NTT DATA

Trusted Global Innovator

NTT DATA Sustainability Report **2021**

Data Book

Editorial Policy

Organizations Covered	NTT DATA Corporation and Group companies
Period of Coverage	This report mainly covers initiatives undertaken in fiscal 2020 (April 1,2020–March 31,2021). Certain details about earlier events, fiscal 2021 activities and future plans are also included in this report.
Guidelines Referenced in This Report	• Global Reporting Initiative (GRI) Sustainability Reporting Standards • Japan's Ministry of the Environment Environmental Reporting Guidelines (2018)
Publication Date	October 2021（Sustainability Report 2020 was published in October 2020; Sustainability Report 2022 Data Book is scheduled for publication in October 2020）
Disclaimer and Notes	This report contains not only historical or current facts relating to NTT DATA Corporation and Group companies but also judgments, plans and predictions based on information available at the time of publication. Readers are advised that actual results of future business activities and events might differ materially from the forecasts contained herein. • The names of products and services referred to in this report are trademarks or registered trademarks of NTT DATA and other Group companies or other companies in Japan and other countries
Third-Party Assurance (for part of the environmental/social data)	ndependent assurances of the following environmental and social data for fiscal 2020 have been provided by Lloyd's Register Quality Assurance Limited. (See page 119, "Independent Practitioner's Assurances.") Check marks are attached to data that received such ☑ assurances. Environmental data • GHG emissions (Scope 1, Scope 2 [market-based and location-based], Scope 3) (tons-CO_2e) • Renewable energy consumption (MWh) • Water resources (Water consumption and Wastewater) (m^3) Social data • Number of occupational accidents • Number of female managers (ratio) • Social contribution activity expenditure (¥) • Number of employees with disabilities (employment ratio) https://www.nttdata.com/global/en/sustainability/sdgs-management/third-party-evaluation
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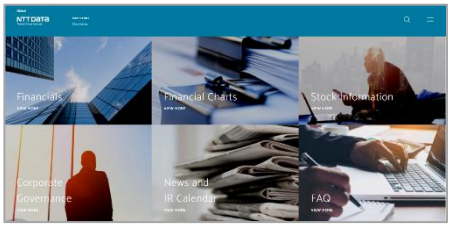
Sustainability Site

https://www.nttdata.com/global/en/sustainability/
(October 2021)

Provides information on NTT DATA's sustainability initiatives. The latest information is available at the top of the site.

Investor Relations Site



https://www.nttdata.com/global/en/investors
(October 2021)

Provides information on NTT DATA's investor relations initiatives. The latest information is available at the top of the site.

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Sustainability Management

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The NTT Group's Basic Policy

Sustainability in the NTT DATA Group

Our Basic Approach

Our basic approach to the sustainable development of the NTT DATA Group calls for all managers and employees to consider what they should do, reform their actions and transform our business accordingly. This approach is encapsulated in Our Way. Below is an overview of Our Way, headed by our Mission Statement.

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

➢ **Our Way (Philosophy)**

Our Mission	
Mission Statement Portrays the NTT DATA Group's social responsibilities and reason for existence	NTT DATA uses information technology to create new paradigms and values to help build a more affluent and harmonious society.
Employee Creed Sets forth policies and action guidelines to which all employees should adhere	1. We will do our utmost to serve our customers. 2. We will meet the challenges of our work with an active and positive spirit. 3. We will create a vital and vibrant company.
Pursuing Our Mission in a Changing Business Environment	
Group Vision Indicates where NTT DATA aims to be in 10 years	Trusted Global Innovator In this unpredictable era marked by significant IT innovations and accelerating business model transformation, we must develop partnerships with customers based on long-term trust. Rather than pursuing profit solely for ourselves, we will work closely with customers to realize their many different ideas while demonstrating our own strengths. In this way, we will create leading-edge technologies with global reach while achieving business innovation and resolving social issues. By becoming the trusted business partner of customers worldwide, NTT DATA will build a significant presence in the global market.
Values Expresses what is important for realizing our Group Vision	Clients First: We always put our customers first. Foresight: We act with speed and foresight without settling for the status quo. Teamwork: We place importance on helping employees achieve their best by working with each other.

https://www.nttdata.com/global/en/about-us/our-way/

➢ **Global Compliance Policy (Daily Code of Conduct)**

Preamble	
To achieve sustainable development as a company, it is essential to earn the trust of customers, shareholders, business partners and society. Companies can only gain trust by being aware of their social responsibilities and engaging in dialogue with customers and other stakeholders to meet their expectations and increase their satisfaction levels. We also believe it is fundamental to gain trust by not only complying with laws, regulations and agreements but also respecting human rights and other international norms while acting with good morals and integrity and performing fair and transparent business activities. Moreover, we are a corporate group with a social mission to create new paradigms and values using IT to realize a more affluent and harmonious society and help resolve issues facing the earth and society. Accordingly, everyone at the NTT DATA Group will act in accordance with our Global Compliance Policy, and we will work relentlessly to be a trusted company.	
Application	
All directors, officers and employees shall fully understand the Global Compliance Policy and act as described below to achieve its purposes. Directors and officers shall also take the initiative to cultivate high ethical standards among employees.	
Principles	
・We will comply with all relevant laws and regulations of the jurisdictions where we do business, as well as international transaction laws, and act with good integrity. ・We will remain aware of our corporate social responsibilities and perform fair and transparent business activities.	
For customers	We will ・Conclude appropriate agreements with our customers and provide systems and services pursuant to those agreements. ・Manage customer information meticulously in accordance with relevant agreements, laws and regulations.
For shareholders	We will ・Undertake sound corporate management and strive to improve the interests of our shareholders. ・Disclose information in a timely and appropriate manner to ensure management transparency.
To competitors	We will ・Engage in fair and free competition and reject acts that would impede market competition, including defamation, dumping, cartels and other unfair/anticompetitive conduct. ・Protect our own intellectual property and respect the same of others.
To suppliers	We will ・Trade on an equal footing without exploiting a dominant bargaining position. ・Comply with relevant laws and regulations applicable to transactions with suppliers and observe our agreements with them.
To governments	We will ・Refrain from entertaining and giving gifts that violate laws and our internal rules and reject acts of bribery under any circumstances. ・Refrain from acts that could be suspected as being corrupt.
To society	We will ・Actively engage in social contribution initiatives, including volunteering and other community activities, to fulfill our responsibility as a good corporate citizen. ・Respect the diversity of cultures and values and contribute to the development of societies where we do business. ・Refuse to do any business with antisocial forces.
For the environment	We will ・Propose IT systems and solutions that help reduce environmental impacts. ・Strive to reduce the environmental impacts caused by our business operations. ・Increase our awareness of biodiversity and undertake activities to protect the natural environment. ・Comply with laws and regulations related to the environment.
To employees and co-workers	We will ・Respect each person's individuality and personality. ・Respect human rights and not discriminate based on gender, nationality, belief or religion. ・Not commit any harassment. ・Maintain fair and equal treatment of employees and provide employment opportunities based on individual merit in safe, secure working environments that are free of violence, drugs or child labor.

As employees	Each employee will ・Maintain robust information security and reject unlawful acts, such as privacy infringement and unauthorized access. ・Comply with the Company's rules and regulations and not engage in acts that conflict with the interests of the Company or obtain personal benefits at the Company's expense. ・Not engage in insider trading in any manner. ・Not provide/receive any gifts or entertainment to/from clients, suppliers or business partners that exceed our policy and the scope of common sense. ・Not post to social media any confidential or proprietary information (using real or anonymous names) or any message that might harm the rights and credibility of the Company or third parties. ・Promptly report any real or suspected breach of this policy or other unlawful acts to his/her manager, local compliance officer or whistleblowing line. (The Company will not retaliate against those who report in good faith through the whistleblowing line.)

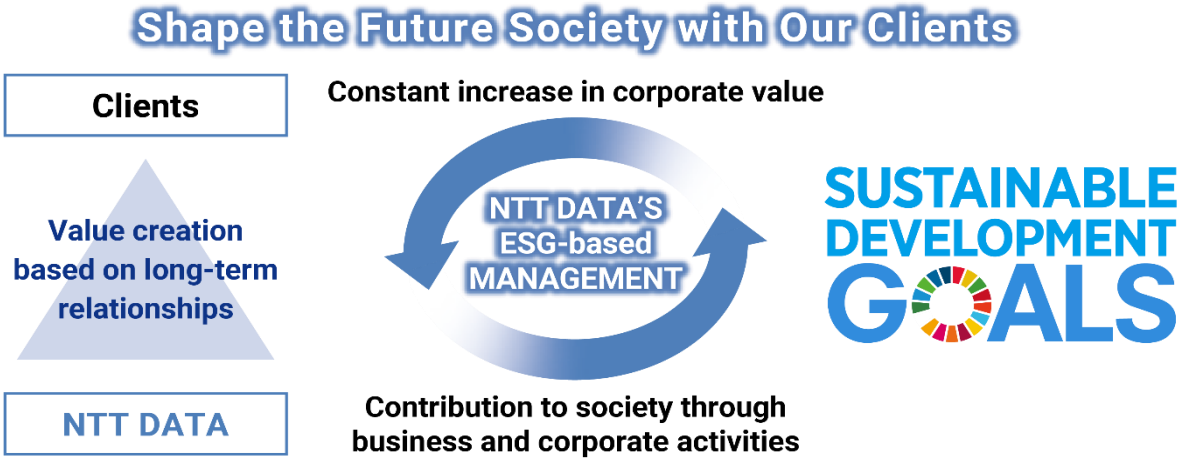
https://www.nttdata.com/global/en/about-us/our-way/global-compliance-policy

The NTT DATA Group's ESG Management

In recent years, there has been a growing movement to evaluate companies and their relationship with society in terms of environmental, social and governance (ESG) factors. This stems from the demand for companies to make global responses to social and environmental issues as represented by the Sustainable Development Goals (SDGs).

NTT DATA's business itself uses the power of IT to resolve issues faced by clients and society, as reflected in its Mission Statement: "The NTT DATA Group uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." Amid dramatic advances in technology and the increasing pace of digital transformation, we feel society's growing expectation for us to fulfill this duty.

With this in mind, we clarified our stance on ESG under the title "NTT DATA's ESG Management" and incorporated it into the management strategy of our new Medium-Term Management Plan (fiscal 2019–2021). Based on our consistent belief and our commitment to "shaping future society with our clients," we will provide solutions for the sustainable development of our clients and society. At the same time, we will help resolve social issues and enhance corporate value by pursuing business activities that emphasize human resource development, workstyle innovation and respect for diversity.



ESG Management System

The NTT DATA Group promotes ESG management under the leadership of senior executive vice presidents and executive officers. The ESG Promotion Department handles ESG-related tasks, such as compiling information, training employees and engaging with outside entities, while the business divisions conduct their own activities to help resolve social issues.

Dialogue with Stakeholders

The NTT DATA Group emphasizes dialogue in daily operations and instills within the Group its commitment to stakeholders. At the same time, we work to resolve social issues while considering society's wide-ranging expectations of us.

➢ **Overview of Stakeholder Engagement**

	Stakeholders	Related Material ESG Issues	Main Approach
Clients	All our clients, including corporations, that use services provided by the NTT DATA Group	• Offer social infrastructure and business-category-specific solutions based on advanced technologies • Build and ensure stable management/operation of IT infrastructure • Ensure information security • Protect data privacy	• Regular sales and proposal activities • Client satisfaction surveys (questionnaires, interviews) • Workshops on addressing social issues
Shareholders and investors	Shareholders of the NTT DATA Group and other individual and institutional investors	• Offer social infrastructure and business-category-specific solutions based on advanced technologies • Secure and develop IT human resources	• Annual General Meeting of Shareholders • Dialogue with ESG Investors • Integrated reports • Investor relations (IR) website • Financial results briefings • Shareholder newsletters
Governments	Central and local governments overseeing policies on the IT service industry, employment, the economy and the environment	• Offer social infrastructure and business-category-specific solutions based on advanced technologies • Build and ensure stable management/operation of IT infrastructure • Ensure information security • Protect data privacy • Ensure compliance • Promote workstyle innovation • Promote diversity and inclusion	• Various applications and reports • Consultative meetings, committee meetings and research committees held by government agencies • Committee meetings and investigative meetings held by industry groups and organizations
Regional communities, NPOs and NGOs	Local communities and NPOs involved with the NTT DATA Group companies through our core businesses	• Promote workstyle innovation • Promote diversity and inclusion • Promote IT education • Respond to climate change • Protect data privacy	• Participation in community events • Collaboration with/sponsoring of social contribution activities • Feedback via our website • Advisory boards • AI Advisory Board
Business partners	Business partners that cooperate in providing the NTT DATA Group services	• Utilize advanced technologies to provide solutions • Promote a responsible supply chain	• Strategic collaboration for promoting clients' digital transformation • Regular business activities • Business Partner (BP) presidents' meetings • Discussion meetings • Technological briefing sessions • CSR questionnaires
Employees	Employees of the NTT DATA Group and their families	• Secure and develop IT human resources • Promote workstyle innovation • Promote diversity and inclusion	• Employee satisfaction surveys • Management/employee town halls • Proposals/helpline • Counseling • E-learning (online ESG management briefings)

Advice from Outside Experts

Seeking to obtain opinions from outside experts with keen insights into IT and global business matters, in July 2012 NTT DATA Group set up an advisory board consisting of five business owners and academic experts. Members are appointed every few years and meetings are held twice a year, where members receive advice on management and social issues for deployment in Group's business operations.

https://www.nttdata.com/jp/ja/news/release/2019/022803 (Japanese version only)

Period	3rd period	4th period
Term	From October 2017 to September 2018	From February 2019
Frequency of Meetings	Twice a year	
Advisory Board Members (Honorific titles omitted, in alphabetical order)	• Noriko Arai Professor, National Institute of Informatics Director, Research Center for Community Knowledge • Yoshinori Ando President, Ando Yoshinori Office • Fumihiko Ike Former Chairman, Honda Motor Co., Ltd. • Shuzo Kaihori Director and Advisor, Yokogawa Electric Corporation • Hirohide Yamaguchi Chairman of the Advisory Board, Nikko Research Institute, Inc.	• Shinichiro Ito Chairman of the Board, ANA Holdings Inc. • Naoyuki Iwashita Professor, Graduate School of Government, Kyoto University • Isao Endo Chairman (Japan), Roland Berger Ltd. • Kazuhiro Mishina Professor, Graduate School of Business Administration, Kobe University • Atsuko Muraki Guest Professor, Tsuda University
Agenda for Discussion	• Global strategies • Initiatives in digital businesses • Initiatives aimed at acquiring a competitive advantage for the Company considering social changes	• Issues in the previous Medium-Term Management Plan • Dissemination and penetration of the new Medium-Term Management Plan • Promoting ESG management (e.g., workstyle innovation) • Initiatives for digital government • Initiatives aimed at realizing an ideal new society

Note: Titles of the members are based on the information in the press release announcing the selection of the members.

In April 2021, the NTT DATA Group established the AI Advisory Board, consisting of five external experts, with the aim of strengthening governance related to AI research, development, operation and utilization to provide reliable and trustworthy AI solutions to clients. Members of the AI Advisory Board, together with frontline NTT DATA employees involved in AI projects, discuss technological trends, laws and regulations, as well as civil society's perceptions of AI utilization, and incorporate the results of those discussions into concrete measures related to AI governance.

In these ways, we will reduce the occurrence of problems in AI projects from multiple perspectives, improve the quality and reliability of the AI solutions we provide, and create an environment where clients can utilize AI with peace of mind.

https://www.nttdata.com/jp/ja/news/release/2021/041901/ (Japanese version only)

Meeting frequency	Exchange of opinions with executives on AI: Once a year Study sessions with frontline AI-related workers (manager-level): 4 times a year
Members (alphabetical order)	Chair Hiroyuki Morikawa (Professor, Graduate School of Engineering, The University of Tokyo) Members • Fuyuki Ishikawa (Associate Professor, Information Systems Architecture Science Research Division, National Institute of Informatics) • Yumiko Nara (Professor, Faculty of Liberal Arts, The Open University of Japan; Assistant Director, SOLVE for SDGs Program) • Satoshi Narihara (Associate Professor, Faculty of Law, Graduate School of Law, Kyushu University) • Hiroyuki Sanbe (Partner, Atsumi & Sakai; Guest Professor, Research Center on Ethical, Legal and Social Issues, Osaka University)

Note: Positions of members are valid as of the date of the press release announcing member selections.

Commitment to Outside Initiatives

The NTT DATA Group actively participates in various initiatives in Japan and overseas, including those listed below.

- Task Force on Climate-related Financial Disclosures (TCFD)
- Science-Based Targets initiative (SBTi)
- Business Ambition for 1.5℃
- CDP Supply Chain Program
- MoEJ Initiative for Decarbonized Infrastructure
- Challenge Zero (Challenge Net Zero Carbon Innovation)
- Japan Climate Initiative (JCI)
- Women's Empowerment Principles (WEPs)
- Japan Business Federation's "Corporate Behavior and SDGs Committee"

Participation in Outside Organizations

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

- Japan Data Communications Association (Board member)
- The Telecommunications Association
- Japan Electronic Payment Promotion Organization (Chair)
- Japan Association of Corporate Executives
- Japan Business Federation

Material ESG Issues

Process of Identifying Material ESG Issues

Every year, the Group publishes “NTT DATA Technology Foresight,” a report that envisages future changes through research into advanced technologies and social trends that will have a major impact on society and business over the next 3–10 years. In fiscal 2019, we used NTT DATA Technology Foresight as input to identify material ESG issues for society through client and employee satisfaction surveys, as well as individual interviews with shareholders, ESG institutional investors and experts from NPOs and other organizations. After discussion at a Board of Directors’ meeting, we established 12 ESG material issues, considering the expectations of employees and the Company.

Step 1
Set issues

Issues deemed to be social issues were identified using NTT DATA Technology Foresight 2019 as a guide.

60 issues

Step 2
Select issues

The materiality of the issues was reviewed based on materiality for society and materiality for the Company, then issues relevant to the Company were selected and prioritized.

【Information on materiality for society (stakeholders)】

- Client satisfaction surveys (approx. 520 companies)
- Employee satisfaction surveys
- Interviews with shareholders and other investors
- Collation and analysis of evaluation results of research/rating agencies; interviews with experts from NPOs/NGOs
- Political administrations (SDGs, Society 5.0)
- Written surveys of major suppliers, etc.

【Materiality criteria for the NTT DATA Group】

- Our Way (e.g., Mission Statement, Group Vision, Global Compliance Policy)
- Medium-Term Management Plan
- Ethics Guide, Information Security Policy, Guidelines for CSR in the Supply Chain
- The NTT Group’s Human Rights Charter, the NTT Group CSR Charter, etc.

【External standards, trends and frameworks】

- GRI Standards, ISO 26000, etc.

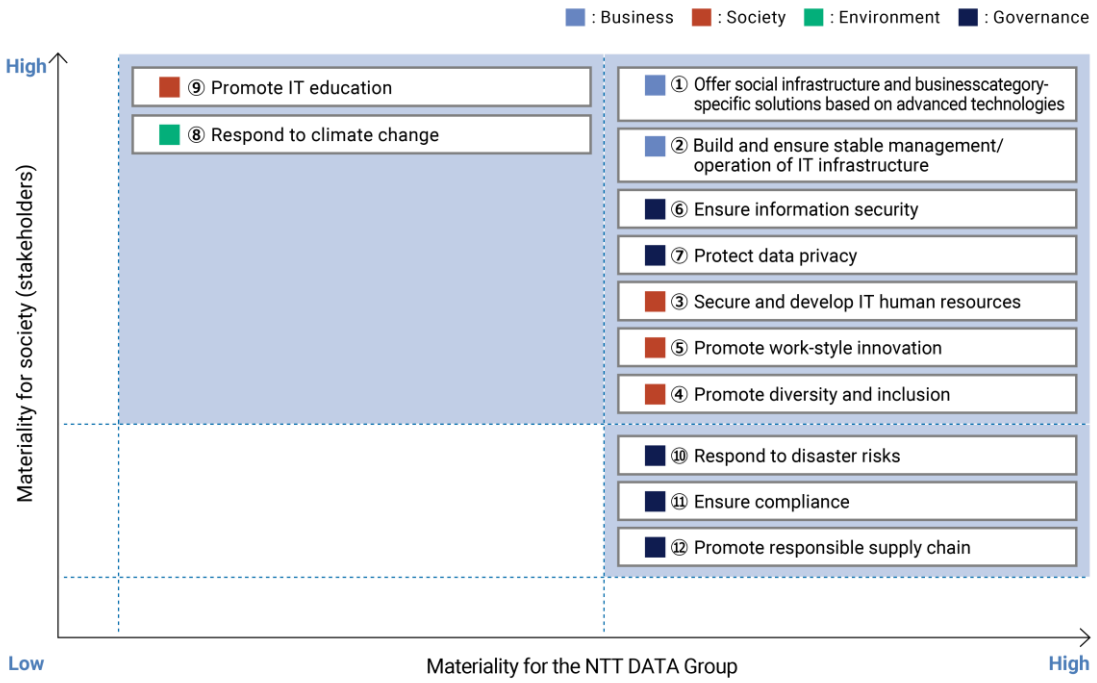
15 issues

Step 3
Determine issues

The Board of Directors, consisting of important Company decision-makers, judged the appropriateness of the identified issues and made a final decision on the material ESG issues to be addressed.

12 issues

Matrix of Material ESG Issues



➢ **Material ESG Issues**

Category	Material ESG Issues	Details
Business (Innovation)	① Offer social infrastructure and business category-specific solutions based on advanced technologies	Use digital and other advanced technologies to provide services to customers and resolve social issues.
	② Build and ensure stable management/ operation of IT infrastructure	Provide customers with high-quality services and operational stability as an infrastructure-oriented company.
Human Resources	③ Secure and develop IT human resources	Attract talented IT human resources and develop them in-house through training while minimizing employee turnover.
	④ Promote diversity and inclusion	Increase human resource diversity and help individual employees understand the importance of diversity and utilize their abilities and experience.
	⑤ Promote work-style innovation	Eliminate long working hours, create comfortable working environments with an emphasis on a work-life balance and improve productivity.
Security	⑥ Ensure information security	Protect the information assets of customers and the Company from cyberattacks.
	⑦ Protect data privacy	Handle personal information properly and protect the human rights of stakeholders, especially customers.
Environment	⑧ Respond to climate change	Formulate a long-term plan to curb greenhouse gas emissions by improving the energy efficiency of our data centers and office buildings.
Community	⑨ Promote IT education	Deploy our core business strengths to provide IT literacy and skills to children, the general public, NPOs/NGOs and so forth.
Disaster Risk	⑩ Respond to disaster risks	Develop a business continuity plan (BCP) and continuously improve it to minimize potential damage.
Compliance	⑪ Ensure compliance	Disseminate and instill our Global Compliance Policy to prevent violations of laws and regulations.
Supply Chain	⑫ Promote a responsible supply chain	Request cooperation from suppliers to consider human rights and the environment and ensure compliance based on the NTT DATA Guidelines for CSR in the Supply Chain and the like.

12 Material ESG Issues and KPIs

In fiscal 2020, we were able to achieve most of the targets (KPIs) set by each organization for the 12 material ESG issues. Thanks to the efforts of each organization to achieve the KPIs, moreover, we disseminated our social contribution policy to each and every employee. In fiscal 2021, we will continue to further accelerate ESG management by working to achieve the KPIs established by each organization based on our policies of “social contribution through business” and “social contribution through corporate activities.”

Category	Material ESG Issues	FY2020 KPIs	FY2020 Performance	FY2021 KPIs
Business (Innovation)	■① Offer social infrastructure and business category-specific solutions based on advanced technologies	• The number of new or extended businesses created, originating in social issues • The number of proposed solutions, new orders received and their amounts, and launched services that contribute to resolving social issues	• Target accomplished[1] • Target surpassed[1] ○	• Number of new consumer-oriented business proposals and projects • Number of digital business orders and incoming orders • Technical offering sales
	■② Build and ensure stable management/ operation of IT infrastructure	• The number of improved operation and maintenance processes • The rate of systems in operation	• Target surpassed[1] • Target surpassed[1] ◎	• Number of measures for streamlining efficiency of existing businesses with data tools • Rate of application of operation standardization solutions to important projects
Human Resources	■③ Secure and develop IT human resources	• The number of digital human resources • The number of mid-career hires • Improvement of the human resources system • The ratio of career interviews conducted • The number of digital training programs (that thematize advanced technologies) offered • The number of hours spent on self-innovation	• Accomplished target for number of digital human resources[1], 328 mid-career hires (target: 300), introduced FG system • Target accomplished • Target accomplished • Companywide average of 91 hours per employee (target: 50 hours per employee)	• Number of specialized human resources capable of leading frontline operations • The number of hours spent on self-innovation • Number of based on themes for addressing material ESG issues • Establishment and increase in usage of training platforms for promoting autonomous learning • Specified human resource recruitment numbers
	■④ Promote diversity and inclusion	• The number of measures taken, contributing to “active participation of diverse human resources” • Increase in the number of female executives and managers • Improved scores of One Voice (the employee engagement survey)	• Target accomplished[1] • 12 female executives, more than 200 female managers (as of March 31, 2021)[2] • Target generally accomplished	• Improvement in score of One Voice （employee engagement survey) • Female employment rate of over 30%, 15 or more female managers, ratio of female managers of 10%, and rate of childcare leave acquisition by male employees of 30% by March 31, 2026[2]
	■⑤ Promote work-style innovation	• The number of proposed projects and new orders received that contribute to the clients’ workstyle innovation • The number of measures taken for workstyle innovation and improved organizational capabilities • The ratio of Digital Work Place utilization	• Target surpassed[1] • Target surpassed[1] • Target not accomplished[1] (Companywide average 3.2/5) △	• Number of orders received for projects that contribute to workstyle innovations for clients (promotion of remote working, etc.) • Improvement in workstyles via teleworking • Number of ESG initiative examples transmitted to employees via Digital Work Place
Security	■⑥ Ensure information security ■⑦ Protect data privacy	• The number of new orders received that contribute to clients’ reinforced security • The number of secure public cloud services provided • The number of measures for enhanced internal security level	• Target accomplished[1] • Target surpassed[1] • Target accomplished[1] ○	• Number of individuals undergoing cybersecurity human resource training • Expansion of coverage of information security audits

Category	Material ESG Issues	FY2020 KPIs	FY2020 Performance	FY2021 KPIs
Environment	■⑧ Respond to climate change	• The number of new orders received contributing to resolving the clients' environmental issues • Efforts to reduce greenhouse gas emissions based on SBT[1] and approach to TCFD[2] recommendations	• Target accomplished[1] (all initiatives scheduled for FY2020 implemented) • Target accomplished	• Social decarbonization initiatives (tracking and prediction of electricity consumption volumes)Number of online Caravan programs for promoting expansion of green businesses • Number of initiatives conducted in FY2021 based on climate change action plan for 2030
Community	■⑨ Promote IT education	• The number of contributory activities through IT education opportunities created and realized in local communities • Creation of IT opportunities for primary education through NTT DATA Academia (the total number of participants and the number of forums sessions held)	• Target surpassed (38 in FY2020, target: 16) • Target surpassed (83 in FY2020, 3,048 participants) Note: Includes those held by domestic Group companies	• Number of external IT workshops held and IT workshop instructors cultivated through NTT DATA Academia program • External information provision activities by core digital human resources
Disaster Risk	■⑩ Respond to disaster risks	• The number of new orders received for business continuity plan (BCP)- related solutions • Upgrading the business continuity plan (BCP) to mitigate disaster risk	• Target exceeded[1] • Target achieved (FY2020 action plan fully implemented)	• Number of business ideas proposed for addressing climate change issues or disaster risk • BCP drills held based on work environment centered on teleworking
Compliance	■⑪ Ensure compliance	• Implementing measures to enhance global compliance	• Target accomplished (all initiatives scheduled for FY2020 implemented)	• Number of cases of utilization of insight or know-how related to next-generation audits (digital audits, online audits, etc.)
Supply Chain	■⑫ Promote a responsible supply chain	• Expanded procurement coverage from partners who give a pledge on the NTT DATA Guidelines for CSR in Supply Chain	• Target accomplished (achieved target for coverage rate in FY2020)	• Ratio of Group companies implementing corruption risk audits based on the NTT DATA Group Third-Party Due Diligence Policy
Common to ①–⑫		• The recognition level of the social contribution policy among employees	• Target accomplished (Companywide recognition level of 90%)	N/A (target accomplished in FY2020)

◎ Target surpassed (rate of accomplishment: 100% or more)

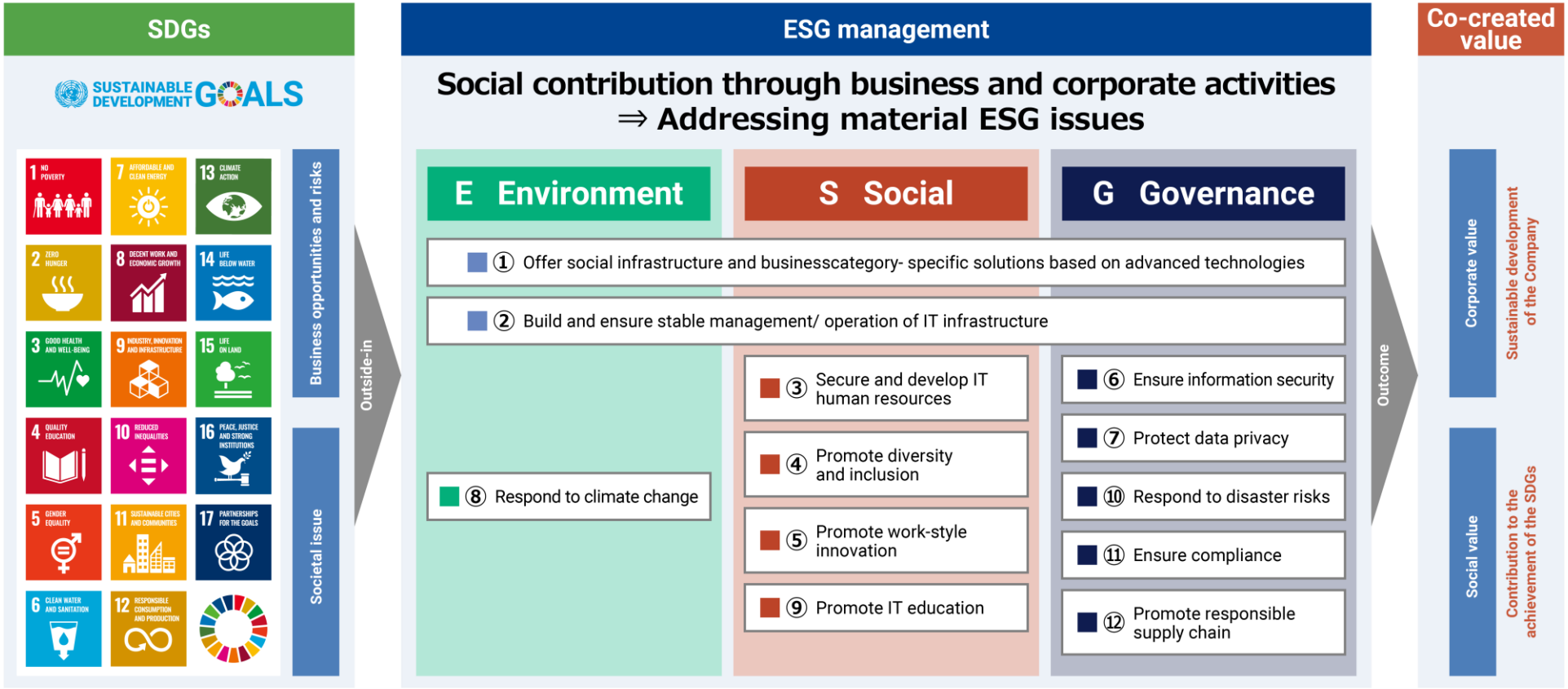
○ Target accomplished / Target generally accomplished (rate of accomplishment: 80%–100%)

△ Target not accomplished (rate of accomplishment: 0%–79%)

1. Figures not disclosed
2. Targets established and disclosed in general employer action plan for promoting active participation of women (as opposed to organization-specific KPI targets)

ESG Management and the SDGs

The NTT DATA Group conducts ESG management while referring to the SDGs based on its Mission Statement: “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.” With this in mind, we will continue co-creating value with our clients and other stakeholders, centered on the material ESG issues we have identified.



Third-Party Evaluations (as of October 2021)

The NTT DATA Group's ESG initiatives have been highly rated by research agencies, and the Company has been selected for inclusion in multiple ESG-related indexes.

Dow Jones Sustainability World Index/Asia Pacific Index

FTSE4Good Index Series

FTSE4 Blossom Japan

S&P/JPX Carbon Efficient Index

ISS ESG Prime

S&P Global Sustainability Award

MSCI Japan Empowering Women Index[1]

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The NTT Group's Basic Policy

The NTT Group CSR Charter

As a member of the NTT Group, the NTT DATA Group has aligned its basic CSR policy with the NTT Group CSR Charter. The charter consists of a CSR Message, which states the NTT Group's approach and four CSR Themes (priority issues).

Promoting a Sense of Unity in the NTT Group

In fiscal 2015, the NTT Group established its Group Sustainability Committee to implement CSR management across the Group. The committee is chaired by NTT's vice president and consists of the chief sustainability officers (vice presidents and managing directors) of the eight major NTT Group companies. Group Sustainability Liaison Meetings, attended by sustainability promotion officers of NTT Group companies, are held regularly to promote a sense of unity across the Group. At those meetings, participants share common challenges and success stories from each company and mutually confirm the PDCA cycle implementation status for priority sustainability activities.

Spreading Sustainability Awareness in the NTT Group

Since fiscal 2013, the NTT Group has convened its annual NTT Group CSR Conference, aimed at instilling employees' awareness of sustainability by sharing sustainability-related best practices across the Group. The NTT DATA Group participates in the conference every year.

Governance

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Corporate Governance

Basic Policies and Promotion System

The NTT DATA Group 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) ensure transparency and soundness in business management, 2) achieve appropriate and swift decision-making and business execution, and 3) implement compliance thoroughly. The purpose of such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners and employees, and to maximize corporate value.

https://www.nttdata.com/global/en/sustainability/governance

◆ Promotion System

NTT DATA has transitioned to a “Company with an Audit and Supervisory Committee” according to a resolution of the 32nd Ordinary General Meeting of Shareholders on June 17, 2020, to further strengthen the supervisory function of the Board of Directors and corporate governance and to enhance the soundness and efficiency of management.

Also, to further enhance governance and reflect more diverse knowledge in its management policies, NTT DATA has appointed five independent outside directors, which makes the ratio thereof in the Board of Directors (consisting of 15 directors) not less than one-third.

Please refer to the Corporate Governance Report for the status of our efforts to revitalize the Ordinary General Meeting of Shareholders and facilitate the exercise of voting rights.

https://www.nttdata.com/global/en/investors/corporate-governance

Governance Framework That Enhances the Execution, Supervision and Auditing Functions to Improve Management Quality

NTT DATA has adopted a “Company with an Audit and Supervisory Committee” format, which it believes is the best format for strengthening the supervisory function of the Board of Directors and corporate governance and enhancing the soundness and efficiency of management. This is because Audit and Supervisory Committee members, who are in charge of auditing, also participate in resolutions of the Board of Directors, and the majority of such members must be outside officers. In addition to having an Ordinary General Meeting of Shareholders, Board of Directors, and Audit and Supervisory Committee as corporate organizations, we established the Corporate Management Committee to speed up decision-making in business execution.

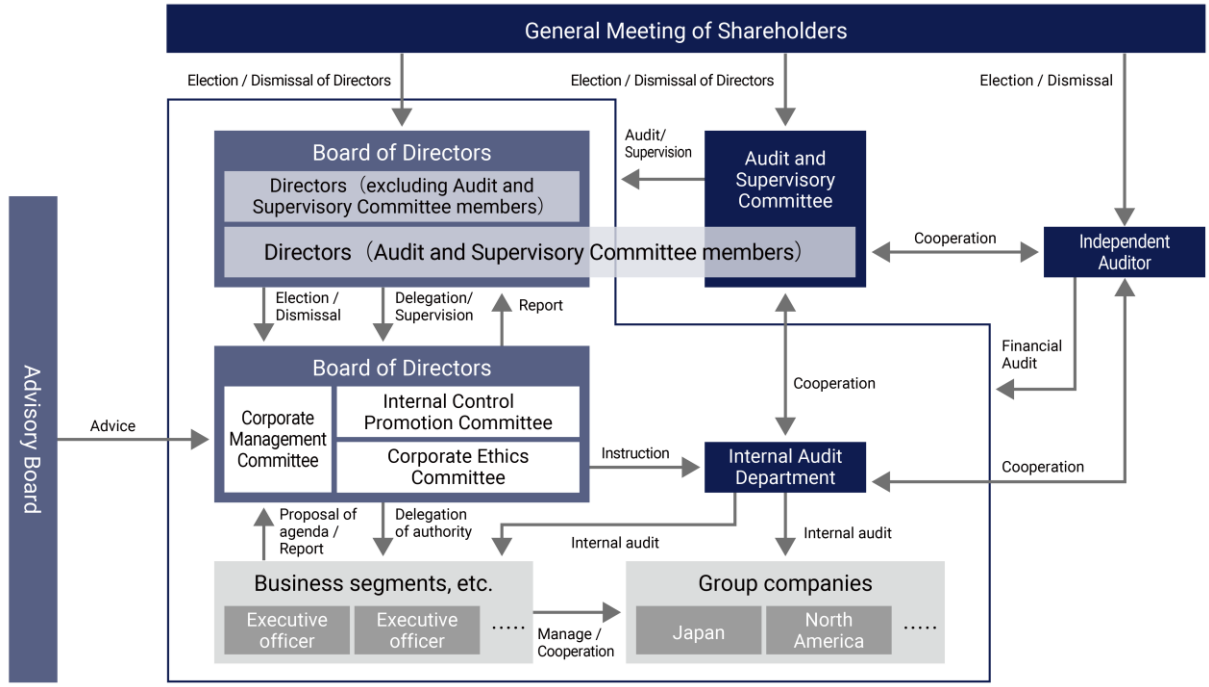
Board of Directors	• Consists of 15 directors, including five independent outside directors (two of whom are women and one of whom is a foreign national). • Meets once a month in principle and otherwise as necessary to make decisions and supervise important management matters and other matters as required by law.
Audit and Supervisory Committee	• Consists of four directors from outside the Company (including one woman). • Meets at least once a month in principle to make decisions on audit policies, plans, methods and other important audit-related matters. • Each member attends meetings of the Board of Directors and other important meetings to communicate with executive directors and outside directors and audit the status of business execution as appropriate. (A dedicated organization called the Audit and Supervisory Committee Office has been established to support these efforts.) • The Committee expresses opinions on such matters as appointment, dismissal or resignation, as well as compensation and other matters, related to directors who are not Audit and Supervisory Committee members.
Corporate Management Committee	• Consists of the President, Vice President, Regional and Area Directors, and the heads of other relevant key organizations. • Meets once a week in principle to make smooth and prompt decisions and supervise business operations. • One director who is an Audit and Supervisory Committee member participates in meetings to increase the transparency of decision-making.

Internal Control Promotion Committee	• Consists of the heads of organizations related to risk, compliance and group governance and is chaired by the executive officer in charge of corporate management (Senior Executive Vice President and Representative Director Toshi Fujiwara). • Works to establish a robust internal control system by verifying the effectiveness of internal controls and making recommendations for improvements, and reports the results to the Board of Directors (meets twice a year).
Corporate Ethics Committee	• Consists of the heads of organizations related to corporate ethics and is chaired by the executive officer in charge of corporate control (Senior Executive Vice President and Representative Director Toshi Fujiwara). • Meets once a year with the aim of fostering a corporate culture of compliance with laws, regulations, corporate ethics and the like, and reports to the Board of Directors on the status of compliance with corporate ethics and the like.

Please refer to our Corporate Governance Report for information on conflicts of interest related to directors.

https://www.nttdata.com/global/en/investors/corporate-governance

➢ **Corporate Governance System**



Group Governance

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

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

◆ Group Governance Promotion System

Governance system for integrated Group management
We are building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional head office. As part of this initiative, we established nomination and compensation committees and audit committees within the boards of directors in each regional head office.
System for sharing important information
We have a structure that facilitates the appropriate and timely sharing of information about risks and other important matters of concern, based on a comprehensive internal control system that includes overseas organizations.
Common accounting system for all domestic Group companies
In fiscal 2013, NTT DATA increased management efficiency by introducing a common accounting system for use by all domestic Group companies. As of March 31, 2021, around 70 major domestic Group companies were using this system. Having many domestic Group companies use a common accounting system enables centralized management of accounting information and more effective internal control, as well as significant reduction in maintenance and operational burdens.
Group Management Infrastructure System
To increase the efficiency of Group management, NTT DATA introduced the in-house Group Management Infrastructure System that visualizes domestic Group companies' management information (in the financial and personnel fields). Through this new system, we aim to optimize management resource allocation to reflect project characteristics, expedite business management, enhance the precision of information used for decision-making and realize Group synergies.
Reliable Group governance based on the NTT DATA Group Management Policies and the NTT DATA Group Management Rules
In the pursuit of optimal Groupwide management, we established the NTT DATA Group Management Policies to define our basic approach to Group management. We also engage in discussions with and receive reports from each Group company on important matters related to business operations and work to ensure sound operation of Group governance in accordance with the NTT DATA Group Management Policies.
Retaining executives of acquired companies
The NTT DATA Group recognizes that maintaining the employment of executives of companies it acquires is important not only for business continuity and enhanced competitiveness but also for securing an effective Group governance system. When making investments, therefore, we utilize various schemes, such as long-term incentives and earn-out arrangements, according to the scale and content of each project.
Efforts to instill the Group Vision
We are working to instill the Values we hold to be important and achieve the Group Vision we have set for 10 years from now. Since 2014, we refer to the week of May 23, the date of our founding, as "Values Week." During Values Week, we provide various opportunities for dialogue, including events for employees to talk about our Values. During Values Week 2019, more than 30,000 Group employees in about 100 cities and 30 countries took part in workshops and events and discussed the Values with passion.
Consolidating the NTT DATA Group's Core Business Operations
Consolidating the NTT DATA Group's core business operations into NTT DATA Management Services has enabled us to reduce costs and strengthen internal controls and governance, including compliance with Japan's Financial Instruments and Exchange Act (J-SOX).

Board of Directors

◆ Board Diversity

To diversify the Board of Directors, NTT DATA has appointed foreign-national directors and outside directors. At the 33rd Ordinary General Meeting of Shareholders held in June 2021, two female directors and one foreign national were approved, reflecting our emphasis on diversity with respect to nationality and gender. Our aim is to increase the number of women in senior management positions (e.g., directors, heads of organizations) to at least 15 by the end of fiscal 2025. We are also diversifying the management decision-making processes in the Corporate Management Committee and other organizations, with the addition of female heads of organizations and foreign officers.

◆ Incorporating Diverse Perspectives into Management

NTT DATA continues to strengthen functions that oversee fairness in business execution by inviting directors from outside the Company. As of July 2021, we had seven outside directors (four of whom are also Audit and Supervisory Committee members). In appointing outside officers, the Company provides selection criteria that anticipate that they will bring to management opinions from broad perspectives that draw on their respective experience. We have five outside directors registered as independent directors/auditors who meet the requirements of Tokyo Stock Exchange regulations, as well as our own in-house requirements. In 2012, moreover, we established an Advisory Board for the purpose of receiving advice from experts outside the Company. Since then, we have used the board to broaden management's multifaceted perspectives and promote growth and sound business operations.

◆ Composition of the Board of Directors

		FY2017	FY2018	FY2019	FY2020	FY2021
Total number of directors		12	11	13	15	15
	Executive directors	9	7	8	6	6
	Non-executive directors	3	4	5	9	9
Audit and Supervisory Committee members (Outside)[1]		—	—	—	4 (4)	4 (4)
Chairman of the Board of Directors		President	President	President	President	President
Number of Board meetings held		16	18	13	14	17 (scheduled)
Board meeting attendance rate (%, average)		99	98	99	100	—
Term of office for directors (years)[2]		2	2	2	1[2]	1[2]
Average length of service (years)		2.2	1.5	2 .2	1.2	2.0

1. NTT DATA transitioned to a "Company with an Audit and Supervisory Committee" according to a resolution of the Ordinary General Meeting of Shareholders on June 17, 2020.
2. Refers to the term of office of directors who are not Audit and Supervisory Committee members.

For the number of Audit and Supervisory Committee meetings held, please refer to the NTT DATA Integrated Report 2021.

https://www.nttdata.com/global/en/investors/financials?year=2021&tab=Integrated-Report

➢ **Board Diversity**

		FY2017	FY2018	FY2019	FY2020	FY2021
Total number of directors		12	11	13	15	15
	Women	0	0	1	2	2
	Foreign nationals	0	1	1	1	1
	Outside (including independent officers)	2 (2)	2 (2)	3 (3)	7 (5)	7 (5)

➢ **Board of Directors' Skill Matrix**

Please refer to the Corporate Governance Report for the areas of expertise required of directors and the status of balanced allocation of expertise.

https://www.nttdata.com/global/en/investors/corporate-governance/

Board of Directors: Effectiveness Evaluation

To evaluate the effectiveness of the Board of Directors, we conduct questionnaire-based surveys of all directors (including Audit and Supervisory Committee members). The results of the surveys, aggregated and reported by an external organization, are analyzed, discussed and evaluated. The evaluation results are then reported to the Board of Directors, where the results are verified and discussed to explore policies for further improvement.

Timing of FY2019 effectiveness evaluation	November–December 2020
Evaluation method	• Questionnaire-based survey: Questionnaires (5-grade scale questions and free-response section for each question) were sent to all directors (including Audit and Supervisory Committee members who are members of the Board of Directors). • External organization: To ensure anonymity, responses were given directly to an external organization. • Analysis, discussion and evaluation: Based on the report from the external organization, as well as interviews with outside directors, we held in-depth analyses, discussions and evaluations from January to March 2021. • Report to the Board of Directors: The Board of Directors verified the content of the report and explored policies for further improvement.
Results	[Priorities for FY2019] • Increase the emphasis on discussions about strategy and risk management. • Strengthen the monitoring of matters that significantly affect the Company's management. [Assessment of responses to priorities] With respect to increasing the emphasis on discussions about strategy and risk management, the Company received a certain level of praise by carefully providing explanations in advance of Board of Directors meetings, enabling the Board to deepen and strengthen discussions on management strategies and other important matters. We received mostly positive evaluations about the structure and operation of the Board of Directors and concluded that the effectiveness of the Board as a whole is secured.
Future priorities	• Improve operational efficiency to allocate more time for discussion. • Enhance the clarity of explanations and materials. • Increase opportunities for communication among directors. • Increase opportunities for explanations about the IT industry, technology trends and the like.

Director Remuneration

◆ Policy for Determining Director Remuneration

With respect to remuneration for directors who are not Audit and Supervisory Committee members, NTT DATA explains its policy on determining the remuneration structure and amounts to the parent company and independent outside directors, as well as to directors who are Audit and Supervisory Committee members, and receives appropriate advice. Decisions are then made by the Board of Directors within the amounts resolved at the Ordinary General Meeting of Shareholders.

Remuneration for directors (excluding outside directors) who are not members of the Audit and Supervisory Committee		• Structure for remuneration (including bonuses) For standard business performance, the ratio of fixed remuneration to short-term performance-based remuneration to long-term performance-based remuneration is roughly 5:3:2. By clarifying the link between director remuneration and the Company's corporate value and sharing the profits and risks of stock price fluctuations with shareholders, directors aim to help to improve medium- to long-term business performance and increase corporate value. With this in mind, we introduced a new performance-linked stock compensation plan at the 33rd Ordinary General Meeting of Shareholders held on June 17, 2021. • Appropriate exercise of the Audit and Supervisory Committee's right to express opinions on remuneration 1) Monthly remuneration (fixed): Paid in accordance with the role and scope of responsibility of each director's position. 2) Bonuses: Paid in consideration of various factors, including achievement levels with respect to operating income and other performance indicators in the relevant fiscal year. • At the 33rd Ordinary General Meeting of Shareholders on June 17, 2021, it was resolved that total annual remuneration for directors who are not Audit and Supervisory Committee members shall be ¥580 million or less, including the stock compensation portion (including ¥50 million or less for outside directors).
	Full-time directors	• Stock acquisition system To reflect medium- to long-term business performance in directors' remuneration, full-time directors are required to spend a certain portion of their monthly remuneration and bonuses on purchasing the Company's shares through the officers' shareholding association and to retain all the shares purchased during their term of office. • Performance-linked stock compensation plan For stock compensation, points are granted through a trust designated by NTT DATA in June every year in accordance with the position of each director. Moreover, a performance-linked coefficient is decided based on the achievement levels of the performance indicators in June in the year after the final year of the medium-term management plan. Then, the number of stocks granted is calculated by multiplying the performance-linked coefficient by accumulated points. The stocks shall be granted at the time of retirement of the director. This arrangement includes a clawback provision[1].
Remuneration for outside directors who are not Audit and Supervisory Committee members		• Remuneration for such directors is determined through discussions with directors who are Audit and Supervisory Committee members. (To ensure a high degree of independence, such directors receive only fixed monthly remuneration.) • At the 32nd Ordinary General Meeting of Shareholders on June 17, 2020, it was resolved that NTT DATA shall transition to a "Company with an Audit and Supervisory Committee and that total annual remuneration for Audit and Supervisory Committee members shall be ¥150 million or less.

1. In the event of serious misconduct or violation by a director, or in the event that a director enters into an employment contract or a power of attorney contract with another company in the same industry without the Company's permission, a clawback provision has been established that allows for the forfeiture or confiscation of the right to receive the Company's shares and for a demand to return money equivalent to the value of the shares granted.

➢ Overview of Performance-Linked Stock Compensation

① Eligible persons	Directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors and part-time directors who are not members of the Audit and Supervisory Committee)
② Time period	Period covered by the Company's medium-term management plan (initial time period was the fiscal year ending March 31, 2022)
③ Maximum amount of money to be contributed by the Company as funds for acquiring shares necessary to be delivered to the eligible persons (①) in each fiscal year of the time period (②).	¥90 million
④ Company stock acquisition method	Disposal of treasury stock or acquisition from stock market (including off-floor trading)

⑤ Maximum number of points to be granted to eligible persons (①) and criteria for granting points	Up to 105,000 points (total) per fiscal year, granted according to the position of each director
⑥ Maximum number of shares to be granted	The number of shares to be granted is equivalent to the number of points accumulated. This is obtained by multiplying the number of standard points granted and accumulated during the time period by the performance coefficient (determined in the range of 0 to 150% according to the achievement levels of the performance indicators in the medium-term management plan). The upper limit is 105,000 points (equivalent to 105,000 shares) multiplied by the number of years in the time period.
⑦ Time of granting of shares to eligible persons (①)	Upon retirement of the director, in principle

➢ **Performance Indicators for Bonuses**

Financial targets set out in the medium-term management plan are set as performance indicators and evaluated based on the year-on-year improvement and the achievement level of the plan. Bonuses are calculated by converting each performance indicator into a payment rate using a predetermined method, weighting each indicator based on the evaluation weights in the table below, and then multiplying this by a certain amount of monthly remuneration according to the position of the director.

Classification	Performance Indicators			
	Operating income	ROIC	Overseas sales	Overseas operating margin
Year-on-year improvement	35.0%	—	—	—
Degree of achievement of the medium-term plan	35.0%	7.5%	10.0%	10.0%

Note: In addition to the above, the Company evaluates the degree of achievement of the planned number of B2B2X projects.

➢ **Total Remuneration for Directors and Audit and Supervisory Committee Members (Fiscal 2020)**

Executive Classification	Number of Persons	Total Remuneration (¥ millions)	Total Remuneration by Type	
			Fixed (paid monthly) (¥ millions)	Performance-linked (bonus) (¥ millions)
Directors who are not Audit and Supervisory Committee members	15	355	286	69
Directors who are also Audit and Supervisory Committee members	4	85	85	—
Audit and Supervisory Committee members	4	25	25	—
Total	23	466	397	69

Notes:
1. Remuneration amounts for each officer are not stated because no officer received more than ¥100 million.
2. The above includes five directors who retired at the conclusion of the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020.
3. The above includes one director who died on April 24, 2020.
4. By resolution at the 18th Ordinary General Meeting of Shareholders held on June 22, 2006, total annual remuneration for Audit and Supervisory Committee members shall be ¥150 million or less.
5. By resolution of the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, total annual remuneration for directors who are not Audit and Supervisory Committee members (11 persons) shall be ¥580 million or less, of which outside directors (7 persons) shall receive a total of ¥50 million or less.
6. By resolution of the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, total annual remuneration for directors who are also Audit and Supervisory Committee members (4 persons) shall be ¥150 million or less.

➢ **Director–Employee Remuneration Ratio (Fiscal 2020)**

The ratio of remuneration of directors to employees was 2.8:1.

Appointment and Dismissal of Directors and Senior Management

◆ Policies and Procedures for Appointment and Dismissal of Directors and Senior Management

The size of the Board of Directors is commensurate with the nature of the Company's business and takes into account a balance of expertise and internationality and other aspects of diversity (including factors such as gender, race, ethnicity and cultural background).

Number of members and term	15 members; one-year term (according to the Articles of Incorporation)
honnyaSelection policy	• To improve the corporate value of the entire NTT DATA Group, candidates for director who are not Audit and Supervisory Committee members shall be appointed from personnel who have broad perspectives and experience that can contribute to Groupwide development, excel in management ability and leadership, and have a good sense of business management and passion.
Selection procedures	• The backgrounds of candidates are explained to the parent company, independent outside directors and directors who are members of the Audit and Supervisory Committee, who then provide appropriate advice to the Board of Directors. The Board then adopts a resolution that is submitted to the Ordinary General Meeting of Shareholders. • As appropriate, the Audit and Supervisory Committee has the right to state its opinions about the nomination of candidates for director who are not members of the Audit and Supervisory Committee.
Procedures for dismissing senior management	• If a management executive is found not to be performing his/her role properly, the reasons for dismissal are explained to the parent company, independent outside directors and directors who are Audit and Supervisory Committee members, who then provide appropriate advice to the Board of Directors. The Board then adopts a resolution that is submitted to the Ordinary General Meeting of Shareholders. • As appropriate, the Audit and Supervisory Committee has the right to state its opinions about nominations.
Number of concurrent positions	• Directors allocate the time and labor required to appropriately perform their roles and duties, and therefore the number of their concurrent posts shall be within a reasonable range. (The status of directors who concurrently serve as officers of different listed companies are disclosed in business reports and in reference documents for the Ordinary General Meeting of Shareholders.)

Please refer to the NTT DATA Integrated Report 2021 for the criteria for determining the independence of outside officers and the status of concurrent posts.

https://www.nttdata.com/global/en/investors/financials?year=2021&tab=Integrated-Report

◆ Appointment of Audit and Supervisory Committee Members

Recognizing its liability to the shareholders, the Audit and Supervisory Committee audits the execution of duties by directors as an independent organization and performs its duties so as not to damage the Company or the interests of the shareholders. It also frequently exchanges information through discussions with representative directors and outside directors.

Number of members	Up to four members, including those with specialized knowledge (according to the Articles of Incorporation)
Selection policy	• Candidates for director who are Audit and Supervisory Committee members shall be appointed from personnel who can be expected to perform audits and supervision based on professional experience and insight. • To ensure fairness in auditing and supervising the execution of duties of directors who are Audit and Supervisory Committee members, the majority of such directors who are Audit and Supervisory Committee members shall be appointed from outside directors in accordance with the Companies Act.
Selection procedures	• Proposals for the appointment of directors who are Audit and Supervisory Committee members shall be resolved by the Board of Directors after deliberation and approval of the Audit and Supervisory Committee (the majority of whom are outside directors who are Audit and Supervisory Committee members) and then submitted to the Ordinary General Meeting of Shareholders.
Number of concurrent positions	• Directors who are Audit and Supervisory Committee members allocate the time and labor required to appropriately perform their roles and duties, and therefore the number of their concurrent posts shall be within a reasonable range. (The status of officers who concurrently serve as directors who are Audit and Supervisory Committee members of different listed companies are disclosed in business reports and in reference documents for the Ordinary General Meeting of Shareholders.)

Please refer to the NTT DATA Integrated Report 2021 for the status and term of office of Audit and Supervisory Committee members.

https://www.nttdata.com/global/en/investors/financials?year=2021&tab=Integrated-Report

Shareholding Status of Management

To reflect medium- to long-term business performance, full-time directors are required to spend a certain portion of their monthly remuneration and bonuses for purchasing the Company's shares through the Executive Shareholding Association and retain all the shares purchased during their term of office. For performance-linked stock compensation, points are granted through a trust designated by NTT DATA in June every year in accordance with the position of each director. Moreover, a performance-linked coefficient is decided based on the achievement levels of the performance indicators in June in the year after the final year of the medium-term management plan. Then, the number of stocks granted is calculated by multiplying the performance-linked coefficient by accumulated points. The stocks shall be granted at the time of retirement of the director.

Corporate Group's Organizational Policy Centered on the Parent Company

The NTT Group, with NTT DATA's parent company (Nippon Telegraph and Telephone Corporation) at its center, engages mainly in the businesses of regional communications, long-distance/international communications, mobile communications and data communications. The parent company formulates management strategies for the NTT Group as a whole. Based on those strategies, the parent company takes responsibility for its own management and operates its businesses independently.

Among the aforementioned businesses of the parent company, NTT DATA engages in the data communications business focusing on five areas—public & social infrastructure, financial, enterprise & solutions, North America and EMEAL—and advances its business in collaboration with other NTT Group companies.

Currently, the parent company owns 54.19% of NTT DATA's voting rights, which makes the parent company the majority shareholder of NTT DATA.

One employee of Nippon Telegraph and Telephone Corporation has been appointed as a director of NTT DATA to incorporate a wide range of management perspectives. Because we currently have five independent outside directors making up at least one-third of our 15-member Board of Directors, however, we believe this does not hinder our management decisions.

NTT DATA consults with and/or reports to the parent company on significant issues related to its business operations. In our day-to-day business operations, however, we maintain close mutual ties while fully respecting each other's independence and self-reliance as we target sustained growth and development and improved business performance.

Even after a restructuring of the NTT Group in November 2018, there has been no material impact on our corporate governance because we maintained our current management structure and public listing.

Our basic policy is to ensure the appropriateness of business operations throughout the NTT DATA Group by establishing rules for consultation and reporting with Group companies on important matters related to business operations. With this in mind, we established an in-house department responsible for cooperation with Group companies.

◆ Policy on Governance of Listed Subsidiaries

In Japan, NTT DATA has three publicly listed subsidiaries: NTT DATA INTRAMART CORPORATION, X-NET Corporation and Netyear Group Corporation. We maintain close mutual ties with these subsidiaries while fully respecting each other's independence and autonomy as we target sustained growth and development and improved business performance. The significance of owning listed subsidiaries is to earn public trust and attract talented human resources.

Being publicly listed, NTT DATA INTRAMART CORPORATION can cooperate with and form capital alliances with companies that could compete with its parent company. This has made it possible for NTT DATA INTRAMART CORPORATION to flexibly develop its business in the web system infrastructure business and package software development and sales business.

Being publicly listed, X-NET Corporation can maintain independence from the parent company and engage in management that respects individuality, enabling flexible business development in various securities-related services.

Being publicly listed, Netyear Group Corporation can enhance its brand strength and use digital technology to engage in flexible business development for marketing support businesses.

◆ Guidelines for Protecting Minority Shareholders When Doing Business with Controlling Shareholders

Regarding our relationship with the parent company, our basic policy is to collaborate while fully respecting each other's independence and autonomy and to conduct transactions with the parent company in an appropriate manner in accordance with laws and regulations.

Any decision to enter into an important contract with the parent company shall be made after a legal review by our Legal Department. Also, particularly important contracts must be approved by the Board of Directors to ensure decision-making independence from the parent company. Our Board of Directors has 15 members, including five independent non-executive directors, while independent non-executive directors account for at least one-third of the total Board members.

Please refer to the NTT DATA Integrated Report 2021 for the status of major shareholders.

https://www.nttdata.com/global/en/investors/financials?year=2021&tab=Integrated-Report

◆ Takeover Defense Measures

Such measures have not been introduced.

Internal Control

Basic Policy and Promotion System

The NTT DATA Group works to build and enhance its internal control system under a basic policy of always considering risks arising from business activities and taking various measures to ensure efficient implementation of fair and transparent business activities. Twice a year, we convene meetings of the Internal Control Promotion Committee, which is tasked with assessing the effectiveness of internal control systems and managing and furthering overall internal control. We also hold meetings of the Steering Committee three times a year to evaluate the effectiveness of our internal control system related to financial reporting. Considering our expanding global business, we will continue striving to strengthen the Group's overall internal control capabilities.

Results of Activities

◆ Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a standpoint that is independent from operational divisions. In fiscal 2020, the department audited in-house organizations and 34 Group companies, primarily focusing on the themes of business process compliance, extended working hours, appropriateness of outsourcing contracts and information security. The department also monitored the internal auditing activities of 10 Group companies. In addition, as part of Groupwide efforts to enhance internal auditing, 102 domestic and overseas Group companies conducted voluntary inspections based on unified audit items.

In addition, we are conducting symptom audits to analyze data extracted from various in-house information systems using computer-assisted audit technique (CAAT) tools. We are expanding the scope of application to Group companies while upgrading our fraudulent scenario detection capabilities. In addition to NTT DATA, the program was applied to 45 domestic and overseas Group companies in fiscal 2020.

We are committed to ensuring the reliability of our internal control system for financial reporting. To assess the effectiveness of internal controls, we verify our management philosophy and systems, the development status of various rules and regulations, and the operational status of business processes.

NTT DATA will continue collaborating with the internal audit departments and Audit and Supervisory Committee members of domestic and overseas Group companies, with the aim of establishing a global internal audit system while increasing the quality and quantity of internal audits.

◆ Education and Training Related to Internal Control Systems

NTT DATA provides an annual e-learning course on internal control to instill its policies and views on internal controls in employees, including those of Group companies.

Risk Management

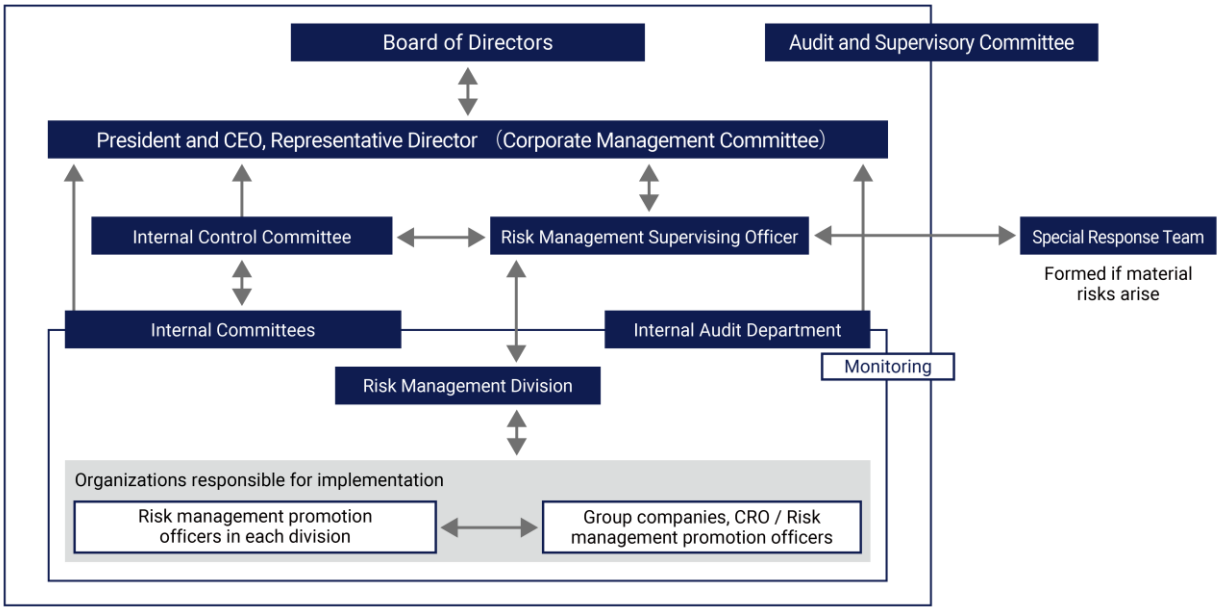
Basic Policy and Promotion System

The NTT DATA Group seeks to ascertain all risks associated with its business activities to minimize the frequency of occurrence of these risks and their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed a chief risk officer (CRO) in charge of supervising and promoting risk management from a Groupwide perspective. In addition, we assigned risk management promotion officers to the Risk Management Division and other divisions and Group companies to assist with responding proactively and independently to various risks.

NTT DATA defines material risks and reviews progress toward addressing such risks and achieving related targets, and the results of those reviews are reflected in various measures.

The Internal Control Committee convenes twice every year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Board of Directors.

➢ **Risk Management Structure**



Risk Governance

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

CRO and Risk Management Promotion Officers	• Avoidance of business risks and dealing with major risks should they materialize.
Risk management category	• Global-control risks with the potential to impact the entire Group are identified by the Internal Control Promotion Committee in consideration of changes in social trends and input from outside specialists. • Base-control risks are identified and managed by regional head offices.
Risk management methods	• Identify and formulate countermeasures for business-related risks at the head office, regional head offices and other individual companies. • The risk status of the entire Group is analyzed, evaluated and monitored by the Risk Management Division and others. • “Global-control risks” are subject to comprehensive risk management measures. • “Base-control risks” are subject to a cycle of evaluation and improvement based on the status of implementation of countermeasures and the materialization of risks.

Risk Management Training

The NTT DATA Group conducts ongoing training regarding the legal and other roles of newly appointed directors (including those who are also Audit and Supervisory Committee members) and Audit and Supervisory Committee members at NTT DATA and Group companies to ensure rigorous risk management throughout the Group.

In fiscal 2020, we provided training to newly appointed NTT DATA directors at the time of their appointment concerning their duties and responsibilities regarding corporate governance and under the Companies Act. In August 2019, we conducted training for executives of Group companies in Japan. We will promote increased risk management awareness and enhanced response capabilities by implementing various types of training on an ongoing basis.

Dealing with Diverse Risks

◆ Material Risks

1. System development risk

The Group's mainstay business is system integration. In this business, we are responsible for completing each system, from the time we receive the order to the time we deliver it to the clients, under a contractual agreement.	
Potential impact	Several factors could lead to an unexpected increase in costs. These include deviation from the original estimate stemming from ambiguity in the contract and technical or project management problems that were not initially anticipated during the development stage. If a project is unprofitable, we might have to pay compensation for damages caused by unexpected costs or delays in delivery, which could significantly affect the Group's business performance and financial position. For this reason, we deem system development risk to be a material risk.
Countermeasures	For large-scale projects that are new to us in terms of clients, business and/or technology, we have protocols to help us fulfill our responsibility for project completion. For example, we have a third-party organization that confirms the feasibility of the proposal and clarifies contractual details during the proposal preparation stage. The organization also handles early responses to risks, examines the appropriateness of plans and cost estimates at the time of order and inspects systems before delivery. Moreover, projects of a certain size or larger that are new to us in terms of clients, business and/or technology are identified as "high-risk projects" (including those of Group companies). For such projects, we regularly monitor and manage progress and issues and take risk mitigation measures to minimize the potential for the projects to become unprofitable.

2. Risk related to investments and M&As

The Group invests in domestic and overseas companies and organizations with the aims of acquiring new technologies, solutions and development resources and building strategic partnerships. In addition, we view M&As as an important tool for achieving our "Global 3rd Stage" goals and use this tool as a driver of global growth. When engaging in an M&A, we place top priority on ensuring that the other party has common values and affinity with the NTT DATA Group. We also confirm the feasibility of synergies with the Group, mainly from the perspectives of geography (focus areas) and offerings (service delivery capabilities).	
Potential impact	Especially with overseas M&As, several factors might make it difficult for the Group to adequately control the other party's operations or smoothly handle its business. These include legal restrictions, taxation systems, differences in business practices, labor-management relations and political and economic trends in each country. Also, the Group might be unable to properly deploy synergies with the other party, causing sales and profits to be significantly lower than expected and preventing the Group from generating its desired return on investment. These scenarios could lead to goodwill write-downs and the like, which could significantly affect the Group's business performance and financial position. For this reason, we deem risk related to investments and M&As to be a material risk.
Countermeasures	When making M&A decisions, we use return on investment (ROI) and other indicators, as well as third-party assessments, to evaluate the financial soundness of the other party. We regard the risk of being unable to adequately control the other party's operations or smoothly handle its business to be a material risk. For this reason, we require due diligence focusing on business matters to be performed by internal business departments, financial advisers, accountants, lawyers and other outside experts, as well as due diligence focusing on compliance based on the country risk of the investee, to help make investment decisions. We then verify each of the risks uncovered in this process and make decisions on countermeasures to minimize our overall risk exposure. Also, there is a risk that the Group might be unable to properly deploy synergies with the other party, causing sales and profits to be significantly lower than expected and preventing the Group from generating its desired return on investment. To address such risk, we utilize various mechanisms, such as long-term incentives and earn-outs according to the scale and content of the investment. We place great importance on the continued growth of the acquired company through the creation of synergies with the NTT DATA Group. In addition, we require a post-M&A integration process (PMI) plan to be made at the time of decision-making. By implementing the integration process from an early stage, we aim to maximize the benefits of M&A and minimize the relevant risks. Through the above measures, we strive to prevent risks from materializing by carefully examining the risks and establishing an appropriate governance structure to ensure that they do not have a significant impact on the Group's business performance and financial position.

3. Information security risk

As part of its business operations, the Group handles personal information and confidential information, which could be vulnerable to information security incidents stemming from cyberattacks and the like. Most recently, there has been a surge in targeted e-mail and phishing attacks related to COVID-19, as well as cyberattacks that target vulnerabilities in the rapidly growing number of teleworking arrangements and online meetings. There has also been a surge in highly targeted cyberattacks of contractor companies, with the aim of attacking companies, government agencies and other organizations. As a company with clients who provide critical social infrastructure, we regard the risk of cyberattacks as a material risk and recognize that they could materialize at any time.	
Potential impact	Materialization of such risk might damage the Group's social credibility and brand image and incur compensation claims for losses incurred, as well as legal penalties and the like, which could significantly affect the Group's business results and financial position.
Countermeasures	To minimize this risk, we have established information security policies and personal information protection policies, which are subject to ongoing reviews and improvements according to advances in information technology and changes in social conditions. We also established the NTT DATA Group Security Policy and are working to ensure the safe distribution of information throughout the Group. Guided by our Information Security Committee, moreover, we monitor external threat trends, our Groupwide activity status and various relevant issues and decide on necessary measures to take. In addition, we have introduced solutions to detect and prevent cyberattacks and separated our network environment from those of our clients. We also conduct 24-hour monitoring operations and established our own computer security incident response team (CSIRT), called NTTDATA-CERT.

4. Compliance risk

The Group is developing its corporate activities on a global scale, and the expansion of its overseas operations has made it necessary to comply with both domestic and overseas laws and regulations. Some of the laws and regulations apply not only to corporate activities within a specific country but also to activities outside that country's borders. These include the GDPR[1] in the European Union and the FCPA[2] in the United States. The Group is required to comply with these laws and regulations.	
Potential impact	Violations of these laws and regulations could incur significant fines and costs related to dealing with the authorities. Other regulations also apply to the Group's operations, including accounting standards, tax laws and transaction-related laws. In the event of a violation of laws and regulations, such as improper accounting practices or fraud or embezzlement in the supply chain, the Group might be required to pay a surcharge, as well as damages caused by such fraud. In addition to expense outlays and other economic losses, such violations might also cause major damage to the Group's social credibility and brand image, which could significantly affect its business performance and financial position. For this reason, we deem compliance risk to be a material risk. With approximately 140,000 employees and business operations in 55 countries and regions (as of March 31, 2021), we cannot completely deny the possibility of this risk materializing.
Countermeasures	To prevent the risk of legal and regulatory violations from materializing, we formulated our Global Compliance Policy, which sets basic criteria for sound business activities grounded on corporate ethics. Under the policy, we are building an internal control system to ensure legal compliance and appropriate financial reporting. In Japan, meanwhile, we established the Bribery and Corruption Prevention Regulations, which prohibit providing entertainment and gifts to public officials and providing inappropriate entertainment and gifts in general and call for disciplinary action in the event of violation. In addition, we have set up an organization tasked with promoting global compliance. That organization conducts education and training activities for officers and employees and works hard to improve our internal control system in collaboration with related entities. Through these activities, we are working as a united Group to further improve corporate ethics and strengthen legal compliance.

1. GDPR: General Data Protection Regulation. This applies when handling personal information in the European Union.
2. FCPA: Foreign Corrupt Practices Act. This a U.S. law aimed at preventing bribery.

5. System operation risk

Some of the systems and services we provide function as key social infrastructure. If a failure occurs during operation and a system or service is stopped, there could be a major impact on our clients' business and the lives of general users.	
Potential impact	Certain events, such as loss of our clients' data, could have an even greater impact. In some cases, the Group might be required to pay compensation for damages, which could have a significant effect on its business results and financial position. For this reason, we deem system operation risk to be a material risk. In addition, delays in the deployment of systems and services could lead to a decline in the Group's social credibility and brand image. While such a risk is unlikely to materialize, we cannot completely discount it. In particular, failures caused by defects in commercially available products can take a long time to address.
Countermeasures	To ensure stable system operation and uninterrupted provision of services, the Group engages in various activities aimed at preventing system failures and minimizing the impact of failures that occur. For example, we actively collect and disseminate information on known product malfunctions and countermeasure information on commercially available products, and we analyze the causes of past malfunctions. We also share the results of cause analyses of past failures and recurrence prevention measures with relevant in-house parties and conduct regular inspections using checklists. In addition, we are building a contact system for failure responses, and we provide training to address system failures.

6. Risk related to large-scale disasters and serious infectious diseases

As some of the systems and services provided by the Group function as social infrastructure, we have established a system for business continuity and conduct disaster drills in accordance with government guidelines, while also monitoring the safety status of employees and others.	
Potential impact	In the event of a major earthquake, a climate change catastrophe or other large-scale natural disaster, many of our systems and employees might be damaged, making it difficult for us to provide services, which could have a significant impact on our clients' operations and the lives of general users. Such an outcome might damage the Group's social credibility and brand image and incur significant restoration and other costs, which could significantly affect the Group's business results and financial position. Therefore, we recognize natural disasters as a potential risk, although it is difficult to predict when they will occur. In addition, an outbreak of a large-scale infectious disease, such as COVID-19, might lead to infections among employees and/or prevent them from going to work, making it difficult to continue providing our systems and services. Due to the spread of COVID-19, moreover, domestic and overseas economies still face severe challenges, which could pose significant risks to our business. For example, declines in consumption in the manufacturing, airline, travel and other sectors, as well as increasing credit costs charged by financial institutions, could cause business conditions at client companies to deteriorate and force them to suppress or postpone their IT investments. Also, existing projects might shrink in scale, and changes in business conditions caused by political instability could force us to limit any new sales activities, resulting in declines in digital transformation projects and our consulting business. In addition, a global economic slowdown might prompt customers to request extensions in payment deadlines, and the Group's cash flow could deteriorate as a result. Although it is difficult to accurately predict how these risks might evolve, we recognize that they could affect the Group's business results and financial position
Countermeasures	With respect to our responses in the event of a disaster, our primary aims are to protect the safety of employees and ensure business continuity. In the event of a disaster of a certain magnitude, we will activate a business continuity plan and respond flexibly under a system in which our President and CEO holds ultimate responsibility. As a countermeasure against COVID-19 and other infectious diseases, we endeavor to strike a good balance between ensuring the safety of employees and partners and the execution of business. To this end, we promote workstyle innovation using the best mix of online and in-person work, including by enhancing online environments and allowing employees to perform business tasks online where practicable. Regarding the impact of COVID-19 on our business, we will endeavor to obtain a better understanding of our customers' circumstances. In particular, we will strive to monitor in detail the cash flow situations of each company and work to ensure that we can make funds available as soon as risks materialize. On the other hand, it is also possible that new customer needs with respect to workstyle innovation related IT investments and digitalization could emerge and become more apparent than ever. In response, we fully deploy our expertise and industry knowledge in digital and other advanced technologies that we have acquired through existing initiatives to foster the digitalization of our customers and society as a whole and thus expand our business.

Ensure Information Security and Protect Data Privacy

Basic Policy and Promotion System

The NTT DATA Group recognizes the importance of achieving an appropriate balance between ensuring the safety of information and the active utilization and sharing of information. We implement a wide range of measures that cover both the human and technological aspects of information security. Human measures include formulating rules and providing education and training in information security, while technological measures involve solutions that prevent information leaks and the adoption of thin-client computing.

To share knowledge and expertise across the entire Group, we work with domestic Group companies to host information security forums, and with overseas regional head offices to host the Global CISO Conference and other events. Through this distribution of knowledge within the Group, we are working to establish unified information security governance.

◆ Policy

The NTT DATA Group has established the NTT DATA Group Security Policy (GSP). The GSP includes a code of conduct to protect information assets from serious security breaches, such as information leakage and unauthorized access, and a code of conduct for the active utilization and sharing of information. To protect personal information, the GSP includes policies and guidelines for each Group company and requires personal information to be handled appropriately according to such policies and guidelines, so that personal information is protected effectively throughout the Group. These codes of conduct, which also apply to business partners to whom we outsource operations, help us ensure that our information assets are handled appropriately.

For domestic Group companies, we established the NTT DATA Group Japan Regional Personal Information Protection Regulations (JPP) and the NTT DATA Group Japan Regional Personal Information Management Guidelines (JPG) to comply with the revised Act on the Protection of Personal Information. In these ways, we have established items to be observed and the procedures to be implemented to handle personal information appropriately.

◆ Promotion System

Global Governance

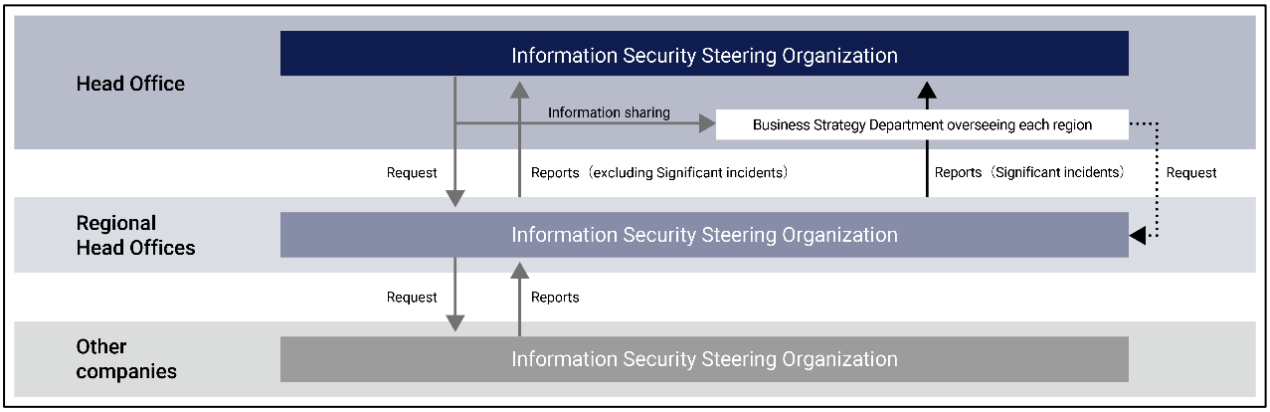
Since fiscal 2006, the NTT DATA Group has been working diligently to secure information security based on the NTT DATA Group Security Policy (GSP), which also applies to the Group's overseas operations. Since fiscal 2012, we have been building a global framework for promoting information security, centered on the five regional head offices in North America, EMEAL, APAC, China, Business Solutions. We manage information security according to unified baselines, as well as in a flexible manner that meets the specific needs of each region.

Global Security through Collaboration

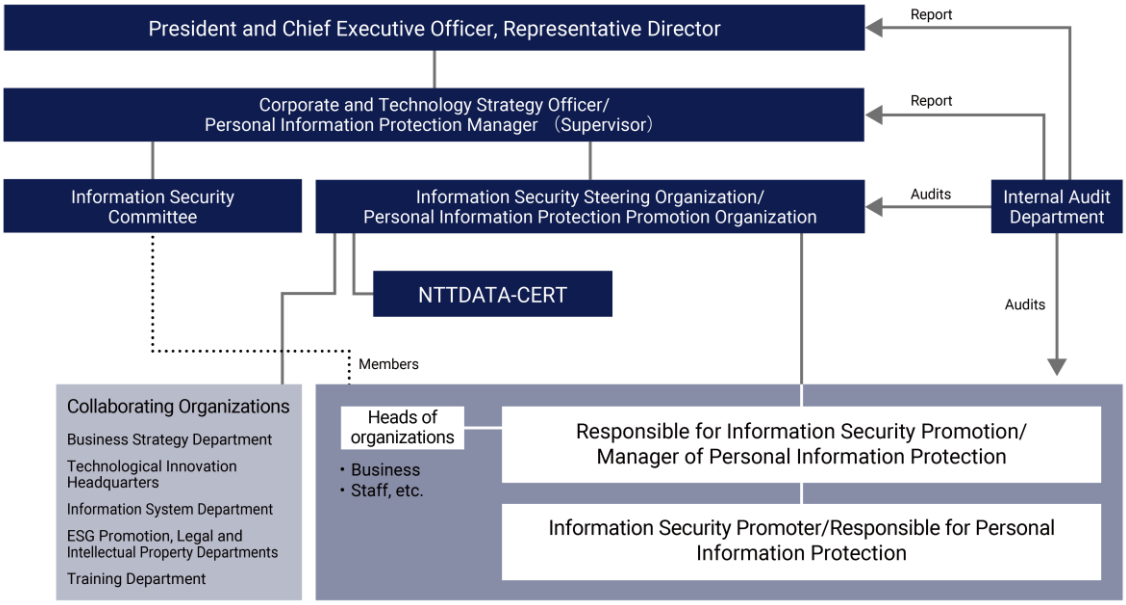
To ensure meticulous information security governance on a global scale, we manage information security through information security steering organizations at three levels: Head Office, regional head offices and individual Group companies.

The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor the progress of measures under way and take preventive measures against incidents. They also serve as task forces in times of emergency.

➢ **Information Security Governance Structure (NTT DATA Group)**



➢ **Information Security Governance Structure (NTT DATA)**



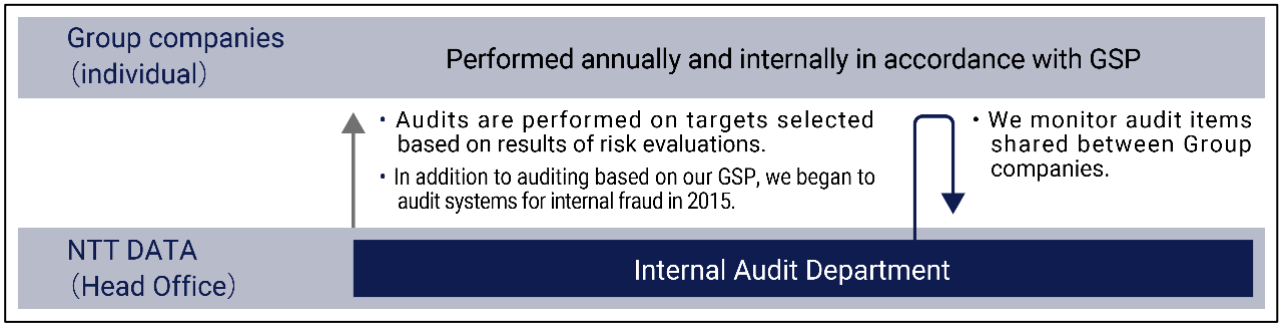
➢ **Information Security Governance: Main Systems and Initiatives**

Director in charge of technology management and personal information protection managers (responsible persons)	We have built an information security management system with the appointment of a director* to promote information security management from a Companywide perspective. *The director in charge of technology management oversees the division of responsibilities covering security (CISO), technology development and research (CTO), purchasing, quality assurance, information management and intellectual property (CKO), security (CISO) and internal systems.
Information security management organization	[Meeting body] [Evaluation/orientation] ・Information Security Committee This is chaired by the director in charge of technology management and consists of top managers from each business division. Its role is to understand and evaluate Companywide activities and issues and determine Group information security strategies. [Organization] [Promotion/monitoring] ・Information Security Steering Organization (Head Office) In addition to sharing information with the regional head offices, this organization regularly monitors the control status of each regional head office and provides support for maintaining and improving control levels. ・Information Security Steering Organization (regional head offices) This organization builds and operates a governance system that takes into consideration the characteristics and circumstances of each region, based on a security policy and countermeasure promotion plan developed at the Head Office. ・Information Security Steering Organization (individual companies) This organization's role is to establish a governance system and promote information security measures based on policies and security strategies requested by regional head offices, as well as the decisions made by the information security committee of each company.
Information sharing between Group companies	・Global CISO Conference This forum is sponsored by NTT DATA with participation by the CISOs of each regional head office and other key persons. Its role is to strengthen information sharing and cooperation between regional offices and the Head Office. ・Information Security Promoter Forum This forum is sponsored by NTT DATA with participation by the CISOs and information security promotion managers of individual domestic Group companies. Its role is to share Group information security strategies and policies.

➢ **Audit and Monitoring System**

Audit and monitoring system	・We established an audit and monitoring system covering domestic and overseas Group companies based on meticulous information security under the NTT DATA Group Security Policy (GSP) (since fiscal 2006). ・We promote security audits from the three perspectives listed below. We intend to focus more on addressing fraudulent activities while thoroughly implementing basic operations. 1. Rigorous basic tasks: Check the safety management status of the organization based on the GSP and the safety management status of systems that handle personal information. 2. Response to external fraud: Check the systematic countermeasures of Group companies to deal with increasingly sophisticated and advanced cyberattacks. 3. Response to internal fraud: Work to prevent internal fraud and check the status of system countermeasures.

➢ **Internal Auditing System**



◆ Security Incident Prevention, Detection and Responses

The NTT DATA Group operates NTTDATA-CERT as an organizational CSIRT to prevent the occurrence of information security incidents[1] through its day-to-day activities. NTTDATA-CERT works to detect incidents early and provide quick and appropriate emergency responses.

1. Actualization of security threats related to information management and system operation, such as computer malware infection, unauthorized access and information leakage.

Preparing for New Security Risks

We gather, analyze and communicate a wide range of security-related information including the newest attack methods and incident occurrences, while engaging in communication monitoring, emergency responses, research and development, and collaboration with external organizations.

Wide-Ranging Internal and External Collaborations

In addition to internal activities, the NTT DATA Group is a member of FIRST[2], a global CSIRT community. We also collaborate broadly with external security organizations, including the JPCERT Coordination Center (JPCERT/CC) and CSIRT teams from all member companies of the Nippon CSIRT Association (NCA). With these efforts, we quickly share security-related information and enable early detection and responses to security concerns.

2. Forum of Incident Response and Security Teams: A global community of 592 CSIRT teams (as of July 29, 2021) from government agencies, educational institutions, corporations and the like.

CSIRT Management Utilizing OSINT

We adopt an open-source intelligence (OSINT) approach when operating NTTDATA-CERT, which involves actively utilizing information obtained lawfully through such sources as official government announcements, mass media reports, academic articles and technical materials. Information collected daily is analyzed by NTTDATA-CERT's experts, who then predict future security trends and report their findings to all NTT DATA Group companies through news briefings and quarterly reports. The information is also used for strengthening the monitoring of cyberattacks. In these ways, the NTT DATA Group makes full use of the information for our security strategies and measures.

Incident Response Workshops

We hold workshops for domestic Group companies so that, in the event of an information security incident, we can respond systematically and promptly to minimize the impact and ensure that the incident is terminated. Referring to the NTT DATA Group Information Security Incident Response Standard for Japan, workshop participants learn how to respond appropriately to cyberattacks by learning the actions they should take from an incident's occurrence to its termination. They also learn from exercises using past incidents that occurred within the NTT DATA Group.

Information Security Strategies

For the NTT DATA Group to remain a business transformation partner for its clients, it must practice and maintain an appropriate balance between ensuring the safety of information and actively utilizing and sharing information, both of which are objectives of the NTT DATA Group Security Policy. Accordingly, we are stepping up our security governance efforts to better understand and methodically respond to the security risks that the NTT DATA Group faces globally.

In fiscal 2020, we worked to strengthen and ensure the stable operation of our global security infrastructure and reliably escalate our responses to serious incidents. We also strengthened our global security infrastructure.

◆ Improving Global Governance Maturity

The NTT DATA Group has established a protocol process for aggregating the security risks faced by each regional head office and determining security measures that should be prioritized by all global Group companies. In addition, we regularly hold a Global CISO Conference attended by all key persons, including the CISOs of each regional head office, to strengthen information sharing and collaboration between Group companies and the Head Office.

◆ Global Security Infrastructure

To prepare for cyberattacks, which are increasingly sophisticated, we have built and now operate a security platform common to all NTT DATA Group companies. Using this security platform to centrally manage Internet connection points helps us maintain a high level of security across the entire NTT DATA Group. Moreover, we can block connection points between the NTT DATA Group's domestic and overseas bases, allowing us to prevent any damage from spreading to other areas in the event of an

intrusion in the network. We also have an advanced log analysis solution that enables us to detect even advanced persistent threats (APTs).

In fiscal 2020, we also strengthened our e-mail security and cloud security (using zero trust security) as the second phase of our global security infrastructure development.

◆ Early Escalation to Address Serious Incidents

To ensure early detection and report responses in the event of a serious incident, we systematically established incident response organizations in the NTT DATA Group's domestic and overseas bases. This guarantees our ability to respond immediately to problems on site and deal with high-level incidents. In addition, we have rules within the Group that clearly define the various roles, responsibilities and reporting standards. In the event of a serious incident, this system ensures prompt reporting from NTT DATA Group domestic and overseas companies to the Head Office via regional head offices.

Note: In fiscal 2020, NTT DATA Corporation received no specific complaints regarding breaches of client privacy or loss of client data.

Results of Activities

◆ Ensuring the Security of Commercial Systems

Recently, there have been multiple incidents of illegal access to information through breaches (vulnerabilities) of information systems, resulting in personal and confidential information leaks, blackmail by ransomware and other harmful outcomes. In addition to "known attacks" against which countermeasures are available, more and more attacks exploit vulnerabilities that even software developers and system development vendors are not aware of. To address such "unknown attacks," we must adopt security measures across our systems without leaving any vulnerabilities.

We share the latest trends in security technology and vulnerability information across the Group in a timely manner. When building and operating our systems, we incorporate processes to maintain the necessary level of security and establish mechanisms to enable the system to maintain that security level. We strive to continuously provide safe and secure systems and services, including by subjecting our system to regular diagnostic testing by security experts and appropriately responding to newly discovered vulnerabilities.

◆ Comprehensive Security Management to Ensure Safe and Secure System Environments

The NTT DATA Group harnesses the expertise it has gathered from its experience and track record to propose optimal solutions that reflect changes in its clients' business structure. For example, we offer global security governance frameworks that also cover client sites across the world and superior security technologies required for systems that handle important information. We also provide the latest security solutions that realize secure remote working environments to promote new work styles.

Recent years have highlighted the importance of preparing against contingencies on the assumption that protective security measures might be bypassed altogether by sophisticated targeted attacks or information leaks caused by internal misconduct. To contain and localize any damage, we must provide reliable detection of an attack and swift response and recovery. We help reinforce the security measures of our clients by offering security consulting to identify risks and providing solutions and services for neutralizing and protecting against risks. Furthermore, we provide enhanced support services for detection, response and recovery by constructing systems, including UEBA[1], EDR[2], sandboxes[3], SIEM[4], SOC[5] and CSIRT[6], as well as monitoring system management.

1. User and entity behavior analytics: Solution for learning behaviors of people and objects at normal times by machine learning and issuing alerts when abnormal behaviors are detected.
2. Endpoint detection and response: Solution to monitor endpoints, such as PCs and servers, and enabling integrated management of incident detection and subsequent response processes.
3. Solution for detecting malware by running programs within a protected virtual environment.
4. Security information and event management: Solution for detecting, analyzing and visualizing traces or signs of unauthorized access that are difficult to find by security equipment alone.
5. Security operation center IDS/IPS: A center or an organization that comprehensively monitors and manages firewalls, DB firewalls, WAFs and the like.
6. Computer security incident response team: An incident response team of computer security specialists. The team collects and analyzes information on security incidents, security-related technologies and vulnerabilities, and conducts activities that include implementing effective countermeasures and training.

◆ Information Security Training and Education

The NTT DATA Group provides information security education for employees, business partners and temporary workers. We have delivered this education and training via e-learning and classroom instruction to promote understanding of the Group's policy on the protection of personal information, the rules contained in the NTT DATA Group Security Policy and the need to be constantly aware of the importance of information security. In fiscal 2020, we continued implementing various measures to ensure that every employee rigorously takes basic actions to maintain information security.

➢ **Information Security Training at NTT Data in Fiscal 2020**

Target	Content and Format	Participation	
All employees	Information security and personal information protection training (e-learning)	Target	100% eligible employee completion (11,821 people)
		Achieved	100% eligible employee completion (11,821 people)
Position based	Information security lectures (onsite learning)	Incorporated in position-based training conducted by the Human Resource Department	
	Internal security training for qualified personnel (e-learning)	Learning materials were provided online to applicable personnel.	
Business partners and temporary staff	Personal information protection introduction training and information security education (e-learning)	Target	100% of all parties registered on our company system (31,407 people)
		Achieved	100% of all parties registered on our company system (31,407 people)
	Information Security Training Handbook	Booklets available to new business partners and temporary staff via download	

➢ **Information Security Training at Key Group Companies in Fiscal 2020**

Target	Implementation Format	Participation
Group company employees, business partners and temporary staff	GSP security training and personal information protection training (e-learning; in three languages)	Domestic Group companies (67 companies; 32,817 people)

Note: In addition to the above, information security education was provided for overseas Group companies under the control of each regional head office.

➢ **Certifications Acquired**

Certifications (as of March 31, 2021)	• Information Security Management Systems (ISMS) certification: 45 companies in Japan (including NTT DATA) • ISO/IEC 27001: Multiple overseas Group companies (including in Europe, China and India) • PrivacyMark of the Japan Institute for Promotion of Digital Economy and Community (JIPDEC): 40 companies in Japan (including NTT DATA)

◆ NTT DATA Group AI Guidelines and AI Governance Activities

In May 2019, we formulated the "NTT DATA Group AI Guidelines" to help build a more affluent and harmonious society in which humans and AI (artificial intelligence) coexist.

https://www.nttdata.com/jp/ja/news/release/2019/052900/ (Japanese version only)

Since then, we have expanded and continued efforts related to AI governance, including the formulation of our "AI Development Processes" and their application to AI projects (from July 2020) and the trial launch of our "AI Quality Assessment Service" in October 2020.

https://www.nttdata.com/jp/ja/news/release/2020/063000/ (Japanese version only)

In April 2021, we established an AI Advisory Board consisting of outside experts to help us anticipate changes in the external environment and respond appropriately. The Board is tasked with (1) exchanging opinions with NTT DATA executives involved in AI (once a year) and (2) conducting study sessions for working-level personnel involved in AI (four times a year). Rather than using AI merely as a way to enhance efficiency, we will use it to consider human rights issues, such as security and privacy, in our quest to realize an AI-based society in which clients and all other concerned parties can enjoy the benefits of AI with safety and peace of mind.

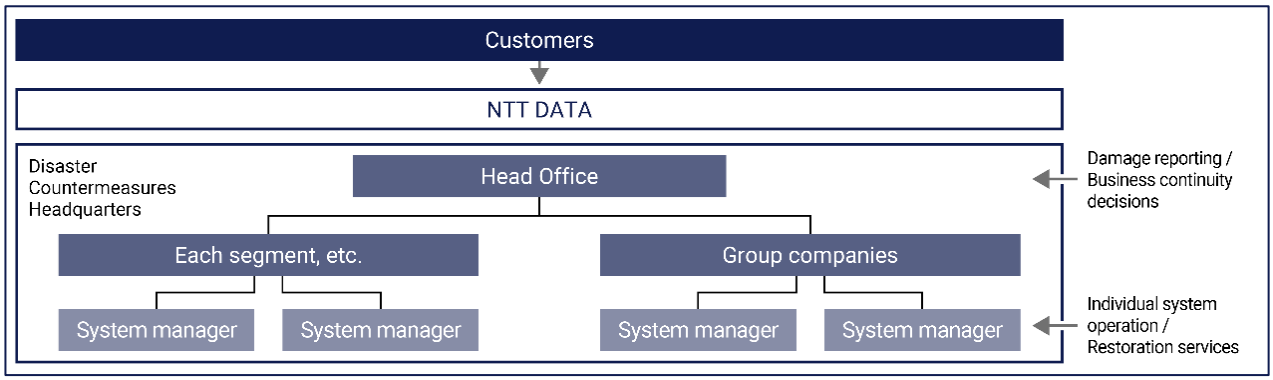
https://www.nttdata.com/jp/ja/news/release/2021/041901/ (Japanese version only)

Respond to Disaster Risks

Basic Policy and Promotion System

The NTT DATA Group provides numerous information systems and services that support social infrastructure. If any of these systems or services go down or are interrupted in the event of a disaster, there would be serious impacts on society and people's lives. For this reason, we are developing and continuously improving business continuity plans (BCPs) to prepare for disasters, as well as contingency plans for systems and services related to social infrastructure. Most recently, we have been taking measures to prevent the spread of COVID-19 and prepare for large-scale earthquakes and other emergencies as telecommuting becomes the main way of working.

➢ **Structure for Responding to Earthquakes and Other Large-Scale Natural Disasters**



Management promotion officers	President
Management system	• The President (who is the executive responsible for disaster responses) determines the disaster countermeasure policies and actions. • The operations manager, the general affairs manager assisting the operations manager and the head of the Disaster Response Office establish the necessary processes for disaster management and ensure the implementation and maintenance of those processes. They also spearhead planning, implementation, evaluation and continuous improvement of disaster response processes at the Head Office Disaster Response Headquarters. • At each business division, the head of the organization is responsible for planning, implementation, evaluation and continuous improvement of disaster response processes at the disaster response headquarters of the division's head office within the scope of his/her authority and duties.
Plans and frameworks	• NTT DATA has developed disaster BCPs and contingency plans. • Training drills to minimize disaster risk: In addition to Companywide training, such as safety confirmation training for all employees and the establishment of a Head Office Disaster Response Headquarters, each organization conducts individual training according to its own requirements.
Certifications (as of March 31, 2021)	• BCMS certification according to the ISO 22301:2019 international standard. • Proper facility maintenance of data center buildings such as power equipment, air-conditioning systems and security systems is an important foundation for information system operations. Therefore, all the Company's buildings have been certified for business continuity management. We also have systems in place to respond to incidents such as large-scale earthquakes and wide-area power outages.

Results of Activities

◆ System Failure Countermeasures Focusing on Prevention and Response

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

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

Ensure Compliance

Basic Policy and Promotion System

The NTT DATA Group embraces common Groupwide guidelines on ethical conduct that transcend legal compliance obligations.

We have positioned our Global Compliance Policy, which serves as the foundation of the Group's approach to corporate ethics, as a part of Our Way, and we are striving to instill the policy throughout the Group. We are also diligently spreading our Global Compliance Policy to all related parties, including executives and employees, to foster a culture of compliance with legal regulations and ethical rules, while establishing internal structures and mechanisms to instill compliance.

Each year, our Corporate Ethics Committee, which is chaired by the executive in charge of corporate management, discusses and reports on the details of compliance-related initiatives.

In fiscal 2019, we newly appointed a global compliance officer to strengthen Groupwide compliance from a more global perspective.

Compliance management promotion officer	Executive in charge of corporate management
Management system	Through the Corporate Ethics Committee, which is chaired by the executive in charge of corporate management, we monitor the status of compliance with corporate ethics and conduct investigations to identify the causes of misconduct and inappropriate behavior.

Results of Activities

◆ Compliance Assessments

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

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

◆ Compliance Training and Awareness

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

◆ Promoting Compliance Awareness among Employees

The NTT DATA Group conducts compliance training (including e-learning) for around 40,000 employees at domestic Group companies and around 91,100 employees at overseas Group companies. We also arrange lectures on corporate ethics at position-based training sessions that are conducted as part of our promotional milestones. Our compliance-related training is tailored to the business characteristics of each organization and Group company.

Given the growing global reach of our business activities, meanwhile, we are enriching our training content to foster greater awareness about stricter anti-bribery and anti-corruption regulations in the global business community. We are also drawing attention to outsourcing contracts in view of changes to competition laws and other legal revisions. Furthermore, we provide employees with the "NTT DATA Group Ethics Guide: Learning About Compliance through Familiar Cases" to explain examples of ambiguous cases that could occur in one's daily operations, with the aim of enhancing understanding of our Global Compliance Policy. This guide is posted on our intranet site so that it can be accessed any time.

➢ **Major Compliance-Related Training in Fiscal 2020**

Name of Training Session	Number of Attendees	Ratio
Compliance IBT training (e-learning)	Approx. 40,000 (Domestic employees)	99.9%
Global Compliance Policy Training	Approx. 91,100 (Overseas employees)	97.2%
Position-based group training sessions (e.g., lectures on corporate ethics, risk management)	Approx. 2,900	99.4%

Note: Excludes some overseas Group companies for which the totals were delayed due to the impact of COVID-19.

Whistleblowing Systems

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

◆ Operation of Whistleblowing Systems

- Always available for consultation and questions

  We place utmost priority on the protection of privacy, prohibitions against unfair treatment of whistleblowers and the obligation to uphold confidentiality. We offer consultations and take inquiries regarding human rights issues in general at all times at a contact desk in the Human Rights Promotion Office of the ESG Promotion Department.
- Reporting and utilization of investigation results and content of corrective actions

  Reports are sent to senior management and Audit and Supervisory Committee Members for feedback.
- Raising awareness and strengthening the prevention of reoccurrence through information-sharing across the Group

  We disclose the number of reports received, changes over time and other information to Group companies and conduct trend analyses of similar compliance cases. We also share information on noteworthy cases to raise attention and prevent their recurrence.
- Dealing with violations

  If a violation of compliance or our regulations, such as our Global Compliance Policy and NTT DATA Group Security Policy (GSP), is found, we take disciplinary measures, including pay cuts and/or suspension of employment based on rules established by each Group company. Depending on the case, the results are reflected in personnel assessment processes and personnel changes.

◆ Achievements and Reports

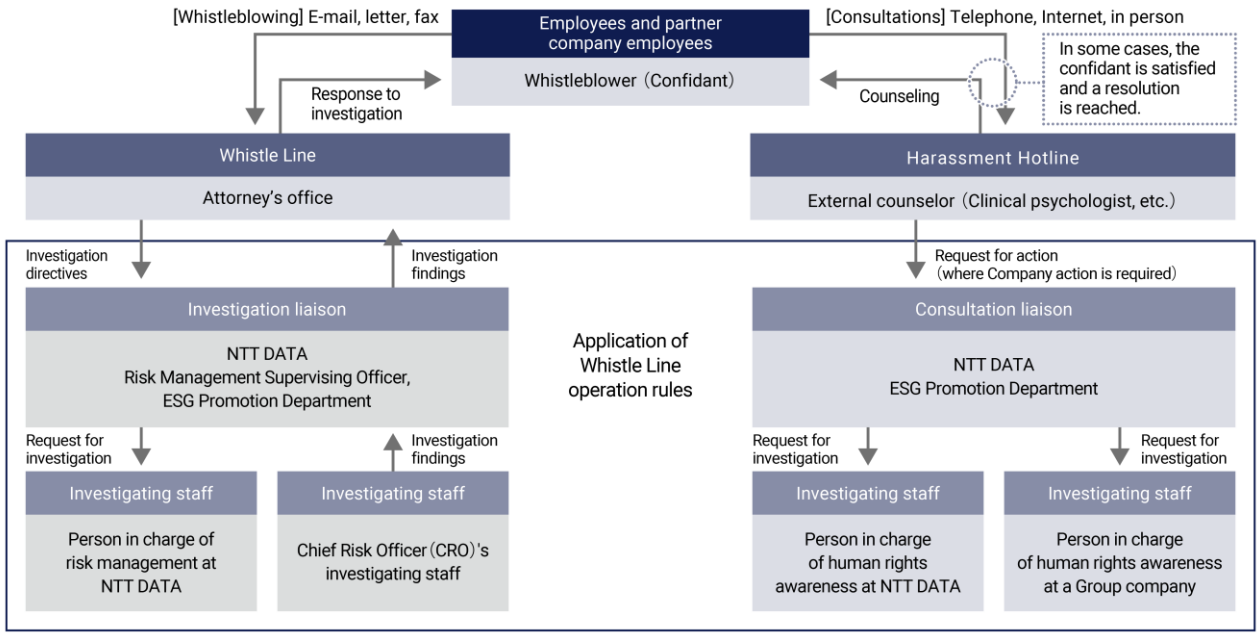
In fiscal 2020, we received 78 whistleblowing reports and took disciplinary actions in two cases. We will continue encouraging the use of our whistleblowing systems while strengthening efforts to improve our responses to similar cases.

➢ **Whistleblowing System: Number and Type of Reports**

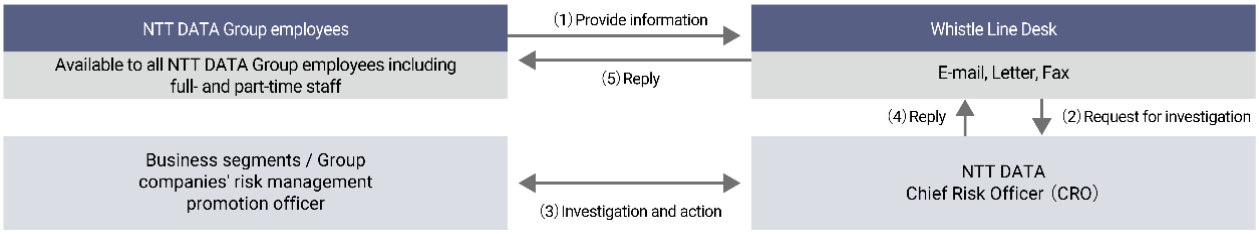
(Reports)

	FY2018			FY2019			FY2020		
	No. of reports			No. of reports			No. of reports		
		Disciplinary action taken	Strict caution given		Disciplinary action taken	Strict caution given		Disciplinary action taken	Strict caution given
Total number of reports	108	2	60	94	4	44	78	2	34
Reports of harassment	79	2	47	70	3	35	54	1	22
Compliance violations	49	2	47	38	3	35	23	1	22
Internal rule violations	49	2	47	38	3	35	23	1	22
Legal violations (e.g., human rights violations)	0	0	0	0	0	0	0	0	0
No violation	30	—	—	32	—	—	31	—	—
Reports on inappropriate business practices	21	0	9	23	1	9	17	1	7
Compliance violations	9	0	9	10	1	9	8	1	7
Internal rule violations	9	0	9	10	1	9	8	1	7
Legal violations (e.g., bribery, accounting irregularities, forged contracts)	0	0	0	0	0	0	0	0	0
No violation	12	—	—	13	—	—	9	—	—
Reports on personal use of company expenses	5	0	3	1	1	0	2	0	1
Compliance violations	3	0	3	1	1	0	1	0	1
Internal rule violations	3	0	3	1	1	0	1	0	1
Legal violations	0	0	0	0	0	0	0	0	0
No violation	2	—	—	0	—	—	1	—	—
Other	3	0	1	0	0	0	5	0	4
Compliance violations	1	0	1	—	—	—	4	0	4
Internal rule violations	1	0	1	—	—	—	1	0	1
Legal violations	0	—	—	0	—	—	3	0	3
No violation		2	—	—	0	—	—	1	—

➢ **Whistleblowing System Flow Diagram**



➢ **Whistle Line**



Tax Strategy, etc.

Dealing with Tax Risk

The NTT DATA Group complies with tax-related laws and regulations throughout the Group, including overseas Group companies. We established basic guidelines on tax affairs in view of the growing importance of adopting a global perspective on properly addressing and managing tax risks posed by the multinationalization of Group companies and the increase in international transactions. By extending the guidelines to domestic and overseas Group companies, including regional head offices, we aim to maintain and improve tax compliance and optimize the tax burden on the entire Group.

◆ Raising Awareness among Employees

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

◆ Relationship with Tax Authorities

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

◆ Tax Payments and Reporting

The NTT DATA Group pays appropriate taxes related to business operations in accordance with tax-related laws and regulations of each country and region. In fiscal 2020, the Group's corporate taxes amounted to ¥48,751 million, for a tax burden of 37.37% on pretax profit.

Response to Government Policies

We ensure that all political donations made in Japan are conducted in accordance with our Global Compliance Policy and our supply chain CSR procurement guidelines and in strict observance of the Political Funds Control Act. NTT DATA's total domestic political donations in fiscal 2020 amounted to ¥7.5 million.

Preventing Corruption

The NTT DATA Group takes measures to prevent corruption based on its Global Compliance Policy and rigorously complies with the laws and regulations of each country. No cases of corruption and bribery or disputes were identified in fiscal 2020.

Preventing Unfair Competition

The NTT DATA Group takes measures to prevent antitrust and anticompetitive practices based on its Global Compliance Policy and rigorously complies with the laws and regulations of each country. In Japan, we have established a set of internal rules called Fair Transaction Rules, which we are disseminating throughout the Company. We are also taking actions overseas according to local laws and regulations. No violations or disputes were identified in fiscal 2020.

Promote Responsible Supply Chain

Basic Policy and Promotion System

◆ Basic Policy

The NTT DATA Group recognizes that building mutual understanding and relationships of trust with suppliers is essential for conducting fair business activities. To this end, we established our Procurement Policy and Fair Transaction Rules to ensure fair business practices.

Procurement Policy

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

https://www.nttdata.com/global/en/about-us/company-profile/procurement-policy

◆ Promotion System

Human rights due diligence	Every year, we assess the sustainability risks of our supply chain, including the human rights status of primary suppliers, using the NTT Group Supply Chain CSR Promotion Checklist. The checklist (a self-assessment questionnaire, or SAQ) includes 140 items covering seven areas (human rights and labor, health and safety, the environment, fair trade and ethics, quality and safety, information security and social contribution). In the area of human rights, for example, we respect freedom of association and the right to engage in collective bargaining, and we monitor our supply chain to prevent child and forced labor.
Management system	In addition to establishing and disseminating the NTT DATA Guidelines for CSR in the Supply Chain, we are working to build a sustainable supply chain by grasping the status of compliance with guideline items by conducting surveys on CSR-focused procurement.
Management classifications/methods	• We work to foster mutual understanding and build relationships of trust with suppliers by appropriately monitoring and managing our supply chain. We also perform expenditure analyses of transactions with all suppliers, numbering around 1,900. • When selecting suppliers, we conduct objective evaluations from the perspectives of quality, finance, and contractual matters and rigorously pursue fair transactions while paying attention to each supplier's legal status. • For software outsourcing, we have established a business partner system for conducting evaluations based on transaction volume, quality, security, management conditions and performance. Every two years, we accredit subcontracted suppliers who display excellence as business partners (BPs) or associate partners (APs). • We screen BPs, APs, certified recruitment agencies, recommended hardware/software suppliers, etc., to identify "key business partners." We also explain and obtain their agreement with our CSR guidelines. (Spending on transactions with key business partners accounted for around 68% of total business partner transactions in fiscal 2020.)

Results of Activities

◆ Procurement-Related Survey

We conduct an annual questionnaire-based survey of suppliers related to the NTT DATA Guidelines for CSR in the Supply Chain. These guidelines stipulate that procurement must consider human rights and the environment, as well as societal requirements, such as the quality and safety assurance of products and services. In fiscal 2020, 62.9% of our suppliers responded to this survey.

We also work to verify the status of various initiatives, identify problem areas and disseminate our guidelines across the supply chain.

https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/sustainability/governance/guidelines-for-csr-in-supply-chain.pdf

◆ Procurement Policy Dissemination

NTT DATA publishes its Procurement Policy on its website as a basic guide for procurement transactions. We aim to actively promote and instill fair transactions by setting up internal rules, including procedures for properly implementing procurement contracts. In May 1997, we created our Fair Transaction Rules as a compilation of laws, regulations, rules and codes of conduct that must be followed in transactions and contracts with clients and suppliers. We have since revised our Fair Transaction Rules periodically to reflect changes in laws and regulations.

◆ Communication with Suppliers

Every year, NTT Data conducts reciprocal evaluations and interviews with key suppliers of software development services in order to deepen mutual understanding, improve the quality of software development and prevent contractual problems from occurring. To forge sound relationships with our suppliers, we hold a BP Presidents' Meeting each year attended by the management representatives of our BP companies.

Management representatives from 43 companies, including the five Core BP Companies, attended the BP Presidents' Meeting in December 2020, even though the meeting was held online. At the meeting, they shared information and discussed topics that included NTT DATA's management policies; trends regarding target growth in the public, financial and corporate sectors; software development policies; results of mutual evaluations; and the need for rigorous efforts on compliance and information security.

◆ Forging Win-Win Relationships

We believe that forging solid collaborative relationships with our suppliers, including with respect to ESG, helps us deliver a broad range of benefits, such as appropriate pricing, efficient operations, strict compliance and information security. We will also work with our suppliers on ESG management.

By developing favorable relationships with BP companies, we help them attract talented human resources and improve productivity and quality, which in turn leads to improved competitiveness of our entire supply chain. Particularly for BP companies with similar business profiles, we work to maintain highly competitive development capabilities by building good relationships with specific suppliers, improving the efficiency of various procedures and sharing expertise.

Brand Management

Basic Policy and Promotion System

In advancing its global business, the NTT DATA Group conducts PR activities and surveys to earn proper recognition for its corporate brand.

◆ Policy on Branding Activities

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

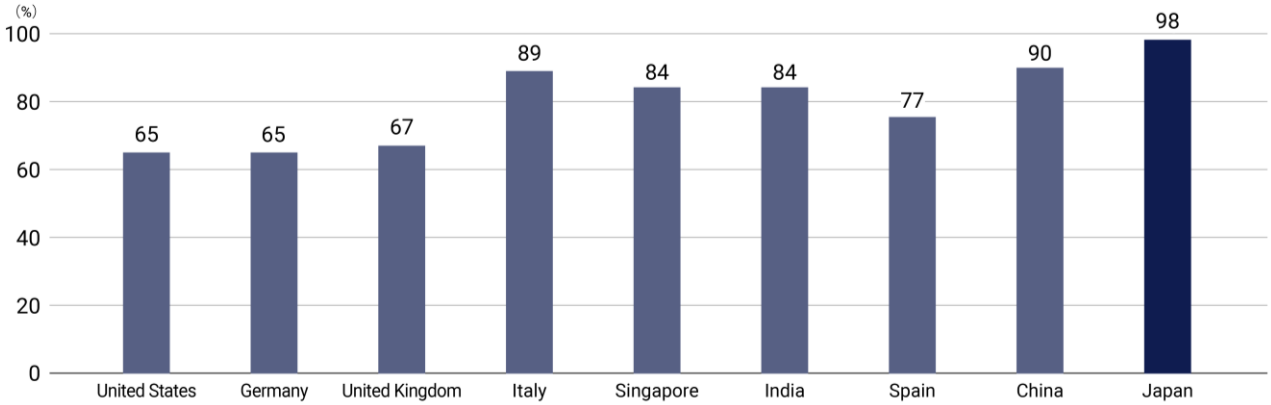
1. Overseas (global market)
   Given that NTT DATA's recognition rate remains low overseas, we will develop activities to promote the Company's name and business activities with the aim of improving recognition.
2. Japan (domestic market)
   We will further enhance the understanding of and affinity for NTT DATA while aiming to improve our corporate value and brand image through co-creation with clients using our latest technologies.

Results of Activities

◆ NTT DATA Brand Awareness Surveys

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

➢ **NTT DATA Brand Awareness among IT Professionals in Major Global Markets[1] (2020, according to NTT DATA's research)**



1. Percentage of respondents who indicated that they had seen or heard NTT DATA's company name before.

◆ Advertising or Marketing Offenses

NTT DATA was not involved in any offenses related to the Act against Unjustifiable Premiums and Misleading Representations in fiscal 2020.

Environment

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062	Environmental Management System: ISO 14001 Certification	
065	Respond to Climate Change	Material ESG Issues
079	Reducing the Environmental Impact of the Value Chain	
083	Appropriate Use of Resources	
084	Overview of the NTT DATA Group's Environmental Impact (Material Flows)	
085	Environmental Data	

Environmental Management

To entrench business operations with an emphasis on the environment and continue pursuing environmental activities, we need to build environmental management frameworks across the NTT DATA Group and create a foundation for promoting action.

With this in mind, we have established an environmental management system and are pursuing activities based on PDCA cycle.

Basic Policy

◆ Our Approach to the Environment

Based on our approach of “using IT to resolve environmental problems,” we will not only reduce the environmental impact of our business activities but also provide environmentally conscious systems and services as an information service provider. We place top priority on reducing the environmental impacts of society. In March 2021, we formulated the NTT DATA Carbon-neutral Vision 2050 and the Climate Action Plan for 2030, with the aim of making society carbon-neutral by 2050. We are also working to achieve our SBT[1]-certified greenhouse gas emission reduction targets and comply with guidelines set by the TCFD[2].

1. Science-based targets (SBT): Science-based greenhouse gas emission reduction targets in accordance with the Paris Agreement.
2. Task Force on Climate-related Financial Disclosures (TCFD): This privately led task force focuses on securing the disclosure of climate-related financial information and was established under the Financial Stability Board at the request of the G20’s ministers of finance and central bank governors.

Declaration of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) (March 30, 2021)

Commitment to the “Business Ambition for 1.5°C” campaign led by the Science Based Targets (SBT) initiative (March 30, 2021)

Endorsement of the “Challenge Zero” campaign led by the Japan Business Federation in cooperation with the Japanese government aimed at realizing a decarbonized society as a long-term goal of the Paris Agreement (April 27, 2021)

Participation in a supply chain environmental information disclosure program (April 2021) operated by CDP, an international environmental NGO (participants include around 200 global companies and government agencies and 13 Japanese companies and government agencies) (as of June 2021)

Membership of the Japan Climate Initiative (January 2019)

◆ Environmental Policies of the NTT DATA Group

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

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

1. Environmental Considerations in Conducting Business
   The NTT DATA Group is working to lessen the environmental impact of its business activities, setting quantitative goals and targets to the extent possible, and reviewing these periodically as part of an ongoing betterment program.
   (1) We are promoting environmentally responsible system development.
   (2) We are actively carrying out green purchasing.
   (3) We are working to prevent pollution and limit resource use, by implementing policies for saving resources and energy, promoting reuse and recycling, and reducing waste.
2. Meeting Legal Obligations
   In carrying out business activities, we observe all applicable environment-related laws and other agreements and obligations.
3. Raising Awareness
   Through environmental education and environmental and social contribution activities for our employees and partners, we are enhancing and boosting recognition of environmental awareness activities.
4. Promoting Communications
   We work proactively to promote environmental communications to stakeholders both within and outside the NTT DATA Group.

June 2018

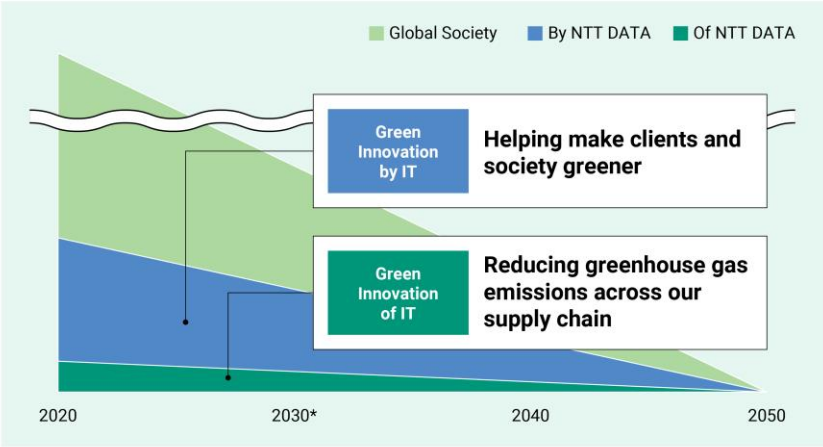
Yo Honma,
President and Chief Executive Officer

＊This policy covers all business activities, investment due diligence, mergers and acquisitions of the NTT DATA Group. We will also encourage our suppliers, distributors, logistics, waste disposal companies, and business partners to support the policy through our supply chain.

➢ **NTT DATA Carbon-neutral Vision 2050**

NTT DATA Carbon-neutral Vision 2050

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



*SBT 1.5°C target set

▶【Two types of Green Innovation】

Green Innovation by IT:

Contribute to the greening of customers and society to make global society carbon neutral by 2050

Through the use of our own digital technologies and co-creation with customers, we will help make customers and society carbon neutral and enhance our resilience to climate change.

Green Innovation of IT:

Reduce greenhouse gas emissions through our supply chain

Greenhouse gas emission reduction targets in line with the SBT 1.5°C target
(by FY2030, compared with the FY2016 level):
Scope 1 & 2: 60% reduction
Scope 3: 55% reduction

Environmental Targets

◆ Greenhouse Gas Emission Reduction Targets and SBT Certification

The NTT DATA Group has established greenhouse gas emission reduction targets for fiscal 2030 and obtained certification from the SBT[1] initiative. We have set a 1.5°C target for both Scope 1 and Scope 2 emissions.[2]

Addressing climate change is one of the key ESG priorities set forth in the ESG Management section of the NTT DATA Group's Medium-Term Management Plan (fiscal 2019–2021). To date, the Group has reduced greenhouse gas emissions in society by promoting green IT solutions. We have also continued reducing greenhouse gas emissions at our own facilities, including our Green Data Center®.

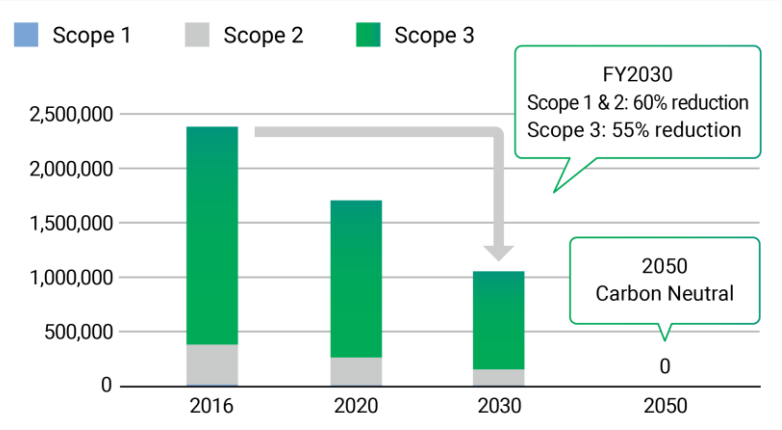
→See "Addressing Climate Change" (page 65) for more details.

To achieve the 1.5°C target set by the SBT initiative, we will continue with existing initiatives and pursue various others. These include using the latest technologies to further conserve energy at our data centers, expanding the use of renewables and taking measures to reduce greenhouse gas emissions throughout the supply chain. In these ways, we will step up our responses to climate change issues in our business and corporate activities and help realize a sustainable society.

The NTT DATA Group's Greenhouse Gas Emission Reduction Targets	
Scope 1 and Scope 2[2]	60% reduction by FY2030 from FY2016 (1.5℃ target)
Scope 3[2]	55% reduction by FY2030 from FY2016

1. The science-based targets (SBT) are aimed at keeping the temperature increase below 2°C compared to pre-industrial temperatures.
2. Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes)
   Scope 2: Indirect emissions from the use of electricity, heat or steam supplied by other companies
   Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the activities of an entity)

➢



- Target (Scope 1 and 2) by the end of fiscal 2030: 60% reduction from fiscal 2016
  Fiscal 2020 result: 31% reduction
- Target (Scope 3) by the end of fiscal 2030: 55% reduction from fiscal 2016
  Fiscal 2020 result: 28% reduction

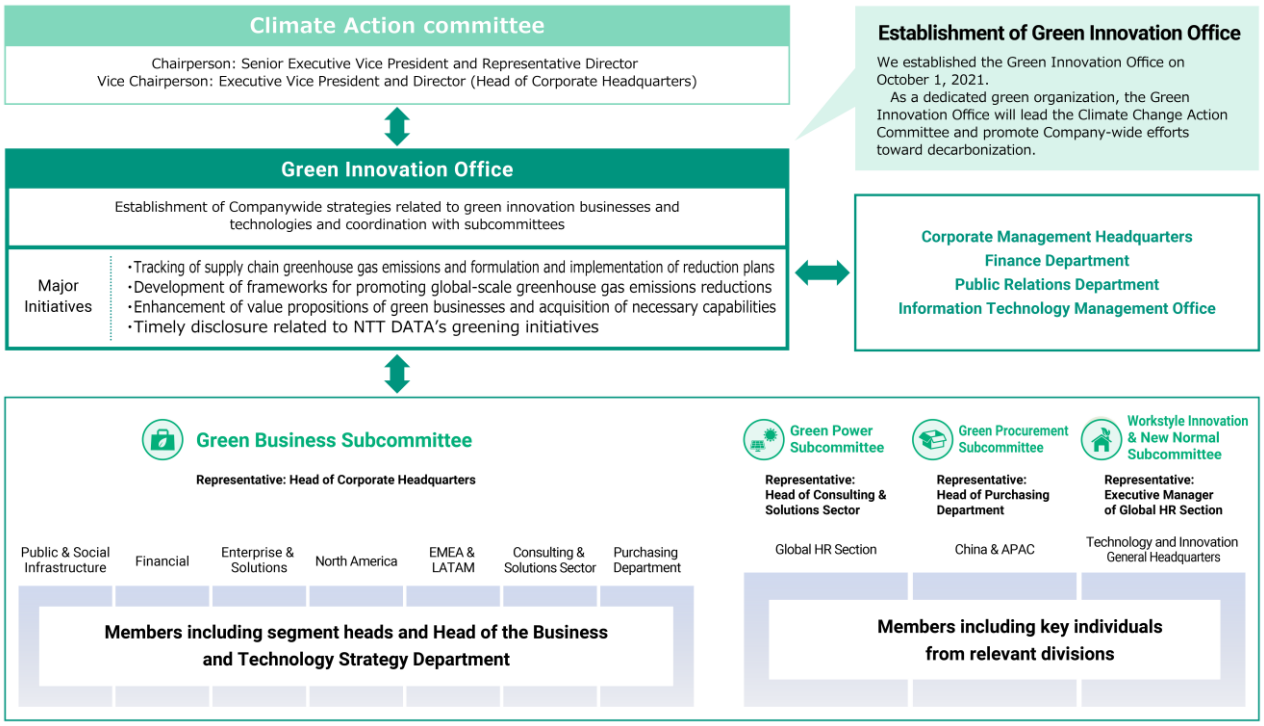
◆ Climate Change Management System

The NTT DATA Group has established a cross-lateral environmental management system centered on the Eco Activity Promotion Committee, which is chaired by a representative director and executive officer, and the Eco Activity Liaison Committee, which consists of environmental managers and environmental promoters from each division and Group companies that have acquired ISO 14001 certification. Group companies that have acquired ISO 14001 certification have also appointed environmental promotion officers. Particularly important issues are reported to the Board of Directors.

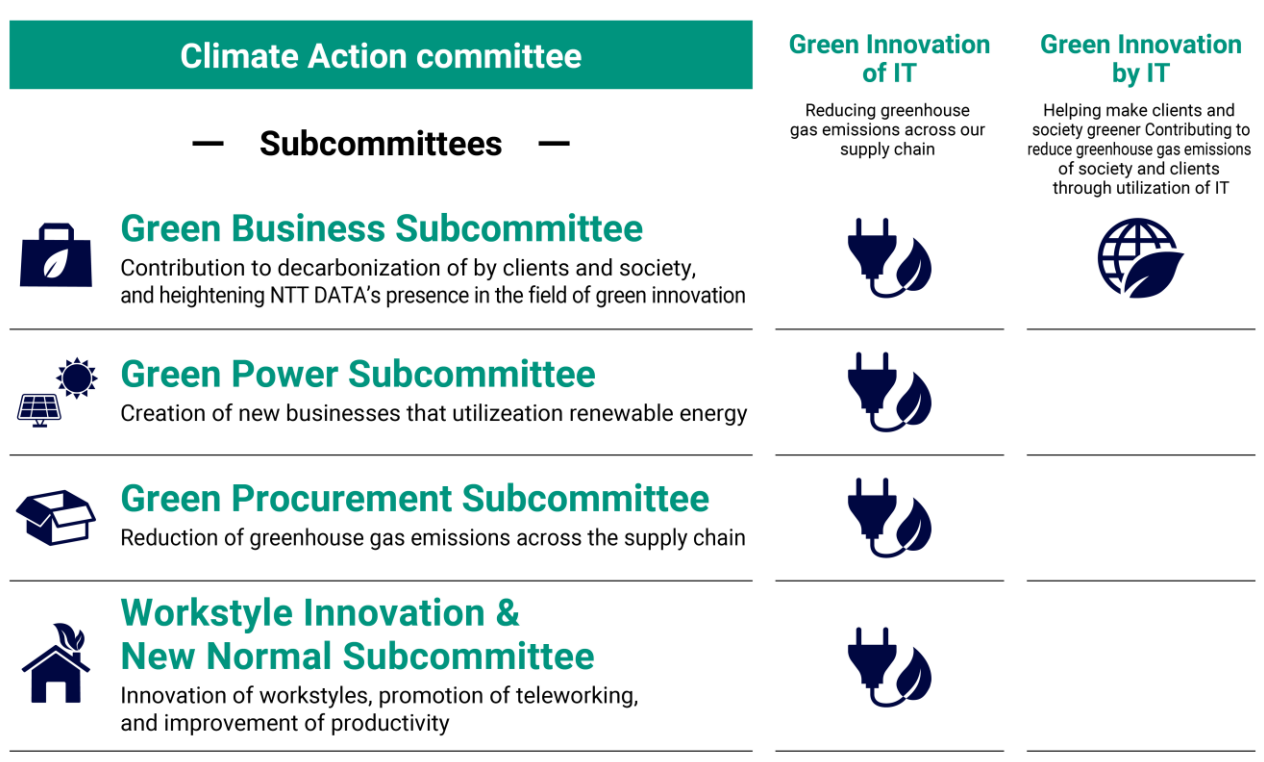
In November 2020, we established the cross-lateral Climate Action Committee to formulate and promote medium- and long-term strategies to deal with the issue of climate change in collaboration with existing efforts of the Eco Activity Promotion Committee. The Committee is chaired by a representative director and executive officer and engages in activities via subcommittees for green business, green power, green purchasing and workstyle innovation. A wide range of people from our business divisions participate as subcommittee leaders and review members. Reports on policies and major activities are submitted annually at Board of Directors meetings for discussion.

In addition, we have positioned “climate change” as one of the key risks in our company-wide risk management activities, and we conduct risk management related to climate change every six months under the supervision of the Board of Directors.

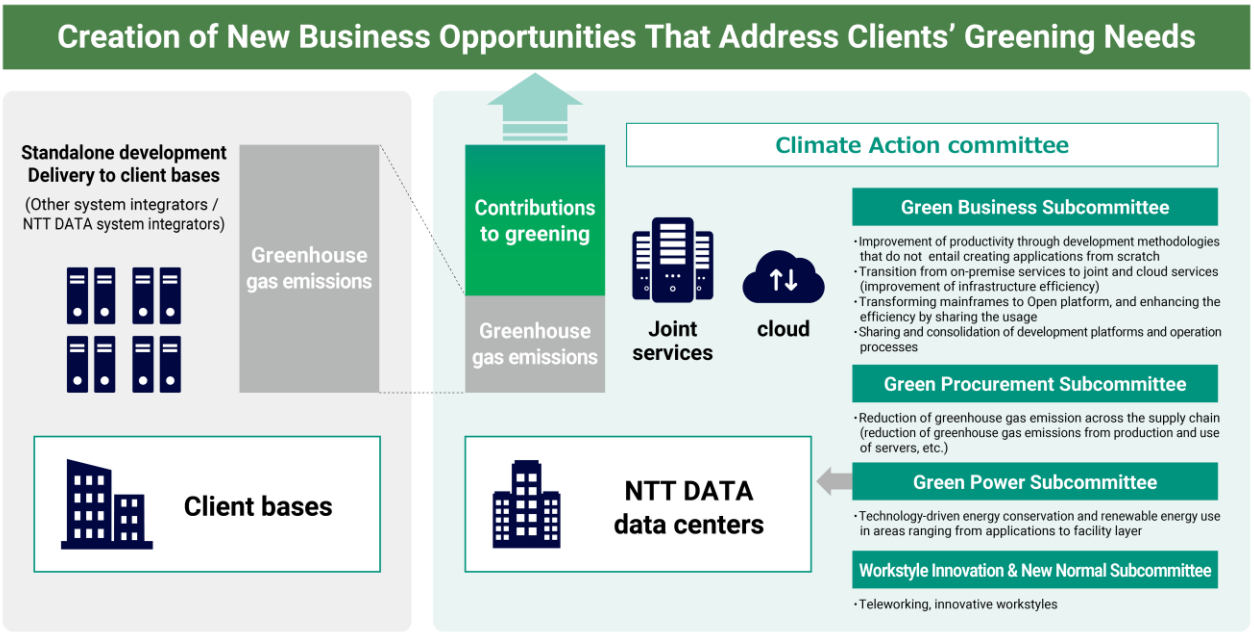
➢ **Climate Change Management System**



➢ **Climate Action Committee Themes**



➢ **Climate Action Committee Initiatives (Green Contribution Overview)**



◆ Climate Action Plan for 2030

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

・Establish global presence as a top-level green innovation partner to clients
・Accomplishment of Science Based Targets-certified targets for 2030
(60% reduction in Scope 1 and Scope 2 emissions and 55% reduction in Scope 3 emissions from FY2016)

	Climate Action Plan for 2030
Green Business	・Establish global presence as a top-level green innovation partner to clients ・Develop technologies, utilize knowledge, and coordinate with delivery functions to heighten green innovation solutions capabilities
Green Power	・Achieve 50% reduction in greenhouse gas emissions through technology-driven energy conservation and renewable energy consumption in areas ranging from applications to facility layer ・Transition to 100% EVs for business fleet
Green Procurement	・Reduce greenhouse gas emissions across the supply chain (hardware procurement, software development)
Workstyle Innovation & New Normal	・Develop creative and highly resilient workstyles (optimal combination of online and offline venues)

◆ Medium-Term Targets

The NTT DATA Group establishes three-year medium-term targets and reviews those targets each fiscal year against results.

We have set targets under our three action plans designed to promote the greening of clients and society, the greening of our Group, and environmental contribution and communication. We are also broadening the scope of data collection for some achievements in line with the expansion of environmental management.

➢ Fiscal 2020 Achievement Status

Scope	Target Definitions	Base Value (Base fiscal year)	FY2020		
			Targets	Value	Results
Reduce the environmental impact of society through the promotion of green IT[1]	The NTT DATA Group's contribution to reducing CO_2 emissions in society will be at least X times more than the amount of its own emissions	—	4 times or more	5.8 times	○
Reduce greenhouse gas (GHG) emissions[2]	GHG emissions (Scope 1 and 2)	244,081 t-CO_2e (FY2013)	5% increase or less (256,285 t-CO_2e or less)	12% reduction (214,098 t-CO_2e)	○
Reduce the amount of copy paper purchased[3, 4]	Amount of copy paper purchased (Gross amount calculated on a number-of-sheets basis)	201.22 million sheets (FY2013)	4% reduction or more (193.17 million or less)	44.3% reduction (111.990 million or less)	○
Reduce the amount of waste for final disposal[3, 4]	Amount of waste for final disposal (Gross amount: t)	207 t (FY2013)	80% reduction or more (41 t or less)	95% reduction (10.5 t)	○
	Ratio of waste for final disposal (Final disposal amount/total amount of waste)	—	1.0% or less	0.23%	○
Social and environmental contribution activities[3]	Number of participants	—	4,700	6,466	○

1. Scope of data collection: 76 Group companies, including NTT DATA Corporation (domestic only)
2. Scope of data collection: NTT DATA Group consolidated companies (including inside and outside Japan)
3. Scope of data collection: 30 Group companies, including NTT DATA Corporation, that have acquired ISO 14001 integrated Group certification
4. Figures exclude the effective use of thermal energy (thermal recycling) generated by incineration at the time of final disposal.

[Reference] "The Eco Strategy 2030" (Medium-Term Targets of the NTT Group)

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

NTT Group's "The Eco Strategy 2030"	
Realizing a low carbon future	We will contribute to reducing the CO_2 emissions of society by at least 10 times more than the NTT Group's own emissions.
	We will raise power efficiency per data transmission in our telecommunications businesses by at least 10 times compared to fiscal 2014 levels.
	We will play our part in adapting to climate change by actively promoting initiatives through all our activities and by collaborating with our stakeholders.
Implementing closed loop recycling	We will achieve zero emissions regarding the final disposal rate for waste discharged from the NTT Group.
Planning a future of natural harmony	We will play our part in preserving ecosystems by actively promoting initiatives through all our activities and by collaborating with our stakeholders.

◆ Fiscal 2021 (and Three-Year) Environmental Targets

In November 2020, the company-wide Climate Action Committee was established and started activities. In conjunction with this, we will review our existing environmental management system targets from the following perspectives.

- Incorporate the targets and actions of the Climate Action Committee into the Group's fiscal 2021 environmental activities
- Incorporate climate change (green business) targets into Group environmental management targets with respect to fostering green innovation aimed at achieving carbon neutrality in 2050 for clients and society
  Aim to achieve greenhouse gas reductions under the Group environmental targets for SBTs for the entire NTT DATA Group
- Continue pursuing the Group's paper reduction and waste reduction targets through rigorous compliance with environmental laws and regulations

➢ Fiscal 2021–2023 Environmental Management System Targets

	Scope	Target Definitions	Base Year (FY)	FY2021	FY2022	FY2023
				Targets	Targets	Targets
Reduce the environmental impact of society and clients	Reduce the environmental impact of society through the promotion of green IT	Examples of new business creation/expansion through green innovation	—	Formulate company-wide green strategy	Consideration needed (including renewal of targets)	
Reduce the impact of our Group	Reduce greenhouse gas (GHG) emissions[1]	Scope 1, 2 and 3 (SBT) (Annual reduction of around 4.2% from base year)	FY2016	28% reduction or more	32% reduction or more	36% reduction or more
	Reduce the amount of copy paper purchased[2]	Amount purchased (No. of sheets)		Fewer than previous fiscal year's results	Fewer than previous fiscal year's results	Fewer than previous fiscal year's results
	Reduce the amount of waste for final disposal[2, 3]	Final disposal amount (t)	FY2013	90% reduction or more	90% reduction or more	90% reduction or more
		Final disposal rate (Amount disposed ÷ Amount generated)	—	1.0% or less	1.0% or less	1.0% or less
Become an environmentally advanced Group	Social and environmental contribution activities[2]	Number of participants (persons)	—	3,500 or more	3,500 or more	3,500 or more

1. Scope of data collection: NTT DATA Group consolidated companies (including inside and outside Japan)
2. Scope of data collection: 30 Group companies, including NTT DATA Corporation, that have acquired ISO 14001 integrated Group certification
3. Figures exclude the effective use of thermal energy (thermal recycling) generated by incineration at the time of final disposal.

Environmental Management System: ISO 14001 Certification

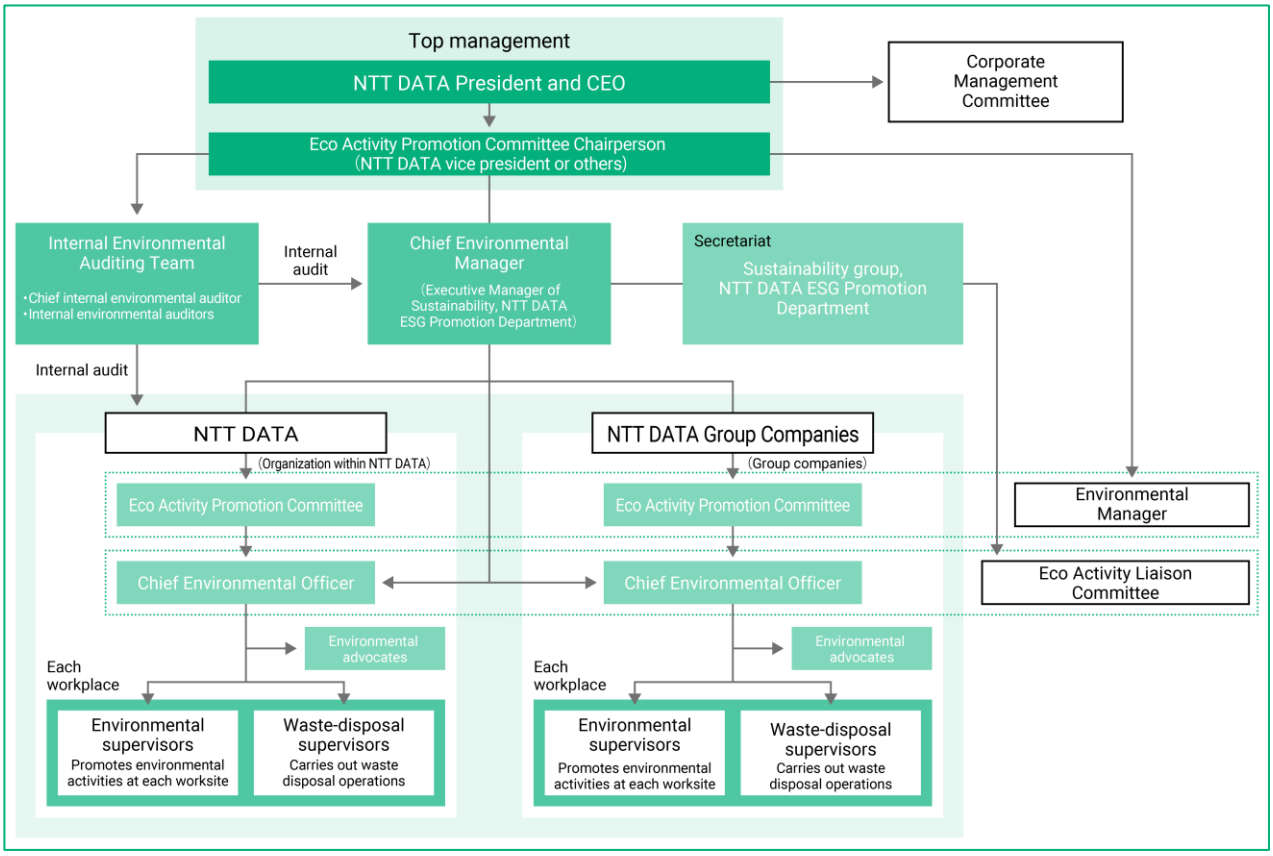
◆ Environmental Management System and Continuous Improvement Activities Based on the ISO 14001 Standard

In 1999, NTT DATA acquired ISO 14001 certification, the international standard for environmental management systems.

Since 2004, we have acquired integrated Group certification, including for some domestic Group companies, and have built a cross-Group environmental management system (Group EMS).

These efforts are spearheaded by the Eco Activity Promotion Committee and the Eco Activity Liaison Committee, under which the chairperson of the Eco Activity Promotion Committee conducts management reviews twice a year to approve targets and confirm progress. In addition, the Eco Activity Liaison Committee meets several times a year to communicate with Group organizations and resolve issues through the PDCA cycle. It also works to strengthen the Group's environmental management system by appointing environmental promoters at Group companies that have not yet acquired ISO 14001 certification.

➢ **Environmental Activity Organization for ISO 14001 Certified Group Integrated Companies**



◆ Acquiring ISO 14001 Certification

As of August 31, 2020, a total of 35 Group companies, including NTT DATA, had attained ISO 14001 certification. Of this total, 30 companies acquired Group integrated certification, whereas five companies gained independent certification. As a result, the environmental management system's coverage rate of sales totaled 64%, with 51% by Group integrated certification and 13% by independent certification.

The environmental management system of each company is audited annually by an auditing organization to maintain ongoing certification.

➢ **Status of ISO 14001 Certification (as of August 31, 2021)**

NTT DATA Group Entities That Have Acquired Certification	
NTT DATA Corporation	NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.
NTT DATA HOKKAIDO Corporation	NTT DATA CCS CORPORATION (Head Office, data center)
NTT DATA TOHOKU Corporation	JSOL Corporation (Tokyo Head Office)
NTT DATA SHINETSU Corporation (head office)	NTT DATA SYSTEM TECHNOLOGIES INC.
NTT DATA TOKAI Corporation (head office)	NTT DATA SEKISUI SYSTEMS Corporation (Osaka Head Office, Tokyo Head Office)
NTT DATA HOKURIKU Corporation	NTT DATA INTELLILINK Corporation
NTT DATA KANSAI Corporation (head office)	NTT DATA SOFIA Corporation (head office)
NTT DATA CHUGOKU Corporation (head office)	NTT DATA DAICHI Corporation (head office)
NTT DATA SHIKOKU Corporation (head office, Kagawa office)	DACS Co., Ltd. (Head Office, Tokyo Branch, Osaka Data Center, BPO Center)
NTT DATA KYUSHU Corporation	NTT DATA BUSINESS SYSTEMS Corporation
NTT DATA i Corporation	NTT DATA FINANCIAL CORE Corporation
NTT DATA WAVE Corporation	NTT DATA FRONTIER Corporation
NTT DATA SMS Corporation	NTT DATA MANAGEMENT SERVICE Corporation (Head Office, Tokai Branch, Kansai Branch)
NTT DATA CUSTOMER SERVICE Corporation (Head Office)	NTT DATA UNIVERSITY Corporation
NTT DATA NJK Corporation (head office)	XNET Corporation (head office)
NTT DATA Group Entities That Have Acquired Certification Independently	
Japan Information Processing Service Co., Ltd. (JIP)	NTT DATA UK Limited
NTT DATA MSE CORPORATION	NTT DATA Romania S.A
Everis Participaciones, S.L.U.	

◆ Internal Environmental Audits

NTT DATA Group companies that have acquired ISO 14001 certification periodically conduct internal environmental audits to confirm conformance with ISO 14001 specifications and PDCA cycle functionality.

For internal audits of Group EMS organizations, in fiscal 2019 we conducted actual audits that were performed by external experts and internal environmental auditors from organizations other than the ones being audited. In addition, internal environmental auditors conducted environmental audits of their own organizations on a self-audit basis. We hold meetings before and after audits to confirm audit items and the status of Groupwide environmental management systems, as well as to share examples of recommended organizational activities and areas for subsequent improvement. In these ways, we work continuously to improve the Group's environmental protection activities.

NTT DATA Group EMS organizations are required to elect at least one internal auditor. With the expansion of Group companies that have acquired ISO 14001 certification, we have upgraded our audit system, which now includes 97 internal environmental auditors (as of August 31, 2021).

Selected internal auditors are invited to participate as members of audit teams in the internal audits of other organizations, so that they can learn about the successful activities of such organizations and utilize them to improve their own activities.

To implement more appropriate and effective internal environmental audits, our internal environmental auditors share their expertise with each other. We also actively foster internal environmental auditors to improve their medium- to long-term capabilities by, for example, holding study sessions with outside experts.

➢ **Results of Internal Environmental Audits for Fiscal 2020**

Implementation Period	Actual audits: July 7–September 10, 2020; Self-audits: Coordinated by each organization
Target organization/company	NTT DATA: Actual audits: 9 organizations, 3 buildings; Self-audits: 38 organizations, 14 buildings
	Group companies: Actual audits: 11 companies
Audit results	Actual audits: 0 serious cases, 4 minor cases, 32 cases of room for improvement, 34 recommendations
	Self-audits: 2 serious cases, 8 minor cases, 26 cases of room for improvement, 5 recommendations

Compliance with Laws and Regulations

We determine items that require monitoring and measurement with respect to various laws and regulations, including Japan's Law Concerning the Rational Use of Energy (Energy Conservation Act) and the Waste Management and Public Cleansing Law, while periodically confirming the status of compliance. Moreover, we address the need to monitor, measure and report on the volume of CO_2 emissions in accordance with Japan's Law Concerning the Promotion of Measures to Cope with Global Warming and the Ordinance on Environmental Protection issued by the Tokyo Metropolitan Government. Furthermore, in fiscal 2020 we committed no violations of environmental regulations.

➢ **Major Laws and Regulations and the Scope and Number of Facilities Impacted in Fiscal 2020**

Major Laws and Regulations	Target Items	Number of Facilities Impacted
Energy Conservation Act	Facilities using 3,000 kl/year or more (crude oil equivalent)	12
	Facilities using 1,500 kl/year or more (crude oil equivalent)	4
Air Pollution Control Act	Smoke-generating facilities	4
Water Quality Pollution Control Act	Number of oil storage and other facilities	60
Sewerage Service Act	Facilities generating 50 m^3 or more of wastewater per day	3

Environmental Education

◆ Business- and Role-Specific Environmental Education

The NTT DATA Group provides training for all employees in Japan using e-learning to promote understanding of the importance of ESG, including environmental activities. For the Group's EMS organizations, we provide e-learning "education for environmental officers," which includes a course for environmental managers, environmental advocates and environmental supervisors, as well as a course for waste-disposal supervisors. We also provide added training tailored to the attributes of each workplace.

In fiscal 2020, we revised the content of our environmental education, promoting a shift from a system that encourages individual employees to think about the Sustainable Development Goals (SDGs), which were adopted by the UN General Assembly in September 2015, in relation to their work and the issues they face as their own to a system designed to help employees understand the Group's ESG management. Previously, moreover, the content of the training was divided according to different roles (environmental managers, environmental advocates, environmental supervisors and industrial waste-disposal supervisors). In fiscal 2020, we integrated the training so that all environmental officers can gain a deeper understanding of the same content. Overseas, we are addressing issues according to the circumstances of each country.

➢ **Number of Employees Who Took e-learning Courses in Fiscal 2020**

Name of Training Session	Number of Participants
ESG management	40,743
Education for environmental officers	1,039

Environmental Contribution and Communication

◆ Social and Environmental Contribution Activities

To promote awareness activities set forth in the NTT DATA Group's environmental policies, we strive to raise awareness about environmental issues by educating our employees and temporary staff through social and environmental contribution activities. To encourage participation in these activities across all Group organizations, we have set yearly targets for participation numbers continuously since fiscal 2010.

In fiscal 2020, the spread of COVID-19 led to a significant reduction in our traditional activities. Nevertheless, each of our organizations engaged in new initiatives, including volunteer activities for children using the Internet and internal study sessions to promote understanding of the SDGs. Although we did not reach our target, a total of 2,274 employees participated in these activities in fiscal 2020.

In fiscal 2021, we will continue exploring various activities at each workplace, unbound by conventional methods.

Respond to Climate Change

The rising concentration of greenhouse gases and other factors are impacting the climate in various ways, resulting in the increased severity and frequency of natural disasters, such as typhoons and floods, while significantly affecting everyday life across society and industry. In December 2015, the Paris Agreement, a new international framework for global warming countermeasures beyond 2020, was adopted at the 2015 UN Climate Change Conference (COP21) and came into effect in November 2016. Addressing climate change was also included as one of the SDGs adopted by the UN General Assembly in September 2015. As illustrated by these developments, responding to climate change in terms of mitigation and adaptation has gained even greater significance as a common global concern. The NTT DATA Group is pursuing strategic initiatives through its business with the intention of more effectively addressing climate change.

TCFD Recommendations	Disclosure Section (Page)
[Governance] Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the Board of Directors' oversight of climate-related risks and opportunities.	Governance (p.66)
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance (p.66)
[Strategy] Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long terms.	Risks and Opportunities (pp.68–77)
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Impact on Business Strategy (p.67)
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	—
[Risk management] Disclose how the organization identifies, assesses and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Risks and Opportunities (pp.68–77)
b) Describe the organization's processes for managing climate-related risks.	Risks and Opportunities (pp.68–77)
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Prioritization of Risks (p.66)
[Metrics and targets] Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Prioritization of Risks (p.66)
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Managing Greenhouse Gas Emissions across the Value Chain (p.78)
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against those targets.	Environmental Targets (pp.57–61)

Note: Prepared by the Company based on the Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report), 2017, page 14.

Governance (Climate-Related Controls)

The Representative Director and Senior Executive Vice President is the Chairperson of both the Climate Action Committee and the Eco Activity Promotion Committee. He is also responsible for business strategy, risk management, investor relations and the like and therefore has the highest executive responsibility for climate change and environmental protection matters. In his role as Chairperson of the aforementioned committees, he manages risks related to climate change and environmental protection as part of our company-wide risk management through semiannual meetings and other forums. In our company-wide risk management, meanwhile, “climate-related risk” is individually defined as one of only 14 “material risks” in our annual securities report.

Strategy planning and evaluation of climate-related risks and opportunities are carried out by the Climate Action Committee. Based on the recommendations of that committee, the Board of Directors decided on the NTT DATA Carbon-neutral Vision 2050, committed to the Business Ambition for 1.5°C campaign and endorsed the recommendations of the TCFD.

The Climate Action Committee considers measures to deal with risks and opportunities that are deemed material. This includes all aspects related to the risks and opportunities for our climate-related businesses. Its scope of consideration also covers regulations that are expected to be strengthened in the future (such as carbon taxes, purchase schemes for renewable energy and cap-and-trade systems) and physical effects (such as abnormal weather and average temperature increases).

The Company analyzes the targets and results of each item related to environmental load (energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes and water usage). Depending on content, the results of these analyses undergo management review by the Climate Action Committee or the Eco Activity Promotion Committee and are then reported to the Representative Director and Senior Executive Vice President, who chairs both committees.

◆ Activities of Each Facility

The Facility Management Division, an organization specializing in architectural design, compiles information on environmental impact indicators for each data center and office (energy consumption/greenhouse gas emissions, paper resource usage, waste material volumes and water usage), the status of energy conservation measures and regulatory trends at the local government level. Depending on the content, its findings undergo management review by the Climate Action Committee or the Eco Activity Promotion Committee and are then reported to the Representative Director and Senior Executive Vice President, who proposes critical matters for consideration to the Board of Directors, where discussions are held regarding possible response measures.

Climate Strategy

◆ Prioritization of Risks

The Internal Control Promotion Committee selects around 60 risk candidates related to the Group’s overall business and evaluates them from perspectives relevant to our business, urgency level and benchmarking against other companies in the same industry. Risks with a significant impact on the Group as a whole are defined as “material risks.” The Board of Directors has decided on 14 such risks to be addressed on a priority basis. Furthermore, for climate-related risk, the degree of impact is determined the magnitude of impact (very high, high, medium, small) based on financial considerations (classified into five levels, from less than ¥100 million to ¥100 billion), likelihood of occurrence (three levels, such as impact within one year) and impact on the time horizon. We have defined our major climate-related risks and opportunities as follows: risks ranging from “very high” (potential financial impact of ¥10 billion–¥100 billion) to “medium” (expected to be gradual but virtually certain), and opportunities ranging from “very high” to “high” (because opportunities are less certain than risks).

◆ Impact on Business Strategy

In assessing how climate-related risks and opportunities affect its business strategies and financial plans, the Group considers four main factors. The details of these factors are represented in the climate-related risks and opportunities described below, as they are also subject to impacts.

Area Impacted	Overview
Products and services	Due to the nature of our client base, which includes government agencies that promote the TCFD and financial institutions that support the TCFD, we are susceptible to market preferences from governments and financial institutions that seek to address climate change. We expect the impacts to result in increased opportunities for the following services. • Cloud services (including shared services) • Green data centers • Smart energy-related solutions • Process reform through next-generation production technologies (e.g., digital shift)
Supply chain	Abnormal weather events (such as large typhoons, floods, heat waves and torrential rains) could cause damage to our suppliers, which might make us unable to provide our data centers with hardware and other equipment.
Technologies	Given the nature of our company as a provider of systems that support social infrastructure, we see increasing opportunities for products and services to respond to climate change stemming from changes in technology and markets. Accordingly, we are increasing investments in cutting-edge technologies and innovations, such as smart cities and AI technology, as well as in production technology innovation to enable faster system development, higher quality and the construction of cloud computing platforms for the shift to cloud computing and digitalization.
Operations	The Paris Agreement aims to realize a society with zero greenhouse gas emissions after 2050, and costs are expected to increase in line with carbon pricing (carbon taxes and emissions trading systems). Given the nature of the Group's business, with around 95% of Scope 1 and 2 emissions coming from electricity use, using electricity derived from fossil fuels will have a high impact on our business. Accordingly, we assume that we will need to procure electricity from renewable energy sources to continue our business. In addition, the risk of increased operational costs at our data centers due to the Tokyo Cap-and-Trade Program, which obliges energy consumers in Tokyo to reduce CO_2 emissions, is expected to have a significant impact on our overall business. We also factor in the risk of rising energy costs associated with greater air-conditioning requirements in data centers as average temperatures increase.

Risks and Opportunities

◆ Transitional Risks (Regulations and Markets)

Compliance with climate change regulations presents transitional risks of increased costs for actions, such as facility upgrades and additional operational functions. There is also a risk of not being selected as a business partner due to the accelerated decarbonization of the market.

Risk 1: Increase in costs due to carbon pricing (e.g., carbon tax)	Time horizon: Long term
Complying with the Paris Agreement will lead to significantly tighter domestic regulations and higher costs related to CO_2 emissions.	
Assumed business and financial impacts	The Paris Agreement aims to create a society where greenhouse gases cannot be emitted after 2050, and for this reason we expect carbon pricing (carbon tax) to push up costs in the future. Given the nature of the Group's business, in which electricity usage accounts for around 95% of Scope 1 and 2 CO_2 emissions, we assume that we will need to procure electricity from renewable energy sources to continue our business, because using electricity derived from fossil fuels would have a major impact on our business. However, in Japan, where we generate around 60% of net sales, the cost of renewable energy is high, the potential for renewable power generation is unclear, and a certificate trading system is still under development. Accordingly, it will be difficult to introduce renewable energy swiftly. Under these circumstances, there is concern that domestic regulations will be significantly tightened and the cost burden for CO_2 emissions will increase to achieve the target of the Paris Agreement, which will seriously hinder our business continuity. If a carbon tax of US$100/t-$CO_2$ were imposed under a new carbon pricing mechanism, for example, the impact based on our fiscal 2020 emissions would have been ¥8.0 billion. Also, if we offset the total amount of our emissions during the third compliance period of the Tokyo Cap-and-Trade Program (Japan's current carbon pricing system), the impact would be ¥0.3 million. This would bring the total impact to ¥8.3 billion.
Measures and costs	To minimize the impact of the current carbon pricing system, in which the Tokyo Metropolitan Government mandates reductions in overall greenhouse gas emissions and emission trading, we are taking the following measures at NTT DATA's seven buildings in Tokyo: (1) Replace electric power equipment with high-efficiency equipment (e.g., transformers, UPSs); (2) Replace air-conditioning equipment with high-efficiency equipment (e.g., turbo refrigerators, split systems); and (3) Enhance the operation of air-conditioning systems, lighting systems and shared facilities. In these ways, we are striving to reduce our power consumption. In addition, we have been purchasing renewable energy and installing renewable energy–based private power generation equipment at our buildings to address the future introduction of a new carbon tax. In March 2018, for example, we completed construction of Mitaka Data Center EAST, which incorporates an outside air-cooling system (outdoor air during the spring, fall and winter) that utilizes photovoltaic power generation and natural energy. Moreover, two of our other buildings are participating in district heating and cooling (DHC) systems. DHC systems help reduce carbon emissions by consolidating high-efficiency heating and cooling equipment in single regional locations, eliminating the need for surplus energy that would otherwise be generated by individual equipment. In addition, we began purchasing renewable energy in Japan in fiscal 2020, following purchases in the North America and EMEAL (Europe, Middle East, Africa and Latin America) regions. We will continue gradually transitioning to renewable and other low-carbon energy sources to meet our 1.5°C SBT target. The amount of renewable energy generated in Japan in the reporting year was around 700 MWh. At present, the cost of installing renewable energy–based private power generation equipment and participating in DHC systems is around ¥800 million annually.

Risk 2: Risk of not being selected as a partner by advanced decarbonization companies	Time horizon: Medium term
There is a risk that clients will migrate to competitors if we are slow in making our operations greener.	
Assumed business and financial impacts	As climate change prompts markets to become more passionate about decarbonization, there is a risk that clients will migrate to competitors if we are perceived to be insufficiently addressing climate change, including by developing energy-saving measures and decarbonization technologies for our data centers, which could affect our financial position. Around 50% of our major clients are CDP members, and many of them also participate in the SBT and RE100 initiatives. Many companies that have committed to net-zero emissions also expect their suppliers to do the same. If we are slow to become greener, therefore, we might not be chosen as a "green innovation" partner, leading to a loss in patronage. If we do not make progress in decarbonization and green innovation according to market demands, we assume that we will lose sales in areas where clients can easily make comparisons with competitors based on green benchmarks. In fiscal 2020, for example, the European Commission established "Green Public Procurement (GPP) Criteria for Data Centres, Server Rooms and Cloud Services," which will require data centers to use 100% renewable energy. In the United States, meanwhile, there has been a dramatic increase in global demand for green procurement, partly due to a presidential directive requiring the federal government to disclose its greenhouse gas emissions and climate-related financial risks and to set science-based reduction targets. If Japan were to adopt the same 100% data center renewable energy procurement conditions as the European Commission, we would experience a ¥252.9 billion loss in sales to "national government ministries and local governments, etc." in our financial results.

Measures and costs	In fiscal 2020, we invested around ¥22,739 million in total R&D expenses aimed at becoming a partner for clients' green innovation. To survive amid fierce global competition, we conduct R&D on production technology innovation to enable faster system development, higher quality, the construction of cloud computing platforms and the shift to digitalization, as well as R&D on cutting-edge technologies and innovations for proactively incorporating new technological trends into our business. Under our Medium-Term Management Plan, we are promoting innovation by building a foundation to consolidate and utilize knowledge and know-how related to leading-edge technologies on a global scale, while also refining next-generation production technologies.

1.[referenced above?] Set with reference to "State and Trends of Carbon Pricing 2020" (World Bank Group), etc. [to what does this refer?]

◆ Physical Risks

Regarding the physical impact caused by climate change, there is a risk that abnormal weather events, such as large typhoons, flooding, heat waves and torrential rains, could shut down the power supply to data centers, while flooding and lightning could halt operations at data centers.

Risk 3: Data center shutdown due to abnormal weather	Time horizon: Short term
Large typhoons, floods, heat waves, torrential rains and other abnormal weather events increase the risk of data center operational shutdown due to power outages, flooding and lightning strikes.	
Assumed business and financial impacts	Some 50% or more of the Group's sales are connected to its data centers, and its main data centers are located on middle latitudes in the northern hemisphere, which are frequently experiencing heavy rainfall due to climate change. Due to these unique characteristics, the suspension of operations at our data centers could have severe impacts on our business and could negatively impact large-scale systems that support social infrastructure, such as financial and medical services. Accordingly, operational suspensions at our data centers carry the risk of causing enormous damage to society at large. With these factors in mind, the NTT DATA Group has equipped its data centers with in-house emergency generators in readiness for power outages. However, if these generators, which are located underground, stop operating due to flooding, there is a risk that our data center business continuity could be jeopardized. Operation of our data centers could also be interrupted by equipment malfunctions caused by lightning strikes. One day of operational suspension would result in approximately ¥3.2 billion in lost sales (calculated based on the daily sales rates of services provided through our data centers). In reality, we would suffer further damage, such as a decline in trust, so this figure is actually the minimum estimated value.
Measures and costs	We have been taking various measures to avoid these risks, such as (1) identifying and implementing flood prevention works at data centers where basements present high flood risk based on municipal hazard maps, (2) establishing backup data centers in multiple locations and (3) replacing lightning rods at 15 NTT DATA buildings nationwide. In fiscal 2017, we conducted BCP drills in preparation for disasters, including natural disasters caused by climate change and other factors. We also reconsidered our fuel and water requirements and strengthened our procurement methods. Since fiscal 2018, we have conducted BCP drills with a scenario where a disaster occurs outside weekday daytime hours. We also introduced a web-based system for building-specific disaster management. The system collects, manages and shares information on disaster countermeasures that can be accessed from home or mobile phones and shared by all concerned parties. In March 2020, we established Grid Sky Way LLP together with TEPCO Power Grid, Inc., and Hitachi, Ltd. The activities of the new entity include building and demonstrating a system to enhance the sophistication and resilience of infrastructure facility inspections, including by using drones to inspect electric power equipment, as countermeasures against natural disasters that are becoming more severe due to abnormal weather. (NTT Data's role is to create an environment for field-testing a drone operational management system.) We believe that the sophistication of these infrastructure facility inspections will reduce the risk of disconnection and other problems in the event of a severe disaster. The annual cost of renewing our air-conditioning systems to reduce power consumption and prevent the shutdown of in-house power generation at data centers in the event of a disaster is around ¥1.2 billion (minimum assumed cost). Combined with the Company's ¥200 million investment in capital for establishing Grid Sky Way, this brings the total cost of disaster risk countermeasures in fiscal 2020 to ¥1.4 billion.

Risk 4: Increase in air-conditioning costs due to rising average temperatures	Time horizon: Long term
Operating costs will increase in line with rising average temperatures.	
Assumed business and financial impacts	The Group has 17 data centers in Japan and others around the world, mainly in mid-latitude regions of the northern hemisphere, such as Europe and the United States, where average temperatures are rising significantly due to climate change. These rising average global temperatures carry the risk of increasing our operational costs. We estimate that a 1.0°C rise in temperature would increase electricity consumption at our data centers in Japan and overseas by around 4.5 million kWh, resulting in an annual increase in energy costs of around ¥70 million.

Measures and costs	To address these types of risk, we are switching to high-efficiency electrical and air-conditioning systems while improving the operation of air-conditioning, lighting and other shared systems. At the NTT DATA Mitaka Building, for example, in addition to the above measures, we reduced electricity consumption by around 30% compared to existing data centers by installing a photovoltaic power generation system and a high-voltage direct current (HVDC) power supply system. In 2018, moreover, we completed construction of Mitaka Data Center EAST, which incorporates an outside air-cooling system that utilizes photovoltaic power generation and natural energy (outdoor air during the spring, fall and winter). In fiscal 2019, we teamed up with several equipment manufacturers to jointly conduct a demonstration experiment aimed at reducing data center power consumption by optimizing server room temperature settings using server equipment that can operate in high-temperature environments. According to multiple media reports, using outdoor air-cooling systems in urban data centers is considered good practice. The average annual cost of upgrading facilities and enhancing operations at all NTT DATA Group data centers in Japan was around ¥700 million in fiscal 2019 and fiscal 2020.

◆ Transitional Risks (Reputation)

Other climate-related risks include increased investor requests for corporate information disclosure related to climate change, declines in our share price associated with lower evaluation by investors and deterioration in market-imposed financing conditions.

Risk 5: Loss of reputation due to delayed responses	Time horizon: Short term
Delays in responding to increasing requests for ESG information disclosure from investors might result in loss of reputation and a consequent decline in our share price, as well as deterioration in fundraising conditions.	
Assumed business and financial impacts	Lower evaluation by overseas investors actively engaged in ESG investment carries the risk of a decline in share price that would decrease corporate value. As of March 31, 2021, 15.91% of NTT DATA Group stock was held by overseas corporations. Also, financial institutions in Japan own 21.18% of our stock, and some of them have begun engaging in ESG investments. For this reason, according to speculation, if financial institutions in Japan were to lower their evaluations of our ESG moving forward, the resulting impact would lead to a fall in our stock price and ultimately affect our corporate value negatively. If the price of our shares held by overseas investors were to fall by 1%, the impact on the Company's market capitalization would amount to around ¥3,822 million[1].
Measures and costs	Since 2009, we have been actively disclosing information to investors, particularly concerning CDP[2], on which investors who request Company information regarding climate change place particular importance. At our fiscal 2019 financial results briefing, we announced our 1.5°C SBT[3], which is emphasized in the CDP, and received approval for that target from the SBT Office in June 2020. In March 2021, moreover, we announced our support of the TCFD[4] recommendations. We also announced the NTT DATA Carbon-neutral Vision 2050, which outlines our policies and initiatives for achieving carbon neutrality and is posted on our corporate website. Expenses related to investor requests for corporate information regarding climate change are about ¥55 million.

1. Calculated on the basis of 1,402,500,000 outstanding shares as of March 31, 2021.
2. The CDP (formerly the Carbon Disclosure Project) was launched in 2003 by a U.K.-based NGO to evaluate the climate change policies of businesses and enterprises.
3. Science-based targets (SBT): Greenhouse gas reduction targets for companies based on scientific evidence under the Paris Agreement.
4. Task Force on Climate-related Financial Disclosures (TCFD): This privately led task force focuses on securing the disclosure of climate-related financial information and was established under the Financial Stability Board at the request of the G20's ministers of finance and central bank governors.

Note: Time horizons: Short term: Less than 1 year; Medium term: 1–3 years; Long term: 3–13 years

◆ Opportunities Related to Products and Services (Opportunities 1, 3, 4)

Opportunity 1: Realization of high energy efficiency from the application and system design layers to facilities layer — Time horizon: Long term

Demand for highly efficient data centers will increase because the enforcement of the Paris Agreement will lead to tighter regulations to achieve a zero CO_2 emission society by 2050 and necessitate the improved efficiency of IT systems, which account for a large proportion of corporate energy usage.

Business and financial impacts	Given expectations that regulations aimed at realizing a zero CO_2 emission society by 2050 will be tightened at an increased pace, we anticipate growth in demand for more efficient IT systems, which account for a significant proportion of corporate energy consumption. Specifically, we look forward to increased demand for more efficient and virtualized IT systems, greater use of shared centers and outsourcing to energy-efficient data centers. Out of the NTT DATA Group's total net sales of ¥2,318.7 billion, domestic and international local governments and central government agencies, including the Japanese Cabinet Secretariat and the Ministry of the Environment, account for about 19%, whereas financial institutions, including those compliant with TCFD[1] recommendations, account for roughly 22%. As a developer and operator of numerous large-scale and mission-critical systems, we are leading the way in making our data centers greener, which will help us realize significant reductions in energy consumption. We are accomplishing this by promoting Green Data Center services aimed at reducing environmental impacts through the integration of IT and facility technologies. Sales from our data centers and related services amounted to ¥58.7 billion in fiscal 2020, and we believe that sales will grow further alongside increased demand for outsourcing to energy-efficient data centers.
Strategies and costs	In 2018, we completed construction of Mitaka Data Center EAST, a compilation of HVDC power supply systems, virtualization technologies and an outside air-cooling system that utilizes natural energy—the main elements of our Green Data Center® services for which we have a trademark in Japan. The center has a power usage efficiency PUE of 1.3 or less (annual average), one of the best in Japan. In 2019, Mitaka Data Center EAST received the GOLD rating in the data center category under the Leadership in Energy and Environmental Design (LEED) environmental rating system. In fiscal 2021, we will launch the following three initiatives to take our Green Data Center®, led by Mitaka Data Center EAST, to the next stage. (1) Introduction and increased use of renewable energy In fiscal 2020 and fiscal 2021, we are introducing renewable energy at the NTT DATA Dojima Data Center and other facilities. At Mitaka EAST, we will also work to procure electricity derived from renewable energy sources and aim for comprehensive energy utilization through cross-industrial collaboration (described in (3) below). (2) Advanced energy savings Together with ICT equipment manufacturers, we have already field-tested a temperature optimization (reduction of cooling energy) technology that maximizes the durable performance of the latest ICT equipment. We did this by using IoT and other technologies to visualize the operating environment of servers to moderate the temperature and humidity settings of machine room air conditioners. Based on the results of testing, we will develop services for actual operation to reduce the power consumption of entire data centers, including ICT equipment. (3) New energy management Through cross-industrial collaboration, we aim to achieve comprehensive energy utilization, from procurement to delivery and operation, as a next-generation energy management data center operator. In fiscal 2020, total R&D expenses for elemental technologies of green data centers, including AI/IoT, deep learning and virtualization technologies, amounted to ¥22,739 million. This included R&D on production technology innovation to enable faster system development, higher quality, the construction of cloud computing platforms and the shift to digitalization, as well as R&D on cutting-edge technologies and innovations for proactively incorporating new technological trends into our business. Innovations in advanced forecasting and production technologies, in particular, can lead to energy and resource savings (see (2) above) and contribute significantly to climate-related opportunities.

Opportunity 3: Increase in demand for cloud computing and shared services due to more frequent abnormal weather events — Time horizon: Short term

The use of cloud computing and shared platforms, which offer a high level of safety and protection of corporate data from being lost due to typhoons, localized heavy rains and other abnormal weather events, might accelerate.

Business and financial impacts	Our joint-use enterprise systems, such as the Chigin Kyodo Center (BeSTA®) for regional banks, have gained a top market share of roughly 30%, while more than 90% of credit associations across Japan are using our comprehensive online Shinkin Kyodo System. We also utilize cloud-based highly scalable, available and flexible platforms to provide our own AW3D® Global High-Resolution 3D Map, which is the world's first 3D mapping technology that can display global topography at a resolution and accuracy of five meters. The map allows us to contribute in various ways to climate change adaptation, such as the creation of tsunami hazard maps in Macau and the selection of wind power generator installation sites in nations across the world. The map is also used in more than 130 countries worldwide for more than 1,500 projects across a wide range of fields, including infrastructure maintenance, natural disaster countermeasures and global warming responses. We believe that accelerating demand for cloud computing services will enable us to further expand our business. The NTT DATA Group's cloud computing service sales were ¥608.2 billion in fiscal 2020.

Strategies and costs	The Group is creating business opportunities through its cloud-related services. We offer joint-use platform services tailored to client requirements, ranging from infrastructure services (data centers) to applications. Furthermore, we work with existing joint-use centers to provide comprehensive construction and operation services for establishing private clouds. For example, our "BIZXAAS® Office" service, which provides systems required for an office environment via cloud computing, has been deployed in-house to promote telecommuting and set up satellite offices as part of our BCP. Since 2017, we have accelerated efforts to consolidate the NTT DATA Groupwide development environment in our Integrated Development Cloud, reducing the time required for application development and infrastructure construction to one-third of previous levels. In fiscal 2020, we invested around ¥3 billion in R&D on cloud core technologies, including technology for consolidating platforms into our Integrated Development Cloud.

Opportunity 4: Increase in demand for smart energy-related innovation — Time horizon: Medium term

Growing concern about climate change and rising energy costs is accelerating improvements in the efficiency of social infrastructure, which could provide more large-scale smart energy–related business opportunities.	
Business and financial impacts	As of 2020, the number of smart meters operated and managed by our system in TEPCO's service area was around 30 million. This is equivalent to about one-third of the 107 million smart meters operating in the United States in the same year. In Japan, which accounts for 60% of our net sales, a supply/demand adjustment market was launched in April 2021 with the aim of securing adjustment capabilities and stabilizing the grid against the backdrop of increasing renewable energy and other factors. In preparation for the entry of virtual power plant (VPP) operators into the market, we are building a prototype service platform for VPP operators to participate in the supply/demand adjustment market, based on our IoT platform service. Our aim is to support the resource management of VPP operators and facilitate the introduction of renewable energy. We have invested around ¥10 billion in the smart energy–related business and anticipate cumulative sales of ¥70 billion–¥100 billion over the next five years until fiscal 2025.
Strategies and costs	In fiscal 2020, we invested more than ¥1 billion in smart energy–related innovation. This includes investments related to wide-area/regional microgrid-type smart meters for electricity, gas and water resources, as well as large-scale collaborative and data analysis platforms related to smart energy. We aim to invest ¥7 billion–¥10 billion by fiscal 2025.

◆ Opportunities Related to Resource Optimization

Opportunity 2: Competitive advantage of application layer (process innovation through next-generation production technology) — Time horizon: Medium term

The establishment and expansion of global Centers of Excellence (CoEs) for digital technologies to strengthen the field of advanced technology could provide opportunities to dramatically improve productivity through innovative new technologies, such as system development process innovation.	
Business and financial impacts	The establishment and expansion of global Centers of Excellence (CoEs) for digital technologies to strengthen the field of advanced technology will provide opportunities to dramatically improve productivity through innovative new technologies, such as system development process innovation using next-generation production technologies. Also, the use of more efficient production and distribution processes will contribute to our own decarbonization and help our clients reduce their Scope 3 emissions. In addition to intensifying competition in the information service industry, to which we belong, clients in the financial sector, which account for 22% of net sales, are increasingly demanding lower costs, as represented by their preference for cloud computing. In Japan, which accounts for 60% of our net sales, competition is moderate. Committed to "long-term relationships" as stated in our Medium-Term Management Plan 2019, we are addressing client demands in various ways. Specifically, we are promoting "development process innovation through next-generation production technologies" to further increase production efficiency, including by consolidating the system development environment in the cloud and expanding the application scope of software development automation. These efforts give us valuable opportunities related to climate change. For example, low-code platform development can enable software development with fewer physical and human resources than before, which could foster innovation through digitalization. Due to business attributes unique to NTT DATA, traditionally our technology bases were mainly in Japan. Now, however, we have established global digital technology–intensive facilities (Centers of Excellence) for AI, blockchain and other technologies in countries and regions centered on Germany, Italy, Spain, North America and Japan. Our aim here is to address intensifying competition in the global market and clients' demand for lower costs, represented by their preference for cloud computing, by using globally integrated technologies, knowledge and skills. In addition, we have established these facilities in countries and regions with higher needs so we can respond quickly to those needs and develop know-how in the process. We anticipate that creating business opportunities through the swift delivery of Green Innovation and reducing costs by shortening the development period will result in a contribution to our profits of around ¥50 billion.
Strategies and costs	In fiscal 2020, we invested ¥5 billion in R&D on production technology and process innovation, including through AP [define?] modernization—which involves a gradual digital migration while effectively utilizing existing assets—as well as on next-generation production technologies related to digital service management, integrated platform development and the like.

◆ Opportunities Related to Resilience

Opportunity 5: Diversity of human resources through location-neutral work styles	Time horizon: Medium term
The promotion of flexible work styles, independent of location, could strengthen corporate resilience by enabling business continuity in the event that employees are unable to come to work due to a pandemic or climate-related disaster.	
Business and financial impacts	We have cited ESG management as an important part of our Medium-Term Management Plan (fiscal 2019–2021). Through our business, we are working to address climate change and other social challenges and have adopted advanced, environmentally friendly ways of working that have earned us high external ESG evaluations. We believe that providing a sense of accomplishment, self-realization and growth opportunities at work leads to increased motivation, which in turn enhances employee retention. With this in mind, we are taking steps to foster employee development and career growth. In fiscal 2020, around 76% of employees used our teleworking system, and thanks to our efforts, the retention rate of employees remained at a high level. As a result, in Japan, which accounts for 60% of net sales, we were selected for two consecutive years (2020 and 2021) as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. We were also awarded Five Stars (highest ranking) in the 4th Nikkei Smart Work Management survey, in which Nihon Keizai Shimbun, Inc., selects leading companies that promote major advances in productivity through workstyle innovation, also for the second consecutive year. In addition, NTT DATA was ranked first overall out of 200 companies in the Rakuten Minshu ranking of popular companies for new graduates, based on a survey of more than 3,000 graduates from the class of 2021. The ability to work in multiple locations through location-neutral work styles will enable business continuity even if a climate-related disaster makes it difficult to go to work, thereby improving our ability to address risk and strengthening our corporate resilience. We estimate the financial impact of providing such flexible, location-neutral work styles to be ¥58,980 million, based on our superior employee retention rate (vis-à-vis the industry standard) and reduction in commuting-related CO_2 emissions.
Strategies and costs	In addition to promoting remote work styles, we are realizing opportunities in various other ways. For example, we participated in the Telework Days 2020 campaign conducted by the Ministry of Internal Affairs and Communications, the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and the Ministry of Land, Infrastructure, Transport and Tourism. We also encourage the use of trials by system development supervisors, as well as consolidation of system development environments and provision of teleworking arrangements for system development using our Integrated Development Cloud, which aims to improve production technologies in system development. In recognition of our efforts, we received the Chairman's Award from the Japan Telework Association. By promoting teleworking, remote access from business trip destinations, and other remote work styles independent of location, we are working to reduce CO_2 generated by commuting, moving between buildings and business trips. The cost of building and operating a teleworking environment, estimated from the initial cost of distributing telework terminals to employees and annual running costs, will be around ¥1.1 billion at minimum.

Note: Time horizons: Short term: Less than 1 year; Medium term: 1–3 years; Long term: 3–13 years

◆ Climate-Related Risks and Opportunities

Risks (1−5) and Opportunities (1−5)

Risks and Opportunities		Type	Outline	Time Horizon	Likelihood of Occurrence	Degree of Impact	Financial Impact of Risks and Opportunities	Countermeasure Costs
Risk 1	Increase in costs due to carbon pricing (e.g., carbon tax)	Regulatory risk	To comply with the Paris Agreement, domestic regulations will be significantly tightened and the cost burden for CO_2 emissions will increase.	Long term	Virtually certain	Medium–high	If a carbon tax of US$100/t-$CO_2$ were imposed under a new carbon pricing mechanism, the impact based on our fiscal 2020 emissions would have been ¥8.0 billion. Also, if we comply with the Tokyo Cap-and-Trade Program (Japan's current carbon pricing system), the impact would be ¥0.3 million. This would bring the total impact to ¥8.3 billion.	The current combined cost of installing renewable energy private power generation facilities and participating in the DHC system is around ¥800 million.
Risk 2	Risk of not being selected as a partner by advanced decarbonization companies	Market risk	There is a risk that clients will migrate to our competitors if we are slow to make our products greener.	Medium term	Virtually certain	High	If Japan were to adopt the same 100% data center renewable energy procurement conditions as the European Commission, we would experience a ¥252.9 billion loss in sales to "national government ministries and local governments, etc." in our financial results.	In fiscal 2020, NTT DATA invested around ¥22,739 million in total R&D expenses aimed at becoming a partner for clients' green innovation. We are working on production technology innovation to enable faster system development, higher quality and the construction of cloud computing platforms for the shift to cloud computing and digitalization, as well as R&D on cutting-edge technologies and innovations for proactively incorporating new technological trends into our business.
Risk 3	Data center shutdown due to abnormal weather	Physical risk	Large typhoons, floods, heat waves, torrential rains and other abnormal weather events increase the risk of data center operational shutdown due to power outages, flooding and lightning strikes.	Short term	Virtually certain	Medium–high	One day of operational suspension would result in around ¥3.2 billion in lost sales (based on the daily sales rates against total net sales). In reality, we would suffer further damage, such as a decline in trust, so this figure is actually the minimum estimated value.	The annual cost of renewing our air-conditioning systems to reduce power consumption and prevent a shutdown of in-house power generation at data centers in the event of a disaster is around ¥1.2 billion (minimum assumed cost). In addition, to enhance the sophistication and resilience of infrastructure facility inspections, including by using drones to inspect electric power equipment, we established Grid Sky Way LLP together with other companies with an investment of ¥200 million.
Risk 4	Increase in air-conditioning costs due to rising average temperatures	Physical risk	Operating costs will increase in line with rising average temperatures.	Long term	Virtually certain	Medium	We estimate that a 1.0°C rise in temperature would increase electricity consumption at our data centers in Japan by around 4.5 million kWh, resulting in an annual increase in energy costs of around ¥70 million.	The cost of upgrading facilities and enhancing operations at all the NTT DATA Group data centers in Japan totaled around ¥700 million in fiscal 2019–2020.
Risk 5	Loss of reputation due to delayed responses	Reputational risk	Any delay in responding to investor requests for ESG information disclosure could lead to loss of reputation and a decline in share price.	Short term	Virtually certain	Medium–high	If the price of our shares held by overseas investors were to fall by 1%, we estimate that the impact on the Company's market capitalization would be around ¥3,822 million (based on 1,402,500,000 shares issued as of March 31, 2021).	Expenses related to investor requests for corporate information regarding climate change are about ¥55 million.

Risks and Opportunities		Type	Outline	Time Horizon	Likelihood of Occurrence	Degree of Impact	Financial Impact of Risks and Opportunities	Countermeasure Costs
Opportunity 1	Realization of high energy efficiency from the application and system design layers to facilities layer	Opportunity to increase demand for services	Demand for highly efficient data centers might increase because the enforcement of the Paris Agreement will necessitate the improved efficiency of IT systems, which account for a large proportion of corporate energy consumption.	Long term	Likely	High	Sales from our data centers and related services amounted to ¥58.7 billion in fiscal 2020. Under our business plan, we expect such sales to reach ¥67.0 billion in fiscal 2021 in line with growing market needs.	We build and operate data centers with high environmental performance, including the Mitaka Data Center, and plan to promote further renewable energy use, energy conservation and new energy management from fiscal 2021 and thereafter. In fiscal 2020, total R&D expenses for elemental technologies of green data centers, including AI/IoT, deep learning and virtualization technologies, amounted to ¥22,739 million.
Opportunity 2	Competitive advantage of AP layer (process innovation through next-generation production technology)	More efficient production processes	The establishment and expansion of global Centers of Excellence for digital technologies to strengthen the field of advanced technology provide an opportunity to radically improve productivity through groundbreaking new technologies, such as system development process innovation.	Medium term	Virtually certain	High	We anticipate that creating business opportunities through the swift delivery of Green Innovation and reducing costs by shortening the development period will result in a contribution to our profits of around ¥50 billion.	In fiscal 2020, we invested ¥5 billion in R&D on production technology and process innovation, including through AP modernization—which involves a gradual digital migration while effectively utilizing existing assets—as well as on next-generation production technologies related to digital service management, integrated platform development and the like.
Opportunity 3	Increase in demand for cloud computing and shared services due to more frequent abnormal weather events	Opportunity to increase demand for services	The use of cloud-based data centers and shared platforms, which offer a high level of safety and protection of corporate data from being lost due to typhoons, localized heavy rains and other abnormal weather events, could accelerate.	Short term	Virtually certain	High	Sales from cloud computing and shared platform–related services in fiscal 2020 totaled ¥608.2 billion. With the emergence of technological innovations, such as the public-hybrid cloud and the digital transformation of legacy systems, we forecast sales of around ¥630 billion in fiscal 2022.	In fiscal 2020, we invested around ¥3 billion in R&D on cloud core technologies, including technology for consolidating platforms into our Integrated Development Cloud.
Opportunity 4	Increase in demand for smart energy–related innovation	Opportunity to increase demand for services	Growing concern about climate change and rising energy costs have led to accelerated improvements in the efficiency of social infrastructure, providing increased opportunities for large-scale energy-related businesses.	Medium term	Virtually certain	High	We currently generate around ¥10 billion in sales in the smart energy–related business annually and anticipate cumulative sales of ¥70 billion–¥100 billion over the next five years until fiscal 2025.	In fiscal 2020, we invested more ¥1 billion in the smart energy–related business and anticipate cumulative sales of ¥70 billion–¥100 billion over the next five years until fiscal 2025.
Opportunity 5	Diversity of human resources through location-independent work styles	Opportunities through substitution and diversification of resources	The adoption of teleworking and other flexible, location-neutral work styles might provide opportunities to strengthen our resilience as a company.	Medium term	Virtually certain	High	We estimate the financial impact of providing flexible, location-neutral work styles to be ¥58,980 million, based on our superior employee retention rate (vis-à-vis the industry standard) and reduction in commuting-related CO_2 emissions.	The cost of providing teleworking arrangements, including participating in Telework Days and using our Integrated Development Cloud for centralized system development, was ¥1.1 billion.

Note: Time horizons: Short term: FY2020–2023; Medium term: FY2024–2030; Long term: FY2031–2050

◆ Climate Change Scenario Analyses

Reasons for conducting scenario analyses and setting a boundary and time horizon

Scenario Identification

We started scenario analyses in 2018 and have since gradually expanded their boundaries and time horizons. Between July 2020 and March 2021, we focused on setting the scope of study and defining/identifying various scenarios. We used IPCC reports and the IEA's World Energy Outlook as the main inputs for examining the scope of the projected future world, and used EPA, EEA and MOE country analysis documents as reference. We adopted RCP8.5 and RCP2.6 as physical scenarios and set RCP2.6 to a 1.5°C-level scenario based on the content of the 1.5°C Special Report (SR1.5). For transitional risks, we adopted the IEA Sustainable Development Scenario, supplemented by the NZE2050 scenario, and assessed the potential impact on our business and value chain based on the future trajectory of the global scenario.

Boundary (Target Range)

The NTT DATA Group's business focuses on five areas—public & social infrastructure, financial, enterprise & solutions, North America and EMEA/Latin America—and expects to be impacted by climate-related factors from its clients in each area. For this reason, we have established a boundary of "all businesses and their associated value chains" to identify risks and opportunities and examine their financial impact.

Time Horizon

For time horizon, we selected the long-term period up to fiscal 2050 to meet the expectations of clients, shareholders, society and other stakeholders who demand a long-term vision for climate change in line with the Paris Agreement. As an intermediate point, we have set a medium-term horizon up to 2030, which coincides with the SBTs.

Results of Fiscal 2020 Scenario Analyses

Scenario Analysis Details

We used two main scenarios to provide a detailed assessment of climate-related risks and opportunities. The first is a 1.5°C scenario that assumes we move to a low-carbon economy based on the Paris Agreement, and the other is a 4°C scenario that assumes no more climate change measures are taken other than those currently planned. While setting targets based on the 1.5°C scenario, we also identified climate-related risks under the 4°C scenario and are reflecting these in our business strategies.

Under the scenario analysis started in fiscal 2018, we used the IPCC's sub-2°C scenario (RCP2.6) and 4°C scenario (RCP8.5)—both regarded as credible around the world—to get a complete picture of potential impacts. We then added the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA) to quantify the financial impact. Since electricity accounts for 95% of our Scope 1 and 2 emissions, we use the values of the SDS and the High-Level Commission on Carbon Pricing to gauge the impact of carbon pricing on electricity costs.

Based on the content of the Special Report on 1.5°C (SR1.5), the Group decided to adopt the 1.5°C level scenario, having judged that damage would be quite large in the sub-2°C scenario. Any missing information is supplemented by data from the EEA, EPA, MOE and various countries.

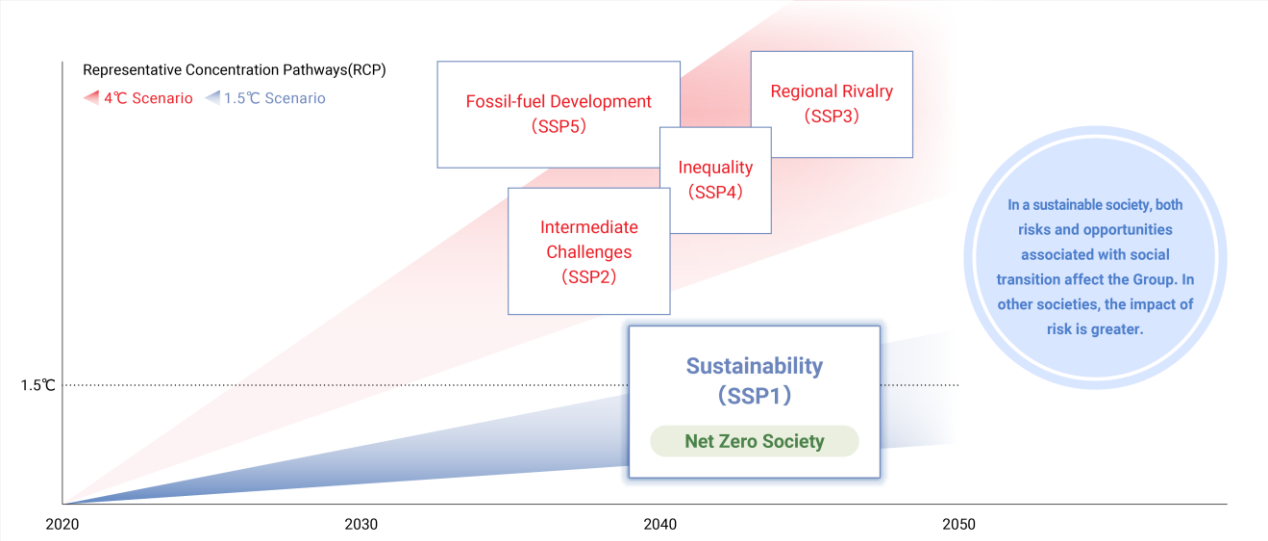
As a result of the scenario analysis, the Board of Directors committed to the SBT 1.5°C level in fiscal 2019, and in June 2020 we obtained certification from the SBT initiative. The1.5°C scenario assumes that while climate change measures would be strengthened, including through the introduction of carbon pricing, the physical impacts of climate change would remain at the reporting year level and no impacts of greater severity will occur. The 4°C scenario assumes that climate change measures will remain at the reporting year level, but physical impacts of climate change, such as more extreme weather events, will occur.

In the 1.5°C scenario, we assessed that increasing the use of renewable energy will reduce financial risks in current and long-term carbon pricing in all domains. In the public, financial and corporate domains, realizing high energy savings in the application-facility layer over the medium and long terms will enhance our competitive advantage. In the corporate sector, including manufacturing and distribution, we assess that there is an opportunity to increase sales by capturing demand for the Group's green knowledge and solutions because client companies are required to move toward decarbonization. Without real action, however, there is a risk that the Group will not be selected as a partner by leading decarbonization companies in the short term. In particular, we recognize the importance, in both social and corporate terms, of capturing the increase in smart energy–related demand in the field of social infrastructure and providing technologies and mechanisms to meet that demand.

In the 4°C scenario, we assessed the risk of a slightly higher level of impact on sales due to an increase in extreme weather events and resulting damage to society and the economy, as well as a decline in clients' revenues. In each of our business domains, we concluded that the rise in average temperatures due to abnormal weather would cause a surge in air-conditioning costs at data centers, which account for 70% of the Group's electricity consumption. In Japan, where precipitation is on the rise,

we assessed that frequent typhoons, sudden heavy rains and rising sea levels over the medium and long terms will increase the risk of flooding in data centers and offices, which will affect our business in the areas of public & social infrastructure, financial and enterprise & solutions. On the other hand, since clients need to deal with similar risks, we see an opportunity to generate increased demand for our cloud and shared services, which incorporate hazard countermeasures and double redundancy to prevent data loss. We also see significant opportunities related to location-neutral work styles, which represent a strength from the perspective of business continuity against natural disasters. This is because such arrangements improve engagement with employees seeking diverse work styles, which fosters greater diversity in human resources and helps lower commuter-related CO_2 emissions. For information on reducing greenhouse gases through teleworking, we referred to reports from the IEA and the Ministry of the Environment.

➢ **Impacts on the Group from Climate Change Scenarios (RCPs and SSPs)**



Reference：A new scenario framework for climate change research: the concept of shared socioeconomic pathways

Representative Concentration Pathways (RCPs): Representative scenarios of concentration levels at which greenhouse gases will stabilize in the future and the pathways leading to those levels.
Shared Socioeconomic Pathways (SSPs): Five scenarios showing future socioeconomic changes based on two axes: climate change mitigation measures and adaptation difficulty.

Reflection in Our Strategy

Among the risks and opportunities identified above, those that will have a significant impact on the Group include “realization of high energy efficiency from the application and system design layers to facilities layer,” “business opportunities in cloud computing and shared-use centers” and “responding to smart energy–related needs.” The results of our scenario analyses were reported to the Board of Directors through the Climate Action Committee. Based on those results, we formulated the NTT DATA Group Carbon-neutral Vision 2050 as a long-term vision with the SBT 1.5°C target for 2030 as its midpoint. In addition, based on the results of our 2018 scenario analysis, we officially endorsed the recommendations of the TCFD, although we have voluntarily made TCFD-compliant disclosures since 2019. We also formally endorsed Business Ambition for 1.5 as we move forward on our ambitious journey to create innovations that empower our global clients to reduce climate-related risks and capture climate-related opportunities.

Based on analysis results, the Board of Directors decided to introduce renewable energy into its domestic operations, and in fiscal 2020 we began procuring renewable energy in Japan, having already done so in North America and EMEAL (Europe, Middle East, Africa and Latin America). We also decided to position “Digital & Green” as a main pillar guiding our next Medium-Term Management Plan (fiscal 2022–2024).

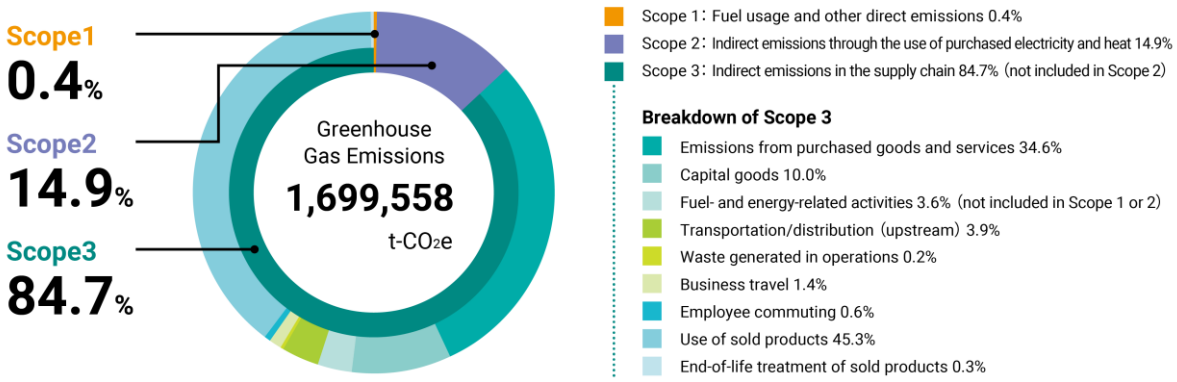
Greenhouse Gas Emissions

◆ Managing Greenhouse Gas Emissions across the Value Chain

To reduce the risks of climate change and realize a low-carbon society, it is important to engage in energy-saving measures not only for the Company's facilities but also for the overall society. The Group integrates environmental considerations into all aspects of its corporate activities. To this end, from fiscal 2013 we broadened the scope of our aggregated calculation of greenhouse gas emissions and began management under Scope 3, which calculates the aggregate amount of these emissions by considering product and service life cycles, from procurement to distribution and final disposal. For Scope 1 and 2, we added data from overseas operations to data obtained from a third-party certifier. As a result, total greenhouse gas emissions of the NTT DATA Group were 2,820,767 t-CO_2e in fiscal 2020.

Building on this result, the entire Group will seek to identify more effective carbon-reduction initiatives and embrace challenges together with clients and business partners.

➢ **Emission Rates by Scope in Fiscal 2020**



◆ Third-Party Certification Concerning Greenhouse Gas Emissions

We received third-party verification of our greenhouse gas emissions (Scope 1, 2 and 3), energy consumption and water consumption in fiscal 2020 from Lloyd's Register Quality Assurance Limited.

Verification of Scope 1 and 2, energy consumption and water consumption applies to all organizations of NTT DATA and the 82 domestic and overseas consolidated Group companies, whereas Scope 3 verification applies to the consolidated entities (NTT DATA and the 315 consolidated Group companies in Japan and overseas).

➢ **Summary of Third-Party Certified Data in Fiscal 2020** ☑

Direct GHG emissions (Scope 1)	5,182 t-CO_2e
Indirect GHG emissions from energy sources (Scope 2, market basis)	238,431 t-CO_2e
Indirect GHG emissions from energy sources (Scope 2, location basis)	269,138 t-CO_2e
Other indirect GHG emissions (Scope 3)	1,439,102 t-CO_2e
Energy consumption	605,109 MWh
Renewable energy consumption	52,523 MWh
Water consumption	488,315 m^3
Wastewater	287,945 m^3

Reducing the Environmental Impact of the Value Chain

Greening of Clients and Society

◆ Reducing the Environmental Impact of Society through IT

The NTT DATA Group and the NTT Information Network Laboratory Group have jointly verified general-purpose evaluation and measurement methods[1] for quantitatively evaluating the effectiveness of environmental impact reduction for all development projects. Since 2014, we have been conducting quantitative evaluation with tools based on the results of this verification.

We recommend the Groupwide utilization of these methods, which are more suited to general-purpose applications and actual business conditions than to the environmental impact assessment system[2] used in the past.

1. The results of our joint verification have been patented (Patent No. 5785229 (2015)).
2. A service for assessing the environmental impact of information systems developed by the NTT Information Network Laboratory Group. The service calculates environmental impact reductions that can be achieved through reduced consumption of materials and energy, transportation volume of people and goods, and the like, resulting from system introduction.

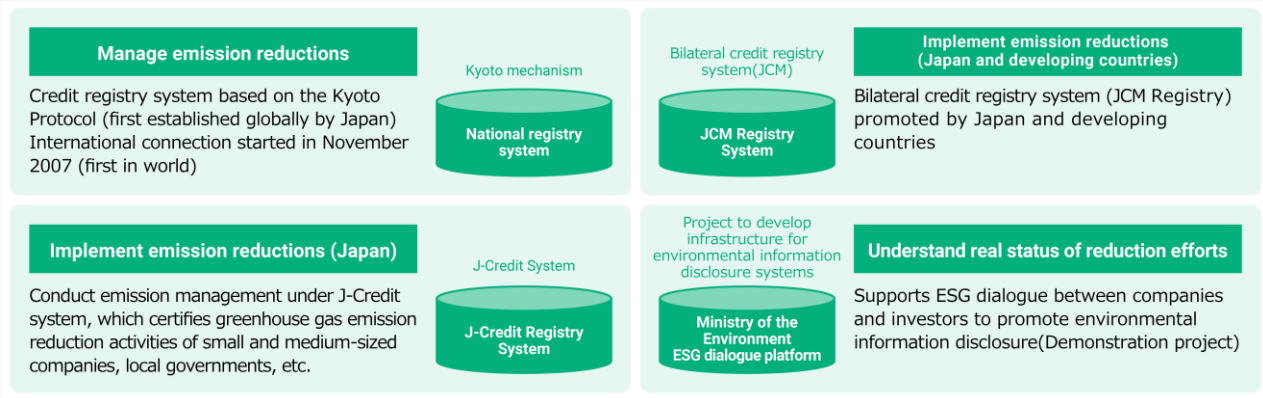
◆ Active Participation in Environmental Projects of Government and Industrial Organizations

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

In recent years, we have exchanged wide-ranging opinions as a member of the Japan Smart Community Alliance (JSCA)[3] and the Japan Environment Club[4]. These discussions are aimed at realizing the next generation of sustainable societies and cover various topics, including research into smart communities, sustainability, SDGs/ESG and resilience.

3. An organization established to promote the international development and domestic proliferation of smart communities through public- and private-sector collaboration.
4. A nonprofit organization that engages in exchange, education, research and policy support projects aimed at solving global environmental problems. Its objective is to foster sustainable business management, the creation of symbiotic environments through the maintenance and restoration of the abundant regional natural environments, and the creation of sound lifestyle principles for citizens in their daily lives.

Through its system construction and operation services, NTT DATA supports various global warming initiatives, including the establishment of a greenhouse gas emission reduction register (global warming countermeasure promoted by the Ministry of the Environment and the Ministry of Economy, Trade and Industry).



- National Registry System:
  Credit registry system based on the Kyoto Protocol (first established globally by Japan)
  International connection started in November 2007 (first in the world)

- JCM Registry System:
  Joint Crediting Mechanism[5] promoted by Japan and developing countries (JCM Registry)

5. The Joint Crediting Mechanism (JCM) is designed to quantitatively evaluate Japan's contribution to the reduction and absorption of greenhouse gas emissions—achieved by disseminating greenhouse gas reduction technologies and other measures in developing countries—and to use this information to achieve Japan's reduction targets.

- J-Credit Registry System:
  Designed to manage emissions by certifying the greenhouse gas emission reduction activities of small and medium-sized

companies, local governments and the like.

- Environmental Reporting Platform Development Pilot Project:
  Designed to promote ESG dialogue between companies and investors and support ESG investments by field-testing an ESG information disclosure and dialogue platform.

- Ministry of the Environment:
  Fiscal 2020
  ESG Regional Finance Task Force
  (NTT DATA Institute of Management Consulting provided development assistance to Tochigi Bank in the latter's efforts to build a mechanism for supporting local ESG finance by deploying local resources to examine and develop solutions for local issues.)

- Ministry of the Environment:
  Fiscal 2018 start; scheduled for completion in fiscal 2021
  Regional Cooperation and Low-carbon Hydrogen Technology Demonstration Project
  (NTT DATA Institute of Management Consulting has beenparticipating in a demonstration project in Noshiro City, Akita Prefecture, in which hydrogen produced by wind power generation was mixed with a gas similar to city gas, supplied via gas pipes to an adjacent site, and used in commercial gas appliances.)

- Ministry of Agriculture, Forestry and Fisheries:
  Fiscal 2019–2020
  Smart Agriculture Demonstration Project
  (NTT DATA Corporation, in collaboration with the Fukushima Advanced Technology Promotion Organization and NTT DATA Group companies, conducted a demonstration project of a new farming solution in a rice field in Minamisoma City, Fukushima Prefecture, with the aim of increasing rice yields and reducing work hours.)

Promoting Green Purchasing

◆ Green Purchasing Initiatives

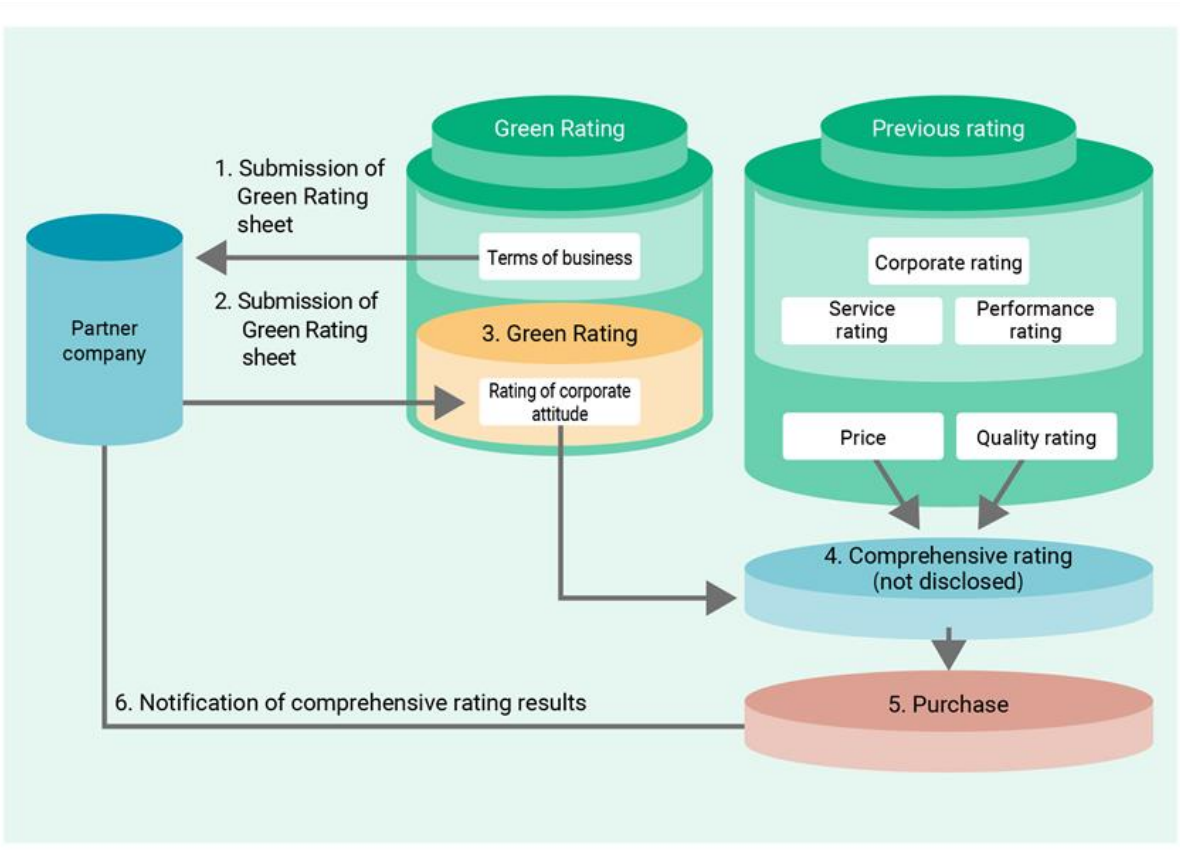
Promoting Green Purchasing Based on Assessments of Corporate Stance and Products

In addition to price and quality evaluation, the Group has established evaluation criteria that it uses when procuring and selecting products and services. These criteria set out specific standards for selecting important suppliers and include such factors as the corporate stance on environmental protection and environmental considerations for supplier products and services.

Priority Assessment Items

At present, our assessments aimed at promoting green purchasing are based mainly on evaluation of a potential supplier's approach to tackling environmental issues. In addition to compliance with environmental laws and regulations, as a matter of course we attach considerable weight to whether the supplier has acquired ISO 14001 and other environmental management certifications. For suppliers who have not yet acquired environmental certification, we also check the status of their ESG management practices by asking specific questions, such as whether they have environmental guidelines, environmental impact reduction targets and environmental management organizations in place.

➢ **Green Purchasing Mechanism**



◆ Supplier Engagement (Green Purchasing Initiatives throughout the Supply Chain)

It is important that we promote green purchasing initiatives throughout the NTT DATA Group's entire procurement supply chain.

Main Efforts to Achieve the SBT 1.5°C Target

In response to growing demand for initiatives to reduce greenhouse gas emissions throughout the supply chain, we became a CDP supply chain member in fiscal 2020. Since then, we have been conducting CDP questionnaire-based surveys of major suppliers with whom we have many transactions for hardware and software products related to the status of each company's initiatives to understand the status of initiatives throughout the supply chain. We have also asked some suppliers for further cooperation in visualizing their greenhouse gas emissions, and we are collecting information on products and solutions for green procurement from each company.

Encouraging the SI Industry as a Whole

NTT DATA has established a business partner system for software development, which is one of its main businesses. Under the system, we accredit business partners (BPs) or associate partners (APs) every two years. In addition to deepening mutual understanding and improving the quality of software development, we are working create a sustainable supply chain by building good relationships with suppliers. Every year, we hold a BP Presidents' Meeting, attended by the heads of our BP companies, where we share information on NTT DATA's management policies and the results of mutual evaluations to gain BP companies' understanding and cooperation. In this way, we foster the growth of our clients' businesses and the realization of a better society together with BP companies and other suppliers.

Going forward, we will work with suppliers to raise awareness across the entire SI industry of the importance of green perspectives while revitalizing green purchasing initiatives.

◆ Review of Procurement Standards

To date, our Green Procurement Guidelines have provided general standards for green procurement so that the NTT DATA Group and its business partners can continue addressing environmental issues. However, we have substantially revised the guidelines with the aim of reducing greenhouse gas emissions.

Going forward, we will make incremental reviews to our procurement standards, including those covering the selection of recommended products and suppliers, based on global trends related to the environment, such as demand for greenhouse gas reductions. We will also propose products and solutions that take greenhouse gas reduction into consideration so we can benefit society and clients from a green perspective.

Appropriate Use of Resources

Saving Resources and Recycling

◆ Reducing and Recycling Office Waste

Reducing Waste

In fiscal 2020, we continued efforts to improve our recycling ratios and reduce the final amount of waste disposed. As a result, we significantly exceeded our targets by achieving a 92% reduction in the final amount of waste disposed compared with fiscal 2013 and a final waste disposal rate of 0.49%. (Figures for final amount of waste disposed and final waste disposal rate are based on “scrap waste from business” (Category 5, Scope 3) through third-party verifications of greenhouse gas emissions.)

In fiscal 2021, we will continue improving our recycling ratio through various measures, including by using disposal firms with high recycling ratios and changing processing routes while maintaining our emphasis on reusing and recycling office equipment.

Reducing Copy Paper Usage

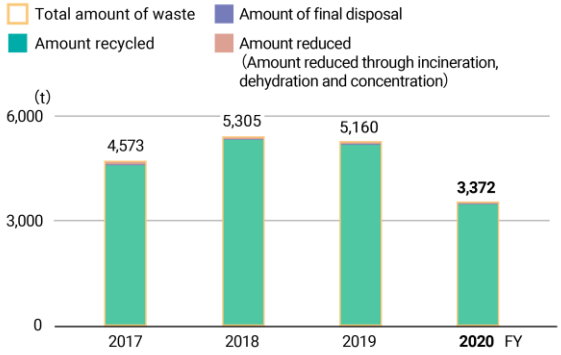
In fiscal 2020, our paper usage declined due to our increased adoption of teleworking to address the spread of COVID-19. As a result, we ended up using the equivalent of 62.07 million sheets of A4-size copy paper, well below the 111.99 million sheets used in fiscal 2019.

In fiscal 2020, we will continue working to further reduce copy paper usage in consideration of workstyle arrangements.

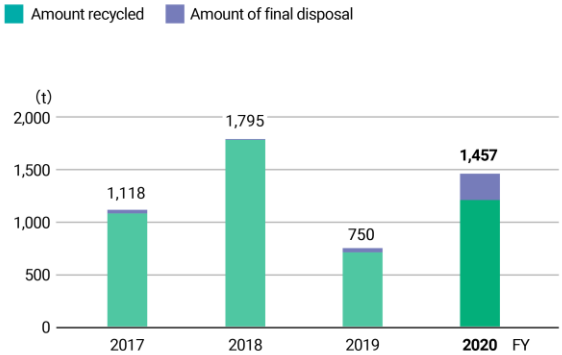
Proper Handling of Hazardous Materials

The Group stores manufactured goods containing waste polychlorinated biphenyl (PCB), which is designated as a specified toxic industrial waste material, and disposes of materials including waste acid from batteries. We manage and dispose of these specified industrial waste materials in full compliance with the Waste Management and Public Cleansing Law and all other relevant laws and regulations. Since fiscal 2013, we have been systematically disposing of PCB-containing waste materials based on the PCB Special Measures Law and guidance from related ministries and agencies.

▶ Office Waste
(Waste produced by offices and data centers)



▶ Construction Waste
(Waste produced through construction and demolition of Company buildings)



Overview of the NTT DATA Group's Environmental Impact (Material Flows)

We believe that the steady and continuous achievement of our environmental impact reduction targets is a fundamental responsibility of our environmental activities. To minimize the environmental impact of its business activities, the NTT DATA Group monitors and analyzes the types and amounts of resources and energy consumed by various processes and their environmental impacts.

The environmental impact of the Group's business activities derives primarily from greenhouse gas emissions resulting from the consumption of energy, mainly as electric power. Other factors, such as the use of paper and water resources and the construction of data centers, also have environment impacts of various magnitudes. In addition, we cannot ignore the environmental impact of energy consumption resulting from the operation of systems and services provided by the Group at client companies. For these reasons, the Group strives to correctly ascertain and analyze the environmental impact of its business activities and utilize its findings to make various improvements.

INPUT

Inside the NTT DATA Group

Acquired third-party certification

Energy

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Utility power	10,000kWh	48,063	47,678	46,726	58,759[*5]
Kerosene	kl	29	0	0	0
Light gas oil (excluding Company vehicles)	kl	40	30	43	83[*5]
A–C heavy oil	kl	237	126	43	122
City gas	10,000㎥	172	141	152	136
Gasoline (Company vehicles)	kl	664	612	594	541
Light gas oil (Company vehicles)	kl	29	26	26	25
Steam, cold energy	GJ	48,223	48,811	46,339	42,680

Water resources

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Clean water consumption[*1]	10,000㎥	58	62	49	45

Paper resource

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Copy paper	t	746	671	572	314
Fliers distributed to clients, and other materials	t	19	18	9	13

Specified chlorofluorocarbons (CFCs) used for airconditioning systems

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of air-conditioning system units using specified CFCs	Units	83	8	9	11

Construction materials

Construction materials, cables, etc.

* Fiscal 2016 figure for copy paper was corrected by making up data deficiencies.

Sales / Planning/Design / Manufacturing/Testing / Data center / Installation at client sites

OUTPUT

Acquired third-party certification

Greenhouse gases

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Electricity use	10,000t-CO_2e[*2]	22.7	22.4	20.5	23.6[*5]
Gas/Fuel use	10,000t-CO_2e	0.5	0.4	0.4	0.4[*5]
Heat use	10,000t-CO_2e	0.3	0.3	0.3	0.2
Company vehicle use	10,000t-CO_2e	0.2	0.2	0.2	0.1
Alternative CFCs	10,000t-CO_2e	0.0	0.1	0.1	0
Total	10,000t-CO_2e	23.6	23.2	21.4	19.8

Water resources

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Drainage amount	10,000㎥	23	29	32	29

Office waste

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Amount generated	t	4,573	5,305	5,160	3,373
Incineration/Landfill	t	68	43	44	28
Amount recycled	t	4,505	5,262	5,116	3,345
Amount of final disposal[*3]	t	24	17	24	16

Construction waste[*4]

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Amount generated	t	1,118	1,795	750	1,457
Amount recycled	t	1,083	1,788	709	1,206
Amount of final disposal	t	35	8	41	252

Outside the NTT DATA Group

Energy → Service operation at client sites → Greenhouse gases (GHG)

Data aggregation range
Fiscal 2017: NTT DATA and 69 Group companies (Japan only)
Fiscal 2018: NTT DATA and 69 Group companies (Japan only)
Fiscal 2019: NTT DATA and 72 Group companies (Japan only)
Fiscal 2020: NTT DATA and 79 Group companies (domestic and some overseas)

1. "Water consumption" until fiscal 2017
2. Indicates CO_2 equivalent
3. Thermal recycling has been taken into consideration for the calculation of data since fiscal 2015.
4. Figures for fiscal 2017 and 2018 increased due to the construction of a new building
5. Increase due to expansion of overseas business scope

Environmental Data

◆ Fiscal 2020 Environmental Impact Data (Global, Consolidated)

➢ **Fiscal 2020: Global Environmental Impact Data Trends and Coverage Data**

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Scope 1	Emissions	t-CO_2e	10,547	8,802	5,746	9,057	7,241
	Coverage rate of data (sales)	%	70	62	64	100	100
Scope 2	Emissions	t-CO_2e	248,591	309,063	275,622	264,020	253,215
	Coverage rate of data (sales)	%	72	67	82	100	100
Energy	Total usage of nonrenewable energy	MWh	504,867	666,261	588,179	589,694	581,545
	Total amount of renewable energy either purchased or used by the Group (e.g., biomass, photovoltaic, wind power)	MWh	248	103,342	102,651	100,931	59,938
	Total cost of energy usage	¥ billion	8	9	9	12	13.5
	Coverage rate of data (sales)	%	72	67	84	100	100
Water	Total water usage	Million m^3	0.55	0.58	0.80	0.74	0.86
	Coverage rate of data (sales)	%	66	57	67	91	87
Waste	Total final disposal of waste	t	24	24	82	311	865
	Coverage rate of data (sales)	%	66	57	67	75	72

(Scope of data aggregation: Consolidated the NTT Data Group companies)

◆ Fiscal 2020 Environmental Impact Data (Group companies in Japan)

Environmental Data				Unit	Amount
Paper resources	Paper resources: Total volume used (including paper from virgin pulp and recycled paper)			t	328
		Office paper		t	314
		Client services (e.g., leaflets, pamphlets, instruction manuals)		t	13
	Amount of total paper from virgin pulp			t	305
		Office paper		t	292
		Client services (e.g., leaflets, pamphlets, instruction manuals)		t	12
Global warming	Greenhouse gas emission (CO_2) conversion[1]			t-CO_2e	198,414
		Carbon dioxide (CO_2 emissions)		t-CO_2e	198,227
			Electricity use	t-CO_2e	190,799
			Gas/fuel use	t-CO_2e	3,673
			Heat use	t-CO_2e	2,433
			Company vehicle use	t-CO_2e	1,322
		Methane (CH_4) emissions		t-CO_2e	9
			Furnaces	t-CO_2e	7
			Shipping (automobiles, ships)	t-CO_2e	2
		Dinitrogen monoxide (N_2O) emissions		t-CO_2e	60
			Furnaces	t-CO_2e	2
			Shipping (automobiles, ships)	t-CO_2e	58
		Hydrofluorocarbon (HFC) emissions[2]		t-CO_2e	106
		Perfluorocarbon (PFC) emissions		t-CO_2e	0
		Sulfur hexafluoride (SF_6) emissions		t-CO_2e	11
	Low-pollution vehicles owned			Vehicles	803
		Hybrid vehicles		Vehicles	184
		Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)		Vehicles	548
		Electric vehicles		Vehicles	4
		Others		Vehicles	31
	Low-pollution vehicles introduced during the period			Vehicles	18
		Hybrid vehicles		Vehicles	18
		Certified fuel-saving or low-emission vehicles (gasoline-powered vehicles)		Vehicles	0
		Electric vehicles		Vehicles	0
		Others		Vehicles	0
	Sustainable/new energy systems installed			Units	4
		Solar power systems		Units	4
		Hybrid (solar and wind power) systems		Unit	0
		Cogeneration systems (CGS)		Units	0
	Sustainable/new energy systems installed during the period			Units	0
		Solar power systems		Units	0
		Hybrid (solar and wind power) systems		Units	0
		Cogeneration systems (CGS)		Units	0

Environmental Data			Unit	Amount
Global warming	Electric power generated by sustainable/new energy systems		kWh	701,680
		Solar power systems	kWh	701,680
	Electric power generated by sustainable/new energy systems introduced during the period		kWh	0
		Solar power systems	kWh	0
Waste countermeasures	Industrial waste requiring special management, etc.			
		Asbestos removed (from buildings) during the period	Cases	12
		Asbestos emissions (from buildings) during the period	t	66
		Waste batteries	t	0
		Other waste (e.g., acidic ash, alkali, oil)	t	0
	Use of products containing PCBs		Units	
		Transformers	Units	0
	PCB-containing products renewed (removed, stored) during the period		Units	0
		Transformers	Units	0
		Stabilizers	Units	0
	Storage of PCB-containing products		Units	0
		Transformers	Units	0
		Stabilizers	Units	0
	Disposal of PCB-containing products during the period		Units	0
		Transformers	Units	0
		High-voltage condensers	Units	0
		Low-voltage condensers	Units	0
		Stabilizers	Units	0
Ozone layer protection	Removal of air-conditioning system units using chlorofluorocarbons (CFCs) during the period			
		Removal of air-conditioning system units using specified CFCs	Units	5
		Removal of air-conditioning system units using alternative hydrochlorofluorocarbons (HCFCs)	Units	15
		Removal of air-conditioning system units using alternative hydrofluorocarbons (HFCs)	Units	59
		Recovery and destruction of specified CFCs used for air-conditioning systems	kg	650
		Recovery and destruction of alternative HCFCs used for air-conditioning systems	kg	265
		Recovery and destruction of alternative HFCs used for air-conditioning systems	kg	1,247
	Use of air-conditioning system units using CFCs			
		Air-conditioning system units using specified CFCs	Units	11
		Air-conditioning system units using alternative HCFCs	Units	128
		Air-conditioning system units using alternative HFCs	Units	2,123
		Specified CFCs used for air-conditioning systems	kg	3,268
		Alternative HCFCs used for air-conditioning systems	kg	6,867
		Alternative HFCs used for air-conditioning systems	kg	60,896
	Storage of air-conditioning system units using CFCs			
		Storage of air-conditioning system units using specified CFCs	Units	0
		Storage of air-conditioning system units using alternative HCFCs	Units	8
		Storage of air-conditioning system units using alternative HFCs	Units	23
		Stored amount of specified CFCs used for air-conditioning systems	kg	0
		Stored amount of alternative HCFCs used for air-conditioning systems	kg	56
		Stored amount of alternative HFCs used for air-conditioning systems	kg	78
	Use of vehicles using CFCs			
		Number of Company vehicles that employ CFCs in air-conditioner refrigerants	Vehicles	0
		Number of Company vehicles that employ HCFCs in air-conditioner refrigerants	Vehicles	0
		Number of Company vehicles that employ HFCs in air-conditioner refrigerants	Vehicles	775
		Use of CFCs in vehicle air conditioners	kg	1
		Use of HCFCs in vehicle air conditioners	kg	0
		Use of HFCs in vehicle air conditioners	kg	2,226
	Elimination of specified CFC fire prevention equipment			
		Buildings from which specified CFC fire prevention equipment removed during the period	Buildings	0
		Amount of specified CFCs removed from fire prevention equipment during the period	kg	0
		Amount of specified CFC gas emitted by fire prevention equipment during the period	kg	0
		Remaining number of buildings employing specified CFC fire prevention equipment	Buildings	15
		Remaining specified CFC gas emissions from fire prevention equipment	kg	32,032
Resource usage	Consumption of water resources			
		Clean water consumption	m³	378,292
		Sewerage water consumption	m³	237,812
		Gray water consumption	m³	19,890
		Rainwater consumption	m³	0
		Consumption of clean, sewerage and other water (total water consumption)	m³	100,266

(Scope of data aggregation: 74 domestic Group companies, including NTT DATA)

1. The CO_2 conversion factor uses the CO_2 emission factor of electric power companies.
2. Units and emissions from fiscal 2013 include individual freestanding air-conditioning units as well as central air-conditioning units.

➢ Fiscal 2020 Recycling Amounts

Primary Category	Subcategory	Recycled Amount
Company computers	Recycled amount (number of units)	12,365
	Reused amount (number of units)	15,896
Thermal recycling	Recycled non-industrial waste (kg)	328,295
	Recycled industrial waste (kg)	410,375
	Recycling of industrial waste requiring special treatment (kg)	0

(Scope of data aggregation: 74 domestic Group companies, including NTT DATA)

➢ Office Waste in Fiscal 2020

Primary Category		Subcategory	Emissions (kg)	Recycled Amount (kg)	Waste Disposal Amount (kg)			Final Disposal (kg)	Recycling Rate (%)	Final Disposal Rate (%)
					Disposal Method					
					Incinera-tion	Landfill Amount	Unknown			
Recyclable waste, etc.[1]		Plain copy paper (e.g., photocopy and OA paper)	973,121	973,121	0	0	0	0	100	0
		Newspapers, magazines, cardboard, miscellaneous recyclable paper	46,602	46,602	0	0	0	0	100	0
		Glass (e.g., bottles)	1,778	1,778	0	0	0	0	100	0
		Scrap metal (e.g., cans)	7,424	7,424	0	0	0	0	100	0
		Plastic (PET) bottles, etc.	6,105	6,105	0	0	0	0	100	0
		Subtotal 1	1,035,030	1,035,030	0	0	0	0	100	0
Non-industrial waste		Plastics	5,708	5,627	0	81	0	81	99	1
		Combustible waste	452,197	447,805	4,392	0	0	439	99	1
		Incombustible waste	20,600	18,408	0	2,192	0	2,192	89	11
		Unsorted waste	7,598	243	7,355	0	0	735	3	10
		Subtotal 2	496,103	472,083	11,747	2,273	0	3,448	97	1
Industrial waste	From offices	Waste plastics	368,523	367,801	269	453	0	490	100	0
		Scrap metal	293,695	293,654	0	41	0	41	0	100
		Refuse glass, waste ceramics	1,207	1,202	0	5	0	5	100	0
		Discarded electric machinery and appliances	164,822	164,729	31	62	0	65	100	0
		Waste batteries	551	551	0	0	0	0	100	0
		Product waste containing mercury	1,282	1,282	0	0	0	0	100	0
		Stable mixed waste	125,011	125,011	0	0	0	0	100	0
		Other	16,530	16,530	0	0	0	0	100	0
		Subtotal 3	971,621	970,760	300	561	0	591	100	0
	Produced through operations	Waste plastic	246,073	245,292	98	683	0	693	100	0
		Scrap metal	290,165	289,686	0	479	0	479	100	0
		Refuse glass, ceramic waste	30,586	27,726	0	3,860	0	3,860	87	13
		Wastepaper (only includes paper from the printing business)	7,980	7,980	0	0	0	0	100	0
		Waste wood (only includes wood from the warehouse and distribution businesses)	6,145	6,145	0	0	0	0	100	0
		Discarded electric machinery and appliances	119,251	113,948	50	5,253	0	5,258	96	4
		Medical measuring equipment	0	0	0	0	0	0	0	0
		Waste batteries	3,873	3,498	0	374	0	374	90	10
		Product waste containing mercury	2,835	2,834	0	1	0	1	100	0
		Stable mixed waste	33,430	33,430	0	0	0	0	100	0
		Controlled mixed waste	122,516	120,933	273	1,310	0	1,337	99	1
		Waste oil	280	0	0	280	0	280	0	100
		Waste acid	0	0	0	0	0	0	0	0
		Waste alkali	1,860	1,860	0	0	0	0	100	0
		Sludge	12,670	12,670	0	0	0	0	100	0
		Waste containing asbestos	175	0	0	175	0	175	0	100
		Other	0	0	0	0	0	0	0	0
		Subtotal 4	887,839	865,002	421	12,416	0	12,458	99	1
Industrial waste requiring special treatment		Flammable waste oil	0	0	0	0	0	0	0	0
		Waste acid with a Ph of 2.0 or less	2,290	2,290	0	0	0	0	100	0
		Waste alkali with a Ph of 12.5 or higher	0	0	0	0	0	0	0	0
		Infectious waste	0	0	0	0	0	0	0	0
		Specified hazardous industrial waste (discarded mercury)	0	0	0	0	0	0	0	0
		Specified hazardous industrial waste (other)	0	0	0	0	0	0	0	0
		Subtotal 5	2,290	2,290	0	0	0	0	100	0
Grand total (Subtotals 1–5 combined)			3,372,882	3,345,164	12,468	15,250	0	16,497	99%	0%

(Scope of data aggregation: 74 domestic Group companies, including NTT DATA)

1. “Recyclable waste” represents waste material that can be completely recycled.

Environmental Accounting

◆ Efficient and Effective Environmental Protection Activities

In fiscal 2020, the Group's environmental costs consisted of ¥0.2 million in investments and ¥357 million in expenses. Compared with fiscal 2019, there was an increase in resource recycling costs (expenses), included in business area costs, in fiscal 2020 due to asbestos control measures and renewable energy usage.

➢ Environmental Accounting Conservation Cost

Unit: Millions of yen

Ministry of the Environment's Environmental Accounting Guideline Categories		Major Initiatives	FY2017		FY2018		FY2019		FY2020	
			Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Business area costs			0	54	0	6	0	109	0	139
	Pollution prevention costs	Asbestos countermeasures, PCB management, etc.	0	54	0	6	0	69	0	102
	Global environment	Implementation of energy conservation measures; measures to reduce CO_2 emissions through the introduction of outdoor air-cooling devices; elimination of specified CFCs in air-conditioning equipment, etc.	0	0	0	0	0	20	0	37
	Resource recycling costs	Inter-office waste disposal, construction waste countermeasures, office paper curtailment countermeasures, etc.	0	0	0	5	0	20	0	0
Upstream/ Downstream costs		Compliance with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	0	0	0	0	0	0	0	0
Activity management costs		Labor costs related to environmental protection activities, ISO certification acquisition, building green, environmental PR, etc.	0	255	0	204	0	204	0	210
R&D costs		Environment-related R&D	0	0	0	0	0	1	0	1
Citizen activity costs		Environmental contribution to regional communities	0	1	0	2	0	3	0	7
Total			0	309	0	213	0	317	0	357

(Scope of data aggregation: 74 domestic Group companies, including NTT DATA)

Social

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Labor Practices (Human Resource Management)

The NTT DATA Group promotes the active participation of diverse human resources and seeks to strengthen global competitiveness by creating work environments where employees feel comfortable to fully demonstrate their abilities. We also foster an organizational culture that provides a genuine sense of personal growth.

Basic Policy and Promotion System

◆ Basic Policy

The NTT DATA Group recognizes “diversity and inclusion” as a key management strategy to succeed against global competition and achieve sustainable future growth by meeting the diversifying needs of society. With this in mind, we aim to create new corporate value grounded on the two axes of “active participation of diverse human resource activities” and “workstyle innovation”. In addition to enhancing various systems, such as merit-based compensation and transparent personnel evaluations, we work as a united group to build an organization that generates high levels of value. To this end, we promote a work-life balance enabling every employee to work with vitality and fully demonstrate his or her abilities.

We also conduct “One Voice” engagement surveys covering all employees at NTT DATA and its Group companies. The results are analyzed and shared during training and in the workplace to discuss possible solutions for outstanding issues. Our aim is to create rewarding work environments and foster an organizational culture that encourages the continuous growth of each individual employee.

◆ Promotion System

In an operating environment where businesses are globalizing and demand for new IT services is increasing, we believe it is important to embrace more diversified perspectives and abilities within the Group. For this reason, we strive for fair and impartial recruitment and employment activities that respect diversity. We will continue actively hiring new graduates, experienced employees and people with disabilities while rehiring retired employees. Our aim is to create value that is unique to NTT DATA by allowing employees with diverse values to work together and respond to the changing times.

When hiring, we prioritize aptitude, motivation and ability over gender, nationality, age and academic record. Thus far, we have taken on new graduates from more than 100 educational institutions. We also have diverse channels for hiring new personnel, including mid-career professionals, utilizing our website and other resources. In recent years, we have expanded our business not only in Japan but also in the global market. Through our Head Office, we are working to strengthen our overseas business by hiring foreign employees from multiple countries every year.

NTT DATA will continue emphasizing broad-ranging recruitment in its quest to become a Trusted Global Innovator, which is our Group vision.

Activity Results

◆ Enhancing the Hiring of Human Resources with Outstanding Expertise

Utilizing advanced technologies, we are making good progress in our digital transformation efforts aimed at reducing costs, improving operational efficiency and creating new businesses. To help customers realize digital transformation more quickly and reliably, in December 2018 we established our Advanced Professional System (ADP System), through which we employ exceptional human resources with outstanding expertise in advanced technology fields in a timely manner with remuneration commensurate with market value.

◆ Supporting the Growth of Diverse Specialist Human Resources

We will continue improving our organizational capabilities and maximizing the value we create for customers to help them achieve digital transformation as quickly as possible. Here, we encourage individual employees to transform themselves and play an active role by working with both management personnel who are capable of delivering results as part of a team and specialist personnel with high levels of expertise. To this end, we introduced our Technical Grade System (TG System) in October 2019. The aims of this system are to support the growth of our diverse specialist human resources and maximize their performance by rewarding them properly.

◆ Personnel Management System

NTT DATA’s employee compensation system emphasizes performance, achievements and activities irrespective of employment

status. We are also instilling a behavioral style that encourages individual employees to improve their results and performance by putting the Group vision into practice and raising their level of professionalism.

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

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

To avoid placing disproportionate weight on short-term performance improvements, we have introduced incentives to enhance medium- and long-term motivation, including an employee stock purchase program, retirement benefits and a defined contribution pension plan.

◆ Attracting and Retaining Diverse Human Resources Globally

NTT DATA believes that human resources are its most valuable business asset.

Especially in overseas markets where labor mobility is high, we place high emphasis on employee retention. Specifically, we work actively to hire experienced employees and move quickly to retain employees who have joined the Group through mergers and acquisitions.

For mid-career hires, we hold onboarding sessions in various locations, and through such initiatives as Values Week workshops and the NTT DATA Awards, we provide opportunities for all employees around the world to interact in an equal and multifaceted manner beyond the bounds of single organizations.

When engaging in M&As, moreover, we provide opportunities for dialogue between executives and employees to eliminate employee anxiety at an early stage and help create better workplaces.

Considering today's unpredictable social environment, we conduct mental health checks and provide online training and consultation services as needed.

➢ **Data on Employees (as of March 31 each year)**

	FY2018			FY2019			FY2020		
	Non-Consolidated	Group Companies (Japan)	Group Companies (Overseas)	Non-Consolidated	Group Companies (Japan)	Group Companies (Overseas)	Non-Consolidated	Group Companies (Japan)	Group Companies (Overseas)
Number of employees	11,310	26,420	86,154	11,515	27,257	94,424	11,955	28,231	99,491
Male	8,935	20,467	59,341	9,032	20,843	64,219	9,293	21,121	67,549
Female	2,375	5,953	26,813	2,483	6,414	30,205	2,662	7,110	31,942
Number of employees in management positions	2,539	4,626	17,643	2,581	4,782	18,930	2,657	5,030	19,732
Number of men in management positions (Ratio)	2,375 (93.5%)	4,324 (93.5%)	13,675 (77.5%)	2,406 (93.2%)	4,450 (93.1%)	14,518 (76.7%)	2,465 (92.8%)	4,662 (92.7%)	15,205 (77.1%)
Number of women in management positions (Ratio) ☑	164 (6.5%)	302 (6.5%)	3,968 (22.5%)	175 (6.8%)	332 (6.9%)	4,412 (23.3%)	192 (7.2%)	368 (7.3%)	4,527 (22.9%)

➢ Employee Data Concerning Average Age, etc. (Non-consolidated; as of March 31 each year)

		FY2018	FY2019	FY2020
Average age (Years)		38.7	38.9	38.9
	Male	39.9	40.1	40.2
	Female	34.1	34.3	34.5
Average length of service (Years)		14.9	15.0	14.8
	Male	15.9	16.1	15.9
	Female	10.9	11.0	11.0
Number of job leavers (% of workforce)		417 (3.6)	452 (3.9)	455 (3.8)
	Male	367 (4.0)	377 (4.1)	381 (4.1)
	Female	50 (2.1)	75 (3.0)	74 (2.8)
Number of voluntary retirees (% of workforce)		263 (2.3)	308 (2.6)	265 (2.2)
	Male	219 (2.4)	245 (2.7)	204 (2.2)
	Female	44 (1.8)	63 (2.5)	61 (2.3)
New managerial appointments (Persons)		195	205	218
	Male	172	184	192
	Female	23	21	26

Note: The number of job leavers includes those who have reached retirement age.

➢ Number of Employees by Age Group (Non-consolidated; as of March 31, 2020)

	Total	Men	Women
Under 30	2,298	1,438	860
30–39	4,187	3,025	1,162
40–49	3,449	3,026	423
50–59	2,020	1,803	217
60 or older	1	1	0
Total number of employees	11,955	9,293	2,662

➢ Number of Employees in Management by Position (Non-consolidated; as of March 31, 2020)

	Total	Men	Women
Department manager equivalent or higher	592	563	29
Section manager equivalent	2,065	1,902	163

➢ Diversity Indicators

Indicator		FY2020
Percentage of female employees	Consolidated	29.9
Percentage of women in management	Consolidated	18.1
Percentage of women in junior management	Non-consolidated	7.9
Percentage of women in top management	Non-consolidated	13.3
Percentage of total women in management working in the Profit Center Department (not including the Staff Department)	Non-consolidated	85.4

➢ New Hires and Reemployed Retired Workers (Non-consolidated)[1,2]

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of newly recruited graduates	385	418	435	477	499
Male	245	266	278	312	332
Female	140	152	157	165	167
Number of mid-career hires	26		199	325	—
Male	20	78	160	250	—
Female	6	26	39	75	—
Number of employees with disabilities ☑ (% of workforce)	287 (2.32%)	314 (2.51%)	318 (2.49%)	312 (2.41%)	316 (2.37%)
Number of reemployed retired workers (Utilization ratio of the NTT DATA Reemployment System)	102 (77.42%)	95 (64.71%)	110 (80.30%)	106 (56.70%)	156 (81.30%)
New recruitment	24	22	49	17	61
Continued recruitment	78	73	61	89	95

1. Figures for newly recruited graduates and retired employees using the NTT DATA Reemployment System are as of April 1 each year. (However, new graduates hired during the fiscal year ended March 31, 2020, are also included in the fiscal 2019 figure.)
2. Figures for employees with disabilities are as of June 1 each year. (Persons with severe disabilities are counted as two people.)

➢ Monthly Starting Salary (Non-consolidated)

	Doctoral Degree	Master's Degree	Bachelor's Degree	College of Technology Graduate
Starting salary	¥300,610	¥251,930	¥222,430	¥192,630

Note: Data for new graduates hired in April 2021

➢ Average Annual Salary

	FY2017	FY2018	FY2019	FY2020
All employees (Japan)	¥8,207,000	¥8,280,000	¥8,338,000	¥8,416,000

➢ Female-to-Male Ratio: Basic and Total Salary per Employee[3]

		FY2020
Managers	Basic salary	1:1.04
	Total salary	1:1.04
Regular employees	Basic salary	1:1.16
	Total salary	1:1.17

3. The same salary system is applied to men and women. Any differences are due to age structure, grade structure, etc. (Figures show female-to-male ratios.)

Promote Diversity and Inclusion

Basic Policy and Promotion System

“We enhance our creativity by respecting diversity” is one of the three pillars of our Group Vision, “Trusted Global Innovator.” With this in mind, we emphasize “diversity and inclusion” aimed at respecting the diversity of every employee to enhance his or her creativity. This approach is embodied in “Bloom the Power of Diversity,” our statement on diversity and inclusion covering our operations worldwide.

Diversity and Inclusion Statement logo

Promotion System

To encourage diversity and inclusion, we established the Diversity Promotion Office under the direction of the Chief Personnel Affairs Officer in 2008. Since fiscal 2012, we have concentrated on advancing women in the workplace and reducing annual work hours through workstyle innovation in a bid to create work environments where individual employees can thrive.

At the NTT DATA Global Conference, where Group leaders from around the world gather, we regularly hold sessions on themes related to diversity and inclusion, including the advancement of women.

Activity Results

◆ Women's Empowerment Principles (WEPs) Initiatives

In March 2019, we signed the Women's Empowerment Principles (WEPs), which globally lead the way in promoting women's career advancement and business development. This makes it easier for us to gather information and network globally in each country, which in turn enables us to utilize the knowledge of the entire Group to further promote diversity globally.

◆ Third-Party Evaluations

Our various initiatives have been evaluated highly by third parties. Since September 2017, for example, we have continuously received Grade 3 (highest level) "Eruboshi" certification based on Japan's Act on the Promotion of Women's Participation and Advancement from the Ministry of Health, Labour and Welfare. We also received "Platinum Kurumin" certification in November 2019 as an excellent parenting support company. In March 2021, we were selected as a 2020 "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange for the second consecutive year as a listed company that excels in promoting the active advancement of women. In March 2018, we were selected for inclusion in the Diversity Management Selection 100 Prime program for our ongoing and companywide diversity management activities. In November 2020, we were awarded Five Stars for the second consecutive year in the 4th Nikkei Smart Work Management survey, in which Nihon Keizai Shimbun, Inc., selects leading companies that promote major advances in productivity through workstyle innovation. And in November 2020, we received a gold rating in the PRIDE Index for the fourth consecutive year. (The PRIDE Index was developed by "work with Pride" (wwP), a nonprofit organization.) This was in recognition of our efforts to create workplaces where LGBTQ employees can work with peace of mind.

Active Participation of Diverse Human Resources

NTT DATA works hard to create environments where diverse human resources can play active ongoing roles and demonstrate their abilities to maximum extent, regardless of their gender, nationality, age, disability, type of employment, culture, customs, lifestyle, values, sexual orientation or gender identity.

◆ Goals for Advancing Women's Careers

Following the enactment of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, NTT DATA formulated an action plan for developing workplace environments needed for the advancement of women. By looking back on past efforts and formulating a new plan, we have been working as a united company to consistently and steadily pursue our various goals.

➢ **Targets for Advancing Women's Careers (Non-consolidated)**

Plan period	April 1, 2021, to March 31, 2026
NTT DATA issues	1. While there were no outstanding issues regarding gender discrimination in hiring or the state of continuous employment between men and women, we must continue working to increase job applications by female students and develop the population of female science students applying for jobs. 2. The percentage of women in management and leadership positions is low and needs to be increased. 3. For the further empowerment of women, we need to create an environment and culture that allow both men and women to share childcare and housework tasks equally, and to balance work and family life.
Quantitative targets	Target 1: Continue raising the percentage of female recruits to above 30% by the end of fiscal 2025 ・Continuously above 30% since FY2016 (33.5% as of April 2021) Target 2: Increase the percentage of women in management positions to 10% by the end of fiscal 2025 ・7.2% as of March 31, 2021 Target 3: Increase the number of women in senior management positions (e.g., directors, heads of organizations) to 15 or more by the end of fiscal 2025 ・11 as of July 1, 2021 Target 4: Aim for 30% of eligible male employees to take childcare leave by the end of fiscal 2025 ・18.8% as of March 31, 2021

◆ Encouraging the Empowerment of Women

In promoting diversity, we are strengthening efforts to foster the empowerment of women. We are implementing a variety of initiatives, such as career development support training and diversity management training for managers, aimed at achieving our targets for the ratio of female employees and the number of female managers.

Primary Initiatives for Advancing Women in the Workplace

- Dissemination of messages from top management through our in-house website
- Forums where top management discuss their own thoughts regarding diversity
- Diversity management training for current managers
- Formulation of development plans and monitoring for female employees
- Outside training for female candidates for leadership positions
- Seminars for promoting career development for employees on or about to take childcare leave
- Seminars on balancing work and childcare commitments
- Third-party career development consultations for employees who return from leave, such as childcare or nursing care leave
- @NTT DATA Women's Initiative (voluntary activities by women in management positions)
- Introduction of profiles and career descriptions of diverse women in management positions via the Women's Advancement website
- Women's Empowerment Principles (WEPs)

Women's Initiative

We promote Groupwide diversity and inclusion through sessions on women's advancement at the NTT DATA Global Conference and other events attended by Group leaders from around the world.

◆ Upgrading Childcare and Nursing Care Systems

To help employees balance work with childcare and nursing care commitments, we have established a consultation service for childcare and nursing care, through which we provide information and advice on our systems and address questions and concerns that arise in employees' daily lives. We are implementing various measures in terms of childcare support and, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, received the "Kurumin" Next-Generation Certification Mark from the Ministry of Health, Labour and Welfare in 2008. We have consistently received accreditation since then, and in November 2019 we were awarded "Platinum Kurumin", which recognizes companies that have demonstrated a higher standard of commitment.

To support nursing care, since 2011 we have enabled employees to use the remote nursing care support services provided by Sea Care (nickname for Umi wo Koeru Care no Te, a specified nonprofit organization) with the aim of offering direct support to employees with nursing care responsibilities. In addition to introducing this initiative at our quarterly nursing care seminars, we are working to create an organizational culture that encourages employees to balance work and nursing care through online life planning training for all employees. At the same time, we provide a wide range of information and awareness training on an ongoing basis.

◆ Egg Garden (In-House Day-Care Center)

Stemming from an idea raised by employee volunteers, we established Egg Garden, an in-house day-care center for our employees, on the first floor of the Toyosu Center Building Annex in Tokyo in December 2011. We support the continuation of employees' careers by creating environments allowing them to give birth and take leave with peace of mind and return to work early as planned. We will continue promoting use of the facility.

➢ Principal Systems (Non-consolidated)

Principal Childcare Systems	Principal Nursing Care Systems
・Childcare leave Childcare leave can be extended until the child reaches four years of age. The deadline for application to return to work is one month prior to the expected return.	・Nursing care leave Nursing care leave can be extended up to a maximum of 18 months.
・Shorter working hours for childcare Shorter working hours for childcare are available until the child completes his or her third year of elementary school. The application deadline for shorter working hours is two weeks prior to the start.	・Shorter working hours for nursing care Shorter working hours for nursing care are available for a maximum of three years separate from nursing care leave.

➢ Employees Using Childcare and Nursing Care Systems (Non-consolidated)

	FY2017		FY2018		FY2019		FY2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Childcare leave (People)	172	19	173	45	152	63	165	87
Shorter working hours for childcare (People)	310	5	308	11	337	9	323	10
Nursing care leave (People)	5	6	6	2	3	2	2	1
Shorter working hours for nursing care (People)	0	19	0	2	0	2	3	0

➢ Employees Who Return to the Company and Remain with the Company after Childcare or Nursing Care Leave (Non-consolidated)

	FY2017		FY2018		FY2019		FY2020	
	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Remain	% of Employees Who Return	% of Employees Who Return
Childcare leave	97.3	97.8	100.0	96.6	98.8	97.2	97.2	—
Nursing care leave	88.9	87.5	100.0	75.0	100.0	100.0	66.7	—

◆ LGBTQ and Sexual Minority Initiatives

NTT DATA promotes initiatives that support sexual minorities, such as the LGBTQ community, from the standpoint of creating environments that encourage active participation from a diverse range of human resources. In addition to messages from top management, we pursue other initiatives, such as workplace seminars to enhance understanding about LGBTQ issues, an LGBTQ helpline, annual LGBTQ seminars and recruiting and behavior guidelines for "allies" (straight supporters of LGBTQ rights), who now number more than 400. Since fiscal 2018, we have expanded systems for employees' spouses and families in traditional households to include same-sex partners. In April 2019, we participated in Tokyo Rainbow Pride 2019, Japan's largest LGBTQ parade, as a member of the NTT Group.

In June 2021, we established a new set of Guidelines for LGBTQ ALLY items for all Group operations worldwide.

◆ Promoting Employment of People with Disabilities

To help employees with disabilities realize their potential, NTT DATA has sought to create various work opportunities through NTT DATA DAICHI Corporation, a special subsidiary established in July 2008. In addition to its initial operations, NTT DATA DAICHI has progressively added new tasks for its disabled employees. These include web accessibility assessment duties (started in fiscal 2012), handling in-house delivery of reference materials and screening and approval of application forms (fiscal 2015), convenience store back-office duties (fiscal 2016) and management of beverage vending machines installed in the Toyosu Center Building (fiscal 2018). As NTT DATA DAICHI expands the scope of these tasks, it will continue pursuing hiring activities in collaboration with vocational training schools for persons with disabilities.

➢ **NTT DATA DAICHI Activities**

IT Services	Office Business	
• Maintenance and upgrades of internal and external websites for NTT DATA and Group companies • Basic skills training in website production for persons with disabilities • Web accessibility assessment duties	• Answering and redirecting calls made to main switchboards • Long-term storage and management of internal documents • Collection and shredding of confidential documents • Production of employee IC cards	• Office cleaning and greenery maintenance • Printing (business cards, training texts and other documents) • Delivery of in-house documents • Screening and approval of application forms • Convenience store back-office duties • Management of beverage vending machines installed in a building

◆ Promoting Reemployment of Retired Workers

The NTT DATA Group introduced its “Meister System” and “Career Staff System” for employees who wish to be rehired after mandatory retirement, enabling them to continue working vigorously until age 65. Employees under the “Meister System” are expected to achieve a certain level of results and performance by utilizing the work experience, job performance capabilities, knowledge and skills they have cultivated by the time of their retirement; to perform their duties autonomously and proactively; and to provide advice and support to younger employees. It is a full-time system with monthly salary payments. The “Career Staff System” offers routine work on an hourly basis and allows employees to choose from a variety of work styles, such as full-time work, short-time work and three- or four-day work.

In April 2021, we introduced an employment continuation system for employees who meet our requirements and wish to extend their employment after the age of 66. This allows them to continue working until the age of 70.

Life Plan Training

NTT DATA provides training and incentives for each age group to strike a work-life balance while offering comprehensive support for their life plans. We will continue offering training to help employees design life plans that include their professional aspirations.

➢ **Major Training and Activities in Fiscal 2020**

Target	Content of Training	Activities in FY2019
All employees	• Social insurance system and taxation • Asset formation via asset-building savings plans • Turning points in life (marriage, childbirth, buying a home)	Conducted online since FY2018
	• Metabolic syndrome and self-care • Public pension system and Company pension system • Revisions in insurance and housing costs, savings and investment	
	• Public pension system and Company pension system • Revisions in insurance and housing costs, savings and investment • Nursing care and inheritance	
Mandatory retirement age	• Retirement benefits, corporate pensions, public pensions • Work options after retirement (internal system) • Financial planning	142 employees participated in 5 sessions

◆ Support for Continuing Careers

To help employees continue their careers while balancing work with childbirth, childcare and nursing care commitments, the NTT DATA Group is enhancing its systems for leave and shortened working hours, while enhancing employee understanding and improving workplace environments to make those systems more accessible.

Other Primary Initiatives to Support Career Continuation

- Offer an environment in which employees on childcare or nursing care leave can continue to view Company information
- Offer a communication handbook that introduces childcare and nursing care leave systems to provide support for those balancing care and work
- Hold seminars that support simultaneous management of work and nursing care
- Hold seminars on balancing work and childcare commitments
- Hold three-way interviews to support career development for employees who have returned to work after childcare or nursing care leave

Promote Work-style Innovation

Basic Policy and Promotion System

Since 2005, when its “Global IT Innovator” Group Vision was announced, NTT DATA has engaged in workstyle innovation with the aim of becoming a company that delivers change to its customers through IT. In fiscal 2018, we changed our Group Vision to “Trusted Global Innovator” and have since worked continuously to deliver “change” as a keyword for how we and our customers work.

Innovating work styles is not simply about reducing working hours. Our goal is for each employee to improve the quality of his or her work in the limited time available, while at the same time making effective use of the time created through reduced working hours for self-fulfillment pursuits. We want every employee to continue growing and playing an active role in the Company, which will help us maintain our strong competitive edge.

NTT DATA also practices health management. We aim to become “the company of choice in the labor market” by improving systems and working environments, enhancing development productivity and reducing long working hours through cooperation with customers and suppliers.

We will continue targeting growth by encouraging employees to have a positive influence on each other and on the Company.

Activity Results

◆ Main Initiatives to Reform Work Styles

- Ongoing training for newly appointed general managers and section chiefs on the theme of “workstyle innovation”
- Creating environments that allow for flexible work styles in accordance with the characteristics of each organization, such as companywide thin clients, discretionary labor, teleworking and flexible working hours
- Promoting the use of paid leave (refreshment leave[1] and anniversary leave[2])
- Increasing the flexibility of system operation to provide ample relaxation time
- Expanding the eligibility and coverage of the teleworking system
- Using our internal website to introduce good examples for changing work styles

1. Employees can take more than four consecutive days of vacation together with regular holidays when a work milestone is achieved.
2. Employees decide their own anniversary date and can take planned vacations every year on this anniversary.

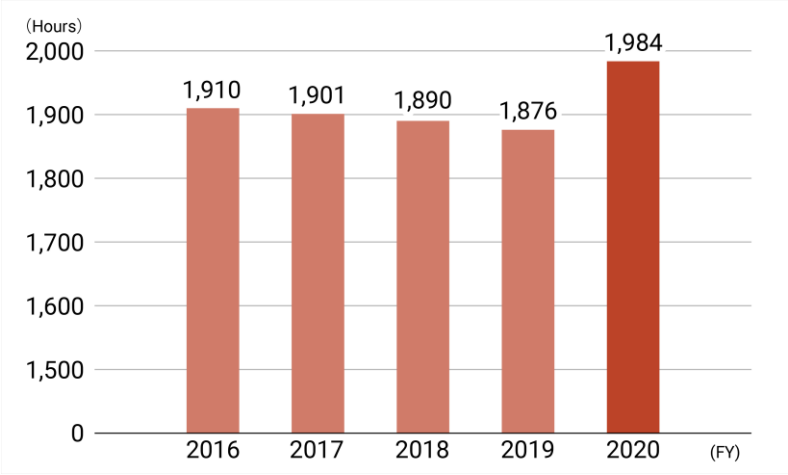
◆ Reducing Total Working Hours

Long working hours are an ongoing problem in the IT industry, and NTT DATA has been working to reduce total working hours based on proper working hour management.

In fiscal 2020, average annual working hours per employee increased to 1,984 hours due to drastic changes in the external environment as the spread of COVID-19 prompted a shift to online dealings with customers. Nevertheless, we will work to optimize working hours through productivity improvements and other initiatives. We will pursue the best mix of real and online activities in the “with/after COVID” era by improving employee engagement while attracting talented human resources.

We also use the Tableau business intelligence (BI) platform to visualize the analysis results of data related to working hours in a secure and timely manner and share them within the Company. In addition, we use AI to detect any signs of excessive working hours and pursue initiatives to prevent overwork.

➢ **Total Annual Working Hours per Employee (Non-consolidated)**



◆ Encouraging Employees to Take Paid Leave

NTT DATA promotes a work-life balance for its employees by encouraging them to be proactive in taking paid refreshment leave and anniversary leave.

As a result of these efforts, employees took an average of 16.2 days of paid leave per person in fiscal 2020. We will continue encouraging employees to take paid leave in conjunction with various other measures.

➢ **Average Paid Leave Taken; Rate of Paid Leave Taken (Non-consolidated)**

	FY2017	FY2018	FY2019	FY2020
Average paid leave taken in days per person	17.7	17.6	17.4	16.2
Average rate of paid leave taken (%)	89.0	88.1	87.1	81.0

◆ Emphasizing Location-Neutral Work Styles

NTT DATA is promoting remote working arrangements to further improve productivity in the emerging “new normal” era and to realize safer environments and more diverse and advanced work styles.

As a concrete measure to realize workstyle innovation, we have operated a teleworking (working from home) employment system since February 2008. In April 2018, we revised our teleworking system to increase the flexibility of working space and time. These revisions included removing limits on the number of teleworking days and allowing employees to telework in places other than their homes. As a result, more than 90% of NTT DATA employees are now taking advantage of this system. In October 2020, moreover, we established a remote work allowance to address the growing burden of overhead costs on employees as the teleworking rate increases.

In addition to allowing location-neutral working arrangements, we have sought to increase flexibility with respect to working hours, including by introducing a flextime system in April 1993 and a discretionary work system in December 2010. More than half of our employees now use both systems. In October 2020, we introduced the “Super Flex” system, which eliminates core hours, to realize even more flexible work styles and expand the scope of their application.

Furthermore, we are moving our development environment to the cloud, embracing teleconferencing and otherwise enhancing our infrastructure to provide innovative work styles that allow our diverse human resources to excel.

➢ **Number and Ratio of Teleworking System Users (Non-consolidated)**

	FY2017	FY2018	FY2019	FY2020
Teleworking (includes mobile work) number of users	8,807	10,215	10,709	11,708
Teleworking (includes mobile work) ratio of users (%)	78.2	90.3	93.0	97.9

Participation in Telework Days as a Special Cooperating Organization

The national government of Japan and relevant ministries and agencies, in cooperation with the Tokyo Metropolitan Government and others, are spearheading the “Telework Days” campaign to promote flexible work styles and help alleviate traffic congestion during the Tokyo Olympic and Paralympic Games. Since the campaign started in 2017, NTT DATA has participated as a “special

cooperating organization," an organization that operates a large-scale teleworking system with more than 100 people and cooperates in measuring its effectiveness.

As a company with multiple business operations, including the Toyosu Head Office, in key areas expected to experience congestion during the Olympics, we participated in the 2020 TDM Promotion Project, which managed transportation demand concerning the Tokyo Olympics, as well as the "Smooth Biz" initiative promoted by the Tokyo Metropolitan Government.

The postponement of the Tokyo 2020 Games due to COVID-19 led to calls for the 2020 "Telework Days" period to be unlimited in duration and for teleworking arrangements to remain ongoing. NTT DATA participated in the campaign as a "Special Cooperative Company"" and implemented the following initiatives to promote teleworking and prevent the spread of COVID-19. We also kept teleworking arrangements in place up to and during the Games when they took place in August 2021.

Fiscal 2020 Initiatives

- Under the government's emergency declaration issued in April 2020, we instructed our employees to work from home as much as possible. As a result, 87% of our employees either teleworked completely or worked mainly from home.
- To address the increasing number of teleworkers, we added infrastructure to accommodate up to 50,000 teleworking employees in April 2020 and up to 70,000 in September, and offered teleworking arrangements to employees of Group companies and subcontractors in addition to our own workforce. We also encouraged the use of the integrated development cloud, which is a secure remote development platform, thus achieving a high teleworking rate, including for system developers.
- We conducted weekly monitoring of the health and teleworking (childcare and home environment) status of employees and family members living with them.
- In May 2020, we formulated "New Office Rules" to encourage the use of teleworking and staggered working arrangements.
- We implemented the same recruitment plan as we did in fiscal 2019, with the addition of online interviews.

Employee Relations

◆ Labor-Management Dialogue to Enhance Work Environments

The Company conducts labor-management talks with NTT DATA unions regarding issues pertaining to working conditions as they arise. Our basic stance is to emphasize comprehensive dialogue between labor and management in addressing various issues. Moreover, essentially 100% of our employees are members of labor unions, excluding managers, who are not permitted to join unions because they are responsible for the administration of operations.

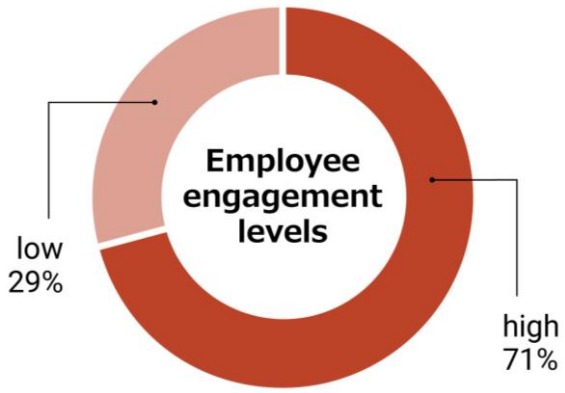
◆ Improving Employee Engagement

Our goal is "To be a No. 1 employer for the best talent worldwide!" With this in mind, we conduct biennial Groupwide "One Voice" engagement surveys of all employees, including those at overseas Group companies, working as one to create rewarding workplaces.

The most recent survey revealed that 71% of employees reported high levels of engagement, which is more than average (68%) for all participating companies.

Each Group organization will use the results of the survey to gain an accurate understanding of the current status of employees, then consider action plans and implement initiatives for future improvements aimed at maintaining and improving engagement and creating better workplaces.

➢ **"One Voice" Engagement Survey Results**



Occupational Health and Safety (Promoting Health Management)

Basic Policy and Promotion System

We believe that efforts to improve the health of employees will help increase motivation and productivity and consequently contribute to society and boost corporate earnings. Based on this belief, we promote “health management,” through which we strategically implement the PDCA cycle based on practicing health management from a managerial perspective, in addition to conventional health and safety measures in the workplace. We aim to create environments where individual employees, as well as their family members, can continue working safely in good physical and mental health while increasing the motivation and vitality of our employees.

At NTT DATA, our management works with occupational physicians from our Health Promotion Office, as well as specialist physicians and public health nurses, to spearhead efforts to improve employee health, provide mental healthcare and prevent COVID-19 infections in cooperation with our health insurance association and each workplace.

Activity Results

◆ Promoting Health Management

We have set medium-term and single-year targets for promoting health management, and we are taking various measures to reach those targets. To ensure effective deployment, we will engage in the PDCA cycle as follows: formulate health management plan and set health targets (P), formulate and implement specific health measures (D), understand and confirm health results (C), and verify the effectiveness of measures taken (A).

Efforts to Counter Infectious Diseases

We are committed to fulfilling our social mission as a company that supports critical social infrastructure while placing the highest priority on the safety and health of employees and their families. To this end, we will swiftly improve workplace environments by promoting teleworking and flexibly utilizing systems that allow diverse work styles, including those for balancing work with childcare and nursing care commitments. We will continue working with each workplace to ensure daily workplace hygiene management and prevention of workplace infections.

Health Management (Understanding Health Issues and Raising Awareness)

To help employees understand their health issues in more detail, we offer comprehensive medical checkups using our Cafeteria Plan as part of our benefits package. Starting in fiscal 2019, we are offering comprehensive medical checkups in five-year increments for employees aged 30 to 60. These checkups, which are separate from the Cafeteria Plan, are more extensive than statutory medical checkups. The purpose of this program is to periodically check the health status of young employees and detect the onset of diseases at an early stage. (The medical checkup uptake rate in fiscal 2020 was 100%.)

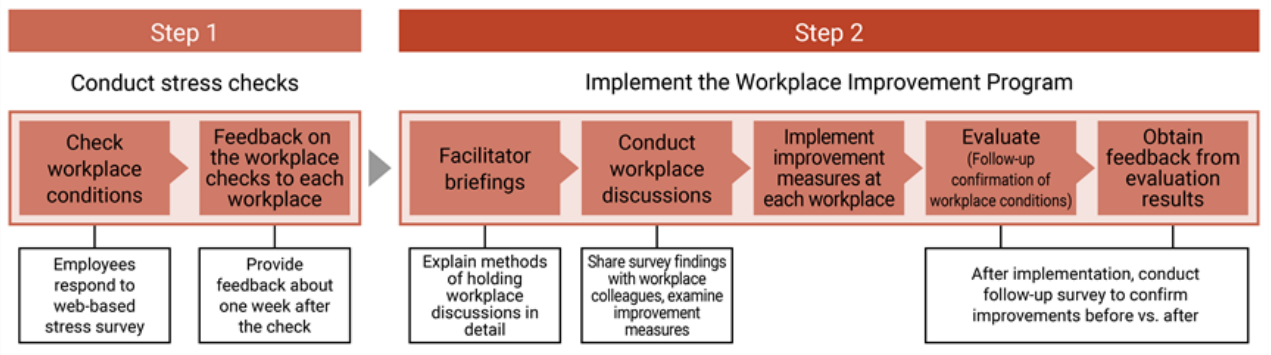
In addition to stress checks, we conduct web-based interviews with employees on lifestyle-related habits. Our aim is to monitor the subjective symptoms of employees’ physical and mental health and the status of their workplace environments, which will help increase their motivation to engage in self-care. We are also working to prevent passive smoking and reduce the rate of smoking by consolidating smoking rooms and encouraging employees to quit smoking.

In telework-centered health management, it is more important for employees to be aware of their own health problems and to catch signals of any changes from their supervisors and colleagues. With this in mind, we introduced a companywide “pulse survey” as a “communication tool between employees and supervisors” to support employees’ self-care and supervisors’ line-care efforts. In addition to raising awareness about mental anxiety, lack of exercise and other issues likely to result from teleworking, we actively promote online interviews and health consultations with industrial physicians and public health nurses.

Stress Checks for All Employees

NTT DATA performs annual stress checks of all employees and conducts group analyses in each workplace. The results are provided as feedback to each workplace and used to make working environment improvements, such as providing individual follow-up checks of workplaces requiring improvement and posting examples of good practices on our internal website.

➢ **Workplace Improvement Program**



◆ Improving Health Education and Health Literacy

We believe that the health of every employee is a company asset and a reflection of its development. With this in mind, we engage in educational initiatives to improve the health literacy of our employees.

◆ Self-Care and Line-Care Education

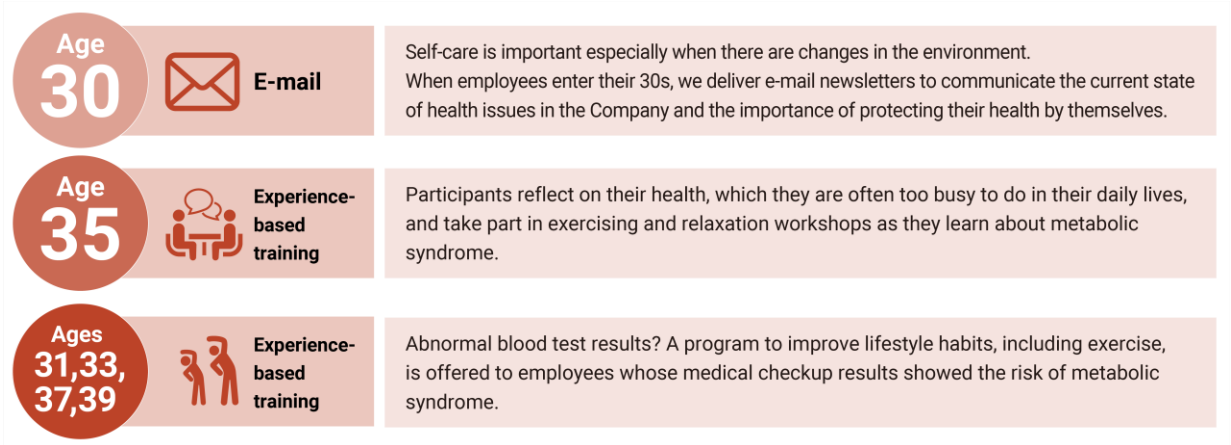
NTT DATA conducts training to raise awareness among employees about self-care and care for those around them during milestone training for managers and employees.

Health Education for Young Employees

NTT DATA aims to foster health awareness among employees younger than the ages subject to statutory specific health guidance. To this end, we provide health education for all employees in their first and second years of employment, who are building the foundation of their lifestyles, and to all employees at the age of 35.

In addition, we offer personalized education programs for high-risk employees in their 30s.

➢ **Health Education for Employees in Their 30s (FY2020)**



Note: In fiscal 2020, we conducted health education online.

Strengthening Implementation of Specific Health Guidance

We provide specific health guidance for employees aged 40 and older who are at risk of lifestyle-related diseases. Here, public health nurses, who assist in employee health management in our Head Office building on a regular basis, provide direct guidance and work to increase the completion rate of such guidance.

Interviewing Employees Working Long Hours

Since fiscal 2011, we have conducted “fatigue accumulation checks” for employees who work more than 45 hours of overtime a month. If accumulated fatigue is confirmed, the employee is interviewed by an industrial physician or a public health nurse. Based on interview results, we take measures to reduce burdens and otherwise optimize working hours and prevent overwork.

◆ Groupwide Expansion of White 500 Certification

The entire Group is working on health management. As a result, seven NTT DATA Group companies have received “White 500” certification from the Ministry of Economy, Trade and Industry and the Japan Health Council. This certification is given to corporations practicing excellent health management.

[NTT DATA Group Companies with White 500 Certification]

- NTT DATA Corporation (4 consecutive years)
- NTT DATA MSE Corporation (3 consecutive years)
- NTT DATA KANSAI Corporation (2 consecutive years)
- NTT DATA FINANCIAL CORE Corporation (2 consecutive years)
- NTT DATA MANAGEMENT SERVICE Corporation (2 consecutive years)
- NTT DATA SYSTEM TECHNOLOGIES INC.
- NTT DATA SMS CORPORATION

◆ Preventing Occupational Accidents

We are committed to preventing occupational accidents. In addition to conducting two annual workplace safety patrols, we work hard to raise in-house awareness about National Safety Week, National Industrial Health Week and the Accident-Free Holiday Campaign organized by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety and Health Association. We will continue to raise the safety awareness of our employees with the aim of zero occupational accidents under the leadership of the Health and Safety Committees.

➢ Number of Occupational Accidents

	FY2017	FY2018	FY2019	FY2020
Number of occupational accidents ☑	6	5	3	2

Human Resource Development

Basic Policy and Promotion System

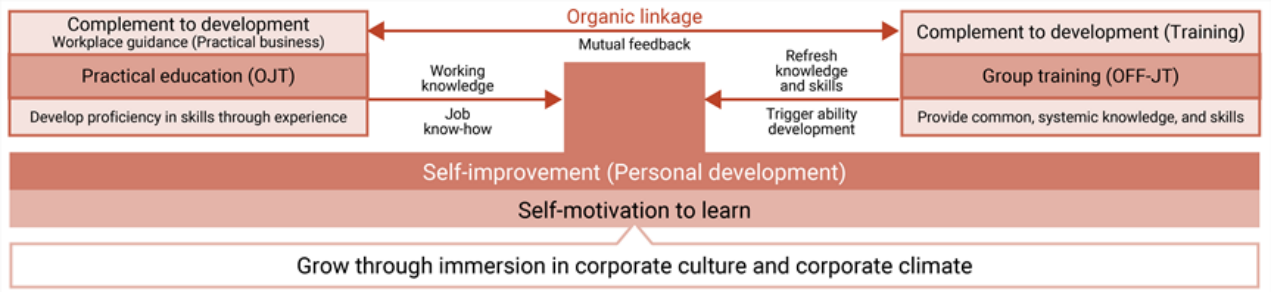
◆ Basic Policy

The starting point of NTT DATA's personnel training and development is the desire of our employees to learn and grow by setting their own goals. Our basic policy for human resource development is to provide on-the-job training (OJT) as the core, which is complemented and enhanced by Group-based off-the-job training (OFF-JT).

At each workplace, we clearly define the roles of staff responsible for personnel development and guidance under a system in which employees set their own annual learning plans. By systematically addressing both workplaces and employees in this way, we aim to raise the motivation to learn.

To meet the needs of the ever-changing business environment, we also focus on nurturing professional human resources with advanced expertise and responsiveness to change, as well as those who can excel in the global marketplace.

➢ **Approach to Personnel Education and Development**

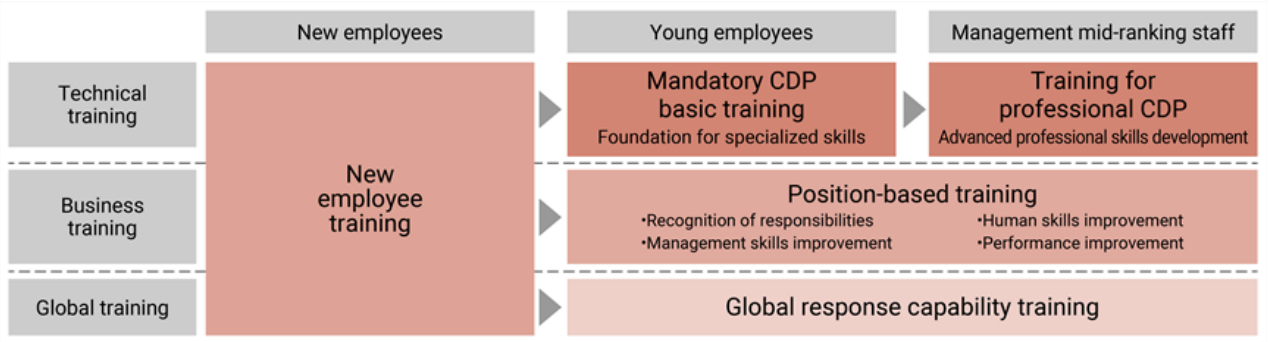


◆ Promotion System

NTT DATA provides technical training to enhance specialist expertise, business training to improve business-related skills and global training to hone global responsiveness. Employees are free to select courses attuned to their position and job assignment when needed. Moreover, we have systems in place allowing all employees to acquire certain levels of knowledge and skills on matters outside of their regular duties.

Our new employee training program is designed to form the foundation for the mindset and skills necessary to develop into disciplined human resources.

◆ Training Programs



➢ **Annual Study Hours and Training Cost per Participant in Fiscal 2020**

	FY2020
Annual study hours per participant	91
Training cost per participant	¥622,000

Activity Results

◆ Developing Human Resources Who Can Excel on the Global Stage

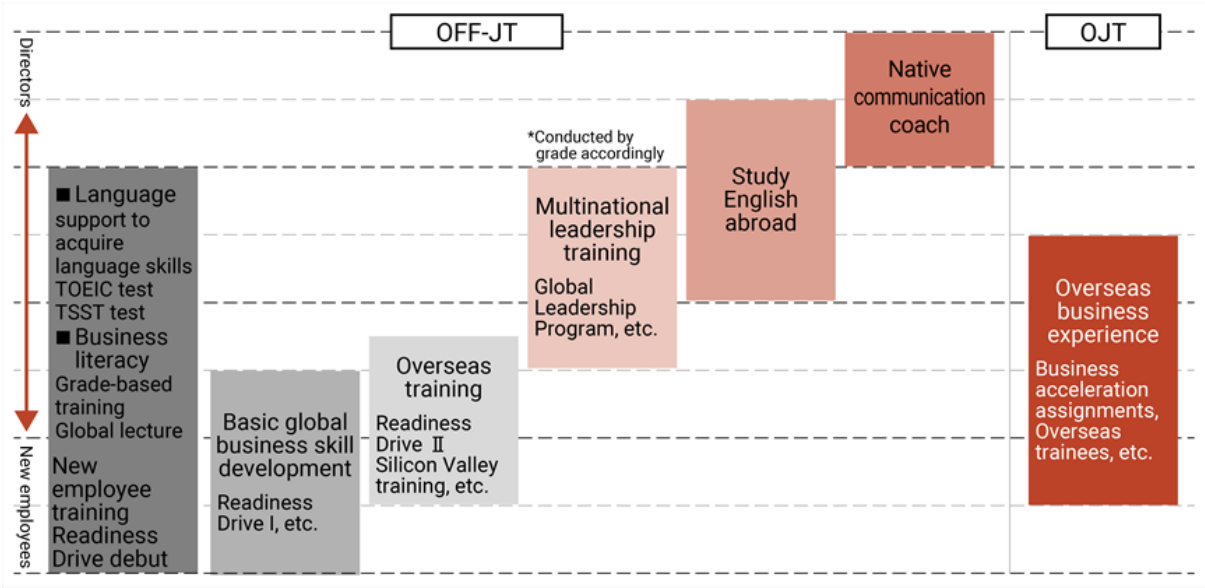
With the rapid expansion of its overseas business, NTT DATA strives to develop global human resources with the flexibility to excel in the face of changing markets and competitive environments. To this end, we focus mainly on cultivating executive human resources who can perform on the global stage and the globalization of employees hired in Japan.

Together with Group companies across the world, we conduct the Global Leadership Program (GLP) for the development of next-generation global leaders. In the GLP, participants discuss issues related to NTT DATA's global and local strategies. The program encourages them to consider independently what is needed and what they should do to realize "One NTT DATA" both globally and locally. More than 650 employees have completed these types of global programs, and we will continue developing executive human resources who can excel on the global stage.

For employees hired in Japan, meanwhile, we offer position-based programs with the aim of developing human resources who can play an active role in our global business. One example is our Readiness Drive program for young employees. Through exercises and group work, this program helps students strengthen their cross-cultural responsiveness, understand the Company's global business and improve their English skills. Participants also receive practical training in making business proposals to overseas companies and working in multinational teams. In addition to training, we offer various other opportunities, such as the Business Acceleration Assignments (BAA) Program, which supports employees slated for overseas assignments by giving them practical global experience. We have also created an online community where employees in different countries can share their learning experiences.

Our training platforms teach respect for the diversity and individuality of our employees in 55 countries. They are a symbol of NTT DATA's dynamism and a driving force for elevating our business to new heights.

➢ **Global Human Resource Development**



Secure and Develop IT Human Resources

Basic Policy and Promotion System

◆ Human Resource Development Based on Professional CDP

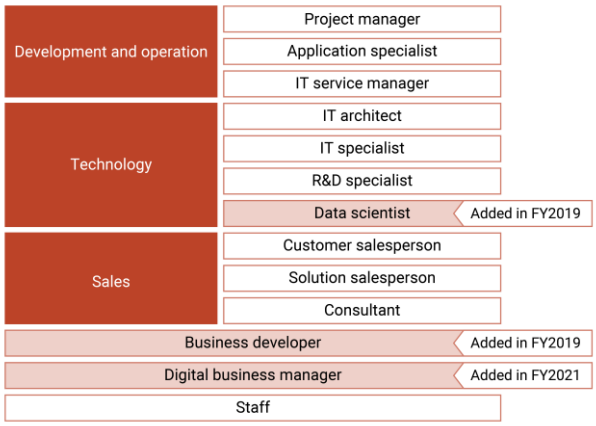
As our customers' IT needs diversify in this ever-changing business environment, it is important to develop human resources that can respond flexibly and appropriately. With this in mind, NTT DATA introduced its Professional Career Development Program (Professional CDP), designed to transform our employees into professional human resources who are highly specialized and can flexibly adapt to change. This program provides employees with easy-to-understand methods for certifying their current level of achievement and developing their skills and supports the autonomous growth of individual employees from the time they join the Company until they retire. We are currently rolling out the program to other domestic Group companies. In fiscal 2020, 19,300 employees were newly certified under the program, and we now have 72,000 certified employees in the NTT DATA Group in Japan and overseas.[1]

Our Professional CDP identifies the types of human resources required for our business in a phased manner. Thirteen types have been identified so far, with "business developer" and "data scientist" added in fiscal 2019 to reflect changes in technologies and our business and "digital business manager" (a new type of human resource to drive our digital business) added in fiscal 2021.

Due to the growing importance of creating new solutions and expanding our business domains, we will continue working to develop professional human resources who are flexible to change.

1. Implemented under the of Professional CDP at domestic companies. At overseas companies, the same content is implemented under the name of NTT DATA Learning Certificat name ion Institute (NLCI). Numbers of certified employees are the total of the two.

➢ **NTT DATA's Human Resource Types**



Activity Results

◆ Initiatives to Strengthen Digital Responsiveness

With the acceleration of digitization, NTT DATA is promoting digital transformation to maximize the value it provides to customers. To this end, we established an initiative to enhance the digital responsiveness of all employees. Since fiscal 2017, we have been holding training and seminars on design thinking and idea generation methods aimed at helping employees embrace unconventional ways of thinking and perspectives. Since fiscal 2019, moreover, we have conducted our "Self-Innovation Time" program aimed at helping employees continuously improve and relearn their skills. Under the system, all employees devote a portion of their work time to innovation-related domains. Such domains include strengthening digital and global skills and sharing knowledge within the Group and with other organizations. In fiscal 2020, our employees spent an average of 80 hours in the program. We are thus working continuously to help all employees transform themselves and drive collaboration throughout the company. In fiscal 2019, we launched two programs to strengthen the development of digital human resources. One is the Digital Boot Camp to help employees learn digital technologies, and the other is the Digital Acceleration Program, a series of training programs that combine off-the-job training in cutting-edge areas and real experience in various advanced projects.

Respect for Human Rights

Basic Policy

◆ Basic Policy

As a member of the NTT Group, the NTT DATA Group engages in organizational efforts in line with the NTT Group's Human Rights Charter, established in June 2014. The charter incorporates concepts of the ISO 26000 international standard on social responsibility and the UN's Guiding Principles on Business and Human Rights. Our Global Compliance Policy stipulates the Group's fundamental principle of respect for human rights. Under the policy, we aim to create comfortable, discrimination-free work environments by pledging not to carry out or tolerate discrimination and take a firm stand against discrimination by others. We place great importance on resolving human rights issues and promoting human rights awareness activities organizationally throughout the Group.

◆ The NTT Group's Human Rights Charter

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

1. We[1] respect internationally recognized human rights[2], including the Universal Declaration of Human Rights in all Company activities.
2. We responsibly respect human rights with efforts to reduce any negative impacts on human rights holders. We respond appropriately when negative impacts on human rights occur.
3. We aim to not be complicit in infringing human rights, including being involved in discrimination, directly or indirectly.
4. When negative impacts on human rights are done by a business partner and are linked to a product or service of the NTT Group, we will expect them to respect human rights and not to infringe on them.

Notes:

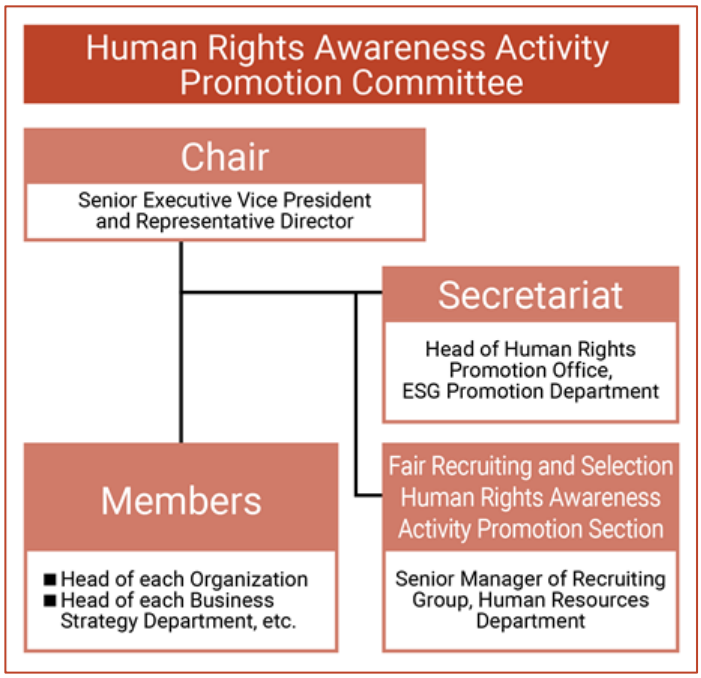
1. "We" means the NTT Group and its officers and employees.
2. "Internationally recognized human rights" are rights included in declarations and rules that form the basis for international standards of universal human rights throughout the world and specifically refer to the following.
   【United Nations】(the Universal Declaration of Human Rights and the two covenants on human rights)
   - The Universal Declaration of Human Rights (adopted by the UN General Assembly in 1948)
   - International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights (adopted by the UN General Assembly in 1966, in force from 1977)

   【International Labour Organization】(eight basic principles of the Core Conventions of the ILO Declaration)
   - The eight core principles of the ILO Declaration on Fundamental Principles and Rights at Work (adopted at the 86th International Labour Conference in 1998) are Forced Labour, Freedom of Association and Protection of the Right to Organize, Right to Organize and Collective Bargaining, Equal Remuneration, Abolition of Forced Labour, Discrimination (Employment and Occupation), Minimum Age Convention and Elimination of the Worst Forms of Child Labour.
3. In carrying out Items 2–4 of the above NTT Group's Human Rights Charter , we apply the UN Guiding Principles on Business and Human Rights and ISO 26000 and are subject to the procedures described therein.

Promotion System

NTT DATA convenes a meeting of its Human Rights Awareness Activity Promotion Committee at the beginning of each fiscal year with the aims of deepening understanding and awareness of human rights and creating cheerful and comfortable workplaces. The committee consists of leaders of each organizational unit and is headed by the Representative Director and Senior Executive Vice President. We have assigned human rights awareness promotion officers to each organization and company within the Group. In cooperation with the Human Rights Promotion Office in our ESG Promotion Department, these promotion officers conduct employee training and other measures and have established a human rights helpline as part of efforts to raise human rights awareness and strengthen human rights management.

➢ **System to Promote Human Rights Awareness**



◆ Promoting Human Rights Awareness

Educational activities for all employees are important for ensuring human rights awareness. With this in mind, we have been holding Human Rights Awareness Workplace Seminars at each workplace for domestic NTT DATA Group employees since fiscal 2010. The aims of the seminars are to raise awareness and promote understanding about human rights issues.

In fiscal 2020, we continued conducting sessions on human rights in position-based training, recruiters' training and other programs to instill even deeper awareness. In light of the increasing number of employees assigned to overseas posts, we conduct pre-overseas assignment training to help such employees gain a proper understanding of the religions, cultures and customs of the countries and regions to which they have been assigned. In fiscal 2020, a total of 29 employees assigned to 12 overseas posts took part in the program. In addition, in October 2020 we held a human rights slogan contest for NTT DATA Group employees, partner company employees and family members from whom we solicited slogans on the theme of human rights awareness. We awarded outstanding slogans at an event during the UN-designated Human Rights Week.

➢ **Major Initiatives on Human Rights Awareness**

Initiative	Participation in FY2020
Human rights awareness workplace seminars	27,793 people
Position-based training course (Human rights awareness)	2,868 people
Recruiters' training course	611 people
Training prior to international assignment	29 people (12 countries)
Human rights slogan contest	225 applications

Activity Results

◆ Human Rights Due Diligence

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

In fiscal 2019, we conducted our second human rights management survey (December 2019–January 2020), following the first survey in fiscal 2016, with the aim of reaffirming our understanding of potential human rights issues.

Since fiscal 2017, we have been working to validate the results of previous internal surveys. As the first initiative, we obtained an assessment of potential human rights risk from an external expert organization. We also examined the degree to which the NTT Group's business has a negative impact on the human rights of its stakeholders. Specifically, we identified human rights issues that the NTT Group should address from the perspectives of "likelihood of future human rights risks in each country" and "severity of human rights risks that might arise in our business."

In fiscal 2018, we conducted a manifest human rights impact assessment in the Asian region as a test case based on the results of an assessment of potential human rights risk conducted in the previous year.

In fiscal 2019, we conducted a human rights management survey, which revealed five human rights issues to address as a top priority: women's rights, right to privacy, working hours, occupational health and safety, and freedom of association and right to organize.

To foster understanding of the five priority issues, in fiscal 2020 we engaged outside experts to give internal lectures in collaboration with NTT. We also held dialogues with overseas Group companies to obtain reports on their initiatives.

◆ Measures to Address the U.K. Modern Slavery Act

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

- We comply with the MSA for all activities and investigations.
- Our purchasing terms and conditions require all suppliers to comply with the MSA.
- We conduct procurement checks of our top suppliers on a regular basis to ensure compliance with many business-related laws and regulations, including the MSA.
- Checks of top suppliers performed since 2015 have confirmed their compliance with the MSA. Checks of other suppliers are done in accordance with the due diligence and risk assessment processes. If we find any noncompliance, we swiftly point it out and take prompt action.
- We have external and internal whistleblowing systems for registering noncompliance.
- We provide MSA-related training as required.
- NTT DATA UK's MSA-related obligations are communicated regularly to employees, and its compliance status is reviewed by directors on an annual basis.

◆ AI Guidelines and AI Advisory Board

The NTT DATA Group's AI Guidelines, which summarize the Group's approach, were established to mitigate discrimination and incidents caused by AI and utilize AI for social development. Based on the guidelines, we promote the development of AI technology and the application of the technology to business.

https://www.nttdata.com/jp/ja/news/release/2019/052900/ (Japanese version only)

In April 2021, we established the AI Advisory Board, consisting of external experts, as part of efforts to strengthen and promote our AI governance activities.

https://www.nttdata.com/jp/ja/news/release/2021/041901/ (Japanese version only)

Innovation Management

Basic Policy and Promotion System

The NTT DATA Group provides safe and secure services to customers and strives to enhance these services by continuously monitoring customer needs.

We strive to remain constantly abreast of emerging information technologies and apply new approaches to address the needs of customers and society. Recognizing the critical importance of providing clients with safe and secure services, we have established an organized and systematic quality management system and adopted advanced development methods to provide highly reliable solutions. To meet the diverse needs of our customers, we also conduct customer satisfaction surveys. Based on opinions and requests we receive, we carry out service improvement activities to provide better services from the customer's perspective.

◆ Innovation Management

The NTT DATA Group works to address social issues and create a sustainable society by advancing innovation management centered on creating IT-driven innovations. We share medium- to long-term issues with our customers to promote the development of various new businesses.

NTT DATA's Digital Approach

We have defined five "Digital Drivers" for enabling customers' digital transformation: Transform business processes, rebuild ecosystems that connect stakeholders, create new experiences for end-users, provide digital services and solutions that create new value, and create new business models that disrupt conventional thinking. We have also categorized the advanced technologies that are essential to making these Digital Drivers a reality into six "Digital Focus Areas." By combining these Digital Drivers and Digital Focus Areas, we provide customers with the best solutions to help them succeed in their digitalization efforts.

Activity Results

◆ Disseminating Innovative Technologies: NTT DATA Technology Foresight

Every year, we publish the NTT DATA Technology Foresight report, which provides information on trends for predicting future technology-driven changes. To produce the report, we analyze political, economic, social and technological trends, and collect and discuss wide-ranging information through interviews with NTT Data Group companies and NTT DATA Group R&D laboratories in Japan and overseas, as well as with experts in various fields. Through these activities, we have identified "information society trends" to help predict the direction of social changes brought about by information technology, and "technology trends" to help predict the future based on the latest information technologies. These information society trends and technology trends reveal the path that companies should take going forward.

In the 10th edition of the report (2021 edition), we presented three information society trends and six technology trends, which are used as information sources for formulating corporate strategies and as a starting point for discussions.

These activities involve envisaging the current state of our increasingly complex technological world and providing a compass to navigate the future. Through such activities, we broadly demonstrate our foresight and technological capabilities to our customers. Our aim is to gain and enhance the trust of customers in our quest for innovation co-creation.

https://www.nttdata.com/global/en/foresight

◆ Global Technology Strategy Formulation: Global Technology & Innovation Steering Committee

NTT DATA's Global Technology & Innovation Steering Committee is responsible for "business acceleration" for creating and rolling out offerings in priority areas; "innovation acceleration" for examining and acquiring technologies in each priority technology area; and "digital competency centers of excellence (CoEs)" for consolidating and promoting the use of cutting-edge technologies globally. By supporting our global client companies and promoting the globalization of our offering and delivery resources, we help strengthen and smoothen our regional collaborations at the global level.

We are committed to working together with customers to develop digital strategies and take the next step in accelerating their digital transformation. To this end, we need to clearly define and strengthen our capabilities in the key digital focus areas. To serve as a partner in promoting our customers' digital strategies on a global scale, meanwhile, we will define priority technology areas, promote joint projects with customers and invest in solutions on a global level. In these and other ways, we will restructure our system for approaching global client companies.

◆ Global Open Innovation

The growing prevalence of the Internet and various other technologies and falling prices of services have increased the number of cutting-edge venture companies across the world. NTT DATA promotes open innovation, working with venture companies that possess advanced business models and technologies, as well as large client companies, to accelerate the creation of innovative businesses while building win-win relationships with them. We have built a community of more than 4,000 people inside and outside the Company, and our business divisions engage in innovative creation of next-generation social infrastructure in collaboration with venture companies and large client companies. Since launching this activity in 2013, we have collaborated with venture companies in FinTech, energy, digital marketing, healthcare and various other fields, resulting in the commercialization of multiple businesses to date.

We have held global contests since fiscal 2016. The contests help foster cross-border alliances among venture companies working to resolve numerous issues in various countries, our clients in different countries and the business divisions of the NTT DATA Group, which has a global network. We also foster the creation of new businesses through true open innovation and help improve the overall strength of the NTT DATA Group worldwide. In fiscal 2018, we launched the SDGs Start-up Program with the aim of resolving issues facing society through open innovation and helping achieve the 17 SDGs set forth by the United Nations.

https://oi.nttdata.com/en/

Fiscal 2020 Activities

NTT DATA Open Innovation Contest

At the 11th NTT DATA Open Innovation Contest, held in collaboration with Group companies around the world, the Grand Champion prize was awarded to Inspektlabs Inc., which offers a technology that can identify parts of a vehicle or damage on a vehicle from a smartphone photograph or video and create an inspection report within seconds. After the contest, we set up collaborative study teams to consider proof-of-concept (PoC) activities for commercialization of proposals by contest participants.

https://www.nttdata.com/jp/ja/news/information/2021/020801/ (Japanese version only)

Open Innovation Forum (Regular Event)

We hold multiple Open Innovation Forums (regular event) each year with the participation of customers, new business managers and other members of our community. At each event, we invite representatives of start-up companies according to the particular event theme. In fiscal 2020, we co-hosted events with NVIDIA Corporation and Shiseido Company, Limited. We also selected themes based on specific needs on internal business units and held our first online forum.

https://oi.nttdata.com/en/schedule/

◆ Sharing the Fruits of Innovation

The NTT DATA Group shares its cutting-edge initiatives and contributes to the realization of a sustainable society in various ways.

INFORIUM Toyosu Innovation Center

In 2015, we established the INFORIUM Toyosu Innovation Center within our Head Office building as a place where visitors can experience the cutting-edge technologies that the NTT DATA Group is developing.

As a place for creating new businesses with clients, the center offers space for holding workshops on co-creation activities. This space is available to both domestic and international customers.

https://www.nttdata.com/jp/ja/inforium/ (Japanese version only)

DATA INSIGHT

Through DATA INSIGHT, we provide information on people on the front lines and the latest technology trends.

https://www.nttdata.com/jp/ja/data-insight/ (Japanese version only)

Tangity™ Design Group

The NTT DATA Group operates 16 Design Studios[1] that provide a seamless experience for all aspects of a digital business, from new service planning to prototyping, demonstration testing and development. We also formed the NTT DATA Design Network, which connects each studio, to facilitate the sharing of human resources and know-how. In addition, we are planning and developing new services in various countries with a wide range of customers, including financial institutions, manufacturing and distribution companies, and government agencies. In fiscal 2020, we launched a new brand called Tangity™ for the group of designers belonging to this network. By strengthening collaboration among studios, we aim to develop and attract designers in service design fields, including UX-UI[2], and maximize the value provided by designers to customers and society.

https://www.nttdata.com/jp/ja/news/release/2020/061501/ (Japanese version only)

1. Our Design Studios provide a seamless experience for all aspects of a digital business, from planning to prototyping and beyond. NTT DATA currently has 16 locations, in Tokyo, Milan, Rome, Venice, Madrid (two locations), Barcelona (two locations), London, Munich, Dallas, San Paolo (two locations), Santiago, Lima and Shanghai.
2. UX (user experience) refers to users' experience and emotions obtained by using a particular product or service. UI (user interface) is the point of contact for users of a product or service.

Human-Centered Design Initiatives

◆ Human-Friendly Systems

We pay close attention to each individual IT user, whom we view as a potential innovator. With this in mind, we promote the creation of human-friendly information systems based on the human-centered design (HCD)[3] approach. HCD is a step forward from the universal design (UD)[4] concept for systems and services and places greater emphasis on user-friendliness. With HCD, we engage in wide-ranging activities from the user's perspective. These include adopting a "UX design" approach that extends to user satisfaction.

UX design is a methodology for designing products and services that embodies what users want and makes the user experience more enjoyable and comfortable. To achieve good UX, it is important to adopt a user-focused approach to design in addition to traditional approaches rooted in technology or markets. Since 2002, NTT DATA has been developing human-friendly systems by applying user-oriented design to the system development process in the ICT and IoT fields.

3. The concept of designing services and systems according to the needs of users.
4. Design that emphasizes ease of use for all people, irrespective of age, gender, nationality, disability or individual experience and abilities.

Quality Management

◆ Developing Safe and Secure Systems

Providing reliable systems and services 24 hours a day, 365 days a year is a key responsibility and forms the basis of our customer service commitment.

The NTT DATA Group aims to build social infrastructure that people can use with peace of mind. To this end, we engage in various Groupwide initiatives that include obtaining quality management certifications and standardizing our development and management methods.

◆ Initiatives to Improve Quality

Building a Management System Based on ISO 9001 and Promoting Continuous Improvement Activities

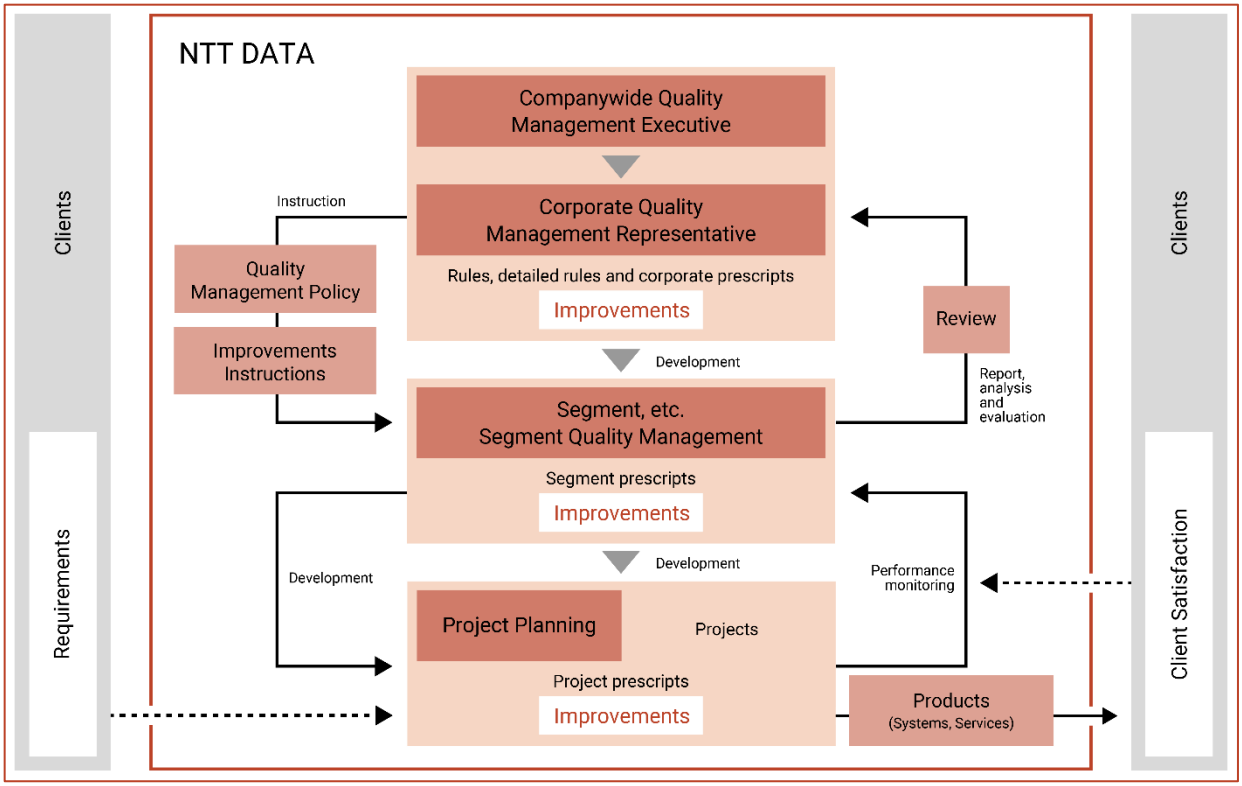
NTT DATA obtained ISO 9001 certification—the international standard for quality management systems—on a Groupwide basis in 1998 and subsequently built an organized, systematic quality management system that is currently in operation. We are also focusing on reinforcing our system on a Groupwide basis. Since fiscal 2007, for example, we have created unified rules governing system development and management methods and clarified procedures for applying those rules. Furthermore, in March 2010 we formulated an implementation method that reflects the unified rules and have since expanded that across the Group to improve quality and productivity.

NTT DATA moved quickly to focus on making process improvements and enhancing system development transparency, incorporating Capability Maturity Model Integration (CMMI)[5] into the formulation of development and operational standards. We recognize the importance of raising quality control standards at development sites, including those of Group companies. Accordingly, we are rolling out CMMI across the Group and sharing quality management–related information.

We have also developed a quality assurance system for overseas Group companies, and with support from Japan we have achieved CMMI Maturity Level 2 in Romania. In addition, we continue to support process improvement utilizing CMMI to offshore locations in China. Through regular opinion exchanges within Asia, we are working to raise quality at overseas Group companies.

5. A model managed by the CMMI Institute that expresses the level of maturity of an organization undertaking system development using a five-point scale.

➢ **NTT DATA's Quality Management System (QMS)**



◆ Enhancing and Standardizing Project Management

NTT DATA endeavors to enhance and standardize project management to improve the quality and efficiency of system development. For example, we established the Agile Professional Center, which applies the agile development methodology to collaborate with clients in creating new businesses and services. We also integrated our R&D organization for production technologies, which includes project management, with our project support organization to establish the Project Management Solution Center.

Agile Professional Center

The Agile Professional Center was established to create new businesses in collaboration with clients in response to the growing business need for innovation. Around the world, we have established agile development bases through which we are reinforcing three functions: the cultivation of agile and professional human resources, advanced R&D and an on-demand, agile development system.

Project Management Solution Center

The Project Management Solution Center was established to conduct R&D on innovative project management methods, reinforce them through verifiable methods familiar to actual worksites and provide them within the Group in a user-friendly manner. The center also established the NTT DATA Global Standards, which has unified our standard operating procedures for system development throughout the world, and is taking responsibility for developing next-generation management tools that will raise the efficiency of tracking, quality assurance and other aspects of management. The center provides complete, one-stop support for the adoption, introduction and full utilization of solutions. Through expanded utilization of R&D outcomes, the center is improving our Groupwide capabilities and reducing the number of problematic projects.

Quality Management Portal Site

NTT DATA has operated its Quality Management Portal Site since fiscal 2010. Our objective is to enable the sharing of all kinds of quality-related information among our different development locations, including those of Group companies.

This site offers responses to quality-related industry standards, consolidates internal rules and expertise, and makes this information accessible to all employees. We will continue deploying our quality assurance expertise to achieve more effective quality control operations.

◆ Addressing Serious Issues

At the NTT DATA Group, executives and employees are required to promptly notify the quality assurance desk in the event of any serious quality issue with a commercial system. The Quality Assurance Department and external relations desk have an emergency contact system in place, whereby the Corporate Management Committee deliberates countermeasures to highly serious issues. Particularly serious incidents are reported swiftly to senior managers. We also investigate the cause of each incident, consider measures to prevent recurrence, report to the competent authorities as necessary according to laws and regulations and disclose appropriate information to customers through our website.

◆ Human Resource Development Emphasizing System Management Stability

Seeking to stabilize system operations, NTT DATA's Quality Assurance Department promotes IT-SM community activities to develop human resources who will engage in system operation and maintenance.

Our IT-SM community activities include IT service management improvement training, which involves learning through examples of system failure response and prevention, and IT-SM community seminars to serve as forums for presenting and sharing those examples. In addition, we provide support through our IT-SM training (mentoring) school for IT service managers. At this school, two executive IT service managers serve as mentors to pass on skills and expertise, provide psychological support (discussion of concerns) and facilitate personal network building (vertical relationships between IT service managers).

Furthermore, we support and develop personnel involved in system operation and maintenance by offering various tools. These include a standardized on-site inspection checklist for stable system operations, a portal site to provide expertise on stable system operations and IT service management, a collection of example failure cases for recovery training, a system development guide aimed at improving operational quality during the development phase and a guide for reducing human errors that contains well-explained strategies and case studies.

Relationships with Customers

◆ Improving Customer Satisfaction

Listening to our customers and working to improve their satisfaction levels is important when considering how we can help resolve social issues through our business. Under its Clients First approach, the NTT DATA Group has achieved a high level of satisfaction among customers by contributing to their success.

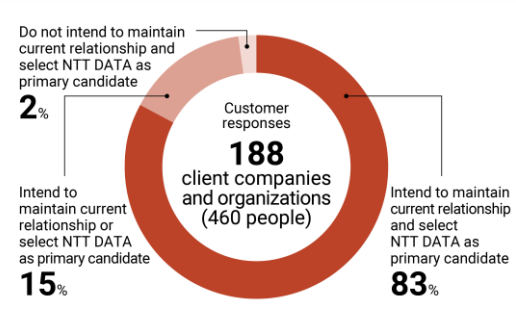
◆ Promoting Improvement through Interviews and Questionnaires

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

In fiscal 2020, we conducted interviews with people from 57 client companies and organizations, obtaining information regarding their opinions and requests. We also gained feedback through questionnaires received from 460 people in 188 client companies and organizations. One of the questionnaire items asks respondents if they intend to continue the relationship going forward and if they would like NTT DATA to be their first choice for consultation. In response, 83% of clients wrote "I would like to continue the relationship going forward" and "NTT DATA is my first choice for consultation." Based on interviews and survey results, the entire Company is engaged in improvement activities, including analysis of results, identification of issues and the formulation and implementation of improvement action plans.

We will continue advancing these efforts in a systematic manner to further improve customer satisfaction levels.

➢ **NTT DATA's Position from Customers' Perspective**



Social Contribution Activities

Basic Policy and Promotion System

The NTT DATA Group contributes to the advancement of society by providing social infrastructure and industry-specific solutions that utilize IT and advanced technologies to address global and local social issues. With a focus on IT education, we encourage employees to volunteer in programs that can positively address wide-ranging social challenges related to the environment, health, poverty, gender and so forth. By engaging in such activities, we aim to fulfill our responsibilities as a good corporate citizen while referring to international initiatives and guidelines, such as the SDGs.

The NTT DATA Group, led by its ESG Promotion Department and Public Relations Department, collaborates with domestic and overseas Group companies, as well as NTT Group companies, to pursue social contribution activities with a focus on IT education, which is a key ESG priority. In the process, we work to understand social issues through communication with NGOs/NPOs and local communities for reflection in our implementation plans.

Activity Results

◆ Results of Social Contribution Activities

As a global corporate group, the NTT DATA Group engages in a variety of activities to help build better societies in regions around the world.

➢ **Cost of Contribution Activities (Non-consolidated + Domestic Group Companies)**

(¥ millions)

	FY2017	FY2018	FY2019	FY2020
Cost of contribution activities ☑	320.15	273.78	204.54	212.89
Total donations (including matching-gift funding support)	37.27	200.28	197.42	178.94
Cost of other contribution activities	282.88	73.50	7.12	33.95

➢ **Cost of Contribution Activities (Global)**

	FY2018		FY2019		FY2020	
	Activity cost (¥ millions)	Participants (Persons)	Activity cost (¥ millions)	Participants (Persons)	Activity cost (¥ millions)	Participants (Persons)
North America	220.18	6,000	150.66	5,000	227.84	813
EMEA and Latin America	25.07	3,500	82.05	15,346	164.22	16,505
China, APAC and Japan	278.79	7,681	209.32	6,452	213.03	2,725

Note: Figures for participants refer only to NTT DATA Group employees who participated in social contribution activities.

Promote IT Education

The NTT DATA Group has identified “IT education” as the central theme of its global social contribution activities. We are committed to helping improve the IT skills and IT literacy of children and NPOs/NGOs through volunteer activities that utilize the expertise of our employees, as well as financial and technical support in the IT field, a key NTT DATA strength.

Many of our employees have experience working with NPOs that deal with social issues on a daily basis, and the aforementioned support activities help them learn about specifics behind the issues and the existence of related stakeholders. This in turn helps improve their ability to design solutions for social issues and increases their sensitivity to areas where IT can contribute. We will continue working to create businesses that address social issues by systematically enhancing the Group’s own sensitivity to and understanding of social issues.

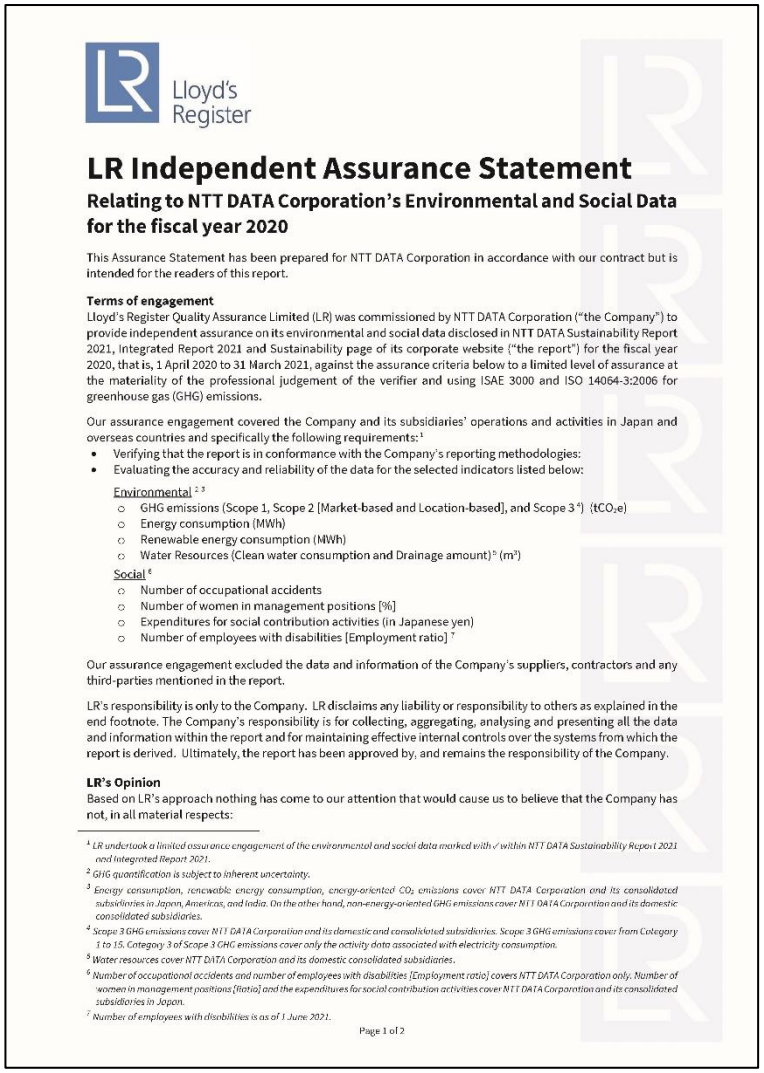
Activity Results

The NTT DATA Group leverages the strengths of its core business to provide IT literacy and skills to children, the general public, NPOs/NGOs and others.

https://www.nttdata.com/global/en/sustainability/community

Independent Practitioner's Assurances

Independent assurances of environmental and social data are provided by Lloyd's Register Quality Assurance Limited. Check marks are attached to data that received such assurances.



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LR Independent Assurance Statement

Relating to NTT DATA Corporation's Environmental and Social Data for the fiscal year 2020

This Assurance Statement has been prepared for NTT DATA Corporation in accordance with our contract but is intended for the readers of this report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by NTT DATA Corporation ("the Company") to provide independent assurance on its environmental and social data disclosed in NTT DATA Sustainability Report 2021, Integrated Report 2021 and Sustainability page of its corporate website ("the report") for the fiscal year 2020, that is, 1 April 2020 to 31 March 2021, against the assurance criteria below to a limited level of assurance at the materiality of the professional judgement of the verifier and using ISAE 3000 and ISO 14064-3:2006 for greenhouse gas (GHG) emissions.

Our assurance engagement covered the Company and its subsidiaries' operations and activities in Japan and overseas countries and specifically the following requirements:[1]

- Verifying that the report is in conformance with the Company's reporting methodologies:
- Evaluating the accuracy and reliability of the data for the selected indicators listed below:

Environmental[2,3]
- GHG emissions (Scope 1, Scope 2 [Market-based and Location-based], and Scope 3[4]) (tCO_2e)
- Energy consumption (MWh)
- Renewable energy consumption (MWh)
- Water Resources (Clean water consumption and Drainage amount)[5] (m^3)

Social[6]
- Number of occupational accidents
- Number of women in management positions [%]
- Expenditures for social contribution activities (in Japanese yen)
- Number of employees with disabilities [Employment ratio][7]

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

[1] *LR undertook a limited assurance engagement of the environmental and social data marked with ✓ within NTT DATA Sustainability Report 2021 and Integrated Report 2021.*

[2] *GHG quantification is subject to inherent uncertainty.*

[3] *Energy consumption, renewable energy consumption, energy-oriented CO_2 emissions cover NTT DATA Corporation and its consolidated subsidiaries in Japan, Americas, and India. On the other hand, non-energy-oriented GHG emissions cover NTT DATA Corporation and its domestic consolidated subsidiaries.*

[4] *Scope 3 GHG emissions cover NTT DATA Corporation and its domestic and consolidated subsidiaries. Scope 3 GHG emissions cover from Category 1 to 15. Category 3 of Scope 3 GHG emissions cover only the activity data associated with electricity consumption.*

[5] *Water resources cover NTT DATA Corporation and its domestic consolidated subsidiaries.*

[6] *Number of occupational accidents and number of employees with disabilities [Employment ratio] covers NTT DATA Corporation only. Number of women in management positions [Ratio] and the expenditures for social contribution activities cover NTT DATA Corporation and its consolidated subsidiaries in Japan.*

[7] *Number of employees with disabilities is as of 1 June 2021.*

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- Met the requirements above
- Disclosed accurate and reliable environmental and social data

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO 14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical environmental and social data and records for the fiscal year 2020; and
- Visiting NTT DATA Mita Building of the Company and the headquarter of NTT DATA NJK Corporation to investigate whether the data management systems have been effectively implemented.

LR's Observations

It is recommended the Company will continue to maintain the high level data management systems and discover further improvement opportunities proactively to ensure accurate aggregation and calculation of environmental and social data.

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed Dated: 3 July 2021

Norihiko Kinoshita
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LR reference: YKA4005176

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Comparative Table with GRI Standards

◆ General Standard Disclosures

Disclosure	Indicator	Source of Reference	
		Data Book	NTT Data Official Website
Organizational Profile			
102-1	Name of the organization	—	Integrated Report 2021—Company Information https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=60
102-2	Activities, brands, products, and services	—	Integrated Report 2021—NTT DATA's Businesses https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=7 Our Way https://www.nttdata.com/global/en/about-us/our-way
102-3	Location of headquarters	—	Integrated Report 2021—Company Information https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=60
102-4	Location of operations	—	Integrated Report 2021—Company Information https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=60
102-5	Ownership and legal form	—	Integrated Report 2021—Company Information https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=60
102-6	Markets served	—	Integrated Report 2021—NTT DATA's Businesses https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=7 CLIENTS CASES https://www.nttdata.com/global/en/clients-cases
102-7	Scale of the organization	—	Integrated Report 2021—Company Information https://www.nttdata.com/global/en/-/media/nttdataglobal/1_files/investors/integrated-report/fy2021_ar_b.pdf#page=60 INVESTORS—Financials https://www.nttdata.com/global/en/investors/financials
102-8	Information on employees and other workers	P091-093	—
102-9	Supply chain	P049-050	—
102-10	Significant changes to the organization and its supply chain	—	—
102-11	Precautionary Principle or approach	P030-044 P065-075	—
102-12	External initiatives	P011	—
102-13	Membership of associations	P011	—
Strategy			
102-14	Statement from senior decision-maker	—	Message from the CEO https://www.nttdata.com/global/en/sustainability/greeting
102-15	Key impacts, risks, and opportunities	P033-035 P065-075	—
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	P006-008 P017 P044 P055 P109	—
102-17	Mechanisms for advice and concerns about ethics	P010 P044-045	—
Governance			
102-18	Governance structure	P008-009 P020-023	—
102-19	Delegating authority	P008-009 P020-023 P057-058	—
102-20	Executive-level responsibility for economic, environmental, and social topics	P008	—

102-21	Consulting stakeholders on economic, environmental, and social topics	P009	—
102-22	Composition of the highest governance body	P020-023	—
102-23	Chair of the highest governance body	P020-021	—
102-24	Nominating and selecting the highest	P027	—
102-25	Conflicts of interest	P020-028	—
102-26	Role of highest governance body in setting purpose, values, and strategy	P020-028	—
102-27	Collective knowledge of highest governance	P010 P020-023	—
102-28	Evaluating the highest governance body's performance	P024	—
102-29	Identifying and managing economic, environmental, and social impacts	P012-013 P033-035 P065	—
102-30	Effectiveness of risk management processes	P012 P031-032 P066	—
102-31	Review of economic, environmental, and social topics	P031-032	—
102-32	Highest governance body's role in sustainability reporting	P006-008	—
102-33	Communicating critical concerns	P031-032 P040 P042-043 P111	—
102-34	Nature and total number of critical concerns	P039 P045	—
102-35	Remuneration policies	P025-026	—
102-36	Process for determining remuneration	P025-026	—
102-37	Stakeholders' involvement in remuneration	P025-026	—
102-38	Annual total compensation ratio	P025-026	—
102-39	Percentage increase in annual total	—	—
Stakeholder Engagement			
102-40	List of stakeholder groups	P009	—
102-41	Collective bargaining agreements	P102	—
102-42	Identifying and selecting stakeholders	P009	—
102-43	Approach to stakeholder engagement	P009	—
102-44	Key topics and concerns raised	P009-011	—
Reporting Practice			
102-45	Entities included in the consolidated financial statements	—	INVESTORS https://www.nttdata.com/global/en/investors
102-46	Defining report content and topic Boundaries	P002	—
102-47	List of material topics	P013	—
102-48	Restatements of information	—	—
102-49	Changes in reporting	—	—
102-50	Reporting period	P002	—
102-51	Date of most recent report	P002	—
102-52	Reporting cycle	P002	—
102-53	Contact point for questions regarding the report	P002	—
102-54	Claims of reporting in accordance with the GRI Standards	P002	—
102-55	GRI content index	P120-125	—
102-56	External assurance	P119	—
Management Approach			
103-1	Explanation of the material topic and its Boundary	P012-015 P033-035 P065-075	—
103-2	The management approach and its components	P006-008 P012 P031-032 P036-037 P042 P044 P049	—

		P051 P054-059 P062 P065-067 P079-081 P090 P094 P103-104 P109-110 P114-115	
103-3	Evaluation of the management approach	P017 P031-032 P038-041 P043 P045-046 P049-051 P054 P057-061 P063-064 P078 P083-087 P090-091 P094-099 P101 P105-107 P110-111 P115-116	

◆ Topic-specific Standards

Disclosure	Indicator	Source of Reference	
		Data Book	NTT Data Official Website
200: Economic			
Economic Performance			
201-1	Direct economic value generated and distributed	—	INVESTORS https://www.nttdata.com/global/en/investors
201-2	Financial implications and other risks and opportunities due to climate change	P065-075	—
201-3	Defined benefit plan obligations and other retirement plans	—	—
201-4	Financial assistance received from government	—	—
Market Presence			
202-1	Infrastructure investments and services supported	—	—
202-2	Significant indirect economic impacts	—	—
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	P036-043 P069 P079-080 P112-114 P117-118	—
203-2	Significant indirect economic impacts	P036-043 P071-072 P117	—
Procurement Practices			
204-1	Proportion of spending on local suppliers	—	—
Anti-corruption			
205-1	Operations assessed for risks related to corruption	P044-048	—
205-2	Communication and training about anti-corruption policies and procedures	P044-048	—
205-3	Confirmed incidents of corruption and actions taken	P044-048	—
Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P048	—
Tax			
207-1	Approach to tax	P048	—
207-2	Tax governance, control, and risk management	P048	—

207-3	Stakeholder engagement and management of concerns related to tax	P048	—
207-4	Country-by-country reporting	—	—
300 : Environmental			
Materials			
301-1	Materials used by weight or volume	—	—
301-2	Recycled input materials used	—	—
301-3	Reclaimed products and their packaging materials	—	—
Energy			
302-1	Energy consumption within the organization	P084-085	—
302-2	Energy consumption outside of the organization	—	—
302-3	Energy intensity	—	—
302-4	Reduction of energy consumption	P061 P084-085	—
302-5	Reduction in energy requirements of products and services	P071-072	—
Water and Effluents 2018			
303-1	Interactions with water as a shared resource	P084	—
303-2	Management of water discharge-related impacts	—	—
303-3	Water withdrawal	—	—
303-4	Water discharge	P078 P084	—
303-5	Water consumption	P078 P084-087	—
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—	—
304-2	Significant impacts of activities, products, and services on biodiversity	—	—
304-3	Habitats protected or restored	—	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—
Emissions			
305-1	Direct (Scope 1) GHG emissions	P060 P084-087	—
305-2	Energy indirect (Scope 2) GHG emissions	P060 P084-087	—
305-3	Other indirect (Scope 3) GHG emissions	P078 P084-087	—
305-4	GHG emissions intensity	P078 P084-087	—
305-5	Reduction of GHG emissions	P060 P078 P084-087	—
305-6	Emissions of ozone-depleting substances (ODS)	P085-087	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P085-087	—
Waste			
306-1	Waste generation and significant waste-related impacts	P053-087	—
306-2	Management of significant waste-related impacts	P083 P085-087	—
306-3	Waste generated	P060 P083-087	—
306-4	Waste diverted from disposal	P083-087	—
306-5	Waste directed to disposal	P060 P083-087	—
Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	P064	—
Supplier Environmental Assessment			
308-1	New suppliers that were screened using	P081-082	—

308-2	Negative environmental impacts in the supply chain and actions taken	—	—
400: Social			
Employment			
401-1	New employee hires and employee turnover	P091-093	—
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	—
401-3	Parental leave	P096-097	—
Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	—	—
Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	P103-105	—
403-2	Hazard identification, risk assessment, and incident investigation	P103-105	—
403-3	Occupational health services	P103-105	—
403-4	Worker participation, consultation, and communication on occupational health and safety	P103-105	—
403-5	Worker training on occupational health and safety	P104	—
403-6	Promotion of worker health	P103-104	—
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P103-104	—
403-8	Workers covered by an occupational health and safety management system	P103-105	—
403-9	Work-related injuries	P103-105	—
403-10	Work-related ill health	P103-105	—
Training and Education			
404-1	Average hours of training per year per employee	P106	—
404-2	Programs for upgrading employee skills and transition assistance programs	P106-108	—
404-3	Percentage of employees receiving regular performance and career development reviews	P107	—
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	P020 P094-099	—
405-2	Ratio of basic salary and remuneration of women to men	P093	—
Non-discrimination			
406-1	Incidents of discrimination and corrective actions	—	—
Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P044-045 P109-111	—
Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	P044-045 P109-111	—
Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P044-045 P109-111	—
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	—	—
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	—	—
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	P109-111	—
412-2	Employee training on human rights policies or procedures	P109-111	—
412-3	Employee training on human rights policies or procedures	P044-045 P109-111	—
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	P117-118	—

413-2	Operations with significant actual and potential negative impacts on local communities	—	—
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