

# TIS INTEC Group Value Creation Process

We will balance efforts to realize a sustainable society with efforts to achieve sustainable improvement in corporate value by leveraging unified Group management.

<b>Management Philosophy</b>	<b>TIS INTEC Group Philosophy OUR PHILOSOPHY</b>	<b>Mission: To brightly color the future as a mover</b>	<b>P.2</b>
<b>Vision</b>	<b>Group Vision 2026 (2026 Corporate ideal) "Create Exciting Future"</b>	<b>Utilizing leading-edge technology and know-how to realize business innovation and market creation</b>	<b>P.26</b>

### Management Resources

**Diverse workforce**

Number of employees (consolidated basis) (As of March 31, 2021)  
**21,817**

**High technological capabilities**

**Ample experience and know-how**

**Extensive service menu**

Aggregate number of solutions (As of March 31, 2021)  
**About 500**

**State-of-the-art outsourcing network**

**Broad customer base**

Number of clients (As of March 31, 2021)  
**About 15,000 companies in Japan**

**Solid financial position**

Net assets (Year ended March 31, 2021)  
**¥279.4 billion**

Equity ratio (Year ended March 31, 2021)  
**60.0%**

Rating (Long-term) (At November 20, 2020)  
**A/stable**

etc

### Materiality P.19

**Create a society in which diverse human resources are engaged and thrive**

**Create a comfortable society through innovation and joint activities**

**Create a safe society through high-quality services**

**Enhance corporate governance and earn the trust of society**

**SUSTAINABLE DEVELOPMENT GOALS**

### Management strategies/asures for sustainable growth

Medium-Term Management Plan (2021–2023)  
**Be a Digital Mover 2023 P.25**

#### TIS INTEC Group Business Activities

Providing optimum, one-stop support across client system lifecycles and all types of IT-related services

**Service IT Business P.43**

**BPO P.44**

**Financial IT Business P.45**

**Industrial IT Business P.46**

#### Platform that supports value creation of the Group

**Environment P.69**: Contribute to decarbonized society and recycling society

**Social P.63**: Sustainable improvement in stakeholder engagement

**Governance P.48**: Constantly strive for governance that promotes higher level of trust from society

**Secure growth opportunities fueled by trust and fulfilling expectations**

**Improve value exchange through stakeholder engagement**

**Help solve social issues through use of digital technology**

### Value provided to society

Make society's wishes come true through IT.

**Economic value (Fiscal 2021)**

Net sales **¥448.3 billion**  
Operating income **¥45.7 billion**  
ROE **10.8%**

**Social value**

**Shareholders and Investors**

- Sustainable improvement in shareholder value and return to shareholders
- Highly transparent disclosure
- Engaging in constructive dialogue

**Clients**

- Provide the best services
- Plan/propose new application formats for IT
- Lead/support realization of vision and strategies

**Business Partners**

- Create new added-value
- Fair, transparent, open competition and appropriate business practices
- Responsible procurement

**Employees**

- Provide opportunities for growth and personal development
- Provide environment that is safe and comfortable
- Promote diversity

**Community / Society**

- Provide systems that support a high-level information society
- Living life feeling safe and secure
- Reduce environmental impact





**As a mover using digital technology, we will work toward sustainable improvement in the corporate value of the TIS INTEC Group.**

Yasushi Okamoto, who assumed the position of president at TIS in April 2021, talks about the new management structure, key points of the new medium-term management plan and his vision for the future.

Yasushi Okamoto, President

Joined Toyo Information Systems Co., Ltd. (now, TIS Inc.) in 1985. After gaining experience as network-based systems engineer and project manager, he was put in charge of corporate planning at TIS and at a Group company, providing insights into ERP and industry-based operations. Most recently, he was responsible for the service strategy sector. He assumed the position of President at TIS in April 2021.

**About the new management structure**

**“We clarified the execution of business activities and the function of governance and started out again under a new management structure.”**

TIS introduced a new management structure in April 2021. Our two vice-presidents—Masahiko Adachi and Josaku Yanai—join me as representative directors responsible for the execution of business activities, while Toru Kuwano, who as president before me also held the position of chairman, is now in a non-executive role as chairman and will strive to reinforce the corporate governance structure from the perspective of supervising the business execution that directors perform.

The TIS INTEC Group is a big organization, with more than 20,000 employees. Consequently, to lay out plans that encompass the Group, the management team comprises not only myself and the other two representative directors but also TIS’ executive officers and senior management at each Group company. Final decisions on various issues, such as how we achieve our future vision, are made through careful consideration by top management, but to reach such decisions requires a sufficient level of discussion based on diverse perspectives and positions. We duly acknowledge the function of governance in reaching the right decisions and recognize the connection between governance and building the necessary structure to develop the next generation of corporate leaders. Since assuming my position as president in April, I have had robust conversations and exchanged opinions with the management team, and the new management structure appears to be off to a good start.

As a member of senior management, I will do my utmost to see the TIS INTEC Group post continuous growth and attain higher corporate value, underpinned by four key points: unified Group management, sustainability management, an emphasis on profitability and, an extremely vital factor that supports these first three points, enhanced frontline activities.

**About Medium-Term Management Plan (2021–2023)**

**“We will promote further structural transformation on this second step of our journey toward Group Vision 2026.”**

The TIS INTEC Group embarked on a new, three-year medium-term management plan\*1 in April 2021. Back in May 2017, TIS announced Group Vision 2026 and defined the image that the Company wants the Group to project under “Create Exciting Future—Utilize advanced technologies and know-how to realize business innovation and market creation.” The previous medium-term management plan was the first step toward achieving Group Vision 2026, and the Group made steady

progress, substantiated in terms of both numbers and strategies, with key financial targets for the final year met a year ahead of schedule and structural transformation moving solidly ahead. We expanded the scope of service-style business\*2, which has been tapped as a growth engine, while in core businesses, hinging especially on customized system configuration, we welcomed active client interest in solutions to management concerns and requests for proposals built from a shared vision of the future to address social issues. However, structural transformation of the TIS INTEC Group will never end as long as society continues to change. As the second step on our path to the future, Medium-Term Management Plan (2021–2023) will be a time for us to enhance our value chain with improvement in the value provided in digital transformation—“DX”—services. By engaging in further structural transformation, we will grow the Group and be better positioned to address social issues.

\*1 For details on Medium-Term Management Plan (2021–2023), please go to page 25.

\*2 Service-style business: Business that delivers an unspecified number of accessible, standardized services to a certain sector/industry instead of customizing configuration and installation of standard formats, including systems, to individual requirements.

**“Buddy power and active communication capabilities are essential.”**

One of the key points of Medium-Term Management Plan (2021–2023) is, as I mentioned above, enhanced frontline activities. This can be interpreted in various ways, such as strengthening marketing and consulting capabilities to reinforce the frontline, which is our point of contact with clients and society as a whole. But I’m inclined to say it carries the idea of building “buddy power,” that is, strength as a team. This buddy power—between TIS INTEC Group companies and clients and, further, to connections with different business partners and project participants—is vital in our efforts to provide solutions that truly address management issues at client companies as well as emerging social issues. And I believe active communication capabilities are essential to increase buddy power.

The TIS INTEC Group’s biggest strength is its ability to build systems, backed by years of expertise accumulated as a composite systems integrator. In business activities to date, where we build and operate systems tailor-made to client requirements, communication tended to be passive. But we have to be able to anticipate changes in society and changes in client needs and then respond flexibly and with a sense of speed, so it is vital for everyone, from the managerial level, that is executives—including myself and division managers within the Group—all the way to frontline employees, to enhance respective active communication capabilities.



## Sustainability Management

**“The medium-term management plan is built upon OUR PHILOSOPHY and sustainability management.”**

Medium-Term Management Plan (2021–2023) is, of course, based on an underlying universal concept in the Group’s approach to business—the concept of sustainability management\*<sup>3</sup> hinging on OUR PHILOSOPHY. This—the Group’s basic philosophy—reflects our mission “To brightly color the future as a mover utilizing digital technology.” “Digital technology” speaks to the Group’s technological capabilities, “mover” conveys active progress, and “brightly color the future” is a reference to the availability of choices and options to solve various social issues.

Through sustainability management, the TIS INTEC Group will improve value exchange with stakeholders, which will increase social value—that is, a high level of trust from society—as well as economic value—namely, high earnings for Group companies. In turn, this will facilitate a solid contribution to a sustainable society and continued improvement in corporate value.

Our slogan for Medium-Term Management Plan (2021–2023) is “Be a Digital Mover 2023.” We identified four social issues that we can ameliorate through our business activities. They are financial inclusion, health issues, urban concentration/rural decline and low-carbon/decarbonized society. We also set a target of ¥50 billion in sales from services that provide solutions to social issues\*<sup>4</sup> and made this target one of our key performance indicators. The selection of priority themes and numerical targets exemplifies the deep connection between sustainability and business management.

\*<sup>3</sup> For details on sustainability management, please refer to page 19.

\*<sup>4</sup> Sales from services that provide direct solutions to social issues of concern to the TIS INTEC Group, which represent a numerical target for managing business growth as part of strategic domain operations.

## Key Points of Medium-Term Management Plan

**“We will promote DX from a client perspective.”**

Medium-Term Management Plan (2021–2023) highlights improvement in the value of DX services provided to clients. DX has various interpretations, but I would define it as a process that cuts through three IT-related layers. The first layer comprises two points that link IT solutions and various systems, and analyze data. The second layer features three types of IT systems used by clients, namely, systems for back-office operations, for front-office operations and for services provided to customers. The third layer represents systems by industry and business format. A single axis—perhaps payment services—runs through these three layers to make operations more efficient and sophisticated.

Anyway, ultimately, we have to promote the necessary embrace of DX from a client perspective. For example, if we apply our ERP-related business\*<sup>5</sup> to these three layers, various DX opportunities are possible, such as enhancing financial analysis from back-office systems, elevating the level of customer support using data analysis from front-office systems, and then drawing on this know-how to create services matched to industry and format. We would actively and repeatedly test hypotheses on issues of real concern to our clients, sift through the results and make proposals, and take responsibility for the process until the issues that concern our clients have been resolved. By maintaining this approach, we expect to significantly improve the value of the DX services we provide.

\*<sup>5</sup> ERP (Enterprise Resource Planning): Integrated system for mission-critical operations that centrally manages business resources and information needed to execute mission-critical business activities.

**By engaging in further structural transformation, we will grow the Group and be better positioned to address social issues.**

**“We will accelerate efforts to help solve social issues through our business activities.”**

Over the course of Medium-Term Management Plan (2021–2023), we will continue diligent efforts to expand systems integration activities in the Group’s core segments—Financial IT Business, Industrial IT Business and Service IT Business—while positioning service-style businesses, hinging on payment services, as a growth engine.

As a group, we are developing demand for PAYCIERGE, a digital payment settlement platform that draws on expertise accumulated in systems integration, and provides services needed for all kinds of cashless retail payments. Going forward, we will focus our energy on establishing a new pillar of revenue with the debut of CreditSaaS\*<sup>6</sup>, which is currently still in preparation. Also, in the healthtech sector, we have already started promoting Healthcare Passport—a platform that provides health information—through a university hospital, and we will leverage activities to grow this services into a business of national scale. Through local currency verification trials in Fukushima Prefecture and a marketing push to local hospitals using the client base of TIS INTEC Group companies, our cashless payment services and efforts to address healthcare issues have the potential to contribute to regional renaissance.

Looking to the future, we are also directing effort into artificial intelligence (AI) and robotics. Currently, we are developing RoboticBase\*<sup>7</sup>, which utilizes data analysis and integration know-how accumulated through systems configuration, and we are keen to leverage the service robot integration business hinging on RoboticBase. Expectations are high for the dynamic use of service robots, which do the work of humans across a broad spectrum of service sectors, from security patrols to cleaning jobs. This is because service robots are a solution to a pressing social issue—the labor shortage caused by a low birthrate and a greater proportion of seniors in the population. We are making steady progress on projects that will facilitate practical use of robots in society, including verification tests in July 2021 on a conveyance service using autonomous mobile robots under a joint project with the University of Aizu in Fukushima Prefecture.

\*<sup>6</sup> CreditSaaS: SaaS-type service that maximizes technology and know-how in mission-critical systems for credit card operations to provide all aspects of the environment required for the credit card issuing process. Official name: Credit processing service (<https://service.paycierge.com/solution/credit-processing-service/>) (Japanese only)

\*<sup>7</sup> RoboticBase: A platform for realizing integrated control of multiple service robots and supporting communication among robots, sensor-equipped environments and people.

## Human Resources Strategy

**“We will improve the work environment to create a more comfortable, free-and-open atmosphere for employees.”**

Groupwide, the most valuable management resource we have is without a doubt our people. Boosting employee performance will be the driving force that fuels future growth of the TIS INTEC Group. Toward this end, we will continue to take a robust approach to strategic initiatives that support the development of human resources.

In the Tokyo area as of 2021, we have a two-point core office system. The business functions of TIS and INTEC have been transferred and centralized at the new Toyosu Office, in Koto-ku, while corporate functions for both companies are now executed at the Nishi-Shinjuku Office. Of note, the Toyosu Office features collaboration rooms, where outside participants meet with in-house staff on joint projects, and the Group’s advanced technology is accessible everywhere. Our goal is to enhance communication synergy between groups in a free-and-open, comfortable working environment.

Going forward, legal compliance and heightened security will be priorities, of course, and we will create a structure that enables employees to pursue their duties with greater freedom of thought. We will shape an ideal organization matched to prevailing conditions, such as a changing business environment, and constantly improve our human resources system. Over the past few years, TIS has made steady progress in building a comfortable working environment. Looking ahead, we will deepen communication by encouraging one-on-one meetings and other approaches to performance management that link social contribution through business with self-realization goals by employees. Also, with an eye to the future, we are moving ahead with preparations to introduce a new personnel evaluation program in the next fiscal year, ending March 31, 2023.

For progressive measures at TIS and companies under the Group umbrella to permeate groupwide, we must share best practices at a practical level through such structures as a Group human resources liaison committee. At the same time, the executive team, which includes me, will actively pursue opinion exchange through such opportunities as the Group Presidents’ Committee. These approaches will enhance human resources programs on a groupwide basis and create a productive and comfortable work environment.



## Growth Investment

“We will undertake growth investment of about ¥100 billion over three years.”

The TIS INTEC Group is engaged in structural transformation, a process that will fuel further growth. Robust investment is indispensable to this process. Therefore, we have earmarked ¥70 billion for M&A (capital contributions) over the three years of Medium-Term Management Plan (2021–2023) along with investment of ¥30 billion to reinforce in-house capabilities, for a total of ¥100 billion.

Our M&A policy seeks to build on channels and technology by strengthening our alliances with awesome partners and accelerating business growth. In particular, mutual understanding is indispensable to alliances on the channel front, keeping in mind the possibility of that company becoming part of the TIS INTEC Group in the future. For this reason, we start off with a minor capital contribution and business alliance, deepen the relationship over time and, based on this, if we see the potential for reciprocal, long-term development of our relationship, we increase our equity stake. The key factor in this decision is whether or not management at the target company embraces the concepts of OUR PHILOSOPHY in the same way we do.

To reinforce in-house capabilities, our emphasis will be on software investment in growth domains, such as payment and healthtech service-type businesses, R&D investment, particularly R&D in AI, robotics and molecular computers, in addition to human resources investment to enhance the skills of our people.

## To Our Stakeholders

“We will work toward the creation of a more pleasant (comfortable and convenient) society.”

Since my appointment to the position of president was decided on, I have set up as many opportunities as possible to convey my thoughts on business and my picture of the future directly to directors and employees throughout the Group. I wanted to put into practice the idea of independence and autonomy.

The future TIS INTEC Group that I see is one where we demonstrate our composite strength as a systems integrator and always work to find solutions to social issues and thereby contribute to the realization of a happy society. I may be repeating myself but this picture of the future will be built on free and open discussion and communication within the Group and also with external experts and associates. This extends to our stakeholders as well. To fulfill our role as a public entity, we must present opportunities to talk about the future that we shape with a diverse group of stakeholders free of bias. Guided by OUR PHILOSOPHY, we will strive to achieve sustainable improvement in the corporate value of the Group and enhance value exchange with our stakeholders as a mover utilizing digital technology. On this journey, I ask for your continued support and cooperation.

We will leverage high-added-value business and accelerate solutions to social issues through our business activities.

**Josaku Yanai, Representative Director, Executive Vice-President**

We are right now in the midst of great change. Key factors include environmental issues, demographic changes, progress in digital technology, and a major reimagining of workstyles, kindled by the COVID-19 pandemic, and against this backdrop, companies in many industries have been rethinking—transforming—the way they do business. Many of our clients saw an urgent need to revamp business processes and business models under the new normal, and we saw an increase in requests for advice on what to do.

In this business climate, the TIS INTEC Group naturally strives to fulfill its mission to support key social infrastructure through daily business activities. But efforts do not stop there. By providing new value to clients and to society, the Group will firmly meet its obligation to contribute to a comfortable society.

The themes that we must address are diverse, from building trust and a track record in the DX domain, based on accumulated system integration IT configuration capabilities, as well as further progress in service-style business in the payment settlement area, which is our biggest strength, and wider value chain connections on a global scale. These themes are vital to the achievement of our mission to contribute to the success of our clients and the creation of a better society as a mover using digital technology.

We will establish a solid management platform that supports business growth and forge ahead as a sustainable corporate group.

**Masahiko Adachi, Representative Director, Executive Vice-President**

With the TIS INTEC Group pushing ahead on structural transformation to achieve Group Vision 2026, it is vital to maintain robust prior investment that connects new businesses and other pursuits to future growth. Improving profitability and faithfully meeting expectations on return to shareholders are also important, and it goes without saying that a much more resilient financial position is indispensable to these objectives. Going forward, we will continue to promote management practices from a capital cost perspective, covering such issues as investment management and risk control. In addition, we will strive for harmony with society, from a long-term perspective, with initiatives targeting the environment, climate change and human rights—urgent themes for society overall—and we will realize a higher level of management that meets the demands of society. Through these efforts, we will solidly meet the rising expectations placed upon a corporate group that embodies sustainability.

## Fiscal 2022 Group Management Direction

1. Leverage initiatives to improve corporate value and value provided to society through sustainability management
2. Reinforce efforts to make services more high-value-added through productivity innovation and improvement in value provided in DX services
3. Firmly maintain financial health while emphasizing growth investment to enhance ability to provide DX value
4. Leverage growth strategy seeking to become top-class IT group in ASEAN regions and cement strong governance
5. Constantly boost employee motivation and develop human resources brimming with diversity to fuel DX shift

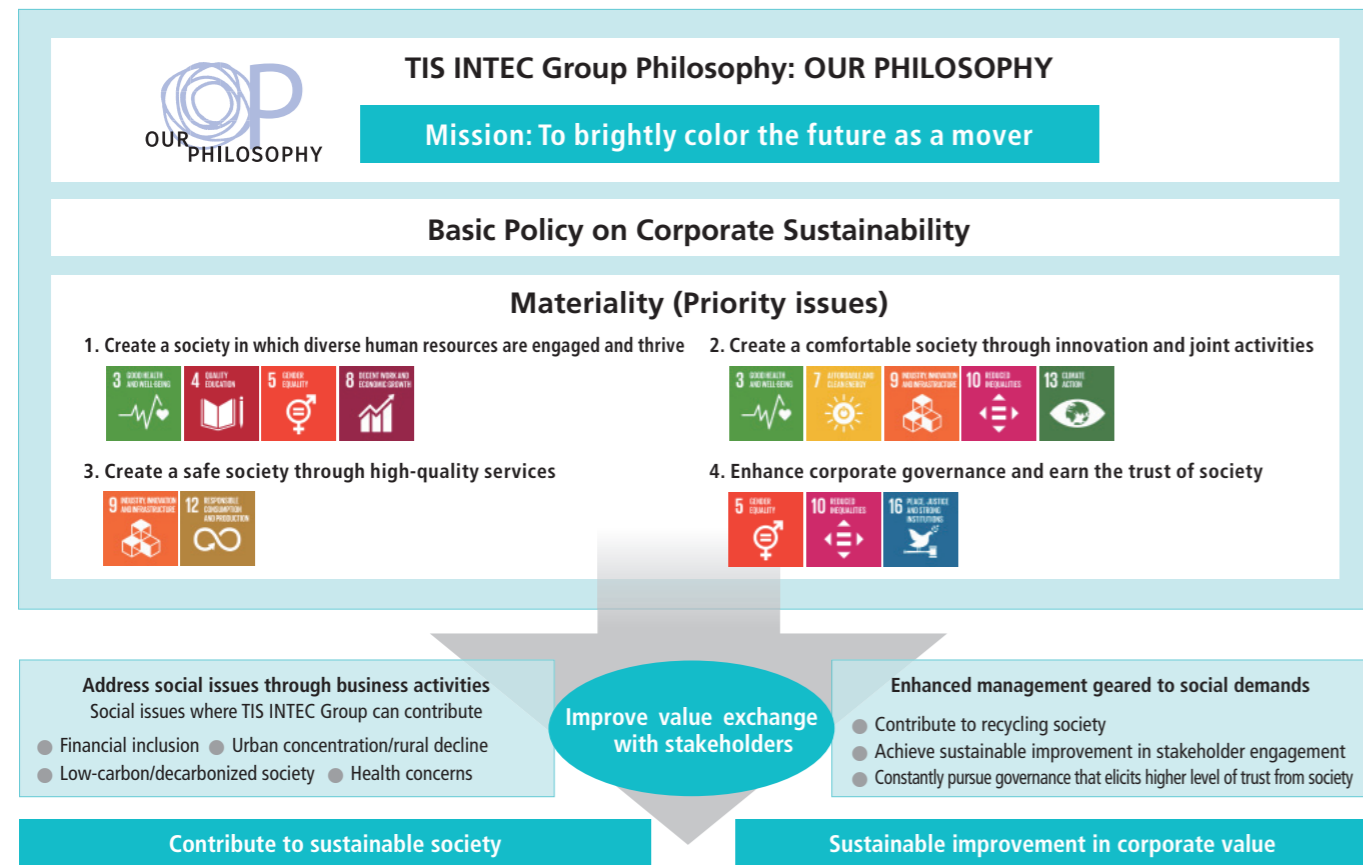


Captions  
Yasushi Okamoto, President (center)  
Masahiko Adachi, Representative Director,  
Executive Vice-President (left)  
Josaku Yanai, Representative Director,  
Executive Vice-President (right)

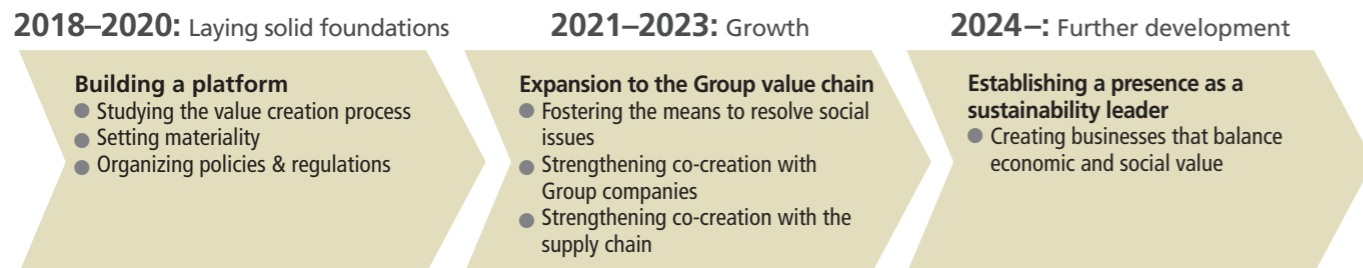


## Seeking to deepen sustainability management

TIS INTEC Group will reinforce its commitment to corporate social responsibility through its contribution to the sustainable development of society by resolving social issues through its business, and will further strengthen its corporate sustainability initiatives.



### Changes in the Group's sustainability promotion activities



### Collaboration with initiatives

The Group participates in various initiatives aimed at promoting sustainability

Notably, the Group signed on to the U.N. Global Compact and was registered as a participant as of July 19, 2018.

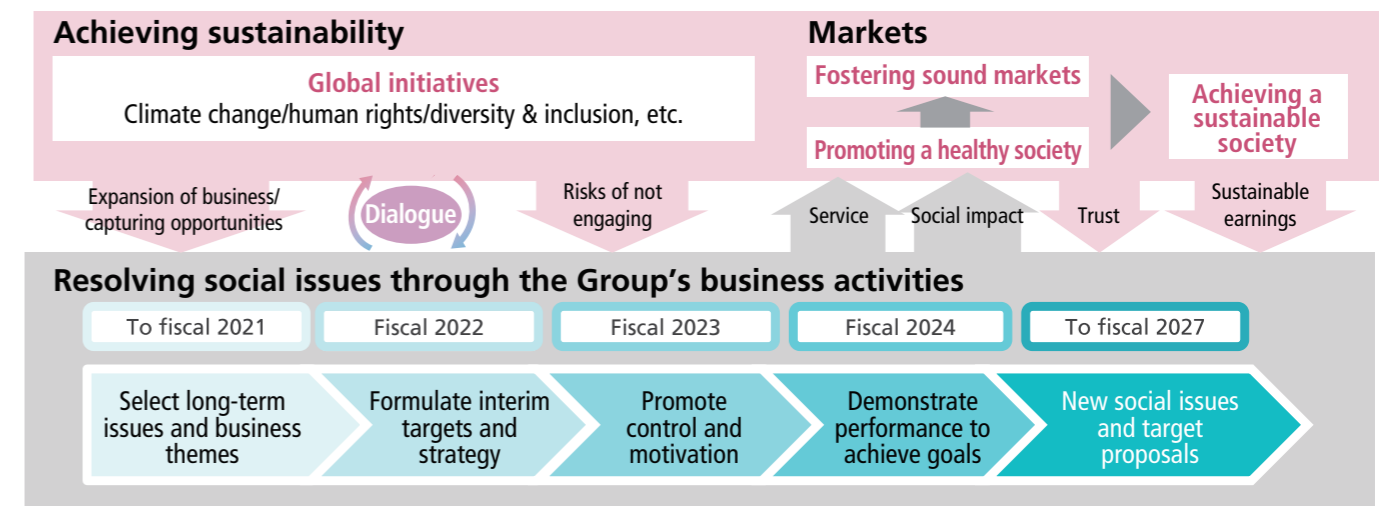
Acting in accordance with the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption set forth in the Compact, we encourage every employee to get involved in fulfilling our corporate social responsibilities and promote activities that support sustainable social development.



The Group will accelerate creating shared value (CSV) management, which integrates corporate activities with action to improve social sustainability, by placing the expansion of services that contribute to the resolution of social issues at the core of its business growth strategy and addressing social issues from a global perspective.

## Resolving social issues through business activities

We will expand our services to create both economic and social value based on business opportunities and risks from global initiatives to realize a sustainable society and enhance corporate sustainability.



## Enhancement of management in response to social needs

### Advancement of management as a unified Group

We aim to improve the quality of management by introducing data-driven management methods for non-financial matters.

- We will establish a quantitative management system for non-financial information as well as financial capital to efficiently link all the capital of the Group to earnings.
- We will enhance motivation for environment, social and governance (ESG) promotion by introducing KPI's for non-financial metrics in the Group's organizational assessment.

### Integration of sustainability promotion and management

The Medium-Term Management Plan (2021–2023) will focus on the following three areas.



### Reporting on the TIS INTEC Group Human Rights Policy

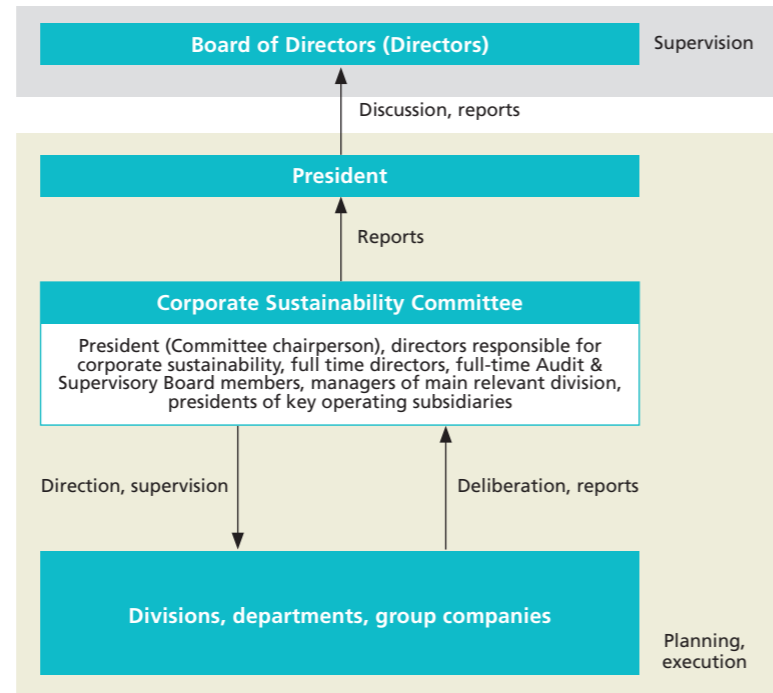
As part of the Group's work to identify and rectify negative changes in society, we formulated and released the TIS INTEC Group Human Rights Policy in May 2021 to promote initiatives in line with the United Nations' Guiding Principles on Business and Human Rights. ([https://www.tis.com/group/sustainability/social/human\\_rights/](https://www.tis.com/group/sustainability/social/human_rights/))

In accordance with this policy, the Group will conduct human rights due diligence and report on progress in its Integrated Report and on the Group's website. It will also engage in broad dialogue with stakeholders to contribute to the realization of people's happiness and a sustainable society in the future.

## Sustainability promotion system

We have established a management structure centered on the Corporate Sustainability Committee, which is chaired by the President, to promote corporate sustainability activities throughout the Group.

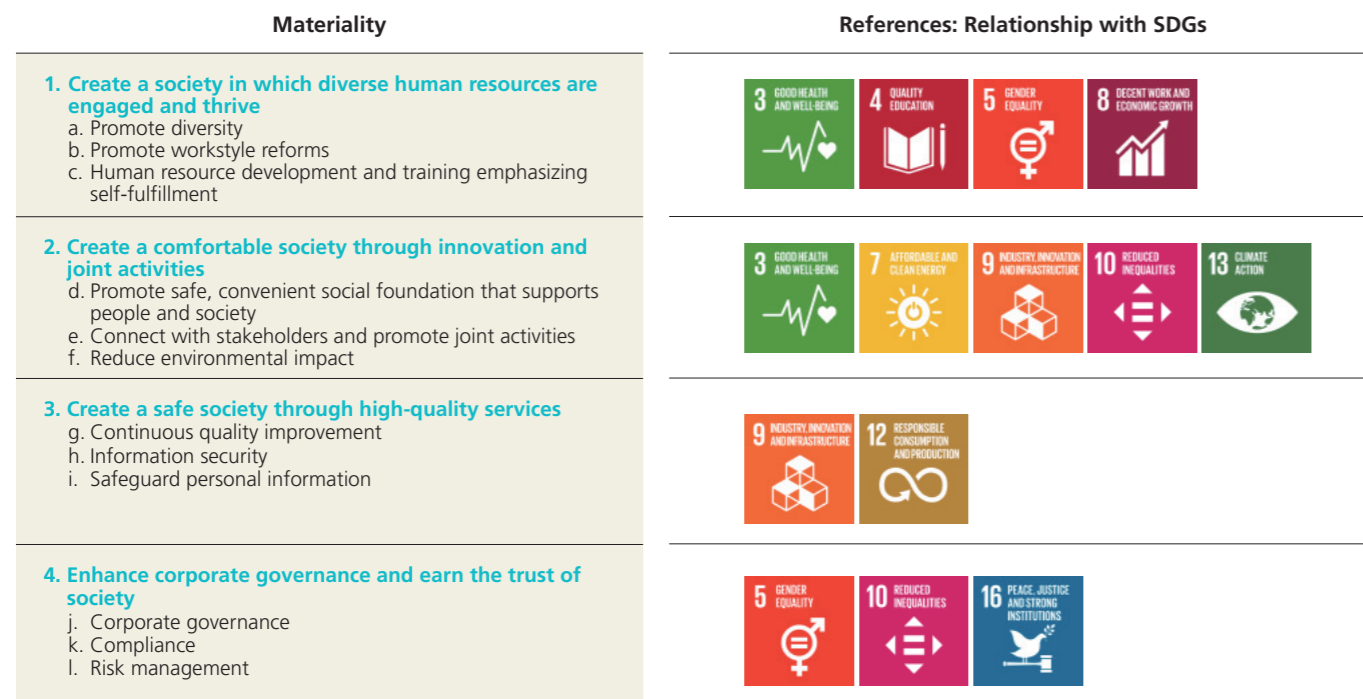
The Committee is responsible for planning and promoting the Group's sustainability activities and materiality (human resource management, stakeholder engagement, environmental conservation, human rights, quality management, corporate governance and related issues). The Corporate Communications Office was established to serve as the secretariat to ensure smooth operation.



## Materiality (key issues) for the TIS INTEC Group

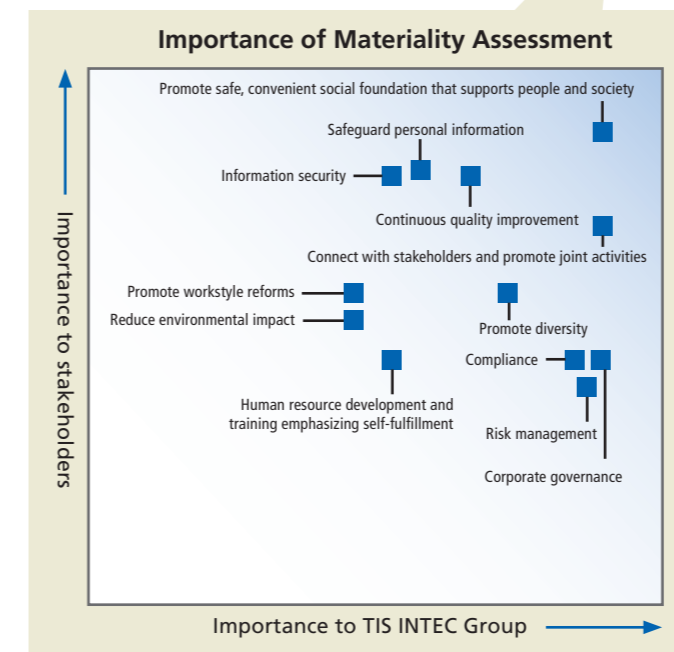
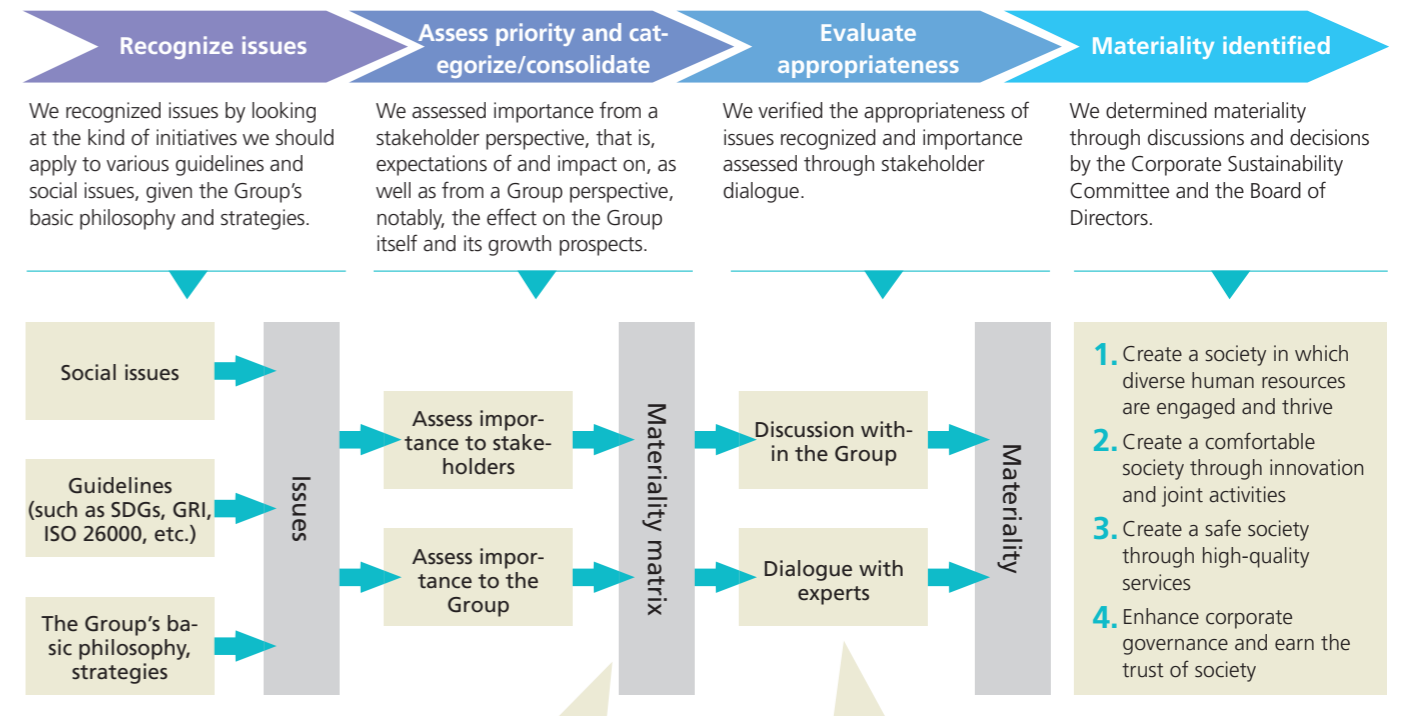
To strengthen measures for corporate sustainability, TIS identified materiality as a key issue for the Group in fiscal 2019, and clarified priority themes where efforts would be focused, considering stakeholders' expectations of us, our impact on society, and the Group's strength.

The Group will promote materiality measures and contribute to the solution of social issues and achievements of the related United Nations' Sustainable Development Goals (SDGs) through our corporate and business activities.



Please visit the following page for details of our activities related to materiality:  
<https://www.tis.com/group/sustainability/materiality/>

## Identifying Materiality



### Expert Feedback (Dialogue with experts)

"The Group is responding in a well-balanced manner to stakeholders' expectation. We validate that the process they use to identify materiality is logical."  
"Areas in which we witnessed application of more sophisticated measures was in the continual examination of society both retrospectively and from a future long-term perspective."

Please visit the following page for details of dialogue with experts:  
<https://www.tis.com/group/sustainability/materiality/#dia>

## Sustainable Development Goals

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 expected to participate as vital partners, contributing to the SDGs through their respective core businesses.

