by formulating the Medium-term Management Strategy for the period from FY 2016 through FY 2018, in pursuit of business growth worldwide while raising its local presence and exercising the global synergy.

NTT DATA Group will play an active role in overcoming the various issues that face society through the appropriate provision of various information services by the Group's officers and employees based on common sense, as well as in complying with laws and contracts at home and abroad and in respecting international standards including those of human rights.

Under these concepts, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of the Corporate Governance Code to ensure that corporate governance will effectively function: (1) to ensure transparency and soundness in business management; (2) to achieve appropriate and swift decision making and business execution; and (3) to implement compliance thoroughly. The purpose of working on such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners and employees, and to maximize corporate value.

(1) Ensuring transparency and soundness in business management

NTT DATA strives to disclose information in a just, fair and timely manner in accordance with the “Disclosure Policy,” based on the “Disclosure Guidelines.” Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting for explanation of financial results when financial results are announced quarterly, and often holds other meetings for domestic and international investors and analysts, in order to ensure transparency in business management. To reinforce the function of supervising and auditing the fairness in business execution, NTT DATA places outside directors and outside auditors to supervise and audit the Board of Directors and the Audit & Supervisory Board and to ensure soundness in its business management. NTT DATA also pays attention to maximizing the profit of its shareholders when transacting business with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as “NTT”), the parent company of NTT DATA, and the companies in NTT Group.

(2) Achievement of appropriate and swift decision making and business execution

Decision making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with “Authority Rules,” which stipulate the responsibility and authority of the President and CEO, the Senior Executive Vice President, the Officers in charge of each segment and the Heads of each Section or Group. For smooth and swift decision making and supervision in its business operations, NTT DATA has established the “Corporate Management Committee,” which is made up of the President and CEO, the Senior Executive Vice President, Officers in charge of each segment and other Heads of important Section or Group, and has prior discussions at such “Corporate Management Committee” for effective deliberations about the items to be resolved at the Board of Directors. In addition, NTT DATA pursues appropriate and swift decision making and business execution by placing Senior Vice Presidents in charge of business execution, assigning most of the authority relating to business execution to such Senior Vice President from directors, with each Section or Group executing business operations independently and responsibly in accordance with the “Organizational Regulations.”

(3) Thorough implementation of compliance

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

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

NTT DATA complies with all of the principles provided for in Corporate Governance Code.

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

[Principle 1-4]

(A) Policy relating to cross-shareholdings

For purposes other than net investment, NTT DATA holds shares that enable us to maintain the medium- to long-term relationship, to expand the trading volume and to create synergy with clients and business partners by holding shares issued by them. It is our policy to hold such shares if holding them is likely to enhance NTT DATA's corporate value and lead to profit for shareholders and investors.

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

NTT DATA judges in a comprehensive manner whether the exercise of its voting right in relation to cross-shareholdings will lead to continuous growth and improvement in the medium- to long-term corporate value of an issuing company. NTT DATA considers that such comprehensive judgement will enhance its own corporate value and medium- to long-term profit for its shareholders and investors.

[Principle 1-7]

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

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

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

[Principle 3-1]

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

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

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

(<http://www.nttdata.com/global/en/about/corporate/mission/index.html>)

(2) Basic attitude and policy toward corporate governance

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

(3) Policy and procedures for determining directors' remuneration

Refer to “2.1. Director Remuneration” in this report.

(4) Policy and procedures for appointing candidates for directors and auditors

Refer to “2.2.(3) Election and appointment” in this report.

(5) Explanation for election and appointment of individual candidates for directors and auditors

Refer to the table attached to this report.

[Supplementary Principle 4-1-1]

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

The Board of Directors grants to NTT DATA’s management the authority to determine business based on the direction of the management strategy and the management plan formulation discussed in the Board of Directors.

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

[Principle 4-9]

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

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

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

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

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

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

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

[Supplementary Principle 4-11-1]

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

[Supplementary Principle 4-11-2]

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

(<http://www.nttdata.com/global/en/investor/shareholders-meeting/index.html>)

[Supplementary Principle 4-11-3]

The Board of Directors determines important matters relating to the company and Group management, and supervises the status of execution by directors on the quarterly report about the performance of duties.

The Board of Directors also exerts efforts to activate discussions at its meetings by focusing on discussions at a meeting to exchange views among outside directors, auditors and the Representative Director for improving its effectiveness.

In addition, NTT DATA plans to conduct a questionnaire once a year by the members of the Board of Directors from the current fiscal year to verify and improve the efficiency of the Board of Directors to strive for further improvement.

[Supplementary Principle 4-14-2]

Directors and auditors are elected from those who have broad knowledge about business, financial affairs and organizations, etc., and they are trained if necessary. After taking office, the training program targeted at directors and auditors continues with

a wide range of training sessions on market trends and economic and social issues at home and abroad.

[Principle 5-1]

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

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

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

(2) Policy for systematic cooperation among internal offices

NTT DATA has opened an office specializing in IR (the Investor Relations and Finance Office). It has also set up the Disclosure Committee, which is made up of 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 Group Strategy Headquarters. The said Committee is operated by the Investor Relations and Finance Office and has regular discussion on the formation of the disclosure policy relating to, and disclosure of, the following management information:

(A) Quantitative information, such as the Medium-term Management Plan, the background to the formation of the Management Plan, the trend of clients and solutions by area, and the business scale of individual businesses;

(B) Qualitative information, such as the Medium-term Management Policy, the policy for returning profit to shareholders (including dividend policy), and the trend in each industry; and

(C) Any information considered important for investors etc. other than (A) and (B).

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

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

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

NTT DATA properly manages inside information in the following ways at the time of communication:

(A) Establishment and operation of "Rules for Prevention of Insider Trading"

NTT DATA has established "Rules for Prevention of Insider Trading" to prevent insider trading in relation to the stock transactions among NTT DATA, the parent company and other listed companies. As an operating office of "Rules for Prevention of Insider Trading" toward the entire company, the Investor Relations and Finance Office regularly calls the company's attention

to insider trading. It also conducts training sessions for the employees through Internet-Based Testing (“IBT”) to prevent insider trading.

(B) Establishment and operation of “Policy (Rules) for Information Security”

While complying with laws and regulations, NTT DATA has established “Policy (Rules) for Information Security” to treat information assets properly. NTT DATA properly conducts training sessions on information security, and also audits and monitors such security in accordance with the said rules.

(C) Establishment and operation of “Disclosure Guidelines”

NTT DATA has established “Disclosure Guidelines” as its internal guidelines for a just, fair and timely disclosure of information relating to NTT DATA and for contribution to proper investment judgement to be made by shareholders and investors toward NTT DATA. NTT DATA has also established and released a Japanese-language version of “Disclosure Policy” to clarify its attitude toward information disclosure to the general public. For details of “Disclosure Policy,” refer to NTT DATA’s homepage.

(<http://www.nttdata.com/jp/ja/corporate/ir/disclosure/>)

## 2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	152,001,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,284,000	6.52
Japan Trustee Services Bank, Ltd. (Trust Account)	11,968,400	4.27
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	3,177,100	1.13
STATE STREET BANK AND TRUST COMPANY 505001 (Standing agent: Mizuho Bank, Ltd. )	2,824,515	1.01
NTT DATA Employee Share-Holding Association	2,824,200	1.01
BNP PARIBAS SECURITIES (JAPAN) LIMITED	2,388,400	0.85
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing agent: The Hong Kong and Shanghai Banking Corporation Limited Tokyo Branch)	2,382,500	0.85
Goldman Sachs Japan Co., Ltd.	1,951,200	0.70
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,872,984	0.67

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

### Supplementary Explanation

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## 3. Corporate Attributes

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



Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

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

#### **5. Other Special Circumstances which may have Material Impact on Corporate Governance**

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

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

NTT owns 54.2% of NTT DATA's voting rights with the right of the majority shareholder of NTT DATA.

In order for NTT DATA to adopt broad management viewpoints, an employee of NTT took office as one of the directors of NTT DATA. Taking into consideration that the total number of directors at this moment is 11, NTT DATA recognizes that this situation does not prevent its own management decisions.

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

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

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

## 1. Organizational Composition and Operation

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

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	11
Number of Outside Directors	2
Number of Independent Directors	2

### Outside Directors' Relationship with the Company (1)

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

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

k. Others



## Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Okamoto	○	—	NTT DATA elected Mr. Okamoto due to his broad knowledge and discernment as a specialist familiar with international affairs. NTT DATA appointed him independent officer because NTT DATA judges that he would not cause any conflict of interest with general shareholders in terms of the standards of judgement for independence stipulated by Tokyo Stock Exchange, Inc.
Eiji Hirano	○	<p>He is one of the business executors at MetLife Insurance Co., Ltd., one of NTT DATA's business partners, of which the amount of transactions with NTT DATA during the fiscal year ended March 31, 2016 was less than 1% of consolidated net sales and less than 2% of non-consolidated net sales of NTT DATA.</p> <p>Although he was one of the business executors at the Bank of Japan, one of the major business partners of NTT DATA, and retired in 2006, 10 years have passed since his retirement. Therefore, there is no special interest between Mr. Hirano and the Bank of Japan. It should be noted that the amount of transactions between NTT DATA and the Bank of Japan during the fiscal year ended March 2016 was less than 2% of consolidated net sales of NTT DATA.</p>	<p>He has extensive experience in the Financial Sector, and wide perspectives concerning financial administration and international finance. Based on these advantages, it is expected that he, as the Outside Director, will contribute to the enhancement of supervisory function of business execution as well as the provision of advice by using his wide range of perspectives.</p> <p>Mr. Hirano, who was one of the business executors at the Bank of Japan, one of NTT DATA's major business partners, has been appointed as an independent officer because NTT DATA judges that he will not cause any conflict of interest with any general shareholders in terms of the period of service as business executor, the amounts and the nature of transactions, and in light of the standards of judgment for independence stipulated by Tokyo Stock Exchange, Inc.</p>

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

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

#### Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

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

NTT DATA has established the Internal Audit Department as an internal audit department independent of the business execution departments.

Auditors strive for efficient audit and improvement in the quality of the audit by regularly receiving reports on internal audits from the Internal Audit Department, adjusting audit plans and sharing other information.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	4
Number of Independent <i>Kansayaku</i>	3

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yukio Ishijima	From another company			Δ		Δ								
Tetsuro Yamaguchi	From another company													
Akio Nakamura	From another company										Δ			
Rieko Sato	Lawyer													

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiary

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

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

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

e. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

m. Others

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

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Ishijima	○	He had been a business executor at NTT (from April 1976 to June 1999), NTT Communications Corporation, a subsidiary of NTT (from July 1999 to June 2006), and NTT BUSINESS ASSOCIE Corporation, a subsidiary of NTT (from June 2006 to June 2009).	<p>NTT DATA elected Mr. Ishijima, who had been a business executor at NTT and NTT Group companies in the past, expecting him to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience.</p> <p>NTT DATA appointed him as an independent officer because NTT DATA judges that he will not cause any conflict of interest with general shareholders in terms of the period when he was a business executor at NTT and NTT Group companies, and also because of the standards of judgement for independence stipulated by Tokyo Stock Exchange, Inc.</p>
Tetsuro Yamaguchi		—	NTT DATA elected Mr. Yamaguchi, who had been a business executor at NTT and NTT Group companies in the past, expecting him to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience.
Akio Nakamura	○	Mr. Nakamura was with the Ministry of Finance, one of NTT DATA's business partners, and retired in 2011. The amount of transactions between NTT DATA and the Ministry of Finance for the fiscal year ended March 2016 was less than 1% of consolidated net sales and less than 2% of non-consolidated net sales of NTT DATA.	<p>He has intensive experience and a wide range of knowledge in the financial administration and taxation field, etc. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience. Although he has never engaged in corporate management by any means other than being an outside director, NTT DATA has determined for the abovementioned reason that he will be able to execute his duty as an outside auditor appropriately.</p> <p>Although he was with the Ministry of Finance, one of NTT DATA's business partners, NTT DATA appointed him an</p>

			independent officer because NTT DATA has judged that he will not cause any conflict of interest with general shareholders in terms of the period of his service, the amounts and the nature of transactions as well as the standards of judgement for independence stipulated by Tokyo Stock Exchange, Inc.
Rieko Sato	○	—	<p>NTT DATA elected Ms. Sato, expecting her to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside auditor by utilizing her broad viewpoints and experience. Taking into consideration that she had been involved in legal work for a long period of time, NTT DATA also expects her to conduct audits based on her experience and knowledge acquired through her career as a specialist in law.</p> <p>Although she has never engaged in corporate management by any means other than being an outside director or an outside auditor, NTT DATA has determined for the abovementioned reason that she will be able to fulfill her duty as an outside auditor appropriately.</p> <p>NTT DATA appointed her as an independent officer because NTT DATA judges that she will not cause any conflict of interest with general shareholders in terms of the standards of judgement for independence stipulated by Tokyo Stock Exchange, Inc.</p>

#### [Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	5
Matters relating to Independent Directors/ <i>Kansayaku</i>	
We have appointed all of the outside directors who satisfy the requirements for independent officers as independent officers.	

#### [Incentives]

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

Remuneration is determined and provided in consideration of corporate performance. To reflect the medium- to long-term performance, each independent officer is required to purchase the company's stock through the officers' shareholding association by paying a certain amount of money from each of their own monthly remuneration. Each independent officer is also required to retain all the shares purchased by himself or herself during his or her term of office.

## Recipients of Stock Options

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## Supplementary Explanation

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## [Director Remuneration]

### Disclosure of Individual Directors' Remuneration

No Individual Disclosure

## Supplementary Explanation

NTT DATA has released the total amount of remuneration on business reports and financial statements. Refer to NTT DATA's homepage for details.  
(<http://www.nttdata.com/global/en/investor/index.html>)

### Policy on Determining Remuneration Amounts and Calculation Methods

Established

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

Disclosed content of the policy for determining the amount and calculation method of remuneration.

The items related to remuneration for directors are determined at the Board of Directors.

The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses. The amount of monthly remuneration is determined and provided in accordance with the responsibility and extent of the role of his or her position. Bonuses are determined and provided with the company performance for a relevant period.

To reflect the medium- to long-term performance, each director is required to purchase the company's stock through the officers' shareholding association by paying a certain amount of money from each of their own monthly remuneration. Each director is also required to retain all the shares purchased by himself or herself during his or her term of office.

Outside directors are paid only monthly remuneration, being kept away from business performance in order to ensure high independence. NTT DATA explains the policy for determining the remuneration for directors to the parent company and independent outside directors and, upon receiving appropriate advice from them, determines the amount of remuneration to such extent as resolved at a shareholders' meeting at the Board of Directors.

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

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

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

### **(1) Business Execution**

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

The decision making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with "Authority Rules," which stipulate the responsibility and authority of the President and CEO, the Senior Executive Vice President, the Officers in charge of each segment and the Heads of each Section or Group. Each of the relevant duties is executed in accordance with "Organization Rules," which stipulate the responsible operations of the respective organizations.

The Board of Directors is made up of all 11 directors including two outside directors. The Board of Directors meeting is held once every month regularly and can also be held as an extraordinary meeting, if necessary, with 21 meetings held in FY 2015. Such meetings determine and supervise legal matters and other important matters relating to the company and Group management.

The Corporate Management Committee is made up of the President and CEO, the Senior Executive Vice President, Officers in charge of each segment and other Heads of important Section or Group. The Corporate Management Committee meeting is held once a week in principle for smooth and swift decision making and supervision relating to business operations. An auditor also participates in such meeting to enhance the transparency of decision making.

NTT DATA's system for business execution and its mechanism of monitoring management and of internal control are as shown in the attached chart.

### **(2) Audit and Supervision**

NTT DATA has the Audit & Supervisory Board. The Audit & Supervisory Board is made up of four outside auditors, including a woman. It held the Audit & Supervisory Board meeting 19 times in FY2015 to regularly exchange opinions with the Representative Director, etc. and to have discussions with the Representative Directors, etc. of the Group companies on the status of the management. Through such meetings, the Audit & Supervisory Board is able to understand the actual status of execution of duties by directors, and provides recommendations, if necessary. No personal, capital or business relationships exist between these four outside auditors and NTT DATA that may cause a conflict of interest with general shareholders. Each auditor attends important meetings including the Board of Directors meeting and audits the status of directors' business execution from time to time. NTT DATA has also established the Internal Audit Department as an internal audit department to conduct internal audits from a position independent of business execution. Auditors exchange information with the Internal Audit Department by inquiring about the results of internal audits from such department. Auditors conduct audits in corporation with other auditors of Group companies.

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

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

The certified public accountants who performed the accounting services were Mr. Kensuke Sodekawa, Mr. Yasuyuki Morimoto and Mr. Hirotaka Nakata, all of whom belong to KPMG AZSA LLC. NTT DATA's assistants engaging in accounting services were made up of 13 certified public accountants and other 23 employees.

### (3) Election and Appointment

#### (Election policy for candidates for directors)

The candidates for directors have been elected from personnel who have broad perspectives and experience and can contribute to the development of the entire Group, excel in management ability and leadership, and are sophisticated in business management and energetic, for improvement in the corporate value of the entire NTT DATA Group. The size of the Board of Directors is in direct proportion to the scale of business, and composed to consider the diversity and the balance of specializations.

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

#### (Election policy for candidates for auditors)

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

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

#### (Procedures for election)

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

agreement of the Audit & Supervisory Board, the Board of Directors adopts resolution, then such resolution is referred to at a shareholders' meeting.

(4) Others

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

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

### 3. Reasons for Adoption of Current Corporate Governance System

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

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

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

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

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notices calling for the shareholders' meeting held in June 2016 were dispatched earlier than the date fixed by law by four business days.
Scheduling AGMs Avoiding the Peak Day	NTT DATA has set the shareholders' meeting avoiding the date on which other companies' meetings are concentrated to ensure that as many shareholders as possible can attend its meeting.
Allowing Electronic Exercise of Voting Rights	NTT DATA had created a homepage for execution of voting rights at the website of a manager of a shareholders' list so that it can accept the execution until 6 p.m. on the day before the day of the shareholders' meeting.

Participation in Electronic Voting Platform	Voting rights can be executed through the ICJ platform targeted at institutional investors that is operated by Investor Communications Japan (ICJ).
Providing Convocation Notice in English	The notice calling for a shareholders' meeting is translated in English and such translated version is uploaded on NTT DATA's homepage.
Other	The notice calling for a shareholders' meeting is digitized and uploaded on NTT DATA's homepage two business days prior to the dispatch of such notice. The notice of resolution is also uploaded on NTT DATA's homepage in Japanese.

## 2. IR Activities

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

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The “Global Compliance Policy,” which is NTT DATA’s business conduct, stipulates that it is vital for NTT DATA’s continuous growth to gain trust by satisfying the expectations of stakeholders, including clients, shareholders, business partners, society and the employees, and also stipulates how NTT DATA needs to behave toward each of such stakeholders.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>NTT DATA Group performs corporate activities aiming to be a corporate group trusted by stakeholders, under the corporate philosophy in which NTT DATA Group creates new “systems” and “values” with information technology and contributes to the achievement of a more affluent and harmonious society.</p> <p>Particularly regarding environmental activities, NTT DATA has been promoting “Environment-oriented management” since FY2009 based on the following policies: “Promotion of environmental efficiency to our clients and society” by expanding the provision of environmentally-efficient solutions; “Promotion of environmental efficiency to our own group” by improving the efficiency of power sources and air conditioning systems at Data Centers; and “Toward an environmentally advanced company,” aiming for its environmental contribution in a comprehensive manner in which NTT DATA communicates with related stakeholders including local communities and gets together with its employees and families as a team in environmental activities as well as in direct business activities. NTT DATA is striving for further environmental promotion.</p> <p>Details of CSR activities including the above-mentioned environmental activities and other activities aiming to contribute to society are made public on the report issued every year and on NTT DATA’s homepage, too.</p>
Development of Policies on Information Provision to Stakeholders	<p>In accordance with the Disclosure Policy, NTT DATA promotes understanding of its business by all stakeholders including shareholders and investors. To evaluate the Disclosure Policy properly, NTT DATA stipulates a timely and appropriate disclosure of the important information relating to NTT DATA.</p>
Other	<p>As one of the management strategies to win the global competitions, NTT DATA has consistently focused on promoting diversity based on two pillars of "Active roles by diverse human resources" and "Revolution in the way of working." In 2013, NTT DATA was selected as one of the "New Diversity Management Selection 100."</p> <p>From April 2016, NTT DATA is to further enhance and promote its efforts by establishing a general corporate action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace with the following targets.</p>



	<p>Target 1: Continue the efforts to increase the women's hiring ratio to more than 30% by the end of FY 2020.</p> <p>Target 2: Continue the efforts to achieve the total working hours per employee at 1,890 hours on an annual basis by the end of FY 2018.</p> <p>Target 3: Continue the efforts to increase the number of female in the management positions to 200 or more by the end of FY 2020.</p> <p>Target 4: Continue the efforts to increase the number of women in the executive management positions (such as directors and heads of organizations, etc.) to 10 or more.</p> <p>The ratio of male and female employees at NTT DATA is as shown in the table attached to this report.</p>
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## IV. Matters Related to the Internal Control System

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

#### 1. Basic Policy for Establishing Internal Control Systems

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

#### 2. Individual Systems for Establishing Internal Control Systems

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

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

- It will establish the "Global Compliance Policy", which is the guideline for behaviors including compliance with applicable laws, for the directors and employees.
- It will raise employees' consciousness of compliance through educational and training programs concerning the corporate ethics.
- It will check activities through the compliance division and give advice, guidance, and other assistance to Sectors in order to perform lawful and appropriate business activities.
- It will have no relation, including any transaction, with antisocial forces and reject illegal demands in a resolute attitude.
- Towards realizing sound management, it will establish a whistle-blowing system that receives information from both identified and anonymous employees and other parties to ensure a channel of communication that is independent of the ordinary execution of business, and establish a system to ensure that employees and other parties who have made reports using the whistle-blowing system and other channels will not receive disadvantageous treatment on account of having made such reports.
- It will have the Internal Audit Department submit an annual plan to the Board of Directors, according to which the department will perform an internal audit and regularly report the results to the Board of Directors.

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

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

- It will record and store information concerning the performance of duties by directors in writing or electromagnetic media and appropriately manage them in compliance with applicable laws, the Articles of Incorporation and internal rules.
- It will improve the internal information system in order to timely and properly use information arising out of business activities.
- It will establish internal rules for the purpose of formulating rules required for the appropriate handling of information and efficient clerical work.
- It will establish an information security committee to expedite measures for the entire group concerning the handling of information and hold a meeting regularly.

(3) Rules and other systems concerning risk management

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

- It will improve a system to continuously monitor and supervise the situation of risk management by each Sector and establish an organization to promote risk management under the control of the CRO from the point of view covering the entire group so that the risk management system functions smoothly and effectively.
- It will give priority on certain business risks over the other risks taking the frequency of occurrence into account and deal with them.
- It will establish a system in accordance with the internal rules provided for from the point of view of quality management, etc. concerning risks related to development, operation and maintenance of systems, which are assumed as risks pertaining to the main line of NTT DATA's businesses.

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

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

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

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

Having the basic policy that it shall ensure appropriate operations of the entire NTT DATA Group through consultations, reports, instructions and requests concerning important matters, NTT DATA and its Group proceed with the following activities:

- It will appoint a division responsible for coordination with each group company and improve the coordination system including the related divisions.
- The Internal Audit Department of it will monitor activities for the purpose of ensuring the soundness of businesses of the group companies.
- The internal control promotion committee of NTT DATA will oversee and promote the situation of risk management of the entire group and at the same time each group company will appoint an officer in charge of risk management for the purpose of improvement of the risk management system.
- In order to prevent the occurrence of scandals, it will conduct employee education and training and establish a whistle-blowing system that receives information from identified and anonymous employees of the Group and other parties as well as establish a system to ensure that employees and other parties who have made reports using the whistle-blowing system and other channels will not receive disadvantageous treatment on account of having made such reports.

- It will have dealings with a group company in compliance with the laws, as a matter of course, and establish a system for the group companies to submit appropriate financial status reports.
- Each group company will conduct autonomous management based on the basic policy of group business and at the same time the Corporate Management Committee of NTT DATA will monitor the management situation of the entire group in order to promote efficient and effective group management.

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

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

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

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

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

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

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

### **3. Overview of the State of Operation of the System to Ensure Appropriate Business Operations in FY2015**

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

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

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

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

The Compliance Department conducted a preliminary check on 70 cases before being discussed by important organs such as the Board of Directors. With regard to transactions with antisocial forces, NTT DATA made it mandatory under the company's sales provisions and detailed purchase rules to conduct a credit investigation on business partners. In addition, when an organization subscribes to our services, NTT DATA thoroughly examines the state of activities of the organization, the purpose of the subscription, etc. to prevent us from engaging in any relations with antisocial forces.

The NTT DATA's Corporate Ethics Committee is held once in FY2015 to examine reports submitted to the section in charge of receiving reports made using the whistle-blowing system, and report the results of the examination to the Board of Directors, along with a report on how these reports were handled. In FY2015, 68 cases were reported to the section. Meanwhile, it is stipulated in the rules for administering the whistle-blowing system that employees should not receive disadvantageous treatment on account of having made such reports, and this rule is administered appropriately. The Internal Auditing Department reports interim and annual audit results and the annual audit plan to the Board of Directors appropriately.

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

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

To provide opportunities to report and examine company-wide security issues, the Information Security Committee was established under the Chief Information Security Officer (CISO). The committee held two meetings in FY2015, and discussed such issues as partial modifications to the policy and the response to information encryption.

(3) Rules and other systems concerning risk management

For risk management, NTT DATA assumes and prevents the occurrence of familiar potential risks. NTT DATA has a risk management system to minimize the damage in the event of risks becoming obvious, and for other purposes. The Internal Control Promotion Committee, chaired by Senior Executive Vice President (CRO, or Chief Risk Officer), plays a central role in establishing and administering the PDCA cycle for risk management. Meanwhile, the committee held two meetings in FY2015 and discussed measures to specify risks that could influence the whole Company and to reduce such risks. In addition, the committee also examined the levels of progress and achievement of goals and evaluated the effectiveness while reflecting the results of the examination in each measure.

NTT DATA appropriately handles risks concerning system developments and operational security, etc. within the quality management system (QMS) that was established based on the quality management rules.

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

The Company's duties are executed based on the organizational rules that specify jurisdictional tasks for each organ, and under the supervision of the Board of Directors, 25 executive officers are appointed and decision-making is made based on the authority regulations that stipulate the distribution of authorities.

The Board of Directors decides the issues prescribed in laws and regulations and important issues set forth in the rules for the Board of Directors such as those concerning management strategies, company management including investment, the management of the NTT DATA Group, etc. In addition, the Board of Directors supervises the performance of duties by directors by having them report the state of performance of their duties on a regular basis and by other means. The Board of Directors comprises 10 directors including two outside directors, and held 21 meetings in FY2015. The Corporate Management Committee, which discusses important decision-making for NTT DATA, held 36 meetings in FY2015.

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

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

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

By group company, important risks are set every year and the Internal Control Promotion Committee confirms the state of implementation of risk management led by CRO in each company.

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

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

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

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

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

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

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

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

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

## 2. Basic Views on Eliminating Anti-Social Forces

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

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

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

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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### 2. Other Matters Concerning to Corporate Governance System

<p>[Overview of the timely disclosure system]</p> <p>With regard to the management of information relating to important matters, NTT DATA pays attention to timely, just and fair disclosure of the information relating to NTT DATA Group by having established “Policy (Rules) for Information Security,” “Disclosure Guidelines,” and “Rules for Prevention of Insider Trading” for appropriate operations.</p> <p>The timely disclosure of important management information is made public through the stock exchange on which the shares of NTT DATA are listed, the press, and NTT DATA’s homepage after consultation at the Corporate Management Committee and determination by the President and CEO.</p> <p>With respect to the handling of information, the Heads of each Section or Group manage the management information relating to relevant organizations in accordance with the “Policy (Rules) for Information Security” and the “Disclosure Guidelines.” The important management information deemed appropriate for timely disclosure is disclosed only after the Heads of each Section or Group consult with the Corporate Management Committee and gain the consent from the President and CEO. In such a case, the information NTT DATA is not obligated to disclose according to the rules for the timely disclosure may require consultation with Disclosure Committee for its disclosure if such information is judged to have the possibility of affecting investors’ judgement.</p> <p>With regard to the education for the handling of information, NTT DATA holds regular training sessions targeted at all employees while thoroughly managing the important information that has not been released to the general public yet in accordance with the “Rules for Prevention of Insider Trading.”</p> <p>An outline of facts described above is shown in the attached chart.</p> <p>NTT DATA is determined to continue improving its corporate governance in order to enhance its corporate value though strengthening the management by achieving a more efficient and transparent management system while grasping the latest trends and listening to opinions from external parties.</p>
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【Explanation for the selection and appointment of individual candidates for directors and auditors】

Name	Position	Reasons of Appointment
Toshio Iwamoto	Representative Director, President and Chief Executive Officer	He has been engaged in a wide range of management of NTT DATA Corporation centered on the financial and public sectors and therefore has extensive experience in management. He has been in charge of management as President and CEO since 2012. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution while utilizing his extensive experience and record of performance, he has been elected.
Masanori Shiina	Representative Director and Senior Executive Vice President	He has extensive experience in management evidenced by the track record of performance in management in the financial and public sectors, and his experience in the Strategy Sector of the entire corporation, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Yo Honma	Representative Director and Senior Executive Vice President	He has extensive experience in management evidenced by the track record of performance in management in the enterprise sector, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Eiji Ueki	Representative Director and Executive Vice President	He has extensive experience in management evidenced by the track record of performance in management in the financial sector, and his experience in the Strategy Sector of the entire corporation, etc. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Kazuhiro Nishihata	Director and Executive Vice President	He has been elected based on the fact he is expected to contribute to the management of NTT DATA Corporation by making the best use of his extensive experience and record of performance in the Global Business Sector in NTT Group companies and NTT DATA. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.

Tsuyoshi Kitani	Director and Executive Vice President	He has been engaged in the organizational management of the Research and Development Sector for many years, and also has intensive expertise in the IT field. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Keiichiro Yanagi	Director and Executive Vice President	In addition to his experience in the organizational management in the financial sector, he has experience in the General Affairs Sector of the Group as well as the track record of performance in the management in the Group companies. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Hiroyuki Aoki	Director and Executive Vice President	He has a wide range of experience including the management of the Research and Development Sector and the Enterprise Sector with experience in the Strategy Sector and the Human Resources Sector of the entire corporation as well as a track record of management in the Group companies. Since he is expected to continue to promote management of the NTT DATA Group while assuming roles such as supervision of business execution by utilizing his experience and record of performance, he has been elected.
Yukio Okamoto	Director	He has been elected Outside Director based on the fact that he is expected to contribute to the enhancement of supervisory functions in executing management and the provision of opinions from his broad viewpoints and discernment as a specialist familiar with international affairs.
Hiromasa Takaoka	Director	He has been elected based on the fact that he is expected to provide opinions from his broad viewpoints acquired through his long career in the telecommunications business.
Eiji Hirano	Director	He has extensive experience in the Financial Sector, and wide perspectives concerning financial administration and international finance. He has been elected based on the fact he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.
Yukio Ishijima	Audit & Supervisory Board Member	In the past, he acted as a business executor at NTT and NTT group companies. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience.

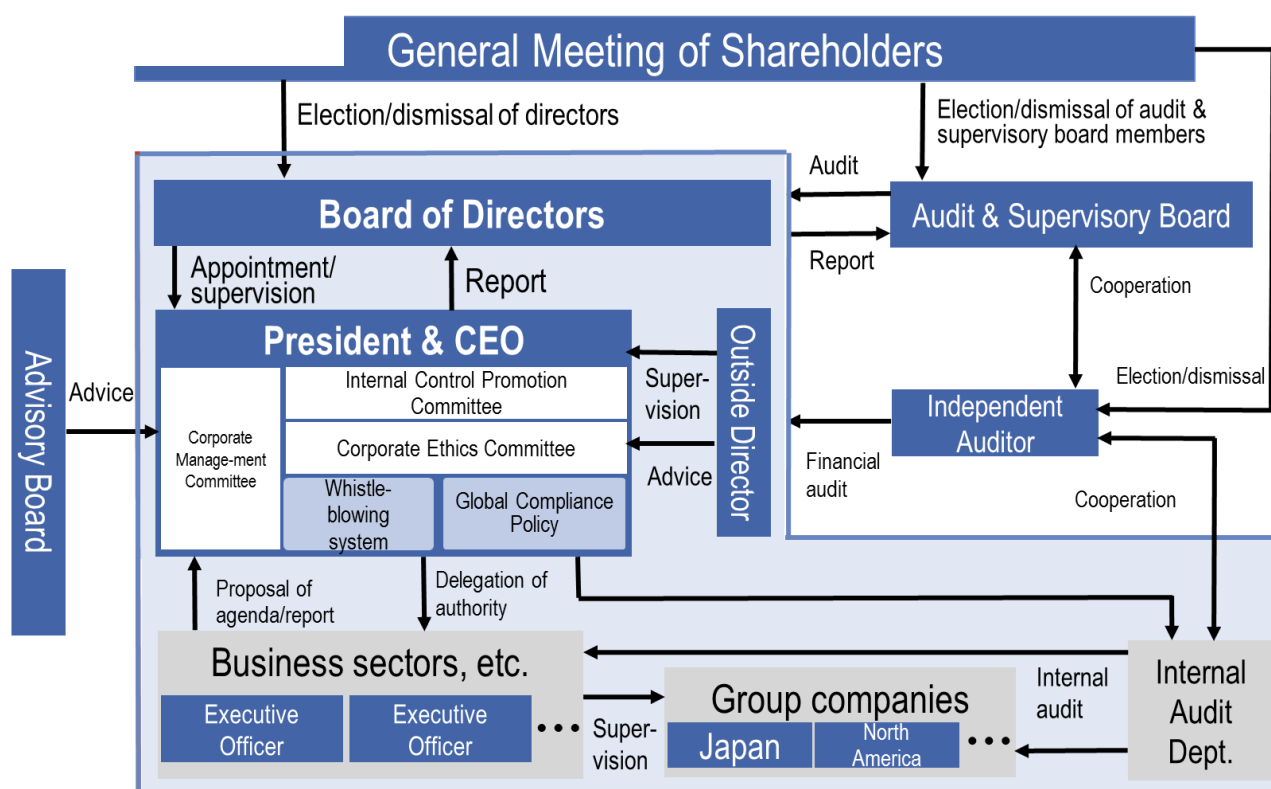


Tetsuro Yamaguchi	Audit & Supervisory Board Member	In the past, he acted as a business executor at NTT and NTT group companies. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience.
Akio Nakamura	Audit & Supervisory Board Member	He has intensive experience and a wide range of knowledge in the financial administration and taxation field, etc. He is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor the management through audits of business execution as an outside auditor by utilizing his broad viewpoints and experience.
Rieko Sato	Audit & Supervisory Board Member	She is expected to ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution as an outside auditor by utilizing her broad viewpoints and experience. Taking into consideration that she had been involved in legal work for a long period of time, NTT DATA also expects her to conduct audits based on her experience and knowledge acquired through her career as a specialist in law.

\*Yukio Okamoto and Eiji Hirano are outside directors.

\*Yukio Ishijima, Tetsuro Yamaguchi, Akio Nakamura, and Rieko Sato are outside audit & supervisory board members.

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



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

As of March 31, 2016

	Male	Female	Percentage of Female Employees
Number of Employees	9,134	2,079	18.5%
Manager level	1,723	97	5.3%
Senior Manager level	527	23	4.2%

### 【Overview of the timely disclosure system】

