

## For the Future: Long-Term Vision and Value Creation Story

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World in 2050

In making assumptions for 2050, we took into account 24 political, economic and social themes, in parallel with technological progress and the impact that such advances might have, and performed PEST analysis.

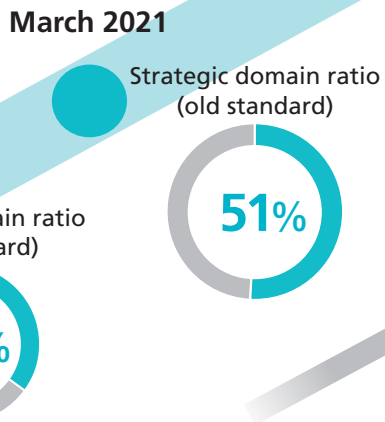
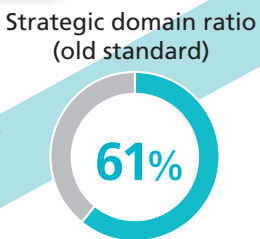
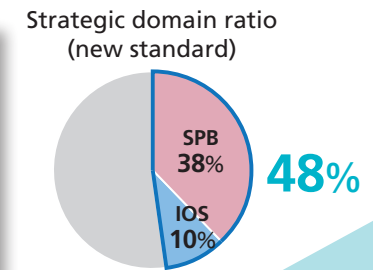
Politics	<ul style="list-style-type: none"><li>Predict <b>pension and social security system failure</b> due to changing demographics</li><li>Trend to limit impact of corporate activities on society, with tougher restrictions on use of fossil fuels and use of resources as <b>measures to deal with climate change</b></li></ul>
Economy	<ul style="list-style-type: none"><li><b>Hub of global economy will shift to emerging countries of Asia</b> that continue to enjoy high economic growth</li><li>Disparity between countries will shrink, paralleling economic growth, but <b>personal income gap will widen</b></li></ul>
Society	<ul style="list-style-type: none"><li>Population growth is particularly noticeable in Asia, where the benefits of economic progress have <b>extended average life expectancy and produced an aging society</b></li><li>Technological innovation is fueling <b>economic growth in urban areas</b> while <b>regional economies, impacted by a decrease in population</b> and little promise of a demographic turnaround, are <b>in decline</b></li></ul>
Technology	<ul style="list-style-type: none"><li>Technological innovation will accelerate, technological breakthroughs will become more frequent, and technology will have a major impact on political, economic and social activity</li></ul>

\*View of the world in 2050 drawn at Sustainability Project in 2019.

Based on long-term trends, we identified four social issues—financial inclusion, health concerns, urban concentration and rural decline and low-carbon/decarbonized society—that we have the capabilities to address.

Four social issues TIS identified as priorities where Group strengths can contribute to solutions

Financial inclusion	Health concerns
Urban concentration and regional decline	Low-carbon/decarbonized society



Medium-Term Management Plan (2024–2026)

Basic policy

**Frontiers 2026**  
We will set **frontier development** as a fundamental strategy and strive for **sustainable growth paralleling higher added value**. We will strive to achieve **changes in society and for corporate clients by enhancing quality across all value chains**, starting with **forward-looking market development and business domain expansion**.



Brand Message

**Make society's wishes come true through IT.**  
Using advanced technology and know-how, we will add a new dimension of vitality to society and bring smiles to the faces of more people. Our presence will shape the future of this kind of society.  
The TIS INTEC Group will continue to make society's wishes come true through the power of IT.

2050

Strategic domain ratio (new standard)

March 2033

80%

SPB 30%

IOS 30%

SIS 10%

CCB 10%

Group Vision 2032

Group VISION 2032

Society oriented, operationally diverse, globally active

Business policy guiding progress toward successful conclusion

Seek to possess insight into future and ability to solve issues, integrate capabilities of various players, maintain position conducive to co-creation, and be indispensable to social change

Redefined Strategic Domains ▶P.22

Social Innovation Service (SIS)

Co-Creation Business (CCB)

IT & Business Offering Service (IOS)

Strategic Partnership Business (SPB)

In May 2024, given good progress toward medium- to long-term management targets, and significant changes to internal and external environments in recent years, TIS updated Group Vision 2026, which had targets to meet by 2026, with new goals under Group Vision 2032. Guided by Group Vision 2032, we aim to make ourselves indispensable for social change.

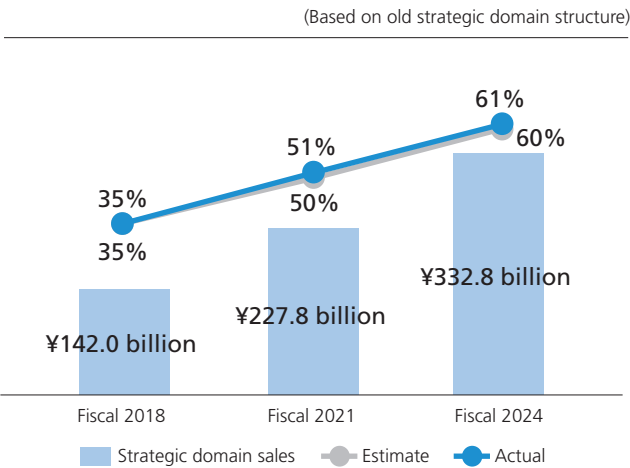
# Group Vision 2032: Toward Sustainable Growth

In 2017, TIS announced Group Vision 2026, which described a corporate ideal to be achieved by 2026 under the catchphrase “Create Exciting Future.” Seven years on, in 2024, a decision was made to define a new group vision for where TIS and the TIS INTEC Group should be in 10 years’ time. Management had made adjustments in recent years to address significant changes in-house and externally toward achieving Group Vision 2026, but it became clear that prevailing conditions required TIS to reorient operations groupwide with a long-term perspective and draw on composite capabilities to realize its corporate ideal and sustainable improvement in corporate value.

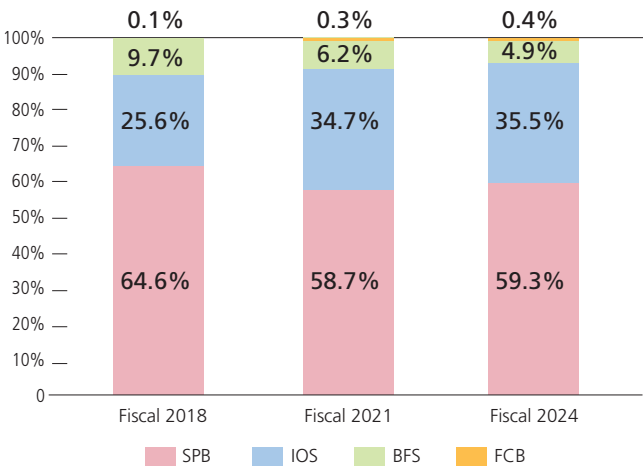
## Evaluating the Success of Group Vision 2026

Group Vision 2026 defined strategic domains as areas of business with the potential to fuel the sustained growth of the TIS INTEC Group and guided efforts to boost the contribution from activities in strategic domains as a percentage of overall business. The strategic domain ratio generally tracked as expected, thanks primarily to growth driven by high-revenue services, but the balance among domains remained an issue of concern to management.

### Changes in Strategic Domain Ratio



### Changes in Strategic Domain Portfolio



## Background to Creation of Group Vision 2032

External Environment

**Heightened uncertainty in competitive circles, fueled by technology development and growing interest in SDGs**

- Technologies with potential to change business models, industrial structures and state of society over next 10 years will become practicable one after another.
- Various services utilizing these technologies will be required as measures to address social issues become more top-priority for companies.
- Related to this, opportunities to co-create and compete with various players, including those from other industries, are increasing.

Internal Environment

**Good progress toward medium- to long-term management objectives but need to revise targets, given changes in external environment**

- Generally exceeded targets stated in Medium-Term Management Plan (2021–2023)
- Progress on strategic domain ratio set under group vision tracking as expected
- Various activities at nascent stage, like buds ready to blossom, so need to rethink corporate position and set new targets given changes in external environment but based on these emerging activities

Must update management policy with long-term perspective based on current conditions

## Group Vision 2032 Themes

Group  
VISION  
2032

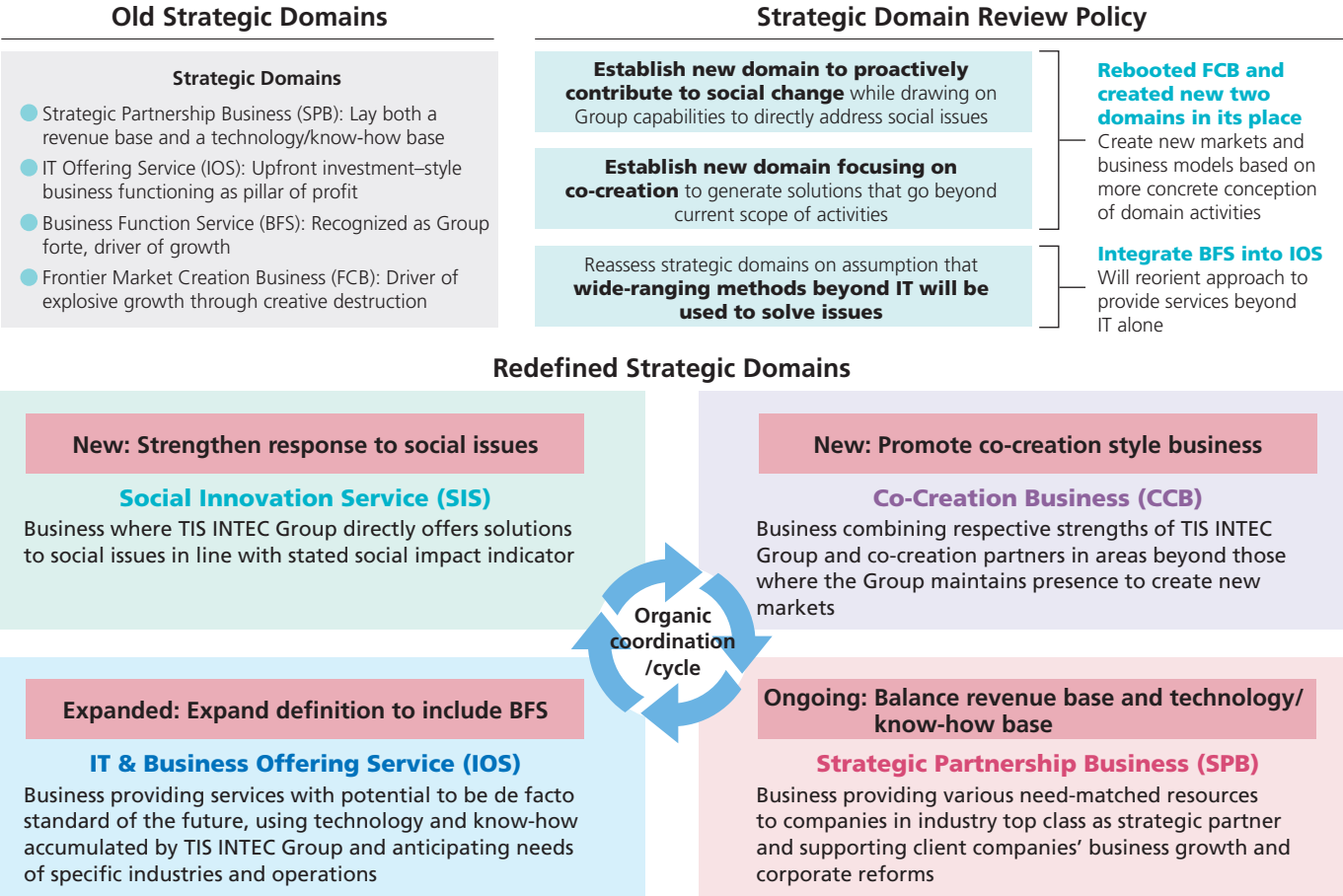
Society oriented, operationally  
diverse, globally active

Business policy guiding  
progress toward successful  
conclusion

Seek to gain insights into future and improve ability to solve issues, integrate  
capabilities of various players, maintain position conducive to co-creation, and  
be indispensable to social change

## Four Strategic Domains to Realize Corporate Ideal

Since 2017, when Group Vision 2026 was prepared, we see with greater clarity the social role that TIS INTEC Group must fulfill and the best business approach to take over the next 10 years, allowing us to identify new priority business areas.

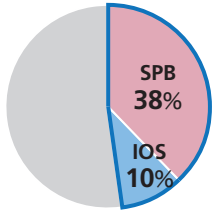


## Strategic Domains: Desired Composition

SPB and IOS domains will be much bigger, new CCB and SIS domains will have grown to a certain size, and the business portfolio will be a well-balanced mix of diverse business models.

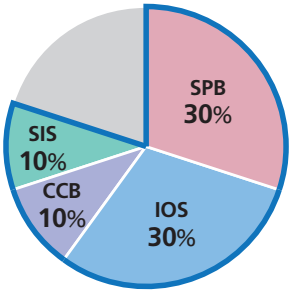
### Fiscal 2024 (Actual)

Sales in strategic domains  
as percentage of net sales  
(Calculation based on  
new strategic domain structure\*)  
**48%**



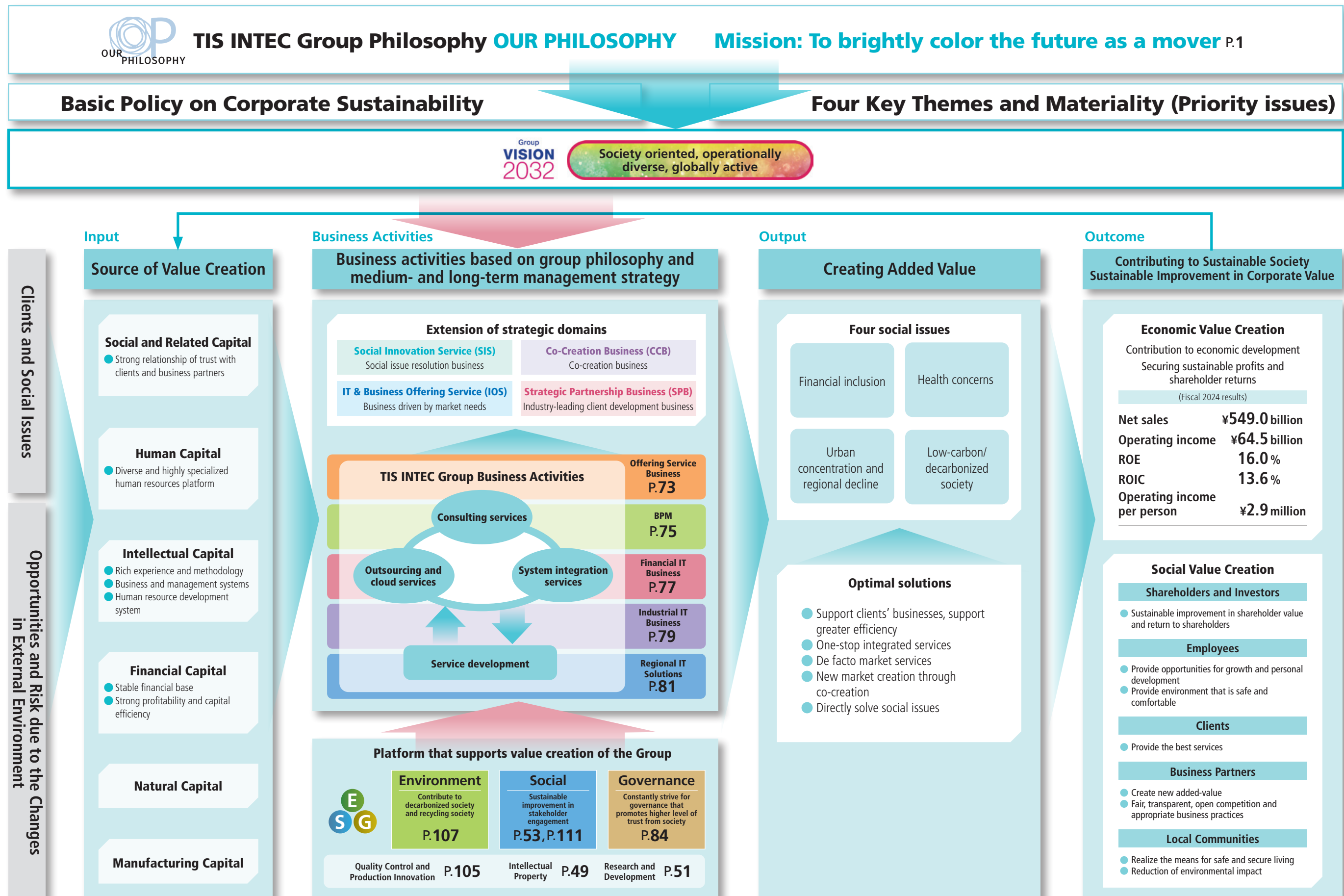
### In Fiscal 2033

Sales in strategic domains  
as percentage of net sales  
**80%**



\*The actual strategic domain ratio for fiscal 2024 reached 61% but was reset to 48% based on new criteria reflecting a rigorous review paralleling revision of strategic domains under the new medium-term management plan.







We will balance efforts to realize a sustainable society with efforts to achieve sustainable improvement in corporate value by leveraging unified Group management based on “OUR PHILOSOPHY,” the TIS INTEC Group philosophy.





Sources of Value Creation and Competitive Advantage

The management capital that the TIS INTEC Group has developed over the years is an indispensable element for sustainable corporate value growth and a source of value creation. We aim to create further value through the enhancement and effective utilization of this capital.

Management Capital	Inputs		Scope of Data Collection	Features	Initiatives to Maintain and Strengthen Capital
Social and Related Capital 	Number of clients	Approx. 15,000 companies More than 600 companies	Domestic	● Stable business promotion through a strong relationship of trust	Strengthen client relationships and satisfaction by capturing a wide range of client requirements and leveraging them in development and service provision Please refer to "With Clients" on page 111. Please refer to "With Business Partners" on page 112.
	Results of client satisfaction survey*1 Number of business partners	85.6% About 600 companies	Overseas		
Human Capital 	Results of business partner satisfaction survey*2 Linkage with startups (CVC investees)	77% 51 companies	D	● Diverse human resources engaged as movers ● Sustainable engagement	Secure cutting-edge human resources; recruit the talent who will lead the future business; support self-directed career development; ensure personnel evaluation and compensation remain commensurate with the true value of human resources; promote diversity and health management Please refer to "Key Strategy of the Medium-Term Management Plan/Human Resources Strategies" on page 53.
	Number of employees (consolidated) Results of job satisfaction surveys*3 Percentage of female employees in management positions Number of consultants	21,972 52% 11.8% 510	E		
Intellectual Capital 	Extensive service menu (aggregate number of solutions) Group awareness (among business people) Trinity: Original quality management system	About 500 70%	A	● Strong technological capability ● Abundant experience and know-how ● Dedication to improving quality, productivity, and technology	Share of development knowhow and technical issues / Tech Lead Team activities / Brand maintenance and enhancement Please refer to "Key Strategy of the Medium-Term Management Plan/Intellectual Property Strategies" on page 49.
			Domestic		
Financial Capital 	Net assets Equity ratio Credit rating Investments in growth	¥324.7 billion 59.5% A+ / Stable ¥100 billion (3 years, estimates)	A	● Stable financial base ● Strong profitability and capital efficiency	Promote structural transformation of business by strengthening investment Promote capital optimization Reduce cross-shareholdings Please refer to "Financial Investment Strategy" on page 65.
			A		
Natural Capital 	Energy consumption (electricity)	138,511 MWh	B	● High energy efficiency through environmentally friendly data centers	Promote use of renewable energy Consolidate data centers Please refer to "For the Global Environment" on page 107.
Manufacturing Capital 	Business sites throughout Japan Overseas sites centered in ASEAN	About 160 sites 10 countries	Domestic	● Outsourcing sites based on business continuity	Development of high-quality services that respond to environmental changes and client needs
			Overseas		

Figures are as of March 31, 2024.  
\*1 Percentage of respondents who answered we were "an irreplaceable business partner" in the client satisfaction survey.  
\*2 Percentage of respondents who answered "satisfied with our business and relationship" in the business partner satisfaction survey.  
\*3 Percentage of respondents answering positively to the question "Overall, this company is a good place to work" in the employee awareness survey.  
Scope of data collection  
A. TIS INTEC Group, consolidated  
B. TIS and 12 consolidated companies (domestic) and nine consolidated companies overseas.  
C. TIS and domestic consolidated companies.  
D. TIS and INTEC  
E. TIS parent

Here we introduce examples of human and intellectual capital, which are the source of value creation and symbolize the competitive advantage of the Group.

Human resources engaged as movers

Meet members of the Group who have a high level of expertise and extensive experience in using advanced technology and know-how to achieve business innovation and market creation.

Profile

Joined the Company in 1995. After being assigned to a system development division and gaining experience as a systems engineer, from 2000 Ms. Fukuyama worked in business planning in a planning division for solution services targeting regional financial institutions. After being transferred to a consulting department in 2014, she is currently in charge of a business division specializing in new business planning and development.



Tomoko Fukuyama  
INTEC Executive Officer  
Division Head, Business Innovation Division

I gained experience in business planning for the Company's solutions services for regional financial institutions, IT consulting for clients in a wide range of industries and company sizes, and running workshops related to new business planning. In the process, I became interested in business planning and product development from the client's perspective, and I have also participated in research activities related to usage quality and UX. Currently, I am in charge of a business division specializing in the planning and development of new businesses, where I can apply my past experience. I strive daily to achieve a more comfortable society by solving social issues.



Toshihide Kawamitsu  
TIS Department Manager  
Strategy & Innovation Consulting Dept.

Profile

After joining Japan's Ministry of Agriculture, Forestry and Fisheries, Mr. Kawamitsu worked as an IT consultant for a major consulting firm. After that, seeking social significance, he worked in corporate revitalization, and then in strategy, DX, and new business development at a major consulting firm. He joined TIS in 2021, where he provides support to companies in innovative ways.

TIS is staffed by consultants with experience at other consulting firms, including myself, who can provide consulting services comparable to those of other firms. In addition, TIS is engaged as a partner in the establishment of new businesses and has developed the expertise to co-create businesses. TIS is also known as an organization that can develop and operate new businesses and implement digital solutions based on the know-how it has cultivated as a systems integrator, while co-creating as a valued partner to our clients.

In these turbulent times, known by the acronym VUCA (volatility, uncertainty, complexity, and ambiguity), I am confident in the indispensability of organizations like TIS that can support companies in various ways. I intend to create businesses that have social value by close cooperation with our clients.

Technology platforms to enhance development competitiveness

Here we introduce platforms for sharing development and technical know-how within the Group to support the development of technology and the promotion of innovation as well as enhancing competitiveness in development activities.

Fintan: A website that offers its development know-how free of charge

This is a website that publishes the technical know-how that has been developed by the Group. The Technology & Innovation SBU is engaged in development of various technologies, new business development, and R&D initiatives, the results of which are published on Fintan (https://fintan.jp/en/).

We have compiled the know-how we have gained through our R&D, system development, and new business development projects and are making it available on the Internet. Anyone can use the Group's array of tools, processes, and know-how needed to promote open innovation from anywhere, free of charge.



Nablarch: An application development and execution platform

This is a platform for developing mission-critical enterprise systems. Various software applications and processes to improve productivity and quality are developed and utilized throughout the Group.



canal: A mutual technical support site for employees

canal is a mutual support platform that connects engineers across the entire Group. Those posting technical questions on canal can receive exceptionally specialized and useful answers primarily from the 160 experts certified by the Group. We are able to respond quickly to customer needs and technical issues by leveraging the collective strength of the Group and demonstrate the value that only a large company can provide.

canal is used by 21 companies in the Group, with a total of about 10,000 users. It has also fostered a corporate culture of mutual support among Group companies.

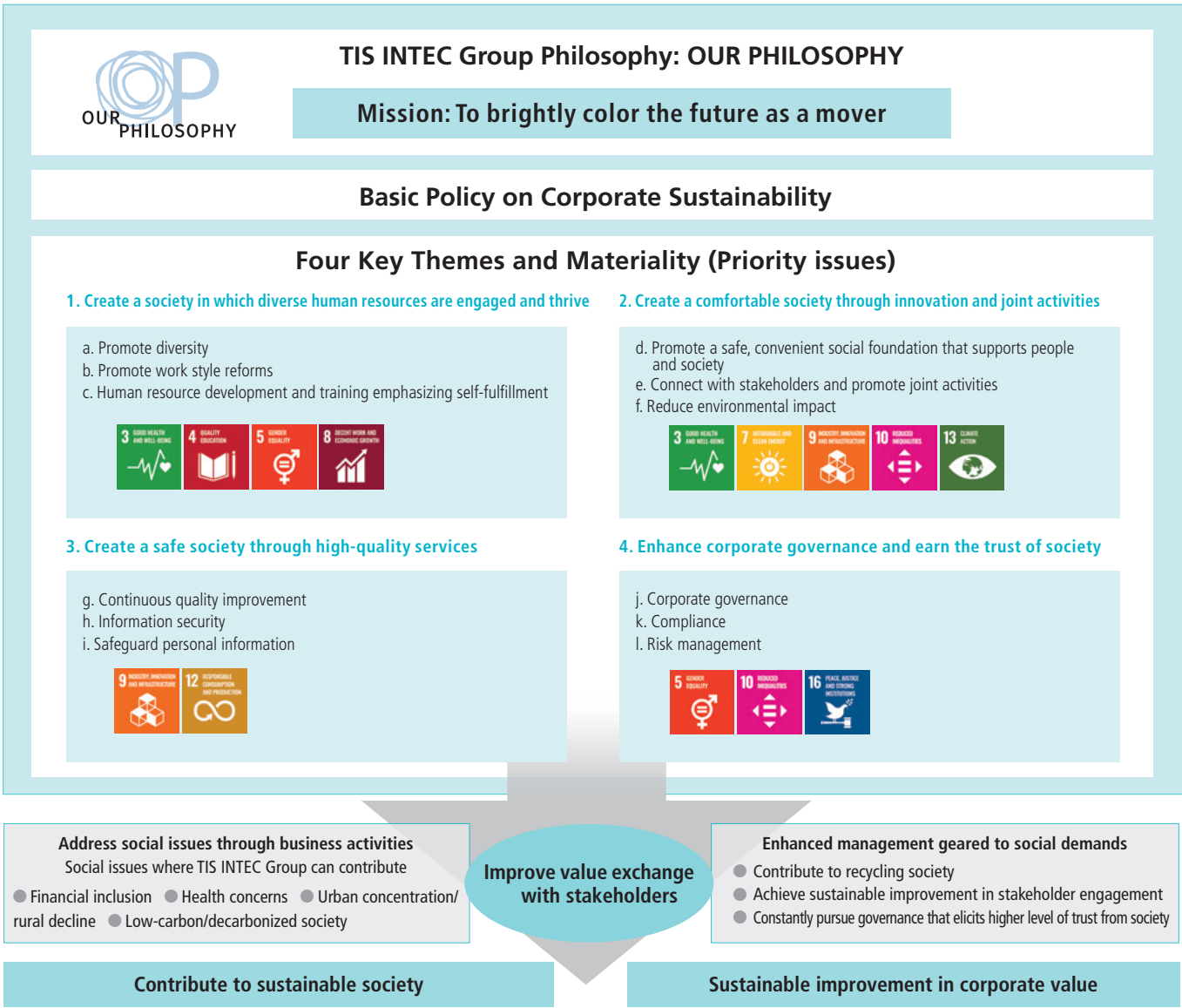


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Seeking to deepen sustainability management

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

Overall picture of sustainability management



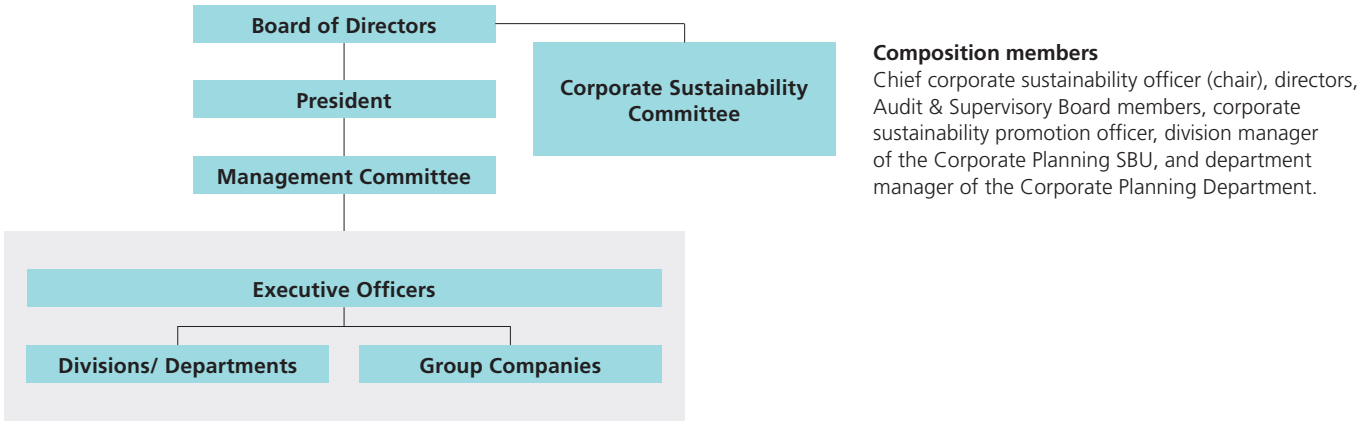
Changes in Sustainability Initiatives

The Group's sustainability initiatives have steadily evolved under the management structure of the holding company since July 2016, based on the identification of materiality and the entrenchment of sustainability in the consciousness of employees. In April 2024, the Company announced concrete non-financial targets in the current medium-term management plan under the new group vision. We look forward to great advances under the new structure.



Sustainability Promotion System

TIS promotes sustainability activities on a groupwide basis under the leadership of the TIS President and Chief Executive Officer, who chairs the Corporate Sustainability Committee. This committee, which meets twice a year in principle, identifies new trends in sustainability and presents to the Board of Directors a selection of issues to focus on and the direction that responses to should take. These issues and the respective suggested course of action are reflected in the medium-term management plan and annual business plans as specific measures of response. Progress is discussed by the Management Committee and tracked by the Board of Directors.



Main topics discussed at the Corporate Sustainability Committee meeting (June 2024)




- The importance of materiality assessment was reviewed as shown in the chart on page 31. The current materiality items remain unchanged.
- In terms of sustainability management, we will work to better understand the Group's current status and broaden the measures it is undertaking.
- To solve social issues, the need for cross-segment linkages in segment management was recognized.
- The committee will work on planning measures efficiently and effectively with an awareness of materiality items and their connection to other issues.
- The committee will endeavor to strengthen human capital from a medium- to long-term perspective.

The Group determines the organization in charge of each ESG area to increase the effectiveness of ESG initiatives.

ESG issues	Responsibility	
Sustainability management	Corporate sustainability promotion officer	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU
Internal control	Director in charge of internal control	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Compliance	Director in charge of compliance	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Information security/ personal information protection	Director in charge of information security	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Quality control/ product innovation	Trinity administration officer	Kyoko Takayanagi, Managing Executive Officer, System Development & Quality Management Innovation SBU
Tax affairs	Director in charge of tax affairs	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU
Environment	Corporate sustainability promotion officer Environmental promotion officer	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Human capital	Corporate sustainability promotion officer Human resources strategy promotion officer	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU Yoshiyuki Hayashi, Executive Officer, Division Manager of Human Resources SBU
Human rights	Human rights officer	Shinichi Horiguchi, Representative Director, Executive Vice President, in charge of Corporate Planning SBU
Supply chain	Corporate sustainability promotion officer	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU
Social contributions	Corporate sustainability promotion officer	Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU

Materiality-Related Initiatives and Targets

We clarified issues of priority—materiality themes—to achieve our mission, as stated in our basic philosophy. In addition, by analyzing the impact and opportunities presented by each materiality theme, we are able fine-tune measures and raise the effectiveness of initiatives implemented. We aim to reach each target through the roadmap laid out in our medium-term management plan.

Theme	Materiality	Impacts to Be Reduced	Opportunities to Be Seized
1. Create a society in which diverse human resources are engaged and thrive	<div>a. Promote diversity</div> <div>b. Promote workstyle reforms</div> <div>c. Human resource development and training emphasizing self-fulfillment</div> <div></div>	<ul style="list-style-type: none"><li>• Labor shortages that reduce productivity</li><li>• Inability to input the necessary human resources causing business growth to be impeded</li><li>• Lack of technology for new areas</li><li>• Less creativity and imagination among employees</li><li>• Less intra-Group and intra-organizational synergy</li></ul>	<b>Boost value creation capacity</b> <ul style="list-style-type: none"><li>• Enhance innovation abilities</li><li>• Secure human resources</li><li>• Boost productivity through greater employee engagement</li></ul>
2. Create a comfortable society through innovation and joint activities	<div>d. Promote a safe, convenient social foundation that supports people and society</div> <div>e. Connect with stakeholders and promote joint activities</div> <div>f. Reduce environmental impact</div> <div></div>	<ul style="list-style-type: none"><li>• Opportunities lost through stagnation of R&amp;D, etc.</li><li>• Weak framework for considering new business causing lost business opportunities</li><li>• Environmental burden triggering natural disasters, which in turn damage social infrastructure</li><li>• Changes to environmental regulations</li></ul>	<b>Construct a sustainable profit model</b> <ul style="list-style-type: none"><li>• Shift to a better profit structure</li><li>• Market growth</li><li>• Global environmental protection and climate change adaptation</li></ul>
3. Create a safe society through high-quality services	<div>g. Continuous quality improvement</div> <div>h. Information security</div> <div>i. Safeguard personal information</div> <div></div>	<ul style="list-style-type: none"><li>• Productivity and quality reduced due to lack of manufacturing capacity</li><li>• Deterioration in business sentiment causing customers and business partners to go bankrupt and existing customers to fall away</li><li>• Lack of understanding of technological trends and customer needs, among other deficiencies, creating the risk of providing services of inappropriate quality and safety, and reducing competitiveness</li><li>• Information leaks and cyberattacks</li><li>• Intellectual property lawsuits</li></ul>	<b>Boost market competitiveness</b> <ul style="list-style-type: none"><li>• More attractive products and services</li><li>• Optimization of manufacturing costs</li><li>• Responses to country risk and technological advance</li></ul>
4. Enhance corporate governance and earn the trust of society	<div>j. Corporate governance</div> <div>k. Compliance</div> <div>l. Risk management</div> <div></div>	<ul style="list-style-type: none"><li>• Group governance deficiencies causing vulnerabilities (compliance, risk management, and IT governance)</li><li>• Fund planning failures</li><li>• Credibility affected by fraudulent transactions</li></ul>	<b>Enhance corporate credibility</b> <ul style="list-style-type: none"><li>• Better management quality</li><li>• Eradication of misconduct</li></ul>

\*1 A: TIS INTEC Group consolidated; B: TIS and consolidated companies (domestic); C: TIS, INTEC, AGREX, QUALICA, AIS, and TIS Solution Link; D: TIS and INTEC  
\*2 New standard ratio based on the review of strategic domain in Medium-Term Management Plan (2024–2026)

Status of Fiscal 2024 Initiatives	Medium- to Long Term Targets				
	Perspectives on Progress Measurement	Indicators	Scope*1	Fiscal 2024 Results	Fiscal 2027 Targets
<ul style="list-style-type: none"><li>• Introduction and start of operation of a personnel system based on the Must/Will/Can framework, with the aim of aligning the aspirations of the Company and individuals.</li><li>• Clarification of position roles, responsibilities, and personnel requirements through the introduction of job descriptions</li><li>• Visualization of talent using career frames and their use in human resources portfolio management</li><li>• Focused on strategic job rotation to strengthen consulting skills</li><li>• Continued creation of an environment for career formation that allows diverse human resources to both play an active role and achieve work-life balance</li></ul>	Demonstration of employees' capabilities	Job satisfaction	B	52%	Above 58%
		Number of consultants	B	510	Above 700
		Percentage of female employees in management positions	B	12%	Above 15%
<ul style="list-style-type: none"><li>• Formulated new strategic domains based on the themes of solving social issues and co-creation</li><li>• Set long-term goals for new strategic domains</li><li>• Supported NPOs that focus on eliminating the digital divide and worked to cultivate a market where digital technology can be used safely.</li></ul>	Providing value to society	Strategic domain ratio*2	A	48% (New standard)	52% (New standard)
		Operating income per person	A	¥2.9 million	Over ¥3.5 million
		Growth investment	A	Three-year cumulative total ¥72.0 billion	Three-year cumulative total ¥100 billion
<ul style="list-style-type: none"><li>• Analyzing surveys and implementing improvement measures to increase client satisfaction</li><li>• Activities to strengthen relationships with business partners, such as holding exchange meetings and forums, to increase business partner satisfaction</li><li>• Rolled out personal information protection measures based on the latest global perspectives to the Group</li><li>• Internal roll out of OUR Quality, the TIS INTEC Group's common philosophy on quality</li><li>• Supported the establishment of quality management systems at major Group companies</li><li>• Strengthened the cycle of intellectual property creation with the aim of improving points of client contact</li></ul>	Quality demanded by society	Client and service satisfaction	C	54%	59%
		Business partner satisfaction	D	77%	81%
<ul style="list-style-type: none"><li>• Promoted BCP by conducting disaster preparedness drills and initial response drills in case of emergency</li><li>• Implemented Self-Assessment Questionnaire (SAQ) for business partners</li><li>• Implemented training to entrench OUR PHILOSOPHY</li><li>• Implemented study sessions to raise the level and awareness of the whistleblower system</li><li>• Implemented e-learning on human rights</li><li>• Implemented measures to reduce GHG emissions, such as data center consolidation and planned switchover to renewable energy</li></ul>	A company chosen by society	GHG emissions (Scope 1 + 2)*3 [Compared to fiscal 2020]	A	60% reduction	70% reduction
		Renewable energy utilization rate*3 (Offices and data centers)	B	57% introduction	100% introduction in fiscal 2031

\*3 Scope of fiscal 2024: TIS, INTEC, AGREX, QUALICA, AIS, TIS Solution Link, TIS System Service, TIS Tohoku, TIS Nagano, TIS West Japan, TIS Hokkaido, TIS Business Service, SorunPure, MFEC Public, Business Application, Motif Technology Public, Hongson, MISO Digital, Prain Fintech, Msyne Innovations, and Playtorium Solutions



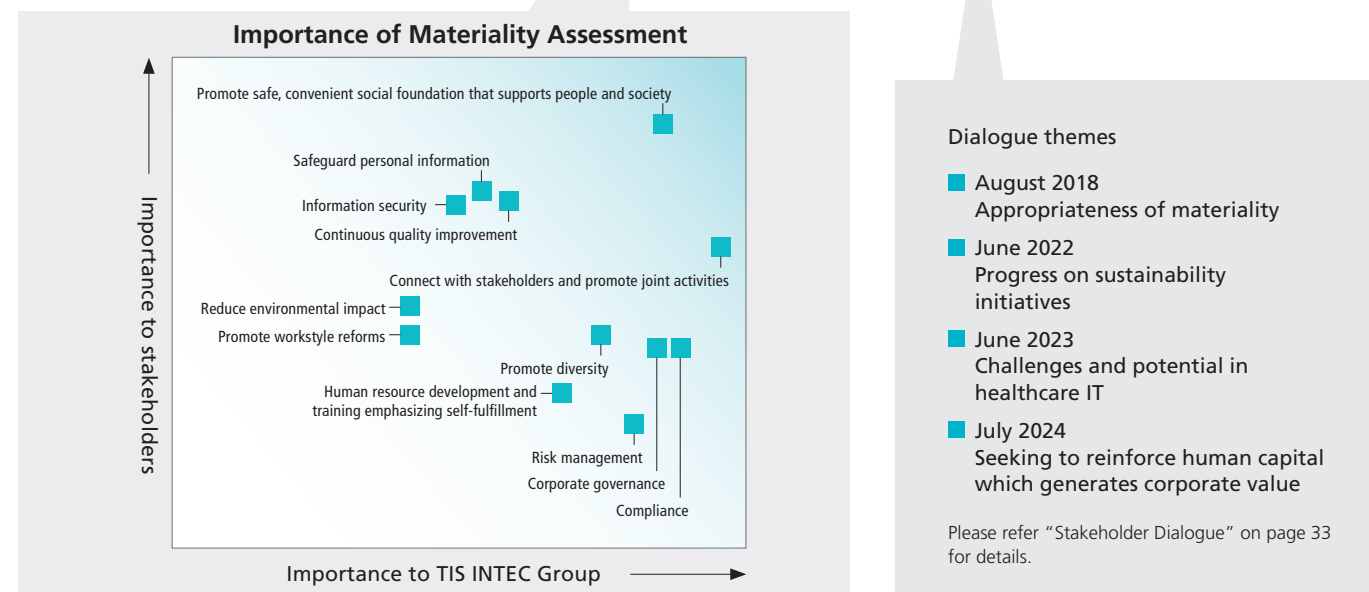
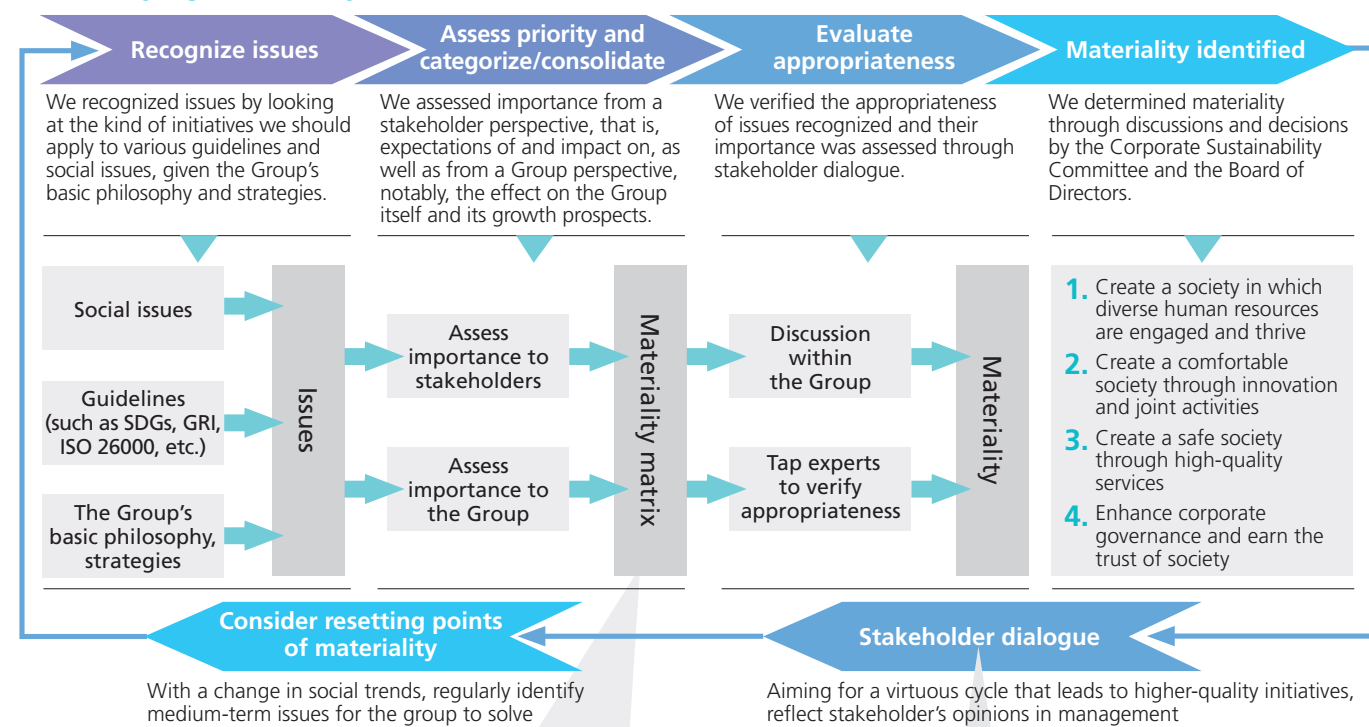
## ■ Materiality (Key Issues) for the TIS INTEC Group

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

To clarify important themes and identify materiality, we assessed importance from a stakeholder perspective, that is, impact on, as well as from a Group perspective, notably, the effect on the Group itself and its growth prospects.

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

## ■ Identifying Materiality

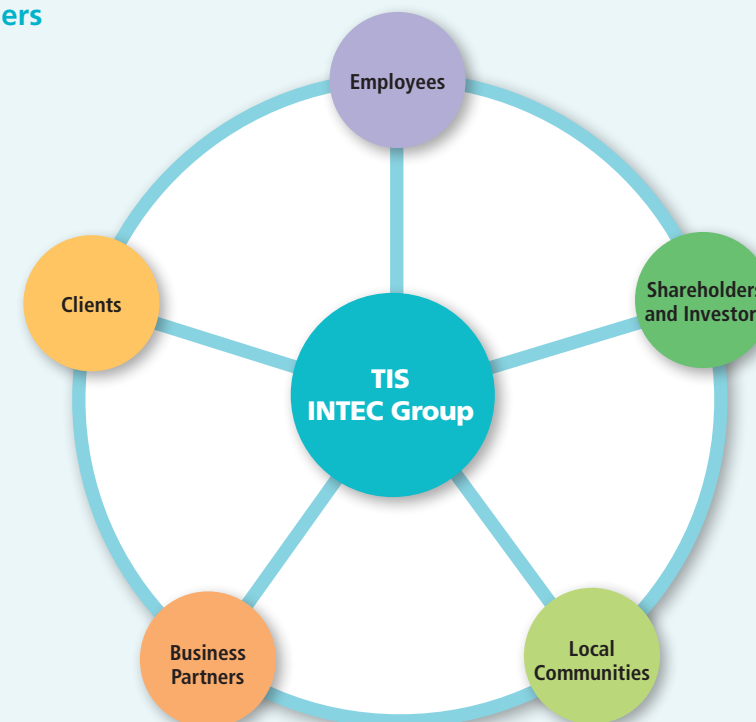


- The materiality matrix is assessed by the Corporate Sustainability Committee annually to ensure there is no discrepancy between social trends and the Group's current position. The materiality matrix was reviewed most recently in 2024.

## Stakeholder Engagement

The Group places a high priority on improving value exchangeability with stakeholders to contribute to a sustainable society and achieve sustainable corporate value enhancement. The Group aims to build relationships of trust through active engagement and, in harmony with society, continuously improve sustainable value.

### ■ Main Stakeholders



Stakeholders	Engagement opportunities	Value provided
<b>Employees</b> Indispensable to Group operations, bringing about corporate growth through demonstration of diverse personal skills and self-directed collaboration and development	<ul style="list-style-type: none"> <li>Company news, Group news, internal portal site</li> <li>Employee awareness surveys</li> <li>Personnel exchange groups, opinion exchange groups</li> <li>One-on-one career development</li> <li>Manifest issue of Human Resources SBU and others</li> </ul>	<ul style="list-style-type: none"> <li>Provide opportunities for growth and personal development</li> <li>Provide an environment that is safe and comfortable</li> <li>Promote diversity and good physical and mental health</li> <li>Providing appropriate and attractive compensation for performance</li> </ul>
<b>Clients</b> Users of services offered by Group companies to address client-side business concerns and help solve social issues	<ul style="list-style-type: none"> <li>Customer service points of contact (call center, website, main phone line)</li> <li>Seminars, fairs and forums for clients</li> <li>Publication of PR magazine, technical brochures and e-mail newsletters</li> <li>Client satisfaction surveys</li> <li>Regular and extraordinary meetings and others</li> </ul>	<ul style="list-style-type: none"> <li>Provide the best services</li> <li>Plan/propose new application formats for IT</li> <li>Lead/support realization of vision and strategies</li> </ul>
<b>Shareholders and Investors</b> Provide capital that supports Group business activities and participate in management through the exercise of voting rights, etc.	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Results briefings</li> <li>Small meetings, domestic and overseas roadshows, participation in conferences</li> <li>Information disclosure on IR section of corporate websites</li> <li>Integrated Report and others</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable improvement in shareholder value and return to shareholders</li> <li>Highly transparent disclosure</li> <li>Engaging in constructive dialogue</li> </ul>
<b>Business Partners</b> Partners helping to enhance value provided through Group operations and contributing to business growth and creation	<ul style="list-style-type: none"> <li>Information meetings on policy (guidelines)</li> <li>Creating opportunities for discussion (project information)</li> <li>Engineer development and support (educational support, seminars)</li> <li>Opinion exchange groups</li> <li>Business Partner Satisfaction Survey and others</li> </ul>	<ul style="list-style-type: none"> <li>Create new added value</li> <li>Fair, transparent, open competition and appropriate business practices</li> <li>Responsible procurement</li> </ul>
<b>Local Communities</b> Direct and indirect support of Group's corporate activities in areas where companies operate through provision of various infrastructure	<ul style="list-style-type: none"> <li>Participation in local events</li> <li>Support for activities contributing to society</li> <li>Charity concerts</li> <li>Public feedback posted on website</li> <li>Responses to requests from relevant ministries/agencies, industry associations and others</li> </ul>	<ul style="list-style-type: none"> <li>Realize the means for safe and secure living</li> <li>Active interaction with local residents in areas in which we operate</li> <li>Reduction of environmental impact</li> </ul>



Strengthening human capital to increase corporate value

For this section, we invited Mr. Fukuhara, an expert in human capital theory, and Mr. Senoo, who has a deep knowledge of the labor market, to give their objective and frank opinions on what we should consider and what we should do to strengthen the Group’s human capital.



	Masakazu Kawamura	Yutaka Tabushi	Yutaka Senoo	Masahiro Fukuhara	Yoshiyuki Hayashi
Participants:	[Outside experts]	Masahiro Fukuhara			
		Yutaka Senoo			
[TIS Inc.]		Masakazu Kawamura			
		Yoshiyuki Hayashi			
		Yutaka Tabushi			
[Facilitator]		Tomohiko Yamaguchi			

(Project Professor, Graduate School of Hitotsubashi University; Representative Director, Chairman and CEO, Institution for a Global Society Corporation; Co-Chairman, Research Consortium on Human Capital and Corporate Value)

(Representative Director, President, Persol Career Co., Ltd.)

(Managing Executive Officer; Division Manager of Corporate Planning SBU; corporate sustainability promotion officer)

(Executive Officer, Division Manager of Human Resources SBU; human resources strategy promotion officer)

(Deputy Division Manager of Technology & Innovation SBU; Department Manager of Design & Engineering Dept.; Section Manager, Development Platform Center)

(Consultant, Cre-en Inc.)

The Group’s human resources: challenges and strategies



**Kawamura:** The Group has achieved business growth by supporting a diverse range of clients across various industries. We have particularly strong capabilities in large-scale development projects in the financial and industrial sectors. In recent years, we have also developed a service-based business that

leverages our accumulated knowledge and expertise to resolve our clients’ problems. Furthermore, we have expanded our business beyond Japan into the ASEAN region as we pursue global growth. Under these circumstances, a major priority is to activate our Group-wide human resources, covering more than 20,000 people, and harness them as a united force.

Under our new medium-term management plan, which began in April 2024, we will focus on frontier development and target sustainable growth with added value. To achieve this, enhancing the value of our human resources through a strategic approach is our top priority. Our human resources strategy focuses on strategically investing in talent essential for business and management roles. By developing our people, we aim to enhance the value we deliver to clients and society, thus fostering a positive cycle that leads to further investments in talent.

As a related KPI, we have set a target of ¥3.5 million in operating income per person. Here, we will place particular emphasis on developing consultants who can solve problems in the upstream process, high-level marketing talent who can explore new frontiers, and IT architects who can create high added value to enhance our comprehensive capabilities. I would like to discuss what type of personnel we are looking for as we seek to elevate the Group to the next level.

Our image of high-level human resources

**Hayashi:** When considering advanced talent, it’s important to note that while we do have skilled professionals, the skill sets that we require are evolving. In recent years, we have been developing an offering-based business model. However, the skill sets required to make this our core focus differ significantly from those of the top-tier professionals traditionally engaged in contract development, which has been our longstanding area of expertise. To enable professionals with such skill sets to thrive, we need individuals who can bridge the gap between our legacy business and the offering business. These are the high-level human resources we want.



**Tabushi:** In my field of expertise as an engineer and IT architect, I believe that application skills are more important than technical stacks, while communication skills developed through working with a variety of clients and services are also important.

In addition, as we persist in our work, we will naturally encounter difficulties, whether in existing areas or when cultivating new fields. Therefore, we need to have the resilience to navigate these difficulties and continue moving forward. To achieve this, we must gain diverse experiences and develop the ability to embrace and enjoy change.

Overall, sustainability is key. Rather than focusing solely on recruiting and deploying high-level human resources, it is crucial to build a pyramid structure for cultivating advanced engineers and to ensure that individuals at various levels can thrive and contribute. We need managers who fully understand and effectively address this necessity.

Skills required for high-level human resources

**Fukuhara:** In addressing what defines high-level human resources, I understand from the comments of Mr. Hayashi and Mr. Tabushi that we need managers who can articulate and quantify not only skill sets and skill levels but also competencies, dispositions, and values. Mr. Tabushi also highlighted the need to establish a pyramid structure for developing advanced engineers across the organization and to ensure their success at various levels. This involves the challenge of visualizing the skills required for each level.

From this perspective, we can divide the skills that are useful in corporate activities into two categories: general skills applicable across the entire market and specific skills that are useful only within particular companies.

In the future, when building the pyramid structure for personnel recruitment and development, we will need to consider an optimal balance between these general skills and company-specific skills. In doing so, we will also need to consider how to deal with the risk of general skills becoming obsolete and company-specific skills being too limited to be effective. Especially in light of our global expansion, it is important to articulate and quantify all aspects related to the recruitment and training of our own high-level human resources.

**Hayashi:** As you pointed out, our focus in the area of transferable skills has leaned heavily towards IT skills, which has been our emphasis to date. As a result, we have been limited in our ability to visualize our company-specific skills. To address this, we launched a new initiative last year called the Career Framework, with the goal of clearly defining our company-specific skills. We are defining the skills required for each field, with around 60% focused on IT and the remaining 40% encompassing areas that we are working to articulate and quantify, such as consulting, sales, and produce.

Recruiting high-level human resources

**Senoo:** For my part, I would like to share my insights from a practical, on-the-ground perspective, while also making some general observations. As a starting point, it’s important to acknowledge that, as you know, society is undergoing structural changes due to declining birthrates and an aging population, resulting in a shrinking workforce. In this context, business leaders must first recognize, albeit reluctantly, that a pool of potential hires is no longer readily available. In this context, business leaders must rate recruitment as a priority management issue and make it a companywide effort. Instead of hiring first and assessing later, we should clearly define our desired talent’s skill level and attributes. Only with this commitment can we attract and recruit high-level human resources.

In your company’s case, I sense a growing awareness. You’ve begun to clearly define not only tangible skills like IT architecture but also intangible skills like issue-resolution capabilities, the power of insight, and comprehensive capabilities, as well as understanding client characteristics and competencies as mentioned in the medium-term management plan. This suggests you’re increasingly defining the profile of the talent you seek with greater precision.

Factors contributing to employee performance

**Yamaguchi:** As we discuss the two axes of new recruitment and employee retention, I would like to briefly discuss the fundamental question of human development—namely, the roles of genetics and environment—and how these factors are proportionally balanced. In recruitment, the focus would be more on the individual’s genetic potential, while in retention it would be providing an environment for shaping and developing that individual. Could you share your thoughts on this perspective?

**Senoo:** As someone involved in human resources, I am inclined to continue believing in individual potential, but I also feel that people change depending on their environment, and I have seen this firsthand.



**Fukuhara:** From the perspective of “nature versus nurture,” it is undeniable that certain abilities, such as mathematical aptitude, have a genetic component. However, it’s also widely acknowledged that many skills are acquired and developed over time. On the other hand, an individual’s temperament is heavily influenced by genetics as shown in the so-called Big Five\*—extroversion, openness, agreeableness, conscientiousness, and neuroticism.

Traits with strong genetic components are harder to improve later in life. For example, while everyone has some degree of extroversion, the extent varies from person to person. It is said that introverted individuals are more likely to

\* Big Five: A personality trait classification method based on common language descriptors, suggesting five broad dimensions commonly used to describe human personality and mental states. These five dimensions are defined as openness, conscientiousness, extroversion, agreeableness, and neuroticism.

experience stress when developing and utilizing communication skills. It is crucial to consider how we understand and address these traits that are strongly influenced by genetics. If we place too much emphasis on intangible skills, we risk undermining individuals who possess strong tangible skills. Ultimately, balance is key.

## Enhancing our human capital

**Hayashi:** Not too long ago, companies usually focused their business in a single direction, leaving no place for those who were not suited to that approach. On the other hand, with the recent increase in varying business models, there seems to be a growing consensus that people have their own strengths and weaknesses as you pointed out. We emphasize one-on-one dialogue, the essence of which is to acknowledge and understand the other person. We want to ensure that our staff recognize that they have options and elicit their options by engaging in face-to-face discussions about their abilities, strengths, and the roles that best suit them.



**Senoo:** I believe we need to establish detailed requirements outlining the qualities and characteristics of individuals—including IT architects, high-level marketing talent, and consultants—who can fully leverage their abilities to create value. This isn't

something that can be captured through surface-level conversations or the standard content of a résumé. For example, in your current business model, the focus has primarily been on contract development, where most team members, aside from project managers, have been executing tasks as planned. Shifting to an offering-based business requires individuals who can engage proactively and take the initiative. In other words, there needs to be a shift in mindset to discern between personnel who ask, "What should I do?" and those who confidently declare, "This is what I intend to achieve."

It's important to hire individuals who at the outset say, "This is what I intend to achieve." However, as I mentioned earlier, I want to believe that people can change through their environment. In other words, individuals who say "This is what I intend to achieve" can also be nurtured through the right environment.

I know it is a lot of work for the HR people, but through the one-on-one process you mentioned earlier, we can find out what people really want to do and let them do it on their own initiative. By embracing each person's diversity, we create an environment where the desire to say "This is what I intend to achieve next" naturally emerges. This positive cycle will, in turn, foster the development of many high-level human resources.



**Hayashi:** Our HR system encourages employees to consider how their personal goals align with their motivation and abilities. Additionally, we have implemented a system that uses career planning sheets to facilitate discussions between employees and

their supervisors about the employee's motivation, thereby continuously asking the question, "What do you want to achieve?" By articulating each other's expectations, we aim to create a positive cycle of motivation, leading to the production of high-level human resources. We still face numerous challenges in our journey to becoming an attractive company that is consistently chosen by a diverse pool of talented individuals.

**Tabushi:** Today, I feel like I have been confronted with a harsh reality once again. I feel we need to continuously reflect on how we can remain an attractive company for job seekers and keep pursuing various initiatives to achieve that goal.

**Fukuhara:** In the relationship between human capital and corporate value, research\* has uncovered a significant positive correlation between investing adequately in employee compensation and the future value of those investments, as well as the relative stock price of the company.

I believe that your company's pioneering efforts in articulation and quantification will positively impact most of the topics we discussed today. It would be beneficial to continue to focus on advancing these initiatives.

**Kawamura:** In today's discussion, I was reminded of the critical importance of personnel recruitment and retention for the Group, especially in the current competitive hiring environment. I gained valuable insights into how we can attract and develop the high-level human resources we seek, including potential candidates, through strategic investment in human capital. I've realized that for the Group to convey its thoughts on human resources to society at large, it is important for top management to personally articulate their vision. This approach fosters a sense of ownership, enhances our recruiting capabilities, and ultimately strengthens internal communication.

\*Ethan Rouen, Assistant Professor, Harvard Business School