

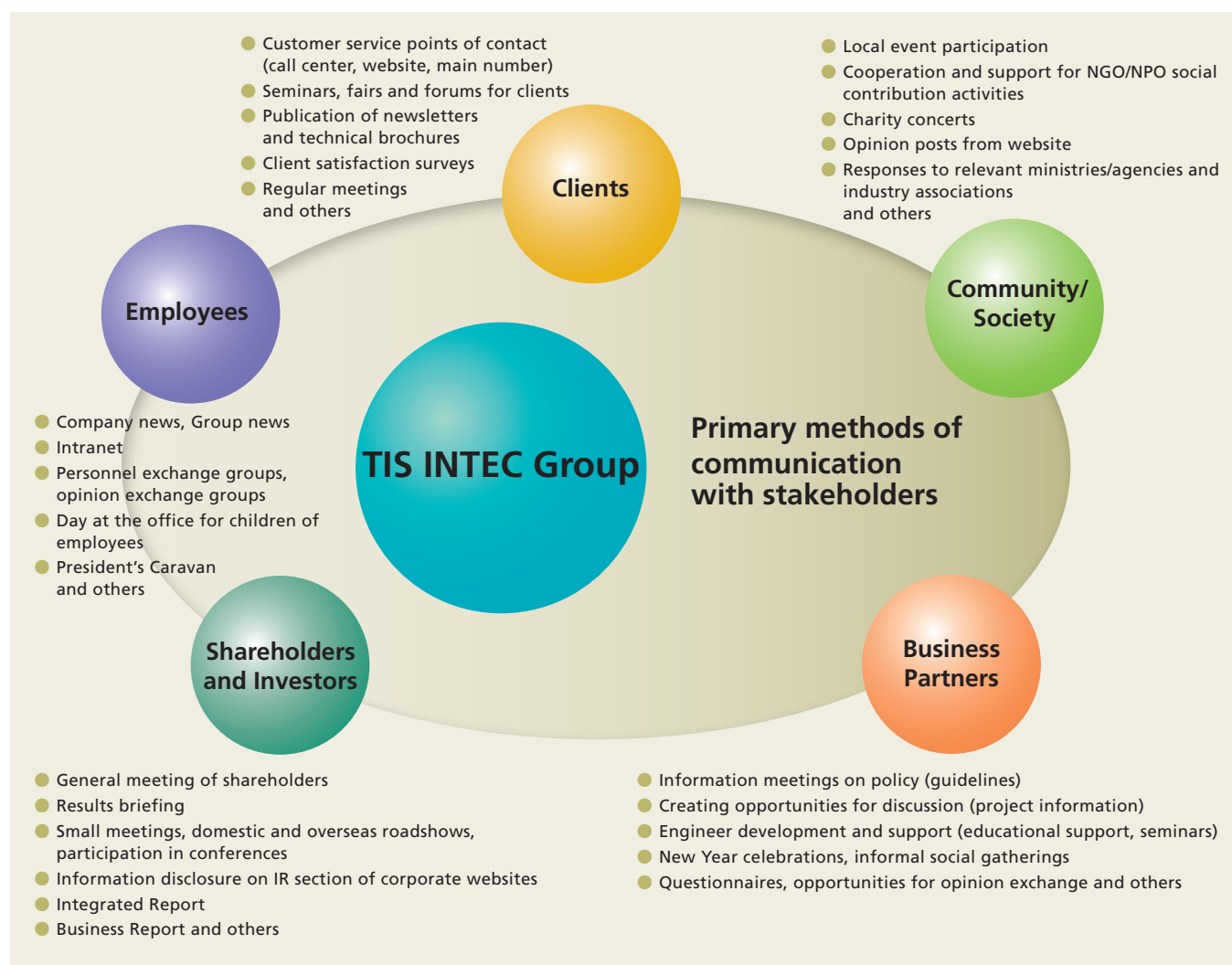


TIS INTEC Group's Platform for Supporting Corporate Value Process (ESG Section)

Communication with TIS INTEC Group's stakeholders is a what supports improvement in corporate value. Consideration for the environment along with efforts in quality control and R&D are also essential for the business of information systems—a key social infrastructure—to function in harmony with society and steadily evolve. With this in mind, we strive to enhance corporate governance and internal controls, which form a vital cornerstone of business activities within the Group.

Communication with Stakeholders

The TIS INTEC Group strives to build bonds of trust through communication with all stakeholders, including clients, employees, shareholders and investors, and business partners, and to boost corporate value.



Basic Direction on Group CSR

The management philosophy that permeates the TIS INTEC Group stresses the Group's development into a corporate citizen whose activities, hinging on the provision of various services utilizing IT, match its status as a leading corporate group. This philosophy also underpins the Group's efforts to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families. The Group's stance on corporate social responsibility is evident in its commitment to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group's umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect for the law, of course, as well as high moral standards, and to fulfill social obligations. This is the Group's basic direction on CSR.

Ensure sound, transparent management practices	Acknowledge responsibilities as a leading corporate group in the IT services industry and undertake sound corporate activities with integrity and clarity of purpose. In addition, be sincere and fair in dealings with all stakeholders and proactively disclose pertinent corporate information.
Provide optimum services	Always provide the very best to clients and strive to raise customer satisfaction levels through excellent quality and technology built on the composite strengths of the Group.
Develop talent	Cultivate an environment in which employees always look ahead, striving to achieve higher goals and embracing new challenges. Provide opportunities to grow and realize personal goals, create a safe and productive work environment, and give each person the freedom to reach his or her potential.
Respect the law	Maintain high corporate morals, obey the law and uphold parameters of socially acceptable conduct, and respect the spirit of such standards. Have absolutely nothing to do with antisocial forces.
Maintain fair business practices	Ensure appropriate business transactions, based on fair and open competition.
Protect the environment	Recognize that environmental problems warrant universal attention and promote efforts to save resources and energy in the execution of corporate activities. Also, through IT services, support clients' efforts to enhance operating efficiency and reduce energy consumption, thereby contributing to lower environmental impact.
Contribute to society	Actively participate in community events as a corporate citizen whose social standing matches its leading industry status.
Be a part of the international community	Naturally, obey internationally recognized rules and local laws in the execution of cross-border projects, but also contribute to social and economic development in the countries where TIS INTEC Group maintains a presence by recognizing local culture and customs.

In line with Basic Policy on Group CSR, the TIS INTEC Group is considering and pursuing various measures from the perspectives described below.

Organizational Governance

- Human rights**
Due diligence, crisis situations impacting human rights, avoidance of complicity, complaint resolution, prejudice, socially disadvantaged, citizen and political rights, economic, social and cultural rights, basic principles and rights in labor
- Labor practices**
Hiring and hiring-related issues, working conditions and social safeguards, social dialogue, health and safety in the workplace, personnel instruction and training in the workplace
- Environment**
Approaches to prevent pollution, use of sustainable resources, mitigating and dealing with climate change, environmental protection, preserving biodiversity and restoring natural habitats
- Fair business practices**
Approaches to prevent corruption, responsible political ties, fair competition, promoting social responsibility in value chain, respect for property rights
- Consumer issues**
Fair marketing, information and contract execution, protecting health and safety of consumers, sustainable consumption, services and support for consumers as well as complaint and dispute resolution, consumer data protection and privacy, improved access to required and indispensable services, education and awareness
- Community involvement and community development**
Involvement in the community, education and culture, job creation and skill development, development of technology and access to technology, wealth and income creation, health, socially responsible investment

Solving societal challenges through business to create a sustainable society

The TIS INTEC Group will deepen awareness of its position corporate social responsibility, namely, to contribute to social development through businesses that provide solutions to social issues, and will reinforce initiatives related to corporate sustainability.

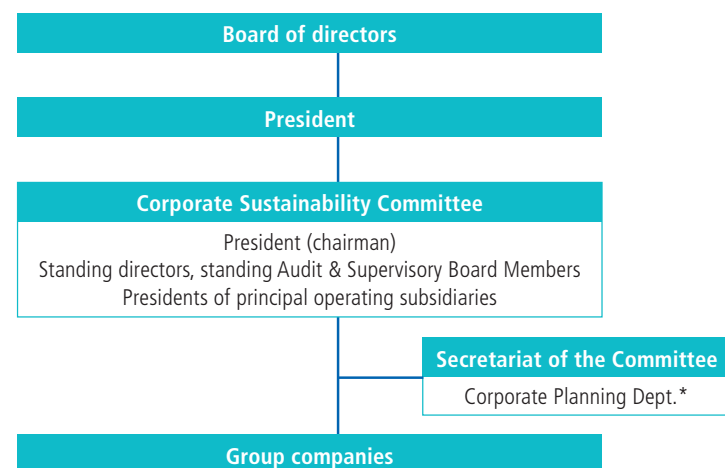
We are particularly committed to creating a sustainable society by making continuous mid- to long-term enhancements to initiatives designed to solve societal challenges through business and reduce the impact on the environment.

Management structure to promote sustainability

The TIS INTEC Group has developed a management structure to promote sustainability. At the heart of this is the Corporate Sustainability Committee chaired by the president.

The committee discusses policies on sustainability, deliberates plans, reviews progress on implementing them, and promotes measures taken by group members in line with these policies and plans.

*Plan to establish dedicated structure regarding sustainability within Corporate Planning Department in October 2019



Materiality and SDGs

The TIS INTEC Group will contribute to the achievement of SDGs through materiality-oriented activities.

Materiality	Identifying Materiality
<p>1. Create society in which diverse human resources are engaged and thrive</p> <p>a. Promote diversity b. Promote workstyle reforms c. Human resource development and training emphasizing self-fulfillment</p>	
<p>2. Create comfortable society through innovation and joint activities</p> <p>d. Promote safe, convenient social foundation that supports people and society e. Connect with stakeholders and promote joint activities f. Reduce environmental impact</p>	
<p>3. Create safe society through high-quality services</p> <p>g. Continuous quality improvement h. Information security i. Safeguard personal information</p>	
<p>4. Enhance corporate governance and earn trust of society</p> <p>j. Corporate governance k. Compliance l. Risk management</p>	

Outside experts had a discussion about the appropriateness of materiality issues identified by TIS for the TIS INTEC Group and how the Company assesses importance. For details, please go to the following site:
<http://www.tis.com/group/csr/gcsr/materiality/#dia>

Sustainable Development Goals (SDGs)

These international goals, running from 2016 to 2030, are described in the 2030 Agenda for Sustainable Development, adopted at the U.N. Summit in September 2015. The agenda comprises 17 goals and 169 targets aimed at putting the world on a sustainable path and pledges that no one will be left behind.

To achieve these objectives, companies are asked to participate as vital partners through respective core businesses.



Signatory to the UN Global Compact

TIS—and by extension, the TIS INTEC Group—signed on to the U.N. Global Compact and was registered as a participant as of July 19, 2018. Through strategies and actions in line with 10 principles encompassing four categories—human rights, labor, environment and anti-corruption—we will encourage every employee to be involved in fulfilling our social responsibilities as a corporate citizen of the world and promote activities that support sustainable social development.



External evaluation

FTSE Blossom Japan Index

FTSE4Good Index Series

MSCI Japan Empowering Women Index (WIN)



FTSE Blossom Japan



FTSE4Good



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Enriching society through innovation and co-creation

The Group is pursuing a variety of measures to enrich society through innovation and co-creation in business. Working with our clients, business partners, and other stakeholders, we are making extensive use of advanced ICT to contribute to the development of a sustainable society.

Case File Hub established in Fukushima to contribute to regional revitalization

The Group is helping to create a more robust, sustainable society and realize safe and comfortable living by using ICT to address local challenges such as labor force decline. As part of this process, we have established a hub in AiCT, our ICT office in Aizuwakamatsu, Fukushima Prefecture, to promote projects that create new solutions and solve societal challenges in three fields: cashless payments, robotics, and health care. Working with the Open Government Consortium (of which we are a member), we will be involved in the following real-world trials.



(1) Cashless payments

A new cashless network will be developed in collaboration with local communities to provide residents with cashless means of payment for goods, transport, health care, and other services. Consumer data will additionally be used to revitalize local economies.

(2) AI and robotics

The project is intended to help address the problem of labor force decline in the provinces. The aim is to pilot and commercialize delivery of the RoboticBase platform allowing integrated control and coordination of multiple service robots with the ultimate goal of realizing Fukushima Prefecture's Fukushima Innovation Coast Initiative and Minamisoma Robot Development Vision.

(3) Health care field

The aim of this project is to produce information that delivers deeper insights for medical institutions by integrating the information held by local health care providers with vital information obtained regarding everyday life.



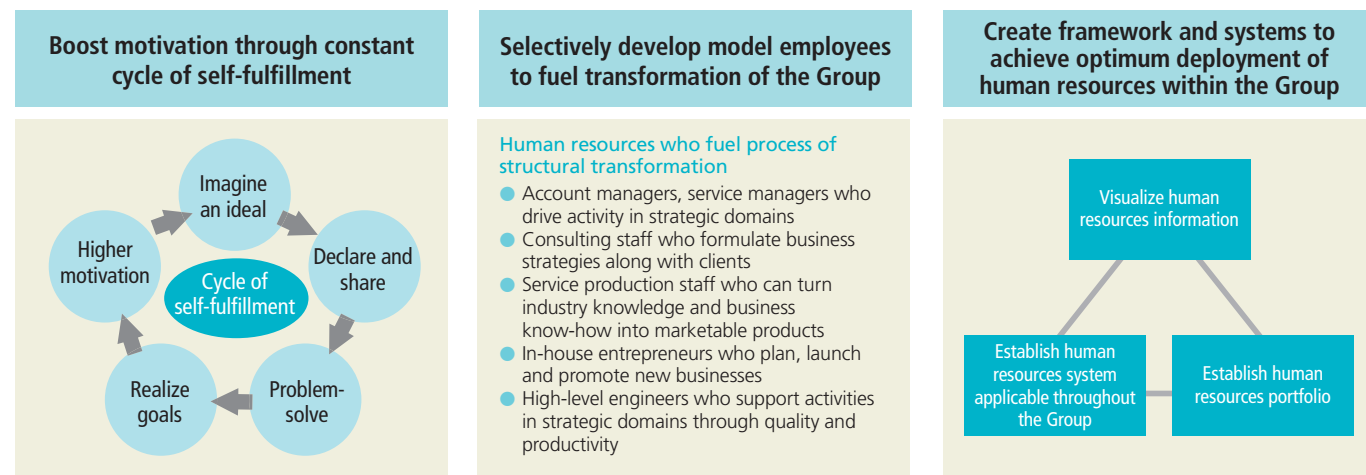
AiCT office building

Emphasize measures to help employees achieve personal career goals and create framework/culture that enables diverse human resources to thrive ~Individual cycle of personal fulfillment will be driver of growth for the Group~

Of all the management resources available to the TIS INTEC Group, employees are the most important. One of the basic policies described in Transformation 2020—the medium-term management plan that TIS launched in April 2018—is to emphasize employee self-fulfillment, and efforts will be directed toward the creation of an environment, corporate culture and systems that make diverse human resources excited about their work.

TIS will promote the environment and opportunities that enable each and every employee under the Group umbrella to fully demonstrate their skills, which will lead to sustainable growth of the Group overall.

Human Resources Strategy in Medium-Term Management Plan (2018-2020)



Initiatives as of March 31, 2019, Activities to Implement in Fiscal 2020

In fiscal 2019, TIS accelerated efforts to help employees—a huge source of corporate growth—reach personal career goals, based on the TIS Human Resources SBU Manifesto. This included a system that allows employees to remain active in the workplace after mandatory retirement at 65, workstyle reform and performance management. Going forward, we will raise motivation and reinforce personnel management, and we will create a framework/culture that enables diverse human resources to thrive within the Group and constantly cultivates top-level capabilities to underpin structural transformation.

Initiatives as of March 31, 2019,

- Boost motivation through constant cycle of self-fulfillment**
 - Increase standard wage, raise promotion ratio
 - Introduce system—“Retirement at 65”—that enables employees to continue to be active in the workplace if they are willing and able, regardless of their age.
 - Introduce superflex option
- Selectively develop model employees to fuel transformation of the Group**
 - Define personnel portfolio to facilitate Group reforms
 - Reinforce personnel management and develop skills of people who will be project leaders
- Create framework and systems to achieve optimum deployment of human resources within the Group**
 - Visualize personnel information and promote TIS approaches throughout the Group

Initiatives in Fiscal 2020

- Boost motivation through constant cycle of self-fulfillment**
 - Maintain robust investment in human resources (increase opportunities for learning, raise standard wage)
 - Promote activities that contribute to local communities, such as support for volunteer programs
 - Create culture and atmosphere conducive to praise and recognition of achievements and introduce peer bonus system
- Selectively develop model employees to fuel transformation of the Group**
 - Monitor pipeline for people suited to roles as project leaders and in management
 - Actively recruit people with the potential to contribute to structural transformation. Includes consultants, service producers, AI engineers and data scientists
- Create framework and systems to achieve optimum deployment of human resources within the Group**
 - Promote employee exchanges among Group companies
 - Consider approaches in human resources applicable throughout the Group to create shared platform

Initiatives to Boost Motivation

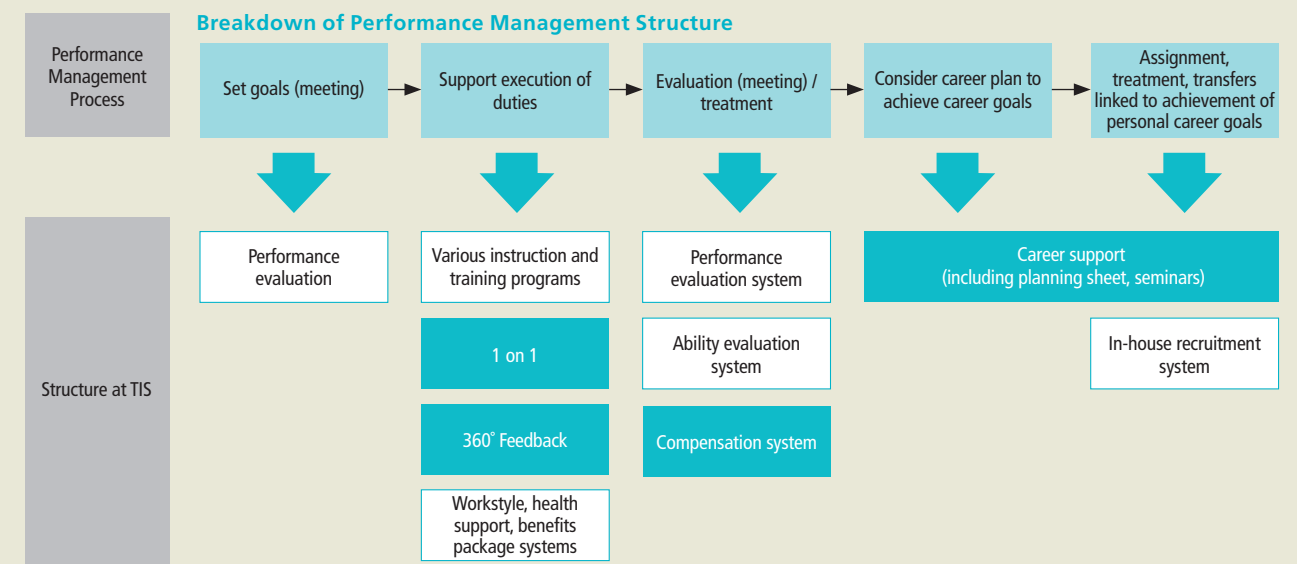
A shared understanding within the TIS INTEC Group is that efforts enabling employees to perform their duties with peace of mind and in good health, both physically and mentally, and to fully demonstrate their capabilities will lead to corporate growth and social contribution. Seeking to improve quality of life for each and every employee, TIS is on board with health management to realize good physical and mental well-being, boost motivation and create an atmosphere infused with vitality.

(Related content in Group Human Resources Roundtable Discussion starting on page 47)

Promoting Performance Management

To push added value higher through the personal growth of employees, TIS is working hard to reinforce human resources management. Part of this effort involves a performance management* strategy. Through various measures, hinging on 1-on-1, the Company is keen to promote greater communication between managers and their staff and, through management with a stronger view on training, the Company will encourage interaction, enthusiasm and a greater sense of independence.

*Performance management is a management technique designed to draw out employee skills and enthusiasm while working toward business targets.



Topics

Teleworker option for all-day telework, work-interval system and work smart allowance

In April 2019, TIS launched Teleworker, which hinges on all-day telework without an upper limit on telework days; a work-interval system, which ensures that a certain number of hours separate the end of one work day and the beginning of the next; and a work smart allowance that links increased productivity to personal growth. We will maintain these programs and follow up with workstyle reforms that promote growth of each and every member of our diverse human resources while ensuring sustainable development as a company, and we will tackle health management, as well, including measures to control long working hours and improve health literacy.

External Evaluation

Within the TIS INTEC Group, each member company has endeavoured to cultivate a corporate culture and work environment that enables diverse human resources to thrive and has been successful in reducing working hours, increasing the ratio of paid vacation days taken, and establishing various work systems, including shortened work days, work-at-home and flextime work. These activities have been recognized by various external organizations.



Kyoko Takayanagi,
Executive Officer, Department Manager
of Human Resources Department,
Deputy Division Manager of Human
Resources SBU, TIS, Inc.

Jun Ikimune,
Senior Managing Executive Officer,
Division Manager of Human
Resources SBU, TIS, Inc.

Shinobu Masuda,
General Manager, Work Style Reform
Promotion Department,
Health Care Department,
Human Resources Division, INTEC, Inc.

Mayumi Akaba,
Department Manager,
Human Resources Department,
Corporate Planning SBU, AGREX, Inc.

The goal is to promote initiatives that enable employees to demonstrate their capabilities to the fullest degree and thereby raise corporate value of the Group overall.

Focusing on themes of health management and improved corporate value, roundtable participants talked about the human resources strategy that extends throughout the Group and the status of efforts at core companies under the Group umbrella—TIS, INTEC and AGREX.

Earnestly developing human resources strategy applicable groupwide to create companies that are respected by employees, clients and society as a whole

Ikimune: One of the basic objectives raised in the Medium-Term Management Plan, drafted by TIS for the TIS INTEC Group, is to promote employee self-fulfillment. The plan also describes efforts to create an environment, culture and programs that motivate employees to work hard and to build a human resources portfolio that supports structural transformation and places employees throughout the Group in posi-

tions that best use their skills. This approach will elevate the Group's profile and underpin development into a family of companies that enjoy the loyal support of employees, clients and society as a whole.

Business models and the content of business activities may differ among companies under the Group umbrella, but the belief that people are a most valuable management resource is a constant and unchanging concept. OUR PHILOSOPHY—a basic philosophy infused by a set of values common throughout the Group—and Group Vision 2026 are not only keys to a bright corporate future but also to solutions

that address social issues through business activities. Guided by OUR PHILOSOPHY and Group Vision 2026, the Group will work as a cohesive team to implement measures based on a groupwide human resources strategy that makes a diverse workforce excited to be members of the Group. This is vital because it is our people that will drive the Group forward.

Personnel system highlighting work style reform nearly complete, moving into vital operation phase



Takayanagi: Until the end of March 2019, I was working in a business division. The Human Resources SBU Manifesto conveyed to me a level of corporate commitment because it acknowledged that human resources are a vital asset and that forward-looking investment in a company's people leads to higher corporate value and also because it set out concrete, genuine measures for work style reform. I gave serious thought to how my staff would actually make use of new work styles and initiated a trial. Frontline staff felt the options had potential, so I think we've taken a big first step in driving work style reform ahead.

Going forward, it will be my mission—my priority—as manager of the Human Resources Department to promote widespread awareness of new work styles and to encourage the frontline to engage. Currently, as structural transformation unfolds, operating divisions with a focus on service-style business are more likely to find such options as telework easy to implement. But other divisions may find it difficult to suddenly change the style they are accustomed to. For the system to be used in good balance throughout TIS, it must be understood and accepted not only in-house but also by clients. Toward this end, as manager of the Human Resources Department, I will begin tagging along with operating division managers on their client visits to explain the system and our perspective.

Masuda: I, too, recently assumed a new role. I was in a management position in the Administration Control Division up until last fiscal year, and now I head up the Work Style Reform Promotion Department, which was established this past April. In April, INTEC executed a major review of its qualification system, wage structure, and salary raises and promotions—pillars of the personnel system—based on the idea that all employees are specialists, and embraced a structure that encourages employees to strive toward specialization and growth.

This recent personnel system review complements ongoing efforts, including time management, work-life balance management, child-raising support and initiatives to promote the role of women in the workplace. Against this backdrop, I see myself advocating for additional steps in work style reform and putting the system firmly into place. With regard to diversity in work styles, we have a number of business models that require INTEC employees to be on-premise at client offices, so telework, for example, isn't a practical work style option. This is a reality that must be acknowledged and addressed. That

said, employees who are dead-set against a change in work style need to be encouraged to change that attitude. Everyone needs to be receptive to the advantages that work style reform offers for career development. The Human Resources Division must be the guide that leads employees to a new understanding.

Looking back at the last couple of years, overtime work has decreased. These overtime hours are a total, combining data for office staff and frontline staff, but the result reflects a concerted and sustained effort at time management on a daily basis. To turn this into higher productivity requires a real change in the way we approach work.

Akaba: In fiscal 2019, AGREX relocated its headquarters and used the establishment of Biz TRUXIA—a new business resource center at the Tama Center that integrates know-how from all locations—to introduce a free-address system intended to promote active exchange between employees and take BPO to new heights. In addition, we made Biz TRUXIA a model for work style reform and promoted both telework and work-from-home options. AGREX also has businesses that require employees to be on-premises at client offices, and for them, options like telework would be hard to put into practice. The use of new work styles requires the understanding of clients, and I think they will see the benefits that come with this structure if it's properly explained to them. In April 2019, our personnel system was drastically revised, as well. The changes go beyond straight-line career advancement and are better matched to each individual's career interests, such as a management position or contributing to higher technological capabilities. Going forward, we will make preparations, such as instruction for people who evaluate employees, namely, training on how to conduct an evaluation, to ensure that the system is properly executed. To encourage women to be more active in the workplace, we are considering manager training to eliminate unconscious bias that precludes women from certain promotions. An issue that needs to be addressed is the small number of women in management positions in the system development division. We have to explore a framework that enables women to achieve diverse career advancement, complemented by suitable training and other support programs.



Ikimune: If we want clients to understand and accept work style reform, we have to explain that such reform has advantages not only for ourselves but for our clients as well. The 2020 Summer Olympics in Tokyo could provide some momentum. While the games are on, getting around Tokyo is going to be difficult. Public transportation is going to be crowded, and roads are sure to be congested. Work style reform can be presented as an approach to business that ensures seamless access to services despite commuting challenges. I think clients will support the idea. It's a great opportunity.

Health management a recognized theme, underpinning better quality of life for employees

Ikimune: People tend to think about health management in narrow terms—that it merely refers to not getting sick. If you acknowledge that work style reform allows people to work where and when they want—the place and time of their choosing—then health management also encompasses efforts to improve quality of life and motivate employees. The business activities of Group companies may differ, but improved quality of life for employees is a common theme when it comes to health management—same as for work style reform. When we convey information about health management to employees, we should also highlight our initiatives and results outside the TIS INTEC Group as well.

Takayanagi: I feel employees need to change their perception about health, too. Unlike specific policies, like working from home, effective policies for ensuring personal health are difficult to enforce. We have to plan some events, maybe starting off with sessions for managers, on the theme of health management to foster a new awareness.

I'd also like to see Group human resources divisions tackle responses together, such as discussing policies to boost employee resilience, which would underpin Group initiatives.

Masuda: Available data indicates a downward trend in overtime and the rate of annual paid vacation taken as well as the number of people absent from work and the number of days absent, particularly due to mental health issues. However—and this is referred to as absenteeism and presenteeism*—just because someone shows up for work doesn't necessarily mean he or she is fine. Was time-off cut short? Do more employees have latent problems? It's also important to look closely at frontline conditions.

*Absenteeism is being absent from work due to illness, while presenteeism is being at work but hindering efforts and unable to perform at top level due to health problems.

Takayanagi: For young employees, it's not only individual issues, such as job proficiency, that cause stress. Business moves at an overwhelmingly faster pace than it used to, and this tends to make people feel that they're always under pressure to perform. I think it's important to establish opportunities for managers and frontline staff to learn about health from a scientific perspective. I would consider training based on academic data, such as the positive effect on performance from a repeated process of good stress followed by a break, as well as good sleeping habits, and having meals at set times. Also, the national government introduced a law, effective from April 2019, that encourages employers to adopt a work-interval system* as a goal to achieve, and TIS has incorporated a minimum interval into its rules of employment. There's no punishment if the minimum is not met, but the system is in place for divisions—not individuals—to consider how to improve the situation next time and to report on results.

*System that sets a minimum limit on the interval of time between the end of one work day and the beginning of the next.

Efforts to strengthen performance management groupwide



Akaba: We equate health management with enhanced quality of life for employees, and in fiscal 2020, ending March 31, 2020, at AGREX, the Human Resources Department will be conveying a message to employees

about providing a "happiness platform." Each employee has a career plan as well as a life plan, and we at AGREX aim to put in motion support measures in fiscal 2020 that help build careers. In addition, through various approaches, such as family events, we will transform AGREX into a company that spreads happiness not only to employees but to their families as well.

Ikimune: How an employee evaluates his or her job is key to the level of motivation that person feels. With changes in work style, such as telework, motivation will not necessarily be determined through an evaluation of an employee in the line of sight. Therefore, going forward, we, as a group, have to strengthen performance management, which will lead to improved quality in employee evaluations. At TIS, we have applied a few approaches toward this end, including 1-on-1 Meetings between supervisors and staff to deepen communication and 360° Feedback, which invites comments from supervisors, staff and colleagues. Different approaches have been initiated at other Group companies, and I'd like to see the effective ones applied on a groupwide basis.

Takayanagi: For 1-on-1 Meetings, the decision was made to let staff present the themes each time, so this gives staff practice thinking up themes on their own and carrying the conversation, which instills confidence. For their part, managers will have to be able to accurately grasp conditions affecting staff. Each manager has a staff of five to eight people and meets with each one once every two weeks. It's not a huge dent in their schedules. I participated in 1-on-1 Meetings and found this to be a very valuable approach.

1-on-1 Meetings are intended to make staff excited about their work and boost motivation through improved communication, both in terms of quantity and quality. Managers—more than 1,500 of them—will have to be trained on the meeting format, and it may take more than a year before we see tangible results.

Power of all employees under Group umbrella is source of higher composite corporate value of Group

Takayanagi: With great timing, TIS presented a shared philosophy—OUR PHILOSOPHY—and a shared direction—Group Vision 2026—for the Group along with efforts to strengthen the personnel system. Frontline motivation is steadily rising. I feel that the power of all employees under the Group umbrella creates tremendous energy that will drive the composite corporate value of the Group consistently higher.

Akaba: If anyone were to feel uneasy about personnel system reform or organizational restructuring, it would be because management's message was not conveyed correctly. But management engages employees in discussion and consistently offers solid explanations about why changes are necessary. This turns apprehension into expectation and draws the power of individuals together for exponentially larger impact.



Masuda: INTEC also implemented major changes to its personnel system, seeking to improve corporate value. But as I mentioned at the top of our discussion, the next task is to create rules to run the system. What rules are needed?

I'm going to go to the frontline and talk with people to find out. In that sense, I will focus my energies on the critical moment that comes now to improve corporate value.

Ikimune: A priority measure for the Human Resources SBU is to raise the quality of human resources. Toward this end, we seek to build a human resources portfolio extending across the Group to develop business personnel with high-level capabilities. To accelerate this process, we will actively communicate with management and personnel divisions at core Group companies and focus on activities that cut across the Group.

We have made steady progress in developing the Group human resources strategy and must be at stage six of this corporate mountain climbing expedition by now. However, the personnel system is always in a state of change, evolving along with society. You might say it's a never-ending journey. One point of arrival is the establishment of a personnel system with the flexibility to adapt and a good corporate culture. We are making steady progress toward this goal, and I am confident this will lead to higher corporate value on a groupwide basis.

Human Resources SBU Manifesto (Highlights)
Human Resources SBU Declaration
 Become a company where all employees feel motivated to work hard

1. Desired status (by March 2021)
 We seek to **accelerate improvement in the composite corporate value of the Group** by **raising the individual capabilities of diverse human resources.**

- 2. Human Resources SBU Three-Point Mission**
1. Create **company where motivation level is high, and quickly and vigorously** work toward this from system and environment perspectives.
 2. Achieve **optimized deployment of human resources** while providing an **environment conducive to self-fulfillment of career goals.**
 3. Ensure thorough **labor-related compliance** and create **safe and pleasant** company atmosphere.

- 3. Measures and Direction Through 2021**
- 1. Measures related to evaluation, treatment and compensation**
 - i. Raise standard compensation: Raise compensation to industry's top level
 - ii. Evaluation system that looks to boost motivation: Performance-based evaluation and compensation matched to capabilities and position
 - iii. Personnel system with groupwide perspective: Build new personnel system geared toward Group Vision 2026
 - 2. Measures related diversity, workstyle and health management**
 - i. Promote diverse workstyles: Offer greater freedom in terms of place and time to encourage innovation
 - ii. Engage in health management: Enrich employees' quality of life and be company full of vitality
 - iii. Enable diverse human resources to be active: Provide place where employee can thrive regardless of gender, nationality or age
 - 3. Measures related hiring, training and assignments**
 - i. Create human resources portfolio: Promote talent management throughout the Group
 - ii. Recruit people who will play a truly vital role in our success: Secure human resources with high contribution potential and specialized capabilities
 - iii. Optimum deployment of human resources: Implement strategic human resources deployment and regular rotation

Fast, fair and impartial information disclosure

We provide performance results and the latest news on our business activities to analysts as well as institutional and individual investors through events, such as information meetings, the production of pamphlets and other materials, and also in the investor relations section on the TIS website.

IR Events in Fiscal 2019	Frequency	Contents
Results briefings for analysts and institutional investors	4 times	Quarterly briefings
Small meetings for analysts and institutional investors	176 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 51 were for overseas investors. Total coverage: 260 companies (339 people)
Small meetings	2 times	President held one meeting with sell-side analysts, and one meeting with buy-side analysts.
Overseas roadshows	3 times	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe, United States, and Asia
IR conferences for individual investors	one time	Held a conference in Tokyo
Production of materials for individual investors	2 times	Issued "Business Report"

TIS' IR Activities Recognized with Awards from External Organizations

At TIS, we believe that timely and objective information disclosure to shareholders and investors is an important obligation that any listed company must fulfill. Therefore, we strive to enrich our IR activities and improve the content and function of the IR pages on our website. The success of our efforts is substantiated in part by the following awards.



2018 Internet IR Commendation Award (Daiwa Investor Relations Co., Ltd.)
Received award for excellence from 2013 in sixth consecutive year.

Selected for candidates, 50 companies, of the 8th Corporate Value Improvement Award in fiscal 2019



Fiscal 2018 Homepage Quality Ranking Survey of All Listed Companies (Nikko Investor Relations Co., Ltd.)
Received highest award as excellent website in comprehensive ranking, from Fiscal 2015 in fourth consecutive year.

Selected for inclusion in the JPX-Nikkei index 400 (since August 2018)



Gomez IR Site Comprehensive Ranking 2018 (Morningstar Japan K.K.)
Received award for excellence from 2015 in fourth consecutive year.

IR Policy

Purpose of IR Activities

As part of its pursuit of fair and transparent management, the Company engages in investor relations activities in order to fulfill its accountability obligations to not only the shareholders who entrust management to it, but also to investors, securities analysts, and capital market participants in general. By engaging in proper disclosure and constructive dialogue through its investor relations activities, the Company also aims to promote understanding of the Group, develop long-term trusting relationships, and earn fair valuations of its corporate value.

Basic Policy on IR Activities

Recognizing that investor relations activities are an important element of its management activities, the Company is committed to fulfilling its accountability obligations to shareholders, investors, securities analysts, and other capital market participants and to building trusting relationships based on full communication achieved through ongoing conscientious and positive engagement in investor relations activities.

To promote understanding of the Group, the Company will endeavor to disclose and explain its management policies, details of its business operations, business strategies, earnings performance, finances, and other corporate information in a timely, fair, accurate, and clear manner by participating in interviews and responding to inquiries pertaining to investor relations, holding earnings briefings and small meetings, and engaging in other such activities. Opinions and other feedback on the Group obtained through constructive dialogue will be shared within the Company through reports to the Board of Directors and similar channels, and will be used for purposes such as reviewing the Company's management strategies.

Basic Policy on Disclosure

1. Disclosure Standards

To ensure transparency by promoting information disclosure, the Company discloses material information that could influence investment decisions, including information disclosed in conformance with the Securities Listing Regulations of the Tokyo Stock Exchange and the Financial Instruments and Exchange Act (meaning information on decisions made by the Company, occurrences of material facts, and business results and similar information; the same applies hereinafter). In addition to the above, the Company also discloses, to the extent possible, information judged useful for furthering understanding of the Company and the Group.

2. Information Disclosure System

The Company has developed a communications structure linking divisions and member companies of the Group, and it has established a structure for disclosing material information that could influence investment decisions, including information disclosed in conformance with the securities listing regulations of the Tokyo Stock Exchange and the Financial Instruments and Exchange Law, in a fair and timely manner. The Company is committed to rigorous information management and preventing insider trading.

* Please see the Company's web site regarding "3. Methods of Disclosure", "4. Spokespersons for Investor Relations Activities", "5. Yet-to-Be-Released Material Information", "6. Quiet Period", "7. Response to Rumors, etc.", "8. Earnings Forecasts, etc. by Third Parties", "9. Framework for Disclosing Information on Company Website" of Basic Policy on Disclosure.
<http://www.tis.com/ir/other/policy/>

Environmental measures

The Group actively addresses environmental issues through its business activities. At the data centers and offices that form the foundations of our business activities, we pursue a range of environmentally friendly steps, including measures to conserve energy and reduce emissions of greenhouse gases.

We are working in particular to consolidate our data center operations to make greater use of advanced, environmentally friendly facilities that are electrically more efficient. We are also expanding our use of natural energy sources (including geothermal power, outside air for cooling, rainwater, and solar power).

Guiding principles for addressing environmental issues

1. We promote development and provision of environmentally friendly services.
2. We strive to address climate change and make effective use of resources in consideration of environmental impacts.
3. We comply with environment-related laws, regulations, voluntary standards, and other the like.
4. We conduct environmental education programs and work to raise environmental awareness of employees.

Initiatives to combat global warming

TIS is working to reduce its rates of energy consumption by 1% from a year earlier.

INPUT

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	
Energy	Electricity ¹	Thousand kwh	169,907	157,623	147,921
	Heavy fuel oil A ²	kl	26	28	32
	Light mineral oil ²	kl	11	11	10
	City gas ²	Thousand m ³	389	379	343

OUTPUT

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	
Results	Electricity ¹	t-CO ₂	83,769	78,125	71,096
	Heavy fuel oil A ²	t-CO ₂	71	75	87
	Light mineral oil ²	t-CO ₂	28	29	25
	City gas ²	t-CO ₂	877	854	773

Emissions by scope

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019
Scope 1 ²	t-CO ₂	976	958	885
Scope 2 ¹	t-CO ₂	83,769	78,125	71,096
Scopes 1+2	t-CO ₂	84,745	79,083	71,980

Coverage:

1. 13 group companies (TIS, INTEC, and key subsidiaries)
2. TIS and INTEC

Case File A verification test of next-generation transit infrastructure in Assabu region

Responding to moves to eliminate coal dependence and switch to use of locally produced and consumed energy resources, which is a key element of the Japanese government's Society 5.0 vision, the Group is using its many years of business experience to help solve societal challenges.

To assist in this process, the Group has partnered with INDETAIL to implement the Project. The aim of this project is to overcome some of the problems generated by the decline of transport infrastructure caused by the falling birthrate, population aging, and depopulation of rural areas and the decline of regional economies caused by increases in energy costs. It will do so by developing a next-generation transport and energy platform that uses advanced ICT to deliver new modes of transport, revitalize regions, and create communities that are sustainable from the point of view of meeting residents' needs and reducing their energy use and environmental footprints.

The project is being led by INDETAIL and TIS and involves a group of other companies including Hokkaido Electric Power Company, Takaoka Toko, Oracle Japan, Mitsui Sumitomo Insurance, Smart Value, and Cle-Net.



From August 2019, a verification test is underway in Assabu town on the northern island of Hokkaido, following which the platform will be rolled out on a full-scale basis.

(1) Launch and management of local currency for limited uses

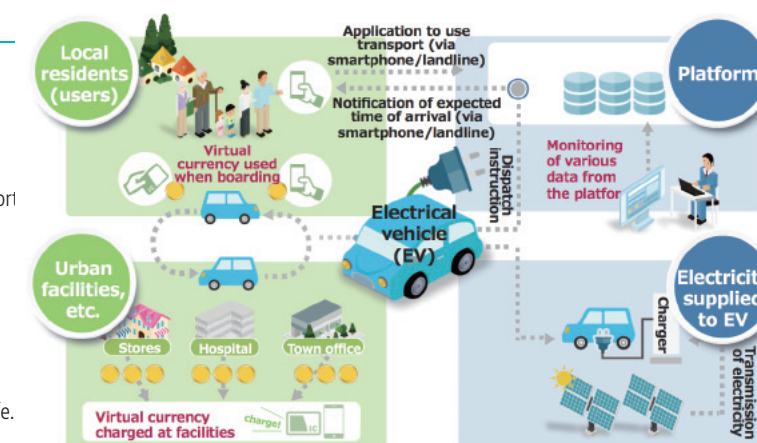
A new local currency will be launched to encourage use of local transport and revitalize centrally located shopping centers.

(2) Energy management scheme

Electricity providers and users will use renewable energies to promote local energy production and consumption.

(3) MaaS platform

This platform is tailored to the needs of older people and people with poor IT skills and access to deliver greater peace of mind in everyday life.





We will draw on the experience and insights of external directors to improve the composite corporate value of the TIS INTEC Group.

TIS' three external directors have provided comments on themes of importance and expectations regarding structural transformation of the TIS INTEC Group.

Photo: From left, external directors Fumio Tsuchiya, Koichi Sano and Naoko Mizukoshi

Helping to solve social issues as a public entity of society through services that only TIS can provide

Koichi Sano, External Director

The level of discussion has steadily improved, thanks to such approaches as briefing sessions held prior to Board of Directors' meetings, which promotes animated dialogue, as well as a review of discussion standards. In addition, TIS is very keen to maintain excellent corporate governance, guided by basic policy on corporate governance, and this stance has had a beneficial impact on the evaluated effectiveness of the Board of Directors.

Shareholders place their trust in directors and expect them to engage in multifaceted, constructive discussion of strategies regardless of whether they are from inside or outside the Company or the extent of their responses. The responsibilities of external directors are huge, given corporate governance reform, and even the choice of external directors is influenced by diversity requirements. It's important to promote a higher ratio of outside-to-inside directors on the Board and welcome a wider range of backgrounds and attributes. The appointment of directors responsible for certain aspects of business, such as ICT and AI, is part of this approach. Going forward, to ensure sustainable growth and higher corporate value for TIS and the TIS INTEC Group, I will offer advice and monitor status from an external perspective to reinforce the supervisory function of the Board of Directors and keep priorities pointed toward medium- to long-term strategy themes, such as building a strategic business structure and developing human resources, as well as enhanced governance of operations groupwide. While the improvement trend indicates that the number of unprofitable projects is shrinking, I think TIS should shift from ratios to value amounts and strengthen policies by applying approaches laterally across the Group. I will watch so that operating margin, order profitability to ROE growth, and productivity are not hemmed in by market evaluations.

TIS will have to raise the bar in terms of quality, content and speed in its decision-making process. Consequently, decisions will have to be made objectively, with attention given to such aspects as overall business, the appropriateness of prerequisites and strategies that successfully distinguish TIS from the competition or accurate risk management and flexible, effective business management. For projects to support the structural transformation that TIS seeks—where service-style business is the driver of growth—and then, from the perspective of ESG and SDGs, for this to be not only the profit center of the Company but also position the Company as a public entity of society, TIS must form decisions that enable the Company to be part of solutions to social issues through business activities that only TIS—and by extension, the TIS INTEC Group—can provide.

Most important function of external directors is to provide opinions based on calm judgment

Fumio Tsuchiya, External Director

In addition to the conventional idea that corporate governance is a practice or process for identifying, correcting and preventing illegal activity, corporate governance is shifting toward a new awareness—to make management more effective by aligning the interests of stakeholders, which ultimately leads to maximum corporate value. For that reason, a duty that the Board of Directors must fulfill is, when drafting a management plan, to adequately consider whether or not the ideas on which the plan is based are in good balance and then, through subsequent verification and evaluation of progress, reflect that status in the next plan.

Independent external directors comprise one-third of TIS' Board of Directors, and the Company ensures access to business information, including opportunities to get information on key projects before the Board meets, so that we external directors are able to present objective opinions from an external perspective. An issue that concerns me, given that TIS is promoting structural transformation for the future against a backdrop of solid corporate results—higher sales and higher income—with an emphasis on speed, is the pitfall of prioritizing speed at the expense of prudent risk evaluation. How will the opinions and advice of external directors be incorporated to realize more effective management?

Even as an external director, I know that there are watch points for corporate governance when business is good, just as there are when business is poor, and I am reminded of the need for calm judgment and the importance of stating opinions based on this perspective.

I take special interest in organizational diversity and will actively contribute to discussions from this perspective.

Naoko Mizukoshi, External Director (Partner of Leftright Law & IP)

TIS formulated Group Vision 2026 to guide the TIS INTEC Group and seeks to shape an organization oriented for the future, contributing to society, brimming with vitality and boasting diversity in its human resources through efforts to instill OUR PHILOSOPHY in the minds of employees at all companies under the Group umbrella, training for employees and a fine-tuned human resources strategy. This is the cornerstone of structural transformation, based on the medium-term management plan, which will see the development of strategically anticipated businesses and increased created value. In addition to Board of Directors' meetings and briefing sessions held prior to these meetings, TIS sets up opportunities for directors to exchange opinions in a candid and open atmosphere, conducts dialogue on human resources, the future of stock-based business and overseas strategies, steadily undertakes structural transformation, and strives to create a corporate group that is trusted by and indispensable to society.

That said, issues I feel TIS must continue to address include improving group governance as a company heading up a corporate group of some 20,000 people and dealing with the increasingly fast-paced changes developing across the competitive landscape. For me, I take special interest in the perspective of diverse stakeholders, including shareholders; views based on experience as a lawyer and at an IT company; and organizational diversity from a woman's standpoint. My participation in discussions reflects these perspectives. I will continue to be an active voice in meetings of the Board of Directors, the Nomination Committee, the Compensation Committee and opportunities for opinion exchange, and I will strive to contribute to higher composite corporate value for the TIS INTEC Group.

Based on OUR PHILOSOPHY (TIS INTEC Group Philosophy) and Group Vision, we have formulated basic corporate governance policies aimed at improving the Group's corporate value over the medium and long terms. We are working constantly to enhance corporate governance.

Basic Policy

TIS will constantly strive to achieve the highest level of corporate governance and will work to maintain and further enhance its approaches to corporate governance.

Management believes that the key to good corporate governance is to ensure transparency and fairness in decision-making processes, make full and effective use of management resources, and raise the integrity of management practices through swift and accurate assessment of situations, from the viewpoint of promoting sustainable corporate growth and boosting medium- and long-term corporate value. Accordingly, management at the Company is committed to upholding good corporate governance in line with the following basic principles.

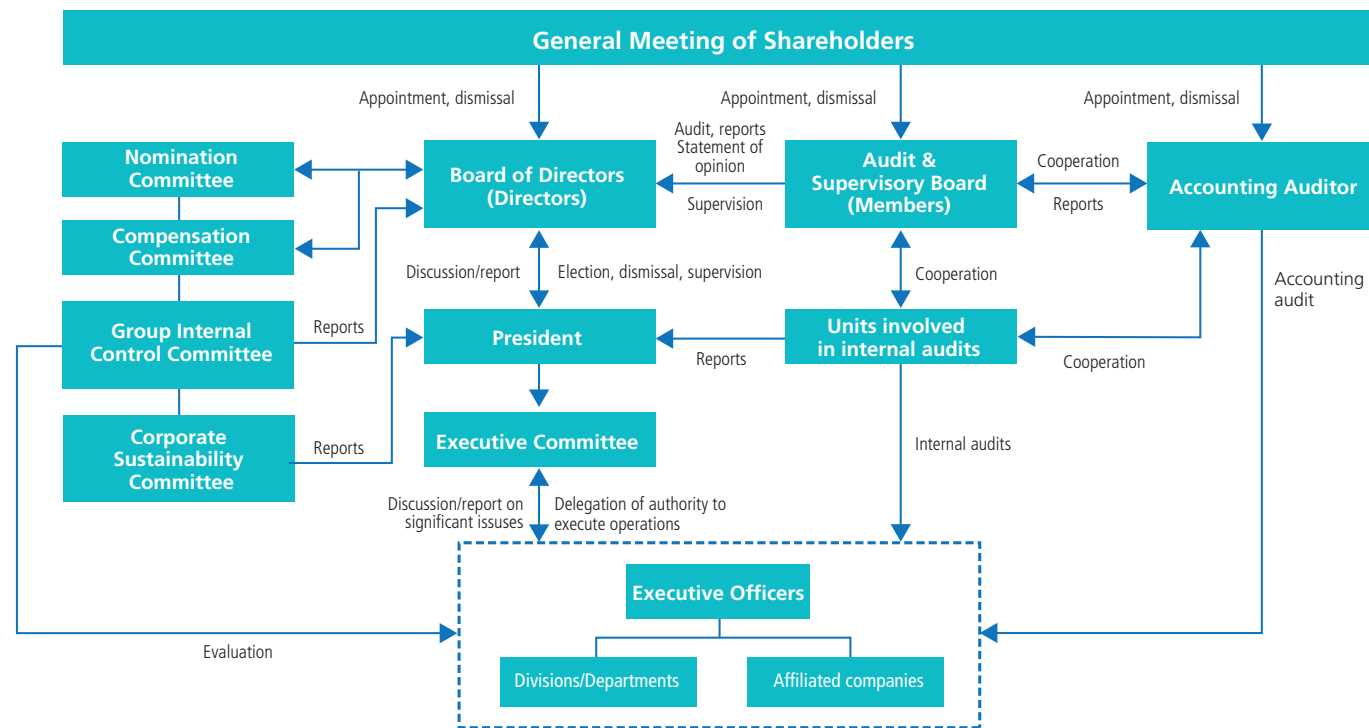
1. To respect the rights of shareholders and to ensure equality.
2. To consider the interests of stakeholders, including shareholders, and work with stakeholders in an appropriate manner to achieve stated goals.
3. To disclose corporate information appropriately and ensure transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment perspective.

(From Article 4, Basic Policies on Corporate Governance)

Corporate Governance Structure

Organizational Structure	Company with Audit & Supervisory Board
Chairman of the Board	Chairman and president
Number of Directors	Nine, including three external directors
Director's Term of Office	One year
Number of Audit & Supervisory Board Members	Five, including three external audit & supervisory board members
Term of Office for Audit & Supervisory Board Members	Four years
Number of Independent Directors	Six, including three external directors and three external audit & supervisory board members

Organizational Chart



Reason for Selection of Current Corporate Governance Organization

TIS is a Company with an Audit & Supervisory Board, a model chosen for its double-check function through which the Board of Directors oversees the execution of business activities and the Audit & Supervisory Board audits activities to ensure operations are legal and appropriate. In addition, the Company aims to strengthen the supervisory function of the Board of Directors by appointing outside directors with industry- and corporate management-related experience and insight and drawing on advice and recommendations from an independent standpoint to ensure the validity and appropriateness of decision-making by the Board of Directors.

Directors and Board of Directors

As stipulated in its Articles of Incorporation, the Company's Board of Directors will comprise at least three and no more than 15 directors, and to strengthen the supervisory functions of the Board of Directors, a policy has been established that two or more of the directors must be independent external directors. At present, three independent external directors have been appointed.

For swift and dynamic decision-making by the Board of Directors, the Board of Directors convenes in principle once monthly and also meets on an ad hoc basis whenever necessary.

TIS holds an information meeting once a year to present

management direction as well as meetings ahead of Board of Directors' meetings—in principle, twice a month—to give external directors and outside members of the Audit & Supervisory Board sufficient background information to participate in discussions. In addition, the Company organizes study sessions with experts—in-house and external—and arranges visits to local Group facilities and offices. TIS also creates opportunities four times a year when external directors can exchange opinions with the president and sets up meetings twice a year that involve only external directors and outside members of the Audit & Supervisory Board. This facilitates smooth but vigorous discussion by the Board of Directors.

Summary of Results of Analysis and Evaluation of Effectiveness of Entire Board of Directors

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year. This process reveals issues and points for improvement and leads to initiatives that will raise the effectiveness of the Board of Directors to a higher level. For the fiscal 2019 evaluation, all directors and members of the Audit & Supervisory Board were given a questionnaire to be submitted anonymously. The questionnaire asked them to conduct a comprehensive self-evaluation and self-analysis of the composition and operation of the Board of Directors, and then the Board of Directors pursued discussions based on the results. The method and results of the evaluation, as well as future issues brought to light through this process and measures to address such issues are described below.

1. Method of evaluation

TIS distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors and members of the Audit & Supervisory Board and obtained responses. The Company's Board of Directors then used these responses to analyze and evaluate the effectiveness of the Board of Directors.

Note that TIS conducted this effectiveness evaluation based on advice and verification by an external attorney.

2. Results of analysis and evaluation of effectiveness of the Board of Directors

The Company's Board of Directors concluded that a certain degree of effectiveness had been ensured to appropriately supervise the approval of important management matters and business execution, such as the execution status of business activities and investments at the Company and Group

companies, through deliberation based on Company regulations. In addition, the Board of Directors concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of the effectiveness evaluation conducted in the previous fiscal year.

However, management acknowledged the importance of strengthening governance at each Group company through the Board of Directors and for more active opinion exchange on important themes at meetings of the Board of Directors to ensure greater effectiveness in running such meetings.

3. Future issues and associated responses, based on analysis and evaluation

In light of the analysis and evaluation previously mentioned, TIS will focus particular efforts on the following issues.

(1) Strengthen governance of the Group and respond to issues with sense of speed

Through the Board of Directors, the status of governance within the Group is always known and responses to issues are executed with a sense of speed.

(2) Promote more active opinion exchange on key themes at meetings of the Board of Directors

The Board of Directors exchanges opinions on shareholder composition, overseas business strategies and other issues of importance to the Group. Going forward, the Board of Directors will pursue a more robust approach to the exchange of opinions on key themes, such as business strategy, human resources strategy and investment strategy with market trends and the state of competition in mind. Opinions with potential will be reflected in management practices with a sense of speed.

Policy and Procedures for Election, Dismissal, and Nomination of Directors, etc.

In nominating candidates for directors, audit & supervisory board members and executive officers, the Board of Directors will nominate persons with abundant experience, a high level of insight and advanced specialization based on the following election criteria that make them suitable as directors or audit & supervisory board members in order to realize effective corporate governance and contribute to the sustainable growth of the Company as well as the enhancement of its medium-

to long-term corporate value while also considering aspects of diversity such as gender and internationality.

If a situation arises where a management executive should be dismissed, the Board of Directors shall determine a dismissal proposal. However, the dismissal of a director shall be conducted in accordance with the Companies Act and other relevant provisions.

Reason for Election of Directors and Audit & Supervisory Board Members

Directors

Toru Kuwano, Chairman and President

Date of Birth: May 3, 1952

April 1976 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 2000 Director of the Company
 April 2004 Executive Director of the Company
 April 2008 Executive Managing Director of the Company
 April 2010 Executive Vice-President and Representative Director and General Manager of Financial Industry HQ of the Company
 April 2011 President and Representative Director of the Company
 June 2018 Chairman, President and Representative Director of the Company, in charge of Auditing Dept. (to present)

Reason for Election

After assuming the office of President and Representative Director of the Group company, Mr. Kuwano was appointed as a Director of the Company in June 2013. Since June 2016, he has assumed the office of President and Representative Director of the Company.

He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration.

He was appointed as a Director since he is highly expected to continue to promote the Medium-Term Management Plan (from 2018 to 2020) and fulfill the duties of significant decision-making for the Group as well as the administration and oversight of business management.

Masahiko Adachi, Representative Director, Executive Vice President

Date of Birth: May 9, 1956

April 1981 Joined Sanwa Bank, Limited (currently MUFG Bank, Ltd.)
 April 2011 Executive Officer, Division Manager of Corporate Management Div. of TIS Inc.
 April 2013 Managing Executive Officer, Division Manager of Financial Industry SBU. 1 of the Company
 April 2016 Senior Managing Executive Officer, Division Manager of Financial Industry SBU. 1 and Division Manager of Financial Industry SBU. 3 of the Company
 April 2018 Executive Vice President, in charge of Corporate Planning SBU of the Company
 June 2018 Representative Director, Executive Vice President, in charge of Corporate Planning SBU of the Company (to present)

Reason for Election

Mr. Adachi has been in the office of Representative Director since June 2018 following the office of Division Manager of the corporate department and the financial system department of a financial institution and the Company's Group company.

Based on these experiences, he was appointed as a Director since he is highly expected to continue to promote group governance as set out in the Medium-Term Management Plan of the Group (from 2018 to 2020), centered on the corporate function, and fulfill the duties of significant decision-making for the Group and oversight of business management.

Yasushi Okamoto, Director and Senior Managing Executive Officer

Date of Birth: March 3, 1962

April 1985 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 April 2011 Executive Officer, Department Manager of Corporate Planning & Control Dept. of the Company
 April 2013 Managing Executive Officer, Division Manager of IT Solutions Services SBU. of the Company
 April 2016 Senior Managing Executive Officer, Division Manager of Industries & Solutions SBU of the Company
 June 2018 Director, Senior Managing Executive Officer and Sector Director of Service Strategy Sector of the Company (to present)

Reason for Election

Mr. Okamoto has been serving as Senior Managing Executive Officer and Division Manager of the planning and development department of industrial systems since July 2016, and has been in the office of Director since June 2018, after having been engaged in corporate business in the corporate planning department of the Company for many years.

Based on these experiences, he was appointed as a Director since he is highly expected to continue to promote the Medium-Term Management Plan (from 2018 to 2020), and fulfill the duties of significant decision-making for the Group and oversight of business management.

Josaku Yanai, Director and Senior Managing Executive Officer

Date of Birth: November 14, 1963

April 1987 Joined the Long-Term Credit Bank of Japan, Limited
 January 2000 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 April 2009 Executive Officer, Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of the Company
 May 2015 Managing Executive Officer, Division Manager of Corporate Planning Division of the Company
 June 2016 Director, Managing Executive Officer and Division Manager of Corporate Planning SBU of the Company
 April 2018 Director, Senior Managing Executive Officer and Sector Director of Industry Strategy Sector of the Company (to present)

Reason for Election

Mr. Yanai was mainly engaged in corporate section in the corporate planning department of the Company and its Group company for many years. He assumed the office of Executive Officer and Division Manager of corporate planning division of the Company in April 2011. Since June 2016, he has been serving as a Director of the Company.

He has a wealth of experience and knowledge about the business of the Company's and its Group, as well as in business administration. Based on these experiences, he was appointed as a Director since he is highly expected to continue to promote the Medium-Term Management Plan (from 2018 to 2020), and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management as a Director.

Takayuki Kitaoka, Director

Date of Birth: December 14, 1960

April 1984 Joined INTEC Inc.
 April 2015 General Manager of BPO Division of INTEC Inc.
 April 2016 Executive Officer, General Manager of Corporate Planning Division of INTEC Inc.
 April 2017 Managing Executive Officer, General Manager of Corporate Planning Division of INTEC Inc.
 April 2018 President and Representative Director of INTEC Inc. (to present)
 June 2018 Director of the Company (to present)

Reason for Election

Mr. Kitaoka was engaged in business related to IT infrastructure of INTEC Inc., the Company's major subsidiary, and served in management administration of the Group companies at the Company for three years since April 2012.

Furthermore, he has assumed the office of President and Representative Director of INTEC Inc. since April 2018 and the office of Director of the Company since June 2018.

He was appointed as a Director since he is highly expected to continue to promote the duties of INTEC Inc. assigned by the Medium-Term Management Plan (from Fiscal 2018 to Fiscal 2020) and to fulfill the duties of significant decision-making for the Group and the administration and oversight of business management, based on the above experiences and from the viewpoint of Group management.

Akira Shinkai, Director

Date of Birth: March 24, 1959

February 1986 Joined Yokogawa U System Corporation
 April 2000 Joined YDC Corporation
 June 2001 Director of YDC Corporation
 October 2009 Joined Nippon System Gijutsu Co., Ltd.
 June 2010 Director and Managing Executive Officer of Nippon System Gijutsu Co., Ltd.
 April 2011 Joined INTEC Inc. Deputy General Manager of NSG Department of INTEC Inc.
 June 2012 Executive Officer, General Manager of NSG Department of INTEC Inc.
 May 2015 Managing Executive Officer, General Manager of Industrial Solutions Business Division of INTEC Inc.
 April 2016 Managing Executive Officer, General Manager of Metropolitan Social Service Headquarters of INTEC Inc.
 April 2018 Director, Executive Vice President, in charge of Corporate Information Department, Business Strategy Promotion Division, and Metropolitan Distribution Service Headquarters, and General Manager of Metropolitan Distribution Service Headquarters of INTEC Inc. (to present)
 June 2018 Director of the Company (to present)

Reason for Election

Mr. Shinkai was engaged in business of new service planning and marketing and has assumed the office of Director and Executive Vice President of INTEC Inc., the Company's major subsidiary, since April 2018, and the office of Director of the Company since June 2018.

Based on these experiences, he was appointed as a Director since he is highly expected to continue to promote the Medium-Term Management Plan (from 2018 to 2020), and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management.

External Directors

To help the Group post constant growth and achieve higher corporate value over the medium to long term, TIS strives to keep participation of external directors in good balance with inside directors and looks for people who possess diverse knowledge, experience and capabilities.

Koichi Sano*, External Director

■ Corporate management
■ Financial accounting

Date of Birth: August 30, 1948	(Other Important Concurrent Positions)
April 1971 Joined Mitsui Petrochemical Industries, Ltd. (currently Mitsui Chemicals, Inc.)	External Director of Nippon Yakin Kogyo Co., Ltd. Reason for Election
June 2003 Executive Officer and Manager of Finance Department of Mitsui Chemicals, Inc.	Mr. Koichi Sano worked mainly in the finance and accounting departments, and served as Executive Vice-President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management. He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate, and he is highly expected to be a person who will contribute to the enforcement of the corporate governance of the Company.
June 2005 Executive Director of Mitsui Chemicals, Inc.	
June 2009 Executive Vice-President and Representative Director of Mitsui Chemicals, Inc.	
June 2013 Special Councilor of Mitsui Chemicals, Inc.	
June 2015 Retired from Mitsui Chemicals, Inc.	
June 2016 Director of the Company (to present)	

Fumio Tsuchiya*, External Director

■ Corporate management ■ Industry knowledge
■ International experience

Date of Birth: May 10, 1948	August 2010 Section Manager of Internal Auditing Office of Faith, Inc.
July 1971 Joined Japan Airlines Co., Ltd.	June 2011 Full-time Audit & Supervisory Board Member of Faith, Inc.
May 1999 Director and Section Manager of Personnel & Corporate Planning Section of JAL Hotels Co., Ltd. (currently Okura Nikko Hotel Management Co., Ltd.)	June 2017 Director of the Company (to present) Reason for Election
October 2002 Executive Officer, Deputy Section Manager of Corporate Planning Section of Japan Airlines System, Inc. (currently Japan Airlines Co., Ltd.)	Mr. Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. After having assumed the office of Director of Japan Airlines in June 2004, he served as Managing Director and was thereafter appointed as President & CEO of JALCard, Inc. in June 2007, which is a group company of Japan Airlines. He has a wide range of experience and a wealth of expertise in corporate management.
June 2004 Director and Section Manager of Corporate Planning Section of Japan Airlines Corporation (currently Japan Airlines Co., Ltd.)	He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate, and he is highly expected to be a person who will contribute to the enforcement of the corporate governance of the Company.
April 2006 Managing Director, in charge of PR & IR, Legal Affairs and General Affairs of Japan Airlines Co., Ltd.	
June 2007 President & CEO of JALCard, Inc.	
June 2010 Retired from JALCard, Inc.	

Naoko Mizukoshi*, External Director

■ International experience ■ Legal work
■ ICT

Date of Birth: September 23, 1967	March 2010 Founded Endeavour Law Office
April 1993 Joined Legal Training and Research Institute of Supreme Court of Japan	Partner of Endeavour Law Office
April 1995 Registered as a lawyer with Osaka Bar Association	June 2018 Director of the Company (to present)
Joined Miyazaki Sogo Law Office (currently Legal Professional Corporation Miyazaki Sogo Law Office)	December 2018 Partner of Leftright Law & IP (to present) Reason for Election
April 1998 Registered as a lawyer with Yokohama Bar Association (currently Kanagawa Bar Association)	Ms. Mizukoshi is a qualified lawyer and has a wealth of professional knowledge of, and experiences in, intellectual property, ICT and international transactions.
Joined Legal Department of Nomura Research Institute, Ltd.	Her advice and suggestions from an independent perspective will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate by utilizing these experiences and expertise in the Company's business, and she is highly expected to be a person who will contribute to the enforcement of the corporate governance of the Company.
September 1999 Registered as a lawyer with Daini Tokyo Bar Association	She has not participated in corporate management but has expertise on corporate legal works. Therefore, she was appointed as an External Director since she could discharge duly the duties of External Director.
Joined Legal Department of Autodesk, Ltd.	
September 2002 Joined Legal Headquarters of Microsoft Co., Ltd.	
Registered as a lawyer in the State of California, U.S.A.	
November 2006 Joined TMI Associates	
January 2008 Partner of TMI Associates	

Audit & Supervisory Board Members

Katsuhiko Ishii, Standing Audit & Supervisory Board Member

Date of Birth: November 5, 1953	April 2014 Managing Executive Officer and Division Manager of Corporate SBU. of the Company.
April 1976 Joined the Long-Term Credit Bank of Japan, Limited	April 2016 Advisor to the Company.
October 2001 Joined SORUN Corporation	June 2016 Full-time Audit & Supervisory Board Member of the Company (to present) Reason for Election
June 2007 Director and Executive Officer of SORUN Corporation	Mr. Ishii worked for a financial institution and served as General Manager of the Corporate Department of a Group company. He also served as an advisor at the same Group company. Based on these experiences, he was appointed as an Audit & Supervisory Board Member as he can be expected to oversee the execution of duties of the Company's Directors in a fair and appropriate manner.
April 2011 Managing Executive Officer, Division Director of the Financial Industry SBU., Financial Industry HQ. and Division Manager of the Financial Systems Div. 3 of TIS Inc.	
October 2011 Managing Executive Officer and Deputy Division Manager of Financial Industry SBU. of the Company.	
April 2012 Managing Executive Officer and Deputy Division Manager of Corporate SBU. of the Company.	

Tatsufumi Matsuoka, Standing Audit & Supervisory Board Member

Date of Birth: December 2, 1957	April 2016 Managing Executive Officer, Deputy Division Manager of Public Solutions & Services SBU and Deputy Division Manager of Industries SBU of the Company
April 1980 Joined the Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)	April 2019 Chairman and Director of TIS System Service Inc.
May 1999 General Manager, Ise Branch of the Tokai Bank, Ltd.	June 2019 Advisor to the Company
January 2001 General Manager, Anjo Branch of the Tokai Bank, Ltd.	Standing Audit & Supervisory Board Member of the Company (to present) Reason for Election
January 2003 General Manager of Corporate Department, Corporate Sales Division and General Manager of Nagoyako Branch, UFJ Bank Limited (currently MUFG Bank, Ltd.)	Mr. Matsuoka has a wealth of expertise in finance and accounting as well as corporate management based on experience accumulated through his service at financial institutions and management of companies over many years. He was appointed as an Audit & Supervisory Board Member, as he is expected to discharge audit and supervisory duties regarding the execution of duties of the Company's directors in a fair and appropriate manner.
January 2006 Senior General Manager, The Bank of Tokyo-Mitsubishi UFJ Ltd.(currently MUFG Bank, Ltd)	
February 2007 General Manager, Hamamatsu Branch of The Bank of Tokyo-Mitsubishi UFJ Ltd.	
May 2009 Joined MST Insurance Service Co. Ltd.	
April 2013 Senior Managing Director and General Manager of Nagoya Corporate Sales Division of MST Insurance Service Co. Ltd.	
April 2015 Managing Executive Officer and Deputy Division Manager of Corporate SBU of TIS Inc.	
Chairman and Director of TIS System Service Inc.	

External Audit & Supervisory Board Members

To help the Group post constant growth and achieve higher corporate value over the medium to long term, TIS strives to keep participation of external audit & supervisory board members in good balance with inside members and looks for people who possess diverse knowledge, experience and capabilities.

Taigi Ito (Certified Public Accountant and President, Ito Office)*, External Audit & Supervisory Board Member

■ Corporate management
■ Financial accounting

Date of Birth: October 13, 1946	Reason for Election
January 1970 Joined Tsuji Audit Corporation	Mr. Ito is a licensed Certified Public Accountant. His expertise and knowledge in the field of finance and accounting and professional experience are beneficial to the Company in enforcing its audit system. Although he was not directly involved in corporate management, he was appointed as an External Audit & Supervisory Board Member as he was considered to be well qualified to appropriately perform the duties of Audit & Supervisory Board Members given the above credentials.
February 1989 Representative Partner of MISUZU Audit Corporation	
July 2004 Deputy Chairman of the Japanese Institute of Certified Public Accountants	
August 2007 Chief of Ito CPA Firm (to present)	
April 2009 Professor at Graduate School of Accountancy, Waseda University	
June 2012 Audit & Supervisory Board Member of the Company (to present)	

Muneaki Ueda (Chairman, Professional Bank, Inc.)*, External Audit & Supervisory Board Member

■ Corporate management
■ International experience

Date of Birth: January 1, 1948	August 2004 President and Representative Director of Professional Bank Inc.
August 1983 Joined Temporary Center Inc. (currently, Pasona Inc.)	April 2007 Chairman and Representative Director of Professional Bank Inc. (to present)
January 1988 Executive Director and Manager of International Division and Manager of Business Development Dept. of Pasona Inc.	June 2012 Audit & Supervisory Board Member of the Company (to present) Reason for Election
April 1991 Executive Managing Director and General Manager of Sales Division of Pasona Inc.	Mr. Ueda has a wealth of experience and wide-ranging insight as a corporate executive. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.
June 1993 Director and Vice-President of Pasona Inc.	
June 2000 President and Representative Director of Pasona Inc.	

Sadahei Funakoshi*, External Audit & Supervisory Board Member

■ Industry knowledge
■ International experience

Date of Birth: August 15, 1954	May 2013 Statutory Auditor of IT Frontier Corporation
April 1977 Joined Mitsubishi Corporation	July 2014 Statutory Auditor of TATA Consultancy Services Japan, Ltd.
March 2003 Transferred to Mitsubishi Corporation Financial & Management Services (Japan) Ltd. as Director and Vice-President	June 2016 Audit & Supervisory Board Member of the Company (to present) Reason for Election
April 2009 Transferred to Mitsubishi Corporation LT, Inc. as Advisor	Mr. Funakoshi has a wealth of experience and knowledge in corporate management, with his experience in the management of investment and loan, credit and administrative departments of Mitsubishi Corporation, as well as his service as an auditor at IT companies. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.
June 2009 Director and Managing Executive Officer of Mitsubishi Corporation LT, Inc.	
June 2011 Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.	
January 2013 Representative Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.	

* Designated for Independent Director/Auditor as specified by the Tokyo Stock Exchange in Japan.

Notes: 1. As of June 25, 2019.

2. As of July 1, 2016, the Company (previous name, IT Holdings Corporation) changed its name to TIS Inc. due to the absorption-type merger with the previous TIS Inc. (an absorbed company), wholly-owned subsidiary of the IT Holdings Corporation (a surviving company).

Training Policy for Directors and Audit & Supervisory Board Members

For directors and auditors, including external directors and external auditors, the Company will provide and arrange training opportunities that are appropriate for individual directors and auditors and support the cost of such training. The objective of such training is to provide an opportunity to acquire necessary knowledge regarding the Group's businesses, financial

affairs and organization and to understand the duties and responsibilities required of directors and Audit & Supervisory Board Members when assuming office, as well as to continuously update these attributes during the term of office.

External Directors and External Audit & Supervisory Board Members

The Company has three external directors and three external Audit & Supervisory Board Members. The determination of the independence of external directors and external Audit & Supervisory Board Members is prescribed by the requirements

of the Companies Act as well as judgement criteria to ensure the independence of external directors and external Audit & Supervisory Board Members as described below, with reference to the rules and regulations of the Tokyo Stock Exchange.

Primary Activities of External Directors and External Auditors (Year ended March 31, 2019)

Attendance at Board of Directors

	Name	Attendance rate	Primary Activities
External Directors	Koichi Sano	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2019
	Fumio Tsuchiya	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2019
	Naoko Mizukoshi	100%	Attended all 12 meetings of the Board of Directors held after her appointment on June 26, 2018.
External Audit & Supervisory Board Members	Taigi Ito	94.1%	Attended 16 of 17 meetings of the Board of Directors held in fiscal 2019
	Muneaki Ueda	94.1%	Attended 16 of 17 meetings of the Board of Directors held in fiscal 2019
	Sadahei Funakoshi	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2019

Attendance at Audit & Supervisory Board

	Name	Attendance rate	Primary Activities
External Audit & Supervisory Board Members	Taigi Ito	91.7%	Attended 11 of 12 meetings of the Audit & Supervisory Board held in fiscal 2019
	Muneaki Ueda	91.7%	Attended 11 of 12 meetings of the Audit & Supervisory Board held in fiscal 2019
	Sadahei Funakoshi	100%	Attended all 12 meetings of the Audit & Supervisory Board held in fiscal 2019

Summary of Content of Liability Agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, each of Audit & Supervisory Board enters into an agreement with the Company that limits legal responsibility for liability compensation as set forth under Article 423, Paragraph 1 of

the same law.

The limit of liability compensation, based on these agreements, is an amount provided for in Article 425, Paragraph 1, of the same law.

Outline of Policy on Officers' Remuneration

The basic policy on officers' compensation is to provide greater incentive to improve business results through a system of compensation linked to measures of Company performance, and such amounts are determined through a decision by the Board of Directors, based on discussion and suggestions by the Compensation Committee.

Compensation to Company directors consists of a basic component, a performance-linked component and performance-linked stock incentive. Basic compensation is paid according to the size of the role and scope of responsibilities of each position. Performance-linked compensation is determined by the degree to which measures of corporate performance have been achieved, on the basis of the management plan for each fiscal year, and shall fall within a performance evaluation coefficient of between 0% - 30% of basic compensation for each position.

For the performance-linked stock incentive, the Board of Directors established share delivery rules when the performance-linked stock incentive plan was introduced. Points are granted to directors on a scale within 0% - 15% of base compensation set for each position according to the level of achievement made toward reaching performance targets stated in the management plan as provided for in the rules. The number of shares delivered will correspond to the number of points accumulated.

Compensation paid to external directors is limited to basic compensation only, with no performance-linked component.

Compensation for Audit & Supervisory Board members is decided through discussion by corporate auditors. From the perspective of maintaining a high degree of independence, compensation is not linked to business performance and consists solely of basic compensation.

Furthermore, to reflect medium- to long-term business performance, directors (excluding outside directors) are asked to contribute at least a certain portion of their basic compensation toward the purchase of treasury stock through the Company's share ownership plan for directors and officers, and they are expected to retain such stock in full for the duration of their time in office so that the acquired stock shares value with all shareholders.

Note that TIS introduced this performance-linked stock compensation system in fiscal 2019 for directors, executive officers and executive fellows (excluding external directors, non-executive directors and residents outside Japan) with the objective being to make eligible directors more aware of their contribution to enhanced business performance and improved corporate value over the medium to long term and to align their interests with those of shareholders.

(1) Compensation rate by position

	Base compensation	Performance-linked compensation	Performance-linked stock compensation
Directors (excluding non-standing directors)	68%	21%	11%
External Directors	100%	—	—
Audit & Supervisory Board Members	100%	—	—
External Audit & Supervisory Board Members	100%	—	—

(2) Process for determining executive compensation

- Attainment of business plans formulated at the beginning of the fiscal year in accordance with the mid-term management plan is confirmed by the Performance Evaluation Committee.
- The President and Representative Director evaluates the directors and Audit & Supervisory Board members at the meeting of the Performance Evaluation Committee referred to in a. above.
- The Compensation Committee meets to consult on the results of the evaluation in b. above and amounts of compensation based on the results of evaluation.
- The Board of Directors votes on whether to approve the amounts of executive compensation considered by the Compensation Committee in c. above.

Performance-linked stock compensation is calculated in accordance with the Stock Issuance Regulations. The Board of Directors and the Compensation Committee have no room for discretion.

(3) Activities of the Advisory Committee on Determination of Executive Compensation

The Compensation Committee met four times during the fiscal year under review to consider the appropriateness of the Company's compensation based on a comparative analysis of the amounts of the Company's executive compensation and executive compensation at other companies by a research firm, and the method of calculation and appropriateness of the amounts of performance-linked compensation. A proposal was put to the Board of Directors concerning executive compensation based on the results of deliberation by said body.

(4) Methods of calculation of performance-linked compensation and performance-linked stock compensation

Performance-linked compensation is determined based on a comprehensive assessment of the degree of attainment of corporate performance indicators determined based on the management plan for each fiscal year. In fiscal 2019, performance-linked compensation was determined by applying a 30% performance evaluation coefficient based on the level of attainment in the previous fiscal year of targets including Consolidated Sales, Consolidated Operating Income, and Consolidated ROE.

Corporate performance indicators	Previous fiscal year (Fiscal 2018, ended March 2018)	
	Estimates	Actual
Consolidated Sales	¥400,000 million	¥405,648 million
Consolidated Operating Income	¥30,000 million	¥32,743 million
Consolidated ROE	8.0%	9.9%

The amount of performance-linked stock compensation was determined by applying a performance-linked coefficient of 150%. This was because Consolidated Operating Income, Consolidated ROE, and Service Business Sales (employed as indicators of corporate performance in the Stock Issuance Regulations) and Employee Satisfaction (employed as an indicator of job satisfaction among employees) exceeded the targets set for the fiscal year ended March 2019 (100% performance-linked coefficient when attained) by a wide margin.

These indicators were adopted as performance measurements for the following reasons, so as to ensure attainment of enhanced corporate value as expected by the shareholders: Consolidated Operating Income, Consolidated ROE, and Service Business Sales were adopted as financial indicators to encourage pursuit of business growth, and Employee Satisfaction was adopted as a non-financial indicator to encourage pursuit of higher job satisfaction among employees.

Method of calculation of performance-linked stock compensation

Calculation formula

Number of shares granted (points*) = base amount x performance variation coefficient / unit acquisition price

*Rounded down to the nearest decimal

Performance indicators	Fiscal 2019 ended March 2019		Remarks
	Estimates	Actual	
Consolidated Operating Income	¥35,000 million	¥38,044 million	
Consolidated ROE	10.2%	11.5%	
Service Business Sales	¥32,558 million	¥35,393 million	Note 1
Employee Satisfaction	40.0%	43.0%	Note 2

Notes: 1. Predefined as a target in the Stock Issuance Regulations based on operations selected for their contribution to the structural transformation of the Company on a non-consolidated basis. They do not represent service business sales on a consolidated basis.
2. Determined by a questionnaire survey conducted by an outside organization. Satisfaction is scored based on the proportions of employees who answered "often applies (4)" regarding "trust."

(5) Outline of performance-linked stock compensation system

An Executive Compensation BIP Trust (hereafter, "BIP Trust scheme") was introduced as a performance-linked stock compensation system by resolution of the 10th General Meeting of Shareholders held on June 26, 2018. Those eligible for benefits are directors (excluding external directors and non-executive directors), executive officers with portfolios, executive officers, and executive fellows (hereafter, "Directors, etc.").

a. Organization of the BIP Trust scheme

b. Total number of shares to be granted to Directors, etc.: 61,300 shares in one financial year (upper limit)

c. Scope of individuals able to receive beneficiary rights and other rights under the BIP Trust scheme:

Individuals who have retired from being a Director, etc. and meet the beneficiary conditions specified in the Stock Issuance Regulations.

Remuneration for Directors and Audit & Supervisory Board Members (Year ended March 31, 2019)

(Millions of yen)	Recipients (Persons)	Remuneration	Remuneration by type		
			Basic remuneration	Performance-linked remuneration	Performance-linked Stock compensation
Directors (External Directors)	10 (4)	¥275 (¥27)	¥203 (¥27)	¥46 (—)	¥26 (—)
Audit & Supervisory Board Members (External Auditors)	6 (3)	68 (25)	68 (25)	— (—)	— (—)
Total (External Directors and External Auditors)	16 (7)	344 (53)	271 (53)	46 (—)	26 (—)

Notes: 1. For the fiscal year ended March 31, 2019, compensation for directors does not include the employee portion for directors who serve concurrently as employees. The Company has not introduced a retirement benefit system for directors, and does not pay any directors' bonuses.
2. As of March 31, 2019, the Company has nine directors, including three external directors. The discrepancy between this number and the number of directors listed as recipients above is attributable to the inclusion of three directors, one being an external director, who retired at the conclusion of the 10th Annual General Meeting of Shareholders on June 26, 2018, and the inclusion of two directors who serve without compensation.
3. As of March 31, 2019, the Company's Audit & Supervisory Board comprises five members, three of whom are external. The discrepancy between this number and the number of directors listed as recipients above is attributable to the inclusion of one member who retired at the conclusion of the 10th Annual General Meeting of Shareholders on June 26, 2018.
4. Limits on compensation (basic compensation and performance-linked compensation) for directors and members of the Audit & Supervisory Board were approved at the First Annual General Meeting of Shareholders on June 25, 2009, with the limit on compensation for directors set at ¥400 million per year (of which, external directors receive no more than ¥50 million) and that for members of the Audit & Supervisory Board set at ¥85 million.
5. The performance-linked stock incentive is booked as an expense for six directors (excluding external directors and non-full-time directors) in the current business year.
Note that this performance-linked stock incentive was approved by shareholders at the 10th Annual General Meeting of Shareholders on June 26, 2018, wherein the upper limit on the number shares is 61,300 per business year, to be delivered through a trust into which the Company contributes up to ¥500 million in each specified period (three business years) for eligible directors (excluding external directors, non-full-time directors), executive officers and executive fellows.

Nomination Committee, and Compensation Committee

Committee's Name, Composition, and Attributes of Chairperson

	Nomination Committee	Compensation Committee
All Committee Members	4	4
Inside Directors	1	1
Outside Directors	3	3
Chairperson	Inside director	Inside director

1. Method of selecting committee members

Members of the Nomination Committee and the Compensation Committee are selected on the advice of the Nomination Committee, of which the majority of members are independent external directors, and given final approval by the Board of Directors. Note that the chairman of both committees is, at the present time, Toru Kuwano, president and representative director of TIS, and the other members of these committees are independent external directors (Koichi Sano, Fumiya Tsuchiya and Naoko Mizukoshi).

2. Role of committee members

(1) Role of members on Nomination Committee

- Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals

(2) Role of members on Compensation Committee

- Provide advice on matters related to decisions on compensation for directors

3. Status of activities by committees (including frequency of meetings, major topics of discussion, attendance on a member basis)

(1) Nomination Committee

In fiscal 2019, ended March 31, 2019, the committee met three times, provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on discussions by committee members.

The committee also gave advice on approaches for a successor plan.

The attendance ratio for members of this committee was 100% for everyone

(2) Compensation Committee

In fiscal 2019, the committee met four times and discussed the appropriateness of the Company's compensation package through a comparative analysis of director compensation amounts at other companies and at TIS, based on the findings of a research company, as well as the appropriateness of the calculation method used to determine performance-linked compensation. Proposals were made to the Board of Directors on director compensation, based on the results of discussion by the committee. The attendance ratio for members of this committee was 100% for everyone.

Constructive Dialogue with Shareholders

TIS will actively engage in constructive dialogue with shareholders based on the IR Policy in order to contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. In addition, the Company will strive to develop a system to promote constructive dialogue with shareholders. The director of the IR Department will supervise dialogue with shareholders, consider response methods with the President and Representative Director, executive officers in charge, and the IR Department and respond appropriately. The IR Department will share information and exchange opinions in a timely manner based on respective specialist standpoints with relevant departments and support dialogue with shareholders through organic collaboration.

In relation to shareholders, TIS will strive to enhance means of dialogue such as individual interviews as well as responses by

telephone and the holding of business results briefings and small meetings, etc. Furthermore, in addition to actively conducting information disclosure, which will be the premise for dialogue, the Company will strive to expand the contents of the Integrated Report, which will be positioned as an effective tool for dialogue.

TIS will share opinions, etc. put forward in constructive dialogue with capital market participants such as shareholders, investors and securities analysts within the Company through reports, etc. to the Board of Directors, and use them in reviewing the Company's management strategy, and for other purposes.

In the case of dialogue with shareholders, TIS will pay sufficient attention to the fairness of information disclosure and manage internal information appropriately in accordance with the Rules for Prevention of Insider Trading.

Strategically Held Shares

1. Policy and viewpoint regarding reduction of strategically held shares

TIS and other companies under the Group umbrella hold shares in other companies only when management believes this is necessary for such purposes as establishing long-term, stable relationships with customers and promoting business that will contribute to sustainable growth and higher medium- to long-term corporate value of the Company and the Group.

Each year, the Board of Directors reviews the relevance of cross-shareholdings. It is corporate policy for any cross-shareholding that the Board of Directors deems to be of diminished significance for cross-shareholding to be sold at the earliest possible opportunity.

To determine relevance, TIS uses business-related revenue if the issuing company is a customer of a Group company or annual transaction amount if the issuing company is a strategic partner to calculate a percentage on a balance sheet basis, and management will consider selling any issue with a ratio that falls below a benchmark set by the Company.

For cross-shareholdings with diminished significance, as identified through the aforementioned method, TIS moves to reduce cross-shareholdings in accordance with basic policy.

2. Policy on exercising voting rights relating to strategically held shares

TIS appropriately exercises voting rights for the listed shares in its possession after comprehensively determining whether such action will contribute to sustainable corporate growth and higher medium- to long-term corporate value of the TIS INTEC Group and investee company.

3. Relationships with strategic shareholders

If strategic shareholders of TIS indicate an intention regarding the sale, etc. of TIS shares, we will respond appropriately without preventing such a sale. Moreover, we will not conduct transactions that lack economic rationality with strategic shareholders.

Numbers of stocks held by the Company for purposes other than portfolio investment and total amounts recorded in the balance sheet

	Fiscal 2018, ended March 2018	Fiscal 2019 ended March 2019
Number of stocks	88 stocks	87 stocks
Total amount on balance sheet	¥56,700 million	¥44,423 million

Notes: 1. Increase in number of stocks: 16 stocks were newly acquired focusing on startups with the objective of developing partnerships, etc. to facilitate open innovation.

2. Decrease in number of stocks: Entire holdings of 17 stocks were sold off in accordance with the policy of reducing cross-shareholdings.

Takeover Defense Measures

TIS has not introduced takeover defense measures.

Status of Internal Control System Operations

1. Status of compliance efforts

(1) TIS distributes the Group Code of Conduct Handbook to all directors and employees in the Group. This handbook covers the Group Compliance Declaration and the Group Code of Conduct. The Company constantly strives to instill a thorough understanding of compliance issues and practices, implements training programs and awareness activities, and seeks to improve the effectiveness of learning opportunities.

For the internal reporting (whistleblower) system, helplines are mentioned in the Group Code of Conduct Handbook as well, and steps are taken to promote awareness of these contact points and to put them to effective use.

(2) TIS established the Group Internal Control Committee to identify compliance-related problems, discuss responses, help directors and employees see the importance of compliance practices, and look into the content of internal reports and offer advice on corrective measures. In addition, the committee checks on the progress of specific approaches, such as steps to improve the accuracy of working hour management within the Group, efforts to promote education about issues such as harassment, and efforts to establish compliance systems at overseas subsidiaries.

2. Status of efforts to ensure appropriate and effective execution of business operations

(1) In principle, the Board of Directors convenes regularly once a month and also meets at other times as necessary. Directors strive to achieve swift and dynamic decision-making.

(2) An executive officer system was introduced to expedite management decisions by the Board of Directors and strengthen the Board's supervisory function. Directors delegate the execution of business to executive officers, and the executive officers who accept these duties provide specific instructions and orders to and supervision of each associated department manager.

(3) The Management Committee, which comprises full-time directors and executive officers, meets twice a month to discuss important issues related to the overall execution of business by TIS and by the Group as a whole. Note that full-time corporate auditors may sit in on meetings of the Management Committee.

(4) External directors and external corporate auditors, with knowledge and experience essential to appropriate business operations, are appointed to enhance the supervision and monitoring capabilities of the Board of Directors and members of the Audit & Supervisory Board.

3. Status of efforts to control the risk of loss

(1) TIS classifies risks facing the Company and the Group under hazard risk, operational risk, financial risk and strategic risk, according to Rules for Risk Management, and has systems in place for risk management and accountability in the event of a crisis.

(2) TIS shares risk evaluation indicators and management formats to facilitate identification of risks facing the Company and the Group and to underpin measures to reduce risks. In addition, the Group Internal Control Committee formulates risk management policy for the Group as a whole and verifies the implementation status of measures to control risk.

4. Status of efforts to ensure appropriate operations by the Group

TIS undertakes management of Group companies using an approval and reporting system, in accordance with Management Rules for the Group. For the implementation status of key strategies at Group companies and respective business results, TIS holds quarterly Group business meetings and monitors progress of strategy implementation.

Risks with the potential to significantly impact the operations—business results and financial position—of the Group are described below. Note that forward-looking statements mentioned in these materials are based on information available to management as of June 25, 2019.

1. Price competition and heightened competition

Competition in the information services industry is fierce and the rising number of entrants from other industries may further increase price competition. The Group seeks to distinguish itself from its competitors by adding greater value to the information services that it provides and by improving productivity. However, the Group's business activities and results may be affected if price competition is greater than expected.

2. Legal systems and compliance

Group companies pursue their business activities in line with prevailing laws and regulations in Japan and overseas. Individual companies have established their own compliance systems and pursue rigorous legal compliance in accordance with the Group's basic policy on CSR. However, the Group's business activities and results may be affected if legal violations occur or additional laws or regulations are put into force.

3. Overseas business

As part of its growth strategy, the Group seeks to expand its presence overseas, especially in the ASEAN region. Overseas business can be affected by a variety of factors, including global economic trends, exchange rate movements, legal regulations pertaining to investment and competition, business practices, and labor-management relations. Steps are being taken to strengthen risk management of overseas business by, among other things, having overseas group companies and operations work hand in hand with TIS's core organizations to keep a close track of circumstances and consult promptly on countermeasures. However, the Group's business activities and results may be affected if these risks materialize in an unexpected form.

4. System development

The Group provides information system services and contracted development services to other companies. Quality control and productivity are being continually improved by thoroughly reviewing project proposals and processes. These reviews are conducted by dedicated teams in accordance with our quality

management system. Level-specific training is also being enhanced to improve our management and technological capabilities. Measures to enhance quality and facilitate adoption of production innovations are additionally being implemented throughout the entire Group under the leadership of the Group Production Innovation Committee. As systems development is growing more sophisticated and complex and turnaround times are shortening, however, customer requirements may change in the course of a project and necessitate extra work in order to achieve the planned level of quality or complete the project during the development period. If this occurs, considerably higher than expected costs may be incurred.

We also outsource some systems development work to numerous companies for various reasons, including in order to gain access to more production capacity, improve production efficiency, or make use of other companies' technological resources. While we make every effort to work with partners of good standing in Japan and overseas, the Group's business activities and results may be affected if the productivity or quality of work produced by a partner does not meet expectations and project management is impeded with risk of damages from clients as a result.

5. System operation

The Group delivers 24/7/365 outsourcing and cloud services via data centers and other large IT facilities. Developing these services requires large outlays, ranging from initial investment in equipment to ongoing investment in keeping this equipment running. Although we track business projects and recover capital invested, business results may be adversely affected if capacity utilization is particularly low due to weaker than expected demand. In addition, although system operations are being continuously improved in adherence to our quality management system, the Group's business activities and results may be affected if disruptions caused by hardware failures or human error prevent delivery of the level of service agreed with clients.

6. Investment

The Group invests in businesses (including startups) in Japan and overseas with the aim of achieving business growth and acquiring cutting-edge technologies, and it also invests in software to develop services. Investment decisions are made in line with business plans after careful consideration, and progress is periodically confirmed once an investment has been made.

However, investments may not always deliver the planned outcomes due to factors such as unexpected changes in the business environment, and the Group's business results may be affected as a result.

7. Information security

The Group may gain access to confidential information, including personal information held by clients as well as information on clients' systems and technologies, in the course of developing and running systems for them. Efforts are made to properly manage information in accordance with the TIS INTEC Group Information Security Policy. However, the Group's business activities and results may be affected if such information is leaked, altered, or otherwise affected by such means as a computer virus or unauthorized access, and a claim for damages is made against the Group or the Group suffers damage to its reputation as a result.

8. Human resources

The Group relies heavily on human resources and its business activities are significantly influenced by its ability to attract, retain, and train people capable of providing specialized, high value-added services to clients. The Group endeavors to attract and retain talent by such means as creating a corporate culture, personnel systems, and office environment that allow diverse individuals to maximize their potential, and it places a focus on development of human resources by, for example, helping employees to acquire qualifications, systematizing training programs, and setting targets for the number of days that training should be provided. However, the Group's business activities and results may be affected if recruitment, retainment, and training of talented personnel does not proceed than expected.

9. Technological innovation

In the information services industry, providers must respond quickly to advances in information technology and to changing market needs that parallel these advances. The Group is constantly exploring and researching information technologies, production, development technologies, and other relevant fields to improve its ability to respond to market needs. Given the pace of innovation in a wide range of fields, however, the Group's business results may be affected if it responds inadequately.

10. Intellectual property rights

The Group applies for and obtains necessary patents on technologies and business models and registers trademarks in Japan and overseas to assist its business operations. Although care is always taken to avoid infringing the intellectual property rights of third parties, a claim for damages may nevertheless be made against the Group for infringement of another company's intellectual property rights. The Group's business activities and results may be affected if this occurs.

11. Natural disasters

The Group offers outsourcing and cloud services through data centers and other large IT facilities. These facilities are equipped with various systems and structures to deal with a range of disasters. However, the Group's business activities and results may be affected in the event of a longer than anticipated power outage, major natural disaster, international conflict, act of terrorism, serious crime, or similar event that interrupts the smooth running of data center operations.

12. Securities portfolio

For the sustainable growth and higher corporate value on a groupwide basis, the Group holds stocks to build stable and long-term relationships with suppliers and promote sales, and bonds to utilize surplus capital. Every effort is made to ensure the security of these investments by checking the financial status, performance, and credit rating of the issuers and other relevant factors. However, the Group's business activities and results may be affected in the event of marked fluctuations in the stock market that lead to accounting losses or other such consequences.

(Reference information)

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: 12,703 million yen; date the complaint was received: December 17, 2018).