

# CSR in the CTC Group

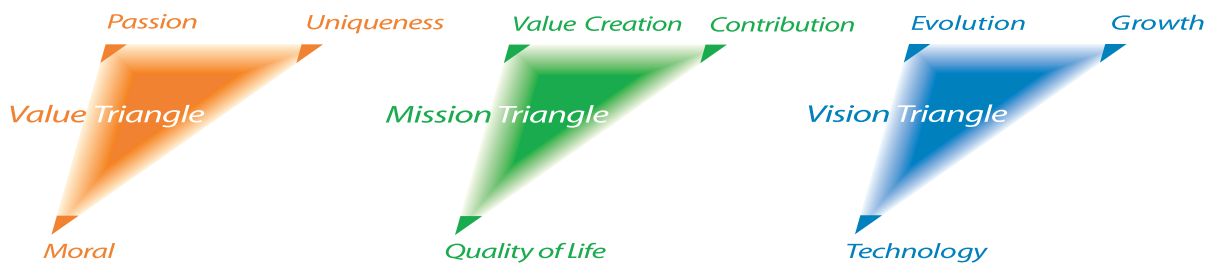
## CTC Philosophy and Social Roles

At the occasion of the business merger in October 2006, we established a new CTC Philosophy and CTC Group - Code of Conduct. In the new Philosophy, we have defined a framework of the CTC Group's social roles (CSR) and, on the basis of this framework, clearly documented "The Society That the CTC Group Aims for and Our Roles" (page 8), which is our CSR policy.

### CTC Philosophy



Rooted in the core principle of "Challenging Tomorrow's Changes," we at CTC constantly work to create a clearly-defined mission based on a foundation of rock-solid values in order to fulfill our vision.



We at CTC generate a unique creativity, and we do this through energetic actions that are underpinned both by our sense of moral value and our ethics.

#### Moral

We encourage in our lively and airy workspaces moral values and compliance grounded in social justice, while always pursuing our business goals with the same ambition.

#### Passion

We are constant in our responses to ongoing change, and by being thorough in meeting our customers' needs, we are always open to ground-breaking results.

#### Uniqueness

We always look to be above the industry benchmark, and aim for excellence while pursuing high-levels of technological know-how.

Our aim is to make society a better place, ensuring quality of life for everyone, and creating value for our customers and other stakeholders.

#### Quality of Life

Our goal is to help people fulfill themselves in their own individual way while staying healthy in mind and body, maintaining economic stability, and searching for spiritual richness.

#### Value Creation

From employees to executives, we are working towards value creation for all of our customers and partners across the globe. Thanks to our outstanding corporate values, we can create final value beyond the expectations of our shareholders, customers, business partners and even our employees and executives.

#### Contribution

By bringing about an affluent world of opportunities in an equal-opportunity society, we make a contribution to preserving the planet and regional cultures, and work towards a more friendly society.

We will continue to grow as an appealing company grounded in high-quality technological power, changing our own business models thanks to an accurate grasp of the ever-evolving management environment.

## The Society That the CTC Group Aims for and Our Roles

The CTC Group is a group of companies supporting and bringing up information infrastructure systems of society.

Up to now, we have been contributing to the establishment and development of the information society by providing customers with our technology as well as products and services.

From now on, we will thoroughly consider what the information society of the future should be and through communication with our various stakeholders including our customers, develop information infrastructure systems to better contribute to society with the intention of creating a society where all people can enjoy the benefits of IT.

Passing on a sustainable society to the next generation through the power of IT in this way is the CSR of the CTC Group.

### CTC Group - Code of Conduct

On the basis of the "CTC Philosophy" and with a high sense of ethics and responsibility, we act according to the following Code.

#### 1) Thorough Compliance

We comply with all applicable laws and regulations, follow internal rules, and act in good faith and fair manner without violating social norms. We do not commit any rule violations such as insider trading, harassment, exchange of presents and entertaining beyond social commonsense, side-engagements, political activities and activities to propagate religions inside the company.

#### 2) Provision of Products and Services for Society

With a global perspective, we provide products and services that support the entire IT Life-Cycle, striving to win the trust of society— including our customers—on a broad basis by contributing to informatization of the economy and society.

#### 3) Fair Dealings

We develop our business with fair, and transparent competition while maintaining a healthy and normal relationship with politics and government administration.

#### 4) Thorough Management of Information

As a leading company in the IT industry, we pay utmost attention to the proper handling of customer information, corporate and personal information.

#### 5) Good Working Environment

We create a working environment that allows a comfortable, fulfilling, easy and varied work style and realize an attractive corporate climate respecting the character, personality and diversity of our employees so that they can freely develop their creativity.

#### 6) Consideration for the Environment

In our daily corporate activities, we proactively work to harmonize with the global environment by conserving energy and resources, reducing waste and others.

#### 7) Social Contribution

We are aware of ourselves as a corporate citizen and actively participate in social activities to contribute as a member of our community.

#### 8) Policy against Antisocial Forces and Groups

We maintain no relation whatsoever with individuals or groups that afflict public order, safety and sound corporate action.

#### 9) Reporting and Recurrence Prevention

When we discover an act that violates compliance, or when we violate compliance through careless action by ourselves, we immediately report to our superior or to the help line and make efforts to prevent recurrence.

#### 10) Example by Leadership

Our executives and managers take the lead in observing laws and regulations and enforce it among their subordinates. In case of a violation, they take charge of searching for the cause and resolving the problem by themselves, implement the best possible measures and work to prevent the violation from recurring.

# CSR in the CTC Group

## Stakeholder Relations

Companies pursue their business activities while maintaining relationships with various stakeholders. The CTC Group will also maintain and develop good relationships with its stakeholders to contribute to the creation of a sustainable society. The global environment around us is also an important stakeholder. We will proactively work to “do what we can” also to address global issues such as global warming, the depletion of resources or the destruction of eco-systems.



### Shareholders, Investors

Our general meeting of shareholders is our supreme decision-making body. We run our operations, following the judgment of our general meeting of shareholders. To ensure a balanced management at the CTC Group, it is extremely important that people from a wide range of fields in society invest in us. We continue our efforts to disclose information in a timely and adequate manner to keep our management highly transparent.

### Customers

The customers of the CTC Group include both our direct customers and the end users of our products and services. Through close communication with our customers, we will contribute to the creation of a sustainable society by providing high-quality products and services that adequately respond to the demands of society.

### Suppliers

All suppliers are important business partners for us. To create innovative services and solutions, the cooperation with suppliers is indispensable. We make efforts to build balanced and healthy relationships that allow mutual growth and are not just about lead times, prices and quality.

### Employees

Our employees are the treasures of the CTC Group. We work to provide an environment that allows each individual employee to achieve self-realization. We will further promote enhancements and improvements of the labor environment to help our employees live a fulfilled and healthy life.

### Local Communities

As a member of the local community, the CTC Group utilizes its human resources, knowledge/information technology and other resources to proactively pursue social contribution activities, striving to realize an affluent and comfortable society.

## Efforts for the Reliable Promotion of CSR

### ■ Our stance on CSR promotion

The CTC Group supports social infrastructure by providing systems that utilize IT. Every single employee is completely aware of his or her role to make people's lives even more convenient and stable, and puts this awareness to practice. This is our stance on how we promote CSR.

### ■ Establishment of the CTC Group Action Plan

To ensure the promotion of CSR in the CTC Group, we launched a CSR Project Team consisting of members from each business group and two group companies. Each member of the project team presented an opinion based on the characteristics of the respective business, and lively discussions were held. The team then decided on the policy for CSR (refer to page 8) and established the CSR Action Plan (refer to pages 11–12) to be practiced by all CTC Group employees.



CSR project meeting

### ■ CSR promotion structure

From now on, we will move on to execute the CSR Action Plan established by each unit. Every single employee completely understands the action plan for his or her unit, digests it in his or her own way and puts it into practice in daily work. This will be regularly checked and the action plan is further brushed up and again put it into practice—this is the PDCA cycle we will follow.

For this, we will appoint CSR promotion officers in each business group to supervise the execution of the action plan and regularly report the progress status to the CSR and Compliance Committee, which manages the overall progress.

## Commitment of the Chief Compliance Officer (CCO)

In our daily activities to “provide products and services that benefit society using IT”, which is the main business of the CTC Group, we will actively work to promote CSR in order to win the “trust of society” by acting responsibly not only from economical aspects but also from environmental and social aspects.

To achieve this, it is important that we first establish a common awareness of

CSR with all employees of the CTC Group. For the publication of this CSR report, we considered our policy as well as specific measures for our CSR efforts and visualized them. From now on, we will strive to become an “attractive company” realizing group corporate value and enhancement of brand power with all CTC Group employees sharing them and acting on a self-driven basis.



**Yasuo Kanematsu**  
Director & Senior Vice President  
Executive in Charge of  
the Administration Group

# The CTC Group's CSR Action Plan

The following table shows a part of our CSR Action Plan.

	Responsible Unit/Group Company	CSR Task
Main Business	Telecom Systems Group	Develop and provide solutions that allow working using mobile phones even in environments where PCs cannot be used or owned
		Develop, provide and educate on security solutions for the realization of a truly safe and secure internet society
	Financial Systems Group	Respond to reinforcements of laws and regulations (Personal Information Protection Law, Japanese SOX Act) and the demands for stronger IT governance in the finance industry
	Enterprise Systems Group	Aim to improve the customer working environment and end user convenience through system solutions for customers in distribution and retailing
		Assist in the introduction of IT system technology related to the development of internal control, and contribute to improve the transparency of companies
	Data Center Operation Group	Since data centers require uninterrupted and stable supply of equipment and systems as the central bases protecting our customers' information systems, the most important issue is the establishment and sophistication of Business Continuity Plans (BCP)
	Distribution Systems Group	Leverage our strengths - which are closely related to the business of our customers mainly engaged in the food, distribution and service field - to improve customer satisfaction through total support from system development to operations
	Scientific Systems Business Division	Support the safety and security in everyday life, for example, the global environment, energy, social infrastructure or disaster prevention
	Cross Function Group	Carefully consider the environment and thoroughly observe laws and regulations when procuring products to be provided to our customers
		Contribute to the standardization of IT technologies and the spread of new technologies in Japan by participating in the standard-setting and promotional organizations for IT technology
IT Support Services Group CTC Technology Corporation	Continue to provide customers with safety and security by maintaining the stable operation of systems through high-quality service	
CRC Systems Corporation	Aim for a stable operation of customer systems and networks through an system with 24-hour 365-day operation	
Management	Sales Administration & Operation Division	Communicate and strictly enforce transaction management rules and trade-related laws and regulations
	Human Resource Management Department	Secure and educate diverse human resources (promotion of diversity)
		Strive to reduce overtime work and realize an environment where it is easy to work
	CSR & Compliance Team Legal Department	Compliance
	Information Systems Department Information Security Team Internal Control Development Team Next.MI Promotion Office	Internal control
Information Security Team	Information security and personal information protection measures are the base for the business of the CTC Group. The entire company should make concerted efforts to further promote this thoroughly	

Mid-term Action Plan	Action Plan for Fiscal 2007
Perform efficient work using IT resources (mobile phones)	Analyze what work can be done with a mobile phone and develop solutions on which to focus
Start activities for the actual introduction of systems for telecommunications with the year 2010 as the target	Research and analyze solutions and solution models and establish concrete plans for a safe and secure use of the Internet
To accomplish the task described at the left, introduce and spread next-generation financial IT solutions (B-Fit) promoted by the Financial Systems Group to financial institutions	<ol style="list-style-type: none"> <li>1) Introduce solutions to even more financial institutions by exhibiting on trade shows, etc.</li> <li>2) Actively promote proposals to the customers</li> </ol>
For customers in distribution and retailing, always strive to introduce systems utilizing the latest technologies to contribute to improvement of end users' convenience	For customers in distribution and retailing, follow the keyword "multi-store development" and: <ul style="list-style-type: none"> <li>- propose IT infrastructure to improve the work of the store staff (POS, etc.),</li> <li>- propose IT infrastructure to realize new end user services</li> </ul>
Support the development of internal control and the establishment of an information security policy	<ol style="list-style-type: none"> <li>1) Clarify the IT technologies required for the development of internal control, select adequate products and provide the customers with information and proposals</li> <li>2) Raise and scout human resources capable of instructing customers on the internal control development and information security measures</li> </ol>
Aim for linkage with the customers' BCP and establish a wide-area response system including the Kobe Computer Center, Otemachi Internet Data Center and the Shibuya Data Center	Enhance and improve the BCP of the Yokohama Computer Center in order to appropriately respond to the diversification of threats, which include not only earthquakes but also epidemics and others
<ol style="list-style-type: none"> <li>1) Contribute to the overall optimization of customer systems</li> <li>2) Promote electronic list at the customers' businesses to reduce environmental burden</li> </ol>	<ol style="list-style-type: none"> <li>1) Make efforts to gain a deep understanding of the customers' strategies and business processes</li> <li>2) Actually operate a convenience store to find needs for highly convenient systemization seen through the eyes of the customers and end users</li> <li>3) Expand the scope for the conversion of lists into CD-ROMs for customer retailers</li> </ol>
Utilize the accumulation of design, analysis and simulation expertise owned by the division to make proactive proposals on selected themes	<ol style="list-style-type: none"> <li>1) Select business processes and themes for each department</li> <li>2) Publicize the achievements and social contributions of the division inside and outside of the company</li> </ol>
<ol style="list-style-type: none"> <li>1) Procure products that are good for the environment (free of harmful substances)</li> <li>2) Observe the law in the import and sale of products</li> </ol>	<ol style="list-style-type: none"> <li>1) Prepare guidelines for the handling of new products</li> <li>2) Educational activities to observe laws and regulations <ul style="list-style-type: none"> <li>- Educate suppliers on observing the Electrical Appliance and Material Safety Law</li> <li>- Educate suppliers on CTC internal rules related to the Personal Information Protection Law and information security</li> </ul> </li> </ol>
Join standard-setting and promotional organizations for IT to contribute to the establishment of usage guidelines for IT technologies and technology standardization	Join standard-setting and promotional organizations for IT to contribute to the establishment of usage guidelines for IT technologies and technology standardization
Train engineers that have advanced technical expertise and the skills to perform their work accurately	<ol style="list-style-type: none"> <li>1) Implement a plan to train highly skilled engineers</li> <li>2) Continue to implement hazard prediction training</li> </ol>
<ol style="list-style-type: none"> <li>1) Improve operations quality through ISO9001 acquisition and promotion</li> <li>2) Promote the construction of ITIL-based systems operation and aim for managed operations</li> <li>3) Promote information security</li> </ol>	<ol style="list-style-type: none"> <li>1) Acquire ISO9001 for the Otemachi Internet Data Center, the Shibuya Data Center and the Yokohama Computer Center</li> <li>2) Acquire the ITIL-compliant ISO20000 for the Site-QC Service* offered at the Kobe Computer Center</li> <li>3) Acquire ISO27001 for the Site-QC Service* offered at the Kobe Computer Center <ul style="list-style-type: none"> <li>* Site-QC Service: Site Quality Control Service</li> <li>An operations monitoring service to utilize the operation know-how accumulated by CRS over 20 years in an efficient way</li> </ul> </li> </ol>
Communicate and strictly enforce transaction management rules and trade-related laws and regulations	<ol style="list-style-type: none"> <li>1) Implement briefings explaining business processes</li> <li>2) Give guidance on corrective action through individual cases</li> <li>3) Enhance guidance on business process rules</li> </ol>
<ol style="list-style-type: none"> <li>1) Promote the employment of physically challenged and other persons</li> <li>2) Continue to maintain the targeted employment rate for female employees (20% for new hires)</li> <li>3) Goal for the ratio of women in management positions by 2010 (5.0%)</li> </ol>	<ol style="list-style-type: none"> <li>1) Proactively implement concrete measures to raise female employees</li> <li>2) Actively publicize information on policies to utilize female employees inside and outside of the company through various media and the corporate intranet</li> </ol>
Break away from the IT industry's image of frequent overtime work	<ol style="list-style-type: none"> <li>1) Establish concrete reduction goals and realize a 10% cut compared to the previous year</li> <li>2) Carry out overtime reduction campaigns twice a year (with one campaign lasting two months)</li> </ol>
<ol style="list-style-type: none"> <li>1) Improve the practicability of compliance</li> <li>2) Eliminate violations of laws and regulations</li> <li>3) Further improve the group's compliance system</li> </ol>	<ol style="list-style-type: none"> <li>1) Implement compliance education</li> <li>2) Conduct a survey on awareness</li> <li>3) Collect information to keep up to date with respect to laws and regulations</li> <li>4) Directly grasp the actual situation, perform evaluation and improvements for group companies</li> </ol>
Smooth migration of systems in the Next.MI* project * Next.MI: Next Management Infrastructure Our next system integrating each of the CTC Group's internal backbone systems. Built in consideration of internal control and other security issues	Carry out system migration while paying sufficient attention to internal control and information security
Promote information security and measures to protect personal information	<ol style="list-style-type: none"> <li>1) Integrate the rules for information security and the protection of personal information of the former CRC group companies</li> <li>2) Conduct internal training on information security and the protection of personal information for all executives and employees of the CTC Group for strict enforcement</li> <li>3) Expand ISO27001 certification to other units (Technical Solution Center, Data Center, etc.)</li> </ol>