

Foundation for Continuously Taking on Challenges and Sustainable Growth

Environmental Initiatives

As a leading company in the IT industry, we believe it is important to not only reduce the amounts of environmental resources used by ourselves, but also provide a sustainable future for our customers and society through technologies we are uniquely positioned to offer. We listen to a wide range of opinions from variety of stakeholders on the social role and responsibilities that we are expected to fulfill, and we reflect this feedback in our corporate activities.

Environmental Activities Policy

The CTC Group aims to keep its businesses in harmony with the global environment, addresses issues including climate change, the effective use of resources and the preservation of biodiversity, and strives to improve environmental management systems in a sustained manner.

1 Solution of Environmental Issues Faced by Customers

The CTC Group seeks to offer value such as environmental load reduction and eco-efficiency improvement with the application of IT by solving the environmental issues faced by customers.

2 Reduction of Environmental Footprint in Business Processes

The CTC Group proactively promotes initiatives including those for saving energy, saving resources, reducing waste and greening procurement, and works to reduce its environmental footprint and prevent pollution in business processes.

3 Compliance with Relevant Laws, Regulations, Etc.

The CTC Group observes laws and regulations associated with environmental preservation and other items to which it agrees.

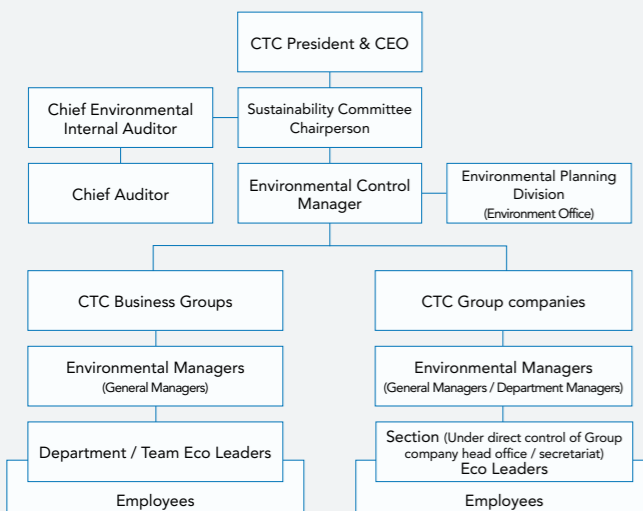
4 Enhancement of Environmental Awareness

The CTC Group makes its environmental policy known to all its directors and employees. At the same time, the CTC Group works to raise environmental awareness through education and informative activities.

Environmental Management Structure

The CTC Group has established an Environmental Activities Policy based on its corporate philosophy and has established an environmental management structure.

The officer responsible for sustainability-related matters is the Chairperson of the Sustainability Committee. The Chairperson, along with the Environmental Managers and Eco Leaders of respective organizations, play a central role in advancing environmental improvement activities across the entire Group. Domestic Group companies (excluding affiliates) have obtained ISO 14001 certification.



Environmental Education

The CTC Group provides environmental education through e-Learning for all officers and employees once a year. Environmental Managers and Eco Leaders are also offered separate training sessions to promote their activities.

Environmental Conservation Activities

The CTC Group supports the preservation of the environment and biodiversity. Such support includes donations to initiatives whose aims the Group endorses. Examples of such initiatives are Biodiversity Conservation projects by WWF Japan (as of July 2023); the Keidanren Nature Conservation Fund; the Morino Project, which seeks to preserve natural capital by cultivating forests that protect people from disasters; and more trees, an organization for preserving forests by forming connections between forests and cities.

For more information about our other activities and environmental initiatives, please refer to:
<https://www.ctc-g.co.jp/en/company/sustainability/environment/>

Climate Change Countermeasures



The impacts of climate change, such as adverse weather events, have been growing ever more serious in recent years, directing increasingly more attention toward the role of IT as a tool for mitigating the gravest threats to the global environment. "Contribute to address climate change" has been designated as one of the CTC Group's materiality (material issues). Moreover, in April 2022, we expressed support for the Task Force on Climate-related Financial Disclosures (TCFD). CTC will properly disclose information based on the TCFD recommendations.

Governance Structure

To address climate change, we have created a structure to promote sustainability, headed by the President & CEO. Important matters are discussed by the Sustainability Committee, which is chaired by a managing executive officer in charge of sustainability matters, before decisions are made by the Management Committee and approval is given by the Board of Directors. We have also established a structure under which activities related to climate change are reported regularly to the Management Committee and the Board of Directors and are supervised by them.

Major Items Deliberated

- Matters related to climate change risks and opportunities
- Important guidelines and measures related to climate change
- Progress toward CO₂ reduction and other medium- and long-term environmental targets

Risk Management

Through the sustainability promotion system, we clarify, identify, and assess climate change risks (assess the level of their impacts by using various parameters based on multiple future forecast scenarios) based on Companywide risk control methodologies and the TCFD framework. We then draw up countermeasures to these risks. The Board of Directors supervises the management of climate change and other important Companywide risks.

Metrics and Targets

In 2022, CTC incorporated its environmental targets into the 2050 CTC Group Environmental Declaration with the aim of contributing more to countering global warming. The entire CTC Group falls within the scope of our efforts to reduce GHG emissions. As short-term targets for Scope 1, 2, and 3*1 emissions, by fiscal 2030, we aim to reduce Scope 1 and 2 emissions by 50%, and Scope 3 emissions by 22.5% compared with the fiscal 2021 level. Our

long-term targets entail net zero emissions in Scope 1 and 2 by fiscal 2040, and net zero Scope 3 emissions by fiscal 2050.

In line with its mission of "Leveraging IT's potential to change future for the Global Good," CTC has designated "Contribute to address climate change" as one of its materiality issues, and is keen to continue contributing to countermeasures for global warming.

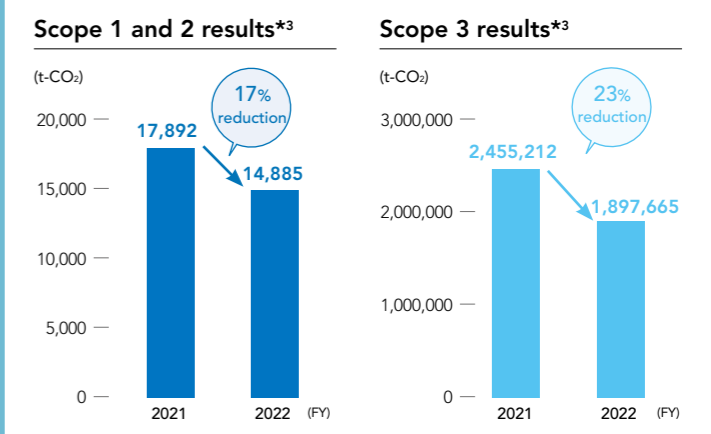
2050 CTC Group Environmental Declaration

Scope 1+2*1

Fiscal 2030 50% reduction (vs. fiscal 2021)
 Fiscal 2040 Net zero emissions*2

Scope 3*1

Fiscal 2030 22.5% reduction (vs. fiscal 2021)
 Fiscal 2050 Net zero emissions*2



*1 Scope 1: Greenhouse gases emitted directly by the reporting company itself (fuel combustion and industrial processes)

Scope 2: Indirect emissions resulting from the use of electric power, heat, and steam supplied by other companies

Scope 3: Indirect greenhouse gas emissions which do not fall under Scope 1 or 2 (emissions of other companies associated with the activities of the reporting company)

*2 Net zero: Reducing total Scope 1, 2 and 3 emissions by 90% or more and neutralizing the remaining emissions by investing in absorption, storage, etc. (complies with the SBT Initiative's net zero standard)

*3 In order to enhance credibility, data for Scope 1, 2, and 3 emissions in fiscal 2021 and fiscal 2022 has received third-party verification by Socotec Certification Japan

Foundation for Continuously Taking on Challenges and Sustainable Growth

Environmental Initiatives

Scenarios and Strategies

CTC has analyzed the potential impacts of climate change on its business activities and revenue, covering its entire supply chain. These analyses used scenarios that projected rises in average global temperatures of 1.5°C and 4°C above preindustrial levels. Based on these scenario analyses, the Company quantitatively and qualitatively assessed the financial impacts of the opportunities and risks identified leading up to 2030 and 2050. The scenarios CTC referenced are the Intergovernmental Panel on Climate Change's (IPCC) RCP8.5 / RCP2.6 scenarios, and

the International Energy Agency's (IEA) STEPS/NZE2050 scenarios.

A summary of the results of this analysis and the CTC Group's main policies targeting climate change are as follows.

We position climate change countermeasures as opportunities for growth, and we are actively expanding our GX business to contribute to a decarbonized society as a way to address social issues and achieve sustainable growth.

Opportunities Related to Climate Change			Magnitude of Impact*2				Response Policies
Category	Details	Length of Time*1	4°C scenario		1.5°C scenario		
			2030	2050	2030	2050	
Products and Services	<ul style="list-style-type: none"> Increase in demand reflecting the use of IT for efficient energy use and energy conservation Increase in demand for products and services that contribute to the development of renewable energy 	Short term	Small	Small	Medium	Medium	<ul style="list-style-type: none"> Expanding businesses that help to resolve issues, including those related to efficient energy use and those related to energy conservation Expanding businesses that contribute to the development of renewable energy
Market	<ul style="list-style-type: none"> Market expansion driven by simulation technologies and services that contribute to the development of new technologies (related to low carbon, hydrogen, etc.) Improving social trust through climate change countermeasures 	Short term	Large	Large	Large	Large	<ul style="list-style-type: none"> Researching, developing, and expanding the portfolio of technologies and services that support the use of new energy as a means to achieve decarbonization Expanding businesses that contribute to decarbonization and making information about them available

Risks Related to Climate Change			Magnitude of Impact*2				Response Policies
Category	Details	Length of Time*1	4°C scenario		1.5°C scenario		
			2030	2050	2030	2050	
Policies and Legal Restrictions	<ul style="list-style-type: none"> Increase in costs to respond to the tightening of regulations related to CO₂ emissions and new political measures and regulations (including the carbon tax and emissions trading scheme) 	Medium term	Small	Small	Medium	Medium	<ul style="list-style-type: none"> Continuously reducing CO₂ emissions from our businesses by promoting energy conservation and introducing renewable energy
Reputation	<ul style="list-style-type: none"> Damage to trust from society and a decline in employee motivation resulting from delays in taking climate change countermeasures 	Short term	Small	Small	Large	Large	<ul style="list-style-type: none"> Expanding businesses that contribute to decarbonization and making information about them available Joining in initiatives related to climate change
Physical	<ul style="list-style-type: none"> Negative impacts on business continuity from damage to facilities and supply chain disruption caused by weather disasters 	Short term	Medium	Medium	Small	Medium	<ul style="list-style-type: none"> Continuing to take disaster prevention and mitigation measures related to our business continuity plan (BCP) Promoting effective teleworking

*1 "Short term" means up to five years from now. "Medium term" means within six to ten years. "Long term" means eleven or more years later.
 *2 Financial impacts: small: less than ¥300 million, medium: ¥300 million to less than ¥2 billion, large: more than ¥2 billion

Initiatives to Address Risks Related to Climate Change

CTC has endorsed of the TCFD recommendations and is committed to proactively disclosing information across various media. In fiscal 2022, we formulated the 2050 CTC Group Environmental Declaration, which sets higher targets for GHG emission reductions and broadens the scope of these targets to include the entire CTC Group.

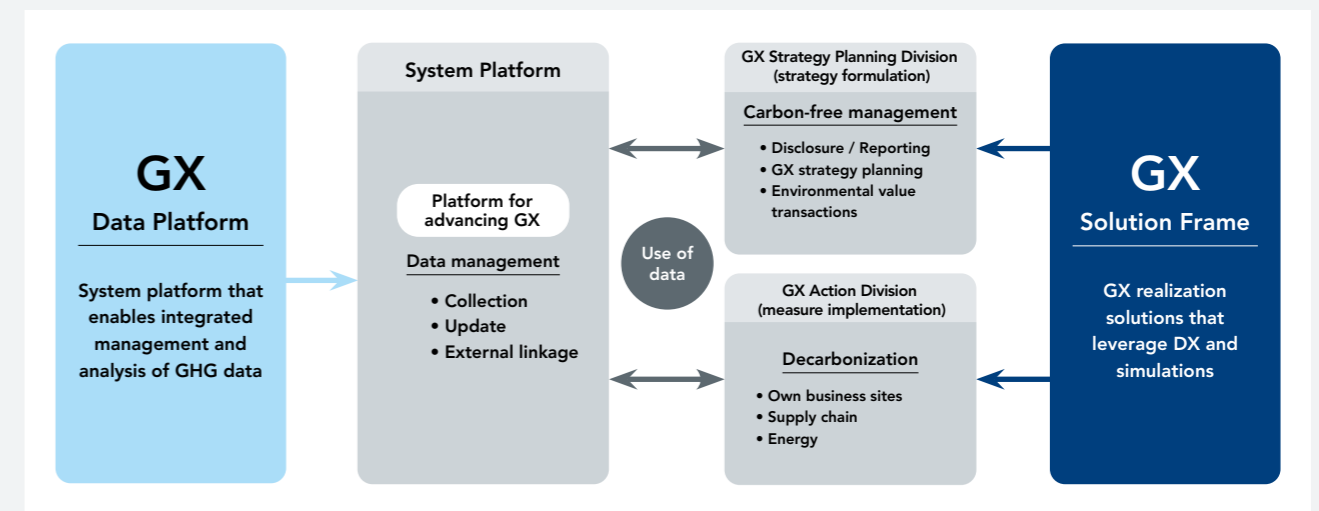
In November 2022, CTC submitted a commitment letter to the Science Based Targets (SBT) Initiative, which certifies GHG emission reduction targets that align with the scientific requirements of the Paris Agreement, and declared its intention to obtain SBT certification within two years of from the date of submission.

Initiatives to Address Opportunities Related to Climate Change

CTC aims to contribute to a carbon-neutral society by utilizing its strengths in digital technology (IT x simulation) in areas such as GHG visualization, promotion of clean energy, and supply chain transformation, not only to advance our customers' GX initiatives but also to contribute to GX business in collaboration with various partners.

In fiscal 2022, the Company began offering the GX Solution Frame for translating initiatives into GHG emissions reductions, and the GX Data Platform for managing data essential for GX, systematizing the solutions and services that it had previously provided separately to support companies' GX initiatives.

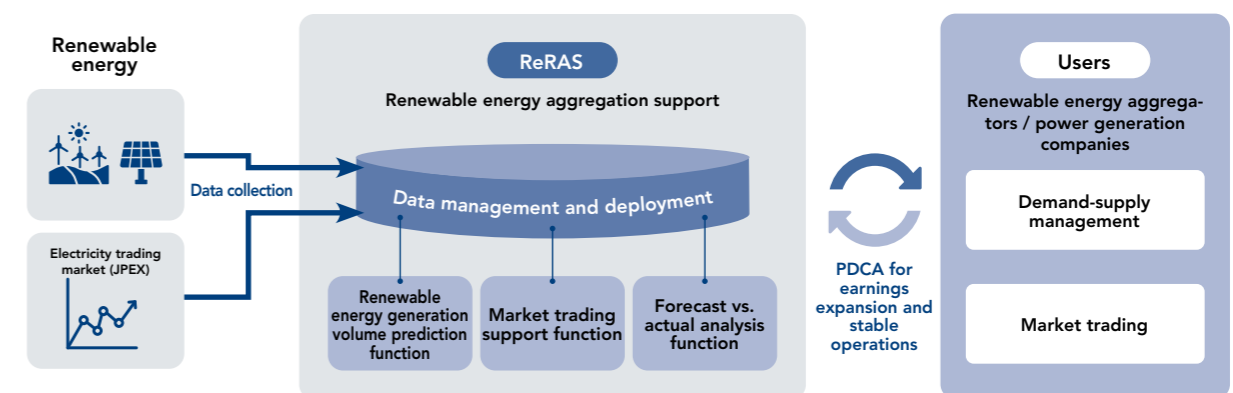
GX Service Structure



Example of GX Solution:

Development of Cloud-Based Platform ReRAS to Support Predictions of Renewable Energy Generation and Supply-Demand Management

ReRAS (Renewable Resource Aggregation System) is a Cloud-based service that predicts renewable energy generation and supports demand-supply management and electricity trading for aggregators that bundle together and resell electricity and for power generation companies. Backed by its technical expertise in renewable energy, the Company has built a power generation prediction model using machine learning, trained on actual and forecast data for solar and wind power plants, as well as weather forecast data. This model provides power generation forecasts suitable for electricity trading schedules. By accumulating and analyzing daily electricity trading information based on forecast data, we support the management of variable risks in renewable energy while moving through a PDCA cycle for the aggregation business.



Foundation for Continuously Taking on Challenges and Sustainable Growth

Risk Management

To deal with various risks including the material risks listed below, the Group created the Risk Management Committee and oversight division to take a comprehensive approach to risks that should be managed on a Groupwide basis, resulting in a risk management system capable of responding to future changes in the operating environment and contingency circumstances by establishing management systems and rules, assessing effectiveness (monitoring), and recommending corrective measures.

Risks	Summary of Risks That Could Negatively Impact Earnings	Risk Treatment Measures
1 Risks Concerning Changes in the Business Environment	<ul style="list-style-type: none"> Risk of fluctuation in operating results due to changes in economic conditions in Japan and abroad, IT investment by customers, laws and regulations, tax codes, and accounting standards Risk of intensification of price competition due to diversification of customer needs, technological advances, new entrants, and competition with other companies 	<ul style="list-style-type: none"> Maintaining the internal structure to identify and share information about changes in the macroeconomy and trends in IT investment at customers Providing advanced products and services, aiming to optimize group organizational structures and provide high-value-added solutions
2 Information Security Risk	<ul style="list-style-type: none"> Risk of suspension of corporate activities, loss of trust, or damage claims due to the locking, theft, leak, alteration, or loss of information (including personal information and confidential information of customers), or suspension of their services caused by unauthorized access stemming from cyberattacks on internal systems and customer services, malware, or human error Legal violations in the management of personal information and extraterritorial transfers 	<ul style="list-style-type: none"> We have implemented the following measures to appropriately manage information: <ul style="list-style-type: none"> Building an information management system (setting up the Information Security Committee, CTC Security Incident Response Team (CTC-SIRT), etc.) Acquiring various certifications (JIS Q 15001, ISO 27001, ISO 27017, etc.) Survey of and response to personal information protection laws in various countries, etc. Strengthening control of the entire Group, including domestic and overseas consolidated subsidiaries

Ensuring Rigorous Information Security

For the CTC Group, the appropriate handling and safe management of information are important social responsibilities.

Each year, information security threats become more diverse and complex, owing to the use of new IT infrastructure such as the AI, IoT, and blockchain; society's connections between cyberspace and physical space; and new working environments created through workstyle reforms.

Against this backdrop, the CTC Group has developed an information security and personal information protection management system in compliance with ISO/IEC 27001 (JIS Q 27001) and Privacy Mark (JIS Q 15001) that incorporates the National Institute of Standards and Technology (NIST) framework to respond to the latest cyber security issues, and is responsible for conducting the following operations on an annual basis:

- Implementing management reviews
- Establishing information security objectives
- Conducting information asset and system risk assessments
- Conducting education and awareness activities related to information security and personal information protection
- Confirming the information security management status of outsourcing contractors
- Confirming management system compliance through internal audits and third-party organizations

As a countermeasure against the increase in cybersecurity risk in recent years, we have established the CTC-SIRT* to promote the following operations:

- 24/7 monitoring against cyberattacks on internal systems by CTC-SOC
- Vulnerability scanning of division-managed Internet-connected network devices
- Vulnerability diagnosis of various websites and web services that are open to the public
- Drills for targeted e-mail attacks and BCP

We have obtained ISO/IEC 27017 (JIS Q 27017) certification for CUVICmc2, a Cloud service specializing in mission-critical systems, and TechnoCUVIC, a virtualized hosting service, and have developed security operation services such as CTC-MDR and CTC-SOC to promote the creation of services that allow customers to continue their business with peace of mind.

We will continue to implement further security measures against new threats, with the safe and secure handling of information entrusted to us by our clients as our highest priority.

* CTC-SIRT (CTC Security Incident Response Team) is an organization that copes with security incidents resulting from cyberattacks.

For more information about our information security efforts, please visit our corporate website.

<https://www.ctc-g.co.jp/en/company/about/governance/security.html>

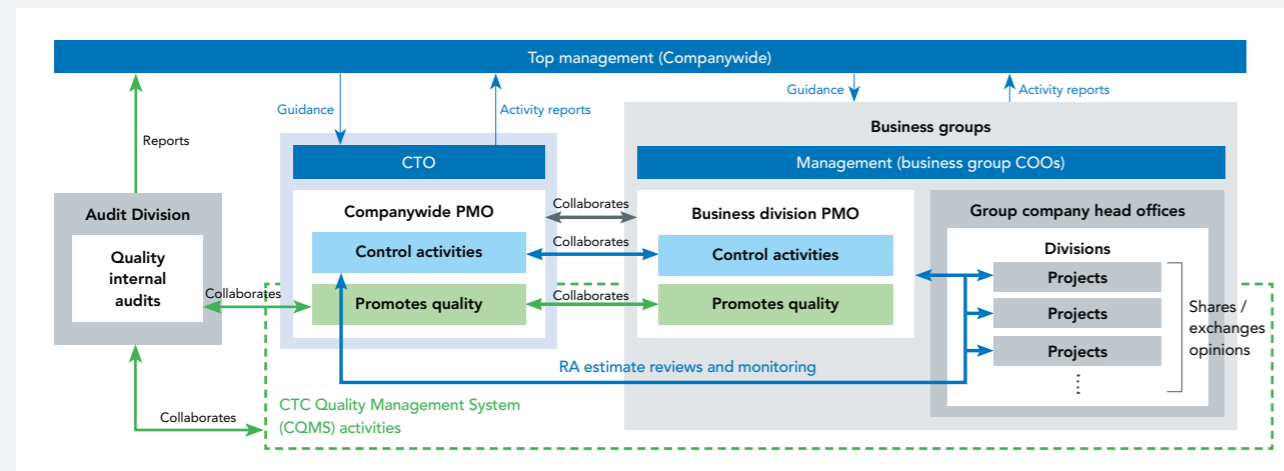
Risks	Summary of Risks That Could Negatively Impact Earnings	Risk Treatment Measures
3 Compliance Risk	<ul style="list-style-type: none"> Risk of a decline in the Group's social credibility or deterioration in the Group's earnings due to the infringement of laws and regulations related to the development of business activities, or engagement in fraudulent activities and other serious compliance violations 	<ul style="list-style-type: none"> We are implementing the following measures to ensure compliance: <ul style="list-style-type: none"> Building a robust compliance system (setting up the Compliance Committee, etc.) Compliance education and training, etc. Operating, maintaining, and improving our whistleblowing system
4 Human Resources Risk	<ul style="list-style-type: none"> Risk of personnel departures or a decline in productivity due to failure to secure and train personnel with high technical skills and expertise as planned, loss of growth opportunities, or a deterioration in the labor environment, affecting the Group's earnings and business development 	<ul style="list-style-type: none"> With "Challenge and growth" as our personnel strategy policy, we engage in human resource management with the aims of improving employee motivation, encouraging self-growth, and further fostering a culture of human resource development. We are implementing measures including the following: <ul style="list-style-type: none"> Training and developing diverse professional human resources Establishing a system that gives employees a sense of self-growth and enables them to realize their full potential (career development support system, internal job application system, multiple career path system, etc.) Promoting diversity, equity, and inclusion Establishing a diverse and flexible working environment (promoting expanded work options, including workhours and location, under the slogan "Upgrade the CTC Workstyle") <p>P.25 Human Resources Strategies</p>
5 Project Management Risk	<ul style="list-style-type: none"> Risk of unexpected additional costs incurred if planned results and quality cannot be delivered as customer needs, such as DX, have become more diverse and complex. In addition, risk of loss of customer confidence and claims for damage due to delivery delay and poor quality stemming from the above causes 	<ul style="list-style-type: none"> We set up the Project Management Office as a third-party entity and Companywide organization, and instituted project control departments in each business group. We also implement control and support systems including the following to avoid the risk of being unable to complete a critical system integration project on schedule: <ul style="list-style-type: none"> Making preliminary examinations before submitting quotes Monitoring and evaluating the project status Providing individualized support and offering ideas for improvement according to the project status (quality evaluations, etc.) <p>P.71 Risk Treatment Related to Project Management</p>
6 System Failure Risk	<ul style="list-style-type: none"> Risk of a confidence decline and claims for damages in the event that a customer's business activities are affected by failures due to equipment failure or operational errors in our operation services, in a situation where IT systems play an important role as social infrastructure 	<ul style="list-style-type: none"> We are implementing the following measures: <ul style="list-style-type: none"> Regular operational risk assessments Stepping up IT system monitoring and third-party auditing of operational status Investigating and responding quickly to product defect information, and conducting preventive replacement of equipment Acting to improve work quality, including preventing operational mistakes (zero human error activities, rigorous pre-work risk prediction meetings, etc.)
7 Investment Risk	<ul style="list-style-type: none"> Risk of failure to achieve expected returns resulting in an inability to recover strategic investments in companies in Japan and elsewhere, data centers, or Cloud services for the purpose of launching new businesses, expanding operations, or boosting competitiveness caused by changes in the market environment, and deterioration in revenues of investment target companies, resulting in a partial or total loss of said investment, or the need for additional funding 	<ul style="list-style-type: none"> We carefully consider investment returns and risks in advance and are implementing control activities including the following: <ul style="list-style-type: none"> Building an investment management system (developing internal standards for investments and exit criteria, pre-screening before making investments, etc.) Regular monitoring (verifying the achievement status of investment objectives, conflicts with exit criteria, etc.) In addition to the implementation of control activities by major consolidated subsidiaries, we also engage in the following: <ul style="list-style-type: none"> Thoroughly raising awareness of the CTC Group Philosophy and CTC Group Code of Conduct Dispatching of CTC managers and other staff to consolidated subsidiaries Ensuring governance through shareholder agreements
8 Exchange Rate Risk	<ul style="list-style-type: none"> Risk of a profitability decline when transactions are conducted in foreign currencies for products and services procured from overseas markets, and cost increases from a sudden change in foreign exchange rates or weakening yen over the medium term that cannot be passed on to customers 	<ul style="list-style-type: none"> Utilizing foreign exchange contracts and foreign currency deposits according to specific transaction types
9 Risk of Large-Scale Disasters	<ul style="list-style-type: none"> Risk of damage to facilities and infrastructure or injuries due to large-scale natural disasters such as earthquakes and terrorist attacks, as well as infectious diseases, such as COVID-19, resulting in a threat to business continuity 	<ul style="list-style-type: none"> To prepare for contingency circumstances, we are implementing the following measures: <ul style="list-style-type: none"> Formulating a business continuity plan (BCP) Creating a safety confirmation system Establishing an emergency response headquarters and crisis management headquarters, and strengthening disaster prevention drills, etc. Maintaining a head office function backup system in the Kansai region in preparation for a potential disaster in the Tokyo metropolitan area
10 Product and Service Procurement and Supply Risk	<ul style="list-style-type: none"> Risk of negative impacts on the CTC Group business performance due to a supply suspension of products and services to customers for the following reasons and other factors: suspension of product or service supply due to business plan changes or business condition deterioration of suppliers, shortages or production delays of semiconductors and other products due to supply chain disruption from pandemics, wars, terrorism, and other global events 	<ul style="list-style-type: none"> To prevent delays in deliveries and optimize supply chains, we are leveraging CTC's strengths of our multi-vendor strategy and full-stack IT technologies to implement measures including the following: <ul style="list-style-type: none"> Optimizing product and service provision based on relations of trust with major domestic and overseas vendors Forming relationships with multiple vendors to prevent a dependence on specific vendors Sharing accurate information with customers and proposing ideal response measures

Foundation for Continuously Taking on Challenges and Sustainable Growth

Risk Management

Risk Treatment Related to Project Management

Top management, the Companywide PMO, and business division PMO each work and collaborate from their respective roles and perspectives to reduce project-related risks. To enhance Companywide management and support, in fiscal 2021, the Companywide PMO was placed under the control of the CTO, and we have begun to strengthen the strategic foundation of our organization. Starting with control activities to complete projects as planned, we will promote quality enhancements in the systems we provide along with strategic indicators to further raise the level of service and business quality throughout the Company.



Main Functions of the Companywide PMO

Control activities	Project control activities Enhances project and operational governance and controls, contributes to reducing risks and promotes sound project activities.	Management foundation creation and operation Presides over PJNAVI project management system CITRUS disability issue management system Quality results database
Promotes quality	Quality promotion activities Promotes proactive activities in each division through continuous improvements to the CTC Quality Management System (CQMS), data accumulation, and knowledge sharing.	
Strengthens relationships and shares information	Promotes collaborations with partners Promotes the development of systems and rules and the building of relationships to promote the cultivation and retention of quality partners and human resources.	

Oversight Activities

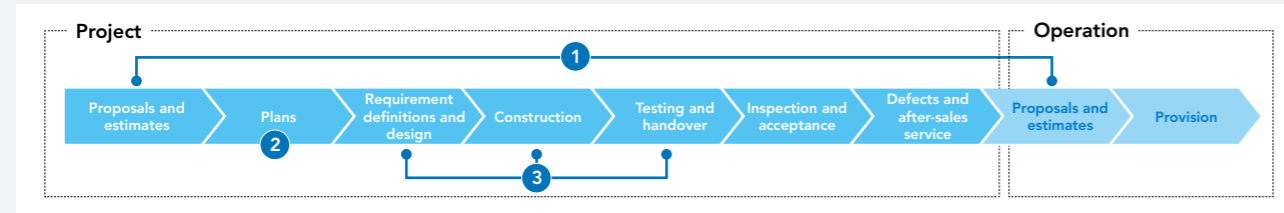
Project Oversight Activities

Reviews and monitoring are conducted in each process, from proposals to implementation and operations. Business division PMOs review projects in each division under their jurisdiction, and Companywide PMOs review projects deemed to have a particularly large impact mainly on management. Additionally, the Companywide PMO, as a third-party organization within CTC, reviews the status of projects during the estimate and planning stages, as well as while projects are being implemented, to confirm the status of the project and whether business division PMO project oversight activities are functioning properly.

Further, as business risks change in response to changes in the business environment, the Companywide PMO occasionally reviews and designs the functions of oversight activity rules.

Main Activities

- 1 RA reviews: Conducted before estimates are submitted**
Reviews details pertaining to proposals, estimated manhour calculation methods, work schedules, risk countermeasures, and other items, to determine the appropriateness of estimate details.
- 2 Planning reviews: Conducted when work begins**
Confirms project plan viability and quality management adequacy.
- 3 Project monitoring: In principle, once a month**
Confirms project implementation and management status from a third-party perspective to detect signs of problems at an early stage. Business division PMO and Companywide PMO reports project status to management.



Promoting Quality

In response to an external environment with increasingly sophisticated needs and technologies, the Group views quality management as an important business foundation. Aiming to prevent failures and errors while increasing frontline productivity

and providing higher quality IT services with Group strengths in digital technologies and waza (unique skillset), we will transform risks into opportunities and continuously support the vigorous taking on of challenges on the frontline.

Companywide Quality Policy

We Support Customer's DX by Upgrading IT into Takumi-no-Waza (Craftmanship)

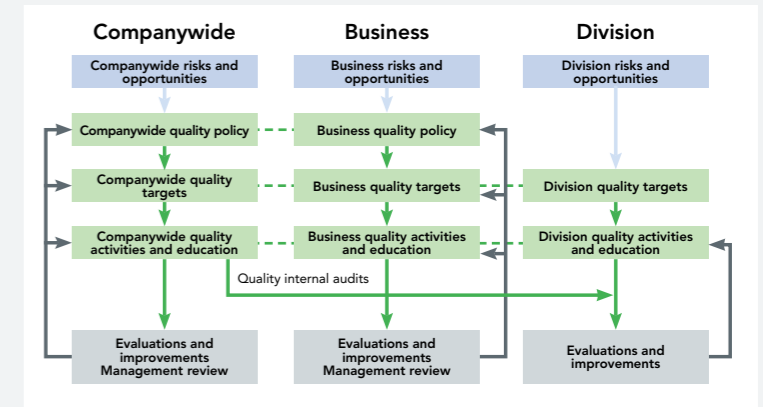
1. Do we fully understand customer needs and do our actions, structures, quality, and craftsmanship sufficiently address these needs?
2. Are we delivering value that surpasses customer expectations?

Hisashi Eda Senior Managing Executive Officer, CTO

Promoting Quality Activities

CTC has created the CTC Quality Management System (CQMS), which complies with the ISO 9001 international standard. Based on the system, CTC has set up a framework for organizational activities to improve quality and to manage the quality of projects (development, infrastructure building, and analysis) and operational services.

To improve quality, CTC is taking steps to prevent similar problems from recurring in project activities and operational services by setting targets and implementing PDCA review and improvement activities at three levels: Companywide, business, and division, while enhancing quality education through the provision of seminars and self-study content.



Strengthening Relationships and Sharing Information

Promoting Partner Collaborations

CTC has identified alliance partners and strengthens its relationship with them to continue retaining outstanding IT talent.

Alliance partners are those who support the core business of each business group as project outsourcers, and those with whom we aim to create future business, with both agreeing to proactively cooperate with prioritizing the securing personnel

for the Group and efforts to improve quality.

At present, alliance partners comprise approximately 50% of order placements, and we promote enhanced relationships with outstanding partners by disclosing partner information within the Company and promptly sharing project information, as well as closely coordinating information including the development of rules and education content.

Management Infrastructure Construction and Operation

CTC is engaged in the creation and operation of various management foundations supporting project oversight activities and the promotion of quality.

In terms of project oversight activities, we operate the PJNAVI project management system for the early detection of problems and issues in system development and infrastructure construction projects. We use Earned Value Management (EVM) to quantitatively ascertain and monitor as needed the progress of everything from sales activities to defects and support the

development of a recovery plan in the event problems occur.

To promote quality, we created and operate a data base to accumulate project quality performance data that can be utilized for estimates, formulating work plans, and evaluating the quality of subsequent projects. We also operate the CITRUS disability issue management system to share knowledge for the purpose of preventing recurrence and preventing barrier problems.

Corporate Governance

Directors and Audit & Supervisory Board Members As of June 16, 2023



Ichiro Tsuge

President & CEO



Mamoru Seki

Director & Managing Executive Officer
CFO; CCO;
COO, Corporate Administration Group

Hiroshi Takada

Audit & Supervisory Board Member



Yasuyuki Harada

Audit & Supervisory Board Member*2



Toshiaki Tada

Audit & Supervisory Board Member*2



Katsuhiko Hara

Audit & Supervisory Board Member*2



Naoko Iwasaki

Director*1



Aya Motomura

Director*1



Yasuhiro Ikeda

Director*1



Yumiko Nagai

Director*1



Hiroshi Kajiwara

Director

Skill Matrix of Outside Directors and Outside Audit & Supervisory Board Members As of September 1, 2023

Name	Position	Age*	Gender	Term of office (years)	Skills / experience						
					Corporate management	Finance / accounting	Legal affairs and risk management	Global	Industry knowledge	ESG	HR management*3
Directors											
Ichiro Tsuge	President & CEO	65	Male	3	○			○			
Mamoru Seki	Director & Managing Executive Officer	62	Male	2		○	○	○			
Naoko Iwasaki	Outside Director	48	Female	4				○	○		
Aya Motomura	Outside Director	44	Female	4		○	○				
Yasuhiro Ikeda	Outside Director	67	Male	1	○						○
Yumiko Nagai	Outside Director	64	Female	1						○	○
Hiroshi Kajiwara	Director	56	Male	3	○			○	○		
Audit & Supervisory Board Members											
Hiroshi Takada	Audit & Supervisory Board Member	65	Male	7	○	○			○		
Yasuyuki Harada	Outside Audit & Supervisory Board Member	64	Male	4	○			○			
Toshiaki Tada	Outside Audit & Supervisory Board Member	55	Male	11			○				
Katsuhiko Hara	Outside Audit & Supervisory Board Member	68	Male	4		○		○			

*1 Outside director as defined in Article 2, Item 15 of the Companies Act

*2 Outside Audit & Supervisory Board member as defined in Article 2, Item 16 of the Companies Act

Outside directors Naoko Iwasaki, Aya Motomura, Yasuhiro Ikeda, and Yumiko Nagai and outside Audit & Supervisory Board members Toshiaki Tada and Katsuhiko Hara are independent from CTC, our parent company, and major suppliers. As independent officers, they have no inherent conflicts of interest with regular shareholders.

*3 HR Management: Human Resources Management

Foundation for Continuously Taking on Challenges and Sustainable Growth

Corporate Governance

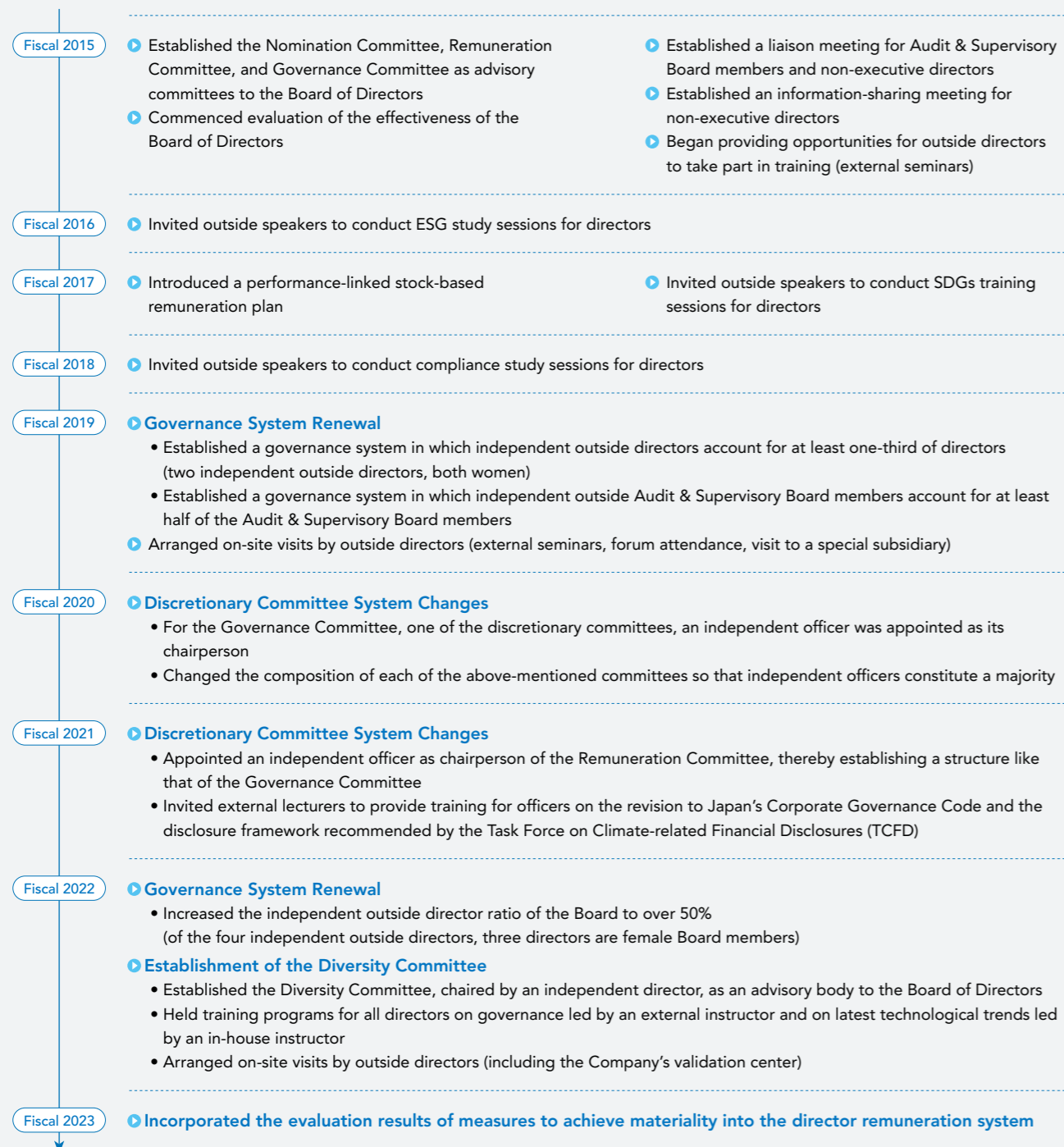
Overview of the Corporate Governance System

Basic Stance on Corporate Governance

Guided by the slogan, "Challenging Tomorrow's Changes," and the CTC Group Philosophy, which sets out our mission of "Leveraging IT's potential to change future for the Global Good," we are working to reinforce

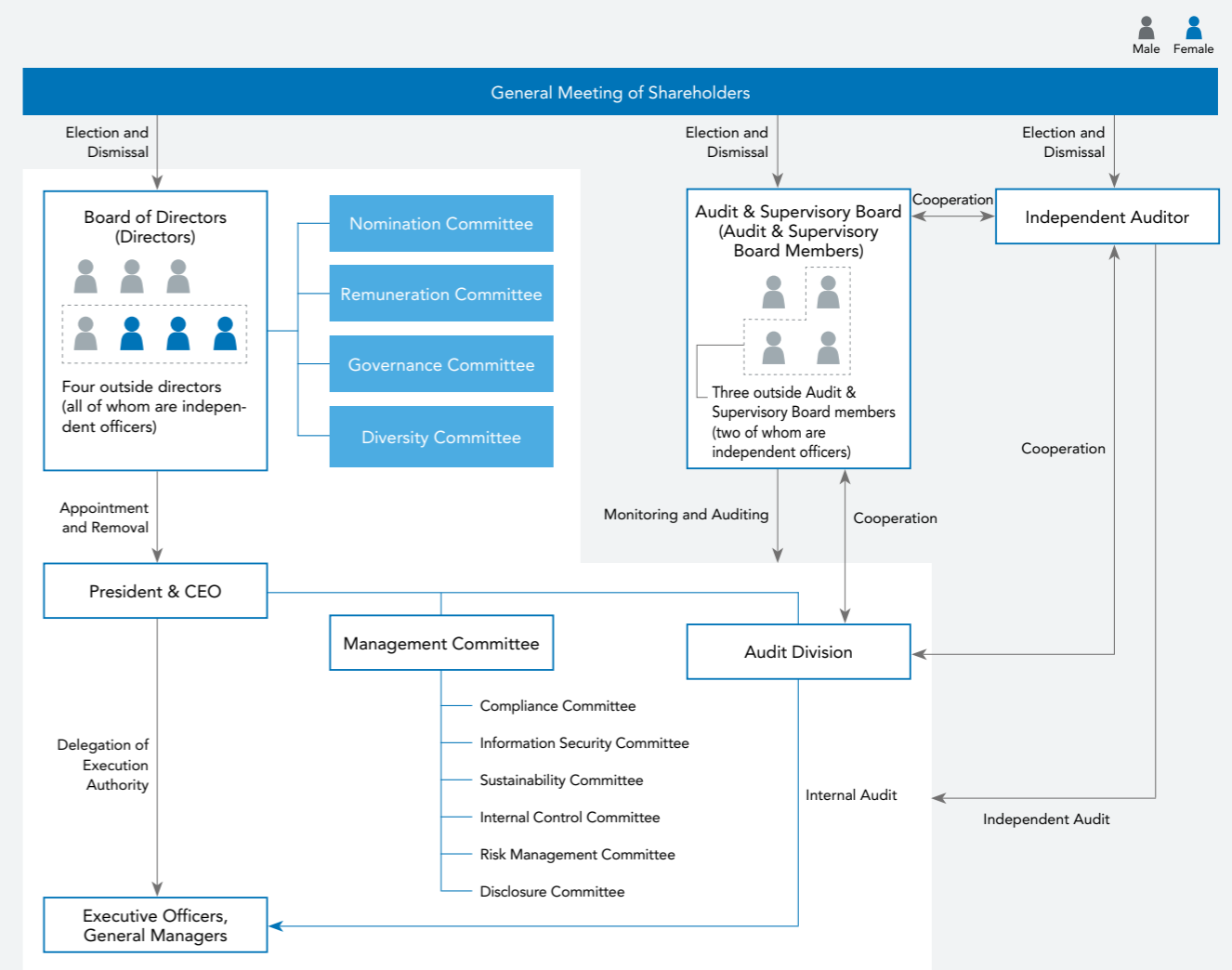
corporate governance in order to enhance management transparency and fairness as part of our efforts to maximize the Group's corporate value.

Governance-Strengthening Efforts to Date From Fiscal 2015 to Fiscal 2023



Overview of the Corporate Governance System

Organization type	Company with corporate Audit & Supervisory Board members (Audit & Supervisory Board)
Chairperson of the Board of Directors	President & CEO
Number of directors (of which, outside directors)	7 (4)
Number of Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	4 (3)
Executive officer system	Adopted
Existence of discretionary advisory bodies to the Board of Directors	Yes (Nomination Committee, Remuneration Committee, Governance Committee, Diversity Committee)



Composition of the Board of Directors and Audit & Supervisory Board in Fiscal 2023

As of June 30, 2023, the Company had seven directors, of whom four fulfilled the requirements for designation as independent directors stipulated by the Tokyo Stock Exchange, Inc. Among the independent outside directors designated as independent directors are an academic expert, a lawyer, an individual with expertise in human resource management and ESG, and an individual with corporate management experience at other companies.

While the Board has no non-Japanese nationals, some of the Board members have resided abroad, worked with overseas vendors, or have extensive overseas business experience and an international perspective. We therefore believe that the Board diversity is sufficiently achieved.

Two of the four Audit & Supervisory Board members are independent officers.

Foundation for Continuously Taking on Challenges and Sustainable Growth

Corporate Governance

Reasons for Selecting the Current Corporate Governance System

As a Company with Audit & Supervisory Board members (Audit & Supervisory Board), through the monitoring of management by Audit & Supervisory Board members, including outside Audit & Supervisory Board members, CTC ensures that it has strong monitoring and auditing functions and transparency in its decision-making processes. In addition to establishing a corporate governance system based on the monitoring of management by Audit & Supervisory Board members, the Company appoints outside directors who are independent from the parent

company and major trading partners and regarding whom there is no concern that their interests will be in conflict with general shareholders, and ensures the appropriate decision-making by the Board of Directors and realization of the management monitoring function. We have determined that our corporate governance system, based on a Board of Directors that includes outside directors and an Audit & Supervisory Board that includes outside Audit & Supervisory Board members, is functioning effectively.

Outside Director and Audit & Supervisory Board Member Nominations

When appointing outside directors, we select from candidates with exceptional personality traits, such as high ethical and fairness standards, as well as a high degree of specialization. The candidates are expected to speak at meetings of the Board of Directors from their respective professional standpoints. When appointing outside Audit & Supervisory Board members, we select from candidates with a high degree of expertise and the ability to appropriately audit the execution of duties by directors. The candidates are expected to speak at meetings of the Board of Directors and Audit & Supervisory Board from their

respective professional standpoints. In these ways, we ensure the soundness and transparency of management.

The Board of Directors makes decisions on appointments following deliberations by the Nomination Committee that take into account selection criteria, number of Board members, and diversity in terms of gender, international perspective, and the like. Of the seven outside directors and Audit & Supervisory Board members, six are independent and not affiliated with CTC, our parent company, or any of our major suppliers, and have no inherent conflicts of interest with regular shareholders.

Members of Discretionary Committees for Fiscal 2023

Name	Position	Independent officer	Nomination Committee	Remuneration Committee	Governance Committee	Diversity Committee
Ichiro Tsuge	President & CEO		◎			
Mamoru Seki	Director & Managing Executive Officer CFO; CCO; COO, Corporate Administration Group			○	○	
Naoko Iwasaki	Outside Director	●	○	◎	○	○
Aya Motomura	Outside Director	●	○	○	○	○
Yasuhiro Ikeda	Outside Director	●	○	○	○	
Yumiko Nagai	Outside Director	●	○	○	○	◎
Hiroshi Kajiwara	Director		○	○	○	
Hiroshi Takada	Audit & Supervisory Board Member					
Yasuyuki Harada	Outside Audit & Supervisory Board Member					
Toshiaki Tada	Outside Audit & Supervisory Board Member	●	○		◎	
Katsuhiko Hara	Outside Audit & Supervisory Board Member	●		○		

◎ Chair ○ Member

Follow-Up System for Outside Directors and Audit & Supervisory Board Members

To ensure that directors and Audit & Supervisory Board members can fully perform their management supervision and auditing functions, CTC has set up an information-sharing meeting for non-executive directors and a liaison meeting between Audit & Supervisory Board members and non-executive directors. In addition to distributing materials and providing explanations as necessary before Board meetings, we share major discussion results at the Management Committee meetings and information based on requests from outside officers. In these ways, we

aim to enhance the discussions at the Board of Directors' meetings while ensuring collaboration between Audit & Supervisory Board members and non-executive directors.

Furthermore, to help outside directors and Audit & Supervisory Board members fulfill their functions, we invite internal and outside lecturers to provide training and other opportunities to supply information on the Company, industry trends, and specialized areas.

Other Special Circumstances That May Have a Material Impact on Corporate Governance (Relationship with Parent Company)

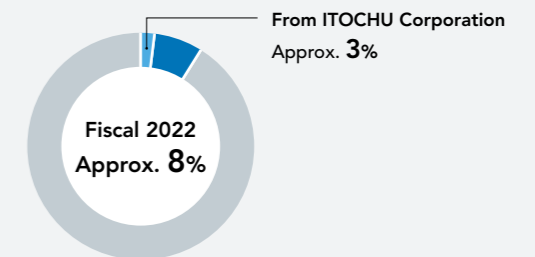
CTC is a consolidated subsidiary of its parent company ITOCHU Corporation, which holds 61.26% of CTC's voting rights. CTC aims to increase Groupwide corporate value by leveraging its strengths and the strengths of its parent company in the information industry.

With the aim of sharing management information and know-how, an executive officer of the parent company serves in the post of director of CTC. However, while the director works to promote personnel exchanges between CTC and its parent company and strengthen collaboration in management activities such as making use of management information, the director's independence has been retained by aiming to expand operating results while maintaining and enhancing independence and autonomy in business operation.

When conducting business transactions with ITOCHU Corporation, CTC establishes transaction conditions fairly and

appropriately based on reasonable judgment, just as it does when conducting business transactions with companies with which it has no capital ties, and takes appropriate measures to ensure that the interests of minority shareholders are not harmed.

Ratio of Revenue from Members of the ITOCHU Group



Strategic Shareholdings

CTC does not hold any shares purely for investment purposes. Investment securities held for purposes other than purely investment purposes fall into two categories: those held for general investment purposes and those held for investment in open innovation. Shareholdings that fall into these two categories are held for strategic reasons such as investment for the purposes of encouraging smooth transactions, maintaining and expanding of such transactions with partners, securing of system engineer (SE) resources, or the launching of new businesses.

Regardless of whether or not shareholdings are held for strategic purposes, the Company conducts an annual evaluation of the operations of all the companies in which it owns stock, and the Board of Directors determines whether it is appropriate

to maintain these holdings based on the qualitative and quantitative investment criteria set forth in the Company's investment management regulations. In principle, the Company will reduce such holding if a stock issuer is found to meet our predetermined exit criteria.

Regarding the exercise of voting rights conferred associated with the Company's shareholdings, rather than basing our decisions on uniform criteria, we will give careful consideration to the management plans and strategies of the companies in question and make decisions based on whether we believe actions will contribute to growth in corporate value over the medium to long term.

Investment Criteria

Quantitative Criteria Return on investment \geq Expected rate of return

Qualitative Criteria

• Investment in customers (end-users, etc.)

Securing of business benefits such as exploration of new business areas and acquisition of business know-how in addition to trade benefits.

• Investment in development / technology partners

Securing of business benefits such as prioritized access to SE resources or securing of leading-edge technological know-how

• Investment in suppliers

Building of strategic relationships that yield business benefits such as preferential terms of trade, prioritized access to new technologies, or development of new businesses

• Investment in startup companies

Has sufficient financing to remain a going concern for at least one year

Exit Criteria

- Investment goals have been achieved.
- Trade benefits as defined by our quantitative criteria or business benefits as defined by our qualitative criteria are no longer present.
- For other reasons, the supervising department has determined that it is appropriate for the Company to exit (divest) from the investment.

Foundation for Continuously Taking on Challenges and Sustainable Growth

Corporate Governance

Director Remuneration

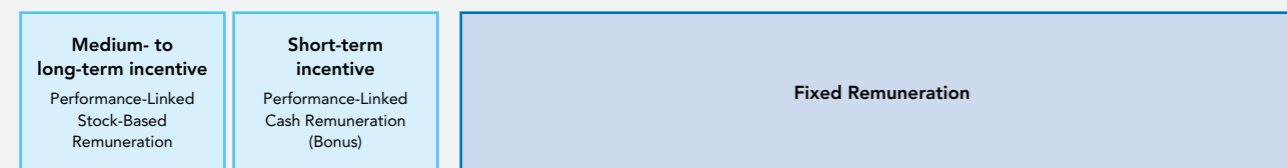
Director Remuneration and Calculation Method

Director remuneration is paid according to the Director Remuneration System, which was established in consideration of the opinions from the Remuneration Committee. CTC decides basic remuneration and bonuses of no more than ¥640 million per year for directors and ¥100 million per year for Audit & Supervisory Board members. The Company also has trust-type performance-linked stock-based remuneration totaling no more than ¥180 million over three target fiscal years. Total remuneration comprises fixed remuneration, which is fixed amount monthly payment, performance-linked bonus paid in cash, and performance-linked stock-based remuneration* (paid upon retirement).

The amount of Audit & Supervisory Board member remuneration is determined for each Audit & Supervisory Board

member based on a discussion among Audit & Supervisory Board members. Audit & Supervisory Board members and part-time directors, including outside directors, are not paid bonus and performance-linked stock-based remuneration.

* Performance-linked stock-based remuneration plan: CTC introduced the plan for its directors and executive officers (excluding part-time directors, outside directors, and domestic non-residents) in June 2017. The plan replaces part of the amount calculated by the formula of the previous "performance-linked bonus" with stock, and is aimed at raising awareness of contributing to the improvement of medium- to long-term operating results and corporate value by further clarifying the link between directors' remuneration and CTC's operating results and equity value, as well as by directors sharing not only the advantages of rises in the share price with shareholders but also the risk of drops in the share price.



Calculation Method of Performance-Linked Stock-Based Remuneration and Performance-Linked Cash Remuneration (Bonus)

Total Remuneration

- Target achievement rate for the relevant fiscal year for net profit attributable to CTC's shareholders
- Year-on-year growth rate
- Total remuneration is calculated based on the predetermined ratio of the total fund amount of performance-linked remuneration and determined by the Board of Directors.

(¥ million)

Performance Indicator Used	Fiscal 2022 Target	Fiscal 2022 Result
Net profit attributable to CTC's shareholders	38,000	34,208

Individual Remuneration

- Total remuneration is apportioned to directors, etc., based on performance evaluations for duties performed individually during the relevant fiscal year and is the total of performance-linked individual bonuses and performance-linked stock-based remuneration. Individual performance-linked bonuses and performance-linked stock-based remuneration amounts are determined by multiplying this total by the proportional division ratio.
- Measures taken to achieve materiality (key issues to be addressed by the Company over the long term in relation to social issues) will be incorporated into performance evaluations from fiscal 2023 from the perspectives of ESG and the SDGs.

Position	Bonus	Performance-Linked Stock-Based Remuneration
Chairman, president & CEO	70%	30%
Executive vice president	80%	20%
Senior managing executive officer, managing executive officer	85%	15%
Executive officer	90%	10%

Calculation Method of Fixed Remuneration

Calculated by using the predetermined remuneration table for each position based on consideration of responsibilities and evaluations of the conduct and performance of each individual. The total amount to be paid is decided by the Board of Directors and the President & CEO determines the amount to be paid to each individual.

Total Amount of Remuneration by Segment, by Type, and Number of Officers Receiving

Segment	Total amount of remuneration (¥ million)	Total amount of remuneration by type (¥ million)			Number of officers receiving*
		Fixed remuneration	Performance-Linked Remuneration	Performance-linked stock-based remuneration	
Directors					
Directors (excluding outside directors)	160	103	52	6	4
Outside directors	42	42	—	—	4
Total	202	145	52	6	8
Audit & Supervisory Board Members					
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	26	26	—	—	1
Outside Directors and Audit & Supervisory Board Members	45	45	—	—	3
Total	70	70	—	—	4

* Directors (excluding outside directors) above include a director Hisashi Eda who resigned as of the end of the 43rd Ordinary General Meeting of Shareholders, held June 16, 2022.

Message from an Outside Director

I will promote discussions from multiple perspectives to establish a more appropriate remuneration system.

As an outside director, I have been serving as the chairperson of the Remuneration Committee since 2021. The rapid pace of ESG investments around the world is creating a need for management strategies that focus on the areas of the environment, society, and governance.

With revisions to the Corporate Governance Code, we see companies evolving in regard to the executive remuneration system in order to create new corporate value over the medium to long term. One such measure is the emphasis on reflecting non-financial indicators in the remuneration system, in addition to the disclosure of existing performance indicators.

According to one survey of the 500 companies with the highest market capitalization listed on the Prime Market of the Tokyo Stock Exchange, the number of companies that have adopted or are planning to adopt ESG and other non-financial performance indicators as part of their performance indicators for executive remuneration in 2022 almost tripled in the three years since 2019, which is a clear indication that more and more companies are adopting such indicators.

In light of these trends, I believe we as outside directors have a significant role to play in establishing a better remuneration system, clarifying the evaluation criteria, and disclosing indicators while setting goals that entail contributions from each organization and officer, such as deploying measures for achieving KPIs in key measures and developing diverse highly proficient personnel. I will continue to fulfill my mission as the chairperson of the Remuneration Committee, with the aim of achieving greater objectivity, fairness, and transparency.



Naoko Iwasaki

Independent Outside Director

- Apr. 2017 Professor, Institute of e-Government, Waseda University
President, International Academy of CIO Japan (current position)
- Jan. 2019 Project Overseer, APEC project on Smart Silver Innovation (current position)
- Jun. 2019 Director, ITOCHU Techno-Solutions Corporation (current position)
Director, EXEO Group, Inc. (current position)
- Sep. 2019 Member, Administrative Evaluation Bureau, Ministry of Internal Affairs and Communications (current position)
- Apr. 2021 Expert member, Public Records and Archives Management Commission, Cabinet Office (current position)
- Jan. 2022 Member of Research Committee for Local System, Cabinet Office (current position)

Foundation for Continuously Taking on Challenges and Sustainable Growth

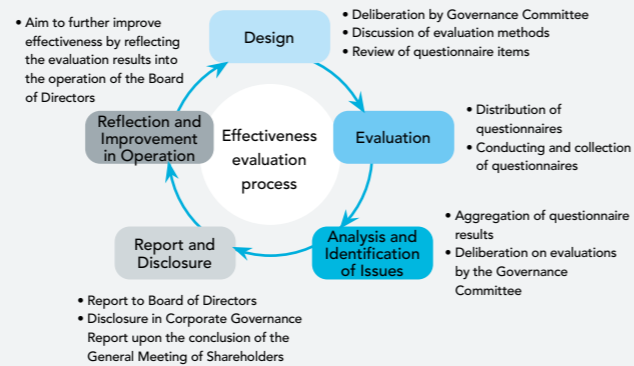
Corporate Governance

Future Initiatives to Improve Board Effectiveness

Process for Evaluating the Effectiveness of the Board of Directors

In order to make the Board of Directors' meetings a forum for discussion from a longer-term and strategic perspective, the Company evaluates the effectiveness of the Board of Directors on an annual basis and uses these meetings as an opportunity for further improvement, implementing a cycle of design, evaluation, analysis and identification of issues, reporting and disclosure, and improvement and reflection in operations. By repeating this cycle, we strive to continuously improve the effectiveness of the Board of Directors.

In order to elicit candid opinions, all directors and Audit & Supervisory Board members conduct self-assessments, and the results of the assessments are submitted to the Governance Committee for deliberation. Based on such analysis and evaluation, we use this process to encourage the Board to take a longer-term and more strategic perspective in discussions.



Results of the Evaluation of Board of Directors Effectiveness

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

In order to analyze and evaluate the effectiveness of the Board of Directors, a questionnaire on the operation of the Board of Directors was conducted with all directors and Audit & Supervisory Board members and thereby obtain their various opinions.

The evaluation of effectiveness was conducted for the six categories below in regard to the status of participation in management strategy decision-making; the status of monitoring of management strategies; the appropriateness of the content of

agenda items and the number of agenda items; matters related to the operations of the Board of Directors, including the status of deliberation of proposals; matters related to the number and diversity of directors and the composition of the Board of Directors based on consistency with business strategy; the status of monitoring the execution of duties by directors; and the status of deliberations by the Nominating Committee, Compensation Committee, and Governance Committee, which are discretionary committees, as well as the composition of each committee. The aggregate results were discussed by the Governance Committee and reported to the Board of Directors.

1. Composition of the Board of Directors

- With the addition of new outside directors, the Board of Directors is appropriately balanced in terms of size, gender, experience, and areas of expertise.

2. Roles and qualifications of directors

- The Board of Directors has members who are qualified to fulfill its intended roles and functions.
- Issues are analyzed and raised from a variety of angles based on the wide-ranging expertise of each Board member.

3. Effectiveness of execution of duties by the Board of Directors

- The execution of duties by directors is monitored appropriately.
- Opportunities for sharing feedback gained from investors and information on the expectations directed toward CTC and its industry have been provided, and there are expectations for continuation of such information sharing.
- Further discussions and exchange of opinions are desired in regard to sustainability and medium- to long-term management strategies in order to achieve sustainable growth and medium- to long-term improvements in corporate value.

4. Operation of the Board of Directors

- The operation of and discussions at meetings of the Board of Directors have been judged to be satisfactory in general.
- Maintain an open atmosphere that encourages members to freely explain, ask, respond, and discuss.
- To further invigorate discussions at the Board of Directors' meetings, it would be effective to provide a forum for exchanging opinions not only among the Board of Directors but also with executive officers and employees.

5. Composition and operation of discretionary committees

- Discretionary committees are composed primarily of independent officers, making for an environment in which it is easy to voice opinions.
- Need to devise ways to report and share information in order to further improve information exchanges between committees and the Board of Directors.

6. Comprehensive evaluation

- Based on the results of the annual effectiveness evaluation questionnaire, improvements are being made to the operation and the effectiveness of the Board of Directors.

Future Initiatives Based on Evaluation Results

Based on the above analysis and evaluation, it has been deemed that improvements are continuously being made to the effectiveness of the Board of Directors according to the annual evaluation results. However, measures will be taken to further improve effectiveness in order to provide a forum for discussion from a longer-term and strategic perspective.

Messages from Outside Directors



Aya Motomura

Independent Outside Director

- Oct. 2002 Registered as an attorney (Dai-Ichi Tokyo Bar Association)
Joined Nagashima Ohno & Tsunematsu law office
- Sep. 2008 Worked for Cleary Gottlieb Steen & Hamilton LLP (New York Office)
- Feb. 2009 Registered as a member of New York Bar Association
- Jul. 2009 Worked for Financial Markets Division, Planning and Coordination Bureau, Financial Services Agency
- Oct. 2013 Partner, Inaba & Partners (current position)
- Jun. 2019 Director, ITOCHU Techno-Solutions Corporation (current position)
- Aug. 2019 Executive Director, HEIWA REAL ESTATE REIT, Inc. (current position)
- Jun. 2022 Auditor, Japan Bank for International Cooperation IG Partners (current position)

I will continue to promote discussions and monitor management by focusing on the important themes for CTC's sustainable growth.

In light of the global environmental issues, human rights and inequality issues, the shrinking working population, and a variety of other social issues taking place around the world, the needs and expectations for IT continue to increase as industries seek to transform. In order for CTC to grow sustainably in this rapidly changing society, it is essential that we play a leading role in accurately identifying and assessing the issues of society and customers and provide advice and help resolve them in a timely manner. From this perspective, the Board of Directors has been discussing issues that CTC must address. Among the various topics of discussion, one of the most important issues from a management capital aspect is the development of diverse human resources who can take on challenges. In this past year, the Company focused on various measures to develop highly skilled technical personnel and upgrade the skills of its engineers and has implemented strategies to organically grow its digital technology and waza (unique skillset). In addition to reforming the human resources system to remain in step with changing times, the Diversity Committee, which includes outside directors, has been established to actively promote discussions on diversity, equity, and inclusion (DE&I).

From a management foundation point of view, in addition to CTC's response to drastic changes in the financial environment, such as the recent depreciation of the Japanese yen and increases in interest rates, and supply chain issues, strategies related to climate change, human rights, and other sustainability-related issues as well as risk management are among the important matters to be addressed. We will promote discussions and monitoring at the Board of Directors' meetings to ensure the continuous implementation of a PDCA cycle.

I fulfill my role as outside director to ensure that CTC continues to benefit society.

A year has passed since I became an outside director at CTC. Although I already had a general idea of the CTC Group prior to my appointment through information disclosures, this past year has renewed my understanding in several areas. The first is the number of clients it does business with and the breadth of the industries it serves. The value it provides extends to customers in all types of industries and business categories. The second is that even in the IT industry, which is considered to be at the forefront of the times, the source of our vitality and our differentiation from competitors is our people. While all companies aim to resolve social issues and contribute to society through their business, their business activities themselves can also have a negative impact in terms of creating social issues.

In this environment, what customers in all industries are relying on as a way to reduce these negative factors and develop activities that contribute to the realization of the SDGs is DX, GX, and other IT-based transformations, which are raising the expectations for CTC even higher. What will underpin CTC in meeting these expectations is none other than its employees who think independently, grow autonomously, and pursue new challenges. For that reason, CTC is promoting measures to maximize the individual strengths of its employees. As an independent outside director, I recognize that my role is to monitor management from an independent standpoint as well as from the perspective of management, with the aim of enhancing corporate value over the long term. I hope I can play a prominent role in this regard.



Yasuhiro Ikeda

Independent Outside Director

- Apr. 1979 Joined Nippon Reizo Inc. (current Nichirei Corporation)
- Jun. 2011 Representative Director, President and Executive Officer, Nichirei Foods Inc. Director, Executive Officer, Nichirei Corporation, and Director, Nichirei Fresh Inc.
- Apr. 2017 Director, Chairman, Nichirei Foods Inc.
- Jun. 2021 Counselor, Nichirei Foods Inc. (current position)
- Jun. 2022 Director, ITOCHU Techno-Solutions Corporation (current position)
- Feb. 2023 Director, Lacto Japan Co., Ltd. (current position)

Foundation for Continuously Taking on Challenges and Sustainable Growth

Corporate Governance

Key Activities in Fiscal 2022

▶ Board of Directors' Meeting

Number of times held: 19

Attendance rate of outside directors: 100%

Attendance rate of outside Audit & Supervisory Board members: 98%

Major Items Deliberated

Items Related to Management Strategies

- Management plan
- Matters related to financial statements and reports
- Matters related to capital policies
- Materiality-related measures and targets
- Matters related to climate change
- Matters related to investments
- Reports of business execution and other matters, etc.

Items Related to Governance

- Matters related to the General Meeting of Shareholders
- Matters related to internal controls
- Matters related to human resources
- Internal audit plan and reporting of results thereof
- Status of risk management and compliance measures and other matters, etc.

▶ Audit & Supervisory Board Meeting

Number of times held: 11

Attendance rate of outside directors: 100%

▶ Nomination Committee

Number of times held: 2

Major Items Deliberated

Deliberation on proposals for the selection and rejection of candidates for executive officers, directors, and Audit & Supervisory Board members

- Proposal of candidates for executive officer for fiscal 2023
- Proposal of candidates for Audit & Supervisory Board members (annual general meeting of shareholders held in June 2023)
- Reasons for the selection of director and Audit & Supervisory Board member candidates and expected roles thereof, etc.

▶ Remuneration Committee

Number of times held: 1

Major Items Deliberated

Deliberations on Officer Remuneration Amounts and System

- Review of officer compensation levels based on a survey of officer compensation by a third-party institution
- Inclusion of non-financial performance indicators (materiality) in officer remuneration system

▶ Governance Committee

Number of times held: 3

Major Items Deliberated

Deliberation on the Following Governance-Related Items

- Response to the Revised Corporate Governance Code
- Policy concerning Board of Directors' composition
- Analysis and evaluation of Board of Directors' effectiveness
- Deliberations on disclosures
- Officer-related systems

▶ Diversity Committee

Number of times held: 1

Major Items Deliberated

Deliberations on Diversity-Related Matters

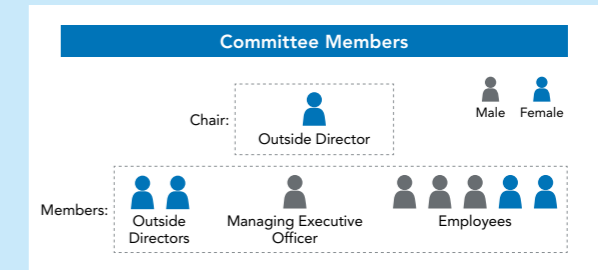
- Comprehensive view of the Company's diversity promotion goals (analysis of current situation and perspective on issues)

TOPIC

Establishment of New Advisory Body: the Diversity Committee

In January 2023, the Diversity Committee was established as an advisory body to the Board of Directors.

The Company is working to create an environment and systems that enable diverse employees to make the most of their personality in improving its human capital and intends to discuss and address the obstacles to this end as a management issue. The outside directors involved are expected to promote internal reforms based on the recommendations they provide from an expert perspective.



Messages from Outside Directors



Yumiko Nagai

Independent Outside Director

Apr. 1981 Joined Fuji Xerox Co., Ltd. (current FUJIFILM Business Innovation Corp.)
 Aug. 2002 Senior Vice President, Human Resources, Japan and AEF, GE Capital Leasing Corporation
 May 2005 General Manager, Human Resources and General Office Administration, Hermès Japon Co., Ltd.
 Feb. 2010 Regional HR Director, Japan and Korea, Human Resources, Abbott Japan Co., Ltd. (current Abbott Japan LLC)
 Jul. 2014 Executive Director, Japan Philanthropic Association
 Jul. 2019 Director, LiB, Inc. (current position)
 Representative Director, Potentia General Incorporated Association (current position)
 Mar. 2022 Director, READYFOR Foundation General Incorporated Foundation (current position)
 Jun. 2022 Director, ITOCHU Techno-Solutions Corporation (current position)

Establishment of New Advisory Body: the Diversity Committee

I serve as the chairperson of the Diversity Committee, which was established in January 2023 as a discretionary advisory body to the Board of Directors. Consisting of nine members, including three outside directors and six internal officers and employees, the Diversity Committee was formed to deliberate on management issues and measures related to diversity promotion.

Since the establishment of an organization dedicated to diversity promotion in 2006, CTC has actively promoted various initiatives, including the creation of a comfortable workplace environment and the adoption of human resources policies and training programs, and the systems and mechanisms are now fully in place. The Basic Policy on Diversity was formulated in 2020, and progress is steadily being made in developing female managers in line with the Company's action plans. However, the number of male employees taking long-term childcare leave, for example, is still low, and I believe that the next step is to establish diversity as part of the organizational culture.

In line with various data analyses and the activities of other companies, members of the Diversity Committee with diverse backgrounds and expertise share their experiences and knowledge and learn together while strengthening discussions on realistic and effective measures that look ahead to the future.

By continuing to promote diversity management, we aim to not only help address society's needs for diversity, but also help create an organizational climate in which diverse human resources can realize their full potential to increase CTC's corporate value through the creation of innovation.

Foundation for Continuously Taking on Challenges and Sustainable Growth

Corporate Governance

Communication with Stakeholders

At CTC, we strengthen awareness of the values and strategies we create by promoting two-way dialogue with various stakeholders, including investors and shareholders, customers and vendors, local communities, and employees, in

addition to providing information, while incorporating the feedback we receive from our internal and external stakeholders into our day-to-day business activities.

Communication with Institutional Investors and Analysts

In addition to quarterly financial results briefings, we also hold small meetings for institutional investors and analysts to explain the strategies of each business group and one-on-one meetings with our top management. We also hold

technical study sessions on a regular basis and, in fiscal 2022, these study sessions were held based on themes of GX, security, and telecommunications.

For Institutional Investors and Analysts

▶ Meetings with Institutional Investors and Analysts
Number of Participants: **541**

▶ Major Events

- Number of financial results briefings: 4
- Number of small meetings: 2
- Number of one-on-one meetings with domestic institutional investors: 1
- Number of one-on-one meetings with overseas investors: 1
- Number of technical study sessions: 3

▶ General Meeting of Shareholders

Date: Friday, June 16, 2023
Number of shareholders who attended: 59
Ratio of voting rights exercised: 90.9%



Technical study session on telecommunication



The 44th General Meeting of Shareholders



Small meeting

Logistics Center Facility Tour

In December 2022, a facility tour of the CTC's Heiwajima distribution center was conducted for analysts and institutional investors who wished to visit. This facility not only supports the Group's logistics activities but also features a dedicated area for the verification of local 5G technology. Our telecom engineers also took part in the tour, actively exchanging views with the participants.

Going forward, we will continue to provide opportunities for dialogue through a variety of formats to strengthen understanding of our innovative efforts.



TOPIC

Communication with Employees

We hold town hall meetings to deepen employees' understanding of our business and management through direct dialogue between the Company's management and employees. These town hall meetings have been held a total of 12 times since fiscal 2021, when this initiative was launched.

A variety of topics were covered, including an introduction to the activities of each business group and company, explanations of our initiatives to develop the next generation of human resources, and an introduction to the NEXT CTC Project, which looks ahead to our next 10 to 30 years.

Going forward, we will continue to hold town hall meetings regularly to deepen each employee's understanding of the CTC Group and improve employee engagement.



Communication with Local Communities

As a part of our efforts to "Contribute to the education of human capital that creates the future," we hold programming classes for children—the Children's Technology Challenge IT workshop classes—. These workshop classes include a visiting lecture for fifth and sixth grade elementary school students, titled "Let's try! IT engineer" in which children learn computational thinking. Through these and other efforts, we continue to contribute to the development of those who will shape the future of our society through the use of IT.

These classes have been held a total of 80 times on 39 separate occasions from fiscal 2018 to fiscal 2022, with a total of 2,192 children attending.

In addition to contributing to the education of human capital that creates the future, we continue to foster communication with schools and children through the classroom to gain a better understanding of the role of IT going forward.



Communication with Customers

In November 2022, CTC Forum 2022 was held in a hybrid format, allowing participants to attend the event both on-site and online. In addition to case studies presented by customers, CTC and partner companies presented and exhibited solutions to the business- and system-related issues faced by customers, serving as a venue for discovering insights into business growth.

The event was a tremendous success, as we obtained sponsorships from 52 partner companies and over 1,000 customers attended over the course of six days.



On-site venue



On-site venue



Online venue