

Platform that Supports Value Creation of the Group

The Group is promoting efforts focusing on E (environment), S (social) and G (governance) as an important framework to support its value creation. In addition, TIS strives to build bonds of trust through active communication with all stakeholders and to promote sustainable corporate value in harmony with the evolving values of society.

Platform that supports value creation of the Group



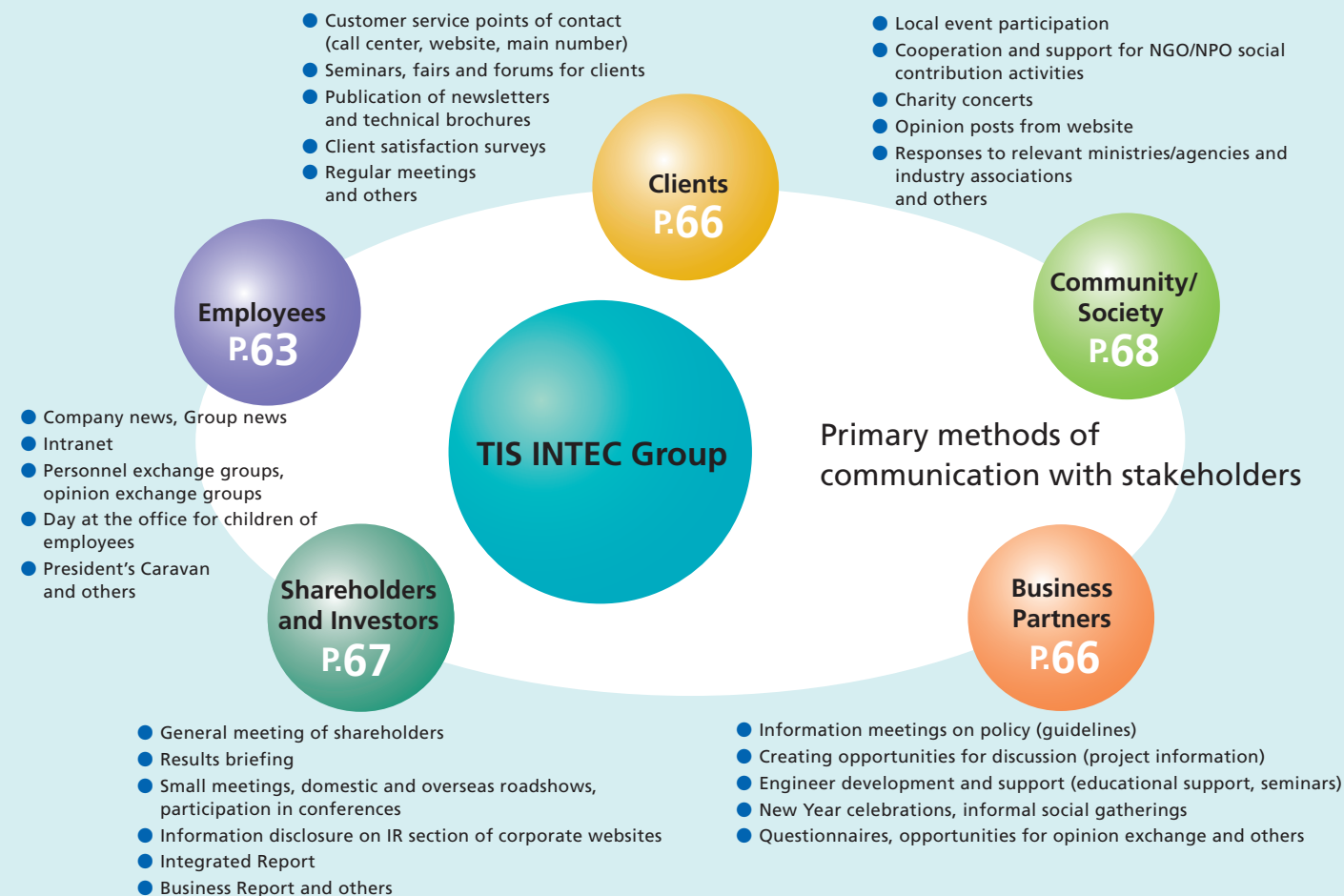
Environment
Contribute to decarbonized society and recycling society
P.69

Social
Sustainable improvement in stakeholder engagement
P.63

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

Stakeholder Engagement

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.



The Group seeks to enhance corporate governance and internal controls, which are its core subjects. The focus is also on promoting quality control/ production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as evolving risk management processes, including information security and compliance.

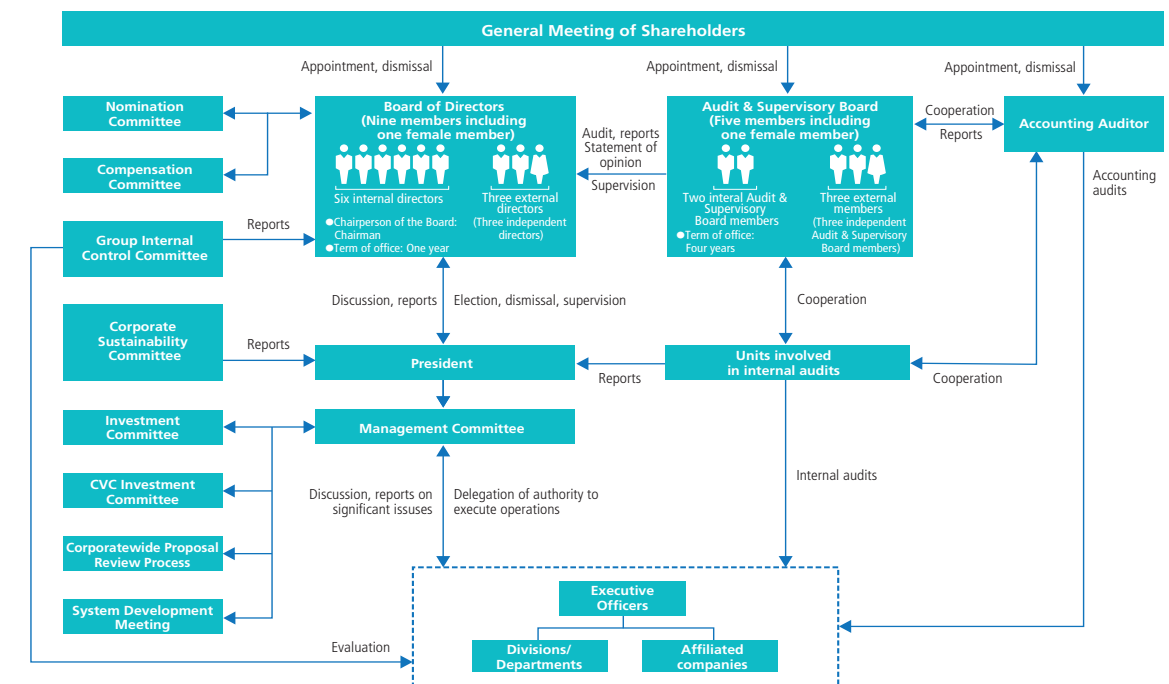
Corporate Governance

Basic Policy

Based on basic corporate governance policies, TIS consistently pursues the best corporate governance practices and constantly works to enhance 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 in their treatment.
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.

Corporate Governance Structure



Committees and Other Bodies

Group Internal Control Committee	Promote various measures to maintain and improve the internal controls of the Company and its subsidiaries, to evaluate the operational status of the internal control systems and to recommend any corrective action to be taken to the Board of Directors, if necessary.
Corporate Sustainability Committee	Check and evaluate the status of the corporate sustainability activities of the Group as a whole.
Investment Committee	Verify/advise on plans for investment projects, monitor ongoing projects and assess whether to continue them with the aim of minimizing related risks and earning higher returns on investments.
CVC Investment Committee	Before making corporate venture capital (CVC) investments for the purpose of enhancing alignment with venture capital companies in the form of open innovation in order to (1) create new business, (2) expand existing businesses, and (3) promote business collaboration with customers, decide whether or not to execute an investment and monitor the executed investment.
Corporatwide Proposal Review Process	For large-scale projects to be addressed by the Group as a whole, review drafts prior to actual proposals to customers, in order to detect and reduce risks as early as possible.
System Development Meeting	Identify potential risk factors in large-scale projects to be undertaken by the Group as a whole, develop measures to prepare for risks and resolve materialized issues, and terminate any project with losses.

Compliance with the Corporate Governance Code

TIS complies with all principles of the Corporate Governance Code. The status of the Company's responses to each principle of the Corporate Governance Code is described in the Corporate Governance Report.

Reason for Selection of Current Corporate Governance Structure

TIS has 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. Drawing on advice and recommendations from an independent standpoint ensures the validity and appropriateness of decision-making by the Board of Directors.

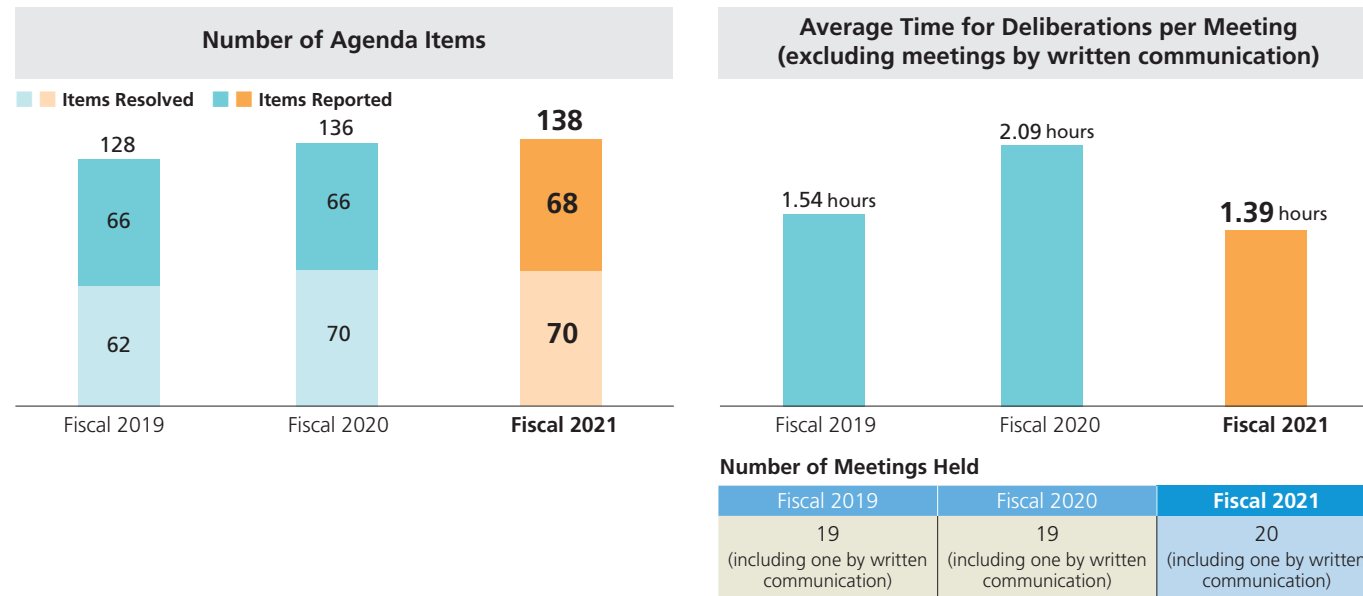
Directors and Board of Directors

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, it 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 for external directors to exchange opinions with the President and convenes meetings that involve only external directors and external members of the Audit & Supervisory Board. This facilitates smooth but vigorous discussion by the Board of Directors.

Year ended March 31, 2021 **Board of Directors: 20 meetings held; 138 agenda items discussed (70 items resolved and 68 items reported)**



Management Committee

The Management Committee convenes twice a month in principle, where members deliberate and report important matters related to the execution of business activities throughout TIS and the Group. The committee consists of the President and Representative Director, as the chairperson, and general managers, directors in charge, division managers, and the head of the Corporate Planning Department, as attendees. If necessary,

the chairperson can request the attendance of Directors and Executive Officers. If deemed necessary for agenda items related to a Group company, the chairperson can request the attendance of its president and others to get explanations, opinions or reporting. Audit & Supervisory Board members can attend the committee meeting and, if necessary, express opinions.

Year ended March 31, 2021 **Management Committee: 40 meetings held; 277 agenda items discussed (151 items resolved and 126 items reported)**

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 2021 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 held 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. The Company's Board of Directors used the responses to analyze and evaluate the effectiveness of the Board of Directors. Note that TIS conducted this 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, based on Company regulations, that sufficient effectiveness had been achieved to appropriately supervise the approval of important management matters and business execution, such as the status of business activities and investments at the Company and Group companies. In addition, the Board of Directors

concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of effectiveness evaluations conducted in previous years.

However, management acknowledged the importance of promoting discussions to further improve sustainability and medium- to long-term corporate value and monitoring by the Board of Directors, and strengthening the Group's capabilities to address risks 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) Promote discussions to further improve sustainability and medium- to long-term corporate value and monitoring by the Board of Directors
The Board of Directors will secure sufficient time to have discussions to further improve sustainability and medium- to long-term corporate value, review the authorities held by the meeting bodies within the Group, and improve the Board's function to monitor medium- to long-term strategies.

(2) Strengthen the Group's capabilities to address risks
With a recognition of the need to strengthen our capabilities to address risks inherent in the Group in a cross-functional manner, the Board of Directors will complete a PDCA (plan-do-check-act) cycle for the Group risk management and to strengthen capabilities to address risks by having meetings to exchange opinions and to report the status of internal control risk management and its three-line defense protocol.

Nomination Committee and Compensation Committee

The Nomination Committee and the Compensation Committee were established as advisory bodies to the Board of Directors to ensure objectivity and transparency in decision-making processes pursuant to appointment of directors and associated compensation and to strengthen the corporate governance structure.

	Nomination Committee	Compensation Committee
Role of committee members	Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals	Provide advice on matters related to decisions on compensation for directors
Status of activities by committees (Fiscal 2021)	<ul style="list-style-type: none"> Held seven times in fiscal 2021 with 100% attendance of all the members 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. Gave advice on future approaches for a succession plan based on the current status shared by the members. 	<ul style="list-style-type: none"> Held six times in fiscal 2021 with 100% attendance of all the members 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. Made proposals to the Board of Directors on director compensation, based on the results of discussion by the Committee.















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 Company's 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. For directors, the Board of Directors considers nominations based on the advice of the Nomination Committee, the majority of members of which are independent external directors.

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.

Board of Directors and Audit & Supervisory Board Members

Directors							Audit & Supervisory Board Members								
															
	Chairman	Representative Director, President	Representative Director, Executive Vice President	Representative Director, Executive Vice President	Director	Director		Director	Director	Director	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member
								External/Independent	External/Independent	External/Independent			External/Independent	External/Independent	External/Independent
	Toru Kuwano	Yasushi Okamoto	Masahiko Adachi	Josaku Yanai	Takayuki Kitaoka	Akira Shinkai		Koichi Sano	Fumio Tsuchiya	Naoko Mizukoshi	Tetsuya Asano	Tatsufumi Matsuoka	Sadahei Funakoshi	Yukio Ono	Akiko Yamakawa
Date of birth	May 3, 1952	March 3, 1962	May 9, 1956	November 14, 1963	December 14, 1960	March 24, 1959		August 30, 1948	May 10, 1948	September 23, 1967	October 22, 1960	December 2, 1957	August 15, 1954	January 1, 1950	April 5, 1973
Cumulative term of office	8 years	3 years	3 years	5 years	3 years	3 years		5 years	4 years	3 years	1 year	2 years	5 years	1 year	1 year
Number of shares owned (thousand shares)	163	50	43	53	13	17		3	—	1	7	10	1	0	—
Attendance at meetings															
Board of Directors Attendance/ Number of meeting (Attendance rate)	20/20 (100%)	20/20 (100%)	20/20 (100%)	20/20 (100%)	19/20 (95%)	20/20 (100%)		20/20 (100%)	20/20 (100%)	19/20 (95%)	13/13 (100%) (Since assuming office on June 24, 2020)	20/20 (100%)	20/20 (100%)	12/13 (92%) (Since assuming office on June 24, 2020)	13/13 (100%) (Since assuming office on June 24, 2020)
Audit & Supervisory Board Attendance/ Number of meeting (Attendance rate)	—	—	—	—	—	—		—	—	—	11/11 (100%) (Since assuming office on June 24, 2020)	13/13 (100%)	13/13 (100%)	11/11 (100%) (Since assuming office on June 24, 2020)	11/11 (100%) (Since assuming office on June 24, 2020)
Nomination Committee ●Chairperson ○Committee member		○						○	○	●					
Compensation Committee ●Chairperson ○Committee member		○						○	○	●					
Skills															
Corporate Management	●	●	●	●	●	●		●	●		●	●			
Industry Knowledge	●	●	●	●	●	●			●	●			●		
International Experience	●	●		●					●	●			●	●	●
Finance & Accounting			●					●			●	●		●	
Legal										●					●

Executive Officers

Senior Managing Executive Officer	Jun Ikimune	Executive Officer	Hirofumi Akashi	Executive Officer	Yasushi Tajima
Senior Managing Executive Officer	Masahiro Hosokawa	Executive Officer	Masahiro Mikami	Executive Officer	Ikuo Shimizu
Senior Managing Executive Officer	Shinichi Horiguchi	Executive Officer	Satoru Tayasu	Executive Officer	Isao Otokita
Senior Managing Executive Officer	Kiyotaka Nakamura	Executive Officer	THANAWAT LERTWATTANARAK	Executive Officer	Yoshiyuki Hayashi
Managing Executive Officer	Masahiro Ueda	Executive Officer	Hiroto Ito	Executive Officer	Masakazu Kawamura
Managing Executive Officer	Tsuyoshi Fukuda	Executive Officer	Manabu Yano	Executive Officer	Kensaku Furusho
Managing Executive Officer	Kei Ando	Executive Officer	Hidehiko Shimoyama	Executive Officer	Reiko Oka
Managing Executive Officer	Naoto Kita	Executive Officer	Kyoko Takayanagi		
Managing Executive Officer	Hisashi Shimizu	Executive Officer	Tsuneyoshi Ito		
Managing Executive Officer	Akira Ogane				

Training Policy for Directors and Audit & Supervisory Board Members

For directors and auditors, including external directors and external auditors, the Company will arrange and support the cost of training opportunities that are appropriate. 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 develop these attributes during the term of office.

Summary of Content of Liability Agreements

In accordance with Article 427, Paragraph 1, of the Companies Act, each of the external directors and the external Audit & Supervisory Board members 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 as Minimum Liability Amount in Article 425, Paragraph 1, of the same law.

(Reference) Our Efforts on Group Management

To improve corporate value through unified group management, the Group focuses on improving performance by completing a PDCA (plan-do-check-act) cycle with reference to current key performance indicators (KPIs).

TIS and Group companies evaluate their performance based on financial indicators, including shared Group KPIs and process indicators related to customers, internal processes, and learn

and growth initiatives. In addition, to ensure completion of the PDCA cycle, a Group Business Meeting is held on a quarterly basis to report on budgets and the progress of major activities at Group companies, and to discuss measures taken to address important issues. A Group President Meeting is also held on a monthly basis to share information on Groupwide issues and performance.

Outline of Policy on Officers' Remuneration

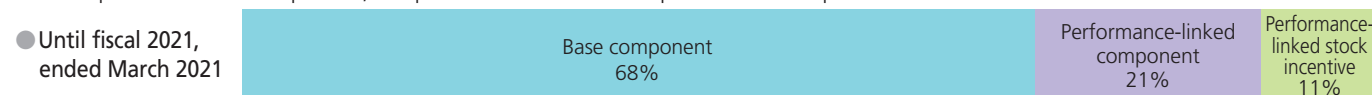
(1) Determination of compensation

The Company has established the Compensation Committee, comprising mainly independent external directors, as an advisory body to the Board of Directors to ensure objectivity and transparency in the process for determining compensation and to strengthen the corporate governance structure.

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 with and suggestions by the Compensation Committee.

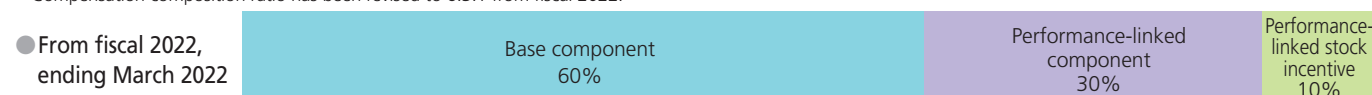
(2) Structure of officers' compensation

As shown below, compensation to Company directors consists of a basic component, a performance-linked component and performance-linked stock incentive. When measures of Company performance are achieved to the maximum degree, compensation will comprise the basic component, the performance-linked component and the performance-linked stock incentive in a ratio of 7:2:1.



* 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 of making 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.

* Compensation composition ratio has been revised to 6:3:1 from fiscal 2022.



(3) Structure of compensation for External Directors and Audit & Supervisory Board members

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.

(4) Other

- Upon the introduction of the performance-linked stock incentive plan, the Board of Directors decided to stipulate a provision for illegal acts in the Stock Delivery Regulations. The provision allows the Company to reclaim the amount equivalent to the shares delivered to violators and cancel any points accrued under the performance-linked stock incentive scheme explained below.
- To reflect medium- to long-term business performance, directors (excluding outside directors) are asked to contribute 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.

● Process for determining executive compensation

- Attainment of business goals and achievement of business plans formulated at the beginning of the fiscal year in accordance with the medium-term management plan are evaluated at the Performance Evaluation Meeting held in late May.
- The President and Representative Director evaluates the directors and Audit & Supervisory Board members at the meeting referred to in (a) above.
- The Compensation Committee meets in the middle of June to consult on the results of the evaluation in (b) above and on the appropriate amounts of compensation based on the results of evaluation.
- The Board of Directors votes on whether to approve the amounts of executive compensation proposed by the Compensation Committee in (c) above.
- Monthly payments of the annual compensation amount determined by the Board of Directors in (d) above start in July.
- A third-party agency is contracted to research the executive compensation level of other companies for comparison in July.
- The Compensation Committee meets in November to consider the results of the research in (f) above and modifications to executive compensation, as appropriate.

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

● Basic compensation

Basic compensation is paid according to the size of the role and scope of responsibilities of each position.

● Performance-linked compensation

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% and 30% of basic compensation for each position.

The performance evaluation coefficient consists of organizational performance component and individual performance component in a ratio of 3:7. Organizational performance and individual performance are each evaluated on a five-point scale to determine the amount of performance-linked compensation.

In fiscal 2021, the amount of performance-linked compensation was determined by applying a performance-linked coefficient of 30% based on the level of attainment of targets for predetermined corporate performance indicators, including Consolidated Sales, Consolidated Operating Income and Consolidated ROE.

		Individual Performance Evaluation				
		A	B	C	D	E
Organizational Performance Evaluation	A					
	B					
	C					
	D					
	E					

Distribution composition (image)

● Performance-linked stock incentive

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

For corporate performance indicators, 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 nonfinancial indicator to encourage pursuit of higher job satisfaction among employees, and to ensure attainment of enhanced corporate value as expected by the shareholders.

In fiscal 2021, the amount of performance-linked stock incentive was determined by applying a performance-linked coefficient of 50% based on the evaluation of actual results of the indicators relative to estimates (100% performance-linked coefficient when attained) conducted in accordance with the Stock Delivery Regulations.

● 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, executive officers, and executive fellows (excluding external directors, non-executive directors and residents outside Japan).

* From fiscal 2022, the Company has made revisions, such as scope of individuals eligible for its shares and other benefits expanded to include directors of its subsidiaries.

a. Organization of the BIP Trust scheme

On introducing the BIP Trust scheme, the Company established the Stock Delivery Regulations for Executive Compensation BIP Trust (Stock Delivery Regulations), under which TIS entrusts a nominated trust bank with money (not exceeding ¥500 million), and the trust bank acquires TIS shares with the entrusted money.

The scheme grants points to directors, etc., in accordance with the Stock Issuance Regulations. The number of shares to be delivered will correspond to the number of points accumulated, which is calculated by the formula below.

Calculation Formula

The number of TIS shares to be delivered (points*) = Base amount × Performance fluctuation coefficient ÷ Acquisition cost per unit

* Decimals rounded down

b. Total number of shares to be granted to directors, etc.: 183,900 shares in one financial year (upper limit)

Note: The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Accordingly, the upper limit on the number of shares delivered through the trust represents the post-stock-split number of shares.

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, 2021)

(Millions of yen)	Remuneration	Remuneration by type				Recipients (Persons)
		Basic remuneration	Performance-linked remuneration	Performance-linked stock compensation	Nonfinancial compensation included in Performance-linked stock compensation	
Directors (excluding External Directors)	261	201	50	9	9	6
Audit & Supervisory Board members (excluding External Auditors)	41	41	—	—	—	3
External Directors and External Auditors	60	60	—	—	—	8

Notes: 1. For the fiscal year ended March 31, 2021, 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, 2021, the Company has nine directors, including three external directors, and five Audit & Supervisory Board members, including three external auditors. The discrepancy in Audit & Supervisory Board members between this number and the number of recipients above is attributable to the inclusion of three members, including two external auditors, who retired at the conclusion of the 12th Annual General Meeting of Shareholders on June 24, 2020.

3. 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. At the conclusion of the said meeting of shareholders, the Company had eight directors, including two external directors, and four Audit & Supervisory Board members, including three external auditors.

4. The performance-linked stock incentive is booked as an expense for four 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 of shares is 183,900* per fiscal year, to be delivered through a trust into which the Company contributes up to ¥500 million in each specified period (three fiscal years) for four eligible directors (excluding external directors, non-full-time directors), executive officers and executive fellows.

* The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Accordingly, the upper limit on the number of shares represents the post-stock split number of shares.

5. Nonfinancial compensation for directors (excluding external directors) comprises ¥9 million of performance-linked stock compensation.

Constructive Dialogue with Shareholders

TIS will 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 the dialogue with shareholders, consider response methods with the President and Representative Director, executive officers in charge, and the IR Department, and will respond appropriately. The IR Department will share information and exchange opinions in a timely manner based on the respective specialist standpoints of relevant departments and will support dialogue with shareholders through organic collaboration.

In relation to shareholders, TIS will strive to broaden the means of dialogue such as through individual face-to-face

interviews as well as telephone interviews, and holding business results briefings and small meetings. Furthermore, in addition to active 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 put forward in constructive dialogue with capital market participants such as shareholders, investors and securities analysts within the Company through reports and briefings 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 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 on strategic holding of shares

TIS and other companies under the Group umbrella hold shares in other companies including start-ups and venture companies, only when management believes that it will contribute to the 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 that TIS reduces any cross-shareholding with diminished significance, as identified through the review. In the review, shareholdings are divided into the three categories ("capital alliance partners", "customers" and "others"-not applicable to the first two categories) and examined using the method set by category.

Please visit the following page for the details of the examination methods.

<https://www.tis.com/group/sustainability/governance/governance/>

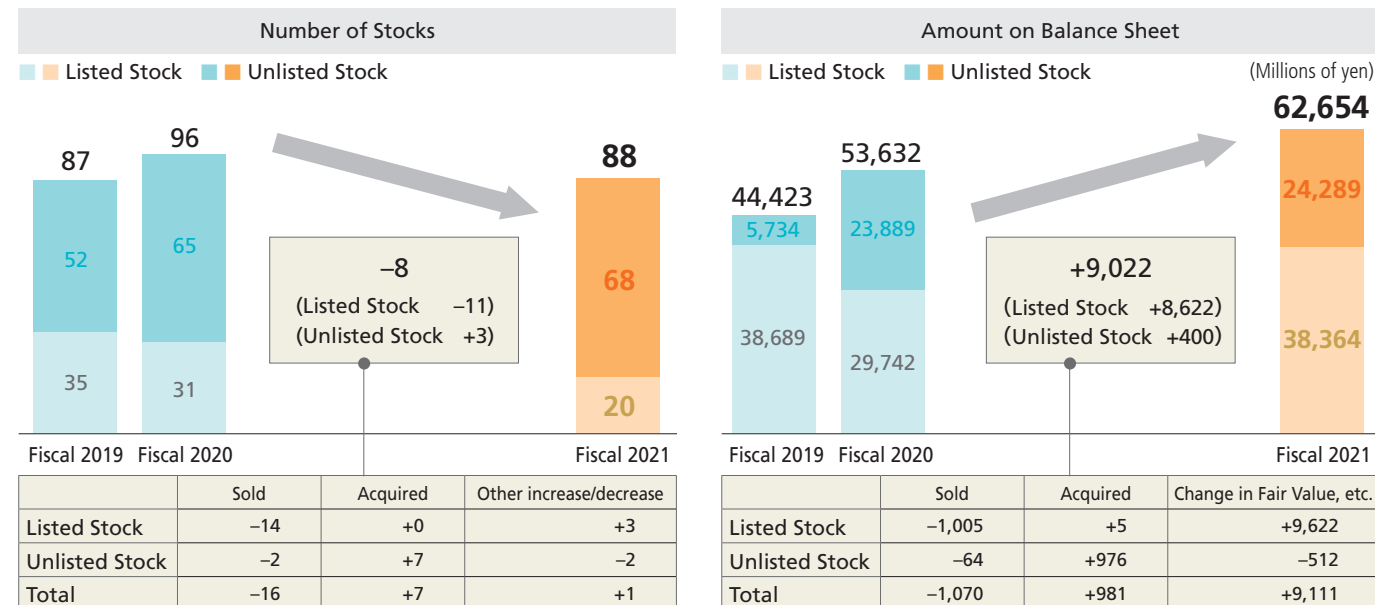
2. Criteria for exercising voting rights for strategically held shares

TIS appropriately exercises voting rights for the listed shares in its possession after comprehensively determining whether such action will contribute to the sustainable corporate growth and higher medium- to long-term corporate value of the TIS INTEC Group and investee company, taking into consideration policy advice from proxy advisory firms.

3. Relationships with strategic shareholders

If strategic shareholders of TIS indicate an intention regarding the sale 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 are as follows.



According to the policy on strategically held shares, TIS sold its entire holdings of 16 stocks and partial holdings of one stock for the year ended March 31, 2021, steadily reducing the amount of previously held cross-shareholdings. On the other hand, as part of its growth strategy, TIS actively makes investments in startups with the objective of developing strategic partnerships to facilitate open innovation and forms capital and business alliances with leading foreign companies, and has newly acquired seven unlisted stocks.

Through a diversity-respecting governance system, we will achieve higher corporate value.



(from left) Toru Kuwano, Chairman; Naoko Mizukoshi, External Director (Partner at Leftright Law & IP)

OUR PHILOSOPHY, the Group's basic philosophy, is the foundation of corporate governance

Kuwano: In Japan, steps have been taken to strengthen corporate governance at Japanese companies against a backdrop of social needs. Corporate governance for the TIS INTEC Group is premised largely upon OUR PHILOSOPHY, basic philosophy that guides the Group in all activities. A company, as a public entity of society, must seek more than just economic value. A company must meet the expectations of society and contribute to people's happiness through the improvement of value exchange with stakeholders. The Group, as a whole, subscribes to this concept, and strong corporate governance is an integral part of it.

Over the past few years, TIS has continuously embraced measures to strengthen its corporate governance structure, including an increase in the ratio of external directors to in-house directors and the establishment of the Nomination Committee and the Compensation Committee. Against this backdrop, to more clearly separate the roles of business execution and supervision, in April 2021, I vacated the position of Representative Director, Chairman and President and became a director and chairman without the right of representation, and Yasushi Okamoto took over as Representative Director and President. From a non-executive position, I can focus my efforts on enhancing the corporate governance. In addition, Ms. Mizukoshi, since February 2021, you have chaired the Nomination Committee and the Compensation Committee.

Mizukoshi: When OUR PHILOSOPHY permeates the TIS INTEC Group, corporate governance is strengthened and the business foundation becomes even firmer. I was appointed as an external director at TIS in June 2018, and through annual evaluations of the Board of Directors' effectiveness over the years, I have been able to get the Board of Directors to take the time to exchange opinions on highly important issues and medium- to long-term strategies and then pursue discussion. Such topics include the status of business investment and overseas operations, the profitability of service-type businesses and the diversification of human resources. I also asked for early notification on evolving issues, particularly unfavorable news, to expedite discussion of solutions. I think my suggestions have led to a more resilient monitoring structure. Sustainable improvement in corporate value is dependent upon how quickly adverse news is shared to decision-makers to expedite responses and minimize risk. No matter how high business results climb, if a company loses the trust of society because of some scandal, its corporate raison d'être will be called into question. A company grows precisely because it has the trust of society and it is regarded as a good company for stakeholders. That's why efforts to reinforce corporate governance are so essential.

Kuwano: As you point out, the Board of Directors now puts an emphasis on "bad news," such as issues arising after business investment. In addition, it's important to understand the background to these issues, so we hold an information meeting for external directors before the Board meets to provide historical perspective on agenda items. This allows for a fuller discussion of issues on the day the Board meets. We complement this approach with opinion exchange opportunities with outside experts and study groups.

Nomination Committee spent about two years in process to select new president

Mizukoshi: The selection of a new president took about two years. The Nomination Committee had no preconceptions and considered the possibility of an outside appointment equally with candidates from within the organization. Ultimately, though, we decided to select someone from inside. Then, the committee looked at the qualifications that the president of TIS needed to have. We all shared the view that the president would have to possess basic qualities—a suitable level of business knowledge and the trust of peers—along with the ability to execute strategies to fuel globalization and the service-type businesses that support structural transformation, as well as leadership skills and international literacy matched to trends in globalization. In addition, we met with each candidate on our list to find out what kind of management team that person wanted to build and exchange opinions. We also referred to 360° evaluations and coaching feedback from outside experts. Candidates themselves had various questions over the course of the two-year selection process, and as these questions turned over in the mind of each individual, perhaps they acquired a new perspective on key qualities and their own role in the organization.

Kuwano: All directors receive coaching as a way to improve the quality of management of the Group. I, myself, received coaching, and during this time, I realized that the most important issue I had was to decide on the next person to run this company. In 2017, around the time participants were chosen for pilot discussions on OUR PHILOSOPHY, I had the vague idea of selecting potential successors to help shape OUR PHILOSOPHY. Since April 2020, my coach and I had two-on-two meetings with each of the four candidates and their respective coaches. Lots of questions were fielded from coach to candidate about thoughts on top management, and I conveyed my own thoughts about issues each candidate needed to address. This was a major eye-opener for them and surely provided an opportunity for reflection and growth.

Mizukoshi: The selection process for a new TIS president was given time and drew on multiple frameworks, including coaching feedback and 360° evaluations, but was also complemented by committee discussion and opinion exchange with each candidate. Our decision was thus based on a combination of many factors. I believe the process to reach that decision was extremely good. I hope TIS will continue to contribute to the development and selection of next-generation corporate leaders through a transparent process.

Kuwano: Candidates who were not selected to the top management position are still very much essential to the Group's future growth, and I asked them to demonstrate their capabilities as members of a unified management team led by Mr. Okamoto. They understood the underlying message, and I expect even greater progress and growth under the new management structure.

Process to determine director compensation underpinned by fair value exchange

Kuwano: Compensation for directors at TIS comprises three components—basic compensation, performance-linked compensation, and performance-linked stock incentive. The ratio of components, if established measures of corporate performance are fully achieved, has recently been revised to 6:3:1, from 7:2:1, with an increase in the performance-linked compensation component.

Mizukoshi: The Compensation Committee debating the officers' compensation system is significant in two ways: First, the ratio of external directors to in-house directors is high, at 3:1, and second, an external director chairs the committee. These are very crucial points. Somehow, a committee with only in-house participation only tends to be soft on standards and such. To create a suitable system acceptable to stakeholders, the Compensation Committee talks about what performance-linked compensation and monetary amounts should be, ideally, and seeks to design a system based on incentives that are not excessively speculative but contributed to improved performance and accountability for reaching KPI targets.

Kuwano: OUR PHILOSOPHY highlights the idea of committing to a style—one inspired by honesty—that infuses all corporate activities and defines growth as headway in realizing our mission and enhancing value exchange with stakeholders. What we really want to emphasize, though, is a balance in value exchange with stakeholders, namely, shareholders, clients, employees, business associates and society as a whole. In this sense, too, it is a natural progression in corporate decision-making that compensation for directors be decided by the Compensation Committee, which hinges on the participation of external directors.

What factors will drive corporate governance going forward?

Mizukoshi: One factor is that the TIS INTEC Group is global. To date, all group companies at home and abroad tended to be managed from a Japanese perspective. The addition of Thailand's MFEC and other overseas developments have heightened the importance of governance applied to all group activities from a global perspective while incorporating standards shared by operations in Japan and overseas as well as those that are specific to each country or market.

With the opening of the Toyosu Office, the operating divisions of TIS and INTEC now work from the same location. But the centralization process does not end here. It's just beginning. Is the setup as efficient as envisioned and appealing to employees? Will close proximity encourage business synergy and raise corporate value of the Group? The answers to these questions have to be "yes" or at least moving in that direction, and it will be necessary to monitor status.

Also, the Corporate Governance Code, which was amended in June 2021, mentions diversity in core human resources. Given this, I think TIS has to focus on how it will attract and keep the people it—and the Group—needs through appropriate human resources investment and how it will promote diversity.

Kuwano: We know we must promote greater diversity among directors. The Group has many technical experts who began as systems engineers and many extremely sincere people who embody the needs of clients. But managers, though they may be integral to service-type businesses and global operations, must also possess strong leadership skills and international literacy. As noted before, coaching has been introduced as a Group platform and is a valuable tool for promoting greater diversity among executives and regular employees.

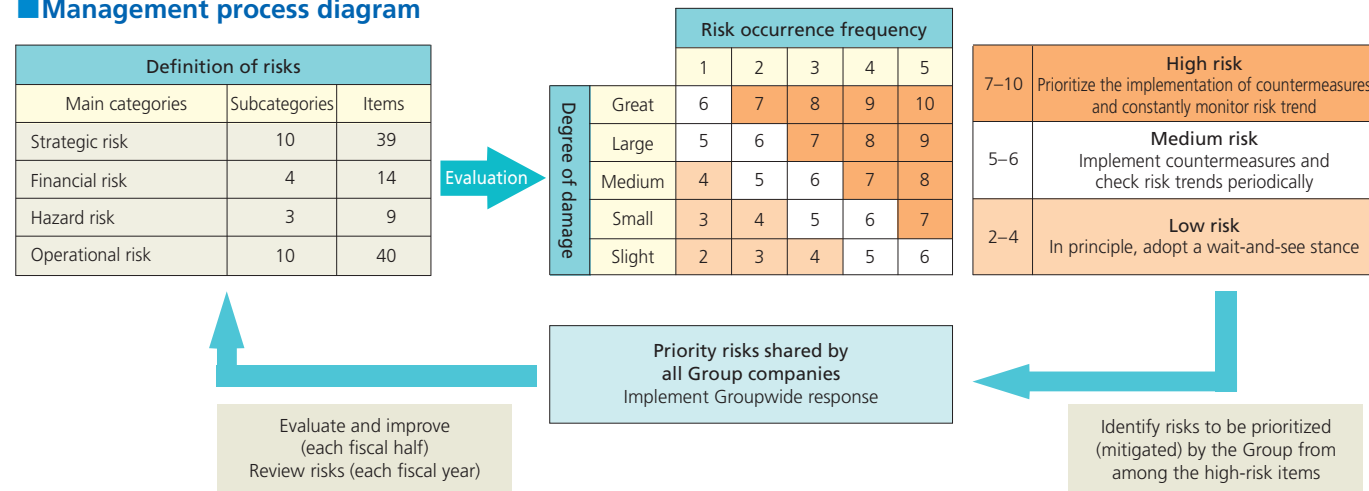
I am acutely aware of the importance in having young people on the business execution front to leverage service-type businesses in global markets where the speed of change is very fast. You see, in overseas activities, our people often deal with companies where the top executives are in their 40s. But on the governance front, we will have to deploy diverse human resources who have accumulated experience in-house as well as externally. This would include people familiar with the Group's businesses and people with expertise in specialty fields, such as the business world and legal systems. It will also be important to get the right balance.

Mizukoshi: External directors are outside the internal order and see the world and the circumstances at other companies from a different angle. Because of this—and TIS may be atypical—I can say, "Hey, there's another way to look at that issue." I can present my opinion as the view from an employee or a shareholder. What I'm getting at is that external directors expand the scope of director diversity. I believe it will be companies with a high degree of diversity that are able to make the bold decisions required to meet future needs. No business is without risk but it's possible to reduce risk not to miss a chance by considering different perspectives. As an external director, I will continue to watch for changes in the business environment and question uncertainties from diverse stakeholder perspectives. I hope that by offering frank opinions I will help enhance corporate governance and boost corporate value.

Kuwano: I feel the new management structure, which went into effect in April 2021, has gotten off to an extremely good start. Corporate governance, backed by fair and transparent management, will be the foundation upon which the Group continues to grow as a social entity and constantly meet the expectations of a diverse stakeholder audience. To build a strong foundation, we will strive to reinforce corporate governance still further.

The Company has established rules for risk management to ensure an accurate understanding of the risks facing the Group and prevent losses from occurring. In accordance with these rules, we have appointed an executive to oversee risk management of the entire Group, and a risk management department has been established to administer a risk management system. In addition, we have established a risk management policy for the entire Group and regularly check the implementation status of measures to control risk. When a Group company becomes exposed to a serious risk, a task force is set up and appropriate measures are taken to minimize damage. As for the development of the risk management system, based on our basic policy and various rules governing internal control systems, we are implementing specific measures for the maintenance and improvement of the internal control of the entire Group, monitoring the development and operational status of the internal control system, deliberating at the Group Internal Control Committee, and developing a process to report the results of these deliberations to the Board of Directors. Based on the reports to the Board of Directors, initiatives will be implemented to further strengthen and improve the Groupwide internal control system.

Management process diagram



The Group's risk recognition

The Group defines "risk" as "any factor that may hinder the achievement of the management philosophy, goals, and strategies of the Company and the Group by causing economic loss; the interruption, stagnation, or suspension of business operations; and/or damage to the Company's credit or brand image". The Groupwide risks are classified into strategic risks, financial risks, hazard risks, and operational risks according to the Group's rules on risk management.

Strategic risk

Risk items	Overview of risk	Main countermeasures
Human resources	<ul style="list-style-type: none"> High-quality human resources are not secured and developed according to plan. Productivity reduces, costs increase and employee engagement lowers. 	<ul style="list-style-type: none"> With the aim of enhancing workstyle reform and employee motivation, strive to secure talented human resources by providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Focus on human resource training by providing support for acquiring certifications, systemizing training programs, and creating plans and targets for the number of training days. In order to prevent discrimination and harassment, provide education and enlightenment activities aimed at building good interpersonal relationships and establishing smooth communication, and take fair and strict action in the event that incidents occur. Promote human rights due diligence based on the UN Guiding Principles on Business and Human Rights.
Innovation of production technology	<ul style="list-style-type: none"> Loss of competitive advantage because we fail to respond quickly to advances in information technology and to changing market needs that parallel these advances. 	<ul style="list-style-type: none"> Constantly conduct research into information technologies as well as production and development technologies. Select from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness, advance R&D and deploy the results. Continuously carry out productivity innovation activities and enhance the digital transformation value it provides.
Intensification of competition, price competition	<ul style="list-style-type: none"> Price competition intensifies more greatly than expected. 	<ul style="list-style-type: none"> Constantly analyze the business environment to better grasp customer needs, offer higher value-added services and take other measures to differentiate from competitors. Improve productivity by curtailing unprofitable projects and engaging in productivity innovation activities.
Investment	<ul style="list-style-type: none"> The expected result or return cannot be obtained. Assets become obsolete. 	<ul style="list-style-type: none"> All investment decisions are made after thorough examination of business plans by either the Board of Directors, the CVC Investment Committee, or the Investment Committee. Progress of each business plan is periodically confirmed after an investment has been made. Keep abreast of such progress by dispatching directors to larger capital investment partners.
Overseas business	<ul style="list-style-type: none"> Overseas business is impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations. 	<ul style="list-style-type: none"> Improve the management structure by ensuring coordination between overseas Group companies and business sites and corporate management in Japan to maintain an accurate understanding of local conditions and consult on ways to implement rapid countermeasures. In order to enhance the system for governance of overseas subsidiaries and affiliates, make efforts such as dispatching human resources to the business company and setting up a "Global Financial Planning Office" at TIS.

Financial risk

Risk items	Overview of risk	Main countermeasures
Owned securities	<ul style="list-style-type: none"> Sharp fluctuations in the market prices of marketable securities or deterioration in management conditions of issuing entities requires the posting of accounting losses or other similar measures. 	<ul style="list-style-type: none"> Thoroughly examine issuers' financial condition, business results trends, credit ratings, and other relevant indicators. Regularly review the suitability of our securities holdings and reduce them if the significance of continued holding is deemed diminished.

Hazard risk

Risk items	Overview of risk	Main countermeasures
Pandemics (the global spread of communicable diseases)	<ul style="list-style-type: none"> A sharp constriction of the productive activities of our employees and those of our business partners. 	<ul style="list-style-type: none"> Keep abreast of the responses of the World Health Organization (WHO), the Japanese government, and other relevant authorities. Take action to improve hygiene at our offices, data centers and other work sites, based on the Group's business continuity plan, and refrain from sending employees to work in areas heavily stricken by infection. Establish a work environment that facilitates working from home.
Natural disasters	<ul style="list-style-type: none"> A large natural disaster results in an extended power outage that interrupts the smooth operation of data centers. 	<ul style="list-style-type: none"> Make preparations to facilitate our data centers' response to all manner of disasters. Close older data centers and focus on the development of state-of-the-art data centers equipped with seismic-isolation structures, robust disaster-mitigation equipment, emergency power generators, fuel storage equipment, and highly reliable electric power equipment, and negotiate contracts for prioritized power supply.

Operational risk

Risk items	Overview of risk	Main countermeasures
System development	<ul style="list-style-type: none"> As systems development is growing more sophisticated and complex and turnaround times are shortening, extra work may be required in order to achieve the planned level of quality or complete the project during the development period, leading to considerably higher-than-expected costs and customer claims for damages. Tasks outsourced to business partners do not meet expectations for productivity or quality and smooth project management is not realized. 	<ul style="list-style-type: none"> Use our proprietary Trinity quality management system based on the ISO 9001 standard to continually enhance quality management and raise productivity by using dedicated workgroups to thoroughly screen business proposals and review projects at each stage of development. Through the Group Quality Executive Meeting, improve quality and promote production innovation throughout the Group while also enhancing management and technological capabilities by strengthening training programs for each employee position. Seek to secure superior business partners in Japan and overseas. That effort includes holding meetings with and sending questionnaires to our partners regularly so that we fully understand their situation and capabilities, and are able to build strong relationships.
System operation	<ul style="list-style-type: none"> System problems arise due to human error or equipment malfunctions during system operation and the Group is unable to provide services at the level agreed upon with the client. 	<ul style="list-style-type: none"> Develop a systems maintenance/operation framework based on ITIL (Information Technology Infrastructure Library) practices and improve system operation quality using this framework. Establish and strengthen measures for early detection and confirmation of system failures and measures to reduce and prevent the occurrence of failures.
Information security	<ul style="list-style-type: none"> Confidential information is leaked or manipulated due to a computer virus, unauthorized access, or other reason leading to claims for damages from client companies and to a loss of trust in the Group's services. 	<ul style="list-style-type: none"> Establish and operate an information security management system based on our Information Security Policy that seeks to ensure appropriate information management. Raise employee awareness through education and training programs. Apply the Group's information security promotion guidelines to check and evaluate the status of information security management across the entire Group, and promote continuous improvement in information security. When an information security breach does occur, establish an investigative committee and set up the structure of responsibilities, including looking into the cause, implementing countermeasures, and preventing recurrence, for problem resolution. To protect personal information Establish an information management system based on Japan's Personal Information Protection Act and regulations on the handling of individual numbers and information about specific individuals. Conduct education and training programs for employees to thoroughly raise their awareness of the importance of protecting personal information, which will contribute to more appropriate handling of personal information, including stronger management of client information Implement security measures using a zero-trust security model to address the diversification of workplaces with the full-scale implementation of working from home. *TIS and other Group companies have obtained Information Security Management System (ISMS) certification and the JIPDEC PrivacyMark.
Legal systems, compliance	<ul style="list-style-type: none"> A law or regulation is contravened, or a new law or regulation is introduced. 	<ul style="list-style-type: none"> Establish a compliance structure based on our Basic Direction on Corporate Sustainability and Group Compliance Declaration and endeavor to conduct our business activities fairly and in compliance with all laws. In accordance with the Group's compliance regulations, discuss important compliance issues for the entire Group, decide measures to prevent recurrence, and ensure the adoption throughout the Group by monitoring the status of the implementation of these measures. Especially for the tightening of regulations on contracted work and temporary staffing, work on a dedicated risk management system as Group priority because of the transactional nature of the IT services industry, and create Group guidelines and independent inspection checklists that will contribute to the appropriate operation of the system. To prevent illegal activities and detect and correct them at an early stage, introduce a whistle-blowing system and establish a reporting and consultation desk. Raise awareness of legal compliance throughout the Group.
Intellectual property rights	<ul style="list-style-type: none"> The Group is accused of infringing another company's intellectual property rights and presented with an injunction and a claim for damages. 	<ul style="list-style-type: none"> Strengthen our framework for intellectual property rights. Conduct education and training programs to raise employees' awareness. Regard the Company's own intellectual property as an important management resource and take all necessary means to protect this valuable resource.

Aiming to be a "trusted top brand that epitomizes quality"

The TIS INTEC Group strongly recognizes the role that information systems play as social infrastructure. For this reason, we work continuously to improve our quality, productivity and technical capabilities.

By always providing high-value-added services while responding flexibly to diversifying business formats, solutions, development techniques and technologies, we aim to entrench TIS INTEC as a "trusted top brand that epitomizes quality" and realize the mission set forth in OUR PHILOSOPHY.

Trinity: Original quality management system based on ISO 9001



We strive to provide customers with optimal services based on our policies of "emphasizing proficiency through on-site standardization and its repeated use" and "promoting improvement by minimizing essential implementation items and making use of onsite ingenuity." At development sites, we employ ingenuity to tailor each business model appropriately while applying standard project management and engineering processes, techniques and tools.

We are expanding the scope of coverage to include not only scratch development but also a wide variety of business formats.

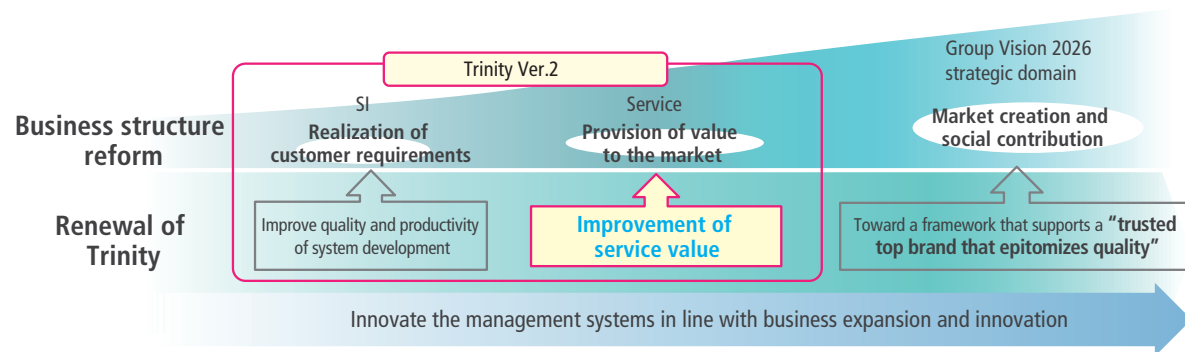
* Trinity means the "three elements of quality, productivity and technological capabilities" and also incorporates the notion of "customers, TIS and partners" working together to improve those elements.

* For more details:

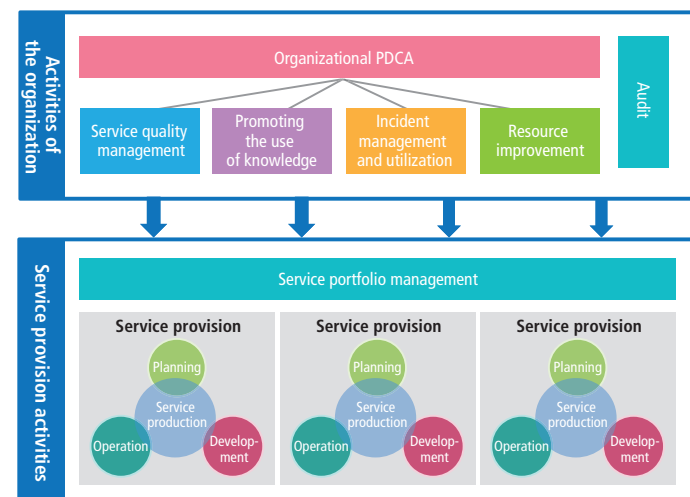
<https://www.tis.com/group/csr/report/social/quality/>

Innovation in Trinity

We will continue to innovate Trinity as a quality management system that supports the business of our Group. In addition to systems integration (SI), we are currently developing Trinity Version 2 for service-oriented businesses.



Service management system "Trinity Version 2"



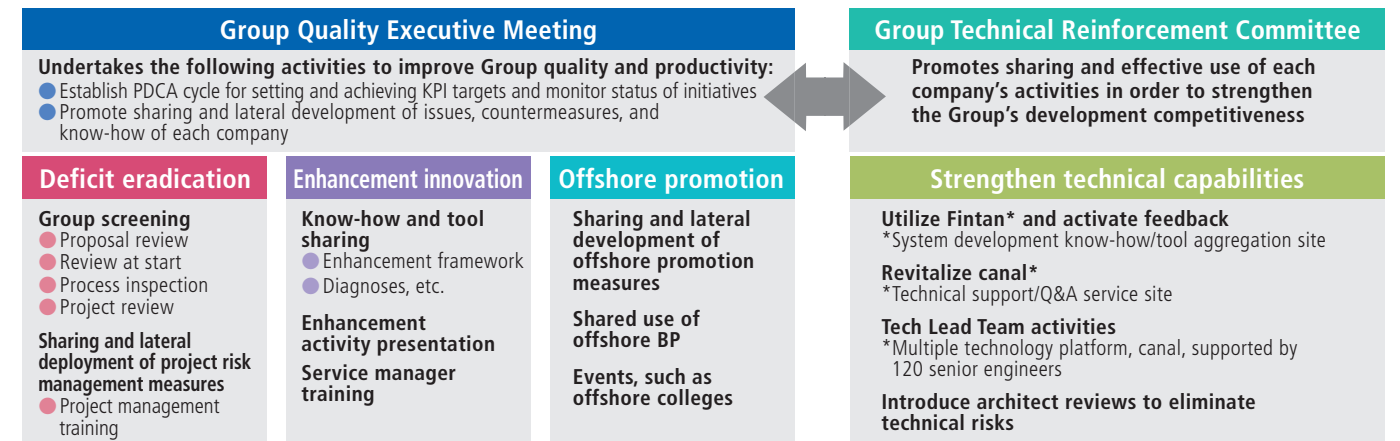
Trinity Version 2 integrates an ISO 9001-compliant quality management system and an ISO 20000-compliant service management system.

We are promoting improvement through both service provision activities and organizational activities. Among service provision activities, we aim to continuously improve the value of our services to our customers, the market and society through the service life cycle of planning, development and operation.

Organizational activities aim to achieve improvement targets through a systematic improvement plan-do-check-adjust (PDCA) cycle that includes support and governance of service provision activities.

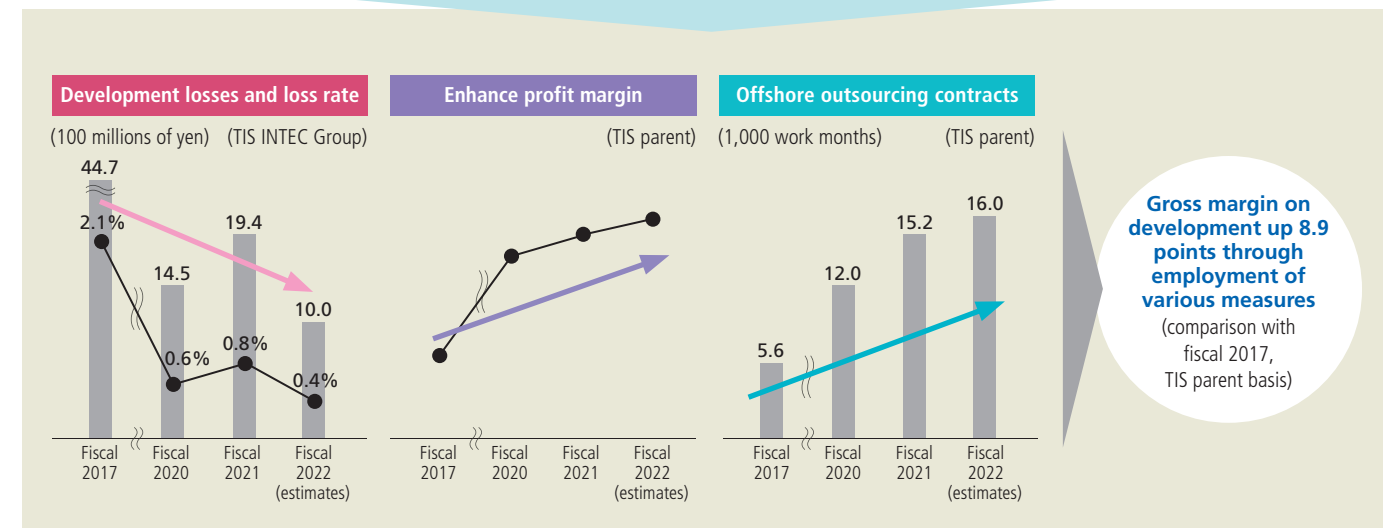
Activities aimed at improving standards across the entire Group

The TIS System Development & Quality Management Innovation SBU and the Technology & Innovation SBU are spearheading the following activities aimed at improving the quality, productivity and technical capabilities of the entire Group and harnessing Group synergies.



Results in fiscal 2021, ended March 31, 2021

- TIS companywide review proposals: 61
- TIS system development meetings: 193
- Group Quality Executive Committee meetings: 21
- Group Technology Enhancement Committee meetings: 11
- Number of Group screenings: 196



Initiatives in team management styles that are compatible with the new normal

From fiscal 2022, we are working to reform our team management style to become an organization that continues to improve quality and productivity even in an environment where remote work is the norm.

Achieve the best working style by enhancing the seven elements of teamwork



Sustainable engagement to enhance value exchange between employees and the Company

We are striving to improve work engagement so that our members can be active "movers" and fulfill the wishes of society, which is our raison d'être.

In our Medium-Term Management Plan (2021–2023), we have positioned "sustainable engagement" as the cornerstone of our human resources strategy.

By providing employees with compensation, development support, opportunities and HR services that are commensurate with their value, companies can motivate them to contribute and achieve more professionally.

For all employees to grow and play an active role as movers

The Group considers "diversity fusion" as one of the states that management should aim for.

We aim to increase engagement and create innovation by ensuring that every employee is invested in the meaning of corporate activities (our purpose) and that all employees continue to demonstrate their strengths and grow within the organization.

Pursuit of diversity and inclusion is an essential management strategy for realizing our mission "to brightly color the future" by creating diversity fusion.

Group Diversity and Inclusion Policy

The TIS INTEC Group values diverse human resources and encourages staff members to demonstrate their individuality by freely expressing their opinions. We will continue to promote diversity and inclusion through human resource engagement activities, proactive health management and workstyle reform. Our aim is to motivate the workforce and continue to foster flexible, continuous change and untapped value.

Advancement of diverse talent

We aim to help employees increase their sensitivity to social issues and grow as individuals. In addition, we are expanding our programs to support the activities of our employees and thus create an environment where they can perform better regardless of their living conditions.

1. Growth support program

This program permits employees to take extended absences and work shorter hours for non-work reasons such as dual employment, volunteering and recurrent training.

2. Life stage support program

We have work programs in place to support employees in balancing life and work during various phases of their lives, including pregnancy, childbirth, childcare, nursing care and illness. In fiscal 2021, we established programs and consultation services that can be used equitably by diverse employees, including sexual minorities, and have strengthened our anti-harassment measures to ensure that employees can work with peace of mind.

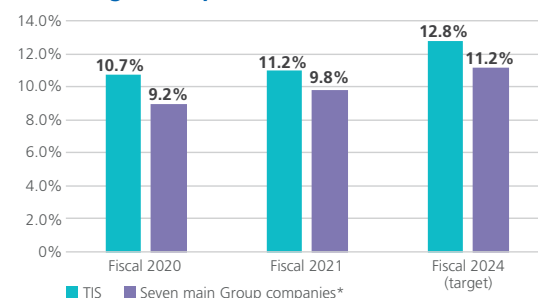
As an indicator to measure the participation of our diverse human resources, we have set a target for the ratio of female managers in the seven major Group companies*.

Targets for April 2024

Group target* : 11.2% or more
TIS parent target: 12.8% or more

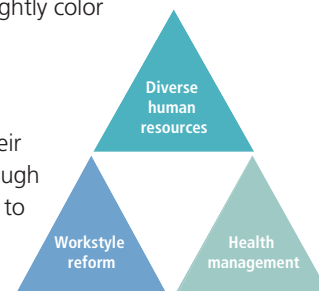
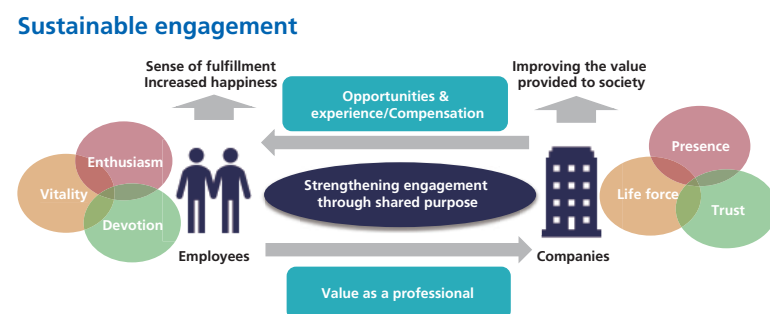
*This covers TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service and TIS Solution Link.

Percentage of female employees in management positions



Major initiatives

- Promotion of employment of seniors
- Initiatives for global human resources
- Life stage support program
- Promotion of employment of persons with disabilities
- Support for LGBTQ+
- Growth support program
- Promotion of women's participation
- Communication (one-on-one, mentoring program)
- Diagnostic organizational development



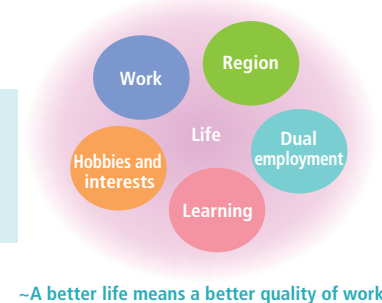
*Please refer to the following for initiatives to enhance the exchange of value between employees and the Company: <https://www.tis.com/group/sustainability/social/>

Health management

We are promoting measures to improve the quality of life for all employees in accordance with the Group's health management policies. In fiscal 2021, the coronavirus pandemic caused telework to expand and significantly changed our lifestyles and working environments. To prevent physical and mental illness associated with change, industrial health staff, human resources and the health insurance association are working together to improve the well-being of employees and the organization by disseminating health information, stimulating communication and holding health seminars.

Major initiatives

- Improving health literacy
- Health management (medical checkup and stress check)
- Enhancement of benefit programs (various insurance, pension and non-statutory benefits)
- Establishment of counseling contact point
- Work-interval program
- Collaborative health (health insurance association)



Work-life integration

Having a fulfilling and happy life outside of work is directly linked to better performance at work. The Group is working to expand and improve work styles, which is the foundation for a healthy and fulfilling life in society.

By flexibly selecting and combining various systems in accordance with individual work and lifestyles, it is possible to voluntarily adapt to changing environments. We were able to flexibly respond to the coronavirus pandemic and continue our business without losing productivity.

In particular, telework, a work style that does not depend on location, is being reevaluated for its merits of seamlessly executing work from remote locations, which not only brings about a better work-life balance, but also reduces the number of unaccompanied job postings and deters employees from leaving their jobs due to spousal transfers or nursing care.

Major initiatives

- Flexible work system with no core time
- Smart work allowance (deemed overtime allowance)
- Appropriate attendance management
- Teleworking program with no upper limit
- Improvement of vacation program and promotion of vacation usage
- Measures against long working hours

Strategic development and investment in training

Based on the Group's business portfolio strategy, we have visualized the human resource requirements in each area. In addition, we have prepared a framework that shows the careers our employees are aiming for and where they stand in their career progression. The visualization of human resources is effective for performance development, which encourages the proactive growth of all employees, as well as the flexible promotion of strategies to increase the value of human resources. Through this framework, it is possible to envision growth goals and long-term careers, and to offer specific support to each individual.

To develop human resources who can respond to changes in society and business and create high added value, we have set targets for investment in training and securing time for learning, and are actively working toward them. We also focus on the development of human resources who will lead the digital transformation (DX) of society. We have also developed and strengthened the necessary training programs and provide them to our employees.



Training system Standard courses are developed for different levels and purposes. We are promoting learning as a daily activity.

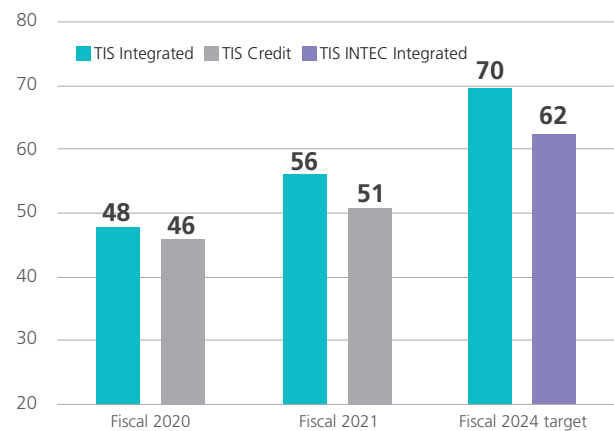
Managerial talent	Talent to lead a domain	Technical skills	Common themes
<ul style="list-style-type: none"> Coaching Strategy mentoring Training assessment 	<ul style="list-style-type: none"> Business creation Consulting Global 	<ul style="list-style-type: none"> Project management Engineering Fundamental technology Business skills 	<ul style="list-style-type: none"> Diversity One-on-one Career design Mutual learning among employees (Waku Waku School)

Sustainable engagement metrics

To measure the level of engagement with employees, the Group conducts an employee awareness survey every fiscal year* that asks about the actual state of job satisfaction based on five elements: trust, respect, fairness, pride and solidarity. The results of the survey are included in the evaluation of officers. (The "Trust" scores are in scope until fiscal 2021. From fiscal 2022 is an "Integrated" score).

In fiscal 2021, we made progress in disseminating and utilizing the measures we have been working on, such as one-on-one meetings and flexible work styles, and the Group improved its scores in all elements. We will continue to strive for further improvement in employee engagement across the entire Group so that all major Group companies will exceed 50% in fiscal 2024.

*TIS has been conducting the survey since fiscal 2016 and expanded the scope of the survey to major Group companies from fiscal 2020.



Fiscal 2024 "Integrated" score targets

TIS parent : 70% or more (level of best companies)
TIS and INTEC : 62% or more

Relocation and consolidation of Group offices (Tokyo area)

We are relocating and consolidating our main offices in the Tokyo area into two core offices to promote the work style reform in the Group and facilitate inter-Group communication. The Nishi-Shinjuku Office will consolidate corporate functions to strengthen Group governance, while the newly opened Toyosu Office will consolidate the Group's business functions to strengthen the Group's solidarity in business and accelerate structural transformation. Furthermore, the total footprint of our Tokyo area offices will decrease due to a review of office space with new work styles reflecting the new normal.



Stadium benches installed in the new offices for work style reform and to improve productivity



The TIS INTEC Group Innovation Hub aims to become a magnet for opinion leaders from inside and outside the Company to gather to create new value.



We will continue to evolve our programs so that all employees can continuously demonstrate their abilities.

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

To achieve continuous improvement in value exchange between employees and the Company, the Group has been actively investing in human resources with the aspiration that all employees will grow. The results of such efforts are steadily becoming visible in job satisfaction scores and business performance.

Even under the pandemic, we are designing programs and creating an environment that allows employees with diverse work styles to choose from multiple options, combine them, and flexibly change them as their circumstances change so that they can achieve higher performance regardless of their living conditions. In this way, new ways of working such as remote teleworking are being progressively adopted. In addition, to ensure that diverse employees, including sexual minorities, can access the various programs equitably, we are also refining the program content and consultation desks.

Going forward, we will continue to support our employees to the fullest, further evolving our talent programs so that all employees – who are the driving force of our Group's growth – can enhance their abilities as self-directed individuals and continuously demonstrate their value to our customers and society.



Social Stakeholder Engagement

With Clients and Business Partners

Building sustainable, trusting relationships with clients and business partners through communications

TIS INTEC Group Business Summit

The Group holds its well-attended TIS INTEC Group Business Summit every year to present the Group's services utilizing our advanced technologies and know-how through sessions and exhibits.

*We canceled the fiscal 2021 event due to the spread of COVID-19.

*Fiscal 2022 summit was held online in July 2021, with a strong attendance.

President Okamoto greets attendees at the online event

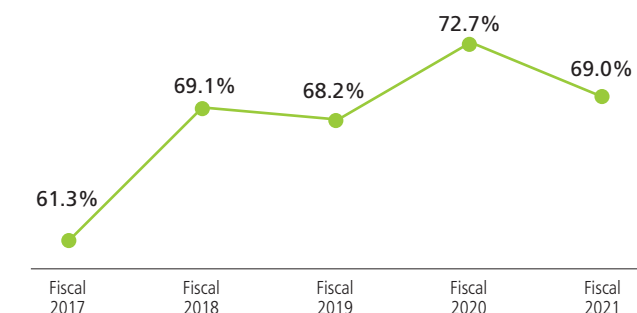


Implementation of Customer Satisfaction Survey

TIS Inc. conducts an annual Customer Satisfaction Survey for customers with whom it does business to gauge our performance from the customer's perspective. In the survey, the ratio of customers answered that we were "An irreplaceable business partner" increased, thanks to our strong reputation for service quality, and for providing honest and sincere responses.

It is vital that we be able to respond to future expectations regarding our proposals and information provision, and we are promoting measures to strengthen our sales and consultant capabilities. As a groupwide improvement activity, we integrate similar surveys at main group companies into this TIS survey.

Percentage of respondents who answered "An irreplaceable business partner" (based on a score of 4 or higher on a scale of 1 to 5)



Convening TIS Business Partner Forum

TIS holds a TIS Business Partner Forum (previously Socials) every year to show its appreciation to its business partners. From fiscal 2022, we will also be using these events to introduce TIS's management policies and measures from various perspectives to increase satisfaction and value exchange with business partners.

*The 2022 forum was held online in June 2021, with a strong attendance.

Established TIS INTEC Group Innovation Hub to promote open innovation

The Group expanded its capacity for internal and external collaboration to create new value in concert with its business partners. An important part of this drive was the establishment of the TIS INTEC Group Innovation Hub, the Group's incubation center, at the Toyosu Office on April 1, 2021.

Promote sustainable procurement policies

The Group believes that it is important to collaborate with stakeholders to implement sustainable procurement measures consistently throughout the entire supply chain. Accordingly, the Group promotes the promulgation of guidelines based on its sustainable procurement policies. For more information see

<https://www.tis.com/group/sustainability/policies/procurement/>

Fast, fair and impartial information disclosure, and dialogue with shareholders

We provide performance results and the latest news on our business activities through events, such as information meetings, the production of pamphlets (available as PDFs), and through the comprehensive information we provide on our website. We engage in constructive dialogue with shareholders and investors in the interests of the Company's sustainable growth.

IR Events in Fiscal 2021	Frequency	Contents
Results briefings for analysts and institutional investors*	4 times	Quarterly briefings
Business briefings for analysts and institutional investors*	Once	Held a meeting regarding global business
Small meetings for analysts and institutional investors*	235 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 98 were for overseas investors. Total coverage: 362 companies (423 people)
Overseas roadshows*	2 times	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe, and the United States
IR conferences for individual investors*	Once	Held an online live conference (409 participants)
Production of materials for individual investors	2 times	Issued "Business Report"

*During fiscal 2021, we held online events excluding partial events.

Initiatives to revitalize General Meetings of Shareholders and facilitate the exercise of voting rights

	Contents
Early dispatch of notice of General Meetings of Shareholders	Based on our policy of sending the notice at least three weeks before the General Meeting of Shareholders, we sent the notice of convocation for the 13th Annual General Meeting of Shareholders scheduled for June 24, 2021, on June 2, 2021.
Setting dates for the General Meeting of Shareholders that avoid clashes with other such meetings	The date has been set so as to make it easier for more shareholders to attend the General Meeting of Shareholders. The latest General Meeting of Shareholders was held on June 24, 2021.
Voting by electronic means	We have adopted an electronic voting system that allows voting rights to be exercised via the Internet and other means (PC, smartphone or cell phone).
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise voting rights	We participate in the voting platform for institutional investors operated by Investor Communications Japan (ICJ, Inc.).
Provision of Notice of Convocation (summary) in English	A Notice of Convocation of the General Meeting of Shareholders (in Japanese and English) is posted on the corporate website.
Other	The Notice of Convocation is disclosed prior to distribution on the corporate website. Based on our policy of disclosing the convocation notice about one month prior to the date of the General Meeting of Shareholders, we disclosed the convocation notice of the latest General Meeting of Shareholders on May 20, 2021.
	To prevent the spread of COVID-19 and to facilitate attendance by all shareholders at the General Meeting of Shareholders, without disadvantage to regional shareholders, we live-streamed the event.

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 assessments 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 Law (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 maximum 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.
<https://www.tis.com/ir/other/policy/>

Co-creation with local communities

We will strive to develop and create value in local communities through dialogue and cooperation, and enhance the value-exchangeability with society.

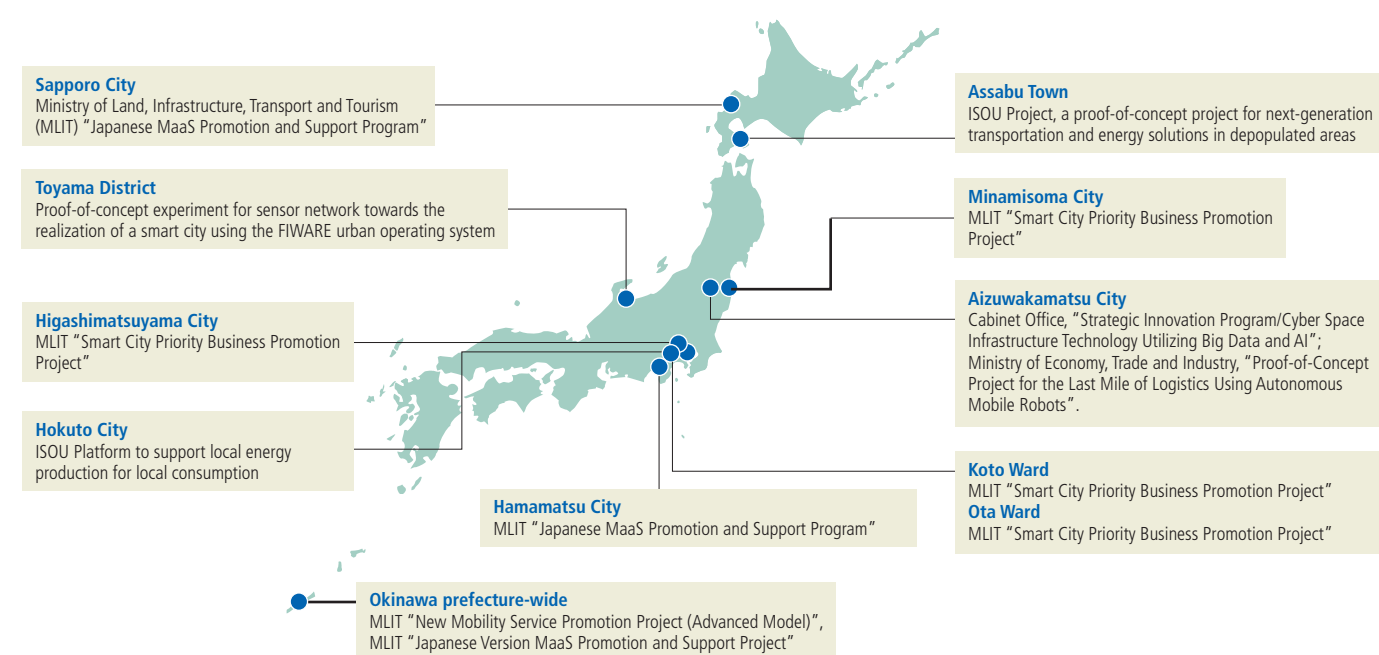
The Group will promote the provision of new choices to society, while understanding and working to mitigate the negative effects of rapid social change.

Realization of a resilient society

We are promoting linkages with various stakeholders to develop safe and convenient solutions for various aspects of people's lives and to create a richer lifestyle for society as a whole.

Linkages with national and local governments

We are engaged in the verification and provision of advanced regional digital and ICT services through smart city-related projects at Japanese national and local government levels.



Corporate social responsibility activities

Our social contribution activities address social and environmental issues and materiality, in line with OUR PHILOSOPHY.

T-Move Project

We are promoting projects to brightly color the future by providing Group employees with various opportunities to contribute to society. By building social contribution programs with local partners and offering them to employees, we aim to provide both value to society and experience-based personal growth opportunities for participants.

Themes of social contribution programs



In fiscal 2021, we provided a non-face-to-face activity program given restrictions in the face of the coronavirus pandemic.

*For more information on other activities, please refer to the TIS INTEC Group website.
 Realizing a resilient society: <https://www.tis.com/group/sustainability/business/>
 Social contribution activities: <https://www.tis.com/group/sustainability/social/community/>

Initiatives to address climate change

Against the backdrop of growing international concern about the environment in recent years, the Group has established an environmental vision and policy, and has set medium- and long-term reduction targets for CO₂ and other greenhouse gas (GHG) emissions, with regard to climate change issues, which are of particular priority and concern to the Group. We will promote businesses that contribute to improving the energy efficiency of society as a whole by making full use of digital technology.

Environmental targets for climate change in the medium and long term

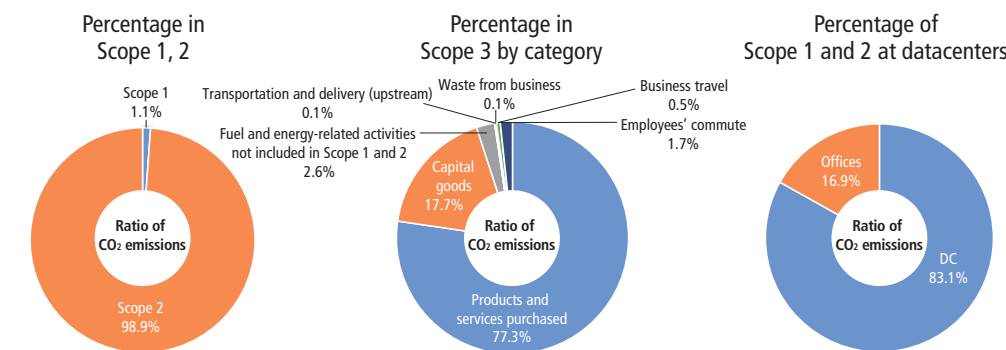
With the aim of becoming carbon neutral in 2050, the Group aims to reduce GHG emissions in fiscal 2031 by 27.5% compared to fiscal 2020, based on the reduction target (WB2C scenario) in line with the 2°C target of the Paris Agreement. This reduction target satisfies the SBT (Science Based Target)* requirement and has been certified as such.



Group GHG emission reduction target for fiscal 2031
Scope 1+2 : 27.5% reduction versus fiscal 2020
Scope 3 : 27.5% reduction versus fiscal 2020

*One of the metrics for GHG reduction targets. A framework that encourages the setting of GHG reduction targets, consistent with the 2°C/1.5°C targets (limiting the temperature increase from pre-industrial revolution levels to less than 2°C and referring to efforts to limit the increase to 1.5°C) called for by the Paris Agreement adopted in 2015.

Ratio of GHG emissions in the Group (actual results for fiscal 2021)



*The Group is engaged in the data center business, which accounts for more than 80% of the Group's total Scope 1 and 2 GHG emissions.

Initiatives to achieve the Group's GHG reduction targets

Measures to reduce GHG emissions in data centers

- Consolidation (optimization) through data center consolidation: Reduce CO₂ emissions per unit through consolidation
- Implementation of systematic switchover to renewable energy sources

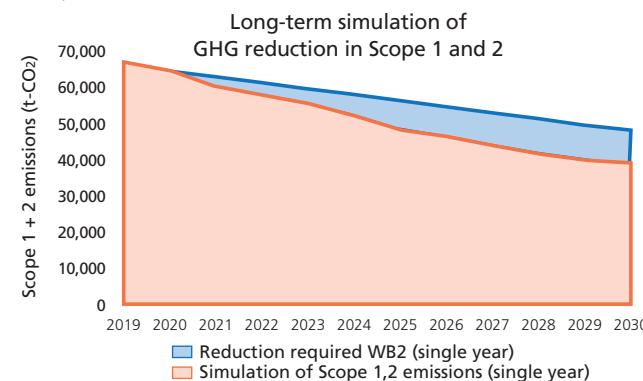
Measures to reduce GHG emissions in offices

- Consolidation of Group offices in each region
- Consideration of energy conservation measures involving building owners: Inquiring about LED lighting, energy conservation of air conditioning equipment, etc.

Other measures to reduce GHG emissions

- Further promotion of telework and remote meetings: Reduce the use of public transportation for commuting and business travel, thereby indirectly reducing CO₂ emissions
- Considering reduction measures in collaboration with suppliers

*We have already set a goal of raising the renewable energy utilization rate to 50% by fiscal 2030 for eight of our 14 data centers nationwide. Together with the effects of the planned data center consolidation by fiscal 2024, we estimate a potential reduction of GHG emissions from data centers of 67% (versus fiscal 2019). We plan to expand our efforts to other data centers in due course.



Information disclosure in line with TCFD recommendations

On June 4, 2021, the Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



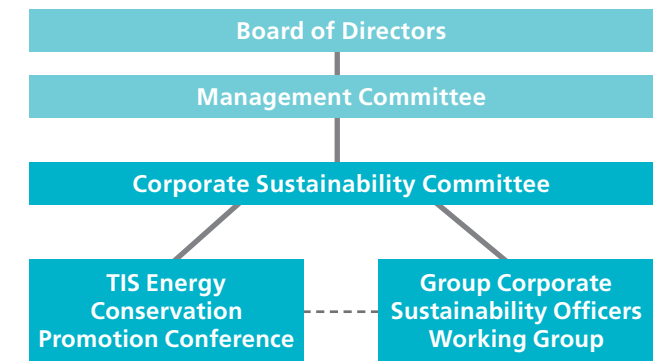
What are the TCFD recommendations?

The TCFD was established under the Financial Stability Board (FSB), an international organization working to stabilize the financial system, and in June 2017 released recommendations calling for disclosure of information on the risks and opportunities posed by climate change. The recommendations stress the importance of companies recognizing the risks and opportunities of climate change and incorporating them into their business strategies.

Governance

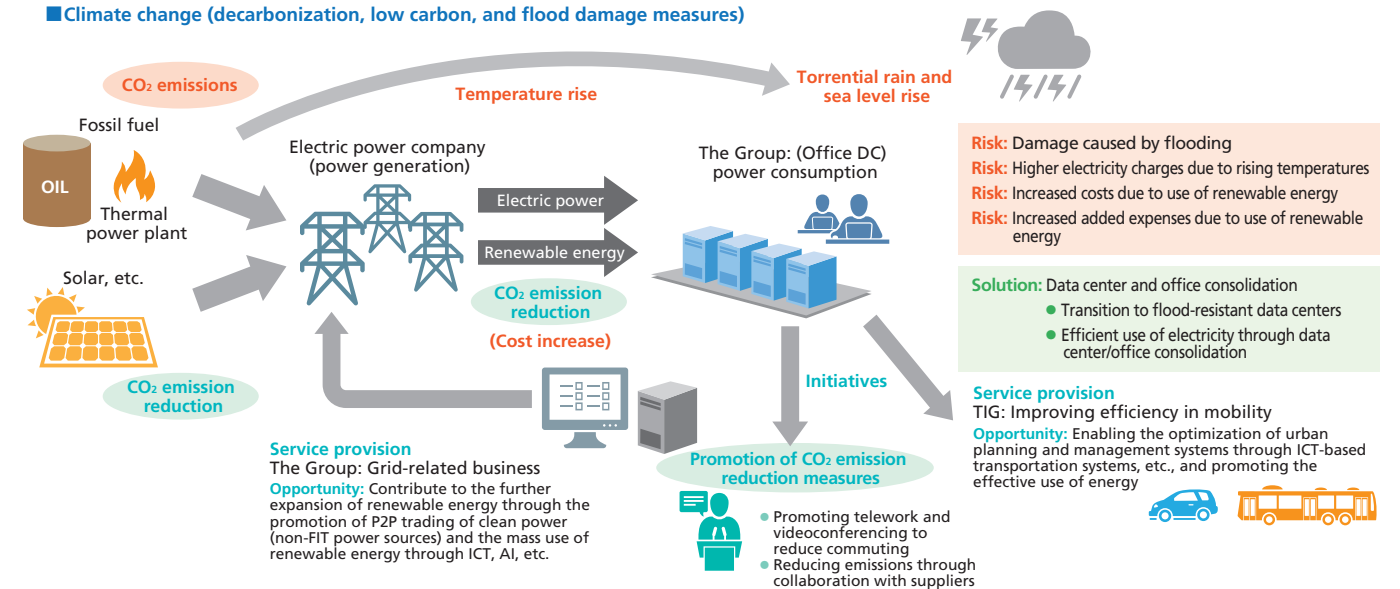
The Group regularly deliberates on policies and responses to environmental risks and opportunities, including climate change, under the structure described on the right.

- Corporate Sustainability Committee**
Deliberation and information sharing on important matters related to corporate sustainability activities
- TIS Energy Conservation Promotion Conference**
Discusses and reports on the setting and achievement of environmental targets, such as electricity consumption in TIS offices and data centers
- Group Corporate Sustainability Officers Working Group**
Sharing the status of TIS INTEC Group's ESG-related activities and goals to be achieved



Correlation between the environment and the Group's business (image)

Climate change (decarbonization, low carbon, and flood damage measures)



Toward the realization of a sustainable society

Tsuneyoshi Ito, TIS Executive Officer, Division Manager of Corporate Management SBU

More than five years have passed since the adoption of the Paris Agreement under the United Nations Framework Convention on Climate Change and the Sustainable Development Goals (SDGs) at the United Nations Summit. There seems to have been a lot of progress in the last few years, especially in the area of climate change, including the declaration of carbon neutrality by the Japanese government. Under the brand message of "Make society's wishes come true with IT", our Group's mission is to help solve the world's problems through digital technology. We believe global environmental issues are indeed one of the social issues that need to be addressed.



Therefore, in addition to reducing GHG emissions, we are contributing to the decarbonization of energy based on our long track record in energy business systems and shifting to low-carbon data centers in our data center business. As well as reducing the environmental impact of our operations, we are constantly looking for ways unique to our Group's business to pass on a healthy global environment to future generations and putting these ideas into action.

The Group will continue to contribute to the realization of a sustainable society by addressing global environmental issues such as climate change.

Difficult economic conditions continued due to the impact of the spread of the novel coronavirus (COVID-19), and the outlook has been clouded by factors such as a need to monitor how trends in infection impact the Japanese and global economy. But, in the IT services industry, to which the TIS INTEC Group ("the Group") belongs, demand is expected to continue increasing due to accelerated moves to digitalization of corporate management and anticipation of a new normal. In this environment, the Group steadily improved its performance under the management direction emphasizing profitability to achieve a speedy structural transformation and raise corporate value.

Fiscal 2021 Results

Overview

The Group's business activities were conducted under the extremely difficult conditions presented by the spread of COVID-19, which hampered sales activities, including new proposals, especially in the first two quarters, April and May of 2020 under the state of emergency declared by the Japanese government. Subsequently, however, business activities gradually recovered and have been generally back to normal since the third quarter.

Net sales increased for the 11th consecutive fiscal year as the business environment normalized with an increase from companies made subsidiaries during the fiscal year, and achieved the target which was revised up during the period.

Operating income also increased for the 10th consecutive fiscal year, and operating margin reached to 10.2% which exceeded the revised target. Increase in operating income represents that the Group is steadily strengthening its foundation. For example, the gross profit ratio rose 1.5 percentage points year on year to 25.4% due to the continuous efforts including improvement of profitability for each project (despite some remaining issues), productivity innovation in system enhancement improvements and a review of the business portfolio. The result of these measures offset the increase in selling, general and administrative expenses, mainly due to strategic investments for the future, such as better employee benefits and building stronger brand value.

Net income attributable to owners of the parent company was down year on year and well below the target. This is mainly due to non-operating expenses and extraordinary losses incurred, because some overseas affiliated companies accounted for under the equity method that perform business relying on specific geographic regions or cross-border transactions were impacted by the spread of COVID-19.

(Millions of yen)	Fiscal 2020	Fiscal 2021	YOY changes
Net sales	443,717	448,383	+4,666 (+1.1%)
Operating income	44,839	45,748	+908 (+2.0%)
Operating margin	10.1%	10.2%	+0.1 points —
Net income attributable to owners of the parent company	29,411	27,692	-1,718 (-5.8%)
Net income ratio	6.6%	6.2%	-0.4 points —
Net income per share (Yen)	116.78	110.51	-6.27 (-5.4%)
ROE	12.5%	10.8%	-1.7 points —

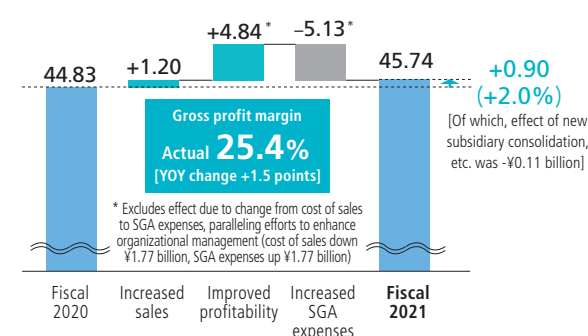
● Extraordinary income: ¥9,709 million

Main factors: Gain on sales of fixed assets ¥3 million
Gain on sales of investment securities ¥9,497 million

● Extraordinary losses: ¥4,150 million

Main factors: Loss on valuation of investment securities ¥1,111 million
Impairment loss ¥2,467 million

Fiscal 2021: Operating Income Analysis, Increase/Decrease Reasons (YOY change) (Billions of yen)



Prior investment costs for promoting structural transformation:
Up ¥0.12 billion (YOY change)
(Cost of sales: +¥0.48 billion, SGA expenses -¥0.36 billion)

Costs related to
 ✓ Software investment to create new services
 ✓ Investment in human resources to fuel structural transformation
 ✓ Investment in R&D to acquire advanced technologies

Brand-related costs incurred to ensure quick recognition in market:
Up ¥0.70 billion (YOY change)

Changes in SGA Expenses

Better employee benefits	+2.25
Effect of new subsidiary consolidation, etc.	+2.47
Brand-related costs	+0.70
Enhanced organizational management	+1.77
Lower operating costs, enhanced head office functions	-1.88
Prior investment, others	+1.59
Total	+6.90

Balance Sheet Analysis, Cash Flow Status

Balance Sheet Analysis

As of March 31, 2021, Consolidated total assets were up ¥68.1 billion from a year earlier, to ¥451.0 billion. Total liabilities increased ¥36.7 billion, to ¥171.6 billion, and Net assets increased ¥31.4 billion, to ¥279.4 billion. Shareholders' equity ratio was 60%, down 3.3 percentage points, due to the borrowing of ¥20 billion to increase liquidity of funds in case of unforeseen circumstances, maintaining high standards and financial soundness.

Cash Flow Status

Net cash provided by operating activities amounted to ¥33.3 billion, down ¥5.2 billion from the previous year; Net cash used in investing activities totaled ¥17.5 billion, down ¥8.9 billion; Net cash used in financing activities was ¥12.4 billion, up ¥27.0 billion.

Free cash flows increased ¥3.6 billion to ¥15.8 billion, maintaining high standard. This was due to aggressive investment in growth, including acquisition of intangible fixed assets to promote our service-style business and the establishment of a Toyosu Office to facilitate new working-styles through group integrated management in the post-COVID era.

Fiscal 2022 Forecast

Sales are expected to rise year on year, mainly reflecting capture of digital innovation demand from clients, with a full-year contribution to the performance by companies made subsidiaries during the fiscal 2021.

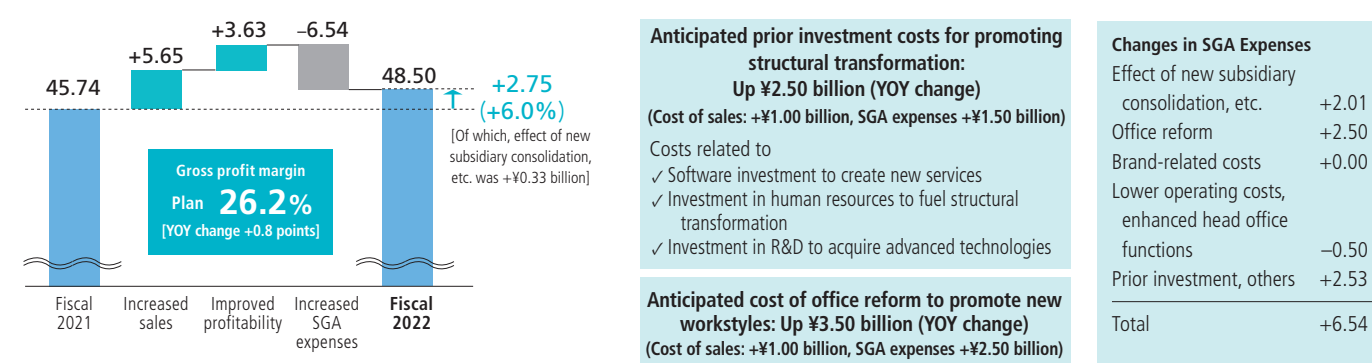
We continue investments for the future, including ¥2.5 billion of upfront investments to promote further structural transformation, and ¥3.5 billion of office reform cost to promote new workstyles (including ¥500 million temporary costs). We aim to offset these expenses by promotion of value-added business and productivity improvement, for the further improvements of operating income and operating margin.

(Millions of yen)	Fiscal 2021	Fiscal 2022 (estimates*1)	YOY changes
Net sales	448,383	470,000	+21,617 (+4.8%)
Operating income	45,748	48,500	+2,752 (+6.0%)
Operating margin	10.2%	10.3%	+0.1 points —
Net income attributable to owners of the parent company	27,692	32,200	+4,508 (+16.3%)
Net income ratio	6.2%	6.9%	+0.7 points —
Net income per share (Yen)	110.51	128.78	+18.27 (+16.5%)
ROE*2	10.8%	11.5%	+0.7 points —

*1 Including impact of decreased sales by the application of Accounting Standard for Revenue Recognition.

*2 ROE for fiscal 2022 is a calculated value.

Fiscal 2022: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)



Anticipated prior investment costs for promoting structural transformation:
Up ¥2.50 billion (YOY change)
(Cost of sales: +¥1.00 billion, SGA expenses +¥1.50 billion)

Costs related to
 ✓ Software investment to create new services
 ✓ Investment in human resources to fuel structural transformation
 ✓ Investment in R&D to acquire advanced technologies

Anticipated cost of office reform to promote new workstyles: Up ¥3.50 billion (YOY change)
(Cost of sales: +¥1.00 billion, SGA expenses +¥2.50 billion)

Changes in SGA Expenses

Effect of new subsidiary consolidation, etc.	+2.01
Office reform	+2.50
Brand-related costs	+0.00
Lower operating costs, enhanced head office functions	-0.50
Prior investment, others	+2.53
Total	+6.54

*The forecast of consolidated results may be revised depending on developments related to COVID-19.

Return to Shareholders

The Company regards the return of profits to shareholders as a key management issue and has adopted a basic policy of maintaining sufficient internal reserves required for business growth from a medium- to long-term management perspective, while continually paying a stable dividend in consideration of its consolidated financial results. Based on this policy, we will raise the total return ratio from 40% to 45% and constantly enrich the dividend per share to encourage a higher degree of shareholder engagement. (For further information, see page 32.)

For fiscal 2022, the Company is aiming for annual dividends per share of ¥40, up ¥5 from a year earlier, a dividend increases for the 10th consecutive fiscal year. As to share buybacks, we acquired treasury stock as planned, and expects about 45% of total return ratio including dividends.

The upper limit of treasury stock held by the Company is about 5% of number of issued shares, and the excess is canceled.

	Fiscal 2021	Fiscal 2022
Annual dividend per share	¥35 (+¥5 YOY)	¥40 (+¥5 YOY)
Acquired treasury shares	Total ¥3.02 billion	Total ¥4.47 billion
Total return ratio	42.8%	44.8%
Payout ratio	31.9%	31.0%