

Corporate Governance Roundtable

TIS aims to achieve sustainable improvement in corporate value and is constantly working to enhance corporate governance. In this roundtable, the Chairman of the Board and two external directors delve into the status of measures to reinforce management capabilities through effective discussion and decision-making.



Shoichi Tsumuraya
Professor, Hitotsubashi University
(Facilitator)



Toru Kuwano
Chairman and Director
(Chairman of the Board of Directors)



Naoko Mizukoshi
External Director



Junko Sunaga
External Director

Board of Directors' Mission and Current Status

Q. In your opinion, what is the mission of the Board of Directors, and what is the current status of the Board?

Tsumuraya: Let's start off with the current status of the Board of Directors. If the ideal destination of corporate governance—that is, the establishment of effective governance to increase corporate value—was the top of Mount Fuji, how far do you feel you have climbed?



Kuwano: The role of the Board of Directors is to improve corporate value from a whole group perspective. I am proud to say that corporate governance has evolved, at least to a certain degree, exemplified by steps to separate oversight and execution and by greater transparency in the decision-making process through the appointment of external directors to chair the Nomination Committee and the Compensation Committee, which are advisory bodies to the Board of Directors. I would have to say, though, that we've only just reached the fifth station, which is halfway up the mountain but the starting point of trails to the summit. Our focus so far has been on responding to the demands of society—predominantly through the Corporate Governance Code—and while there are many issues to address going forward, we have a pretty good idea what they are. It's like following a trail—still uphill—with signposts. That said, it's still up to us to travel that path all the way to the top. Continued growth in the rapidly changing IT industry requires an ability to identify and solve problems independently, and I believe circumstances will make it more difficult than ever to do exactly that.

Mizukoshi: When I was appointed as the first female external director on the TIS Board of Directors in 2018, the chairman also served as president. I think this created the heightened risk of discussions dominated by internal rationale. At the time, TIS probably wasn't even close to the fifth station. But reforms implemented since then have brought a dramatic

change in awareness, internally speaking, and I feel that TIS is probably somewhere around the sixth or seventh station now. There's still room for improvement, of course, in terms of the external director ratio and skills diversity, and some distance left to climb before TIS reaches peak Board of Director performance, no pun intended.

Sunaga: I would have to agree with Mr. Kuwano that TIS is only at the fifth station. When I assumed my position in 2024, the framework for Group Vision 2032 and Medium-Term Management Plan (2024–2026) were already set. But I wondered, could TIS really achieve its stated goals? The path forward is murky in places, and more discussion is necessary with the executive side at Board meetings. So yes, I'd say TIS is at the fifth station—halfway to the summit but only just getting into the real climb to the top.

Atmosphere at Board Meetings and Effectiveness of the Board

Q. Describe the atmosphere at Board meetings. And what issues must be addressed to improve Board effectiveness?

Tsumuraya: How would you describe the atmosphere at TIS Board meetings?

Mizukoshi: Open. External directors can speak freely and in fact do. Our opinions are taken seriously, and I get the feeling that internal directors have become increasingly aware that ignoring the opinions of external directors, who reflect the perspectives of shareholders and other stakeholders, is itself a governance issue. That said, as noted in the evaluation of the effectiveness of the Board of Directors, I would like to see internal directors be more vocal.

Kuwano: One of the reasons internal directors may be reticent to speak up is that those who also hold an executive position don't fully appreciate the scope of their responsibilities and tend to comment as the head of their respective department instead of participating actively as a member of the team responsible for management of the entire TIS INTEC Group. It's somewhat inevitable, I guess, that internal directors will have a perspective that leans more toward the executive position, and we'll have to accept that. And so I'm wondering, to ensure suitably in-depth discussions, would it be better to increase the number of external directors or encourage internal directors to acquire a groupwide perspective?

Sunaga: I, too, get the impression that the Board of Directors welcomes comments and is serious about responding to issues. I feel the Board is extremely sound. I believe the Board as a whole listens with all sincerity to the opinions of external directors. Indeed, there were times when the executive team actually withdrew a proposal from the agenda after meetings where external directors voiced opposing views. Directors who also hold an executive position have the task of growing the businesses they are responsible for, and there may be times when such directors find it difficult to present their opinions for groupwide review. For this reason, I think it's all the more important to formulate and oversee a succession plan whereby the management team is selected by the Nomination Committee or some other structure.

Tsumuraya: I completely understand your point about the need to make internal directors more aware of their duties, as that would provide a more groupwide perspective to discussions, and I also agree that the appointment of directors conscious of their broader role is vital to this purpose.

Capital Policy and Market Evaluation

Q. Does the Board of Directors discuss capital efficiency or only profit/loss issues? And how does the Board view the market's evaluation of TIS?

Tsumuraya: Enhanced capital efficiency is an inescapable theme because of heightened pressure on TIS to improve corporate value. Capital efficiency is important from a shareholder perspective, and so I wonder, is capital efficiency a frequent topic of discussion by the Board of Directors?

Mizukoshi: Of course it is. The Board used to focus on indicators of profit and loss, such as operating margin, but in the last two or three years, conversations have increasingly leaned toward capital efficiency as a key component of balance sheet management. Consequently, discussions that involve capital policy are common.

Sunaga: In dialogue with institutional investors, a great many questions target management indicators, such as ROE, and I feel the Board is giving a lot more attention to ROE as a key indicator of corporate performance.

Mizukoshi: The evolution of discussions can be broken down into three stages. Initially, the focus was on improving businesses with low operating margins and implementing structural reform. Then the focus expanded to include steps to boost return on assets (ROA), mainly by reducing strategic shareholdings and selling off unnecessary assets. Currently, discussions revolve around the content of dialogue with investors and reflect a deeper awareness of balance sheet management and capital costs.

Kuwano: I believe our capital policy is starting to gain a certain degree of market recognition. The problem, as I see it, is that we haven't described our growth strategy clearly enough and we haven't been able to sufficiently demonstrate to the outside world that progress toward stated goals is on track. Our recent PER is slightly lower than the industry average, which the market might interpret as indicative of a growth strategy that lacks a necessary element. PER lower than that of our competitors might also indicate that the path we are traveling is not as clear from an external perspective as it is to us. This is of course concerning to the Board of Directors, so we are preparing meeting agendas that allocate more time to discussions about growth strategy.



Mizukoshi: In an industry undergoing rapid change, the market is trying to determine whether TIS has a future, whether it can remain a company of choice. Enhanced governance is vital to corporate permanence amid industry evolution, but real growth is also essential. TIS still has difficulty getting the market to understand the corporate narrative on M&A activity, overseas strategy and building the business portfolio, but perhaps the content itself needs to be better defined.

Kuwano: We need to improve employee value because employees are the source that feeds corporate value. To boost profits while maintaining staffing levels, it's exceedingly important from a management efficiency perspective to grow our service-based businesses, invest in human resources, and build stronger relationships with partners. These are areas best addressed not by the executive team alone but rather through a wider effort that involves the Board of Directors in deciding what policies or approaches to adopt.

Q. How is the issue of human capital management addressed?

Tsumuraya: What kind of conversations do you have on human capital management to raise productivity and profitability per person?

Sunaga: The Medium-Term Management Plan (2024–2026) calls for robust investment to strengthen human capital. In Japan, more so than overseas, the emphasis is placed on hiring new graduates, and my impression is that there is sufficient discussion about human capital and that an appropriate amount is earmarked for investment, such as for education and better employee benefits, to boost the added value of human resources.

Mizukoshi: All companies struggle with placing the right people in the right positions, but TIS believes that developing leaders through its human resource strategy—and demonstrating this internally and externally—will also help retain excellent talent.

Shareholder Dialogue and Assessment of Corporate Value

Q. What did you learn from your dialogue with institutional investors?

Tsumuraya: I know you've been involved in conversations with institutional investors. What questions were you asked and were any particularly memorable?

Mizukoshi: A lot of questions targeted capital efficiency, which is a KPI that TIS has tapped in the Medium-Term Management Plan (2024–2026), but there were also questions about incentives as executive compensation and measures for monitoring the status of growth strategies. A comment that stayed with me was that TIS should increase its external director ratio, given the important role that external directors play in good corporate governance.



Sunaga: There was a lot of interest in TIS' approach to reaching its long-term target of 20% for ROE and some suggestions regarding better control of excess capital. The excess capital

theme is one that the Group understands. Some companies overseas are able to increase their return on capital just by reducing equity capital, which is the ROE denominator, but business growth to increase profits, which is the ROE numerator, shouldn't be discounted. In addition, I believe being asset-light means disposing of unnecessary assets. However, in regard to core facilities, it was pointed out that TIS shifted from leasing, mainly for system operations, to ownership. I think it's best for the Company to hold on to these facilities right now out of its social responsibility to protect clients' information assets. This was communicated to institutional investors so that they would understand why TIS doesn't sell off the properties. The most important thing is to improve corporate capabilities, and on that basis, the Board must supervise the implementation of capital policies in a fair and flexible manner.

Q. How do you think corporate value should be measured?

Tsumuraya: In recent years, activist-driven takeovers and shareholder proposals have intensified in Japan. Against this backdrop, has the Board discussed target market capitalization that represents fair corporate value and market valuation?

Mizukoshi: It's only natural, from a shareholder's perspective, to expect the stock price to rise and market capitalization to increase. We understand that. We monitor market capitalization, but setting market capitalization as a direct target could trap the Company in short-term measures to boost stock price. Any such measure would require careful discussion. However, the most important aspect to maintain and then improve management stability while running a company conscious of stock price is, without a doubt, the ability to increase stock price along with healthy growth.

Tsumuraya: One of the conditions for preventing unforeseen situations would be for internal directors to understand the thinking that drives institutional investors, notably activists, to fixate on market capitalization, and to enhance financial literacy.

Sunaga: Financial literacy can be acquired through experience, and understanding the perspective of activists and other control-seeking investors can lead to enhanced governance. That said, external proposals are often crafted from a short-term perspective, so TIS must always remember that the fundamental principle of business is to achieve sustainable improvement in corporate value, in line with OUR PHILOSOPHY, the TIS INTEC Group's basic philosophy.

Initiatives by Nomination and Compensation Committees, and Efforts to Reinforce Governance Going Forward

Q. Describe the initiatives undertaken by the Nomination and Compensation Committees and efforts to reinforce governance going forward.

Tsumuraya: The Nomination and Compensation Committees fulfill a major role in shaping the Board of Directors. Ms. Mizukoshi, as an external director and recent chair of these committees up to fiscal 2025, what did you emphasize in running these committees?

Mizukoshi: One of the Nomination Committee's core missions is to formulate a succession plan. When considering who to recommend as the next person to fill the top management position, we look for candidates with leadership qualities and abilities conducive to success in this rapidly changing environment, and we emphasize selection through a transparent process. For external directors, we focus on diversity, and for internal directors, we assess candidates' capacity to contribute to development of the Group. The scope of our discussions goes beyond members of the Board of Directors to directors at Group companies and, in the case of core companies, executive officers as well. Most recently, the Compensation Committee revised the director compensation system, after a good year and a half thoroughly discussing the system, and increased the ratio for performance-linked compensation.

Tsumuraya: In terms of meeting frequency, the Nomination Committee met eight times and the Compensation Committee met six times in fiscal 2024, which was more often than at other companies.

Mizukoshi: That's right. When we're discussing important issues, such as changes to compensation and measures to fine-tune succession planning, we're bound to meet more often. We give important issues the amount of time and effort required to ensure an appropriate outcome.

Sunaga: At the same time, the agenda put forward to the Board of Directors underwent a review, and we allocate more time to discussions on key items pertaining to medium- to long-term growth. I think these efforts have helped enhance the Board's efficiency and the quality of discussions and eventual decision-making.



Kuwano: As chairman of the Board, I play a significant role, not only in running the meeting on the day but also in deciding which topics to discuss and ensuring that we don't fail to bring up important points that require input from the executive side. Points of particular importance to enhanced governance would include increasing the number of external directors, determining the number of internal directors who also hold executive positions and their respective scope of duties, and the positioning of non-executive internal directors like myself. The nomination and compensation committees address succession planning not only for top management but also for the executive ranks, and the process might present a few challenges since the conversations involve specific individuals. There are still many topics to discuss, which is one of the reasons why I said we are only at the halfway point to our corporate governance destination.

Board of Directors' Role Going Forward, and Dialogue-Inspired Vision for the Future

Tsumuraya: From what you have all said, I sense that governance at TIS is steadily evolving and that management has a strong desire to achieve sustainable improvement in corporate value. At the same time, I think you all accept the fact that governance practices could be enhanced further. Could you each offer your thoughts on how TIS should do that?

Mizukoshi: In the years since I became an external director, TIS has significantly strengthened the systems and mechanisms that support the Board of Directors. However, some aspects of the business portfolio and the vision for growth in each service domain remain unclear, and I feel the Board could do more to promote clarity. For about two years, I've been engaged in extensive discussions to take governance to the next level, and I'd like to see Board effectiveness improve along with enhanced governance.

Sunaga: First of all, achieving the KPIs in the Medium-Term Management Plan (2024–2026) is fundamental to fulfilling the expectations of shareholders. I'd like to apply insights gained through real dialogue with institutional investors to reinforce management capabilities and closely monitor the implementation status of growth strategies to increase TIS' practical value. Accordingly, the market's evaluation of TIS will improve along with expectations for growth into the future, and I'll have contributed to the underlying reasons for an increase in TIS' stock price.

Kuwano: When TIS and two other Group companies merged in 2011, with TIS as the surviving company, I was president and busy building the organization. Immediately after the merger, the issues before me were clear, and I worked diligently every day to address those issues. But a few years later, when everything had settled down, I remember thinking about what had to be done next and how to go about executing those next steps. That was where things got more challenging. As I mentioned at the beginning of this discussion, the same is true for improving corporate governance. Until now, what needed to be done was pretty obvious, but going forward, the path ahead isn't so clear-cut. Our journey will require us to think for ourselves about what we should do—essentially, carving our own path—and as Chairman, steering the Board of Directors through corporate seas, it's my duty to facilitate effective and constructive discussions that contribute to the sustainable growth and increased corporate value of TIS and, by extension, the whole TIS INTEC Group. Now is the time to take corporate governance to new heights.

Tsumuraya: I hope that today's discussion will fuel further progress in your corporate governance journey and in sustainable improvement in corporate value.



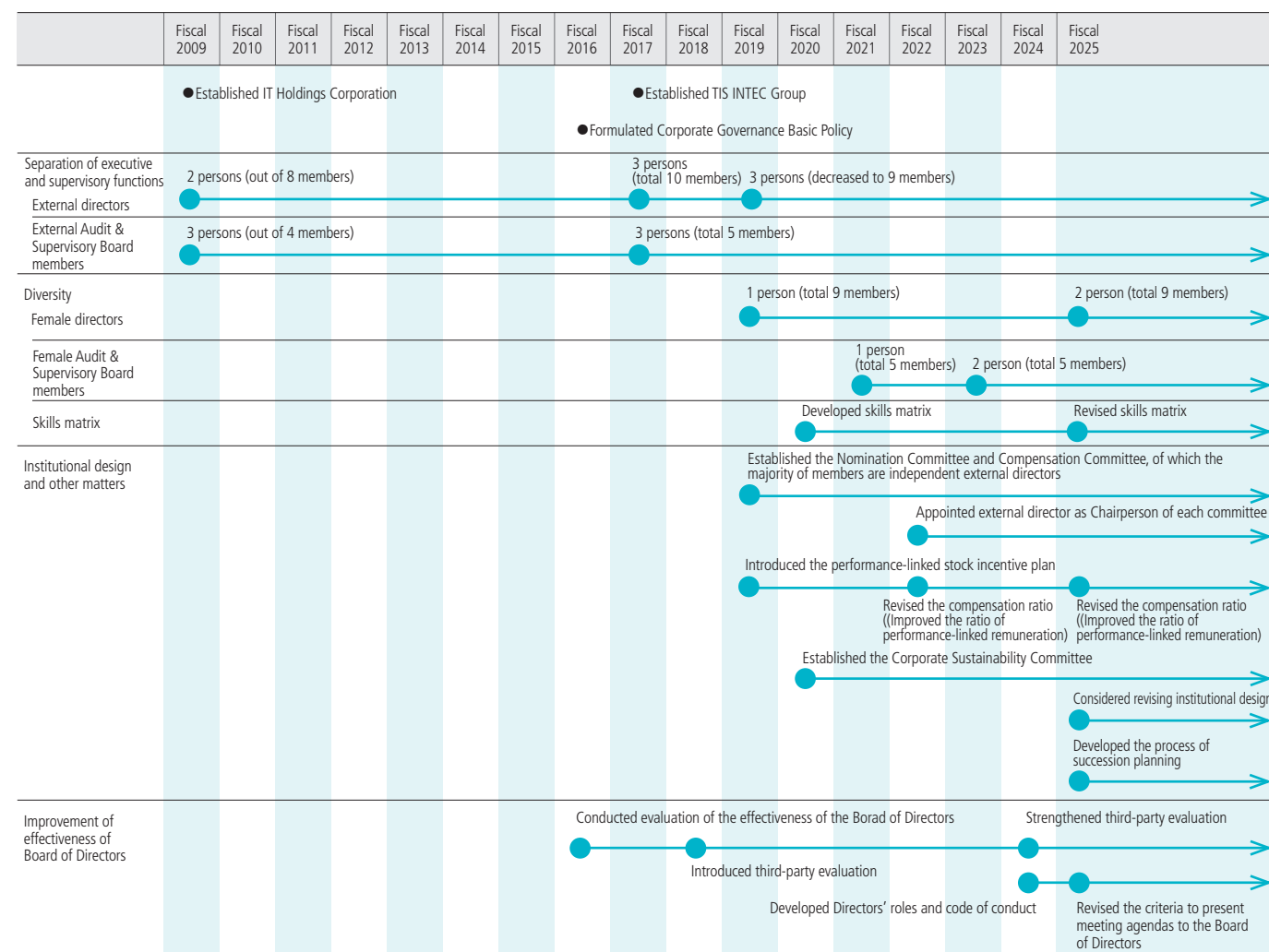
The Group seeks to enhance corporate governance and internal controls, which are its core areas of focus. The focus is also on promoting quality control and production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as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

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.

Change of Initiatives to Strengthen Corporate Governance

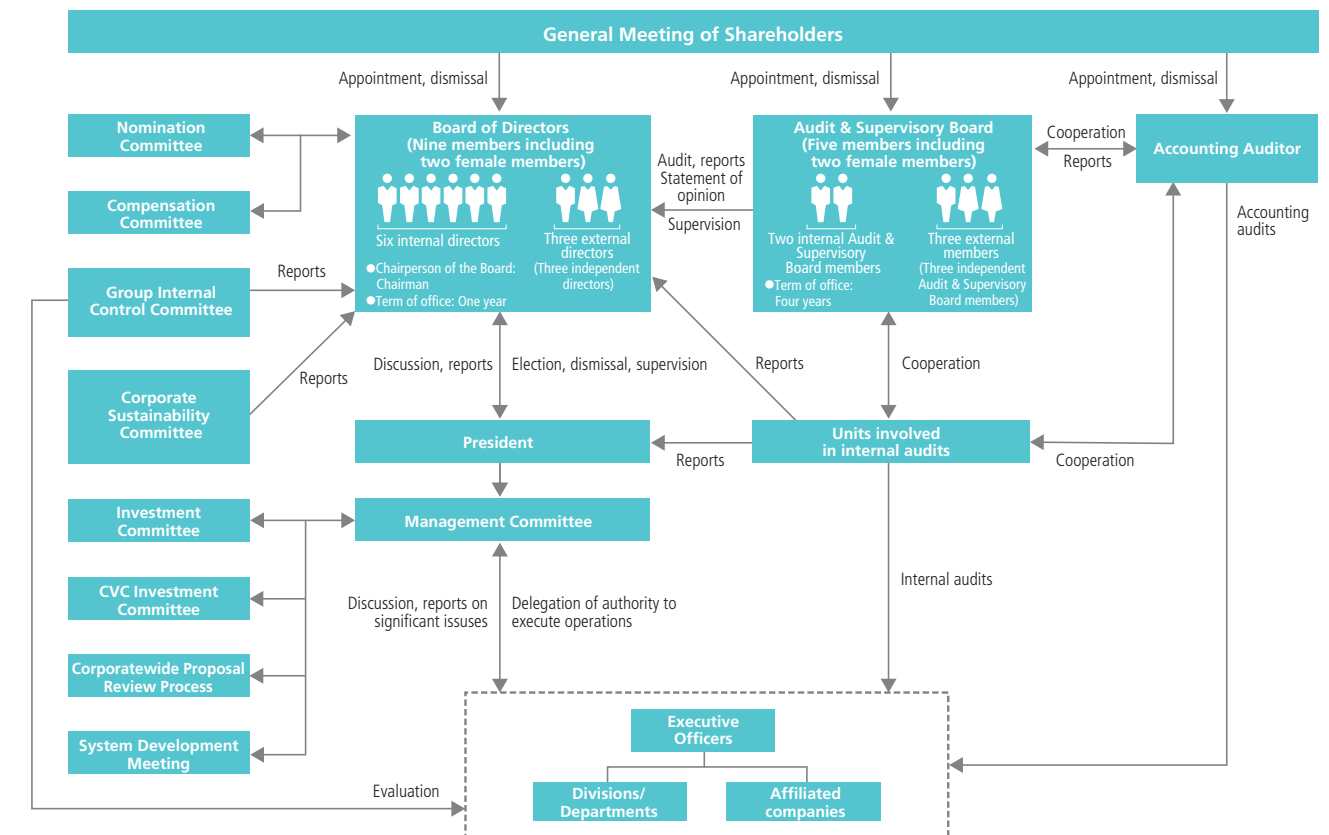


Compliance with the Corporate Governance Code

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.

<https://www.tis.com/documents/en/ir/policy/governance/governance.pdf>

Corporate Governance Structure

















Board of Directors	Aims to foster a common understanding among members and to discuss and decide on major directions, such as our management vision, management strategy, and sustainability policy, in order to achieve sustainable enhancement of the Group's value, mindful of the responsibility that has been entrusted to it by shareholders.
Nomination Committee	An advisory body to the Board of Directors voluntarily established to ensure objectivity and transparency in the process nominating Directors and to further strengthen corporate governance.
Compensation Committee	An advisory body to the Board of Directors voluntarily established to ensure objectivity and transparency in the process of determining the remuneration of Directors and to further strengthen corporate governance.
Management Committee	A deliberation body with authority within the scope delegated by the Board of Directors aiming for sustainable growth and medium- to long-term improvement of corporate value through deliberation of important matters related to the execution of business activities by TIS and Group companies under delegation by the Board of Directors.
Group Internal Control Committee	A deliberation body for important matters related to internal controls of the entire Group, which reports its results to the Board of Directors through the Risk Management Dept.
Corporate Sustainability Committee	Identifies sustainable management trends, discusses sustainability issues, provides direction on how to address them and sets targets.

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 external 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.

■ Board of Directors and Audit & Supervisory Board Members (As of June 24, 2025)

	Directors							Audit & Supervisory Board Members							
															
	Chairman	Representative Director, President	Representative Director, Executive Vice President	Director, Senior Managing Executive Officer	Director	Director		External Director Independent	External Director Independent	External Director Independent	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member External/Independent	Audit & Supervisory Board Member External/Independent	Audit & Supervisory Board Member External/Independent
	Toru Kuwano	Yasushi Okamoto	Shinichi Horiguchi	Kiyotaka Nakamura	Shuzo Hikida	Akira Makado		Naoko Mizukoshi	Junko Sunaga	Mitsuhiro Furusawa	Makoto Tsujimoto	Hideki Kishimoto	Yukio Ono	Akiko Yamakawa	Hiroko Kudo
Date of birth	May 3, 1952	March 3, 1962	June 23, 1962	August 29, 1968	October 24, 1964	April 15, 1965		September 23, 1967	September 25, 1960	February 20, 1956	December 7, 1960	November 27, 1964	January 1, 1950	April 5, 1973	February 28, 1968
Cumulative term of office	12 years	7 years	2 years	—	2 years	—		7 years	1 year	—	2 years	1 year	5 years	5 years	3 years
Number of shares owned (thousand shares)	177	62	27	29	7	21		1	0	—	61	0	3	—	0
Attendance at meetings (●Chairperson)															
Board of Directors	●	○	○	○	○	○		○	○	○	○	○	○	○	○
Audit & Supervisory Board											●	○	○	○	○
Nomination Committee		○						○	●	○			○	○	
Compensation Committee		○						○	●	○				○	
Attendance/Number of meeting (Attendance rate) (fiscal 2025)															
Board of Directors (17)	17 (100%)	17 (100%)	17 (100%)	—	17 (100%)	—		16 (94.1%)	11 (100%)*	—	17 (100%)	11 (100%)*	16 (94.1%)	17 (100%)	17 (100%)
Audit & Supervisory Board (13)	—	—	—	—	—	—		—	—	—	13 (100%)	11 (100%)*	13 (100%)	13 (100%)	12 (92.3%)
Nomination Committee (8)	—	8 (100%)	—	—	—	—		8 (100%)	6 (100%)*	—	—	—	—	8 (100%)	—
Compensation Committee (4)	—	4 (100%)	—	—	—	—		4 (100%)	2 (100%)*	—	—	—	—	4 (100%)	—
Skills															
Corporate Management	●	●	●		●	●			●						
Industry Knowledge	●	●		●	●	●		●			●				●
Globalization				●					●	●		●	●	●	●
Intellectual Property, Technology and Innovation				●				●	●		●				●
Human Resources	●		●			●				●		●	●	●	
Finance/Accounting			●			●				●		●	●		
Legal Affairs/Risk Management		●			●			●		●	●	●	●	●	

* Reflects attendance at meetings held after appointment on June 25, 2024.

■ Executive Officers (As of June 24, 2025)

Executive Vice President	Josaku Yanai	Executive Officer	THANAWAT LERTWATTANARAK
Managing Executive Officer	Akira Ogane		Yoshiyuki Hayashi
	Satoru Tayasu		Reiko Oka
	Hidehiko Shimoyama		Tetsuya Yuzuri
	Tsuneyoshi Ito		Hiroyuki Kawai
	Kyoko Takayanagi		Yukino Fuchigami
	Isao Otokita		Kazuto Nakamura
	Ikuo Shimizu		Takashi Fujii
	Masakazu Kawamura		Kiichiro Sasaki
	Hiddenori Yano		Sachio Yamada
	Kensaku Furusho		Ken Nakamura
			Masahiro Masumoto
			Hidetoshi Tamakoshi

Criteria that Ensures the Independence of External Officers

To strengthen the supervisory function of the Board of Directors, the Company established criteria that ensures the independence of external directors and external members of the Audit & Supervisory Board, in accordance with the requirements of the *Companies Act* and with reference to the rules of the Tokyo Stock Exchange. For details, please visit the following website.

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

Skills of Directors and Audit & Supervisory Board Members Required for the Group's Growth

The Board of Directors needs to have a wide range of knowledge, experience and diversity in order to ensure the sustainable growth of the Company and increase its corporate value over the medium to long term. The experience, knowledge and skills that we consider to be particularly necessary have been set out below based on our materiality, Group Vision 2032, and Medium-Term Management Plan (2024–2026).

Skills	Elaboration of skills
Company Management	Experience as a company representative director, or practical experience in evaluating important business opportunities and risks, making risk-taking decisions, and achieving business transformation as a manager with knowledge of corporate governance premised on sustainable management
Industry Knowledge	Cutting-edge knowledge of ICT and DX, as well as extensive knowledge and expertise in the information services industry and cybersecurity, all of which are necessary for promoting DX in collaboration with clients
Globalization	Practical experience in management of a company that operates globally, or practical experience in understanding the opportunities and risks of a global business and engaging in business expansion overseas
Intellectual Property, Technology and Innovation	Expertise in intellectual property, which is essential for sustained improvement of corporate value, or practical experience and knowledge in driving innovation that brings prosperity to society through applied technology, and other such tools
Human Resources	Knowledge and practical experience to secure and promote the active participation of talented human resources capable of providing high added value, and to foster a work environment and corporate culture in which diverse human resources can work with motivation and peace of mind
Finance/Accounting	Possess knowledge of corporate finance necessary for medium- to long-term sustainable value creation, and practical experience in decision-making regarding investment and financial strategies
Legal Affairs/Risk Management	Expertise and practical experience in legal matters essential for the development of service businesses and global businesses, or knowledge of risk management necessary for a company to survive

■ Messages from Newly Appointed Directors

To ensure an effective corporate governance framework, our Board of Directors is composed of members with extensive management experience, deep insight, and a wide range of advanced expertise and capabilities. In this section, we introduce our newly appointed directors, highlighting how they intend to draw on their knowledge and experience to help enhance corporate value, along with their aspirations for the future.



Kiyotaka Nakamura
Director, Senior Managing Executive Officer

April 1995	Joined Toyo Information Systems Co., Ltd. (now TIS Inc.)
April 2013	Executive Officer, Division Manager of the Enterprise Solutions & Services Division and General Manager of IT Solution Services SBU of the IT Strategic Consulting Service Dept.
April 2014	Executive Officer and General Manager of Planning Department, Corporate Division
July 2016	Executive Officer, Deputy Division Manager of Corporate Planning SBU, Department Manager of Corporate Planning Dept. and Section Manager of Executive Secretaries Office
April 2017	Executive Officer, Division Manager of the Financial & Payments Business SBU and Division Manager of the Solution of Payments Division
April 2018	Managing Executive Officer in charge of the Payment Services Division and the Financial Solutions & Services Division of the Service Strategy Sector, and Division Manager of the Payment Services Division
April 2021	Senior Managing Executive Officer, Division Director of the Digital Transformation Business Unit
April 2024	Senior Managing Executive Officer, General Manager of the Digital Innovation SBU
April 2025	Senior Managing Executive Officer in charge of Digital Innovation SBU, Business Innovation Div., Social Innovation Division, IT Platform SBU, Global Division, Technology & Innovation SBU, and General Manager of Business Innovation Division, Social Innovation Division, and Global Division
June 2025	Director, Senior Managing Executive Officer (to present)



Akira Makado
Director

April 1988	Joined INTEC Inc.
October 2005	Department Manager of Finance Department, INTEC Inc.
April 2012	Department Manager of Corporate Management Department, INTEC Inc.
April 2017	Executive Officer, Deputy General Manager of Corporate Planning Division and Department Manager of Corporate Management Department, INTEC Inc.
April 2018	Managing Executive Officer in charge of Corporate Planning Division, General Manager of Corporate Planning Division, INTEC Inc.
April 2019	Managing Executive Officer in charge of Corporate Planning Division and Group Company Management, General Manager of Corporate Planning Division, INTEC Inc.
April 2021	Senior Managing Executive Officer in charge of Corporate Planning Division and Group Company Management, General Manager of Corporate Planning Division, INTEC Inc.
April 2023	Director, Executive Vice President in charge of Corporate Planning Division, Group Company Management and Quality Management Innovation Division, INTEC Inc.
April 2024	Executive Vice President in charge of Overall Corporate Business, Corporate Management Division and Business Support Division, INTEC Inc. (to present)
June 2025	Director, TIS Inc. (to present)

■ We will transform challenges into growth by creating new value.

Amid rapidly changing conditions surrounding IT services and accelerating technological innovation, the Group must demonstrate an even greater capacity for embracing transformative challenges and creating value to achieve sustainable growth and enhance corporate value.

Up to now, I have worked to enhance customer-centric value through IT consulting services, the planning and development of industry-specific services, collaboration with business partners, and the operation of service platforms. Going forward, I will draw on my experience to fulfill my responsibilities for business growth as a segment owner while carrying out my duties as a director. From a company-wide and long-term perspective, I will monitor the evolution of our business portfolio and service framework. I am also committed to overseeing and supporting challenges that break away from conventional approaches. On key themes like developing talent, capturing growth in global markets, and creating services that address social issues, I will work to maximize the Group's synergies to drive sustainable growth.

As a director, I will remain mindful of the Group's overall direction and the soundness of its decision-making while ensuring effective governance grounded in frontline realities. In the process, I will help further enhance corporate value.

■ We will build a corporate foundation that supports sustainable growth through upfront investments and strengthened governance.

The social environment surrounding the Group and its competitive landscape are changing every day. In this context, we are working to advance our Medium-Term Management Plan (2024–2026) with the aim of delivering sustainability management and realizing Group Vision 2032. To steadily achieve this plan, we need to proactively address technological innovations, including AI. We also must expand our system integration and platform services and make active investments to grow our service-based business. Drawing on my experience in the finance and corporate planning divisions, I will continue to advance growth investments with a focus on capital cost. This includes pursuing business investments through disciplined investment management and risk control. At the same time, I will strongly emphasize investments in our people, the driving force of our businesses. In addition to strengthening internal controls and promoting compliance management, I will work actively to reinforce Group governance from a medium- to long-term perspective.

Through these initiatives, I hope to foster the sustainable enhancement of corporate value across the entire Group.



Mitsuhiro Furusawa
External Director

April 1979	Joined Ministry of Finance
July 1990	Deputy Director for Budget, Budget Bureau, Ministry of Finance
June 1991	Deputy Director of Division, International Bureau, Ministry of Finance
December 1997	Counsellor, Embassy of Japan in France
July 2002	Director for Budget, Budget Bureau, Ministry of Finance
July 2007	Minister, Embassy of Japan in the United States of America
July 2009	Senior Deputy Director-General of the International Bureau, Ministry of Finance
August 2010	Alternate Executive Director for Japan of the International Monetary Fund (IMF)
August 2012	Director-General of the Financial Bureau, Ministry of Finance
March 2013	Vice-Minister of Finance for International Affairs, Ministry of Finance
July 2014	Special Advisor to the Cabinet, Special Advisor to the Minister of Finance
March 2015	Deputy Managing Director, the International Monetary Fund (IMF)
December 2021	President, Institute for Global Financial Affairs, Sumitomo Mitsui Banking Corporation (to present)
June 2025	Director, TIS Inc. (to present)

■ In this time of new growth, I will contribute to the further enhancement of corporate value.

Uncertainty in the global economy is increasing, while advances in AI and other digital technologies are accelerating rapid social change. To achieve further growth in this environment, we must strengthen our business foundation more than ever. We also must establish a management structure that can quickly adapt to sudden shifts in market conditions.

Based on this recognition, the Group has taken a new step forward through the merger of core companies and the transition to a company with an Audit and Supervisory Committee. To further enhance corporate governance, we are strengthening the Board of Directors' audit function with the aim of increasing management transparency and objectivity.

At this juncture, I am truly honored to take on the important role of external director, and I do so with a strong sense of responsibility. I will draw on my experience in government and international organization management, as well as my insights as a member of Japan's APEC Business Advisory Council. From a global perspective, I will work to meet the expectations of stakeholders in Japan and abroad to help drive further enhancement of corporate value.

Reasons for appointment of external directors

All directors and auditors are appointed in accordance with our company's policy. The reasons for appointing external directors, an area of particular interest to stakeholders, are outlined below.

Naoko Mizukoshi	Ms. Mizukoshi is a qualified lawyer and has a wealth of professional knowledge of, and experiences in, intellectual property, ICT, and international transactions. Since assuming the office of External Director of the Company in June 2018, she has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. She is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of the corporate governance of the Company. Therefore, she was appointed as an External Director.
Junko Sunaga	Ms. Sunaga has worked in the semiconductor business, with a focus on mobile phones, and in April 1997 joined the Japan arm of Qualcomm (USA), a leading company in the mobile communications industry, as its first employee. Since April 2018, she has been President and Representative Director of Qualcomm Japan, Inc., where she has achieved successful results in expanding the domestic semiconductor business. She was appointed as an External Director based on the belief that she will contribute to the enhancement of the corporate governance of the Company by utilizing these experiences and expertise in the Company's business and by giving advice and suggestions from an independent perspective to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate.
Mitsuhiro Furusawa	Having served as Vice-Minister of Finance for International Affairs and Deputy Managing Director of the International Monetary Fund (IMF), Mr. Furusawa has broad insight into fiscal and monetary policy as a government official and a global perspective gained as a senior executive at an international organization. He was appointed as an External Director based on the expectation that he will contribute to the enhancement of the corporate governance of the Company by giving advice and suggestions from an independent perspective to ensure that the decisions made by the Company's Board of Directors will be reasonable and appropriate.
Yukio Ono	Mr. Ono is a certified public accountant with specialized knowledge in finance and accounting, as well as extensive experience in corporate auditing, making him well-suited to strengthen our Group's audit framework. We believe he can leverage this expertise to appropriately perform the duties of an auditor, and he has therefore been appointed to the position of External Audit & Supervisory Board Member.
Akiko Yamakawa	After registering as an attorney, Ms. Yamakawa worked at a foreign-affiliated law firm, handling litigation for global companies. Accordingly, she is expected to provide effective oversight of the execution of our Group's global operations. We believe she can leverage this expertise to appropriately perform the duties of an auditor, and she has therefore been appointed to the position of External Audit & Supervisory Board Member.
Hiroko Kudo	Ms. Kudo has deep insight into domestic and international administrative and financial affairs, a PhD in public policy, and is an active global figure as a university professor and researcher. She has been appointed as an External Audit & Supervisory Board Member with the expectation that she will provide effective oversight in enhancing the value of DX offerings to address social issues through our medium-term management plan, as well as in deepening and expanding global management.

Overview of the Board of Directors and Its Activities

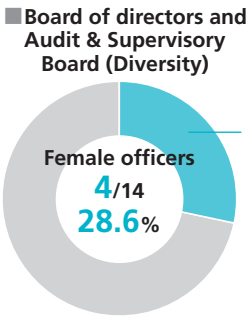
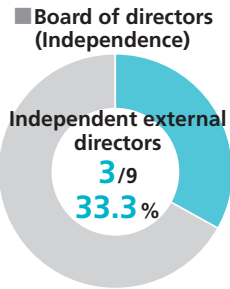
The Board of Directors, mindful of the responsibility that has been entrusted to it by shareholders, aims to foster a common understanding among members and to discuss and decide on major directions, such as our management vision, management strategy, and sustainability policy, in order to achieve sustainable enhancement of the Group's value.

Main Activities of the Board of Directors

In principle, the Board of Directors meets once a month, with additional extraordinary meetings and meetings to exchange opinions held as necessary to enable Directors to make swift and flexible decisions. TIS holds an information meeting once a year to present management direction as well as meetings ahead of Board of Directors' meetings—in principle, once 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 provides support to ensure smooth and proactive discussions at Board of Directors meetings, including by holding informal meetings between external directors and the President, and between external directors and outside members of the Audit & Supervisory Board.

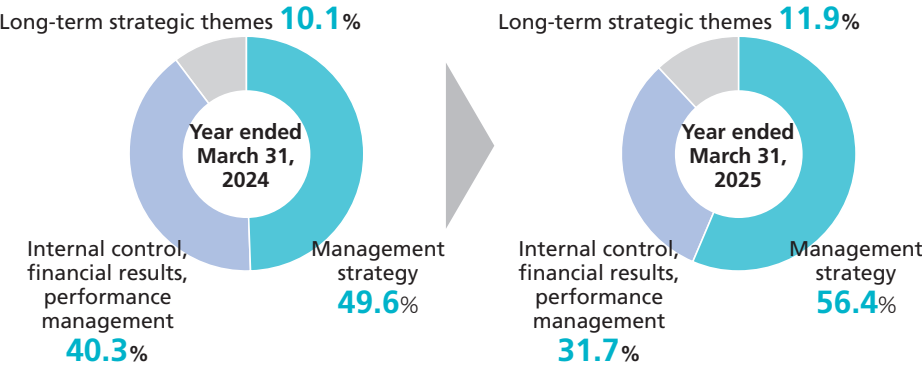
Main activities for the year ended March 31, 2025, were as follows.

Number of meetings held	Board of Directors' meetings	17	Meetings ahead of Board of Directors' meetings	20
	Information meetings to present business direction	1	Opinion exchange sessions/study sessions	9
Main topics (Year ended March 31, 2025)	Management strategy-related	<ul style="list-style-type: none">• Progress of the Medium-Term Management Plan (2024–2026) and future policies• Measures to improve the effectiveness of the Board of Directors• Status of IR activities and future policies• Progress of measures to improve engagement with stakeholders and future policies• Progress of the Group's human resources strategies and future policies• Progress of corporate sustainability and future policies		
	Internal control, financial results, performance management	<ul style="list-style-type: none">• Main findings of Group audit report and status of corrective actions, and future audit plan• Current recognition of major risks and response status, and evaluation of the effectiveness of internal controls and measures for improvement• Consideration of unprofitable large-scale projects and future policy to strengthen quality• Report on results and prospects, variance analysis between budget and actual results for the previous year, and future policies		
	Long-term strategic themes	<ul style="list-style-type: none">• Status of sale/acquisition of shares and background information, and future policies• Status of overseas businesses and future policies• Current evaluation of financing and future policies		



■ Breakdown of Contents of Meeting Agendas of the Board of Directors (for Resolution/Report), and Opinion Exchange Sessions

Discussions are held centered on major directions for the medium to long term, such as those concerning management strategy and sustainability policy. As a result of the review of the criteria to present meeting agendas to the Board of Directors, more discussions are held from a medium- to long-term perspective.



Discussions driven by medium- to long-term perspective (long-term strategic themes and management strategies) increased 8.6% year on year

Holding of Opinion Exchange Sessions, Leading to Swift and Effective Decision-Making

The Company holds opinion exchange sessions where executive management shares information and consults with members of the Board on important matters related to management themes under consideration. Holding these sessions facilitates the airing of a wide range of viewpoints and effectively taps the knowledge of directors and Audit & Supervisory Board members when matters are still under consideration, thereby improving the quality of business decisions.

Initiatives for Enhanced Corporate Governance

The Company proactively works on further enhancing corporate governance for sustainable creation of corporate value. Recent initiatives are listed below.

● Enhancement of Deliberations by the Board of Directors

In order to improve the monitoring function of the Board of Directors, TIS has worked on devising the best ways to (1) set meeting agendas and (2) conduct and enhance deliberations at Board of Directors meetings.

- (1) Set meeting agendas
The criteria to present items for meeting agendas to the Board of Directors and the content of meeting agendas were reviewed to allow for more time to be spent on discussions of items important for medium- to long-term growth. These initiatives have improved the efficiency and sophistication of the Board of Directors meetings, resulting in more than half of meeting agendas being related to management strategy.
- (2) Conduct deliberations
For enhanced effectiveness of discussions by the Board of Directors, the Company defined expected roles and a code of conduct for directors, and unified the recognition among directors, as well as clarified important themes and perspectives to be discussed by them.

● Initiatives to Deepen the Monitoring Function of the Board of Directors

- (1) Monitoring the medium-term management plan
The Company's Board of Directors considers monitoring of the progress of Medium-Term Management Plan (2024–2026) Frontiers 2026 as greatly important. At quarterly meetings, the Board of Directors considers the plan at policy level, including whether there are any changes in assumptions of the plan policy due to either internal or external environmental changes, and identifies and discusses the progress of the plan, together with related issues and potential countermeasures.
- (2) Conducting evaluation of reasoning behind measures for enhancement of management
Evaluation of management decision-making is conducted annually, in which the executive carries out self-assessment for key management indicators, including PBR and PER, and examines important themes, such as the composition of the business portfolio, financial strategies, and corporate governance under the supervision of the Board of Directors. Multifaceted and objective analysis of management soundness and the efficiency of management resource utilization leads to enhanced management capabilities.

TOPICS

Transition to a Company with an Audit and Supervisory Committee

1. Initiatives to date
TIS, as a company with an Audit & Supervisory Board, has been working to enhance its corporate governance in order to achieve the sustainable growth of the Group and enhance its corporate value over the medium to long term by ensuring transparency and fairness in decision-making, fully and effectively utilizing management capital, enhancing the vitality of management through swift and accurate decision-making, and taking other appropriate measures.
2. Objective and details of the transition
Its initiatives to date are evidence that the Company has determined that transitioning to a company with an Audit and Supervisory Committee is appropriate to further enhance corporate governance from a global perspective and to meet the expectations of stakeholders both in Japan and overseas.

By transitioning to a company with an Audit and Supervisory Committee, the Company aims to further clarify the separation of roles between oversight and execution, and to clarify the respective responsibilities of the Board of Directors and executive functions. This will enable greater delegation of authority to executive management and more agile decision-making. At the Board level, TIS is also promoting diversity in the qualifications, skills, and experience of directors, and strengthening the Board's oversight function by granting voting rights to directors who serve as Audit and Supervisory Committee Members. Through these efforts, the Company is improving the transparency and objectivity of its management structure. In terms of business execution, we will work to strengthen our management foundation in order to achieve more sophisticated group-wide management, growth in each business segment, and an enhanced global governance system.

Evaluation of the Effectiveness of the Board of Directors

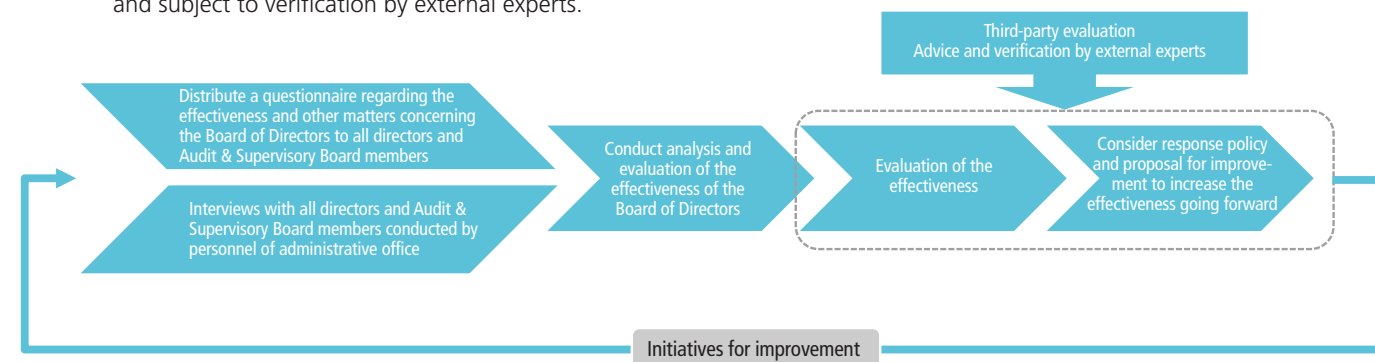
Overview of Analysis and Evaluation of the Effectiveness of the Board of Directors

Since fiscal 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year with the aim of leading it to initiatives to improve the Board's effectiveness. For the year ended March 31, 2025, evaluation was conducted on priority themes for enhanced corporate governance, in addition to the operations of the Board of Directors. An overview and the results of the evaluation, and the Company's response based on results are as follows.

● Overview of Evaluation

People subject to evaluation: All directors and Audit & Supervisory Board members

Method: The Board of Directors carried out analysis and evaluation based on responses to questionnaires and in interviews, and considered policies and corrective actions for evaluation and future improvement of their effectiveness in light of advice from and subject to verification by external experts.



● Evaluation Themes

Operation of the Board of Directors	Confirmed the appropriateness of following matters with a view to further enhancing its monitoring function. <ul style="list-style-type: none"> • Agenda selection, perspectives for and frequency of monitoring • Frequency of/time required for meetings • Explanation of meeting agendas, materials provided and amount of information contained, and other matters.
Priority Themes for Further Enhancing Corporate Governance	Confirmed both appropriateness and adequacy under the following themes: <ul style="list-style-type: none"> • Board of Directors' supervisory functions • Expected roles for directors • Delegation of authority to the executive • Composition of the Board of Directors • Ideal state and effectiveness of advisory committees (Nomination/Compensation) • Coordination between the Board of Directors and auditing bodies • Dialogue with shareholders, and other matters.

● Results of Analysis and Evaluation of the Effectiveness of the Board of Directors

In the year ended March 31, 2025, the Board of Directors formulated an annual schedule and reviewed delegation of authority based on the issues, "developing meeting agendas as a monitoring model" and "defining the criteria for delegation of authority and expected roles for Directors," as areas of focus identified in the previous fiscal year. Results from questionnaires and interviews indicated that there was nothing lacking from initiatives for the appropriate operation of the Board of Directors and heightened corporate governance. On the other hand, the following points were identified as areas of focus to advance the evolution of the monitoring model for the Company's sustainable growth and medium- to long-term improvement of corporate value.

Operation of the Board of Directors	<ul style="list-style-type: none"> • There is room for improvement in the regular monitoring of key strategies (business portfolio, M&A, ERM, human resources, finances, etc.) based on the medium-term management plan, which is the basic policy that steers the Company. • External directors should be provided with more opportunities to receive information about the competitive environment and the latest technologies, both of which are necessary for them to deepen their understanding of the Company.
Priority Themes for Further Enhanced Corporate Governance	<ul style="list-style-type: none"> • Continue to further strengthen governance across the Group with regard to human capital, financial capital, and other capital related to management; and consider revising the composition of the Board of Directors (in terms of the balance of internal and external members and their diversity) to be more suitable for monitoring them. • Continue to verify and improve governance in terms of nomination.

● Responses Based on Analysis and Evaluation

In light of the results of evaluation for the year ended March 31, 2025, TIS will work on improving the effectiveness of the Board of Directors on an ongoing basis, by working systematically on the following initiatives.

Short-term initiatives	<ul style="list-style-type: none"> • When considering the agenda for the Board of Directors meeting, clarify the targets of monitoring, review the items to be reported from the executive functions, and request and establish initiatives for business execution • Enhance the provision of information (changes in the business environment, technology trends, etc.) to external directors
Medium- to long-term initiatives	<ul style="list-style-type: none"> • Strengthening monitoring of key strategies based on the medium-term management plan • Review Board of Directors composition and skills matrix • Enhancement of nomination and remuneration governance (verification and enhancement of processes) • Strengthening business execution structure (further strengthening of governance across the Group)

Nomination Committee and Compensation Committee

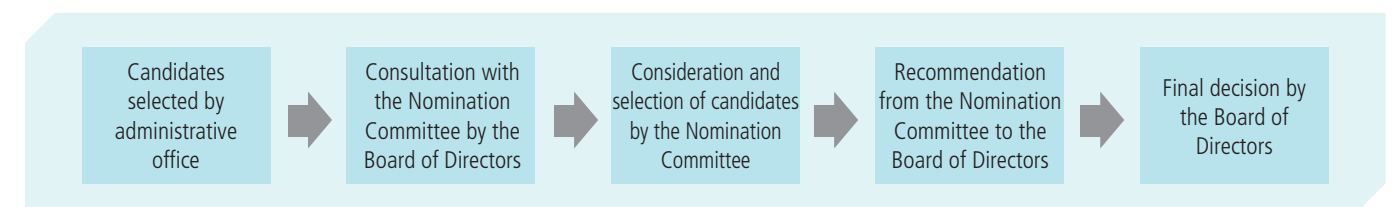
The Company has voluntarily established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors to ensure objectivity and transparency in the process of nominating directors and determining their remuneration, and to further strengthen corporate governance.

	Nomination Committee	Compensation Committee
Number of members	Five (three external directors, one Audit & Supervisory Board member, and President and Representative Director)	
Composition	An independent external director serves as the chairperson, and the majority of members, including the chairperson, are independent external directors	
Main agenda items (Fiscal 2025)	Appointment and retirement of directors and important employees of the Company and Group companies • Successor nomination plan and process review • Review of the Nomination Committee's operating policy and tasks	• Performance evaluation related to remuneration for directors and executive officers • Verification of the appropriateness of the remuneration of the Company's directors and other officers by a research firm • Review of the Compensation Committee's operating policy and tasks
Meetings held (Fiscal 2025)	Eight	Four

● Policy and Procedures for Election, Dismissal, and Nomination of Directors (Board Succession)

In nominating candidates for directors, Audit & Supervisory Board members and executive officers, the Board of Directors will nominate persons with significant experience, a high level of insight and advanced specialization based on the Company's selection criteria that make them suitable as directors or Audit & Supervisory Board members. The aims are to realize effective corporate governance, contribute to the sustainable growth of the Group, enhance its medium- to long-term corporate value, all while also considering issues related to diversity, including gender, internationality, career stage and age. For directors, the Board of Directors considers nominations based on the advice of the Nomination Committee, which is chaired by an independent external director and comprises a number of directors, the majority of whom are independent external directors. If a situation arises where a management executive should be dismissed, the Board of Directors shall determine an appropriate dismissal proposal. However, the dismissal of a director shall be conducted in accordance with the Companies Act and other relevant provisions.

Process for Election of Directors



● 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 appropriate training opportunities. The training objectives are to provide an opportunity to acquire the requisite 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.

● Process for Selection of the Next President (Succession Plan)

The Nomination Committee is largely responsible for the process of selecting the next President—evaluating candidates and reporting to the Board of Directors. TIS believes that transparency and objectivity in selecting the President is reasonably assured because the selection process is built around the active involvement of independent external directors, ensuring the Nomination Committee fulfils its supervisory functions appropriately. In addition, the Company selects and evaluates the candidates for the next President, not only by using multifaceted evaluation indicators, such as 360-degree feedback and business performance, but also by increasing exposure of these candidates to independent external directors, creating opportunities to better understand the qualifications and personal attributes of the candidates.

● Activities of External Officers outside the Board of Directors and Committees

External directors and Audit & Supervisory Board members also conduct various activities outside the Board of Directors and committees using their wide range of skills and experiences. In the year ended March 31, 2025, external Director Naoko Mizukoshi participated in the quality forum for the Group's employees and business partners and gave a message for initiatives under Medium-Term Management Plan (2024–2026) by sharing her experience of "frontier development" in the process of building her career.



Outline of Directors' Remuneration Policy

Remuneration Policy

The basic policy on executive remuneration is to strengthen incentives for improving business performance through a remuneration system linked to corporate performance indicators. Remuneration is determined by a Board of Directors resolution based on consultation and recommendations from the Remuneration Committee, a voluntary advisory body to the Board of Directors comprising a majority of independent external directors.

Remuneration System for Directors

The Company's director remuneration system consists of basic remuneration, performance-linked remuneration (short-term incentive) and a performance-linked stock incentive (long-term incentive). The type, calculation method and payment method are described below.

Name	Type		Calculation method	Payment method
Basic remuneration	Fixed remuneration		Based on responsibilities assigned to each position	Monthly payment
Performance-linked remuneration (Short-term incentive)	Variable remuneration (performance-linked)	Monetary remuneration	<ul style="list-style-type: none">Companywide performance based on degree of success in achieving financial and non-financial indicators in previous fiscal year.If standard set at 100%, payment rate will vary between 0% and 150%.Individual performance-linked remuneration is based on standard remuneration framework for each position and contribution to business results	Paid once a year based on evaluation of results achieved in previous fiscal year
Performance-linked stock incentive (Long-term incentive)		Non-monetary remuneration	<ul style="list-style-type: none">Company stock granted as performance-linked stock incentive, based on degree of success in achieving targetsRelative total shareholder return (TSR) is set as indicator and calculated using performance-based coefficient determined three fiscal years after the applicable period begins (50% paid in cash equivalent to market value)Performance-linked coefficient will vary within range of 0% to 200%.Company stock calculated according to position and granted as performance-linked stock incentivePaid three fiscal years after the applicable period begins (50% paid in cash equivalent to the market value)Payment rate calculated as 50% of of the 100% performance-linked stock incentive for each position	Paid every three years *Payment rate is between 50% and 150%

Remuneration Ratio by Position

Title		Basic remuneration	Performance-linked remuneration	Performance-linked stock incentive
Directors	President	50.0%	25.0%	25.0%
	Executive Vice President, Senior Managing Executive Officer	55.0%	22.5%	22.5%
	Managing Executive Officer, Executive Officer	60.0%	20.0%	20.0%
	Director (excluding Executive Officer)	100.0%	–	–
	External Director	100.0%	–	–
Audit & Supervisory Board Members		100.0%	–	–

Note: No performance-linked remuneration is paid to non-executive directors, external directors or members of the Audit & Supervisory Board because their role is to supervise and monitor the executive side, and as such, they receive only basic remuneration. Remuneration for auditors is decided through discussion among corporate auditors.

Establishment of Clawback Clauses

TIS has established a clause that enables the Company to request an individual who commits an illegal act, as defined under internal rules, to pay restitution equivalent to the value of shares granted, and another clause that enables the Company to confiscate points awarded.

Calculating Remuneration Amount

- 1) Basic remuneration
Basic remuneration is paid based on the importance of each role and the scope of responsibility delegated to each position.
- 2) Performance-linked remuneration
Performance evaluation weighting according to position, corporate performance, organizational performance and individual performance are evaluated independently of each other, with the amount of remuneration determined according to the following formula.

$$\text{Individual performance-linked remuneration} = \text{Performance-linked remuneration by position} \times \left(\text{Corporate performance} \times \text{Corporate performance ratio by position} + \text{Department/team performance} \times \text{Evaluation ratio of performance department/team that position is responsible for} + \text{Individual evaluation} \times \text{Individual performance evaluation ratio by position} \right)$$

Corporate performance indicators and evaluation ratios

Evaluation of corporate performance looks at the Company's progress toward annual targets to encourage directors to reach intermediary short-term objectives. Corporate performance indicators are linked to key management indicators to motivate directors to reach stated targets in the medium-term management plan.

- Notes: 1. TIS sets an internal target for each indicator above the amount disclosed, respectively, in the medium-term management plan and operates accordingly.
2. TIS sets targets and evaluates stakeholder satisfaction and governance based on internal evaluation standards.

Type	Indicators		Evaluation weighting
Financial indicators	Consolidated net sales		25%
	Consolidated operating income		25%
	Consolidated EPS		25%
Non-financial indicators	Dow Jones Sustainability Index score		5%
	Stakeholder satisfaction	Job satisfaction among employees	5%
		Client satisfaction with services	5%
		Business partner satisfaction	5%
	Governance		5%

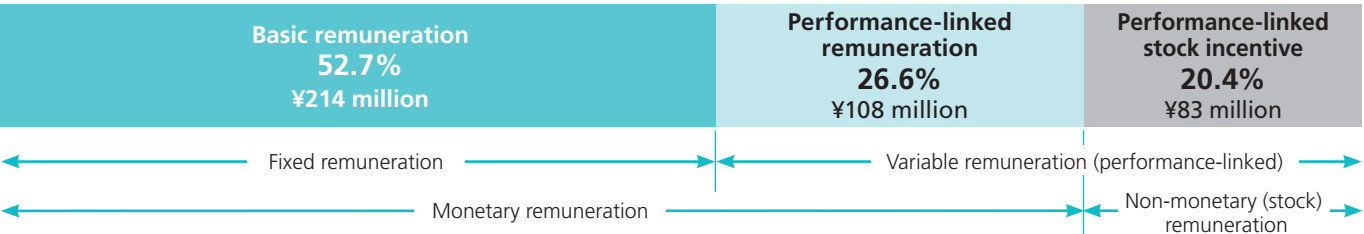
- 3) Performance-linked stock incentive
As remuneration for the execution of duties during the applicable period, TIS established an incentive plan that covers evaluation over three consecutive fiscal years. Of base points allocated to each position, 50% are performance-linked, awarded as Performance Stock Units (PSUs), and the remaining 50% are fixed, awarded as Restricted Stock Units (RSUs), with the amount of remuneration determined according to stock price increase and total shareholder return (TSR) over that three-year period.

Remuneration for Directors and Audit & Supervisory Board Members (Year Ended March 31, 2025)

(Millions of yen)	Remuneration	Remuneration by type			Recipients (Number of people)
		Basic remuneration	Performance-linked remuneration	Performance-linked stock incentive	
Directors (excluding External Directors)	406	214	108	83	6
Audit & Supervisory Board Members (excluding External Auditors)	28	28	–	–	3
External Directors and External Auditors	61	61	–	–	7

- Notes: 1. Basic remuneration and performance-linked remuneration are capped at ¥800 million per year for directors and ¥150 million per year for members of the Audit & Supervisory Board.
2. With regard to the performance-linked stock incentive, a maximum of ¥1,810 million (of which the Company will contribute ¥1,630 million) will be allocated to a trust set up for this purpose for each applicable period (three fiscal years), and the maximum number of Company shares to be delivered through the trust will be 230,000 shares (of which the Company will contribute 200,000 shares) per fiscal year.
3. There was no employee portion of salaries for directors who concurrently serve as employees in fiscal 2025. Also, there were no bonuses paid because the Company has not yet implemented a retirement benefit system for directors.

Reference: Composition of directors' remuneration (excludes external directors)



Cross-Shareholdings

1. Criteria for and Approach to Categorizing Investment Shares

TIS classifies investment shares by purpose: pure investment shares acquired mainly for financial return; and cross-shareholdings mainly to strengthen strategic cooperation and enhance business relationships. The Company holds no shares for pure investment.

TIS will not, in principle, acquire domestically listed shares and has prioritized steps to reduce holdings of such shares as much as possible in accordance with Company-defined basic policy on corporate governance. The Company holds shares in other companies, including start-ups and venture companies, only when management believes that such equity stakes will contribute to the sustainable growth and higher medium- to long-term corporate value of the Company and the Group. Specifically, when cooperation, co-creation and stable partnerships with such companies are deemed essential to continuous creation of business opportunities and utilization of technologies to actively promote business development—particularly in the areas of financial inclusion, urban concentration and regional decline, low-carbon/decarbonization, and health concerns, which are all social issues where the TIS INTEC Group can help to realize a more sustainable society—then such cross-shareholdings are considered investments consistent with the Group's growth strategy and defined as strategic shareholdings.

For shares held because management deems such shareholdings to be beneficial to sustainable growth and higher medium- to long-term corporate value of the Group, the Board of Directors looks into the rationale behind each strategic shareholding every year. It is corporate policy that TIS reduce any

strategic shareholding with diminished significance, as identified through this annual review.

In verifying relevance, TIS categorizes shareholdings into two groups—capital alliance partners, and others (not included in the aforementioned category)—and applies a verification method appropriate to each category.

Please visit the following page for the details on the Company's verification methods.

https://www.tis.com/group/sustainability/governance/governance/#anchor_06

TIS pursues reduction of strategic shareholdings in line with the aforementioned policy and corporate stance, and management seeks to push the ratio of strategic shareholdings to consolidated net assets below 10%.

2. Criteria for Exercising Voting Rights for Strategically Held Shares

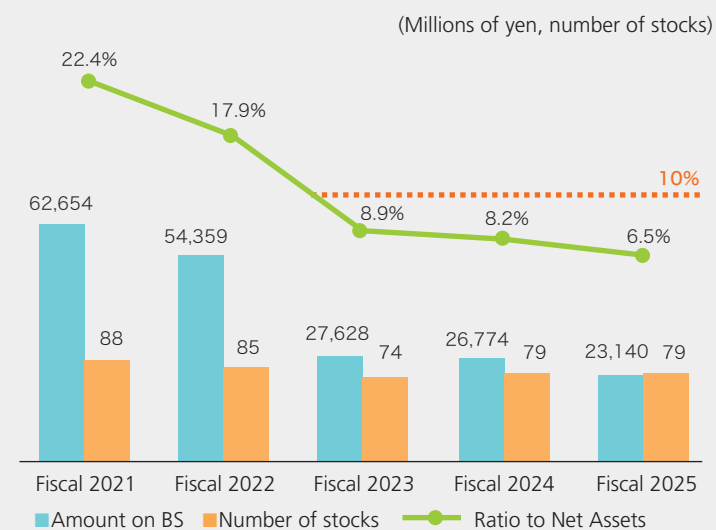
TIS appropriately exercises voting rights for the listed shares in its possession after comprehensively determining whether such action will contribute to the sustainable corporate growth and higher medium- to long-term corporate value of the TIS INTEC Group and the investment targets, taking into consideration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

3. Relationships with Strategic Shareholders

If strategic shareholders of TIS indicate an intention to sell their TIS shares, management will respond appropriately and without preventing such a sale. Moreover, management will not conduct transactions with strategic shareholders that lack economic rationale.

Status of Cross-Shareholdings

TIS reduced 13 issues of shares held as strategic shareholdings, including nine issues sold in full. Due to fluctuations in market value in addition to the above-mentioned reduction, the amount recorded on the balance sheet as of March 31, 2025, decreased by ¥3.6 billion, to ¥23.1 billion. As a result, the above-mentioned percentage settled at 6.5%, as of March 31, 2025, down 1.7 percentage points year on year. The percentage excluding strategically held shares was 2.3%.



Status of Audits

1. Audits Conducted by Audit & Supervisory Board Members

TIS is a company with an Audit & Supervisory Board. The Company's basic policy on audits is to ensure sound and sustainable growth of the Company and help maintain a good corporate governance system worthy of society's trust by auditing the execution of duties by directors as an independent body entrusted by shareholders.

The Company's Audit & Supervisory Board comprises five members (two full-time and three external). In addition, one person is assigned to assist Audit & Supervisory Board members and thus improve the effectiveness of audits and facilitate the auditing process. The person in this position receives instructions and orders from Audit & Supervisory Board members, and any personnel decisions related to the position are made with the consent of Audit & Supervisory Board members.

The Audit & Supervisory Board meets once a month, in principle, and may meet on an ad hoc basis whenever necessary.

An evaluation of the Audit & Supervisory Board's effectiveness has been carried out since the fiscal year ended March 31, 2023, to improve the effectiveness of audits by members of this board. Each Audit & Supervisory Board member evaluates effectiveness based on criteria determined by the Board and then the results are discussed at the board level. The Board confirmed that effectiveness was maintained at a set level in fiscal 2025 and that step to improve effectiveness are ongoing.

● Status of Regular Audit Activities

The Audit & Supervisory Board regularly audits the execution of operations by directors, internal control systems, the execution of duties by the accounting auditor, and the status of compliance and risk management in accordance with policies and plans determined by the Board.

In addition, the Auditing Department reports on the results of its internal audits and shares opinions, as necessary.

● Audit Priorities

Based on its audit plan, the Audit & Supervisory Board prioritized the following in fiscal 2025:

- Implementation status of strategies and measures under the medium-term management plan "Frontiers 2026," the first stage of the journey toward realization of Group Vision 2032 and a blueprint for improving quality across all value chains, starting with forward-looking market development and business domain expansion, based on a fundamental strategy of frontier development.
- Operational status of Group's risk management and compliance system.

2. Internal Audits

TIS conducts internal audits from an independent and objective standpoint to add value and improve operations from an organizational perspective. Basic matters regarding such aspects as internal audit definition, implementation standards and placement within the corporate structure are set out in Internal Audit Regulations.

The department responsible for internal audits (the Auditing Department) at TIS is staffed by 30 people. The department plans out internal audits for the entire TIS INTEC Group, monitors the status of internal auditing practices at subsidiaries and, for subsidiaries that do not have their own internal audit department, undertakes internal audits and provides vital advice and supervision. Each principal subsidiary has an internal audit department that performs internal audits of the company and any subsidiaries under that company and also supervises auditing processes.

In addition, the Auditing Department regularly holds meetings with the Audit & Supervisory Board and members of this board and with the accounting auditor to exchange opinions and share information on audit policies and results, as necessary. The department also coordinates activities with the Internal Control Supervision Department.

3. Accounting Audits

TIS engaged Ernst & Young ShinNihon LLC to conduct accounting audits pursuant to the *Companies Act*, and financial statement audits, quarterly reviews and internal control audits pursuant to the Financial Instruments and Exchange Act.

● Key Audit Matters

Calculating estimated total cost associated with custom software development contracts

Estimated total cost is a key component in calculating revenues and provision for loss on orders in response to progress on software development, and the primary assumptions in estimated total cost are the labor hours and outsourcing costs likely to be incurred in the course of software development work. In software development, it is important to calculate estimated total cost because the labor hours and outsourcing costs required to complete a project may exceed the level initially anticipated. The primary assumptions used in this calculation involve management judgment and are subject to a high degree of uncertainty.

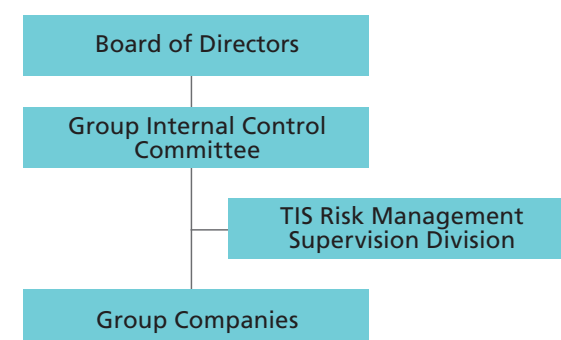
Accordingly, this factor was identified as a key audit issue.

The Company strives to enhance the development of risk management system to prevent any losses.

■ Management Process

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.

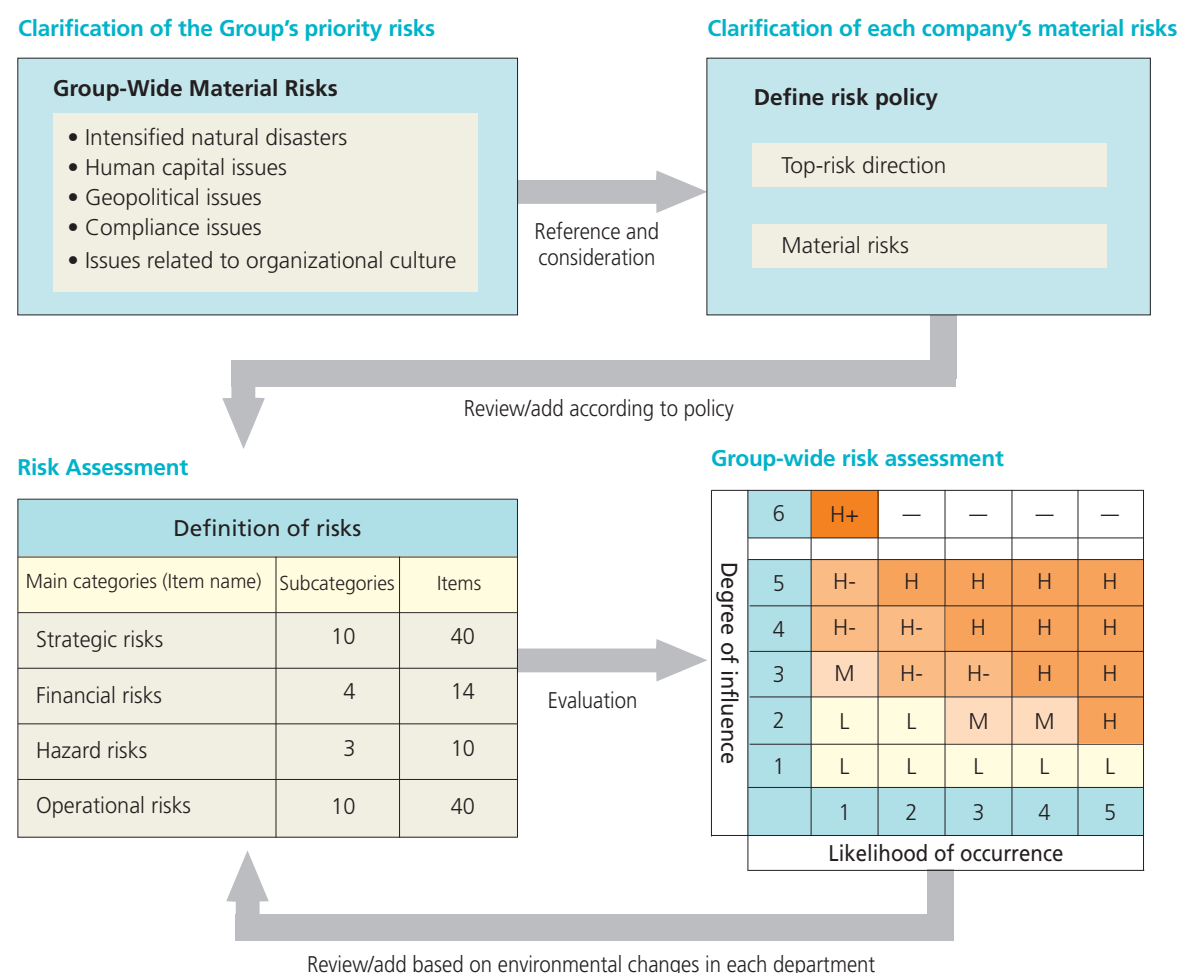
Risk Management Structure



■ Risk Assessment Process

An evaluation is conducted of both the top potential risks and material risks, as presented by the president of each Group company based on the Group's priority risks as well as the risks identified by each division. The Group Internal Control Committee examines the risks faced by the Group twice a year, corroborating issues related to those risks and evaluating the status of improvement measures, and reports to the Board of Directors. Based on these reports, the Board of Directors issues instructions, which are embodied in initiatives to strengthen and improve Group-wide internal control systems.

<Risk Management Process Chart>



■ Understanding Group Risk

TIS defines "risk" as "any factor that may hinder realization 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." Groupwide risks are classified into four categories. For details, including responses to individual risks, please refer to Risk Management* on the Company website.

Strategic risk

Risk items	Overview of risk	Related page
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. 	▶ P49 Key Strategy of the Medium-Term Management Plan: Human Resources Strategies
Market and economic changes	<ul style="list-style-type: none"> As the Group's business domain changes and society changes, competitive advantage may be lost by failing to promptly address changes in the technologies and services required by society. Price competition may also intensify more than expected. Foreign exchange loss due to rapid depreciation of the yen with economic changes 	▶ P5 Top Message ▶ P33 Medium-Term Management Plan (2024–2026) Overview
Investment	<ul style="list-style-type: none"> The expected result or return cannot be obtained. Assets become obsolete. Misconduct or system failures by a corporate counterparty following an investment or M&A transaction may result in a loss of credibility, brand damage and potentially lawsuits. 	▶ P55 Financial Investment Strategy—Message from the Director in Charge of Finance
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. 	▶ P41 Key Strategy of the Medium-Term Management Plan: Global Strategies
Human rights	<ul style="list-style-type: none"> The occurrence and disclosure of any events which may have a direct or indirect negative impact on certain stakeholders result in damage to the reputation and credibility of the Group. 	▶ P93 Risk Management—Dealing with Risks
Geopolitical risks	<ul style="list-style-type: none"> International pressures, exchange rate trends, trade issues, or effects on procurement costs may occur due to warfare, civil strife, political upheaval, revolution, terrorism, rioting, and so on. 	▶ P93 Risk Management—Dealing with Risks
Reputational risk	<ul style="list-style-type: none"> If risks are not properly managed and have a negative impact on society, or if the Company becomes associated with any negative impact that other companies have had on society, the Company's business may be interrupted, stagnate, or be suspended due to loss of credibility and brand damage, or it may potentially lose clients or business partners. 	▶ P91 Risk Management
Technological innovation	<ul style="list-style-type: none"> Delayed response to technological innovation, especially in technologies related to generative AI, could significantly erode competitiveness. 	▶ P45 Key Strategy of the Medium-Term Management Plan: Technology Strategies

Financial risk

Risk items	Overview of risk	Related page
Securities held	<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. 	▶ P55 Financial Investment Strategy—Message from the Director in Charge of Finance ▶ P89 Corporate Governance—Cross-Shareholdings

Hazard risk

Risk items	Overview of risk	Related page
Pandemics	<ul style="list-style-type: none"> A sharp constriction of the productive activities of our employees and those of our business partners 	▶ P93 Risk Management—Dealing with Risks
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. 	▶ P93 Risk Management—Dealing with Risks

Operational risk

Risk items	Overview of risk	Related page
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 client claims for damages. Tasks outsourced to business partners do not meet expectations for productivity or quality and smooth project management is not realized. 	▶ P95 Quality Control ▶ P101-102 Social and Related Capital
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. 	▶ P95 Quality Control
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. 	▶ P93 Risk Management—Dealing with Risks
Legal systems, compliance	<ul style="list-style-type: none"> A law or regulation is contravened, or a new law or regulation is introduced. 	▶ P93 Risk Management—Dealing with Risks
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. 	▶ P43 Key Strategy of the Medium-Term Management Plan: Intellectual Property Strategies
Climate change	<ul style="list-style-type: none"> The Group's energy costs are significantly impacted by fluctuations in demand for renewable energy. The Group's transition to renewable energy is delayed. 	▶ P97 Natural Capital—For the Global Environment

Compliance

■ Accountability Structure

The President serves as the ultimate authority for the Group's compliance system, while the director responsible for compliance oversees confirmation, evaluation and promotion of improvement measures for compliance-related matters at TIS and across the Group.

■ Initiatives to Reduce Risks

● Message from the President about compliance

Every six months, TIS distributes a video message from the President to all officers and employees to raise compliance awareness throughout the Group and enhance recognition and trust in the whistleblower system.

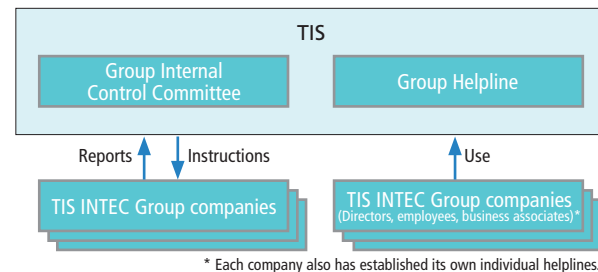
● Compliance Education

Once a year, TIS provides an e-learning opportunity for all officers and employees on compliance to deepen understanding of the Group Code of Conduct and remind everyone of the content.

● Helplines

In addition to individual helplines at each Group company, TIS maintains an internal helpline for use by the TIS INTEC Group as a whole and strives to prevent, detect and correct any misconduct at an early stage.

When a compliance-related issue arises within the Group, TIS sets up an investigation committee to identify the cause, implements counter-measures, and promotes resolution through measures to prevent recurrence.



For details on compliance promotion, please visit the following website.
<https://www.tis.com/group/sustainability/governance/compliance/>

Information Security and Personal Information Protection

■ Accountability Structure

The President serves as the ultimate authority for information security management. The director responsible for information security management, is responsible for checking the status of information security management across the Group, evaluating its effectiveness and promoting improvement measures.

■ Initiatives to Reduce Risk and Capitalize on Opportunities

● Information Security Management System (ISMS) promotion structure

TIS established and operates a management system designed to address all information security risks on a groupwide basis.

● Ensuring Safe and Secure Systems for Business Use

TIS put in place mechanisms whereby the latest security technology trends and vulnerability information are promptly shared within the Group, and processes that deliver the necessary level of security are embedded in system building and operation to ensure that the completed systems meet stated needs.

● Personal Information Protection Initiatives

Based on the Group Personal Information Protection Policy, TIS established a management system to address the risk of compliance violations and formulated rules to handle personal information in accordance with the shared standards groupwide. In addition, TIS conducts risk response exercises, carries out education and training programs, and implements security measures based on common information security standards groupwide.

Furthermore, before TIS and other companies under the TIS INTEC Group umbrella collects personal information from clients, suppliers, business partners, shareholders and other stakeholders, the purpose of use is clearly stated, and the data is handled appropriately within the scope of the agreed purpose.



For details on information security and personal information protection, please visit the following website.
<https://www.tis.com/group/sustainability/governance/security/>

Business Continuity Plan (BCP)

■ Development of Initial Response

To prepare for emergencies, including pandemics and natural disasters, each company under the TIS INTEC Group umbrella formulates a BCP initial response plan based on the following principles.

Ensuring safety	<ul style="list-style-type: none"> • Give top priority to ensuring and confirming the safety of officers and employees as well as their families, and visitors to corporate facilities. • Understand the extent of casualties and damage to property at own company and prevent further casualties.
Business continuity	<ul style="list-style-type: none"> • Maintain business management functions and thereby contribute to continuity of clients' businesses and keep client systems and services running as long as possible. • Work to restore systems as soon as possible should an emergency cause system disruption.
Intra-Group cooperation	<ul style="list-style-type: none"> • Build a framework to enable Group companies to cooperate and provide mutual support in the event of an emergency.
Information disclosure/ local contribution	<ul style="list-style-type: none"> • Disclose appropriate information to stakeholders. • Fulfill responsibilities as a member of society through cooperation with and contribution to the local community. • Make every effort to comply with laws and regulations even in times of emergency.

■ Establishing a BCP Disaster Response Headquarters

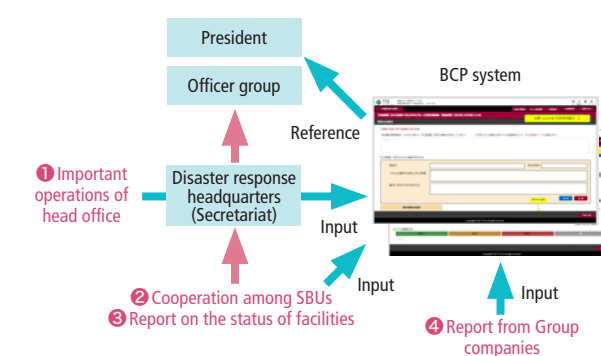
In the event of an emergency, the General Administration Dept., a division within the Corporate Management SBU, and the Human Resource SBU act as secretariat, set up a disaster response headquarters, and compile information on the entire Group in accordance with TIS' BCP initial response plan.

■ Utilizing BCP Information Integration System

TIS utilizes Bousaiz, a BCP information integration tool developed in-house, to centrally manage information-sharing groupwide.

For details on Bousaiz, please visit the following website.
https://www.tis.jp/special/platform_knowledge/bousaiz01/ (Japanese only)

Bousaiz Flowchart



Human Rights

■ Promotion Structure

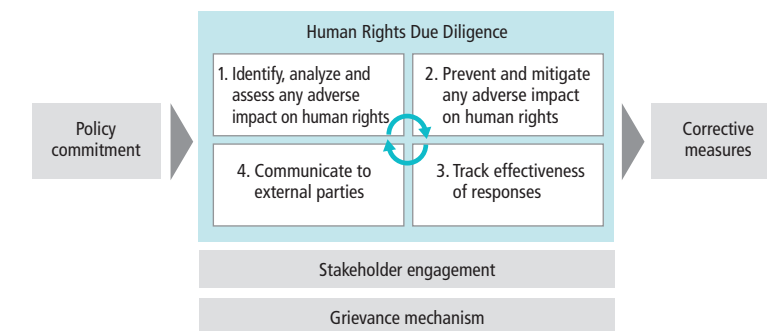
TIS recognizes that its own business activities as well as those of the Group may directly or indirectly have a negative impact on human rights. To underpin human rights management, the Company established a structure under which a human rights officer is appointed for each stakeholder group and for human rights due diligence, and the executive officer in charge of human rights has responsibility for human rights as a whole. Important matters related to human rights are decided on and resolved by the Board of Directors as necessary.

■ Activities to Reduce Risk and Seize Opportunities

● Implementing human rights due diligence

To address human rights issues affecting stakeholders throughout the value chain, TIS established a human rights due diligence system in line with the TIS INTEC Group Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights.

Through human rights due diligence, TIS identifies potential human rights risks, develops and implements appropriate measures to address them, and regularly discloses progress and results. This approach underscores our commitment to preventing and mitigating adverse impacts on stakeholders' human rights arising from Company or Group business activities.



For details on human rights, please visit the following website.:
https://www.tis.com/group/sustainability/social/human_rights/
<https://www.tis.com/group/sustainability/social/hrdd/>

Seek to Cement Status as “Top Brand Trusted for Quality”

The TIS INTEC Group recognizes its social responsibility in managing information systems as a key part of social infrastructure. To deliver safe, reliable, and high-quality services, we remain flexible in adapting to evolving business models, solutions, development methods, and technologies, while continually striving for improved quality and ongoing innovation.

Quality Management Framework

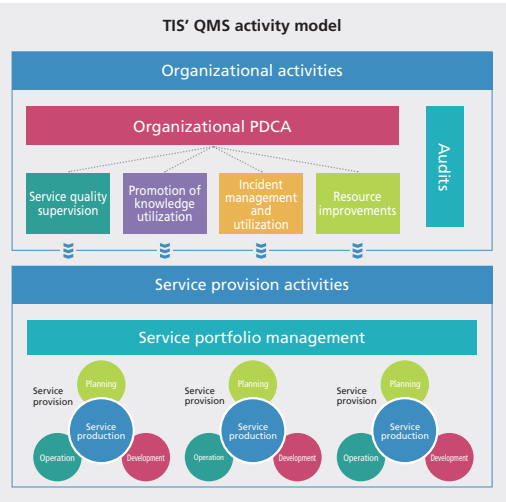
The TIS INTEC Group has developed a proprietary quality management system based on ISO 9001/IEC 20000-1 standards. Using the project management, service management and engineering processes, techniques and tools defined within the system, we adapt our approaches to suit each business model to ensure the delivery of optimal services to clients.

Organizational activities

- Organizational PDCA: Ongoing organizational improvement activities to improve the value of services
- Service quality supervision: Activities to mitigate risks and support quality as an organization
- Promotion of knowledge utilization: Activities to promote the use of knowledge at the organizational level
- Incident management and utilization: Activities to prevent adverse incidents from happening and utilize the lessons learned for service improvements
- Resource improvements: Activities to improve resources that support quality and lead to optimum quality

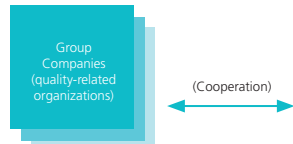
Service provision activities

- Activities spanning the entire service lifecycle including ongoing improvement activities to meet client requests and ensure satisfaction

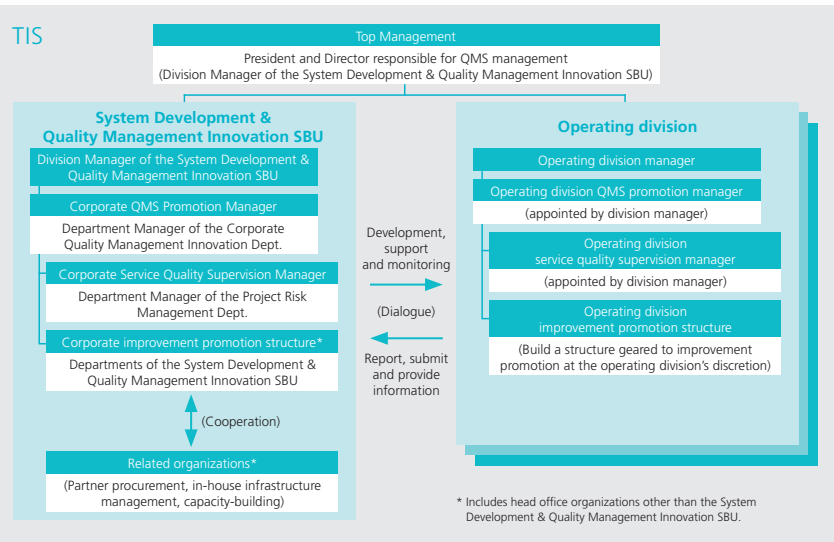


Quality Management System (Groupwide)

Under the Company's Quality Management System (QMS), at the Company level we have appointed a corporate QMS Promotion Manager and corporate Service Quality Supervision Manager, while at the divisional level we appoint operating division QMS Promotion Managers and Service Quality Supervision Managers. The Company's System Development & Quality Management Innovation SBU takes the lead in close collaboration with each Group company to reduce risks and secure opportunities across the Group.

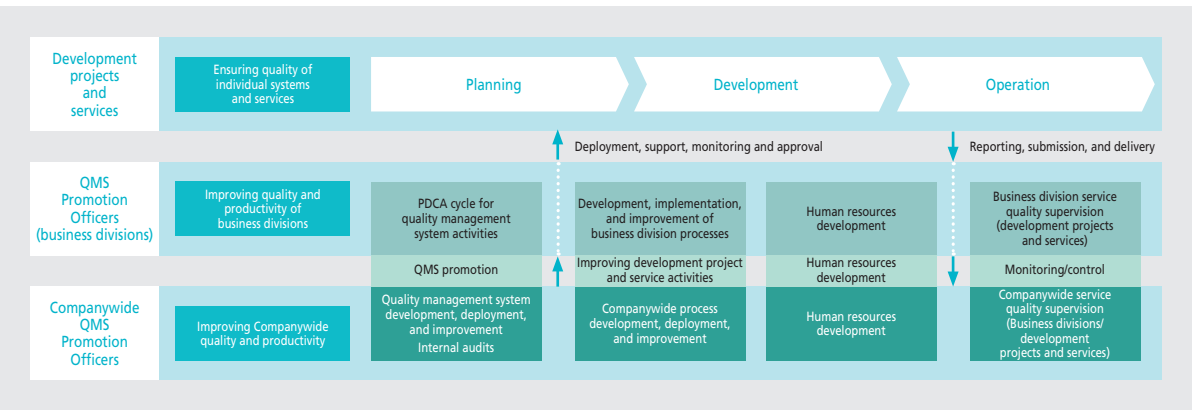


(Each company also establishes its own structure)



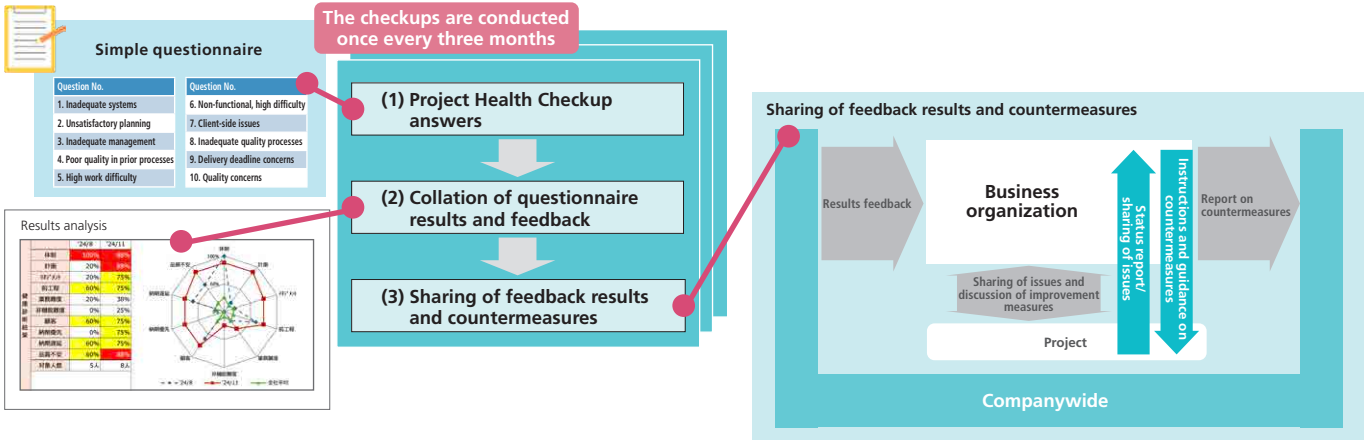
Implementation System

Across the entire lifecycle—from planning through development to operation—the System Development & Quality Management Innovation SBU and operating divisions work together to enhance quality and productivity through a dual-layered approach. By conducting third-party evaluations of service delivery, identifying risks and issues, and driving corrective actions, we continuously strive to ensure and improve service quality.

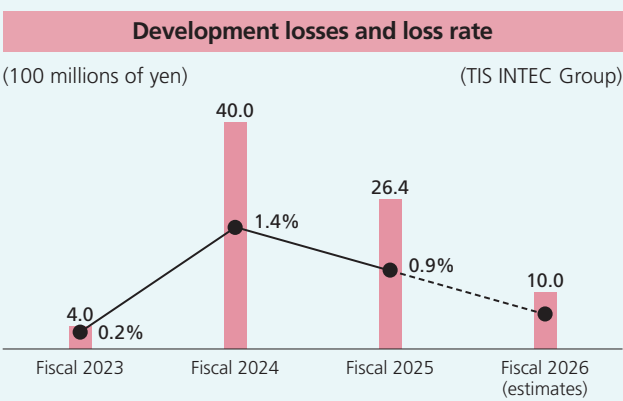


“Project Health Checkups” visualizing risks based on frontline feedback

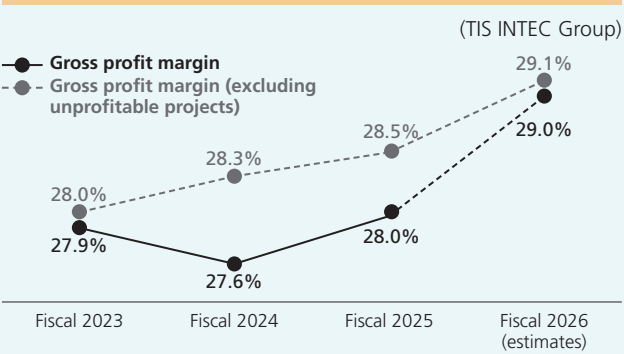
The TIS INTEC Group has implemented a Project Health Checkup system to strengthen project management practices. This initiative identifies potential risks that may not surface through standard quality control activities by gathering feedback from frontline project members. Using a simple questionnaire, concerns and issues raised in the field are collected, analyzed, and shared with the relevant divisions to enable early detection of problems and prevent unprofitable projects or other complications.



Reduction of Development Losses



Gross profit margin



We work to continually improve system development and service quality while avoiding major incidents and unprofitable projects, aiming to be a trusted leading brand whose quality speaks for itself across the Group.

Kyoko Takayanagi

TIS Managing Executive Officer, Division Manager of System Development & Quality Management Innovation SBU, QMS administration officer

Q1. A number of underperforming projects have emerged. What steps are being taken to prevent those occurrences in the future?

Due to the increasingly diverse and complex needs of society and clients, the factors that lead to unprofitable projects have also become a complex interplay of various elements, but most unprofitable projects are impacted by activities during planning and upstream processes, such as overly optimistic projections at the time of planning, or inadequate definition of requirements. Many development projects span multiple years, and with the aim of eliminating unprofitable projects in the future, we are strengthening practices for the third-party evaluation of project plans and expert review of requirement definitions.

The capabilities of project managers who formulate and execute plans is another key factor. We are laying the groundwork for future quality improvements with measures to cultivate personnel, including the assignment of mentors for managers dealing with highly difficult projects, and the setup of communities enabling managers to exchange information with one another. Through these initiatives, we aim to further instill a quality management mindset, prevent unprofitable projects from developing, and make ongoing quality improvements.

Q2. Tell us about the future direction of quality control.

Looking ahead, we anticipate significant progress in automating and streamlining processes from design through testing using generative AI. This will require us to re-examine our development processes and redesign quality assessment criteria and metrics. We must shift from traditional human-led checks to quality control approaches that account for the unique characteristics of AI output, paving the way for new AI-driven quality assurance systems enhanced by human oversight.

At the same time, we have begun applying AI to project management as well as engineering. Beyond automating tasks such as progress and budget management, we expect AI to play an increasingly predictive role, leveraging the Group's extensive development experience and expertise to drive greater efficiency and accuracy in the future.

Initiatives to Address Climate Change

The Group has addressed preservation of the global environment in its Basic Policy on Corporate Sustainability, which is based on its basic philosophy, OUR PHILOSOPHY. In order to realize a sustainable society, we are promoting efforts to preserve the global environment both by reducing the environmental impact of our business activities and by contributing to our clients’ and society’s efforts to mitigate and adapt to climate change through the provision of our services.

Medium- to Long-Term Environmental Targets for Climate Change

The TIS INTEC Group declared its commitment to carbon neutrality in December 2022. To achieve a decarbonized society, the Group aims to achieve carbon neutrality in terms of greenhouse gas (GHG) emissions by fiscal 2041 and net zero GHG emissions throughout its value chain by fiscal 2051.



As a significant measure to combat climate change, the TIS INTEC Group has switched to renewable energy at its data centers, which account for roughly 80% of its electricity usage, and also reduced and consolidated its facilities. As a result, Scope 1+2 emissions in the fiscal year ended March 31, 2025, were reduced by around 65% compared with the base year. We have also stepped up engagement to reduce Scope 3 emissions through briefing sessions for business partners. In recognition of these efforts, we were selected as an A List company, the highest rating, in the CDP’s climate change category.

TIS INTEC Group’s Carbon Neutrality Declaration

- Fiscal 2041**
Achieve carbon neutrality in Scopes 1 and 2
- Fiscal 2051**
Achieve net zero in Scopes 1, 2, and 3

Main Activities and Achievements on Climate Change

年度	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Main activities and achievements	<ul style="list-style-type: none"> Aug. 2021 SBT certification at 2°C level Dec. 2021 Start of renewable energy introduction Jan. 2022 Disclosure in accordance with TCFD 	<ul style="list-style-type: none"> Dec. 2022 Carbon neutrality declaration 	<ul style="list-style-type: none"> April 2023 Renewable energy usage rate of 100% at four main data centers Jun. 2023 Obtained SBT certification at 1.5°C level 	<ul style="list-style-type: none"> Feb. 2025 Received CDP A rating

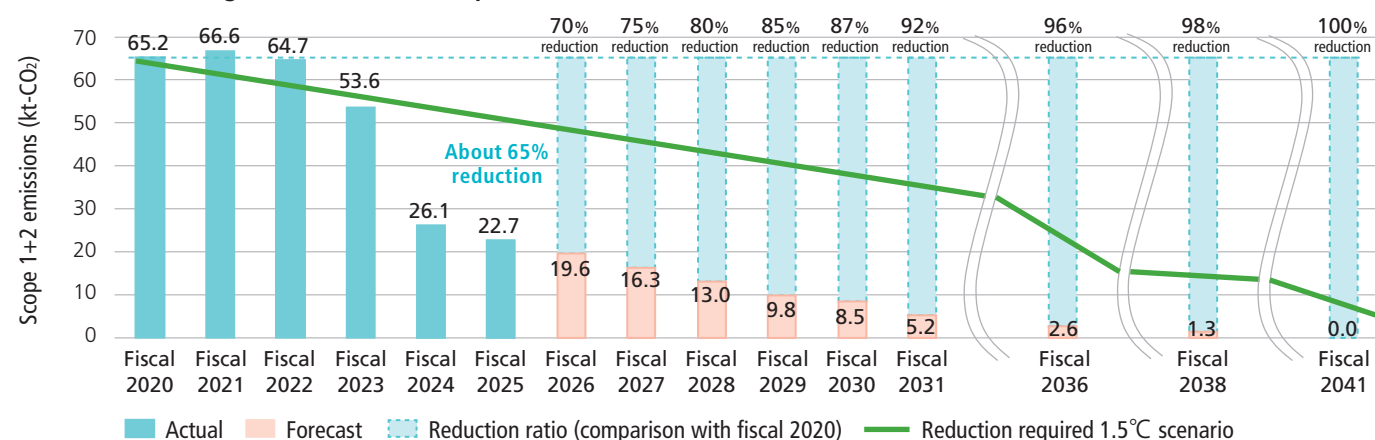
Evaluations from External Parties

CDP score	B (Management level)	A– (Leadership level)	A– (Leadership level)	A (Leadership level)

As a specific transition plan to achieve our targets, we have formulated a transition plan for Scope 1 and 2 GHG reduction targets and performance trends, and aim to make steady progress toward achieving the plan.

GHG reduction targets and results in Scopes 1 and 2

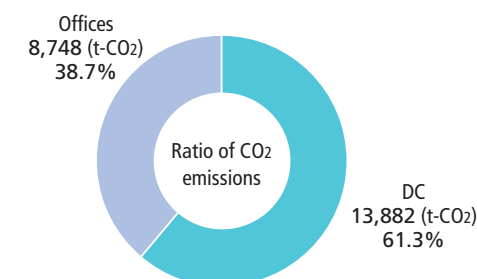
Scope: TIS and all consolidated companies as of March 31, 2025



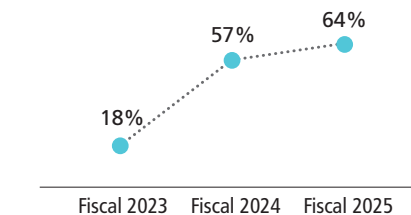
Initiatives to achieve the Group’s GHG reduction targets

As of the fiscal year ended March 31, 2025, roughly 60% of the Group’s GHG emissions are attributable to the use of electricity at data centers. Given this, we have stepped up initiatives focused on electricity usage at data centers to achieve carbon neutrality. In particular, through progressive use of renewable energy and improve energy efficiency, with a focus on air conditioning equipment, we have driven reductions in Scope 1 and Scope 2 emissions.

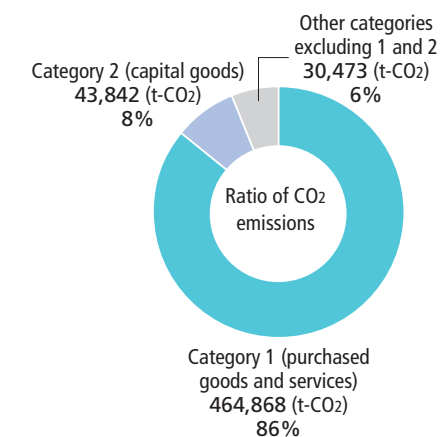
Percentage of Scopes 1 and 2 at datacenters
(Fiscal 2025)



Adoption rate of renewable energy



Percentage in Scope 3 by category
(Fiscal 2025)



Promoting the introduction of renewable energy at data centers and offices

At the four main data centers maintained by the Group (Tokyo No. 4 Data Center and Osaka Data Centers Nos. 2 through 4), we have switched to 100% renewable electric energy usage, expanding the overall renewable energy adoption rate in the fiscal year ended March 31, 2025, to about 64%. In addition, in January 2024 we began purchasing electricity through an off-site corporate PPA* utilizing a newly constructed solar power plant, mainly supplying the INTEC Toyama area. Going forward, we will continue to implement measures, including PPAs, while continuing to increase the use of renewable energy, with the aim of achieving carbon neutrality.

*Off-site corporate PPA (power purchase agreement): A system that supplies electricity from power generation facilities installed outside a company’s premises via the power grid.

Other initiatives

At our data centers and offices, we are promoting other initiatives such as the use of natural light, installation of small-scale solar power generation, and rooftop greening. We are committed to achieving carbon neutrality by prioritizing procurement practices that minimize environmental impact while maintaining stable and cost-effective pricing. These efforts will take into account evolving market conditions, including changes in social expectations, government policies, and energy industry trends. Additionally, we aim to develop environmentally sustainable data centers and office environments to further reduce our carbon footprint.



As part of our commitment to carbon neutrality, we aim to help create a net-zero emissions society. We will continue to support the development of a sustainable future through initiatives addressing global environmental challenges, including climate change and biodiversity loss.

Tsuneyoshi Ito

TIS Managing Executive Officer, Division Manager of Corporate Management SBU, Environmental Promotion Officer

Q1. What is the status of efforts to reduce Scope 3 emissions?

Reducing Scope 3 emissions requires close collaboration across the entire supply chain, including our business partners. While some areas are still in the early stages, our first step has been to survey partners on their GHG emissions to better understand the current situation. We have also begun fostering awareness of net-zero emissions by organizing workshops to deepen understanding of the issue. Going forward, we will continue strengthening engagement and dialogue to build momentum for emissions reductions across the supply chain and turn this into concrete action.

Q2. What is the status of initiatives to address natural capital (biodiversity)?

While the Group’s business activities have limited direct impact on natural capital (or biodiversity), we recognize that our operations are interconnected with it in various ways. To better understand these relationships, we have conducted analyses and assessments of both our dependence on and impact on nature, following the framework of the Task Force on Nature-Related Financial Disclosures (TNFD). At present, we have not identified any significant risks to our business model arising from these factors. However, we will continue to monitor potential risks and maintain a close watch on our relationship with natural capital.

For information about TNFD, please visit the following webpage.

<https://www.tis.com/group/sustainability/environment/tnfd/>

Information Disclosure in Line with TCFD Recommendations

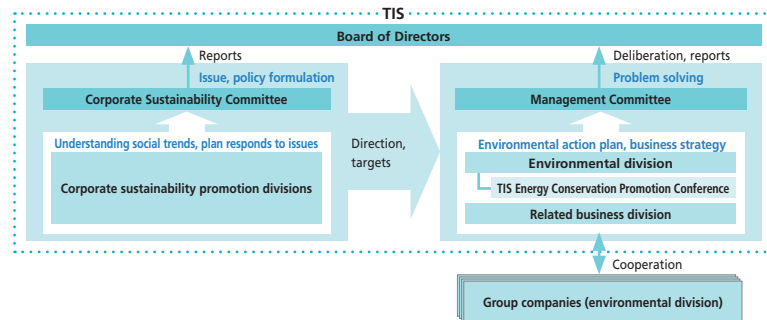
Among the global environmental challenges we face, action on climate change is of increasing importance, and the TIS INTEC Group has positioned this as a key management issue. This section describes the status of initiatives being pursued by the Group in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Governance

Our policy on climate change is evaluated under our corporate sustainability management system as one of our sustainability-related challenges.

Please refer to page 27 for details about our corporate sustainability management system.



Strategy

Scenario analysis

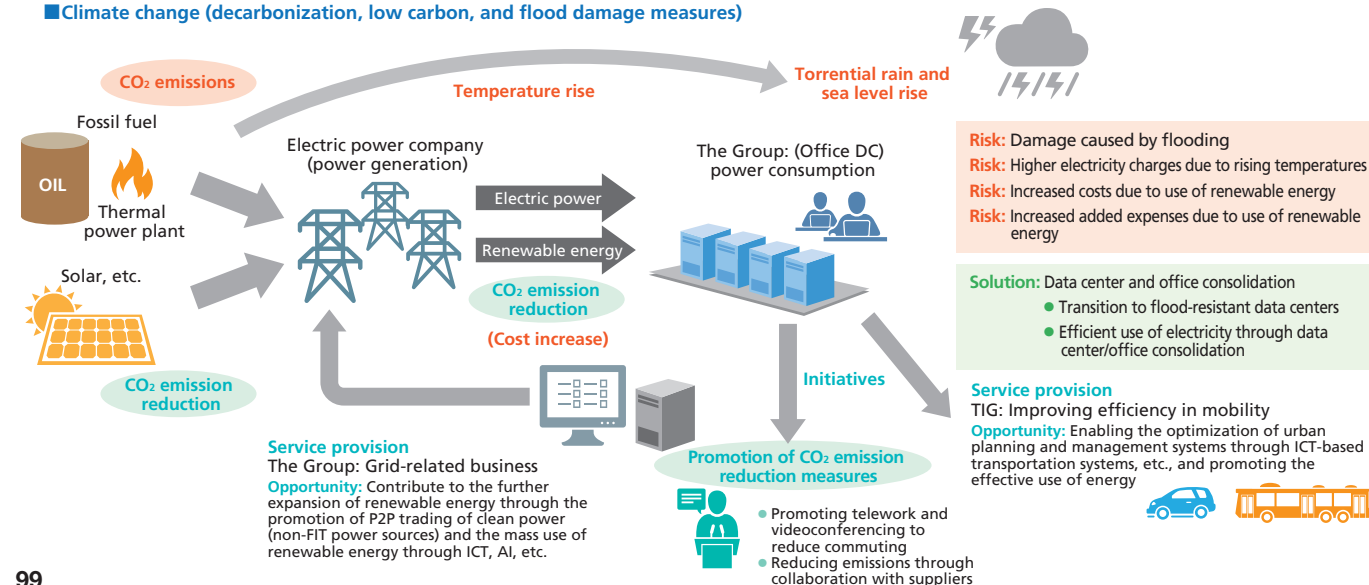
Using scientific evidence, including Representative Concentration Pathways (RCPs) for climate change, we developed scenarios based on both the 1.5°C and 4°C pathways and identified the associated risk factors for each.

Scenario (reference scenario)	1.5°C Scenario (SSP1-1.9 + IEA NZE2050)	4°C Scenario (SSP5-8.5)
Worldview	<ul style="list-style-type: none"> Assuming a future where Japanese and overseas organizations coordinate efficiently to create a sustainable society in which environmental protection and economic growth work in harmony, limiting global warming to 1.5°C 	<ul style="list-style-type: none"> Assuming a future where fossil fuel-based energy supply remains abundant, but environmental impacts and the depletion of natural resources become serious issues, and temperature increases surpass 4°C A world in which the impacts of climate change pose significant risks to people's daily lives
Policy and regulations	<ul style="list-style-type: none"> Each country cooperates in accordance with the Paris Agreement, setting strict emission reduction targets GHG emissions are reduced approx. 40% compared with the 2019 levels by 2030, and achieve net-zero by 2050 Carbon taxes of \$140 in 2030 and \$250 in 2050 are set in developed nations to encourage emission reductions 	<ul style="list-style-type: none"> (With insufficient international efforts to reduce GHG emissions,) GHG emissions continue to increase, and may reach three times their current levels by 2100
Society	<ul style="list-style-type: none"> Renewable energy as a percentage of total energy supply sources surpasses 90% by 2050 The global average temperature is very likely to be 1.0–1.8°C higher 2081–2100 compared with 1850–1900 By 2100, the global average sea level is very likely to rise by 0.28–0.5m compared with 1995–2014 	<ul style="list-style-type: none"> Reliance on fossil fuels will continue. The global average temperature is very likely to be 3.3–5.7°C higher 2081–2100 compared with 1850–1900 By 2100, the global average sea level is very likely to rise by 0.63–1.01m compared with 1995–2014 Compared with the 1.5°C scenario, it is predicted that tropical and extratropical cyclones will intensify, and that river flooding will increase in frequency
Economy/Technology	<ul style="list-style-type: none"> Due to a major shift in sources of electricity supply, investment in clean energy technologies is expected to reach \$4 trillion annually by 2050 With the electrification of energy advancing, investment in the expansion and modernization of power generating facilities and electrical grids is expected to increase considerably, reaching \$800 billion a year by 2030 	<ul style="list-style-type: none"> Much energy demand will continue to rely on fossil fuels, and investment in alternative energy technologies will remain low

Climate-related risks, financial impacts, and opportunities

Based on the correlation diagram between the Group and environmental issues, we organize risks and opportunities in the Group.

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



Climate-related risks

Based on the correlation diagram, we listed the short-, medium- and long-term climate related risks in the Group and assessed the financial impacts in fiscal 2031.

Scenario	Category	Risk factors	Risk category	Data centers	Offices	Anticipated risks	Period (Note 1)			Measures implemented (Note 2)	
							Short term	Medium term	Long term	Financial impact (¥ millions)	Impacts (Note 3)
1.5°C	Risk	•Progress in GHG emissions pricing •Strengthening of reporting obligations •Enhancement of energy efficiency policies	Transitional	Regulations	○	○	—	○	○	470	Moderate
			Transitional	Policies	○	○	—	○	○	4	Negligible
		•Changes in consumer behavior toward decarbonization (Changes in stakeholder evaluations)	Transitional	Reputation	○		—	○	○	2,810	Major
		•Changes in the energy mix	Transitional	Markets	○	○	○	○	○	66	Minor
4°C	Risk	•Increase in average temperatures •Increased severity and frequency of extreme weather events, such as cyclones and floods	Physical	Acute	○	○	—	○	○	88	Minor
			Physical	Acute/chronic	○		—	○	○	54	Minor

Notes: 1. Anticipated period for risk materialization
Short term: 1–3 years; Medium-term: Up to March 2031; Long term: Up to March 2051
2. Financial impact in fiscal year ending March 2031 assuming measures equivalent to those implemented by fiscal year ended March 2025 are maintained and no additional mitigation measures are taken
3. Maximum annual financial impact of anticipated countermeasure costs or damages in event of risk materialization
Negligible: Up to ¥10 million; Minor: ¥10–100 million; Moderate: ¥100 million–¥1 billion; Major: ¥1–10 billion; Extreme: ¥10 billion or higher

Climate-related opportunities

Based on the correlation diagram, we have also identified short-, medium-, and long-term climate-related opportunities.

Scenario	Category	Opportunities	Period (Note 1)			Responses of the Company and the TIS INTEC Group
			Short term	Medium term	Long term	
1.5°C	Opportunities	Increased opportunities to provide data centers and cloud services compatible with low- and zero-carbon initiatives	○	○	○	By increasing the share of renewable energy and improving energy efficiency at our data centers, we aim to expand opportunities to provide data center services. Our current target is to achieve a 100% renewable energy ratio at our data centers by March 31, 2031. (At TIS, we are also working to consolidate operations into environmentally friendly data centers, with a goal of achieving a 100% renewable energy adoption rate by March 31, 2026.)
		Growing demand for system upgrades driven by power companies' environmental improvements and redesign of power infrastructure	○	○	○	Leveraging our operational expertise, gained through over 30 years of business with energy companies, we are contributing indirectly to the decarbonization of power infrastructure and energy providers by supporting the DX of their power generation, transmission, and distribution operations, as well as system upgrades in response to regulatory changes.
		Growing opportunities to provide IT services and solutions that address emerging climate-related needs	○	○	○	To establish this as a future strength, we are developing and planning a range of IT services that leverage digital technologies through forward-looking investments and collaboration/co-creation with stakeholders. We are also rolling out solutions, such as VPP services and non-financial information reference and verification services for corporations, while actively pursuing business opportunities related to new technologies, such as environmental value trading and transfer demonstration projects.

Note: Anticipated period for opportunity materialization
Short term: 1–3 years; Medium-term: Up to March 2031; Long term: Up to March 2051

Resilience

Under the 4°C scenario, natural disaster risks are expected to increase, but the financial impact on the Group would be minimal, and we determine that business continuity (resilience) would be ensured. However, under the 1.5°C scenario, we envision risks of reduced social credibility and clients defections due to delayed action, resulting in a large financial impact, making it necessary to implement risk mitigation measures based on metrics and targets. We have confirmed that implementing risk countermeasures can vastly reduce the financial impact, and will advance our resilience by continuing to implement such countermeasures going forward.

Risk Management

The TIS INTEC Group conducted simulations for its data center business—closely linked to climate change—using the projected scale of operations for the fiscal year ending March 31, 2031. Based on these results, the TIS Energy Conservation Promotion Conference evaluates the financial impact of each identified risk. Moving forward, we will continue to strengthen risk management through regular reviews of both risk items and their associated financial impacts.

Metrics and Targets

TIS uses groupwide GHG emissions, renewable energy introduction ratio and financial impacts as metrics for evaluating climate-related risks. For evaluating climate-related opportunities, TIS uses market scale, sales and other factors as reference values to assess opportunities.

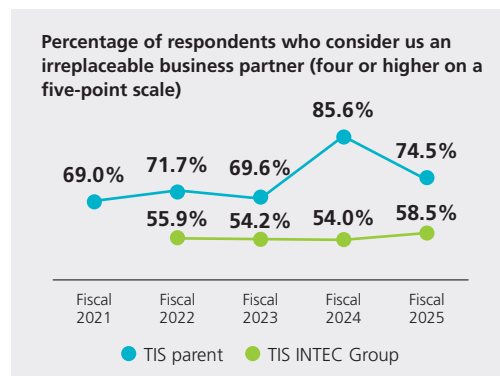
Progress on the goals is also described in the Initiatives to Address Climate Change section on the previous pages.

—With Clients

For details, go to <https://www.tis.com/group/sustainability/social/customer/>

■ TIS INTEC Group Business Summit

Each year, we hold the TIS INTEC Group Business Summit as a forum for introducing services and initiatives leveraging advanced technologies and expertise for the realization of a sustainable digital society. The most recent event, in July 2025, featured a keynote speech by Shinji Koshikawa, the president and representative director of Cross-River Co., Ltd. TIS curated a five-session program of 30 presentations and showcased 38 solutions by Group companies. We will continue to facilitate communication with clients so that we can provide support with a view to solving the issues they face and, beyond this, issues that society is facing.



■ Client Satisfaction Survey

We constantly monitor client satisfaction and strive to improve it further, underpinned by continuous efforts to create value based on the relationships of trust we have with our clients. As part of these efforts, we conduct an annual Client Satisfaction Survey of clients with whom we have an ongoing business relationship. It helps us understand their views on the quality of our services and the value we provide in an objective manner and gives us insight for further improvements. Going forward, we will continue to closely analyze client feedback and requests and implement effective initiatives across the Group to improve client satisfaction and create value tailored to client needs.

—With Business Partners

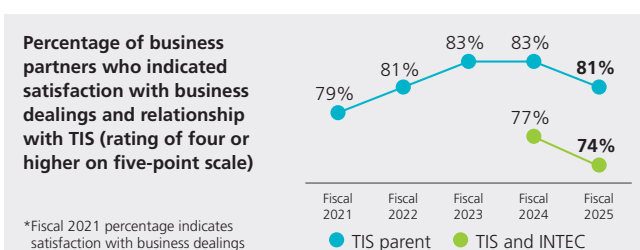
For details, go to https://www.tis.com/group/sustainability/social/business_partners/

■ TIS Business Partner Forum

Collaboration with business partners is essential for growing operations in our business portfolio, and we hold an annual networking event for business partners to improve value exchange and deepen co-creation relationships. Going forward, we will maintain our approach to business development and improve client satisfaction by encouraging opportunities for collaboration with Group companies through interaction with business partners that builds closer relationships of trust.

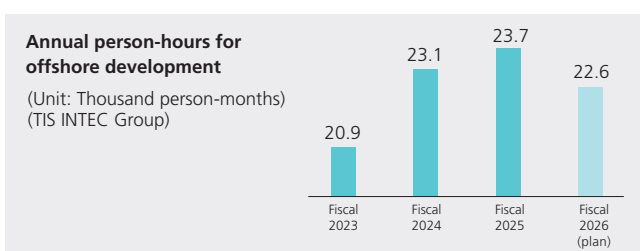
■ Business Partner Satisfaction Survey

We conduct an annual Business Partner Satisfaction Survey to gather feedback about changes in the operating environment, trends in guidelines and pricing structures, as well as the degree to which our business partners are satisfied with us. Responses to this survey enable us to understand our business partners' expectations and the issues they face. We use this feedback to enhance our operations and thereby improve business partner satisfaction.



■ Collaboration with Overseas Partners

For many years, we have worked with overseas partner companies to help grow our businesses. We are reinforcing our relationships with several leading local IT companies in Asia, and maintain regular communication with overseas partners at the management level. In recent years, we have diversified our network of offshore development contractors as we emphasize efforts to increase outsourcing in ASEAN countries.



■ Partnership-Building Declaration

We have identified priority areas for building new partnerships by fostering cooperation, mutual growth, and shared value with partners across our supply chain and business ecosystem.

For details, go to <https://www.tis.com/group/sustainability/policies/multi-stakeholder/>

■ Promoting a Sustainable Procurement Policy

As a corporate group, we acknowledge the importance of working together with stakeholders throughout the supply chain. We are working to communicate procurement guidelines based on a sustainable procurement policy to all our stakeholders.

For details, go to <https://www.tis.com/group/sustainability/policies/procurement/>

—With Shareholders and Investors

■ Constructive Dialogue with Shareholders

For details, go to https://www.tis.com/ir/policy/governance/index.html#anchor_05

In accordance with our IR Policy, we actively engage in constructive dialogue with shareholders to support sustainable growth and enhance corporate value over the medium to long term. We also aim to strengthen the framework for such dialogue. During these interactions, we ensure fairness in information disclosure and properly manage insider information in line with the Rules for the Prevention of Insider Trading.

For details on our IR policy, go to <https://www.tis.com/ir/other/policy/index.html>

Engaging with Shareholders

Led by the TIS President and CEO, in fiscal 2025 we actively engaged in constructive dialogue with shareholders involved in active investment management in Japan and overseas, primarily in the United States, Europe, and Asia. These active investors have diverse approaches, typically focusing on growth and value trading. Most shareholder interactions were with analysts and fund managers, though we also met with individuals responsible for exercising voting rights.

Key topics and areas of shareholder interest (outlined below) were shared and discussed internally through quarterly reports to the Board of Directors and other meetings. This feedback was incorporated into the review of management strategies, the development of management plans, and other corporate initiatives.

Main themes of discussions with shareholders and matters of interest to them

- Progress and future outlook of structural transformation initiatives aimed at business growth and profitability
- The importance of investing in human resources, our most critical management capital, and corresponding policies
- Status of ESG initiatives, with a focus on human resources
- Approach to allocating cash to increase corporate value (investments in growth and shareholder return)
- Financial strategy and KPIs with an awareness of capital efficiency, and other themes
- Policies for responding to changes in the business environment such as the utilization of AI and the reorganization of industries

IR events in fiscal 2025

Results briefings for analysts and institutional investors	4 times	
Other briefings for analysts and institutional investors	Once	One business briefing
Small meetings for analysts and institutional investors	264 times	Including 129 meetings that overseas investors participated in; a total of 498 investors participated in the meetings.
Small meetings with President	3 times	One with sell-side analysts, and two with buy-side analysts
Overseas roadshows	2 times	In North America and Europe
Participation in conferences	4 times	Three conferences in Japan and one overseas (Asia)
IR conferences for individual investors	Once	

For our initiatives to revitalize General Meetings of Shareholders and facilitate the exercise of voting rights, refer to page 17 (III. Implementation of Measures for Shareholders and Other Stakeholders) of the Corporate Governance Report.

<https://www.tis.com/documents/en/ir/policy/governance/governance.pdf>

—With Local Communities and Society

We see the existence of digitally disadvantaged people—those for whom the convenience of digital technology is out of reach—as a social issue, and we are working with non-profit organizations (NPOs) to help resolve this issue. We support NPOs' activities and develop infrastructure to realize a society where everyone can benefit from digital technologies.

■ Example Activities

Grant Program

Fiscal 2025
Grants provided to nine organizations

Helping improve the quality of NPOs' aid activities and their ability to implement these activities
Providing grants for upgrading the digital tools currently used by the NPOs that we assist to enhance the quality of their aid activities and their ability to implement these activities
→ Effective program implementation to help improve the quality of NPO's activities and expand the scope of support they provide

Digital Infrastructure Enhancement Program

Fiscal 2025
Support provided to 11 organizations

Strengthen ability of NPOs to utilize digital technology and enhance operating capabilities
Send specialists to assess digital environments at NPO offices and resolve issues of concern.
→ Develop digital infrastructure to improve operating capabilities and contribute to realization of continuous, high-quality support to address prevailing social issues

■ Example activities in fiscal 2025

WakuWaku-no-le (a specified non profit activity corporation)

A system was developed to connect children's transportation schedules, staff shift schedules, other schedules and attendance records at alternative schools providing after-school childcare support. This improved service accuracy, reduced administrative burdens, and strengthened operational stability. Additionally, a wage calculation system was implemented, enabling the distribution of wage slips to all staff members and enhancing both employee convenience and their sense of security.

For other activities, please visit the following webpage.

<https://www.tis.com/group/sustainability/social/community/>