



ITOCHU Techno-Solutions Corporation

Challenging Tomorrow's Changes

Integrated Report 2021

ITOCHU Techno-Solutions Corporation

Integrated Report 2021

Fiscal Year Ended March 31, 2021



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Printed in Japan

IT Will Change the Future for the Global Good.

Advances in computing and networking since 1995 have brought people in touch with the world, allowing them to obtain the information they want instantaneously. Information processing capabilities have improved at lightning speeds, and initiatives to turn the power of IT into wealth have taken shape around the world, such as Industry 4.0 in Germany and Society 5.0 in Japan.

The Internet of Things (IoT), augmented reality (AR) and virtual reality (VR) technologies can create virtual spaces where people can work, especially when physical spaces cannot be readily accessed by people, such as inspection and decommissioning work at nuclear power reactors. Massive volumes of collected data can be stored in the cloud and delivered to the people and organizations that need it. Advances in data analysis have led to reductions in the resources invested in manufacturing, such as the amount of work and time needed, while the analysis and forecasting of natural phenomena based on empirical data have pervaded our lifestyles.

As people are freed from definable work and allowed to focus on more creative work, it has become possible for people to work in a variety of ways without being restricted by time or place. Going beyond the concept of wealth as ownership of things, people are finding value in experiences and, as everything opens up, IT will seamlessly connect these experiences. Value will be created as people who did not get to know each other previously look at things, listen to things or share their experiences at the same time. Information connects people. All of this is a type of wealth that would not have been possible without advances in IT.

The rollout of 5G communications technology brings with it the potential for advances in a range of activities. Patterns of behavior by people will probably change as a result.

IT has an unlimited potential to change the future of society.

A divide exists between people who have benefited from the proliferation of PCs and smartphones, and those who have been left behind. Of note, the IT gap between industrialized and developing nations, as well as the gap in IT usage by the elderly and outlying regions, can lead to disparities in the quality of life. There is always a target user for the services offered by companies in their day-to-day operations. However, the wealth of society will be limited if corporations continue to create services that can only be used by a certain set of people.

Various kinds of data are being collected on people without their explicit consent, and the data, which should be shared in ways that benefit society, are not being shared in such a way. The time has come to rethink how data is handled. An open society, when just having access to data are a source of wealth, is far off on the horizon.

The constantly evolving devices and systems that allow IT society to advance have notoriously short lifespans. IT waste is created whenever a new technology is invented, and although there has been some improvement on this front, more work needs to be made from the perspective of realizing sustainability and a recycling-oriented society.

We must ask ourselves if the IT sector is truly contending with these circumstances in earnest.

Is IT Contributing to the Creation of True Wealth?

CTC's Reflection

IT is the very foundation of society. Our work as a system integrator may be invisible to international society, but we are a vital component of the creation process for everything seen in the world today. While working to satisfy the requirements of our customers before us, we must not ignore the people who are left behind and unable to benefit from the wealth created by IT. For the IT sector to continue shaping society for the better, we must move toward a more sustainable industry that circulates resources, including human resources, intellectual property, facilities, parts and materials, and rare earth metals.

To this end, we must take both a macro and a micro perspective while being strongly aware of our role as a member of society, in the context of where we are headed and what impact our actions have on society. We believe society needs companies that have a strong identity and the creative ability to imagine both the merits and demerits of their actions, along with a commitment to sincerely tackle issues head-on.

There are countless things we all should do. For example, together we should think about how we can make society better for everyone by seamlessly connecting people to people and people to information through the 5G business with telecom carriers. We should also debate how information can become an asset for the entirety of society, and find ways to make this happen. Through DX business with corporations, even if the client did not originally require anything, CTC will suggest UI/UX* features that make the product or service easier to use for their customers, including the elderly and people with disabilities. For example, CTC is keen to deploy its own core computing technologies to help corporations and research centers simulate ways to protect people from natural disasters, which would be of great benefit to all of society. Each and every one of our proposals and actions begins with the thought of how we can move toward the realization of a sustainable society.

I believe these initiatives are meaningful simply because CTC cannot achieve such lofty goals by itself. By collaborating and engaging with our customers, vendors, partners and other people from a range of situations, we can incorporate diverse value systems into our efforts to build healthier supply chains and advance together toward a sustainable society that does not sacrifice the future.

* UI/UX: User interface (UI) entails the design, fonts and other aspects of websites that users visually discern. User experience (UX) means the quality of services and usability felt by users as they visit a website. Enhancing both UI and UX from the users' perspective can improve the overall quality of the provided service.



Speed and Problem-solving are areas of excellence in IT.

New challenges await for **IT** to essentially become a **strong and resilient foundation of society.**

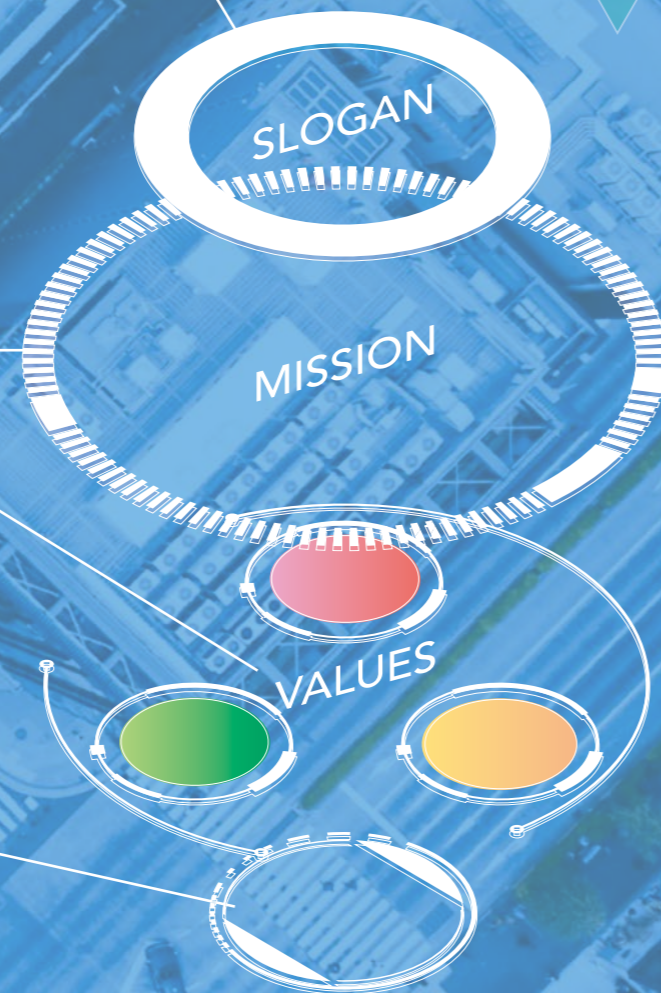
CTC Group Philosophy

Slogan

Challenging Tomorrow's Changes

Mission

Leveraging IT's potential to change future for the Global Good



Values—Action Guidelines

Challenge the Change

Are you determined? Are you constantly trying new things without ever giving up?

Challenge the Value

Are you creative? Do you create value that exceeds customers' expectations?

Challenge the Future

Are you free thinking? Do you strive to map out a brighter future?

CTC Group Code of Conduct

We at CTC will endeavor to fulfill our corporate social responsibility in accordance with the CTC Group Philosophy, and always conduct ourselves with a strong sense of ethics and responsibility based on an understanding of the code set forth below:

1. Full Commitment to Compliance
2. Offering Services and Products Useful to the World
3. Fair Trade and Prevention of Corruption
4. Strict Management of Information
5. Creation of a Work Environment with Respect for Human Rights
6. Consideration for a Sustainable Environment
7. Contribution to Society
8. Standing against Antisocial Force and Organizations
9. Reporting and Preventing the Recurrence of Violations
10. Taking the Initiative and Setting Good Examples

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Editorial Policy

CTC's corporate mission is "Leveraging IT's potential to change future for the Global Good." In Integrated Report 2021, we explain how our value creation process provides the path toward sustainable growth that will enable us to fulfill this mission.

Based on a corporate culture cultivated through many years of business activities, we are leveraging our expanding resources of management capital to reinforce businesses that will help enhance corporate value for our customers and resolve social issues. Through an overview of the Company's corporate activities, this report provides general financial and non-financial information selected in view of its importance.

Scope of the Report

This report covers ITOCHU Techno-Solutions Corporation (CTC) and its consolidated subsidiaries and includes information about non-consolidated subsidiaries and affiliates.

Notes on Financial Amounts

Figures less than one unit have been rounded off, based on IFRS.

Forward-Looking Statements

Statements made in this report with respect to CTC's plans, strategies, and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of CTC based on management's assumptions and beliefs in light of information available at the time of publication and involve certain risks and uncertainties. CTC assumes no obligation to publicly update these forward-looking statements to reflect events, changes in the operating environment, or unforeseen developments that occur after the date of publication.

Message from the President

Realizing a society devoted to the future and becoming a group that thinks and acts on its own.

Ichiro Tsuge

President & CEO



A Time of Sharing Values, Increasing One's Own Advantages, and Helping Each Other

Embracing an age that values coexistence and co-prosperity once again

I think that people around the globe have become more serious about the idea of a world where the future and others are not sacrificed for the sake of today. Over the past few years, the SDGs have become more widely recognized, with companies communicating their initiatives toward realizing these goals and related programs being aired on TV and other forms of media. SDGs are also being incorporated into school curriculums, becoming more familiar topics to people when they think about sustainability.

Over this past year in particular, people around the world have seen their lives put at risk due to the COVID-19 pandemic, and they refrained from leaving their homes to mitigate the spread of the coronavirus. As this was happening, people's priorities changed dramatically.

People realized that new ways of working which did not come to fruition according to plan, such as remote work, can be pulled off if given a try. This realization led corporations to redouble their efforts on the DX front. There are now more opportunities for people to think about their individual lifestyles; they do not want to live in an unbalanced world where many are put at a disadvantage so that others can live more fulfilling lives. In markets as well, the concept of capitalism has also been changing. Markets have come to understand that higher profits at certain types of companies do not necessarily mean that society benefits as a whole.

To create a recycling-oriented society where people coexist and prosper together, I believe it is important for companies to once again find common ground in terms of their purpose in society.

What is the envisioned role of the CTC Group?

An IT system cannot be realized simply by one company or through the use of a single technology. For IT to help improve efficiency around the world and play the role of a social infrastructure that delivers the benefits of technology to more people from diverse backgrounds, it will probably be necessary for a majority of technologies to become open source. Based on this assumption, we think the traditional paradigm, where companies compete against each other and the winning company earns most of the profits, will naturally break down. When talking about the strongest companies, I believe the concept of strength itself will begin to change. Instead of always competing against each other, it is arguably better to develop an abundance of relationships with companies and individuals with which and whom we acknowledge our mutual strengths and help grow one another. When that time comes, I believe that

working together in combinations, building broad networks in loosely coupled industries, and putting each other in a position to be able to respond flexibly will be imperative for companies and individuals to realize their respective advantages.

We must demonstrate our strengths in foreseeing the future in terms of how our customers and society facing the issues at hand will improve in the years ahead, while helping to ensure that the right paths and processes are taken.

One of our foremost priorities is to redefine our core competencies based on the assumption that more technologies will become open sourced. To that end, we will reaffirm our strengths and flexibility in constantly adapting to change, which has played a central role in the success of the CTC Group throughout its history.

Message from the President

Embodiment of "Challenging Tomorrow's Changes"

Small changes are happening every day on the frontlines. Such small changes can gather momentum and signal or turn into major changes on the frontlines. I have adopted a style of management that reverse-calculates to on-site capabilities, in which real on-site events are fed back to management for a more accurate understanding of actual conditions. Naturally, observing the frontlines is crucial to this end. When discussing management, I say that growing a company is akin to nurturing trees. In the way that big and expansive roots are necessary for a tree to grow taller, people (the roots of a tree) are very important, and making these roots stronger and more expansive requires good soil. The CTC Group has 9,000 talented employees, and it is my job to make sure our foundations (soil) allow our employees to grow and hone their abilities. Today, society is interested in not only how quickly and how tall these trees can grow but also what benefits these trees can bring to the world.



In fiscal 2021, CTC created a new set of materialities, and formulated a new three-year medium-term management plan based on these material issues. This plan reaffirms our mission of "Leveraging IT's potential to change future for the Global Good" in "Challenging Tomorrow's Changes." By creating clear-cut value and providing it to society, we have fostered a healthy mindset of working together and taking on changes as they arise today.

Our slogan, "Challenging Tomorrow's Changes," is an expression of our commitment to society in fulfilling our mission.

Distant Future Linked to Today

New Materiality

By using IT to solve the issues faced by our customers, our business helps to resolve issues faced by society as a whole. The fruits of our labors are often passed to society through our customers, but in reality the types of work we do are hard to trace back as an outcome attributable to us. As a member of society, I believe we could make more of an effort to get people to understand the importance of the work we do, and amplify our voices on this both inside and outside the Company.

We have revised the content of our materiality issues, positioning them closer to our corporate mission instead of centering them on corporate social responsibility (CSR), as we did in the past. In addition to disclosing this information externally, CTC is incorporating a social perspective in its internal communications, and focusing more on messaging that emphasizes our ambitions to sustainably grow as a business, while recognizing again the value our businesses provide.

Summarizing these ideas in IT terminology, our approach is akin to a minor version upgrade in an operating system.

For instance, CTC has a wide range of technologies, such as for the analysis of natural phenomena as a starting point for scientific and technological calculations, and simulations for the development of new materials that are easier on the environment, as well as advantages accumulated over many years as a multi-vendor firm. The building out of 5G networks is an economic growth field around the globe, but its true

value is derived from the benefits that this IT offers people and society in the form of faster data transmission speeds, multiple connectivity and low latency.

In addition to the value we provide to society, the CTC Group is constantly reassessing its reason for existence in society, whether the future is being sacrificed for today's profits, and whether or not it is acting responsibly as a corporation. CTC aims to be a driving force for change in the IT sector.

Thinking, Solving and Acting on Our Own

Medium-Term Management Plan (2021 to 2023) Beyond the Horizons—To the Future Ahead—

CTC's new medium-term management plan has three basic policies (actions): Accelerate, Expand and Upgrade. Each of these three policies has three priority scenarios (3 x 3), creating nine boxes. It is management's duty to clearly explain to employees on the frontlines the details behind this structure and strategy, and to direct efforts in line with the nine boxes, but to refrain from giving detailed instructions on specific tactics. The main struggle we face is tapping into the many opportunities to leverage our refined technologies in the fields of DX, cloud computing and 5G. In an organization where top management devises scenarios and takes action, the limitations of management become the limitations on the Company, which is then unable to keep up with changes in society. I believe this is irrelevant to this day and to what CTC truly entails.

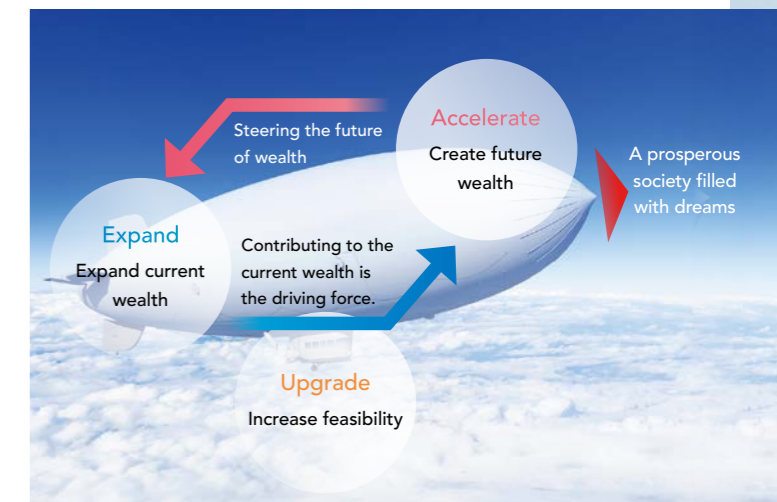
Under our previous medium-term management plan, "Opening New Horizons," CTC reinforced its strengths in three dimensions. In "Go Upwards!" CTC prepared to strengthen and advance its agile development and cloud-native technologies while accelerating growth in the DX business. In "Go Forwards!" CTC aimed to expand its market share with a focus on the 5G business and reinforce its partnerships with carriers. In addition, CTC has concentrated on carving out a dominant position in the infrastructure domain, an area of expertise, by forging connections between its own cloud resources and that of hyperscalers.

In "Go Outwards!" CTC has been keen to invest in and acquire firms in North America and the ASEAN region to shore up its local system integration (SI) structures. At the same time, the Company has sought to establish footholds by expanding business related to AI, edge computing and payment services through open innovation investments.

In "Consolidate Footholds!" in fiscal 2020, we continued to strengthen management, and as a result net profit attributable to CTC's shareholders reached a record high of ¥30.5 billion, posting a new record for the seventh consecutive fiscal year, and we raised dividends again for the 12th straight year. CTC achieved all of its quantitative financial targets while seeing its order backlog expand to record-high levels. We are ready to take on new challenges.

I talk continually to employees about deepening their understanding of our customers. In a world of uncertainty, there is not one right answer, but by deepening our understanding of customers we should be able to unearth the true nature of their problems and, by doing so, devise optimal solutions for each of their problems.

The previous medium-term management plan was about "Opening New Horizons." We are now moving "Beyond the Horizons" into the future.



Message from the President



▶ 1. Accelerate: Create future wealth

Customers have been warming up to DX projects. We are advancing initiatives in the LOB domain to effect changes in the operations of our customers. This business does nothing special in particular; we simply start by listening carefully to our customers and understanding their on-site operations. We then work closely with our customers to solve their issues with IT where possible, and find ways to create new value. Creating new value with DX sounds like something a consultant would say to management, but on-site operations are what DX projects end up changing through the daily activities of employees. While being mindful of this fact, we aim to propose well-grounded solutions unique to CTC and offer customers optimized systems.

To fulfill a variety of requirements, CTC will increase the number of technically challenging projects. It is necessary to fully leverage the latest technologies while designing UI/UX in stress-reducing ways for everyone. I often play games with my grandchild, and the new experiences they provide when updated with the latest technologies amaze me. The children who regularly play games will one day become adults and self-reliant members of society. Companies where they will eventually work must keep up with the times or be left behind. I believe it is our duty to create very convenient software experiences that are easy for people to engage with, and which should be advantageous for us all.

There are limitless possibilities with our Accelerate initiative in the future. As with the agile development concept, we must experience both success and failure as we try out different approaches. This is why it is important to accelerate. In the previous medium-term management plan, we framed the plan as a time for approach runs, but we are now accelerating to a point where that period will arguably become a wind-up phase for the next three years.

▶ 2. Expand: Expand current wealth

This initiative includes 5G and global topics.

Our strengths derive from our technologies in full-stack services and global partnership capabilities, which we previously referred to as multi-vendor capabilities. We have nurtured competitive advantages from our long history in the telecom field, and our years of preparation for the rollout of 5G communications technology have allowed us to move steadily forward on this front while collaborating with our telecom carrier customers. More recently, technologies in the radio access network (RAN) field have advanced and become more open. With RAN-related projects beginning to emerge where we can leverage our strengths, we are keen to shift up a gear and accelerate business development.

On the global stage, CTC acquired two companies in Indonesia in fiscal 2019, putting the finishing touches on its business structure for the ASEAN region. We are now focusing on the training of local engineers and stepping up collaboration with group companies. Although the ASEAN market is not yet very large, it is a promising region with IT markets there growing strongly. We are preparing for future growth by leveraging relationships within the ITOCHU Group.

▶ 3. Upgrade: Increase feasibility

Managers will take the lead in planting the foundation (soil) necessary for accelerating changes on the frontlines. To enable employees on the frontlines to achieve the goals in our Accelerate and Expand initiatives, we are deploying the comprehensive strengths of the group and forging stronger relationships with our partners, while considering M&A deals.

When acquiring a new business, the deal must first of all enhance individual technologies and skillsets, even more so than improving operational capabilities.

Creating opportunities for employees to unleash their abilities, we strive ideally to be a first-rate orchestra where everyone brings their skills into one unified, beautiful and harmonious ensemble. As we interact every day with our customers and new technologies, our system engineers are keen to learn new technologies while carrying out their work. Management must think about whether personnel systems and other

parts of the organization are allowing each and every employee to fully leverage their abilities and experiences, while maximizing their motivation and interests.

People are our greatest and most important asset. We strive constantly to Upgrade the skills of each employee and the organization as a whole, while updating management concepts as well.

Solidifying Our Footing While Looking Far into the Future

CTC intends to keep up with future changes in its current medium-term management plan. While the three basic policies might look like abstract concepts at first, we have framed the initiatives and desired outcomes of each business group in terms of a 3D grid of nine boxes. Even taking a long-term perspective, if near-term profits remain weak we might be

viewed as a low-value proposition by society. As the frontlines and managers play their individual roles in unison, CTC targets an operating income ratio of 10%, net profit attributable to CTC's shareholders of ¥40 billion, and ROE of 13% or above by fiscal 2023.

Circulating Value, Taking on New Challenges

The work right in front of us has connections to the daily lives of people in society. Short-term and long-term problems are not disparate issues, but interconnected problems. Being mindful again that today is the first step to the future, by repeatedly pushing for small changes in the near term, we are able to create major changes and circulate the fruits of these efforts in the future.

I would like to take this opportunity to thank you for your support of CTC as we seek to continue expanding corporate value while taking on new challenges.

President & CEO



How Our Initiatives Benefit Society

01 Building Safe, Reliable Social Infrastructure



To enjoy the benefits of ever-evolving digital technologies, society must also develop the communications infrastructure that supports these technologies. As countries worldwide build communications infrastructure as a new form of social infrastructure, there is a growing consensus that everyone should have equal access to such infrastructure and be able to use it with peace of mind at any time or place.

Against this backdrop, mobile networks are evolving even further as the base of communications infrastructure. With wireless technologies such as 5G set to transform a range of fields, including lifestyles, mobile communications businesses, and cars, our lives are likely to change dramatically between 2030 and 2040.

For example, augmented and virtual reality technologies will make remote medical treatment possible. In addition, the penetration of the IoT will not only change manufacturing and logistics but also support smart-city creation that enables entire towns to benefit from digital technologies. Concurrently, self-driving cars will provide mobility services to residents of sparsely populated areas. Other major trends will be the establishment of a development ecosystem focused on the realization of a recycling-based society. Further, the advent of 6G technologies promises to significantly enhance ordinary people's quality of life.

Targeted SDGs



Until now, we have built a favorable reputation by catering to society's current needs, applying the latest technologies to mobile networks to help telecom carriers develop new telecommunications services, which have been based on telecommunications infrastructure development and the expansion of internet access. By extending the scope of our efforts to provide value in the form of the latest telecommunications equipment, network virtualization technologies, and cloud-native technologies, we will continue supporting the realization of telecommunications infrastructure and services that give everyone the opportunity to enjoy the benefits of digital technologies with peace of mind at any time or place.

The financial industry is seeing an increasing trend toward digitalization, including the spread of cashless settlement and crypto-assets. Moreover, an act on the provision of financial services, due to come into force in the fall of 2021, will lower the barriers that separate such sectors as banking, securities, and insurance and is therefore likely to encourage the emergence of an array of FinTech companies offering many new services.

As a result of this major trend, the financial industry will face even stricter requirements with respect to guaranteeing reliability and transparency. Banks will have to comply with international financial regulations and take measures focused on anti-money laundering and combating the financing of terrorism, while credit card companies will be expected to realize payment encryption.

Taking advantage of risk management systems based on financial engineering competence developed over many years, experience in the building of security infrastructure, and the latest IT technologies, CTC will help to ensure that financial services remain a safe, reliable part of society's infrastructure. In this way, we will contribute to the creation of a reassuring society.

Business group strategies for advancing the above-mentioned initiatives

- ▶ Telecommunication Group P.42
- ▶ Financial Services Group P.44

02 Bridging the Digital Divide and Creating New Lifestyles

Targeted SDGs



03 Enabling Clean Energy

Targeted SDGs



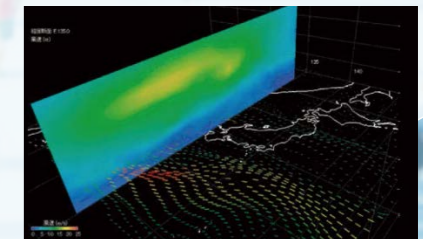
With Europe leading the way, the world is advancing climate change countermeasures in the industrial sector and in daily life by switching to energy sources that do not emit CO₂. In Japan, this trend is rapidly gaining momentum as the country seeks to simultaneously address the problems of climate change and nuclear power generation by boosting the use of wind and solar power and other renewable energy sources. Since the output of wind and solar power generation fluctuates with changes in the weather, offsetting mismatches between electricity supply and demand is a major task. In this regard, an important role will be played by our simulation technology, which combines AI and IoT with data analysis that is based on science and technology that we have been developing since our founding.

CTC's E-PLSM cloud computing-based service supports the optimal operation of power grids by combining different types of data and using AI to make visible and forecast supply and demand. As well as collecting and analyzing vast amounts of environmental time series data on wind strength, sunlight, and other meteorological phenomena, the service remotely monitors such power suppliers as power generation facilities and the power usage of consumers, including homes as well as industrial facilities that include storage

batteries. The service also stabilizes energy supplies by using sensing technologies to predict the failure of facilities due to critical deterioration, enabling the timely implementation of countermeasures.

In developing renewable energy businesses, electric utilities must be able to accurately analyze meteorological phenomena and other location conditions as well as the attendant development risk. As a licensed provider of weather and wave forecasting services, for more than 25 years we have been using our experience in this field to provide consulting services to electric utilities that are launching renewable energy power generation projects.

Since they require more data than normal industrial IT solutions and deal with advanced simulations, environmental initiatives gain a lot of know-how through trial and error. We draw on this know-how to assist customers who are using AI and IoT as the basis for achieving DX in manufacturing, retail, distribution, and other industries. By leveraging its particular competence in applying and flexibly combining knowledge, CTC will provide highly valuable services that increase the sophistication of social and environmental initiatives.



An example of weather forecast (wind distribution) analysis used to predict the output of wind power generation

Business group strategies for advancing the above-mentioned initiatives

- ▶ Enterprise Group P.40

A society is taking shape where people perform tasks that only humans can carry out, while machines assume tasks that were once performed by people. The COVID-19 pandemic has dramatically accelerated this trend, and IT has changed from a tool that improves efficiency and productivity to an integral part of our daily lives.

Amid dramatically changing social conditions, AI chatbots are one example of IT that has proliferated. In response, we are partnering with AI platform providers to roll out AI chatbot services for a range of companies. These services enable manufacturers that export industrial products to immediately resolve questions from employees in Japan and overseas concerning the use of in-house systems—regardless of the language, time zone, or location.

Although AI chatbots offer the convenience of being available at any time or place, some users' lack of familiarity with them can cause confusion. Until now, AI chatbots have tended to be convenient for those who are familiar with IT because a certain degree of IT literacy has been required to use them. To address this issue, for public services and other services that are enjoyed by a wide range of people, we offer both AI chatbots as well as AI-enabled automated telephone answering solutions for call centers.

Based on the belief that the knowledge we have gained from customers' frontline operations is only meaningful when widely used, in November 2020 we held a webinar focused on information and examples designed to assist everyone who faces the problem of implementing COVID-19 countermeasures. The webinar included explanations of our services for analyzing the urgent introduction of

telecommuting and security measures, as well as the use of AI and IoT devices for body temperature detection and the simulation of social distancing in modes of transport and commercial facilities.

We believe that CTC's points of contact with a wide range of customers in many types of businesses make us uniquely qualified both to develop highly customized solutions and to expedite lateral rollouts of such solutions in ways that heighten society's overall ability to address issues. In other words, we believe that we can create a future in which no one is left behind.



Our SmartRobot AI chatbot service

Business group strategies for advancing the above-mentioned initiatives

- ▶ Telecommunication Group P.42
- ▶ Regional & Social Infrastructure Group P.43

How Our Initiatives Benefit Society

04 Realizing a Cleaner Society and Eliminating Waste

Targeted SDGs

The fields of manufacturing and logistics are transitioning from a phase of pursuing efficiency through scale to one of ensuring the stable procurement and supply of resources and their transparent distribution in value chains and meeting expectations with respect to the total optimization of value chains through the elimination of waste in processes. Consequently, companies in these fields are under pressure to take urgent action. The CTC Group contributes to cost reduction and the realization of a cleaner society in a wide range of industries, including retail, manufacturing, and distribution.

In the manufacturing industry, CTC's materials design services are used in the field of materials development. By combining software and databases related to material properties and material evaluation, we facilitate the development and marketing of new environmentally friendly materials with superior strength and durability at low cost. In addition, digital twin technology, which recreates the physical environment of manufacturing and logistics sites on computers, promises to become a key tool in the years ahead. The use of recreated manufacturing processes in combination with AI technology not only facilitates the overall optimization of processes but also enables the prediction of abnormalities and the formulation of optimal production plans. Thus, digital twin technology is set to help create lean, highly precise manufacturing environments.

In the logistics field, meanwhile, improving efficiency is a challenge because predicting work volumes is difficult, and logistics providers must cater to the needs of individual consumers. With this in mind, we offer a system based on a cloud computing service that makes visible the movements of shippers, delivery companies, and consumers in real time and optimizes loads and delivery routes. In addition to simultaneously increasing convenience of their services for consumers and raising operational efficiency, our customers can use the system to prepare and implement optimal fleet deployment plans, thereby reducing the emissions associated with vehicle movement and contributing to climate change countermeasures.

In the distribution industry, we are employing blockchain technology to build traceability systems, which ensure the stable procurement and supply of resources and the transparency of distribution in value

chains that are used for our customers' business investees or product lineups. For example, the demand for natural rubber, the raw material for tires, is expected to grow as motorization progresses worldwide. On the other hand, society expects companies to take into consideration the environmental burden, such as decreases in forestation in raw material production areas, as well as human rights and poverty issues associated with producers, many of whom are small-scale farmers. To address these issues, CTC provides a service whereby a smartphone app is used to mutually authenticate the details of transactions between deliverers and recipients and to record the details along with information on the date, time, and location on a blockchain. In this way, the service safely and efficiently makes visible business transactions at all stages—from producers through to processing plants and finished products—and extends the reach of sustainability initiatives to include all stakeholders in the value chains.

Going forward, the CTC Group will continue to contribute to the resolution of social issues by utilizing AI technology and cloud computing services to accumulate and analyze large amounts of data.



Business group strategies for advancing the above-mentioned initiatives

- ▶ Enterprise Group P.40
- ▶ Distribution Group P.41
- ▶ Business Innovation & Digital Transformation P.47

05 Revitalizing Local Communities

Targeted SDGs



06 Helping to Train the Creators of the Future

Targeted SDGs

With the aim of contributing to the development of the next generation through IT, in 2015 the CTC Group launched programming classes for children—the Children's Technology Challenge IT workshop classes—which foster logical thinking, creativity, and communication skills. Held at schools, our classes give upper-grade elementary school students the chance to take on the challenge of being IT engineers and in the process learn the logical way of thinking needed for programming, and help them to become familiar with the possibilities of IT and the work of IT engineers. Since CTC Group employees serve as instructors, the program also cultivates employees' awareness of the value of participating in social contribution activities.

As digitalization accelerates, the securing and training of IT personnel is an urgent issue for the industry and society as a whole. In addition, society needs to create an environment where people can receive the education they want, regardless of their economic status or disabilities. Accordingly, in October 2019 CTC funded and established the ITOCHU Techno-Solutions Future Foundation, which is tasked with developing the skills of the children and young adults who will support the next generation. The foundation is primarily engaged in holding workshops to support the IT education of children and young adults, providing scholarships and other types of academic assistance to young adults who want to pursue IT as a career, and providing grants that help to school and create employment opportunities for young adults with disabilities. In fiscal 2020, the foundation held online workshops, offered non-repayable scholarships to young adults aspiring to become IT professionals, provided

financial assistance for students who had difficulty in continuing to attend school due to the COVID-19 pandemic, and paid grants to universities that support students with disabilities.

In March 2021, the ITOCHU Techno-Solutions Future Foundation was certified as a public interest incorporated foundation by the Cabinet Office. With an even stronger focus on initiatives that serve the public interest, we will help foster the leaders of the next generation by assisting in the IT education of children, providing academic assistance to young adults, and supporting the schooling and employment of young adults with disabilities.



For many years, the Regional & Social Infrastructure Group has spearheaded CTC's efforts to provide IT services to local governments and regionally based companies. Through the development of systems and the construction of optimal IT infrastructure platforms that match the business scale and attributes of our client companies, we have helped to address a wide range of issues. One of the challenges regions have been grappling with in recent years is an increasingly serious shortage of labor due to declining regional populations, which reflect the aging of populations and outflows of people to urban areas. In response, we have entered into agreements with local governments that are concerned about whether they will be able to secure sufficient personnel for administrative services. These agreements are aimed at realizing collaborations that use IT to revitalize local communities, improve services for residents, and address a range of issues. Further, we will collaborate with local companies to analyze how best to achieve next-generation approaches to disaster prevention and mitigation as well as transport and conveyance.

Both local governments and general companies are facing labor shortages. For instance, labor scarcity greatly affects financial institutions that offer over-the-counter and call center services. Although financial institutions normally provide internet banking services that allow customers to complete procedures without visiting a branch, the wide range of services that such institutions offer means that they must also be ready to respond to increasingly complex inquiries from

customers. With such companies in mind, CTC has launched an automatic answering system that uses the SmartRobot AI chatbot. Capable of speech recognition and speech interaction, SmartRobot can also search and analyze the data accumulated during its responses to inquiries and is therefore expected to be used for purposes beyond over-the-counter and call center services in the years ahead.

In addition, for the manufacturing industry, which seeks continually to boost productivity, we are preparing a local 5G network service, which achieves labor saving and automation through remote operation and driverless delivery within plant facilities by providing ultra-high speed, ultra-low latency, and multiple simultaneous connections within specific areas.

Given the wide range of issues faced by local communities, we are committed to supporting the steady progress of initiatives in these communities by working together with customers to swiftly identify issues that must be addressed and then helping to resolve them, together with many different partners, and by providing a nationwide network of maintenance support services.

Business group strategies for advancing the above-mentioned initiatives

- ▶ Regional & Social Infrastructure Group P.43

Materiality

We have set specific goals and key performance indicators (KPIs) based on our materiality, which we identified in March 2016. As well as striving to meet these goals, we review our progress each fiscal year and disclose the results on our corporate website. Generally, we have reached the targets and achieved positive results.

With fewer than 10 years to go until the SDGs are to be realized, the pace of sustainability-focused efforts is increasing. Amid calls for companies to step up efforts to partner with a wider range of stakeholders and realize corporate activities that serve the public good, we have updated the materiality formulated in 2016 to establish materiality that is focused on simultaneously achieving a sustainable society and sustaining our growth.

► For details on our materiality-related initiatives to date and a review of our KPIs, please visit the website below.

<https://www.ctc-g.co.jp/en/company/sustainability/materiality/>

► Our New Materiality Beginning from Fiscal 2021

Solve Social Issues through IT

Materiality that is directly linked to realization of the CTC Group Philosophy; aims to “change the future for the Global Good;” describes the core of our businesses; and sets forth how we should engage in IT

- Pursue advanced technology relentlessly**
 We will accurately identify changes in society's needs and maintain an emphasis on realizing high-value-added services by discovering advanced technologies and providing them in optimal formats.
- Promote business co-creation with various partners**
 We will pursue coexistence and co-prosperity by forming communities with customers, partners, and other stakeholders, and working with them to create businesses that provide social value.
- Provide safe and secure IT services**
 We will provide user-friendly IT services to support safe, reassuring lifestyles and help to realize a resilient society.

Cultivate Human Capital to Support the Future

Materiality that underpins efforts to realize the CTC Group Philosophy and sets forth the Group's approach to personnel—the most important type of capital both for the CTC Group and society

- Develop various professionals**
 We will develop personnel who can accomplish high-quality work in the increasingly wide range of fields in which they are engaged.
- Foster a culture of mutual respect and growth**
 We will promote a corporate culture of mutual improvement based on respect for human rights and individuality in the organizations where our personnel work.
- Contribute to the education of personnel who will create the future**
 We will benefit society through internal and external education activities that pass on the technologies and expertise we have acquired and which will help personnel in the future.

Implement Responsible Corporate Activities

Materiality that is the foundation of all of our activities and sets out a commitment to corporate activities that fulfill the roles expected of us as a company and as a member of society, while ensuring that our employees appropriately perform their professional and social roles

- Strengthen effective governance**
 We will heighten the transparency and fairness of business management and implement other meaningful measures to strengthen governance with a view to maximizing corporate value.
- Contribute to climate change countermeasures**
 We will contribute to climate change countermeasures and help to pass on a sustainable society to the next generation by reducing our environmental footprint and providing environmentally friendly products and services.
- Ensure that each employee behaves responsibly**
 We will ensure that each of our employees pledges to act sincerely and ethically. In addition, we will conduct dialogues with employees on how best to realize our corporate social responsibility.

One Story which Unites the Corporate Philosophy, Materiality, and the Medium-Term Management Plan

We have reaffirmed that pursuing our mission, which we describe as “leveraging IT's potential to change the future for the Global Good,” will help realize a sustainable society and sustain our growth. Further, we have identified the material issues that we will tackle to achieve this mission over the medium and long term as the components of our materiality. In addition, to create social value through the resolution of material issues, we have emphasized their linkage with our corporate activities by aligning the material issues with our value creation process and medium-term management plan.

Using our new materiality as a guide, we have outlined the corporate profile we would like to have in 10 years. Further, members of the senior management team wanted our materiality and target corporate profile to be goals that the next generation of employees could achieve based on their own initiative and actions. Therefore, as well as incorporating objective external perspectives from a wide range of stakeholders, we actively reflected the opinions of those who will be in charge of business management 10 years from now to create materiality that all of our employees can agree with and make their own.

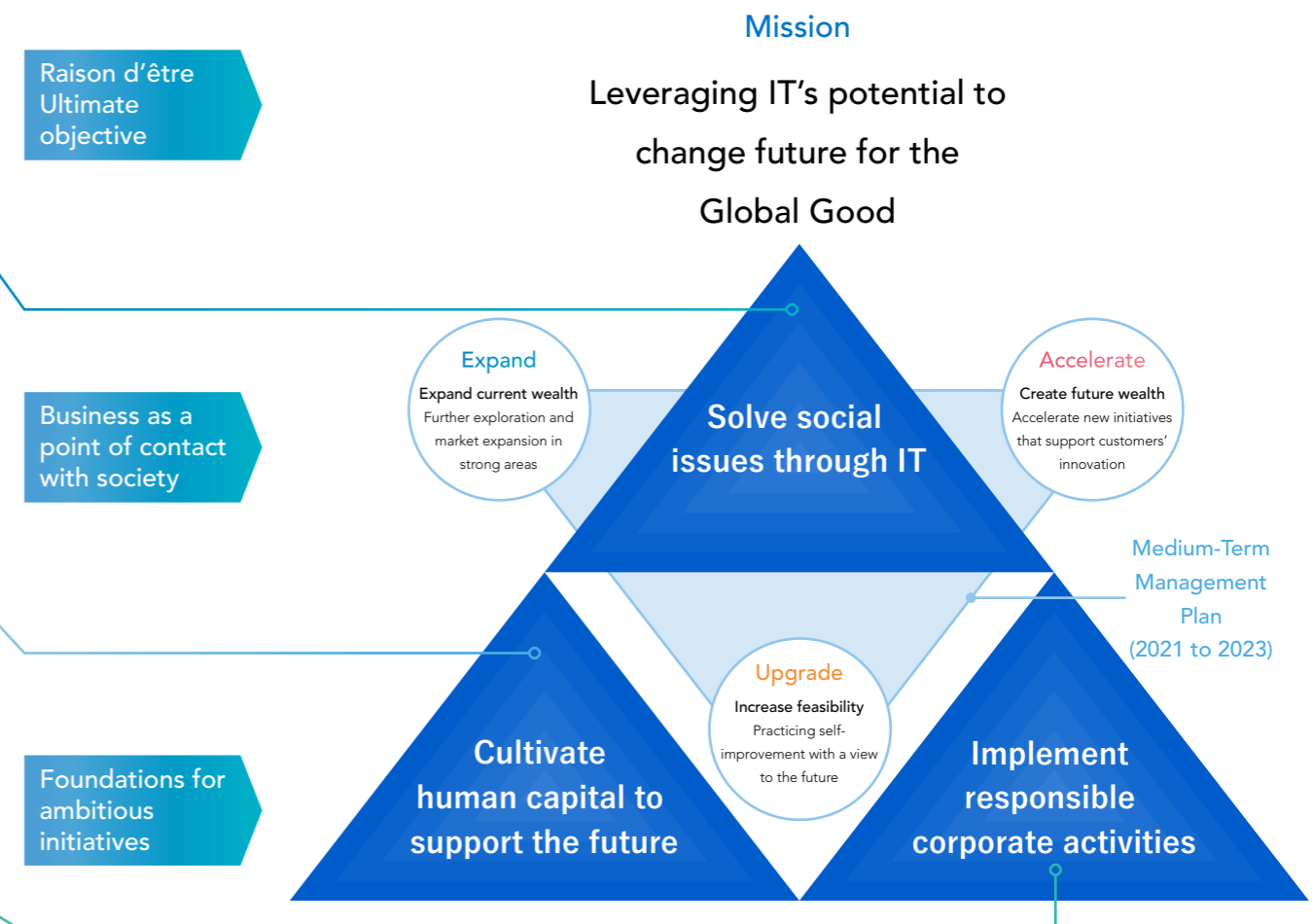
Our hope is that the new materiality will encourage employees to reexamine their work based on a broader context that then inspires them to envision and create new ways of contributing value to society.

■ Participation in the United Nations Global Compact

In July 2015, the CTC Group became a signatory to the United Nations Global Compact (UNGC), an initiative to achieve sustainable growth in the international community. We will meet our responsibility to contribute to the global good in accordance with the UNGC's 10 principles, which cover such areas as human rights, labor, the environment, and anti-corruption.

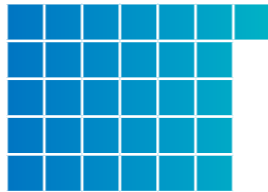

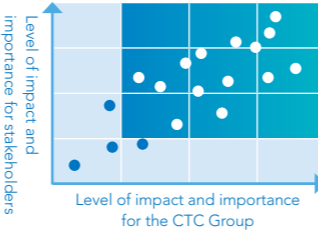



<https://www.ctc-g.co.jp/en/company/sustainability/approach/global-compact.html>



Materiality

Materiality Formulation Process

Step 1	<p>Identification of social issues and preparation of a list of candidate material issues</p>	
Step 2	<p>Questionnaire survey of stakeholders</p>	
Step 3	<p>Preparation of a materiality map and reorganization and structuring of material issues</p>	
Step 4	<p>Verification of materiality proposals</p>	
Step 5	<p>Determination of materiality</p> <p>Determined based on approval of the Board of Directors</p>	

A list of 55 candidate material issues was compiled with reference to MSCI and other ESG rating agencies, various guidelines such as the Global Reporting Initiative (GRI) Standards, and external indicators, including economic media engaged in corporate evaluation. We then narrowed down the list to 31 material issues by keeping in mind risks and opportunities while focusing on the linkage with the following four elements: our corporate philosophy, the strengths that we have emphasized to date, the medium-term management plan, and existing materiality.

Viewing the questionnaire itself as a form of communication with our stakeholders, we sought to communicate the reasons and approaches that had led us to select these material issues for consideration. We then asked stakeholders to use a five-point scale to rate the level of importance of the issues that we should or are expected to tackle.

Based on the results of the questionnaire, we created a materiality map. In light of comprehensive consideration of the scale, level, and relationship of the material issues, we systematically structured them so that they would be consistent with the materiality map.

To reflect objective viewpoints, we asked our outside directors to verify the validity of the proposals for our new materiality. In addition, we carefully ensured that the materiality proposals would be acceptable to our employees by holding discussions with executive officers—who will drive corporate management over the coming 10 years—to verify the abstract and concrete qualities of the proposed materiality, which we have positioned between our corporate philosophy and the medium-term management plan.

Comments from executive officers during the discussion on materiality (excerpts)

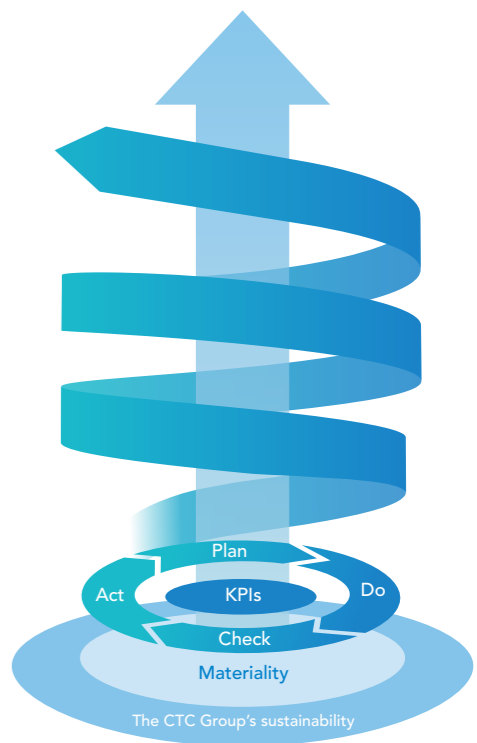
<p>Overall materiality</p> <ul style="list-style-type: none"> • We must consider who the materiality is for. • From the viewpoint of comprehensiveness, using abstract words would be better. • I would like our materiality to center on the fact that CTC's aim is to create a better future. • We should carefully consider how to incorporate the elements of security, co-creation, collaboration with partners, support for DX, health and productivity management, well-being, global warming countermeasures, and support for the utilization of renewable energy. <p>Individual material issues</p> <ul style="list-style-type: none"> • The relationship between our work and materiality is not understood by frontline employees. Having a real 	<p>sense of helping society through the provision of support to customers is important. This is what makes work fulfilling. I would like wording that makes the relationship clear. Expressions such as "co-creation" will make the message readily understandable to frontline employees.</p> <ul style="list-style-type: none"> • With respect to human resources, the term "professional" can be interpreted as meaning specialists. Therefore, a more balanced term that encompasses many different types of employees is needed. • "Climate change" should be included, but the concept may be difficult to envision. I would like us to consider an approach to communication that emphasizes the "optimal use of energy."
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Initiatives to Raise In-House Awareness of Materiality and Heighten the Effectiveness of Initiatives

To simultaneously help address social issues and enhance corporate value, we will begin by clearly communicating our renewed concept of sustainability and materiality to internal and external stakeholders. We will then review our existing set of policies, including our management policies and environmental policies and revise and reorganize them as necessary to ensure that this sustainability and materiality become embedded in routine frontline operations.

Further, with reference to discussions at meetings of the Sustainability Committee, we will set KPIs that are compatible with the actual situations of our businesses. After establishing a management system, we will tackle material issues through a plan-do-check-act cycle that is focused on the KPIs. In conjunction with these efforts, the CTC Group will heighten the profile of its materiality-related initiatives internally and externally with a view to soliciting opinions and evaluations and thereby continuously confirming the validity of the materiality itself.

We are currently analyzing KPIs with the aim of establishing them during fiscal 2021.



Comments from an Expert



Kenji Fuma, CEO, Neural Inc.

While supporting companies as a consultant on sustainability-focused management and ESG-oriented finance, he also serves as a member of the ESG policy committees of the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Health, Labour and Welfare and is the editor-in-chief of *Sustainable Japan*. In Japan and overseas, he has provided expert analysis of ESG matters on television and radio programs and in newspapers and magazines as well as giving numerous talks.

Master of Liberal Arts in Sustainability, Harvard University; MBA in Global Management, Thunderbird School of Global Management; Bachelor of Liberal Arts in International Relations, University of Tokyo

Publications (available in Japanese only): *ESG Shiko* (ESG Thinking), Kodansha Ltd.; *Chonyumon Cabon Nyutoraru* (Carbon Neutral, an Introduction), Kodansha Ltd.; *Deta de Wakaru 2030 Nen Chikyu no Sugata* (Understanding with Data How the Earth Will Be in 2030), Nikkei Business Publications Inc. (formerly Nikkei Publishing Inc.)

The CTC Group's recently identified materiality redefines material issues so that the Group can realize sustainable growth with society over the coming 10 years. The Group deserves praise with respect to the process it used to identify materiality. Rather than only focusing on its own priorities, the Group actively sought to understand the views of important stakeholders, such as business partners, shareholders, and employees.

My impression is that the Group's materiality has been comprehensively organized. Initiatives to "solve social issues through IT" will realize positive impacts, while initiatives to "implement responsible corporate activities" will curb negative impacts. Moreover, the Group will realize these initiatives through efforts to "cultivate human capital to support the future." In fact, the identified materiality has been incorporated into and positioned at the core of the "Beyond the Horizons" medium-term management plan, which covers the period from fiscal 2021 through fiscal 2023. Therefore, I feel that the Group's sustainability and businesses are becoming integrated.

One point that should be emphasized going forward is an awareness of the time frame that extends over the next 10 years to 2030. To anticipate and address issues, the Group must continue to take a far-sighted approach to business issues instead of focusing on the immediate situation. A second point is the establishment of KPIs that show when and to what extent the Group will resolve the identified material issues. The setting of management goals that are specific, measurable, achievable, relevant, and time-based (smart) will clarify what the Group as a whole needs to achieve. In addition, such goals will help to communicate to both internal and external stakeholders exactly how the CTC Group intends to achieve dramatic progress in the years ahead.

The significance of identifying materiality is not in the identification itself but in discovering management issues, setting KPIs, taking action, and reviewing progress after the identification of materiality. Accordingly, I would like to focus my attention on the KPIs that the CTC Group establishes as well as the measures it implements.

Value Creation Process

The CTC Group's corporate mission is "leveraging IT's potential to change future for the Global Good." To this end, we will mobilize our unique strengths to address the issues and needs of customers and society through our business.

While setting our sights on continuing to create value over the long term on the basis of our corporate mission and materiality—which is closely linked to the corporate mission—we will proceed with bold advancements to our business model—a competitive advantage of the Group—and accelerate such efforts under our medium-term management plan. Through the growth of our business and the subsequent refinement of management capital unique to the CTC Group, we will continue to enhance our corporate value.

▶ Social Issues

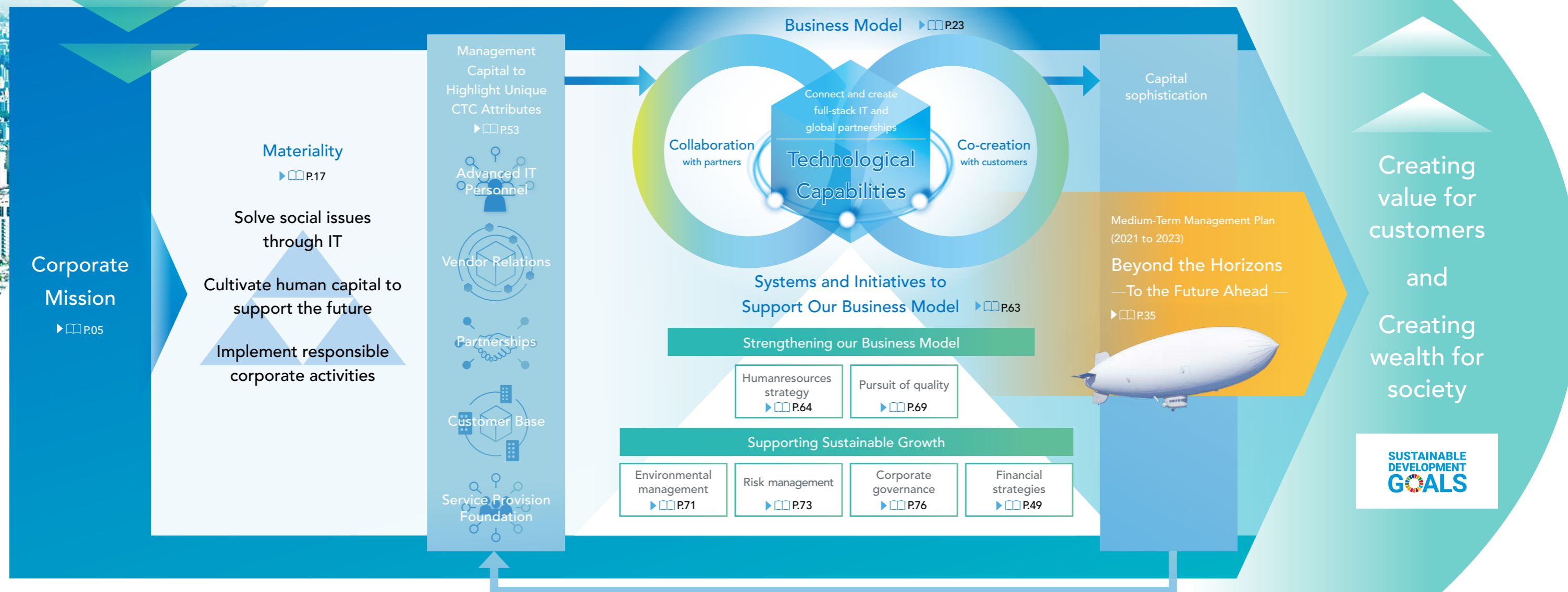
- Global market growth / a widening wealth gap
- Decline in working population / overconcentration in cities
- A widening information gap / higher information security risk
- Dwindling natural resources and energy
- Realization of a recycling-oriented economy and a low-carbon society

▶ Customer Priorities

- Deploy DX to drive innovation
- Accelerate development of new services
- Need for work-style reforms and higher labor productivity
- Replace core systems in response to the "2025 digital cliff"
- IoT security measures

Mission

Leveraging IT's potential to change future for the Global Good.



Strength A Business Model

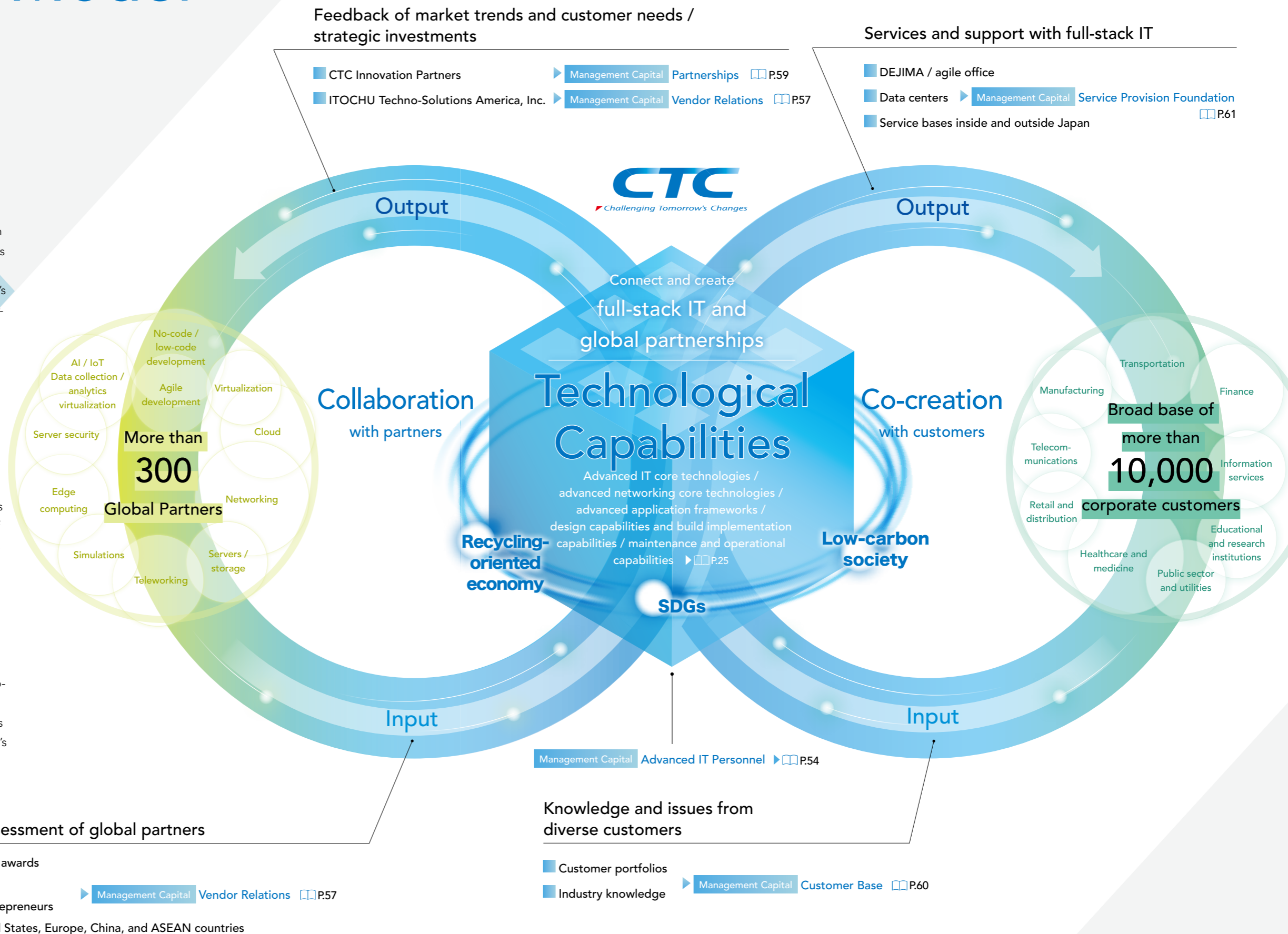
That Constantly Enhances Technological Capabilities

Since its founding, CTC has followed a business model of providing optimal solutions to customers' problems through a combination of excellent products and services it discovers and adopts from around the world. The accumulation of these technologies and knowledge is transformed into CTC's core strength in full-stack IT, and they lead to global partnerships that support this strength.

Here, global partnerships mean not only multi-vendor partnerships, where we find foreign vendors (such as partners) and sell their high-value-added IT products and services, but also partnerships with entrepreneurs that create new markets, the venture capital firms that support them, semiconductor design companies that seed new products, and manufacturers, in a diverse array of relationships.

CTC differs from a pure-play distributor of IT products and services from overseas companies. CTC creates markets while shedding light on the needs of its customers ahead of rivals in fields where IT can be effectively applied. CTC finds and makes its own optimal combination of IT products and services from within and without Japan, and provides these solutions to customers. For this reason, the phrase "global partnership" carries a special meaning for CTC.

Our diverse IT products and services, which have been created alongside such partners and have become a source of strength for CTC, serve to ensure that advanced technologies are utilized by our customers. These products and services continue to be passed down and grow in variety to this day at CTC in tune with our slogan, "Challenging Tomorrow's Changes."



Collaboration with and assessment of global partners

- Vendor certification partner rank / awards
- Obtain vendor certifications
- Network with venture capital, entrepreneurs
- Research network in Japan, United States, Europe, China, and ASEAN countries

Knowledge and issues from diverse customers

- Customer portfolios
- Industry knowledge

Strength

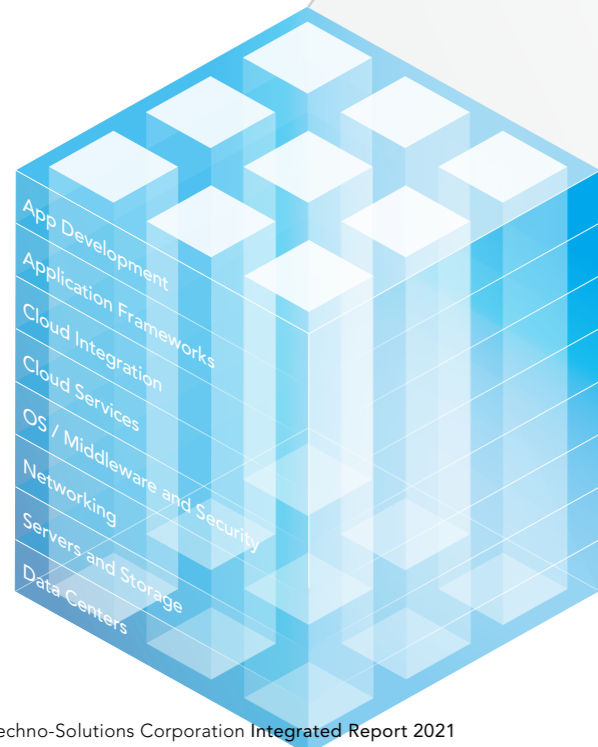
The CTC Group's Technological Capabilities

Connecting and Creating Full-Stack IT and Global Partnerships

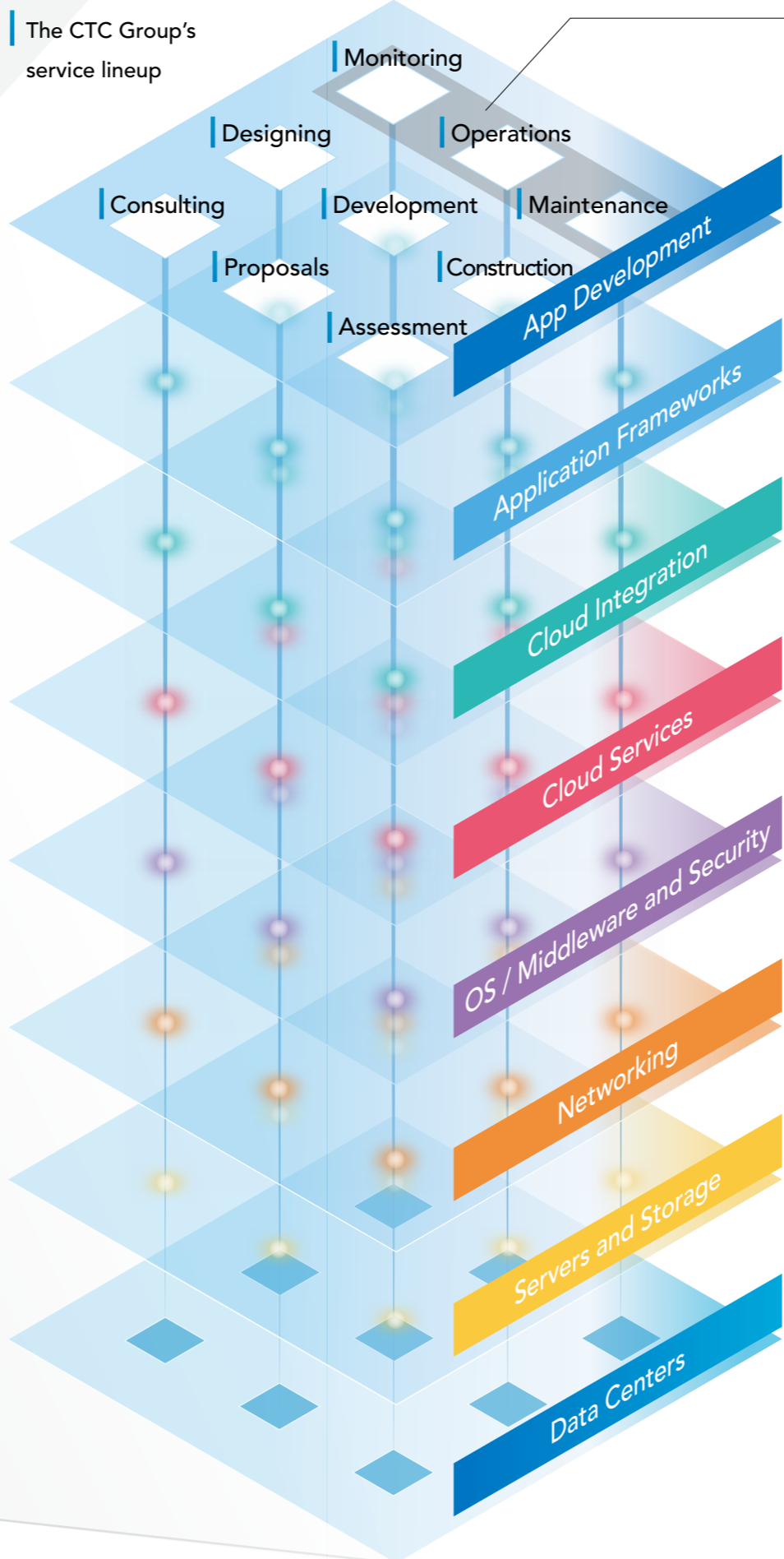
A single IT service cannot bring about a business transformation with new technologies. Applying a business model to the digital realm requires a combination of diverse IT services deployed in ways that also consider security and usability implications. New services in the cloud are being released all the time, and creating better IT services requires adapting the best cloud services in timely combinations. We have a full stack of IT services that facilitate such efforts. By connecting and creating services from among these many potential combinations, we are able to offer our customers cutting-edge solutions with optimal technologies. Moreover, depending on the diverse range of issues and needs faced by clients in a broad range of industry, we are able to propose ideas to manufacturers for improving their products and services. CTC can develop its own technologies to fill areas that lack the proper technology, in its ongoing quest to find the best solutions.

In the much-watched communications network field, CTC has carved out a position in the business of "creating" 5G services by leveraging its experience and knowledge gained from building networks for the major telecom carriers over many years, to fulfill increasingly advanced and complex technical requirements. In the business of using 5G services, in a world where many things are connected to networks to send and receive data in real time, we see potential for the creation of new businesses utilizing 5G services in a wide array of industries. In addition to its expertise in the business of creating 5G services, CTC is a powerful partner for clients keen to advance DX, leveraging its accumulated experience in utilizing technology to resolve the management issues of clients in a broad range of industries.

In business environments that require expandability, flexibility, and speed, CTC is able to leverage its diverse global partnerships and maximize its highly specialized full-stack IT services while taking on new challenges.



The CTC Group's service lineup



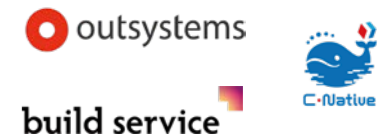
Operations and maintenance services
Full support from data centers and IT infrastructure to applications, the necessary building blocks for providing digital services

- CTC TECHNOLOGY CORPORATION
- CTC SYSTEM MANAGEMENT CORPORATION
- CTC FACILITIES CORPORATION
- ▶ Major Overseas and Domestic Group Companies □ P.48

Develop applications using our knowledge and experience tailored to each industry



Frameworks that allow flexible application development



Optimal integration of business-tailored SaaS at hyperscalers and CTC's own cloud



Azure

CTC's own high-quality, finely tuned cloud services



Control of applications to ensure secure operating environments



From carrier grade to data centers and edge computing



From data center operators to enterprises



Designed and operated by CTC

CTC data centers (Yokohama, Kobe, Mejirozaka)
CTC FACILITIES CORPORATION

Advanced IT staff provide problem-solving services with this full stack of IT services.

▶ Management Capital Advanced IT Personnel □ P54

Message from the CTO

Being Responsible for the Technologies We Provide

When CTC listed on the stock market, investors were keenly impressed by CTC's operational capabilities. Back then, our solid operational capabilities were one of our greatest advantages, backed by our technological strengths, and this remains true today. Our technological strengths have received high marks, because they enable us to see projects through to the end. To create new systems for our customers in diverse industries, system integrators naturally take the lead in solving issues by applying a range of technologies. Our reputation, meanwhile, is the cumulation of steady efforts on the frontlines every day to operate systems and fix any sort of problems on our own. I believe this is the outcome of following through on our commitment of taking responsibility for the technologies we provide since the time of our founding.

One important aspect of our business model is finding excellent products overseas, and then importing and selling

them in Japan. For Japan, which experienced a period of high economic growth and saw its economy expand through manufacturing, overseas products are viewed as being more advanced, but quality can be lacking with low reliability when they are rolled out. At the same time, foreign companies face high barriers to entry in the Japanese marketplace.

To deal with this situation, the first thing we did was establish a network of bases across Japan. When a product we deliver to a customer breaks down, our engineers can be rapidly deployed on-site to quickly fix the broken product. This reassures our customers, facilitating their adoption of foreign products. Since we created this environment ourselves, overseas vendors can depend on CTC to properly handle their products and services in Japan. With both customers and vendors comfortable with leaving things up to CTC, we are able to fulfill our responsibilities from a position on both the demand and supply sides. This in essence is the source of our business.

Full-Stack Development: A Strength CTC Has Nurtured through the Source of Its Business

The reputation we have gained has a major impact on growing our technological capabilities. To operate systems on its own, from the introduction to the support phases, CTC has spared no effort to acquire technologies and open support bases. We believe this is why overseas vendors interested in entering the Japanese marketplace are keen to ask CTC to handle and maintain their products. Today, CTC has a well-balanced multi-vendor environment in place that cannot be found at other system integrators, from hyperscalers to startup firms. From the start, CTC offers full-stack development services, from the design and building of solutions to their

operation and maintenance, using a wide range of technologies. We have a long history of working with telecom carriers, and we are now experts in the fields of infrastructure building and networking.

At the root of this is our strengths in full-stack development that encompass all the needed technologies, created through the collective efforts of our engineers who are experts in their specialized fields to tackle complex problems with advanced technologies. We are confident that our solutions will gain the trust of our customers.

Tadataka Okubo

Senior Managing Executive Officer, Assistant to the President (Special appointment for Advanced IT Strategy), CTO



When we talk with vendors, we do so from the standpoint of representing our customers, not as a pure sales agency. Discussions are held with the CEO and CTO on important issues in the Japanese marketplace, as well as on occasion, technologies and business and marketing strategies with an eye on the future. In addition, opportunities are provided for the next-generation IT talent at CTC to interact with their counterparts at Silicon Valley, which has a relatively high turnover of top management. While deepening our

understanding of concepts, we aim to build relationships with partners who will create the future with IT.

It is also vital to build relationships with many vendors able to discuss strategies in this way. In this age of rapid advances in IT and clear movement toward open source, identifying which technologies are ideal and long-lasting is becoming increasingly difficult. It is not possible to provide truly optimized systems just by looking at the trends at some companies.

Message from the CTO

CTC Is Showing Its True Value Now

The trend toward open source in recent years has sparked a discussion about whether system integrators will no longer be needed in light of the increase in areas where customers can build their own systems. Indeed, low-code and no-code programming environments have caught on, leading to the internalization of some areas. From early on, CTC began handling OutSystems in its agile development practices and encouraged customers to introduce it, but this development environment needed someone to maintain and upgrade it.

A "Value Creator" That Creates New Value



For customers to advance DX and create new value on their own, they must hire or train people with expertise in ICT and peripheral technologies, a field where there are not that many experienced people, making such an endeavor unrealistic. This is where the CTC Group can prove its true value as a system integrator, with more than 40 years of cumulative technologies and know-how gained from providing diverse environments and frameworks.

CTC does not think its current core technologies in IT will be enough to sustain growth. This is because there are limitations to gains in efficiency from the introduction of new IT systems in the context of improving productivity with tools and methodologies. Automating work that has become routine and deploying AI allows people to engage in creative work that AI systems cannot handle. FinTech and other sectors have been integrating and combining technologies, another area of creativity that an AI system cannot manage. Over the past year, the movement toward teleworking and the making of vaccination appointments have been areas where systems must be easy for nontechnical people to use without anxiety. Regardless of age, creating systems that anyone can use requires having an ability to put oneself in their life positions and reflecting this insight in UI/UX concepts.

Looking ahead, IT systems are likely to be integrated, even in the design and art worlds for games and digital entertainment. Our aim is to be a "Value Creator" that creates novel value as an integrator of technologies into social foundations that support people's lives, while going beyond the value of increasing efficiency and productivity at our customers.

Versioning Up Our Engineers

To be a "Value Creator," CTC is keen to "version up" its engineers, and this requires upgrading our strengths in full-stack development. With an eye on reforming our personnel system, we are moving to create a framework where flexible work assignments are possible while putting the right person in the right job.

Skills and experiences are often the focus of finding the "right person," but for engineers we also add "interests" to the criteria for screening personnel. Our in-house community "Dojo" is where engineers can express their interests in new technologies and dive deeper into building their own systems and programs. From this, it is evident that our engineers are keen to learn new technologies on their own about 5G and quantum computing, for example. As their ambitions push the Company forward, we wish to create an environment where engineers can expand into multiple technological fields.



As a Member of Society, CTC Is Here to Solve Social Issues

We are approaching a turning point in technological advances over the next 10 or 20 years. IT is viewed as a growth sector, and it is natural to try and use IT to solve a variety of social issues, but since IT is an industry that has grown explosively over the years, the IT industry itself has its own problems. Such issues include the waste generated when IT is deployed, and the enormous amount of electricity needed to operate massive systems in data centers and supercomputers. These problems can impact the global environment through climate change. We must tackle these issues and try to solve them.

As this turning point approaches, CTC is reassessing its origins as a technology company. Without forgetting the importance of maintenance and repairs that it has performed since its founding, CTC will continue to respect its history of maintaining facilities on its own. As it incorporates new ideas

and methodologies into novel technologies and products, I hope the CTC Group will continue to be a "Value Creator" that takes on the challenge of solving problems that the IT industry should address.



Our History

CTC has continued to grow while building on its reputation for expertise in matching the needs and strategies of its clients to the technologies and strategies of vendors around the world. While keeping an objective outlook on the future, CTC will continue to accumulate technological capabilities that give it a competitive edge.

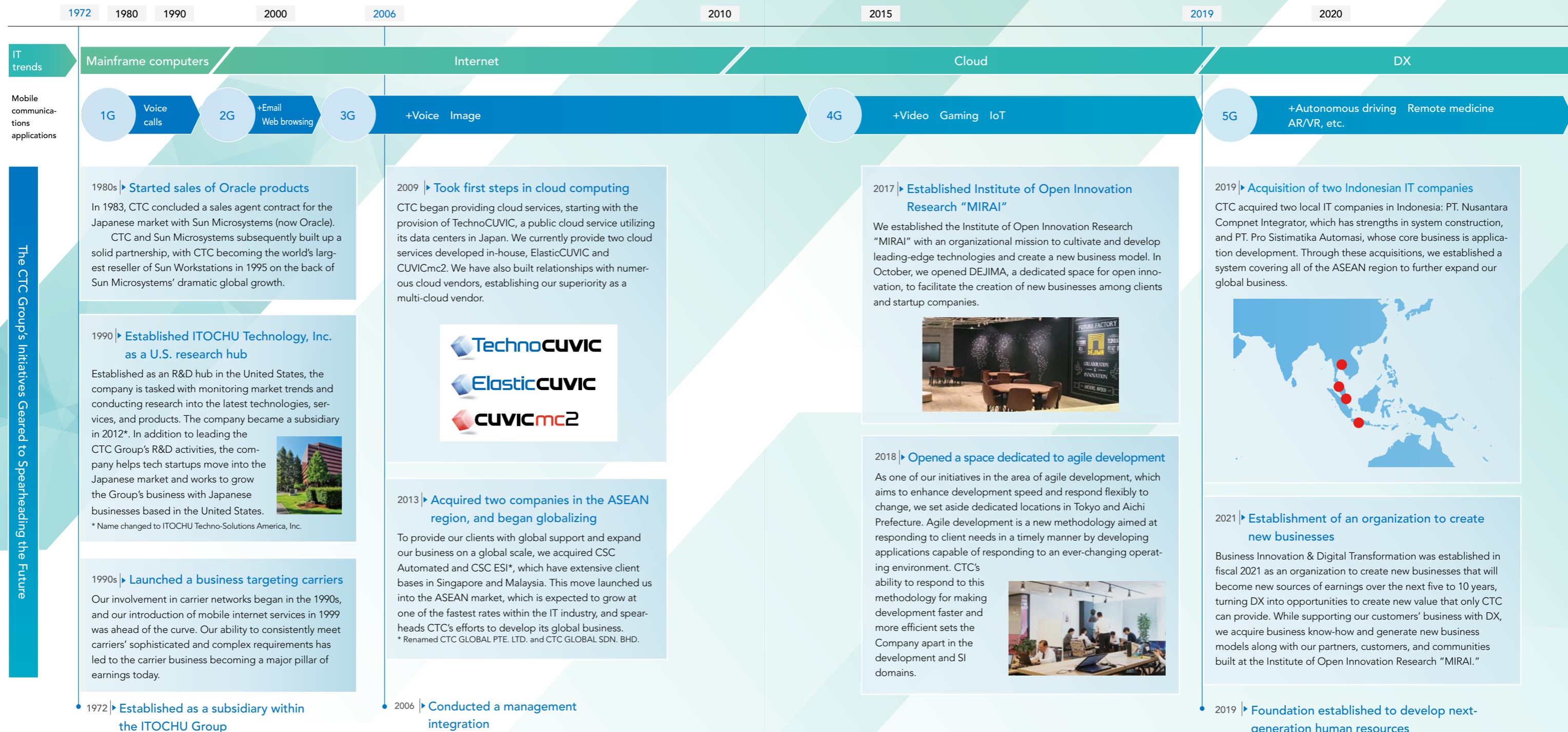
column CTC's Backstory

In 1958, we started out in the technological field of electronic calculators, which back then were referred to as scientific computation. Behind the scenes, we provided support for national projects, including designs for the Shinkansen bullet train, and calculations of queues at Olympic stadiums. Today, these scientific computations are used in the structural analysis of expressways, bridges, and the construction of skyscrapers, as well as more broadly in the fields of weather forecasting and simulations of earthquakes and tsunamis. We also participate in national renewable energy projects and develop proprietary systems for estimating the best locations for solar and wind power facilities, and for predicting electrical power generation.

We launched the infrastructure-related business in 1972. Around the time that general-purpose computers began to come out, the development of a range of public services required the digitalization of large volumes of data in short order, so we began

selling products for data entry operations. We were able to reduce the cost of data entry operations by enhancing efficiency, which contributed greatly to growth in the contract computation business with local governments. Back then, we helped clients transform into system integrators, and even today we still help these clients adapt to changes in IT.

Our predecessors, ITOCHU Techno-Science Corporation and CRC Solutions Corporation, were listed on the stock market in 1999 and 2000, respectively. These two firms were highly regarded for their strong operational capabilities, partly because they had just launched large-scale data center operations and handled popular UNIX products. CTC is still highly regarded by its customers in these areas today. This backstory is important to know for understanding how our technological capabilities came to support our strong operational capabilities.



The CTC Group's Initiatives Geared to Spearheading the Future

Review of Previous Medium-Term Management Plan

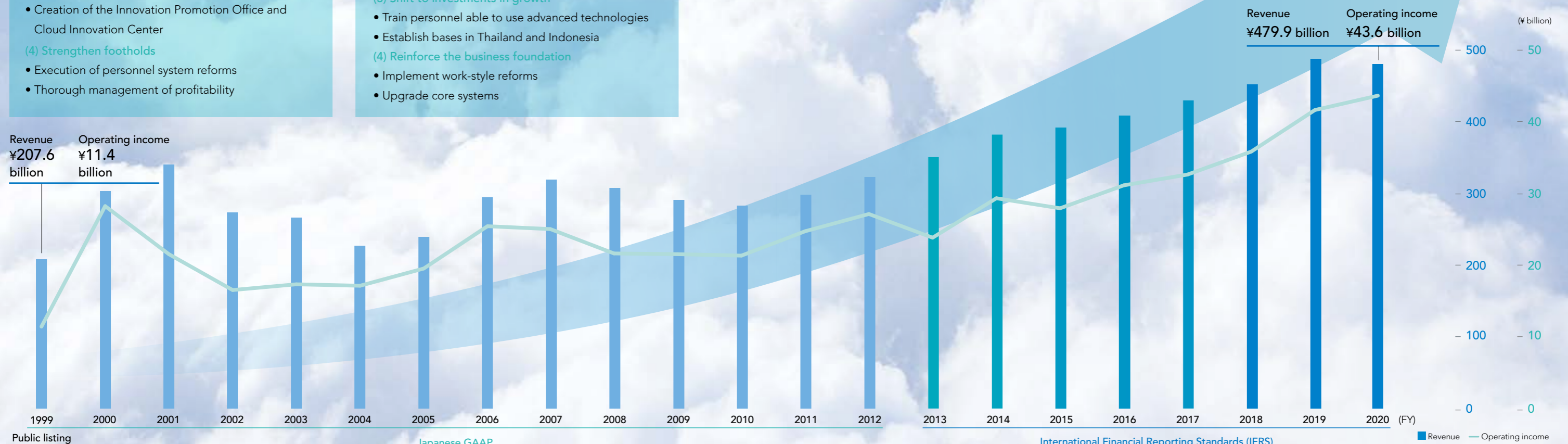
Advancing the IT Industry as a Leading Company

Opening New Horizons

2013–2014	2015–2017
<p>▶ Revenue Target: ¥360 billion → ¥381.9 billion</p> <p>▶ Operating income Target: ¥30 billion → ¥29.3 billion</p> <p>▶ Net profit attributable to CTC's shareholders Target: ¥18 billion → ¥17.4 billion</p>	<p>▶ Revenue Target: ¥500 billion → ¥429.6 billion</p> <p>▶ Operating income Target: ¥40 billion → ¥32.6 billion</p> <p>▶ ROE Target: At least 10% → 11.8%</p> <p>▶ Market capitalization Target: At least ¥500 billion → ¥534.5 billion (peaked at ¥614.4 billion)</p>
<p>Initiatives and outcomes</p> <p>(1) Reinforce strengths</p> <ul style="list-style-type: none"> • Achieve stable growth in primary business groups, deepen relationships with major customers <p>(2) Enter growth domains</p> <ul style="list-style-type: none"> • Acquire and expand new business domains <p>(3) Develop cutting-edge and optimal technologies</p> <ul style="list-style-type: none"> • Creation of the Innovation Promotion Office and Cloud Innovation Center <p>(4) Strengthen footholds</p> <ul style="list-style-type: none"> • Execution of personnel system reforms • Thorough management of profitability 	<p>Initiatives and outcomes</p> <p>(1) Shift to service-oriented business</p> <ul style="list-style-type: none"> • Release various unique services • Expand cloud business <p>(2) Shift to comprehensive strength management</p> <ul style="list-style-type: none"> • Large-scale reorganization • Tackle large projects across business groups <p>(3) Shift to investments in growth</p> <ul style="list-style-type: none"> • Train personnel able to use advanced technologies • Establish bases in Thailand and Indonesia <p>(4) Reinforce the business foundation</p> <ul style="list-style-type: none"> • Implement work-style reforms • Upgrade core systems

2018–2020	
<p>▶ Net profit attributable to CTC's shareholders Target: ¥30 billion → ¥30.5 billion</p> <p>▶ ROE Target: 12% or above → 12.5%</p> <p>(1) Go Upwards!: Challenge Business Transformation</p> <ul style="list-style-type: none"> • Achieve progress in digital business for key customers • Strengthen agile development and low-code development <p>(2) Go Forwards!: Sharpening Our Advantages</p> <ul style="list-style-type: none"> • Maintain and expand strengths in large-scale infrastructure and network domains • Achieve growth in cloud computing and other recurring business models 	<p>▶ Cloud, IT outsourcing business Target: ¥60 billion → ¥71.6 billion</p> <p>▶ Global businesses Target: ¥60 billion → ¥61.7 billion</p> <p>(3) Go Outwards!: New Coverage, New Region in Globe</p> <ul style="list-style-type: none"> • Investment execution in Indonesia, Malaysia, and the United States • Creation of new businesses through the use of CVC <p>(4) Consolidate Footholds!: Stabilize Management Infrastructure</p> <ul style="list-style-type: none"> • Work-style transformation, health management, and promotion of women's participation and advancement • Changes in corporate governance structure • Dividend increase for 12 consecutive fiscal years

Toward the next stage



Public listing

Japanese GAAP

International Financial Reporting Standards (IFRS)

■ Revenue — Operating income

Medium-Term Management Plan (2021 to 2023)

Beyond the Horizons

To the Future Ahead

Expand
Expand current wealth
Further exploration and market expansion in strong areas

Steering the future of wealth
Contributing to the current wealth is the driving force.

Upgrade
Increase feasibility
Practicing self-improvement with a view to the future

Accelerate
Create future wealth
Accelerate new initiatives that support customers' innovation

Under the previous medium-term management plan, we reinforced our infrastructure and network base that the CTC Group has called a strength to date and we expanded recurring businesses such as cloud operations. With "Challenge Business Transformation" as a motto, we advanced development methods, such as agile development and low-code development, and co-created businesses with customers. On global scale, the CTC Group saw steady business expansion at local overseas bases, while putting the finishing touches on a SI network in the ASEAN region that includes Malaysia, Singapore and Thailand, with the acquisition of an Indonesian company in 2019.

While this was a year in which COVID-19 had a significant impact, domestic IT investment continued to grow, and DX

needs increased for modifying business models and adapting to new ways of working and changes in people's behavior. The commercial rollout of 5G services has begun, and more open and advanced SI is poised to gain momentum. The time that we have long prepared for has truly arrived.

Under the new medium-term management plan, CTC's strategy aims to Expand its accumulated strengths further, Accelerate new initiatives to create wealth by turning these strengths into a driving force, and Upgrade its personnel and business foundation to further enhance these two synergistic benefits. To leap into the future that lies ahead of it, CTC will take a balanced approach to pursuing these three strategies.

FY2023 Quantitative Targets

Operating income ratio
10%

Net profit attributable to CTC's shareholders
¥40 billion

ROE
13% or above

Analysis of the External Environment

In this "new normal," remote working and digital technologies have become an essential part of people's lives and economic activity. The overall IT market is projected to continue growing briskly.

Politics

Opportunities

- Introduction of laws and regulations related to information security
- Acceleration of Digitalization in Government Administration to Realize a Digital Society
- Demand for higher labor productivity in keeping with work-style reforms

Factors Limiting Growth

- Restrictions on the use of specific products due to worsening relations between countries
- Restrictions in movements of people and commodities due to the impacts of the global COVID-19 pandemic

Economy

Opportunities

- Improvement in business conditions for major corporations as overseas economies recover
- Acceleration of DX

Factors Limiting Growth

- Curtailment and delays in IT investment due to the impacts of the global COVID-19 pandemic

Society

Opportunities

- Need to respond to the "new normal"
- Demand for improved productivity stemming from the declining birthrate, population aging, and contraction in the workforce
- Demand for regional innovation and revitalization of local economies

Factors Limiting Growth

- Decline in the working population and shortages of advanced IT staff

Technology

Opportunities

- Digitalization of society with 5G
- Utilization of cloud-native technologies
- Response to the "2025 digital cliff" and reinvention of core systems

Factors Limiting Growth

- Global semiconductor shortage
- Product commoditization

Beyond the Horizons

▶ To the Future Ahead

In our new medium-term management plan, management does not lay out concrete strategies; instead, it outlines an approach for each business group and employees belonging to these business groups, to deepen their understanding of customers by taking their perspective. Customers are not just our customers but also their users, the people living out their daily lives. We seriously consider not just the needs that materialize before us but also what potential needs a customer truly has, and then find the best IT solution for these needs. The three years of the new medium-term management plan are a period for expanding the domains

where we can provide value, starting with the frontlines that are the closest to our customers and society. At the same time, we must work with our customers to design their businesses together. We have built up the necessary know-how and technologies, and the challenge we face is strengthening collaboration within the Group and freely redeploying knowledge gained in other domains.

We are steadily moving forward in anticipation of the future ahead, looking beyond the horizon for the time when this medium-term management plan ends.

Priority Scenarios

Accelerate

Create future wealth

Accelerate new initiatives that support customers' innovation

Customer operations, customer businesses, and DX in people's daily lives



▶ Examples of initiatives

- Advance DX projects at customers by modernization
- Transform customers' businesses with digital technology
- Engage in proactive support of the ITOCHU Group's DX

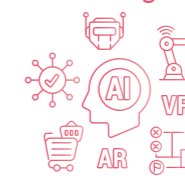
Community building and expanding business co-creation



▶ Examples of initiatives

- Establish a superior competitive position through co-creation business with customers, such as profit sharing and joint ventures
- Jointly provide solutions and servers to the customers of our customers
- Move from system integrator to business partner, increase brand recognition

Providing high value-added services and advanced technologies



▶ Examples of initiatives

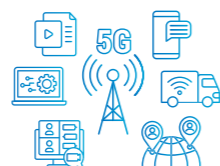
- Acquire DX consulting and design consulting functions, create functions to support DX
- Strengthen agile development and launch managed services
- Develop advanced technologies and services that help customers to grow

Expand

Expand current wealth

Further exploration and market expansion in strong areas

5G business expansion based on "creation"



▶ Examples of initiatives

- Maximize 5G-related business with telecom carriers
- Strengthen 5G-related business for enterprises and public utilities
- Increase sales in product businesses, improve margins, enhance portfolio management, boost efficiency in maintenance services

Strengthening XaaS businesses



▶ Examples of initiatives

- Improve earnings power by strengthening cloud integration and cloud-native development
- Comprehensively expand cloud services that support DX
- Contribute to local communities with IT and communications technologies that support the new normal era

Global expansion of domestic business models



▶ Examples of initiatives

- Transform business models of overseas operating companies
- Acquire global super accounts
- Develop a global business model by leveraging strengths in product procurement

Upgrade

Increase feasibility

Practicing self-improvement with a view to the future

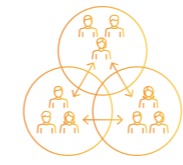
Strengthening overall capabilities by combining individual growth and the right person in the right place



▶ Examples of initiatives

- Build a monitoring framework and create dynamic personnel portfolios based on the management strategy
- Create a personnel system with evaluations and compensation based on roles and performance with the aim of increasing specialization
- Promote work styles autonomously designed by employees that respect the diverse values of employees

Management infrastructure reform to adapt to changes in the environment



▶ Examples of initiatives

- Reinforce the Group's comprehensive strengths by changing value propositions at core and functional companies
- Advance internal DX projects while leading digital change and improving competitiveness
- Make risk management and internal controls aware of frequent changes in the environment

Co-existence with various stakeholders



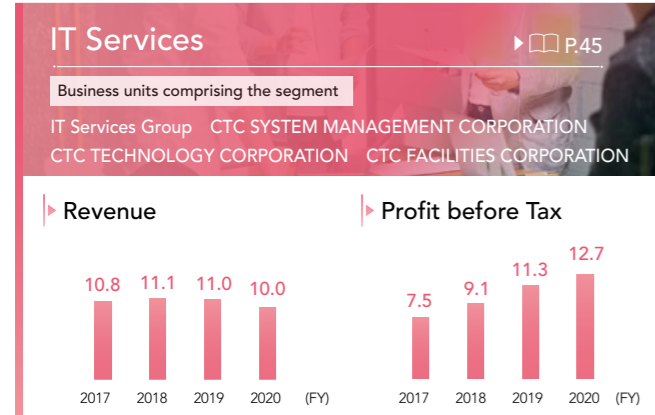
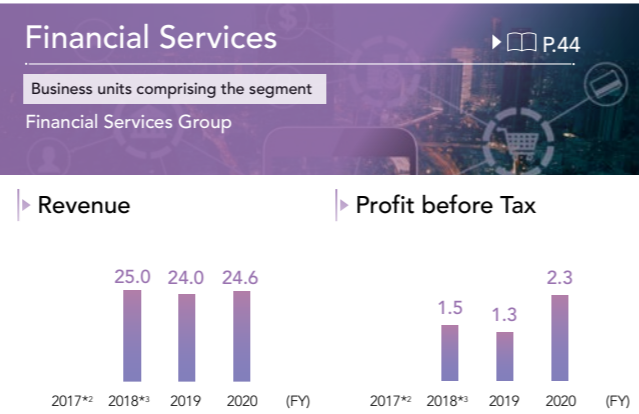
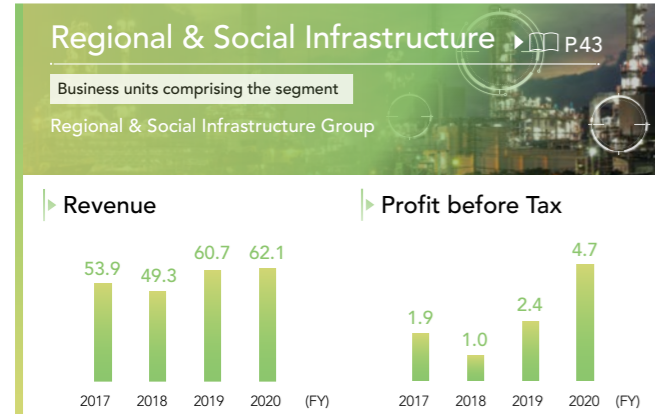
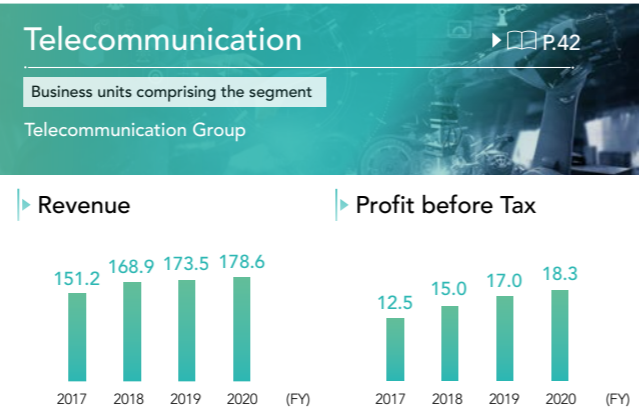
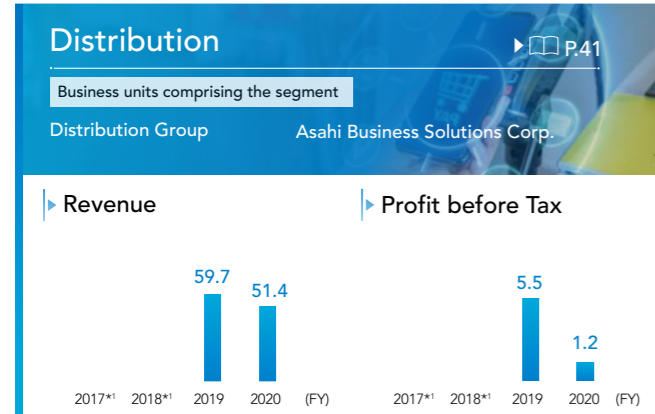
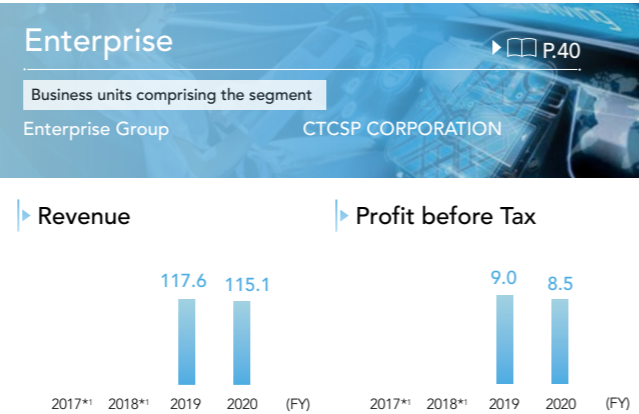
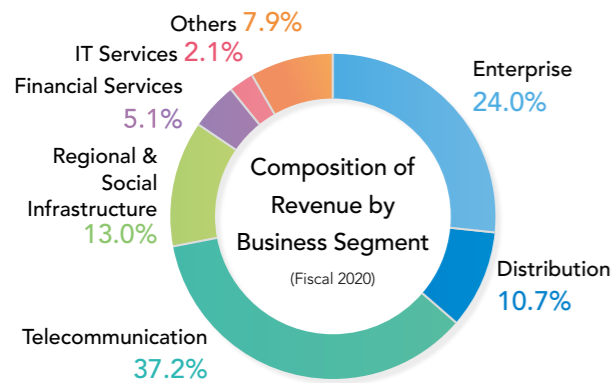
▶ Examples of initiatives

- Enhance corporate branding
- Establish an ecosystem with suppliers and partners
- Sustain growth in ROE and maintain the dividend payout ratio

Business Segments at a Glance

- Business segments and business units comprising the segment are as of fiscal 2020.
- Revenue represents revenue from transactions with external customers.

(¥ billion)



*1 The segment's revenue and profit before tax in fiscal 2017 and fiscal 2018 have not been included because a reorganization implemented on April 1, 2020 has made it difficult to compare fiscal 2017 and fiscal 2018 with subsequent fiscal years based on the same conditions.
 *2 The segment's revenue and profit before tax in fiscal 2017 have not been included because a reorganization implemented on April 1, 2019 has made it difficult to compare fiscal 2017 with subsequent fiscal years based on the same conditions.
 *3 The segment's revenue and profit before tax in the financial statements for the said fiscal year have been included because the effect of a reorganization implemented on April 1, 2020 was minimal.

Enterprise Group

Target Customers

Companies in such industries as manufacturing, media, services, automobile, transportation, consumer goods, life sciences, and healthcare



Takanori Minatohara

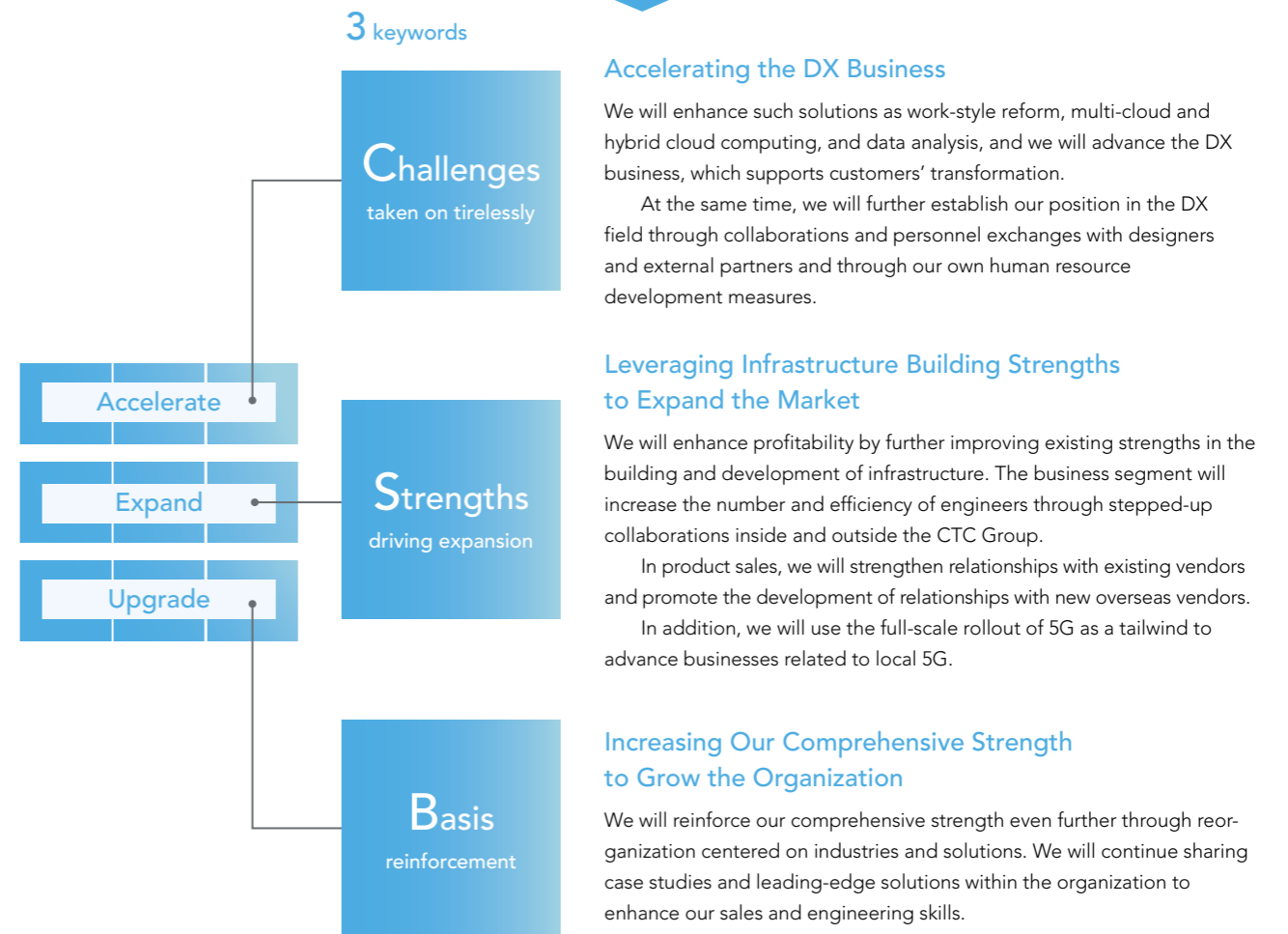
Managing Executive Officer
COO, Enterprise Group

Strengths	Opportunities
<ul style="list-style-type: none"> • Strong customer base covering a wide range of business fields • Operational know-how derived from our broad customer base • Ability to build infrastructure by leveraging advantages as a multi-vendor • Technological prowess in the areas of analysis, simulation, and AI 	<ul style="list-style-type: none"> • Changes in the structure of industries driven by accelerated data communication speeds (5G) • Transformation of the business models of automobile and related industries • Growing need among customers for adaptation to DX
Challenges	Factors Limiting Growth
<ul style="list-style-type: none"> • Initiatives that swiftly leverage leading-edge technologies and provide solutions • Training employees to respond to the rapid pace of technological innovation 	<ul style="list-style-type: none"> • Curbing of IT investment due to the global economic slowdown • Shortage of qualified IT professionals • Curtailment of and delays in IT investment due to the impacts of the global COVID-19 pandemic

2023

Management Vision

Breakthrough to the Next Stage



Distribution Group

Target Customers

Companies in such industries as distribution, food, wholesale, and retail as well as financial companies in such areas as credit, insurance, and securities

Strengths

- Operational knowledge accumulated through continuous building of relationships with customers in the distribution and retail industries
- Knowledge of retail finance accumulated from settlement and contact center operations
- Synergy with ITOCHU Group companies

Opportunities

- Increase in IT investment aimed at improving efficiency to compensate for labor shortages
- Increasing need for assistance in readying businesses for the next generation through DX
- Proactive IT investment driven by customers' ESG and SDG initiatives

Challenges

- Collaboration with specialized vendors that have expertise, such as consulting companies
- Ability to cope with large-scale projects that are becoming more sophisticated and complex
- Development and securing of personnel conversant with leading-edge technologies

Factors Limiting Growth

- Decline in consumer spending due to the economic slowdown
- Difficulty in acquiring engineers

Junji Hirooka

Managing Executive Officer
COO, Distribution Group
COO, Global Business Group

2023

Management
Vision

In addition to developing core systems, aiming to establish the DX business as an earnings mainstay and become a solutions group that is truly a partner to customers

3 keywords

Advancing
our strengths

Enhancing Strengths in the Development and Management of Core Systems through New Methods and Technologies

Based on our experience in developing core systems, which is our existing strength, we will adopt new technologies and development methods to heighten the level of our development and management activities.

In addition, we will bolster our ability to develop cloud computing, networks, and other infrastructure by acquiring knowledge and management know-how. Also, we will consolidate our pool of engineers both to improve operational efficiency and increase capabilities.

Viewing Change as an Opportunity in the DX Business and Creating New Solutions

We will actively engage in the DX business, a new field, by accurately identifying the needs of customers who are under pressure to respond to changes in social values and lifestyles due to the COVID-19 pandemic.

In addition, we will accumulate know-how on the management of increasingly sophisticated and complex projects to enable the DX business to progress even further. Also, we will expand our business by creating and developing new solutions.

Upgrading Our Business by Advancement & Evolution

We aim to become a true business partner for our customers by advancing our existing business centered on the development of core systems and by evolving our business model with a focus on DX. To this end, we will bolster the relationships that we have built with customers by strengthening our human resources and capabilities.

In addition, to expand our business field, we will develop relationships with partners who have strengths in upstream processes and leading-edge technologies. At the same time, we will improve customer service by augmenting coordination with operating companies.

True Value
delivered
to customers

Telecommunication Group

Target Customers

Telecom carriers, internet service providers, etc.

Strengths

- Large-scale infrastructure building capabilities that support telecommunications networks
- Ability to develop and manage mission-critical systems
- Ability to discover, acquire, and provide next-generation technologies and the latest products

Opportunities

- Rapid growth in data traffic on mobile networks
- Full-fledged introduction of 5G and the penetration of AI, the IoT, and other digital technologies
- Beginning in earnest of telecom carrier co-creation projects targeting corporate customers

Challenges

- Achieving rapid responses and differentiation in relation to the introduction of new technologies
- Securing and developing high-value-added human resources

Factors Limiting Growth

- Intensification of competition for telecom carrier projects
- Loss of business opportunities due to a shortage of semiconductors

Yasuhiko Terada

Senior Managing Executive Officer
COO, Telecommunication Group

2023

Management
Vision

- Leveraging existing strengths to expand the 5G field and establishing new business models
- Pursuing next-generation communication technologies in anticipation of 6G

3 keywords

5G+

Expanding Business in the 5G Field and Investing with a View to 6G

We will expand our business in the existing 5G field and acquire new communications standard projects, such as local 5G and WiFi6. Also, we will take on the challenge of new fields (Radio Access Network). To enable these initiatives, we will acquire next-generation technologies (including O-RAN, vRAN, and MEC). In addition, setting our sights further ahead to the advent of 6G, we will actively acquire technologies and invest (including participation in standardization organizations and research).

DX

Supporting the Creation of Services That Enable DX

We will advance the acquisition of telecom carrier co-creation projects (B-to-B-to-X).

We aim to create new services for corporate customers by combining the 5G networks of telecom carriers with IT technologies for which we have particular competence.

Global

Entering the ASEAN Region to Expand Our Business Field

To pursue further expansion of our business field, we will establish businesses in the ASEAN market. Going forward, we aim to realize projects that cater to local telecom carriers by utilizing the customer bases of our overseas operating companies and our strength in building large-scale infrastructure that supports telecommunications networks.

Regional & Social Infrastructure Group

Target Customers

Central government ministries and agencies, local governments, educational institutions, regional banks, utilities, social infrastructure companies, etc.



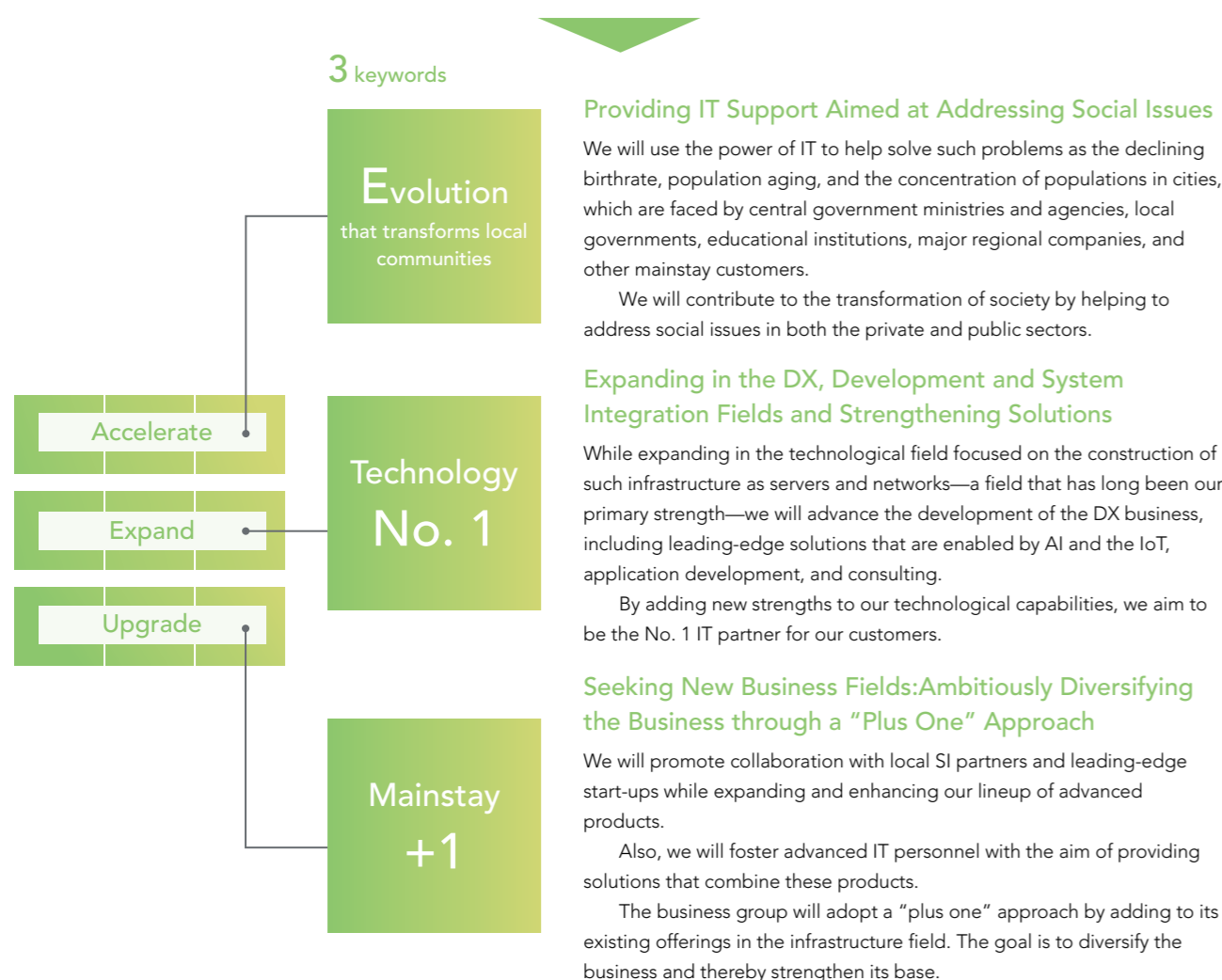
Hisashi Eda

Director & Senior Managing Executive Officer
COO, Regional & Social Infrastructure Group

Strengths <ul style="list-style-type: none"> Large-scale system integration capabilities acquired in the social infrastructure sector Network of partner companies covering all regions Business know-how gained from our broad customer base Expertise in AI and other lead-edge technologies 	Opportunities <ul style="list-style-type: none"> Full-scale use of AI and IoT technologies to improve business efficiency and services Demand for a shift to cloud computing in the public sector Growing need to improve labor productivity as the rural populations decline
Challenges <ul style="list-style-type: none"> Increasing the efficiency of our management of a broad business field Development and securing of advanced IT personnel 	Factors Limiting Growth <ul style="list-style-type: none"> Reining in of IT investment due to the economic slowdown Shortage of IT personnel due to population decline Curtailment of and delays in IT investment due to the COVID-19 pandemic

2023
Management
Vision

Having fields where we enjoy an overwhelming No. 1 position and contributing to the transformation of local communities



Financial Services Group

Target Customers

Megabanks, government financial institutions, etc.



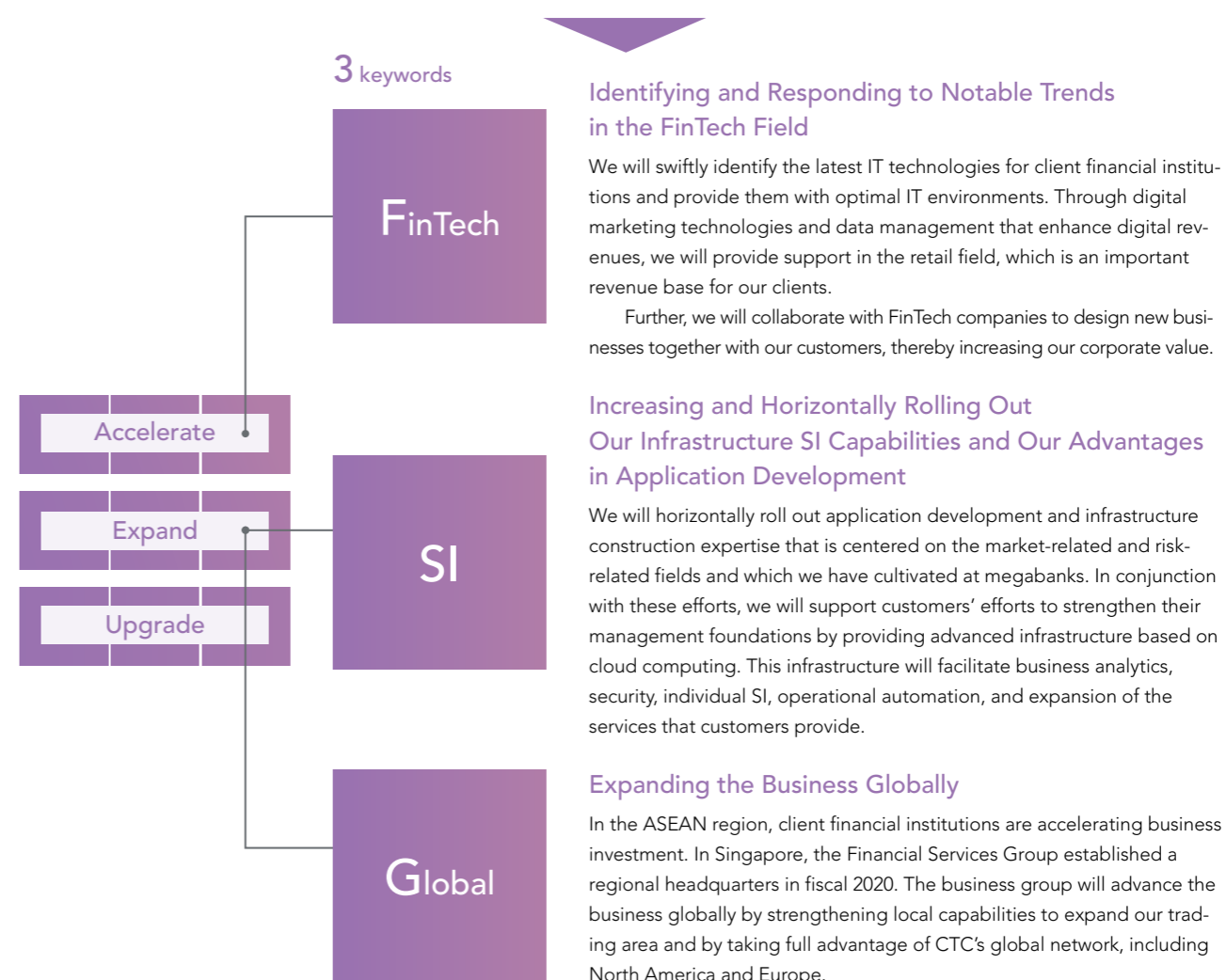
Toshiyuki Awai

Managing Executive Officer
COO, Financial Services Group

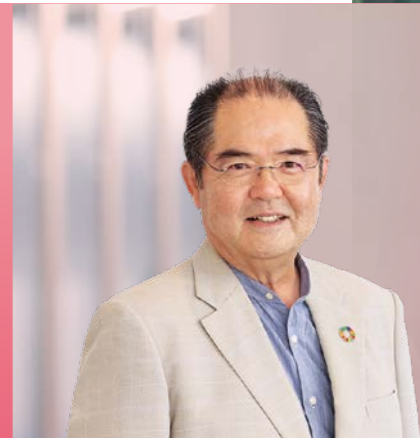
Strengths <ul style="list-style-type: none"> An extensive track record at major financial institutions and knowledge of the market-related and risk-related fields Ability to build high-quality infrastructure by utilizing cloud computing and virtualization technologies Data utilization know-how acquired through years of SI and analysis in the financial institutions data field A global network that supports financial businesses in North America, Europe, and the ASEAN region 	Opportunities <ul style="list-style-type: none"> Utilizing the latest digital technologies (API connection, etc.) to support diversifying financial businesses Providing data utilization environments that support customers' revenue bases Supporting DX that helps to strengthen management foundations
Challenges <ul style="list-style-type: none"> Acquiring financial IT, which is rapidly evolving Developing engineers who can lead the way in AI, cloud-native technologies, and other modern technologies 	Factors Limiting Growth <ul style="list-style-type: none"> Prolonging of the Bank of Japan's low interest rate policy Impact of the COVID-19 pandemic on the business environment of client financial institutions

2023
Management
Vision

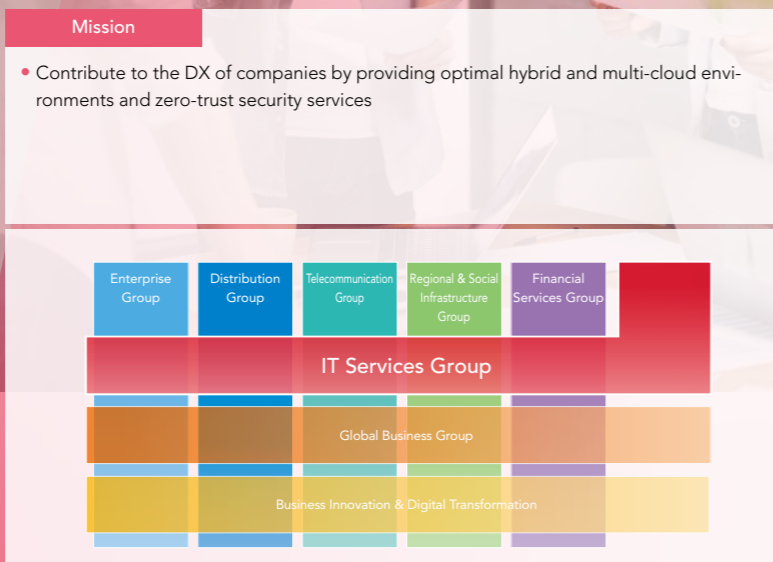
Responding to changes in the banking industry with optimal financial IT and promoting the DX business to support the next generation of financial institutions



IT Services Group

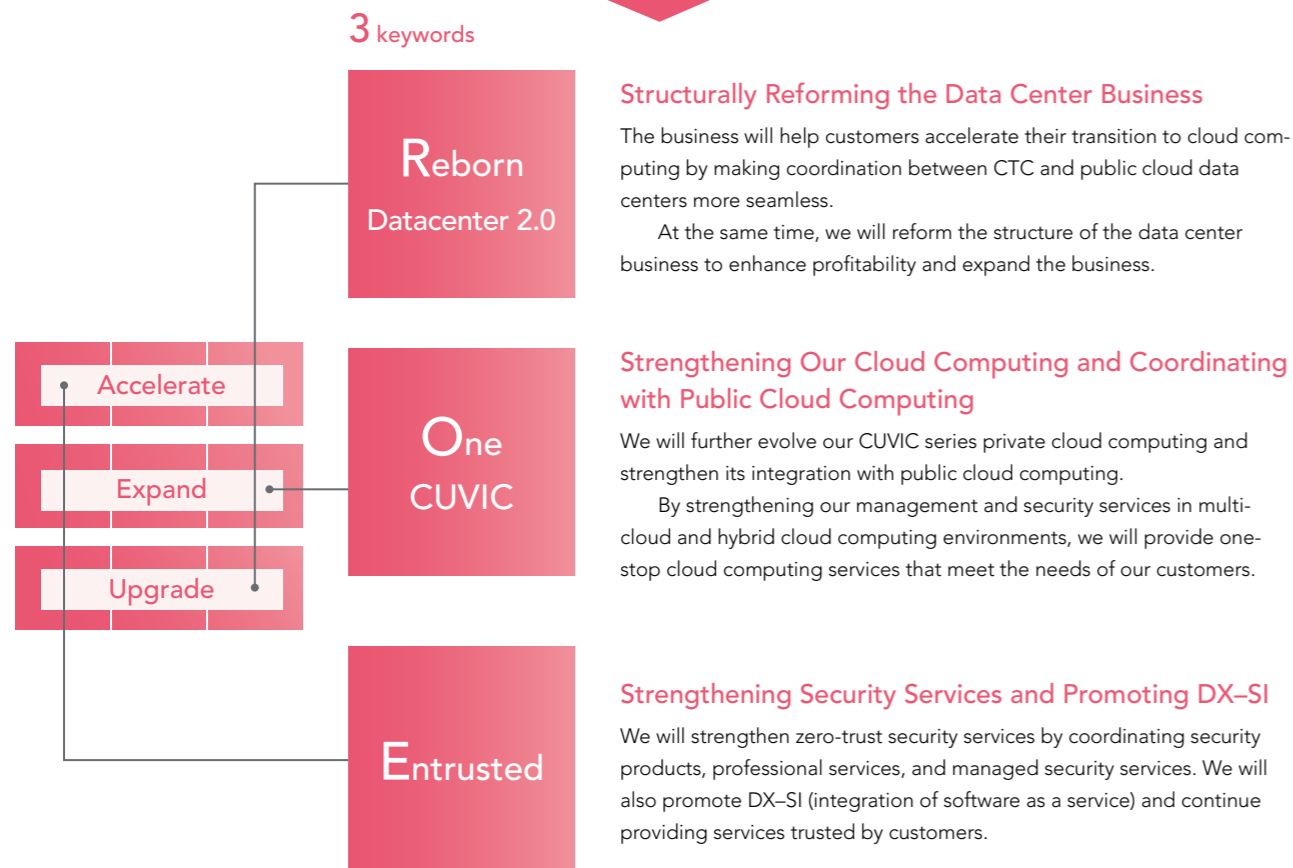


Eiji Haraguchi
Managing Executive Officer
COO, IT Services Group



2023 Management Vision

- ▶ Rolling out "One CUVIC", a cloud-centric, one-stop service that coordinates a seamless cloud environment with managed services and security services
- ▶ Providing reliable services while advancing support for cloud-native DX-SI



Global Business Group

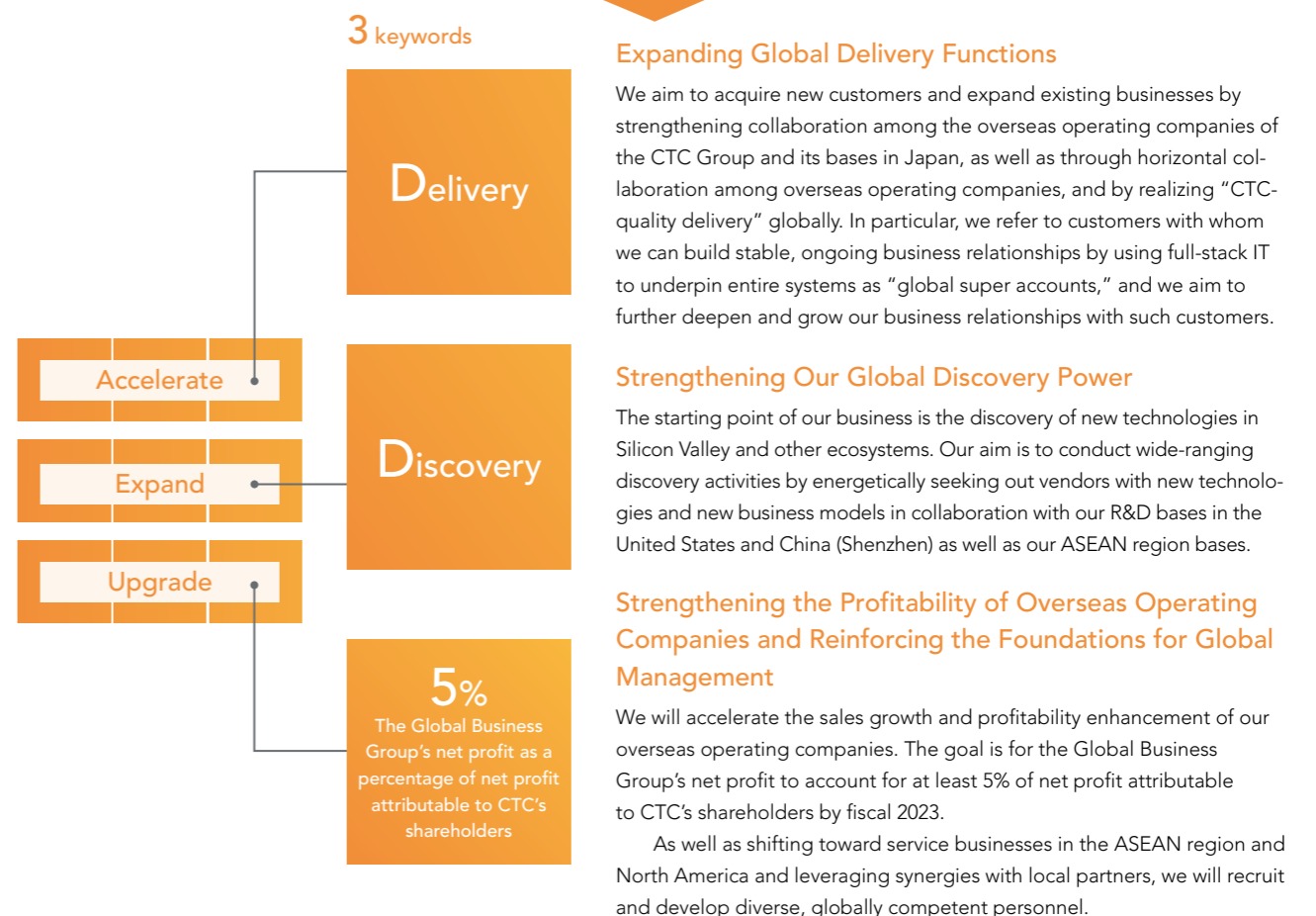


Junji Hirooka
Managing Executive Officer
COO, Distribution Group
COO, Global Business Group



2023 Management Vision

- ▶ Expanding the business by realizing service delivery of the same quality as that of CTC's domestic services and by pursuing a "global super account" strategy
- ▶ Conducting global discovery activities to unearth leading-edge technologies and develop new business models
- ▶ Strengthening the management bases of overseas operating companies even further

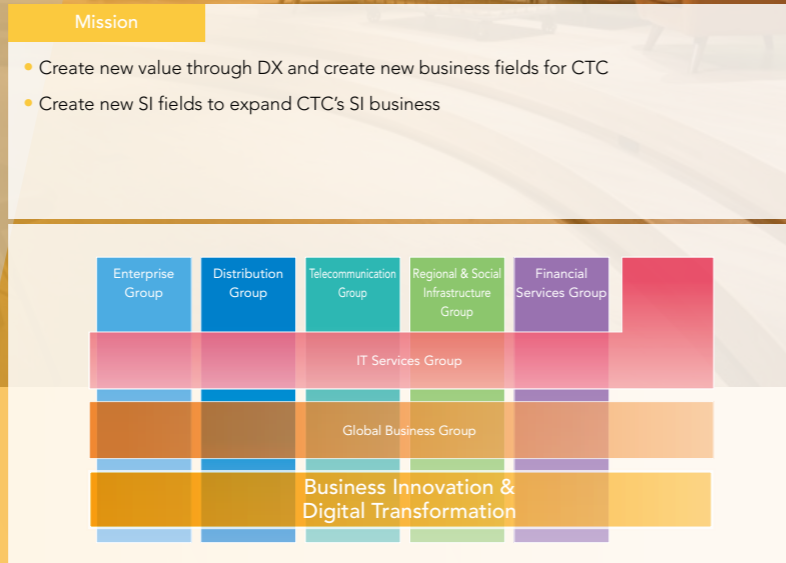


Business Innovation & Digital Transformation

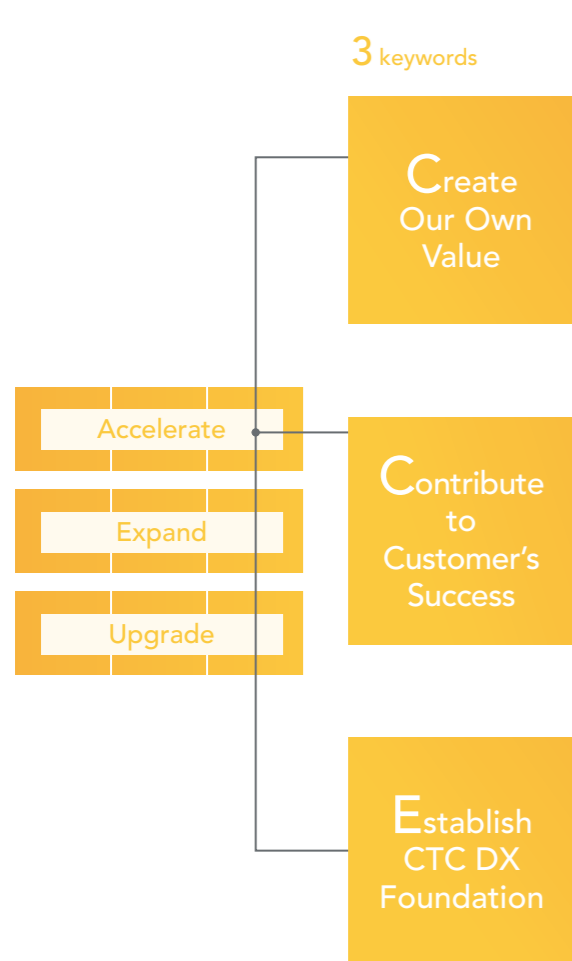


Nagaki Fujioka

Executive Officer
COO, Business Innovation & Digital Transformation
General Manager, Institute of Open Innovation Research "MIRAI"



- 2023 Management Vision**
- ▶ **Creating new businesses through collaboration with CTC's business groups and co-creation partners**
 - ▶ **Advancing the recently established DX New Foundation and contributing to customers' businesses through DX**



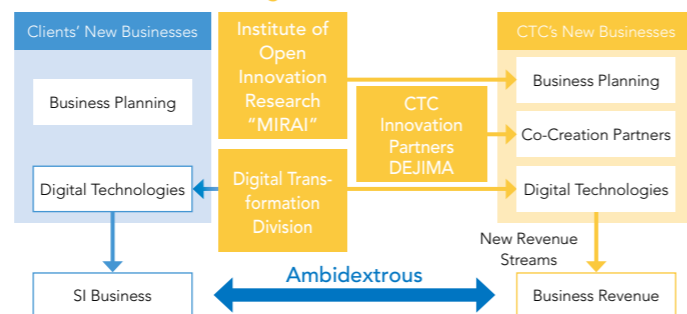
Aiming to Advance Clients' Businesses and Create New Business for CTC

Established in fiscal 2021, Business Innovation & Digital Transformation is an organization that was formed by consolidating DX organizations previously dispersed throughout the Company with the Institute of Open Innovation Research "MIRAI."

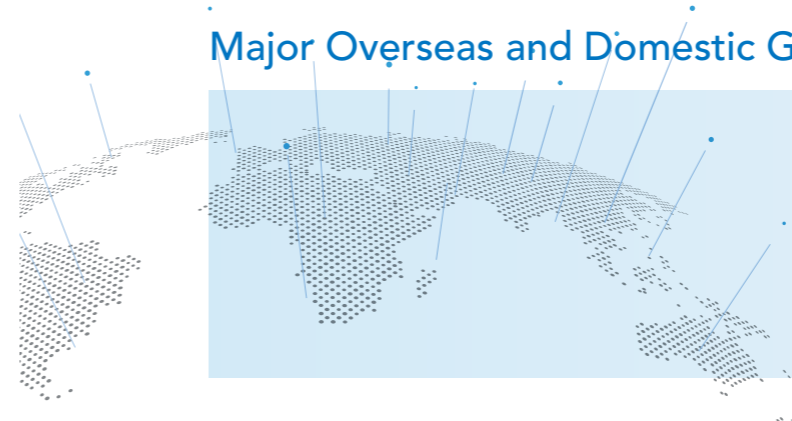
This institute will move forward with the creation of new businesses together with the community cultivated through the open innovation space DEJIMA (page 61), the corporate venture capital firm CTC Innovation Partners (page 59), and co-creation partners. The recently established Business innovation & Digital Transformation will work with each business group to provide DX-based support for customers' new business creation. At the same time, Business Innovation & Digital Transformation will acquire business know-how and create unique CTC DX services.

Amid a rapid shift toward digital technologies due to the impact of the COVID-19 pandemic, the DX New Foundation will build a base that can provide total support for DX—including consulting, services, solutions, and products—and partner with each business group to assist in customers' DX. Further, we will actively advance initiatives aimed at establishing differentiated CTC businesses that will become new sources of revenue in five to 10 years.

Overview of the New Organization



Major Overseas and Domestic Group Companies



Providing full-stack IT services to customers with the Group's comprehensive capabilities

▶ Overseas

Discovery and Research of New Technologies, SI Business

ITOCHU Techno-Solutions America, Inc. (U.S.A)

In North America, CTC builds large-scale infrastructure foundations for internet service providers, develops, maintains, and operates systems for financial institutions, researches cutting-edge technologies, and discovers new related products. To grow the SI business locally, CTC aims to expand business in the North American region by strengthening collaboration among business groups and forging partnerships with local systems integrators.

Global SI Structure in ASEAN Region

- CTC GLOBAL SDN. BHD. (Malaysia)
- CTC GLOBAL PTE. LTD. (Singapore)
- CTC Global (Thailand) Ltd. (Thailand)
- PT. Nusantara Compnet Integrator (Indonesia)
- PT. Pro Sistimatika Automasi (Indonesia)

In Malaysia, Singapore, Thailand, and Indonesia, IT markets likely to see strong growth, CTC provides SI solutions as well as maintenance and operations services to local firms and Japanese companies. CTC has put into place a key regional structure for global business development, while training local engineers and deepening organizational collaboration, in addition to expanding the cloud and security service businesses in a bid to grow further.

▶ Domestic

Maintenance and operations service business

CTC TECHNOLOGY CORPORATION

System Maintenance and Support Business

Provides a range of services including assembly, transfer, and installation of equipment, 24-hour maintenance and systems operation, and comprehensive IT engineer training services. We aim to contribute to the continuity of our customers' businesses and become a company that supports the society of the future through IT.

CTC SYSTEM MANAGEMENT CORPORATION

System Operations and Support Business

Provides specialized operations services, such as satellite communications controls and the operation management of IT infrastructure, backbone systems, and data centers for clients in the financial, distribution, telecommunications, and manufacturing industries. Also carries out IT infrastructure construction, develops ERP-related software, and provides maintenance services.

CTC FACILITIES CORPORATION

Data Center Facility Management Business

Provides operations, maintenance, construction, and management services for CTC's data centers. Also leverages the experience and know-how it has accumulated to provide a wide variety of facilities-related services including construction and operations support and upgrade consulting for customers' data centers and server rooms.

Develop business tailored to clients and industries

Asahi Business Solutions Corp.

Since being established as an information systems subsidiary for Asahi Breweries, provides total solutions to the Asahi Group, from IT solutions planning, proposal, and development to maintenance and operations.

Solutions business using unique products

CTCSP CORPORATION

CTCSP CORPORATION supplies leading-edge and unique products from Japan and abroad and also delivers solutions that meet contemporary needs, including those in areas of strength such as network and edge security, online communication, improvement of work efficiency, and image and content.

CTC's special subsidiary that employs people with disabilities

CTC HINARI Corporation

CTC HINARI Corporation provides massages for Group employees, cleans offices, performs office work, and takes part in joint agriculture-welfare projects with farmers. This company takes steps to develop workplace environments that are conducive to employees fully exercising their talents and improving their skills, while expanding the range of duties that employees can perform through the use of IT.

Message from the CFO –Financial Strategies–



Having reached a new stage, we will execute financial strategies integrated with our growth story and forge ahead to enhance corporate value continuously.

Mamoru Seki

Director & Managing Executive Officer
CFO & CAO
CCO

Strengthening Our Foothold to See a New Landscape (Opening New Horizons)

In fiscal 2020, which ended March 31, 2021, and which was the final fiscal year of the previous medium-term management plan, I feel that we were able to achieve steady results despite the impact of the COVID-19 pandemic. Although revenue declined year on year, all profit line items reached record highs. Net profit attributable to CTC's shareholders reached the ¥30.0 billion target that we had announced at the beginning of fiscal 2020, resulting in a record high for the seventh consecutive year. This performance reflects the success of our efforts to improve profitability. Moreover, the operating income margin reached the 9% level for the first time since we adopted International Financial Reporting Standards. Facing a mix of tailwinds and headwinds in fiscal 2020, we were able to grow in such fields as the 5G business and initiatives for the DX of customers while persevering and steadily implementing measures for the next phase of development in fields that were impacted by the pandemic.

Although the impact of the pandemic on CTC was both positive and negative, the negative effect was slightly larger in the short term. At the beginning of fiscal 2020, many of our customers had to postpone or cancel IT investments due to uncertainty over the impact that the pandemic would have. This curbing of investment was one of the factors that led to downside pressure on revenue. On the other hand, from the second half of the fiscal year onward we saw a pickup in IT investment, and our 5G-related business performed steadily. In addition, our customers expanded their DX efforts. As a result, in fiscal 2020 orders received reached ¥500.0 billion, and at the fiscal year-end the order backlog was at a high level—above ¥300.0 billion. Thus, we were able to steadily lay foundations for fiscal 2021 and beyond.

Meanwhile, we reached all the targets in our previous three-year medium-term management plan, which ended in fiscal 2020. Specifically, we met the following targets: net

profit attributable to CTC's shareholders of ¥30.0 billion, revenue from the recurring business of ¥60.0 billion, revenue from the global business of ¥60.0 billion, and ROE of 12.0% or more. We were able to steadily advance the measures of the medium-term management plan. We strengthened agile and low-code development in anticipation of continuing efforts by customers to transform their businesses going forward, and we invested to accelerate expansion of the recurring business, where we can leverage strengths in such

areas as IT infrastructure and cloud computing. In addition, CTC implemented M&As in preparation for expansion of its business field in the ASEAN region while proceeding with capital participation aimed at creating new businesses in Japan. Further, we increased the pace of in-house work-style reform in response to the COVID-19 pandemic. Also, the Company simultaneously achieved its ROE target and raised dividends for the 12th consecutive fiscal year, thereby returning profits to shareholders.

“Beyond the Horizons–To the Future Ahead–,” Enhancing Corporate Value Continuously

Our new medium-term management plan, “Beyond the Horizons–To the Future Ahead–,” covers fiscal 2021 through fiscal 2023 and sets an operating income margin of 10%, net profit attributable to CTC's shareholders of ¥40.0 billion, and ROE of 13.0% or more as quantitative targets.

Taking full advantage of our skills, we will solve customers' problems. Also, we must achieve the three aforementioned quantitative targets to achieve continuous growth and thereby address social issues.

In reaching the quantitative targets, we will of course pursue a basic strategy of realizing profit growth by increasing business scale and improving profit margins. To these ends, CTC must recruit and train talented personnel, consolidate offices to demonstrate the Group's comprehensive strength, and embark on growth-focused strategic initiatives and investments. In addition, we will steadily pursue the plan's three basic policies, which are Accelerate, Expand, and Upgrade.

The keys to achieving our targets will be leveraging our strengths, namely, our global partnerships and full-stack IT; securing human resources to support these strengths; and accelerating our activities even further. Meanwhile, we will carefully analyze why certain development projects were unprofitable in fiscal 2020 and take measures to prevent a recurrence. In frontline operations, we will continue to

improve ourselves. As for business management, we will continue our policy of taking on challenges while remaining conscious of the need to achieve a balance between ambitious initiatives and risk.

Personnel are the engine of our activities. Without human resources, we cannot expect to grow. Recognizing that continuous upgrading of our human resources is essential, we will actively invest in human resource development. Other important measures include work-style reform, continuous reviews of our human resource and compensation systems, and acceleration of diversity promotion.

In addition, customers' DX initiatives and investment in 5G-related projects will speed up going forward. In response, we will of course invest to expand our technology fields and to acquire cloud-native technologies and new development methods. Furthermore, we must invest in new fields, such as consulting related to DX and design. We will also invest actively in collaborations with partners and M&As. In making these investments, it is important to be aware of the cost of capital and to pursue appropriate investment returns while allocating important assets. Also, for the maximization of synergies after investments, I believe integrating each other's businesses and corporate cultures and heightening investment efficiency are essential.

	Previous medium-term management plan			New medium-term management plan
	FY2018	FY2019	FY2020	FY2023 targets
Operating income ratio	7.9%	8.6%	9.1%	10%
Net profit attributable to CTC's shareholders	¥24.6 billion	¥28.5 billion	¥30.5 billion	¥40 billion
ROE	11.5%	12.6%	12.5%	13% or above

Note: ROE = Net Profit Attributable to CTC's Shareholders ÷ Average total shareholders' equity (which is based on total shareholders' equity at the beginning and end of the fiscal year) × 100

Message from the CFO –Financial Strategies–



Regarding shareholder returns, we have set a target dividend payout ratio of around 45%. Accordingly, in fiscal 2020 we raised annual dividends ¥6.00 year on year, to ¥64.00 per share. As a result, we achieved a dividend payout ratio of 48.5% as well as the 12th consecutive fiscal year of dividend growth. For ROE, the new medium-term management plan sets a target of 13.0% or higher.

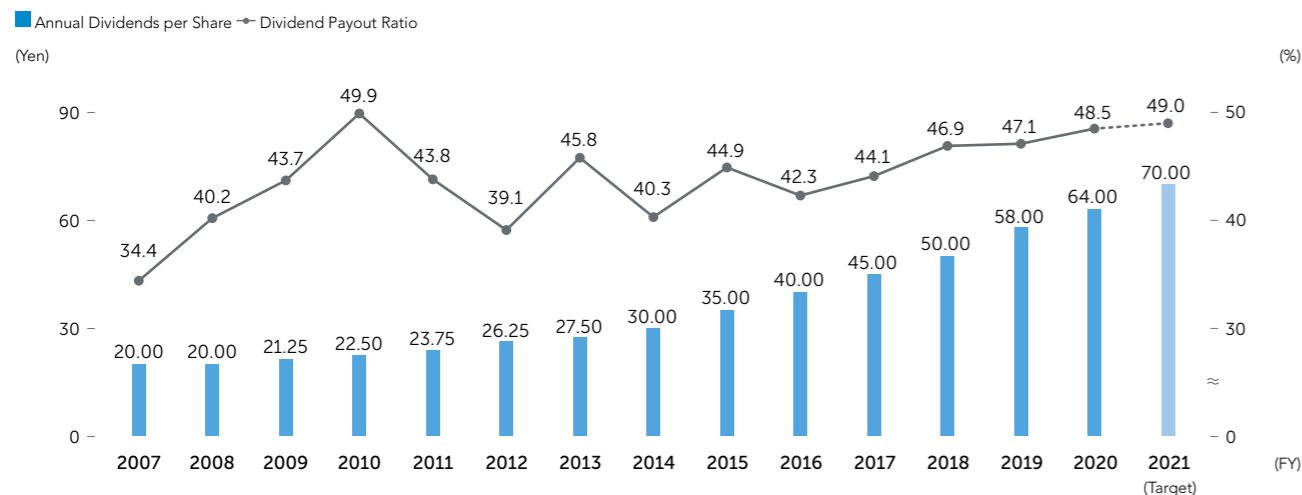
CTC recognizes the return of profits to shareholders as an important management task. In line with its basic policy of increasing dividend levels, CTC seeks to secure stable dividend payments and emphasizes the return of profits according to business performance, while carefully considering the balance of internal reserves and the actual amount distributed to shareholders.

Implementing Financial Strategies Based on an Awareness of Various Types of Balance

With the rapid changes in lifestyles and social structures and the increasing complexity of social issues, I have a tangible sense of the ever-increasing expectations that are focused on the technology and IT industries and the value they should provide. Respecting the interests of our diverse stakeholders and aiming to bring the benefits of IT to society at large, we will cater to the needs of our customers and help address social issues. In our respective fields, we will steadily move forward with strategic initiatives and investments with the aims of increasing profits, returning them to our shareholders, and growing even further.

We will support the enhancement of corporate value by implementing financial strategies that are integrated with our growth story and by always remaining cognizant of the need to strike balances between various considerations, such as the balance between short-term profits and medium- to long-term profits; the balance between shareholders and various other stakeholders, employees, customers, and various other stakeholders; and the balance between maintaining financial soundness and investing for growth.

Annual Dividends per Share* and Dividend Payout Ratio



* CTC conducted two-for-one stock splits of common shares on April 1, 2015 and April 1, 2018. Amounts for fiscal 2007 to fiscal 2017 in the above graph have been retroactively adjusted to reflect these stock splits.

External Recognition: Inclusion in Indices and ESG-Related Rankings

ESG indices selected by the Japanese Government Pension Investment Fund

FTSE Blossom Japan Index
CTC has been selected for inclusion in the FTSE Blossom Japan Index, a stock market index that comprises Japanese companies demonstrating outstanding ESG-related performance. The index was developed by FTSE Russell, a wholly owned subsidiary of the London Stock Exchange Group.

MSCI Japan Empowering Women Index*
CTC has been selected for inclusion in the MSCI Japan Empowering Women Index, a stock market index comprising Japanese companies in the MSCI Japan IMI Top 700 Index that conduct progressive initiatives to promote gender diversity in their workforces. The index was developed by MSCI Inc., the largest ESG research company in the world.

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

FTSE4Good Index Series



CTC has been selected for inclusion in the FTSE4Good Index Series, a world-leading group of stock market indices comprising companies that are actively strengthening their ESG initiatives. The indices are aimed at ESG investors and developed by FTSE Russell.

ISS ESG Corporate Rating



CTC's information security and environmental management practices have been favorably evaluated and rated as "Prime Status" by Institutional Shareholder Services Inc., one of the world's leading sustainability rating agencies. (The index was formerly known as ISS-oekom Corporate Rating.)

Sompo Sustainability Index



CTC has been selected for inclusion in the Sompo Sustainability Index, which is based on a combination of ESG evaluations conducted by research companies and a proprietary equity valuation method (fundamental value). The index was developed by Sompo Asset Management Co., Ltd.

MSCI ESG RATINGS*



MSCI issues ratings, ranging from AAA to CCC, based on the degree of ESG risk and how well risks and other issues are managed. Reflecting favorable evaluation of improvements in its corporate activities, CTC has received a rating of A.

JPX-Nikkei Index 400



In fiscal 2020, CTC was selected for inclusion in the JPX-Nikkei Index 400, a stock market index comprising 400 companies that are highly appealing to investors and which meet international investment criteria, such as efficient use of capital and an investor-focused approach to business management. The index was developed by the Japan Exchange Group and Nikkei Inc.

* The inclusion of ITOCHU Techno-Solutions Corporation in the MSCI Indexes or the use of the MSCI logo, trademark, service mark, or index name does not constitute sponsorship, endorsement, or promotion of ITOCHU Techno-Solutions Corporation by MSCI or its affiliates. The MSCI Indexes are exclusively the property of MSCI. MSCI and the MSCI Indexes name and logo are trademarks or service marks of MSCI or its affiliates.

▶ An external evaluation of CTC's human resources P.68

Management Capital

to Highlight Unique CTC Attributes

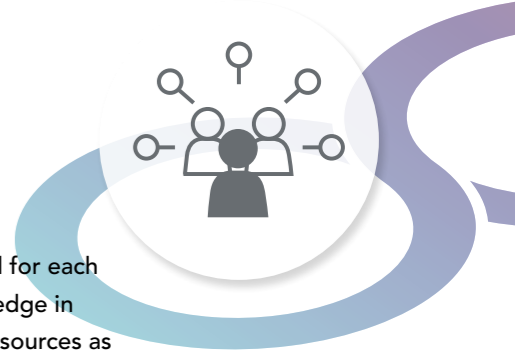
Using IT to continuously create value for a wealthy society requires a mindset for constantly moving quickly and stronger business models with proven technological capabilities.

We believe that people are the backbone of the IT business. CTC provides value to society through its people, the main driver of collaboration and co-creation with diverse stakeholders, including customers.

The CTC Group will continue to sustainably grow its base of proven technological capabilities through management capital that highlights the uniqueness of CTC, namely, in advanced IT personnel, vendor relations, partnerships, its customer base, and its service provision foundation.



Advanced IT Personnel



To support and advance increasingly sophisticated social systems with IT, it is vital for each engineer to have not only extensive insight into a specific domain but also knowledge in several other business and technological fields. The CTC Group sees its human resources as the capital that should be refined to the greatest possible extent.

In addition to IT engineers, the CTC Group has technicians, architects, electricians, and other engineers assigned to a diverse range of business and technological fields who support its full-stack IT services for finding comprehensive solutions to issues faced by customers and society. We offer high-quality solutions by increasing the diversity of their many technologies and combining and deploying these technologies as an organization.

— Engineers who support full-stack IT

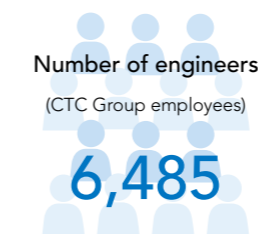
More than 70% of employees at the CTC Group are engineers who strive to refine their technological capabilities every day and thus provide advanced and optimized full-stack services.

Our engineers hold numerous certifications, including for Cisco products and other vendors central to the network business in particular, as well as for Amazon Web Services (AWS), which is essential for growing cloud-native solutions, and VMware virtualization technology. The CTC Group also has numerous specialized personnel with non-IT certifications that enable them to offer services through its own resources. These include first-class qualified architects and electricians who design and monitor facilities, technicians who oversee large-scale projects with high public utility, and experts in wireless-related areas needed for the 5G business.



- DX consulting
- New solutions development
- Application engineers
- Network engineers
- Server storage engineers
- System management engineers
- Technical support engineers
- Special land radio engineers
- Technicians
- Architects
- Electricians
- Weather forecasters Etc.

▶ As of March 31, 2021

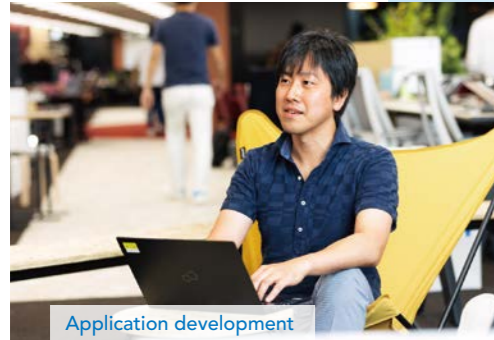


- Cisco**
 - Cisco Certified Internetwork Expert
- VMware**
 - VMware Certified Implementation Expert
 - Data Center Virtualization (VCIX-DCV)
 - Network Virtualization (VCIX-NV)
- Oracle**
 - Oracle Certified Expert EE 6 Enterprise JavaBeans Developer
 - Oracle Cloud Infrastructure 2020 Certified Architect Associate
- AWS**
 - aws certified Professional
 - Solutions Architect/DevOps Engineer
 - aws certified Specialty
 - Data Analytics/Database/Machine Learning/Security

Etc.

Advanced IT Personnel

— Engineers with broad knowledge and technical skills are the wellspring for services offered by the CTC Group.



Application development

Junichi Katano

Agile development skills and experiences help to improve development capabilities

In the 10 or so years since I joined the Company, I have had a broad range of experiences, from application planning to implementation, for customers mainly in the manufacturing industry. CTC began handling OutSystems' products in 2015. OutSystems offers a low-code development environment that enables the development of applications with a minimum of coding, and this environment has drawn attention as a means for creating solutions for DX. I was the second person in Japan to receive the highest certification for OutSystems' products. Using my knowledge, I am currently assisting with the planning and development of products made by OutSystems.

Engineers are expected to quickly deliver systems and services while accurately understanding the business needs and visions of their customers. I strongly believe that the assessment and value of engineers will be determined by the degree to which they can come up with unique and creative solutions while fully utilizing the methodologies created by technological innovation.

Engineers improve by understanding the operations of our customers and learn new technologies by using them

After experiencing the design, production, testing, and release of numerous development projects, I learned waterfall-style development practices in large teams.

Currently I am working on enhancements to existing solutions for customers in the retail sector, such as the development and management of payment and loyalty point systems, improvements to performance and quality, and the addition of new functionality. For system development projects like this, it is necessary to understand the system side (naturally), as well as the business flow for payments and point services, from the local store to the accounting department at the head office. In system development, trying to make something yourself is the best way to acquire skills, and nowadays there is strong demand for engineers who can develop solutions with cutting-edge technologies. CTC has put into place an environment where engineers can learn technologies and allow them to grow daily.



Systems management

Natsumi Wakabayashi

Creating networks at a social infrastructure level from the customers' perspective

As a pre-sales engineer, I am involved in the design and proposal of network infrastructure for our telecom carrier customers. My duties include traveling to our customers' business sites from the introduction evaluation stage, providing technical explanations, listening to customers' problems, and advising on how IT can be deployed to solve their problems. I believe this work requires constant updates to knowledge and skills so that I can advise clients on entire systems, not just my own field of expertise, and a strong passion that draws on specialists in various domains from inside CTC. At CTC, I feel that our strength lies in the fact that we are able to tune into global market trends and strategies in direct discussions with vendors around the world, which we can use to help shape our customers' vision for the future. With the spirit of welcoming new challenges, every day I find the time to work on improving my technical skills, in the belief that constantly refining my own approach to seizing opportunities is of the utmost importance.



Infrastructure (networks)

Masahiro Yamamoto



Business planning

Keisuke Fukunaga

Creating new businesses from a high and broad vantage point

For the past 10 years, I have been responsible for market risk management systems used by megabanks. As they monitor market conditions, these systems are designed to forecast and manage risks to minimize damage to assets. These systems process large volumes of complex data, which has helped me to learn more about application development and data analysis.

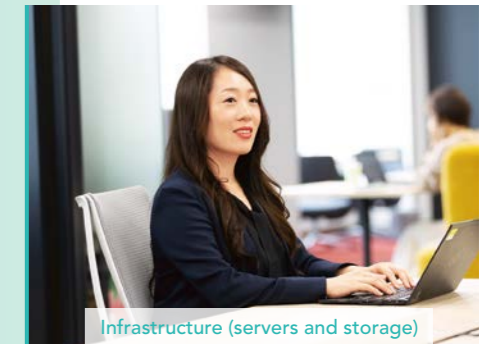
I am currently working on the discovery, planning, and proposal of new services and solutions for our customers in the financial sector. I also work in a proposal and project advisor capacity.

It will be important for engineers to be able to marshal a wide range of knowledge and find ways to contribute to growth in social value without being bound by their profession. It is possible to both assemble any number of technologies and forge a single path ahead, and at CTC, which recognizes people who take on challenges, I have felt great satisfaction in my career as an engineer helping our customers and society.

Pursuing solutions to customers' issues through IT infrastructure

I am mainly responsible for system design and building, having worked for approximately 10 years on projects for customers in the logistics sector to build out cloud environments (private clouds) for the customer's own use and management. This experience has improved my own skillset in building infrastructure, with a focus on servers and storage. I currently work as a project manager.

CTC has experts in all kinds of technical fields, and its greatest strength is being able to get its engineers to work together and create optimal solutions for customers. From the standpoint of enhancing the skills of individual engineers, I believe it is essential for engineers to take advantage of growth opportunities and learning experiences through interactions with customers, partners, veteran employees, and managers.



Infrastructure (servers and storage)

Maki Kogiso



DX

Hiroyuki Kamihara

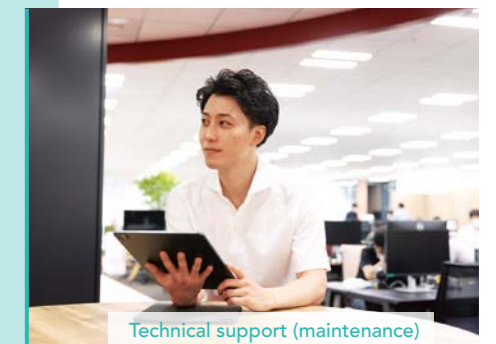
Moving passionately toward the future with customers

I am part of the organization that provides cross-support for front-end business groups that directly deal with customers in industries and regions that I cover. I have work experience managing solutions, rolling out new technologies, and planning and developing internal cloud services for these groups. I am currently part of the Business Innovation & Digital Transformation organization, a team that was set up in fiscal 2021 to build out services that accelerate the development of new businesses while coming up with new ideas with customers. It is possible to learn new skills by turning failures into successes, with a determination to try out new things that have not been done before. Engineers highly value curiosity and the ability to learn on their own. CTC has a culture of encouraging people to take on new challenges, and I am keen to challenge the unknown.

Expert Engineers Ensure Reliable Operations of Advanced and Complex Systems

As a field engineer working on-site at customer locations, I belonged to the team that built, maintained, and fixed vendor products, such as servers, storage, and virtualized middleware. Using this experience, my current job entails fixing technical issues as a technical support engineer.

I have polished my skillset while obtaining certifications from a variety of vendors, including VCIX-DCV and CAP-CMA, the highest certification for VMware vSphere virtualization software offered by VMware. I apply these certified skills to the building and troubleshooting of systems. At CTC, many engineers have earned vendor certifications and enjoy a wealth of experience. CTC's strength is its ability to precisely and rapidly marshal experts in their fields, who work together to resolve problems in sophisticated systems combining numerous products. I am proud that this has translated into greater customer confidence in CTC.



Technical support (maintenance)

Yuji Kasuya

Vendor Relations

Since its founding, the CTC Group has tended to its relationships with leading IT vendors in Japan and across the globe, providing cutting-edge, high-quality IT environments that combine best-in-class services, software, and products from around the world. Today, the cloud has become a natural part of any solution. CTC has forged partnerships with AWS and other hyperscale cloud vendors, as well as vendors that offer application services such as SAP and Box. We periodically hold meetings with these leading global IT vendors to discuss customer requirements and the opinions of engineers, with the objective of providing high-quality product and service development to our customers.



<p>CTC offers more than 300 types of IT services and products.</p>	<p>CTC has relationships with 15 vendors as the largest reseller in Japan.</p>	<p>CTC ranks the highest among partners at 38 vendors.</p>
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Partner Rankings and Awards Received from Major Vendors

AWS	<p>AWS Partner Network (APN) Premier Consulting Partner (highest rank)</p>	juniper	<p>Elite Partner (highest rank) Received the following two awards at Juniper Partner Award 2020: • Global Partner Award - APAC Automated WAN Solutions Partner of the Year • Japan Partner Award - Japan Strategic Win of the Year 2020</p>
Cisco	<p>Gold Integrator (highest rank) • APJC Partner of the Year Also received the following three awards at FY20 APJC Awards: • Technology Excellence Partner of the Year: Service Provider • Commercial Partner of the Year • Software Partner of the Year</p>	NetApp	<p>Star Partner (highest rank) Received the following two awards at NetApp Japan Partner Award 2020: • Support Partner of the Year (joint award for CTC and CTCT) • NetApp University Award (CTC)</p>
Dell Technologies	<p>Titanium Partner (highest rank) Received the following two awards at Online Partner Summit 2020: • APJ Go Big-Win Big Services Award • Japan Go Big-Win Big Storage Award</p>	Oracle	<p>• MySQL Best Partner 2020 • Oracle Cloud Platform (PaaS/OCI) Certification #3 (Oracle Certification Award 2020) • Support Improvement for Kudos (Oracle Support Partner Day 2021) • Technology Product License-Special Thanks (Oracle Japan, 2020)</p>
HPE	<p>HPE Platinum Partner (highest rank) • SimpliVity MVP</p>	VMware	<p>Principal Partner (highest rank) • 2021 VMware Partner Collaboration Award</p>

column

Receipt of the APJC Partner of the Year Award from Cisco, a First for a Partner in Japan



The APJC Partner of the Year Award is presented to a partner that contributed the most to Cisco's business through the development of solutions and sales of Cisco products, with one company receiving the award in each of three regions: Asia Pacific, North America, and Europe. CTC was honored with this award to recognize its creation of new business value for customers and its expansion of Cisco-related business by building systems and providing solutions that use a range of Cisco products.

Cisco and CTC have built a strong relationship with each other over many years of providing solutions in the network domain. While continuing to exchange knowledge, we are discussing ways to provide highly advanced and versatile networks in the age of 5G communications.



- ▶ **Receipt of SAS Institute Japan's Best Channel Award for Five Years Running**
CTC has won the Best Channel Award, a part of the SAS Partner Awards, for five straight years. This is in recognition of CTC's domestic sales record for SAS products used in the building of large-scale systems for the electric power industry and the development of solutions for the financial sector.
- ▶ **Receipt of Two Partner of the Year Awards from Tableau**
CTC won the following two awards from Tableau Software, LLC, a provider of data analysis platforms, for establishing a collaborative system with Tableau and in recognition of its acquisition of large-scale projects through proposals:
• 2020 Tableau Partner Awards Strategic Win
• 2020 Tableau Partner Awards Japan Partner of the Year
- ▶ **Receipt of Two Awards for Citrix's Citrix Japan Partner Award 2020**
CTC received the CSA Sales of the Year Award and The Largest Deal of the Year Award in recognition of its building out a large-scale systems project that mainly used Citrix products, and also for its track record of selling products and providing services.
- ▶ **Receipt of A10's Best Performing Partner Award for Seven Consecutive Years**
CTC has received the Best Performing Partner Award for seven straight years in recognition of its development of solutions on the enterprise market and buildout of large-scale systems that use A10's products in the information communications field.
- ▶ **Receipt of Partner of the Year 2020 / Asia Pacific Region from OutSystems**
CTC received an award as a Pioneer for collaborating on the most new customer accounts with Partner of the Year 2020, in recognition of its track record of bringing in the largest number of new customers for OutSystems.
- ▶ **Receipt of Two SAP Japan's SAP AWARD OF EXCELLENCE 2021**
CTC received the project award in recognition of excellent customer satisfaction and its contribution to SAP Japan's business through projects to update the core systems of trading companies overseas. CTC employees have also received the SAP Meister IQ award for their exemplary performance on SAP projects.



Development of Cutting-Edge Technologies and Technological Use Strategies, and Research Activities

Collaboration between vendors and ITOCHU Techno-Solutions America, Inc.
ITOCHU Techno-Solutions America, Inc. was established in 1990 to conduct research and develop technologies in the United States, where advanced technologies are concentrated. Each business group assembles staff in charge of different industrial domains to research the latest information about technology that could lead to business opportunities. We engage with numerous vendors to exchange information on the needs of customers in Japan and the vendors' product roadmaps. We also create opportunities for sharing information about developed technologies with Japanese bases. Over the past few years, CTC has strengthened relations with startup firms that have DX-related technologies with applications to the manufacturing industry, AI in core systems, and edge computing.



Evaluating Technologies before Safely Introducing Them to Customers

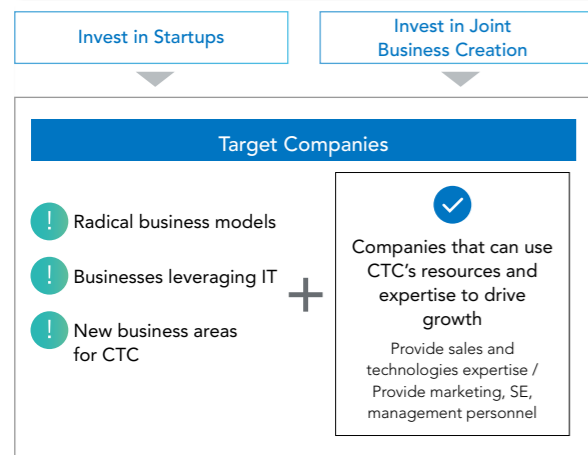
Technical Solution Center (TSC)
Equipped with all the latest equipment, and not just specific products, the TSC is one of Japan's largest multi-vendor comprehensive validation centers. The center also has purpose-built environments, such as the IoT Digital LAB and the Hybrid Cloud Validation LAB, which enable the testing of the effectiveness of developed technologies not on a standalone basis, but on whether they can be applied to and solve issues in the IT systems of customers, before they are rolled out for customers.

Partnerships

Around the world, new technologies and businesses are being created every day and night. CTC contributes to society through the creation of value by connecting the IT industry with customers through technology. Our intention is to co-create and move forward with a range of companies. CTC aims to provide value that exceeds the expectations of its customers and society as a whole by co-creating new technologies with venture firms and IT vendors, discovering business opportunities through the ITOCHU Group's information network, and enhancing the quality of services by improving cooperative relationships with existing system integrator partners.

Co-Creation of New Businesses with CTC Innovation Partners

CTC Innovation Partners is a corporate venture capital firm that we established for the purpose of accelerating the creation of new businesses through open innovation. By providing capital and participating in businesses that solve social issues, as well as in businesses that develop the next generation of technologies, CTC Innovation Partners advances co-creation while supporting the growth of promising startup firms, while working to expand the business domains of the CTC Group.



Companies CTC Has Invested In (As of May 2021)

- DeCurret**
Provision of digital currency transaction and settlement services
- CoCooking**
Operation of TABETE, a food-sharing service
- Cinnamon, Inc.**
Development of an AI-based engine for reading documents (AI, OCR)
- BIRD INITIATIVE, Inc.**
Creator of new businesses through joint R&D with operating companies, financial firms, and academics
- Idein Inc.**
Provides the Actcast edge computing platform with technology for accelerating deep learning

The ITOCHU Group's Network to Discover New Businesses

ITOCHU Corporation operates a wide range of businesses not only in Japan but also around the world, and we utilize its network to reinforce the structure of the CTC Group and create new businesses for our customers. Through an alliance with the ITOCHU Group's venture capital arm, moreover, we form collaborations with startup companies that provide cutting-edge technologies and services.

Strategic Capital Investments to Improve the Quality of Existing Services

CTC makes strategic capital investments to help domestic companies enter overseas markets and meet needs for DX, including the use of ever-expanding data.

In August 2018, CTC invested in SYSCOM (USA) INC., a provider of comprehensive SI services, from consulting to operation and nationwide maintenance and support, while also focusing on the cloud and ERP business solutions. In addition, in December 2019 CTC invested in WingArc1st Inc., a pioneer in the industry with the No. 1 domestic market share in form/document management tools and data aggregation, analysis, and visualization tools. These initiatives have helped CTC to create a structure that can strongly support its customers as they expand their operations.

Strengthening Development Systems and Quality at Systems Integrator Partners

IT systems obviously require high quality, and the first and foremost priority is to protect information, a vital asset of our customers. CTC develops systems while collaborating with approximately 1,000 systems integrator partners around the world. When selecting partners, CTC carefully evaluates their business foundation, technological capabilities, transaction history, and information security and management systems.

The excellent partners we choose are called CTC Alliance Partners, and we work to strengthen relationships with them by sharing information on cutting-edge technologies and quality-related initiatives, and exchanging opinions on product development environments and quality standards.

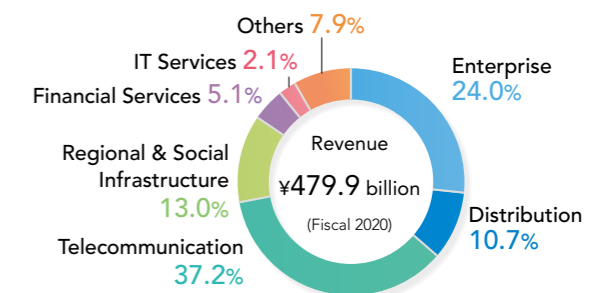
Customer Base

CTC creates markets by finding fields where IT can be successfully applied, while drawing out the needs of customers in a broad range of industries and companies that could become customers. Taking the customers' point of view and understanding trends in society are vital opportunities to gain insights into their diverse needs for technologies. Our motto is "Challenging Tomorrow's Changes," which sums up the process of creating solutions based on needs, developing optimized services, and discovering IT resources.

The technologies and expertise we learn by doing business with our customers is shared and cross-developed to other departments, adding to the overall capital of the CTC Group. This cycle of creating, sharing, and refining lifts our overall technological capabilities, which leads to more satisfying solutions for our customers.

Broad Customer Portfolio

The CTC Group conducts business with around 10,000 diverse customers that include telecom carriers, manufacturers, retailers, trading companies, financial firms, and government agencies. Our broad portfolio affords stability in our operations, and helps us to fix a wide range of issues faced by our customers, thereby contributing to the resolution of problems throughout society.



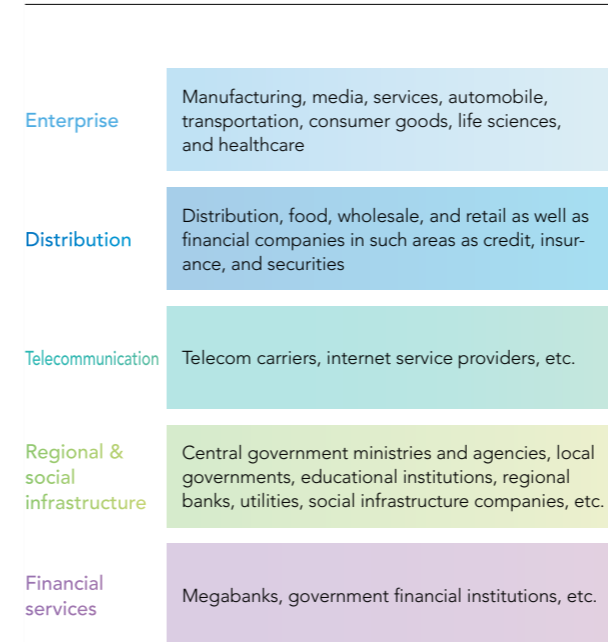
Number of Customers: About 10,000 (fiscal 2020)

Technological Expertise Built with Customers

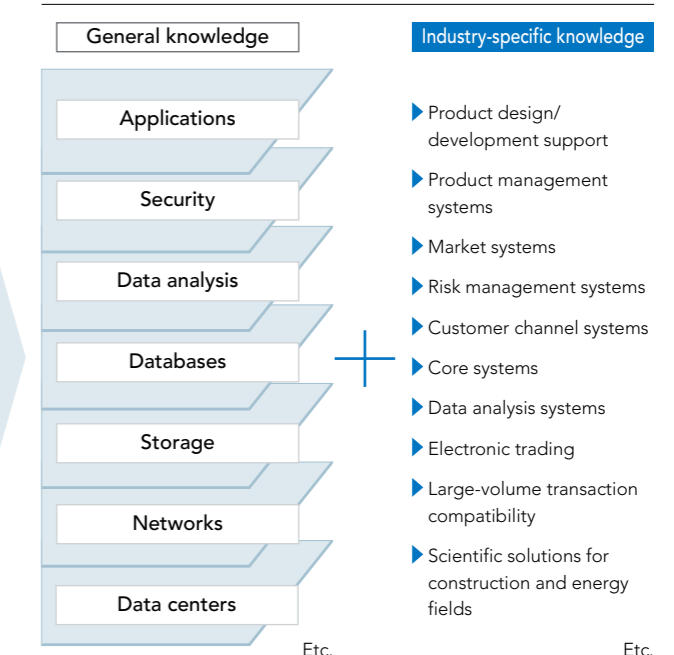
Communications and financial systems must operate 24 hours a day, 365 days a year. The CTC Group is expected to build and manage highly complex systems for a wide range of customers, including large-scale systems for manufacturers and public utilities. To meet these needs, CTC not only provides a wide range of reliable products and services but also

engages in numerous medium- to long-term collaborative projects for joint development and proof of concept (PoC) arrangements. These engagements allow CTC to deepen its relationships with customers and accumulate more technical expertise that can be quickly rolled out to the frontlines.

Customers in Our Business Domains



Accumulated Technological Expertise



Service Provision Foundation



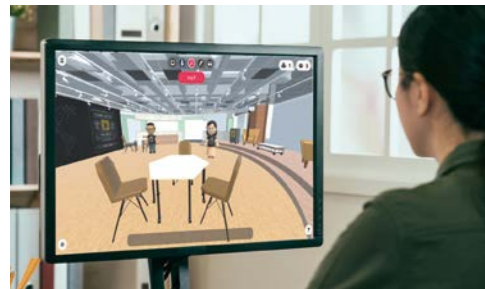
To provide high-quality services in tune with industry traits for customers in diverse industries, CTC must have in place an environment that facilitates the flexible creation of structures. With the cloud becoming mainstream, a defensive approach to maintenance and management is naturally required to ensure the reliable operation of systems. At the same time, we must seek to reinforce structures that enable us to work closely with customers, based on the understanding that the CTC Group's true value comes from the discovery and development of cutting-edge technologies over many years in the upstream areas, where customers go on the offensive in their businesses.

Platform for Creating and Realizing Ideas



DEJIMA, a dedicated space for open innovation

In 2017, CTC opened DEJIMA to facilitate the creation of new businesses through co-creation based on open innovation with venture firms and research institutions around the world. Through hackathons, ideathons, and workshops organized by CTC and partner companies, including venture companies, participants create ideas and achieve collaboration that transcends industry lines.



In December 2020, we launched Innovation Space DEJIMA Digital as a new model for open innovation in virtual environments using VR technology, with the aim of offering new venues during the "new normal." In addition to moving workshops and other social events online, we are implementing unique features that are only possible online to promote engaging conversations.

Agile Offices for Rapidly and Flexibly Starting Businesses

As DX goes into full swing, application development will require greater speed and flexibility than ever before. The CTC Group has actively engaged in agile development since 2015, when it started handling the products of OutSystems.

In agile development, it is essential that customers and engineers build win-win relationships through direct dialogue, to achieve iterative development with flexibility. Seeking to establish environments in which customers and engineers can communicate closely to undertake development, we opened three "Agile Offices"—in Tokyo, Toyota, and Nagoya—in 2018. In addition to the OutSystems platform, we provide a range of communication services, such as chat and screen sharing, in these spaces. Each space also has a conference room and training room, where seminars and educational training for customers can be held at any time.

In September 2019, we formed a business alliance with FPT Japan Holdings Co., Ltd., a subsidiary of FPT Corporation, Vietnam's largest ICT company. Together, we have built a platform that uses OutSystems to enable agile development in remote areas. We will facilitate the DX of society by disseminating know-how and improving our abilities in agile development.



Multi-Cloud Data Centers



CTC has one of Japan's largest data center networks, consisting of six data centers in four locations, with a total area of around 80,000 m². Equipped with safe, reliable equipment that is ISMS-certified and FISC-compliant, We provide diverse functionality in hybrid environments through optimal arrangements with systems engineers dedicated to specific customers.

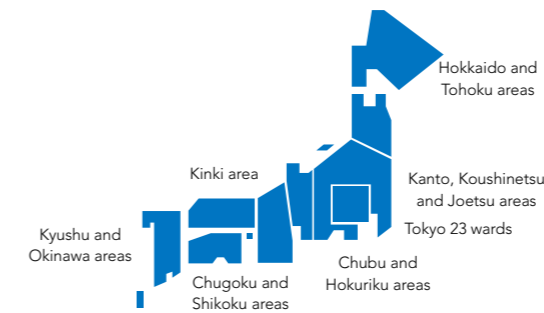
Data Centers

Yokohama Computer Center East Wing / West Wing (YCC)
Yokohama Computer Center North Wing (NYC)
Kobe Computer Center (KCC)
Shibuya Data Center (SDC)
Mejirozaka Data Center (MDC)

Domestic and Overseas Service Bases to Provide Peace of Mind to Customers

Maintenance and Support Network

We have a nationwide maintenance and support network that provides multiple services, including equipment maintenance, operation services, monitoring services, and information security services—24 hours a day, 365 days a year.



For more information, please visit our corporate website.
<https://www.ctct.co.jp/locations/> (Japanese only)

CTC Security Operations Center (CTC-SOC)

Our facility provides the CTC Managed Security Service (CTCMSS), which offers 24-hour, 365-day remote monitoring of clients' security devices and integrated emergency response, equipment setting changes, operation, and other tasks.



Sapporo Development Center

As a near-shore development facility, our Sapporo Development Center provides high-quality development services in a reliable security environment, drawing on the exceptional development capabilities of people in local cities. In addition to reducing development costs, it compensates for the shortage of engineers in Tokyo while helping address local issues, such as the need for regional revitalization.



Remote Operation Center (ROC)

We provide remote system operation and monitoring services for client IT systems, 24 hours a day, 365 days a year all year round (ROC monitoring services), which can also be linked to automated notification and system operation services.

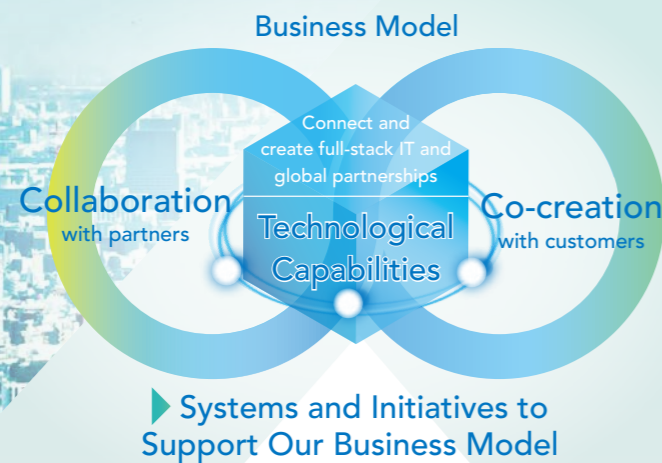


Systems and Initiatives to Support Our Business Model

To fully demonstrate its strengths, the CTC Group must invest in high-quality management capital that matches the Group's business model and strategy. At the same time, we need mechanisms in place to ensure that our business model functions properly and undergoes continuous improvements.

We have identified **human resources** and **quality** as key themes that are particularly relevant to the strengthening of our business model. CTC will continue enhancing strategies designed to ensure that each employee has advanced technical skills and is able to play an active role in the IT industry. At the same time, we will enhance measures aimed at earning the trust of customers by improving service quality.

Further, with the goals of supporting sustained growth, minimizing business risks, and continuing to earn the trust of customers and society as a whole, we will strengthen our management foundations in the areas of **environment-oriented management, risk management, corporate governance, and financial strategy**. CTC will remain a company that can meet the expectations of all its stakeholders by continuing to fulfill its social mission unwaveringly while retaining the flexibility to respond swiftly to changes in the business environment.



Strengthening Our Business Model

Human resources strategy
▶ P.64

Pursuit of quality
▶ P.69

Supporting Sustainable Growth

Environmental management
▶ P.71

Risk management
▶ P.73

Corporate governance
▶ P.76

Financial strategies
▶ P.49

Strengthening Our Business Model

Human Resources Strategy

That boosts corporate value by increasing employees' growth and appetite for challenges

Basic Approach

Human resources are CTC's most important form of capital, and the Company's corporate value cannot be enhanced without employee growth.

As suggested by the "Challenging Tomorrow's Changes" slogan of our corporate philosophy, we implement a human resources strategy that enables each employee to grow autonomously as they enjoy the challenge of adapting to changes. What is more, our human resource strategy is closely linked to our management strategies.

As well as providing a range of growth opportunities according to individual aptitudes and goals, we aim to create a corporate culture in which diverse professionals collaborate and thereby achieve mutual improvement.

Human Resources Strategy in the Context of Medium-Term Management Plans

Medium-Term Management Plan		"Opening New Horizons: To See a New Landscape" Human resource development and work-style reforms			"Beyond the Horizons--To the Future Ahead--" Strengthening overall capabilities through a combination of individual growth and the assignment of the right people to the right places
		FY2018	FY2019	FY2020	FY2021
Systems	Human resources system			▶ Formation of a dedicated organization and beginning of consideration of a new human resources system; conducting of a Companywide questionnaire and investigative interviews with frontline employees	
	Hiring			▶ Introduction of course-based recruitment of new graduates and referral recruitment	▶ Bolstering of recruiter measures and referral recruitment
Human resources	Support for personnel development and career development		▶ Introduction of seminars for individual organizations, conducted by in-house career consultants	▶ Analysis of new measures to strengthen career development support	▶ Promotion of job rotation measures aimed at supporting career development
			▶ Trial implementation of engagement surveys	▶ Full-scale introduction of engagement surveys	▶ Implementation of measures to improve engagement
			▶ Expansion of basic IT technology training for new employees	▶ Expansion of elective business skills training	▶ Enhancement of training for managers and ranked-based training
			▶ Reconstruction of the engineer training system	▶ Stable operation of the engineering skills inventory and analysis of measures to develop DX personnel	▶ Implementation of measures to strengthen DX personnel
			▶ Expansion of global human resource development measures	▶ Creation of a system to improve the technical skills of advanced engineers	▶ Continuation of efforts to create a system for improving the technical skills of advanced engineers
Work style	Work environment	▶ Participation in Telework Days and expansion of the telecommuting system	▶ Trial implementation of telecommuting for all employees ▶ Increase in work-clothing options	▶ Revision of the telecommuting system and expansion of the system to cover all employees	▶ Expansion of measures for the implementation of CTC-style activity-based working, which is a work style enabling selection of times and locations
	Health and productivity management	▶ Enhancement of measures to support employees with cancer	▶ The "CTC Well-Being Declaration" on ambitious initiatives for employee health and happiness	▶ Education on sleep-related self-care and strengthening of information provision	▶ Introduction of measures promoting improvements in exercise habits and diet
Organizational culture	Diversity and inclusion			▶ Formulation of our Basic Policy on Diversity	▶ Hosting of open seminars and increased provision of information
			▶ Reform of the post-retirement reemployment system	▶ Beginning of analysis of lesbian, gay, bisexual, and transgender (LGBT) and sexual orientation and gender identity (SOGI) initiatives ▶ Commencement of LGBT and SOGI initiatives	▶ Formation of a task force to study measures for senior employees
		▶ Enhancement of measures to develop female managers	▶ Introduction of measures for female leaders		▶ Development of female leaders for the next generation and introduction of a career sponsorship system for female employees

Basic Concept of Our Human Resources Strategy in the Medium-Term Management Plan

Systems, human resources, work style, organizational culture

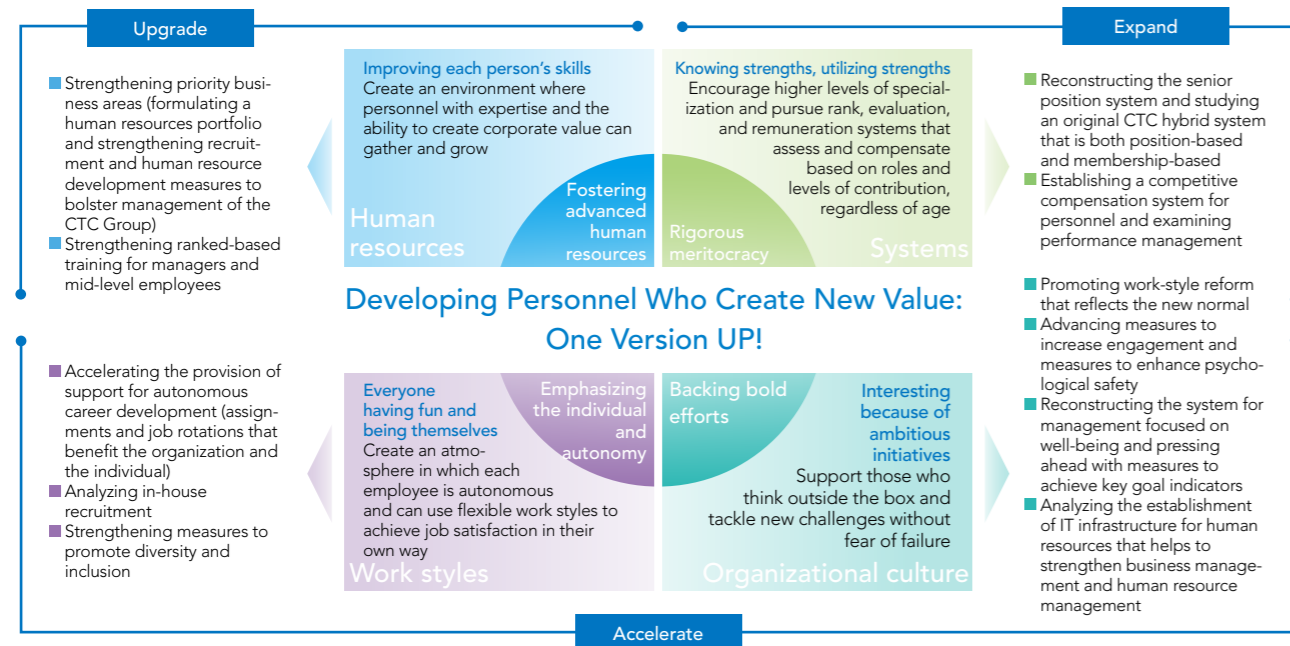
Taking a four-pronged approach transformation

The ideal CTC employee is a creative individual who relishes change and can take the lead in changing conditions to convert diversity into value. To foster such employees, our human resources strategy is focused on personal growth, taking on challenges, and creating a supportive environment for those who pursue ambitious initiatives. Also, among employees we are instilling the concept of autonomous employees who think and act for themselves, as well as the concept of collaboration in which diverse individuals combine their particular approaches and skills to reach goals.

Identified as part of our materiality, efforts to “cultivate human capital to support the future” will be integral to the

fulfillment of our corporate philosophy. For this reason, aiming to “change the future for the Global Good” in accordance with our corporate philosophy, the medium-term management plan for fiscal 2021 through fiscal 2023, “Beyond the Horizons—To the Future Ahead—,” sets out as a priority scenario “strengthening overall capabilities through a combination of individual growth and the assignment of the right people to the right places.”

To advance these initiatives, we have established “Developing Personnel Who Create New Value: One Version UP!” as the basic concept of the human resource strategy set out in the medium-term management plan. We will implement measures focused on four areas—systems, human resources, work styles, and organizational culture—with the aim of accelerating the creation of an environment in which employees can exercise their abilities and work with vitality.



Systems That Promote Employee Growth and Invigorate Organizations

CTC flexibly updates its personnel evaluation system in accordance with the times so that each employee can realize a range of work styles suited to their aptitude and goals.

Since 2013, we have been offering engineers two overall career paths with the aim of enhancing technical skills. While one career path is for specialist engineers, the other is for managers. Further, to provide all our employees with a wider selection of career paths, in 2015 we also began offering sales personnel and other employees overall career paths as either specialists or managers. Since the introduction of the aforementioned career paths, the ratio of specialists to managers has been roughly 30:70.

In the specialist career path, we initially established the positions of principal as the most senior positions for engineers,

sales personnel, and other employees, respectively. Personnel in these positions receive compensation equivalent to that of a general manager. In 2018, however, we added the position of fellow as the most senior position in both the specialist and manager career paths. Fellows use their expertise to provide the senior management team with recommendations and proposals directly as well as to create markets and acquire customers and thereby add value to the CTC brand.

At present, we are in the process of designing a highly competitive human resource system to be introduced in 2023, which will encourage the advancement of expertise and evaluate and compensate employees based on their roles and contributions regardless of age.

Recruitment That Reflects Diversifying Values and Needs

In recruiting personnel who will be responsible for the growth of our businesses, we emphasize the importance of intellectual curiosity—indispensable as a driving force for ambitious initiatives—and a willingness to take on challenges by being at one and the same time autonomous and a team player.

To ensure the groups of new graduates that we recruit encompass diverse abilities, we have introduced a recruiter system as well as an event-based internship system that gives interns a sense of our businesses and corporate culture. In addition, to cater to individuals’ diversifying values and needs, we have introduced recruitment for three types of career paths: open recruitment, recruitment focused on professional fields, and “univement” (coined by combining the words “unique” and “achievement”) recruitment. Also, for students with a clear area of specialization, we are expanding job-based recruitment in which new employees are given clearly defined duties and assigned to dedicated departments in such fields as science and engineering, security, and AI.

As for the mid-career hires, who are expected to bring with them a wealth of knowledge and experience and be able to make significant contributions to frontline operations as soon as they join us, we are increasing the compatibility between the profiles of mid-career hires and the duties, skills, and careers associated with their new positions through the use of direct recruitment by Group companies as well as referral recruitment, whereby employees introduce friends and acquaintances. After they join us, we provide training for mid-career hires and one-on-one meetings to bring them onboard and enable them to contribute to operations swiftly.

Thanks to an ongoing policy of incorporating diverse knowledge and experience by hiring people mid-career, the ratio of employees who joined us mid-career to those who joined us as new graduates is approximately 45:55. As a result, CTC is developing a corporate culture that allows employees to fully demonstrate their abilities regardless of when they entered the Company and which encourages mutual recognition and utilization of diverse individuals and ways of thinking.

Overall hiring

- Since fiscal 2019, annually hiring more than 300 people
- Fiscal 2020 ratio of new graduate hires to mid-career hires: 50:50

Hiring of women

- Percentage of women among new graduate hires
- From a fiscal 2016 level of 24% To a fiscal 2021 level of 38%
- Since fiscal 2019, have consistently met the target set at more than 35%

Personnel Development Emphasizing Self-Starting and Support for Career Formation

CTC has established a support system that allows employees to study on their own and take the initiative in career development based on their abilities, aptitudes, ideals, and ambitions.

We have introduced a career development support system in which supervisors have a general discussion with each of their subordinates once a year on the subordinate’s career, including such topics as a review of the subordinate’s career to date and career aspirations.

The support system fosters the independence of employees with respect to their careers and supports career planning that takes into consideration a variety of factors, such as changes in lifestyle or values as well as efforts to brush up skills or acquire new skill sets. Our career support also incorporates interviews with career consultants and can lead to job rotation or participation in personnel development programs.

In addition, we provide career consultation services that are available at any time to all employees who wish to use them, including those in their second and fifth years of employment as well as female employees in their first and second years as managers. Further, we hold career design seminars for employees who have reached career milestones. We are continually promoting the creation of an integrated framework that combines the aforementioned consultations, training, and systems; supporting employees’ self-starting career development efforts; and promoting improvements in our organization.

Our personnel development and training framework supports continuous learning and growth by providing basic skills training when employees join us as well as mandatory and

optional programs that are tailored to particular ranks and job types. To reflect changes in the times and social environment, we revise these programs as needed. The CTC Group conducts various training programs, including programs focused on AI, DX, and other leading-edge IT as well as the acquisition of competence in designing businesses for the creation of new value; e-Academy, which teaches basic skills in project management; and global business leader training, which enhances employees’ ability to work in international environments. We have also introduced a program that encourages employees to obtain qualifications.

As CTC provides systems to a variety of customers, the skills and elemental technologies required vary depending on the project and the in-house department tasked with leading it. Therefore, CTC has built a training framework in which the Human Resources Department is in charge of measures focused on Companywide themes and common skills required by the Company, while each business group has established its own human resource development program linked to the business group’s business strategy. In addition, aiming to encourage cross-divisional sharing of knowledge and technologies and the self-development of employees, we have established the “Dojo” online community, where employees can freely post information and exchange opinions on the latest IT trends.

e-Academy

- From fiscal 2017 to fiscal 2020
- Total participants: More than 1,900

Work Styles and Organizational Culture Conducive to Autonomy and Teamwork

Pursuing Work Styles That Concentrate Our Organization's Capabilities More Flexibly

At CTC, we believe workplace environments that enable flexible work styles are necessary for employees to take up challenges and grow. Accordingly, in the process of developing workplace environments, we have been increasing employees' work options in terms of times and locations. Since a state of emergency declaration was issued in response to the spread of COVID-19, telecommuting has been our main way of working, in principle. We adapted to the change swiftly and continued to carry out duties—even enabling telecommuting for project offices that had established special system environments and for data center operations. Further, as well as formulating COVID-19 protocols and revamping capabilities associated with our business continuity plan, we have been assisting our customers in establishing new environments by providing solutions related to telecommuting, security, and other areas, thereby enabling customers' operations the "new normal" era.

Given the dramatic changes in our operating conditions, the creation of work environments that allow employees to work anywhere safely, with peace of mind and greater autonomy, has become increasingly important from the viewpoint of business continuity. In these circumstances, we will remain mindful of business management priorities as well as the priorities of customers, acquire more knowledge and creative abilities in fields outside of our area of expertise as a form of organizational "competence," and use this competence in a concerted Groupwide effort to take on the challenge of realizing our corporate philosophy. As part of these efforts, we will

expand measures for the implementation of CTC-style activity-based working, which is a work style that gives employees the freedom to select where and when they work.

In June 2021, the CTC Group relocated and integrated its Tokyo area head office functions in stages. At the new office, we have established a variety of areas that employees can choose to work in according to the content and purpose of their work. These areas include a space designed to support efficient work as well as a space suited to exchanges and learning that leads to new value creation across divisional boundaries. Greater independence and scope for free thought will lead to more collaborations and value co-creation in the Group.

With respect to support for balancing work and life events, we organize childcare seminars for couples and regularly hold webinars on nursing care.

- ▶ Company attendance since the lifting of the state of emergency declaration: **20% at most**
- ▶ Employees responding that work is fulfilling: **Up 4.2 percentage points year on year, to 77%***

* Based on fiscal 2020 stress checks



Our new office has heightened the productivity, creativity, and comfort of each employee. We are bolstering the office's ability to function as a space for new value creation.

Based on quantitative analysis and visualization of situations within organizations, CTC will continue taking measures that energize in-house organizations by responding to personnel and organizational issues and situations in a timely manner.

- ▶ I trust my supervisor. **74%**
- ▶ My coworkers are supportive. **75%**
- ▶ Decision-making and behavior are ethical. **82%**

* Target personnel: Regular employees originally hired by CTC, contract employees, temporary employees, and employees temporarily transferred to CTC
Number of respondents (response percentage): 4,366 (88%)

in-house consultation services, and set up an internal whistle-blowing system that is based on a helpline directly connected to an external lawyer. To prevent any disadvantageous treatment as a result of seeking consultation or whistle-blowing, we have established regulations for the internal whistle-blowing system (helpline). By prohibiting harassment of any kind and ensuring that employees always act with a strong sense of ethics and responsibility, we will foster an attractive corporate culture which allows freedom and creativity to flourish.

Conducting Fixed-Point Monitoring through Engagement Surveys

Since 2020, we have been conducting engagement surveys to enable fixed-point monitoring of employee attitudes. We utilize the findings to verify and improve measures and enhance the management of each organization. Supplementing surveys of the entire Group, pulse surveys provide a detailed picture of changes in individual organizations. In light of pulse survey results, we strengthen management capabilities and take measures to close any gaps in awareness between employees and management teams.

Respecting Human Rights

Included in the CTC Group Philosophy, the CTC Group Code of Conduct calls for the "Creation of a Work Environment with Respect for Human Rights." The development of rewarding work environments in which human rights, personality, individuality, and diversity are respected lays the foundations for all our activities. The importance of respect for human rights and the prohibition of harassment is clearly stated in our employment regulations. In relation to human rights, we have formulated guidelines, established several

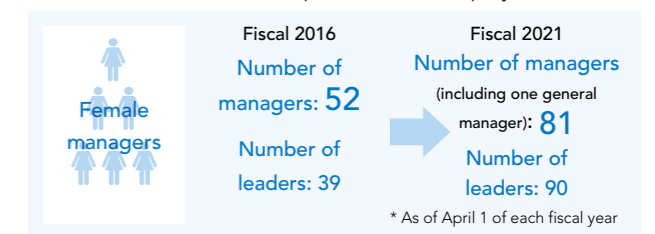
Advancing Diversity and Inclusion

CTC promotes diversity and inclusion based on the belief that an environment in which diverse individuals with different work styles can work together and take on new challenges is a source of value creation.

In fiscal 2021, to augment existing measures and further increase awareness of diversity and inclusion among employees, we are inviting outside speakers to give talks, holding Diversity Career College open seminars, and posting more related information on our intranet.

With regard to LGBT and SOGI initiatives, as well as continuing study groups for executives and Companywide training, we will raise awareness through training for new managers and harassment prevention training and promote understanding and develop an open-minded corporate culture through the provision of information to all employees. We are also improving our systems and environment by making common-law and same-sex couples eligible for certain in-house programs and eliminating the gender field from forms used when people are hired.

Further, we continue to give priority to increasing the percentage of female managers—an indicator of our empowerment of diverse personnel. One of our core measures in this regard entails visualizing the human resource "pipeline" and female candidates for management positions. We categorize the careers of candidates for managerial positions into five phases, starting from the manager phase and continuing up through to the executive phase. On an individual basis, we monitor candidates for positions in the uppermost phase and provide them with career consultations, training, and other support. Beginning from fiscal 2021, the newly launched Career Sponsorship Program will produce benefits by organizing roundtables and one-on-one discussions and raising Companywide awareness of the need to empower female employees.



Improving the Health and Happiness of Employees through Management Focused on Well-Being

Viewing the health of our employees as a management task, we pursue management focused on well-being and health. Moreover, our president & CEO has assumed the position of chief health officer. We monitor the health of our employees, set targets, and implement measures for lifestyle-related

- ▶ Employees receiving health checkups: **100%**
- ▶ Employees getting enough rest from sleep: **Surpassed the 70% target; up 10.3 percentage points year on year, to 73.5%**
- ▶ Employees with high stress levels: **Down 1.5 percentage points year on year, to 7.8%***

* Based on fiscal 2020 health checkup interviews and stress checks

diseases, mental health, smoking cessation, and sleep by working in close collaboration with health insurance associations and such specialists as industrial physicians, public health nurses, nurses, and clinical psychologists. In fiscal 2021, we are addressing issues that have arisen from the increase in telecommuting by taking measures to improve employees' lifestyles. For example, we are using professional trainers to provide employees with dietary guidance and motivate them to exercise.

CTC Well-Being Declaration

At CTC, management of employee health and well-being is a key human resource strategy. We place top priority on the physical, mental, and social health and well-being of all employees.

The well-being of employees is fundamental to putting our slogan, "Challenging Tomorrow's Changes," into practice and achieving sustainable growth, and fostering employees' motivation to work is essential to this endeavor.

By helping our employees and their families to maintain good physical and mental health into the future and strive for self-fulfillment through work, we can be confident of CTC's sustained growth and prospects 100 years from now.

We hereby make the "CTC Well-Being Declaration" an ambitious initiative for the well-being of our employees and their families.

Ichiro Tsuge President & CEO, ITOCHU Techno-Solutions Corporation

External Recognition

- ▶ **100 Telework Pioneers**
CTC has been chosen as one of the 100 Telework Pioneers, companies that have proven track records in the introduction and use of telecommuting and which the Ministry of Internal Affairs and Communications selects to promote the spread of telecommuting.
- ▶ **PRIDE Index 2020: Gold**
We received a "Gold" rating, the highest rating of the PRIDE Index. The index reflects evaluations of initiatives for LGBT individuals and other sexual minorities and is prepared by work with Pride, a voluntary organization.
- ▶ **Semi-Nadeshiko Brand 2021**
Nadeshiko brands are listed corporations selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as enterprises whose empowerment of women in the workplace is outstanding. For three consecutive years, CTC has earned selection as a "Semi-Nadeshiko Brand."
- ▶ **Outstanding Enterprises Engaging in Efforts for Health and Productivity Management (White 500)**
Under the program for Outstanding Enterprises Engaging in



Efforts for Health and Productivity Management, which is conducted by METI and the Nippon Kenko Kaigi (Japan Health Council), we have received certification every year since the program began in fiscal 2017.

- ▶ **"Eruboshi" Certification**
CTC has received third-level "Eruboshi" certification, which is the highest level, as a company deemed favorable based on criteria stipulated by the Ministry of Health, Labour and Welfare pursuant to the Act on the Promotion of Female Participation and Career Advancement in the Workplace.



- ▶ **Next-Generation Certification Mark "Kurumin"**
In recognition of our track record in implementing action plans to support child-rearing, we have obtained "Kurumin" certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



- ▶ **Certification as a Tokyo Metropolitan Government Sports Promotion Company**
We have been selected and certified by the Tokyo Metropolitan Government as a company that conducts sports activities for its employees as well as social contribution activities in the field of sports.



Strengthening Our Business Model

Pursuit of Quality

CTC strives to win the trust of its customers and society by providing quality that goes beyond certified levels, by making on-site improvements based on feedback from customers, and managing quality-related risks in detail.

In fiscal 2021, CTC is revising its Quality Policy to align with its new medium-term management plan, and it will solidify its footing again on service quality and business quality so that quality is a cornerstone strength of the Company. Through this initiative, CTC aims to enhance the creation of value while winning the strong trust of its customers.

Build and Strengthen a Quality Management System

CTC has created the CTC Quality Management System, which complies with the ISO 9001 international standard. 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 enhancing the analysis of failures and taking steps to prevent a recurrence so that similar problems do not arise again in project activities and operational services. Highly complex, large-scale projects are reviewed by an internal third-party organization when estimates and plans are created, and during project execution, to constantly monitor risks.

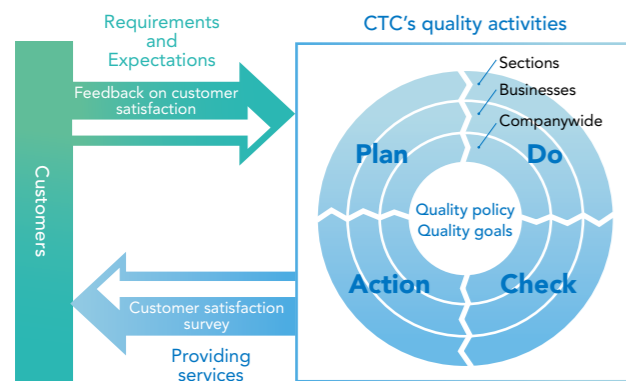


(From left)
 • Japan Quality Assurance Organization (JQA)
 • United Kingdom Accreditation Service (UKAS)
 • Japan Accreditation Board (JAB)

PDCA for Improving Customer Satisfaction

To improve customer satisfaction, we listen to client feedback, which we incorporate into improvements and new proposals. The CS Improvement Committee leads efforts to enhance customer satisfaction, such as conducting client satisfaction surveys.

Client evaluations and opinions are shared throughout the Company. Each part of the Company considers appropriate measures, which are reflected in its sales, project, and service activities. We plan to continue these initiatives going forward, as we aim to remain a trusted business partner for our clients.



Results of the Fiscal 2020 Client Satisfaction Survey

- ▶ Overall evaluation for the year (compared with the previous evaluation period)
 - Year-on-year improvement: 37%
 - Maintained the previous year's level: 54%
- ▶ Assessment by category (35 categories)
 - High assessment**
 - Sales capabilities (enthusiasm and integrity)
 - Technical skills of people in charge
 - Team technological capabilities
 - Hardware maintenance responsiveness
 - Product attractiveness (adequate lineup, freedom of choice)
 - Cloud services / security services / data center services (attractiveness of domains of excellence, such as technologies and knowledge not found at other companies)
 - Room for improvement**
 - Cost-competitiveness (reasonableness of initial outlay, running costs, maintenance costs)

Customer evaluation of system quality
91%*

* The percentage of respondents who answered "Similar to competitors" or higher in the system quality evaluation section of our customer satisfaction survey

Shift to "offensive" quality management

Fiscal 2021 revisions to the Quality Policy

We will add advanced technologies to the skillsets of each employee. Our high-quality IT services meet customer needs for digital transformation.

Tadataka Okubo

Senior Managing Executive Officer, Assistant to the President (Special appointment for Advanced IT Strategy), CTC

History of Amendments to the Quality Policy

In fiscal 2021, CTC amended its Quality Policy in line with the new medium-term management plan, adding four key phrases: "craftsmanship," "advanced technologies," "digital transformation," and "high-quality services."

CTC has always provided IT solutions with the latest technologies. The Company is constantly keeping abreast of diverse "advanced technologies" that change on a daily basis. Each engineer continues to learn and refine advanced techniques (craftsmanship) with the intention of improving his or her skills to the next level.

Using their advanced techniques (craftsmanship), our engineers provide high-quality IT services to our customers. Our business goes one step beyond providing solutions made from high-quality systems (components). Through the advanced techniques (craftsmanship) of our employees, we also propose new ideas and value. Across all our IT services, we aim to supply value that exceeds our customers' expectations.

Digital transformation (DX) is an urgent priority at our customers and across society. Precisely understanding their

needs, we get to the root of the problem and propose optimal architectures, advanced techniques (craftsmanship) and high-quality services.

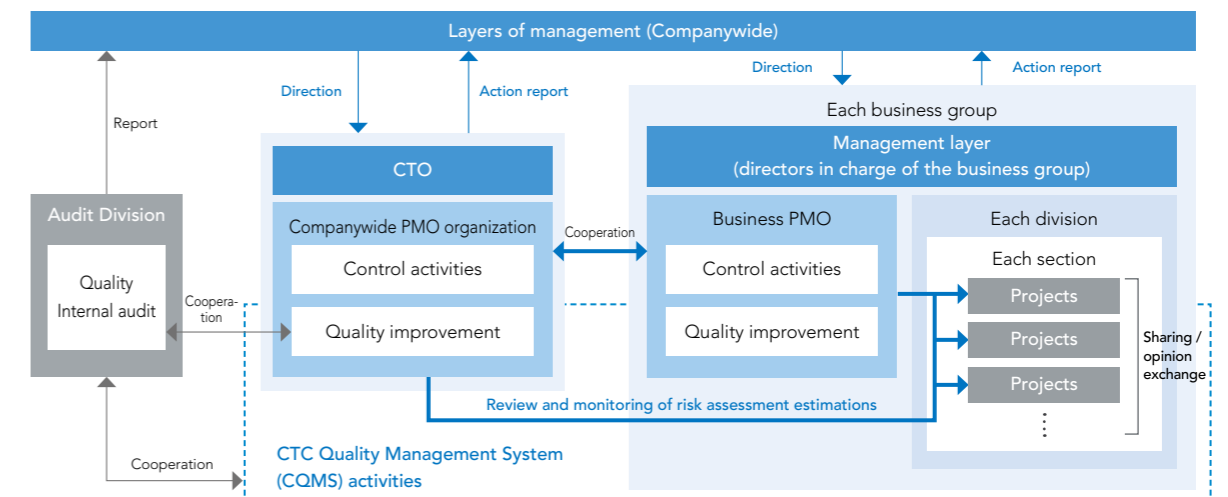
- 1 **Connections with keywords in the new medium-term management plan**
 Craftsmanship, advanced technologies, DX, high-quality services
- 2 **Help to solve issues faced by customers and society by ensuring quality with craftsmanship**
 Declaration of craftsmanship as a differentiating factor
- 3 **Learn technologies so that advanced technologies can be utilized to their fullest**
 Upgrades for each employee

Promotion Structure

CTC is enhancing activities to improve quality by taking actions and coordinating efforts among management, the Project Management Office (PMO) in each business and the PMO for the entire company, while considering their responsibilities and perspectives.

In fiscal 2021, CTC created the Companywide PMO as an

organization that reports directly to the CTO, to strengthen overall management and support in line with amendments to its Quality Policy. This organization aims to improve Companywide service quality and business quality based on strategic benchmarks, while engaging in control activities and pushing for higher quality.



Supporting Sustainable Growth

Environmental Management

As a leading company in the IT industry, we believe it is important to not only reduce the amount of environmental resources used by our company, but also provide a sustainable future for our customers and society through technologies we are uniquely positioned to offer. We listen widely to the opinions of communities about the social role and responsibilities 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 | Provision of Value through the Solution of Issues Faced by Customers

The CTC Group offers value by helping address environmental and social issues. For example, we utilize IT to enable environmental load reduction and eco-efficiency improvement.

2 | Reduction of the Environmental Footprint in Business Activities

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

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 | Cultivation of an Awareness of the Need for a Sustainable Society

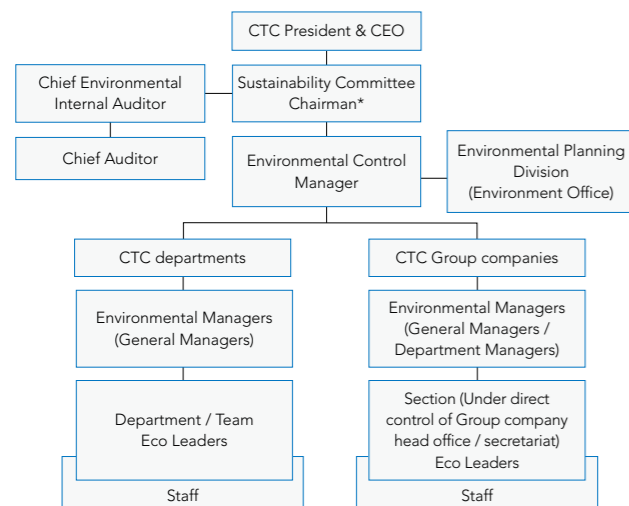
The CTC Group increases employees' environmental awareness through environmental education and other awareness-raising initiatives. Also, the Group cultivates an awareness in each employee of the need for a sustainable society.

Environmental Management Structure

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

Under the Sustainability Committee, the Environmental Managers and Eco Leaders of respective organizations play a central role in advancing environmental improvement activities across the entire Group. All domestic Group companies (excluding affiliates) have obtained ISO 14001 certification.

As an advisory body to the Management Committee, the Sustainability Committee submits proposals on climate change and other important environmental matters to the Management Committee, which deliberates on the proposals and submits them to the Board of Directors for further deliberation.



* For fiscal 2021, Executive Officer in charge of the Human Resources Management & General Affairs Division; General Manager, Corporate Planning Division is assigned to the Sustainability Committee Chairman.

Environmental Education

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

Environmental Improvement Activities

Under the environmental management system, all entities of the CTC Group set annual goals to reduce the environmental impact through their core business and pursue initiatives to achieve those goals. These include helping customers save energy through virtualization and cloud technologies, as well as the provision of environmentally friendly solutions and products.

Further, in June 2021 CTC and its Group companies relocated and integrated their Tokyo head office functions. The relocation helped to lower the Group's environmental footprint by reducing total floor space by approximately 20% (compared to the total floor space of the offices that were relocated). In addition, it helped to curb office electricity consumption through the consolidation of previously dispersed servers at in-house data centers.

Environmental Preservation Activities

We are a supporter of the Morino Project, which creates forests that help prevent disasters and preserve the environment. At Millennium Hope Hills in Iwanuma, Miyagi Prefecture, an area affected by the Great East Japan Earthquake, since 2014 we have been engaged in tree planting and supplementary planting activities both to regenerate forests and create woodlands along coasts that act as levees by dissipating and diminishing the power of tsunamis. In addition, through donations to the Keidanren Nature Conservation Fund, we support activities that are focused on nature conservation and biodiversity preservation.

Climate Change Countermeasures

In April 2021, the CTC Group updated its materiality. In our revised materiality, climate change remains an important social issue for us. Accordingly, we will continue contributing to climate change countermeasures not only through our mainstay business but also by drawing on our creativity to advance initiatives as a corporate citizen.

In April 2019, we announced the 2050 CTC Environmental Declaration, which targets a "30% reduction in CO₂ emissions from our own activities by fiscal 2030 (compared with fiscal 2015), and zero emissions by 2050." By incorporating the 2050 CTC Environmental Declaration into our specific targets and KPIs, we reduced CO₂ emissions by around 29.5% in fiscal 2020 compared with fiscal 2015.

Environmental Initiatives at Our Data Centers

Equipment Used within the Facilities

● Yokohama Computer Center	● Yokohama Computer Center (North Wing)
● Kobe Computer Center	● Mejirozaka Data Center

1 | Adoption of Exhaust Heat Shielding Curtains

By thoroughly segregating cool air supplied to a server rack from exhaust heat, the mixing of airflows from the cold aisle and the hot aisle is prevented, ensuring efficient air conditioning and stable operation of the IT equipment.



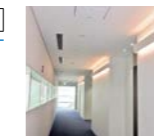
2 | Adoption of a Ceiling-Suspension Local Air Conditioning Method

By installing cooling units in several locations, unlike a conventional floor blowout air conditioning method, it is possible to finely control the operations by rack and area.



3 | Introduction of LED Lighting System

With the aim of realizing energy saving and long life of light bulbs, we have adopted LED lighting equipment.



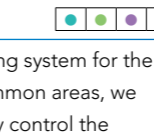
4 | Ice Thermal Storage Equipment

We have realized efficient energy usage by collecting energy in thermal storage, making ice during the night time and discharging such energy during the day time for power usage (peak cut).



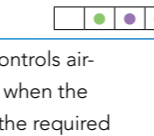
5 | Introduction of Motion Sensors

In addition to the introduction of the LED lighting system for the lighting of the server room and corridors of common areas, we have installed motion sensors that automatically control the switching on and off of lights by detecting human motion.



6 | Outside-Air Cooling System

We have adopted a system that automatically controls air-conditioning operations by taking in outside air when the temperature of outside air and humidity match the required conditions.

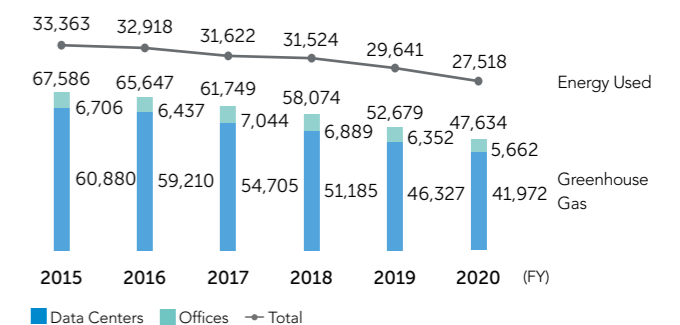


7 | Heat Pump Water Heater

In order to reduce the usage of boilers that use gas, kerosene, etc., as fuel, we use efficient electric water heaters, generally referred to as Eco-Cute.



Greenhouse Gas (t-CO₂) / Energy Used (kL)



Equipment Used Outside the Facilities

8 | Greening Our Premises and Utilizing Solar Energy

Outside our facilities, we are implementing environmentally friendly measures. For example, on our premises we are greening rooftops and the walls of buildings and using electricity generated by rooftop solar panels in data centers.



Other

9 | Sponsorship of Yokohama City Wind Power Generation Project

CTC provided support for the simulation of wind conditions, a location survey, and basic design for the installation of Hama Wing (Yokohama City's wind power generation plant). Supporting the aim of Yokohama City's wind power generation project, CTC has been a sponsor since the inception of the project as a Y (Yokohama) Green Partner, and stepped up its support in April 2020. Generated power has been used for the reduction of CO₂ emissions at the data centers.

Supporting Sustainable Growth

Risk Management

Risk Management System

In addition to individual risk management functions, we have established the Risk Management Committee to take an overall approach to risks that should be managed on a Groupwide basis. As well as comprehensively considering and identifying risks that should be managed on a Companywide level, this committee establishes management systems and rules, assesses effectiveness (conducts monitoring), and recommends corrective measures. We are building a risk management structure capable of responding to future changes in the operating environment and unforeseen circumstances.

Risks	Summary of Risks That Could Negatively Impact Earnings	Risk Mitigation 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, various 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"> Updating the internal structure for identifying and sharing 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 providing high-value-added solutions
2 Information Security Risk	<ul style="list-style-type: none"> Risk of a leak, alteration, or loss of information (personal information and confidential information at clients, for example) or suspension of services caused by unauthorized access stemming from cyberattacks on internal systems and customer services, a computer virus or human error, leading to claims for damage or loss of confidence 	<ul style="list-style-type: none"> We are implementing 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) Acquiring various certifications (JISQ 15001, ISO 27001, ISO 27017) Strengthening control of the entire Group, including domestic and overseas operating companies

Ensuring Rigorous Information Security

For the CTC Group, 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 IoT, AI, and blockchain; society's connections between cyberspace and physical space; and new working environments arising from work-style reforms.

Against this backdrop, the CTC Group has developed an information security and personal information protection management system integrating information security management and personal information protection systems in compliance with ISO 27001 (JIS Q 27001) and Privacy Mark (JIS Q 15001), which is responsible for:

- ▶ Creating various regulations, standards, and procedures
- ▶ Conducting education and awareness activities related to information security and personal information protection
- ▶ Conducting internal audits
- ▶ Conducting annual surveys of outsourcing contractors

At CTC, we handle all the information entrusted to us by our clients as confidential information; carrying out handover checks and exercising strict access management.

To handle the increase in cybersecurity risk countermeasures in recent years, we have established the CTC-SIRT*, which conducts the following activities:

- ▶ Training on responding to targeted attack emails (annually)
- ▶ Vulnerability diagnosis of internal and public sites (annually)
- ▶ Monitoring for cyberattacks

We have obtained ISO 27017 (JIS Q 27017) certification for CUVICmc2 (cloud service specializing in mission-critical systems) and TechnoCUVIC (virtualized hosting service) and are creating services that ensure peace of mind among clients whose information we handle (TechnoCUVIC certification was acquired in February 2020).

Moving forward, 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 Mitigation 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 a serious breach of compliance or a violation of laws or regulations in conducting business 	<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 Operating, maintaining, and improving our whistleblowing system <p>▶ Internal Control and Compliance □ P.75</p>
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 the following measures: <ul style="list-style-type: none"> Training and developing diverse professional human resources Establishing a system giving employees a sense of self-growth and allowing them to realize their full potential (career development support system, leading position certification system, etc.) Promoting diversity and inclusion Promoting work-style reforms (upgrading, monitoring and improving work environments for teleworking, etc.) <p>▶ Human Resources Strategy □ P.64</p>
5 Project Management Risk	<ul style="list-style-type: none"> Risk of additional costs that exceed plans being required due to failure to secure the intended quality or to complete the project within the development time frame amid heightened complexity and sophistication of DX and other projects, leading to delivery delays and poor quality, and leading to claims for damage or loss of confidence among customers 	<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 the following control and support systems to avoid the risk of being unable to complete a critical SI 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>▶ Pursuit of Quality □ P.69</p>
6 System Failure Risk	<ul style="list-style-type: none"> Risk of a serious failure in the operation service business caused by equipment failure or operational errors, leading to a drop in confidence or payment of claims for damages to clients if it affects their business activities (given that IT systems play an important role in social infrastructure) 	<ul style="list-style-type: none"> We are implementing the following measures: <ul style="list-style-type: none"> Regular operational risk inspections Stepping up IT system monitoring, third-party auditing operational status Investigating and responding quickly to product defect information, 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 a drop in recoverability, loss of part of or the entire investment, or a need for additional funding due to failure to achieve the expected results of investments such as in new business startups, or strategic investments in companies in Japan and elsewhere, and data centers and cloud services, for the purpose of expanding operations and sharpening competitiveness, caused by changes in the market environment and deterioration in revenues 	<ul style="list-style-type: none"> We carefully consider investment rewards and risks in advance and are implementing the following measures: <ul style="list-style-type: none"> Building an investment management system (updating 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.) Major operating companies are implementing the following measures: <ul style="list-style-type: none"> Thoroughly raising awareness of the CTC Group Philosophy and CTC Group Code of Conduct Dispatching managers and other staff to operating companies Ensuring governance through shareholder agreements
8 Exchange Rate Risk	<ul style="list-style-type: none"> Risk of a drop in profitability due to failure to adjust prices of products and services that are procured from overseas markets offered in foreign currencies when sudden fluctuations in exchange rates or a medium-term depreciation of the yen occurs 	<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 unforeseen 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 Maintaining a backup system in the Kansai region in preparation for a potential disaster in the Tokyo metropolitan area

Internal Control and Compliance

Internal Control System

CTC has created an internal control system, comprising systems to ensure that directors perform their duties in accordance with legal requirements and the Articles of Incorporation and systems to ensure that business activities are conducted in an appropriate manner across the Group. The internal control system is continually improved through an ongoing review process designed to create a more adequate and efficient system.

Full Commitment to Compliance

The CTC Group regards compliance as a topmost management priority. We observe all applicable laws, regulations, and internal rules related to our corporate activities and ensure that all employees conduct themselves with high ethical standards and a sense of responsibility. In this way, we aim to increase corporate value throughout the entire Group as a sound company to ensure that we are trusted and held in high esteem by society.

To achieve these objectives, we engage in the following activities:

- ▶ Establish the CTC Group Code of Conduct and internal rules
- ▶ Form a compliance structure
- ▶ Acquire written oaths from all executives and employees (annually)
- ▶ Conduct compliance-related education and training, awareness activities, and disseminate information
- ▶ Operate, maintain, and improve an internal reporting system (helpline)

The CTC Group conducts regular monitoring and reviews of these activities, enabling us to make continuous improvements. We also conduct Compliance Awareness Surveys of all executives and employees every other year, analyzing the results to ascertain any issues and undertake new initiatives.

Response to Various Laws and Regulations

The CTC Group has created a framework for keeping up to date with the most recent information to ensure thorough compliance with various laws and regulations, ordinances, and industry guidelines. We have formulated the CTC Group Legal Guidelines to indicate laws and regulations Group companies should conform with. These guidelines are posted on an internal site so that employees can view them at any time.

Systems to Ensure Appropriate Financial Reporting

CTC is stepping up efforts to ensure appropriate financial reporting in accordance with the Group's accounting regulations, sales administration regulations, procurement administration regulations, and other internal company rules. CTC also has a CFO who is tasked with ensuring that financial reporting complies with accounting standards and other relevant laws and regulations. In addition, the Internal Control Committee is responsible for establishing, regularly evaluating, and improving internal systems to ensure appropriate financial reporting.

Compliance Structure

- Appoint a chief compliance officer
- Establish the Compliance Committee*1
- Appoint compliance general managers for each business group and subsidiary

Internal Reporting System (Helpline)

The CTC Group has put in place an internal reporting system (helpline) for reporting or consulting about compliance problems. We have registered our "self-declaration of conformity" (registered on April 26, 2019, and registration subsequently renewed) for this helpline, under WCMS*2 certification.

Reporting routes are internal and external (via attorneys). For both routes, the privacy of the person making a report and related personnel is managed, as is the content of the report. We make it clear that people making reports will not be subjected to disadvantageous treatment as a result of such reporting.

*1 In April 2021, the organization name was changed from the Compliance & Information Security Committee.

*2 WCMS: Whistleblowing Compliance Management System
Under this system, a company assesses its own internal reporting system and makes a "self-declaration of conformity" if it complies with the certification standards. Based on an application by the Company, the system's content is checked by an organization registration designated by the Consumer Affairs Agency, and the Company is registered.



- ▶ CTC Group Code of Conduct P.05

The supervisory departments for various laws and regulations cultivate the necessary awareness to ensure compliance through notifications of related materials and manuals on the intranet, e-learning resources and regular group training.

A Roundtable Discussion with the President & CEO and Outside Directors
Enabling the Continuation of Ambitious Initiatives to Change the Future for the Global Good

In April 2021, after discussions and interviews with internal and external stakeholders, we announced our new materiality. We asked our two outside directors, who provided suggestions when we were analyzing our materiality, to share their opinions on such issues as the CTC Group's mission, opportunities and risks that should be recognized, and corporate governance.



Ichiro Tsuge
President & CEO

Aya Motomura
Independent Outside Director

Naoko Iwasaki
Independent Outside Director

Professional Background

October 2002
Registered as an attorney (Dai-Ichi Tokyo Bar Association)
Joined Nagashima Ohno & Tsunematsu law office

September 2008
Worked for Cleary Gottlieb Steen & Hamilton LLP (New York Office)

February 2009
Registered as a member of New York State Bar Association

July 2009
Worked for Financial Markets Division, Planning and Coordination Bureau, Financial Services Agency

October 2013
Partner, Inaba & Partners (current position)

December 2013
Member of Screening Committee for Seismic-Resistant/Environmentally Friendly Real Estate Development Promotion Project, Real Estate Sustainability & Energy-Efficiency Diffusion (RE-SEED) (current position)

March 2014
Outside Member of Compliance Committee, AEON Reit Management Co., Ltd. (current position)

June 2019
Director, ITOCHU Techno-Solutions Corporation (current position)

August 2019
Executive Officer, Heiwa Real Estate REIT, Inc. (current position)

Professional Background

April 2017
Professor, Institute of e-Government, Waseda University (current position)
President, International Academy of CIO Japan (current position)
Member of Ageing Research Institute for Society and Education (ARISE) Advisory Board, Nanyang Technological University, Singapore (current position)

September 2018
Member of Committee on Standardization of Business Processes/Systems and Utilization of AI/Robotics in Local Governments, Ministry of Internal Affairs and Communications

January 2019
Project Overseer, APEC project on Smart Silver Innovation (current position)

June 2019
Director, ITOCHU Techno-Solutions Corporation (current position)
Director, Kyowa Exeo Corporation (current position)

September 2019
Member, Administrative Evaluation Bureau, Ministry of Internal Affairs and Communications (current position)

April 2021
Expert member, Public Records and Archives Management Commission, Cabinet Office (current position)

Formulation of New Materiality

Tsuge We have redefined our materiality (important issues) from a medium- to long-term perspective based on the CTC Group Philosophy. In formulating our materiality, we created a unified story that includes our medium-term management plan. Even though our materiality may not be something that we mention daily, we have taken this opportunity to rethink our mission, put our mindset into words, and clarify the position of our materiality in our corporate activities so that it can be shared by the entire Group.

Iwasaki When the new materiality was being formulated, we made proposals from the viewpoint of how CTC can contribute to society. I feel that being able to verbalize and share CTC's target profile with stakeholders was very meaningful. I also feel it was significant that the vision of contributing to society was ultimately expressed in a way that demonstrates an accurate understanding of the importance of the SDGs and environmental, social, and governance factors.

Motomura I really like the "change the future for the Global Good" ideal set out in CTC's mission. This is because I can feel the commitment to enriching and bringing happiness to members of society through business as well as pride in realizing these goals through the power of IT. I think that both the process and results of exchanging opinions with CTC's stakeholders were meaningful. What is more, there was value in seeking to make the Company's materiality explicit so that the ideal of the mission could be applied to the times, given concrete form, and shared.

Tsuge We wanted to emphasize that we are forward-focused. I also hoped that it would be a good opportunity for us to reassess our value. The new materiality provides a framework for current measures that will form the future. In IT terms, materiality is like a computer operating system—how we utilize the framework is important.

Motomura I agree. To verify whether each of CTC's measures is meeting the needs of society, I think it is essential to establish a cycle of multifaceted evaluation whereby the Company discloses to stakeholders sufficient, timely information on progress and listens to their feedback.

Iwasaki Evaluation and monitoring using objective benchmarks are also necessary. It is important to continuously cycle through a process of analyzing changes in the social environment, qualitatively and quantitatively evaluating risks and opportunities, improving initiatives, and finding ways to achieve business growth through business-based efforts aimed at addressing social issues.

Tsuge In our new materiality, we have included themes that reflect the changing times, such as the environment, governance, and human resources.

Iwasaki Human resources are the most important of the core elements for achieving sustainable growth. As DX accelerates, creating business opportunities and addressing social issues are becoming synonymous for IT service providers. I believe that the Company's mission will come to include the establishment of a workplace environment where employees can take the initiative in discovering social issues and work in customer-oriented ways. The use of the word "creation" gives me the sense that your aspirations are focused on an even higher level than before.

Tsuge Regarding the "creation of human resources," the ITOCHU Techno-Solutions Future Foundation provides support for students in their studies. But what I have in mind now is the formation of a community where employees serve as instructors to improve people's IT skills. If a platform is established that can be accessed by different generations, this would be a step toward eliminating the digital divide. Such an initiative would also improve the skills of instructors, and we would like to consider a range of options in this regard.

In terms of human resources, diversity will also become increasingly important as we go forward.

Motomura Why is diversity so important? I think it is because people with diverse backgrounds make it possible to create various types of value. I myself came to Tokyo from a rural area, became a lawyer, and am now the mother of two children. I have experienced setbacks and failures that I could not have overcome by my own efforts alone or based solely on the resources available in my immediate surroundings. In adversity, I believe that many people have experienced the joy that comes from finding a little hope and then



Active discussions have begun on diversity in a broader sense, not just in relation to gender. As Ms. Motomura mentioned, I believe that society will need to bring together diverse opinions and promote innovation based on total optimization, rather than being content with vertical divisions or optimization of discrete areas.

Motomura Another theme that is being focused on is climate change and investment opportunities.

Responding to climate change has become a global concern. The Sustainability Committee is deliberating on how to contribute to climate change responses through the Company's core business. However, I hope that CTC continues efforts to cultivate a high level of environmental awareness in-house.

As for investment and the acquisition of technologies, clients, and human resources, I think the Company needs to consider external management resources. It is important to establish capabilities that allow the senior management team to stay aware of the need to raise capital efficiency while constantly identifying and analyzing investment opportunities in a timely and appropriate manner.

making progress. Approaches and ways of discovering challenges differ from person to person. Bringing together a diverse group of people establishes an atmosphere that leads to the creation of new ideas and innovations that make society more convenient.

Iwasaki Even among developed countries the percentage of female managers is low, and the Company deserves praise for continuing to receive favorable external evaluations on diversity. Moreover, since CTC has set qualitative and quantitative goals based on its Basic Policy on Diversity, I look forward to the Company's initiatives aimed at achieving them.

The New Medium-Term Management Plan and Growth Strategy

Tsuge Our new medium-term management plan outlines our growth trajectory based on recognition of the role we should play as an IT service provider. It is important that employees be sensitive to change and think for themselves as they engage in business operations. Therefore, in preparing the plan, our goal was to set out a broad framework and provide examples while letting frontline employees mull specific scenarios and detailed strategies and advance initiatives.

Iwasaki The plan gives a comprehensive view of CTC's target profile by setting steady earnings growth as a goal, while integrating this with the CTC Group Philosophy and the new materiality. In addition, the pillars of the Company's strategies are all in areas that are attracting a great deal of interest. These pillars include support for DX, the co-creation business, 5G, AI, and cloud computing, not to mention the establishment of foundations in these fields through the development of human resources. In these efforts, I would like the Company to aim for a growth strategy that is focused on overall optimization.

Motomura I think the key word will be "Accelerate" which is a central component of the new medium-term

management plan. As the era advances at an ever-increasing pace and marked changes emerge in social needs, keeping abreast of the latest trends and boosting adaptability will become more important than ever.

Tsuge Business managers should be fully aware that the three years of this medium-term management plan will be a difficult period, containing both significant growth opportunities and significant risks.



Supporting Sustainable Growth

Corporate Governance

Motomura In the world of finance, for example, we are seeing a shift in the industrial structure, with hegemony shifting from financial service providers to non-financial service providers, and the integration of financial service providers into non-financial service providers. On the customer level, the emergence of such services as microfinancing shows how groups that previously were not always able to enjoy the benefits of financial services are now gaining access to them. With the development of IT, benefits and advantages that have been monopolized by a limited group of people will be opened up and spread to other groups, not only in the financial services industry but also in a range of other industries. In pursuing the growth strategies from

now on, I believe that the ability to grasp the trends of the times and adapt swiftly will determine whether trends become opportunities or risks.

Iwasaki The direction of the Group's businesses will depend on whether changes in the business environment are viewed as risks or opportunities. These changes include the rapid digitalization of society, globalization and the resulting complexity of issues, and the growing need to improve labor productivity due to aging of the population. As an outside director, I must continue to fulfill my role of providing comprehensive analysis of the business environment while maintaining a flexible attitude.



As an Outside Director of CTC

Tsuge Amid growing uncertainty, if we are to accurately analyze opportunities and risks and thereby sustain growth, strengthening our governance system is essential. Do you have any suggestions in this regard?

Motomura Meetings of CTC's Board of Directors are very democratic—discussions are open and information is readily available, and I feel that our questions and opinions are listened to sincerely. Above all, at the beginning of each discussion, President Tsuge explains in his own words the issues and points of contention in relation to each agenda item, so that we can take part in discussions with an understanding of what is happening and what the issues are. I feel that the plan-do-check-act (PDCA) cycle is working well for the establishment of internal controls, and I hope that CTC continues strengthening its capabilities through a process of trial and error as it takes on new challenges.

Iwasaki At the monthly meetings of the Board of Directors, the number of agenda items is appropriate, sufficient time is allowed for deliberations on them, and documents on agenda items are distributed in advance. As a result, board members can participate in deliberations in light of sufficient background knowledge and thoroughly discuss agenda items. In fiscal 2020, due to the COVID-19 pandemic, the Board of Directors' meetings shifted to a hybrid format that incorporated online meetings. Studies have shown that sensitivity to such environmental changes is likely to significantly affect post-COVID-19 businesses. I would like to commend the swift response to risks shown by members of the senior management team and demonstrated in the administration of the Board of Directors.

Motomura I think there is no correct answer to the question of how to ensure diversity in the Board of Directors.

The effectiveness of the board must be enhanced by using a similar process of trial and error in considering such factors as the appropriate number of board members and the optimal composition of the board, what types of skillsets board members should have, and the percentage of outside directors with reference to the current status of the listing of parent/subsidiary pairs.

In realizing efforts to its Accelerate strategies, the Company needs to avoid the structural inertia that can beset large corporations and have a mindset that is focused on constantly pursuing ambitious initiatives. As an outside director, my role is to monitor the Company's offensive and defensive measures in a well-balanced manner that is based on a full understanding of the value of taking on challenges.

Iwasaki Beginning from fiscal 2021, I will serve as chairperson of the Remuneration Committee. There is an ongoing debate on the proposition that, to improve corporate value over the medium to long term, the remuneration system should be linked to various KPIs rather than linked only to business result indicators. Since careful consideration and analysis of trends at other companies is called for, I would like to conduct a series of discussions on this issue.

As an outside director, I feel that one of my roles is to actively provide frank opinions when situations seem to call for comments that are based on an outside perspective. I look forward to continuing to work with CTC as it charts a course for further growth guided by a newly formulated medium-term management plan and revamped materiality.

Tsuge I intend to continue working on effective corporate governance and taking on initiatives in our current business that promise to bear fruit going forward. Thank you very much for the valuable insights you have provided today.

Governance-Strengthening Efforts to Date: From Fiscal 2015 to Fiscal 2021

Fiscal 2015

- Established the Nomination Committee, Remuneration Committee, and Governance Committee as advisory committees to the Board of Directors
- Commenced evaluation of the effectiveness of the Board of Directors
- Established a liaison meeting for Audit & Supervisory Board Members and non-executive directors
- Established an information-sharing meeting for non-executive directors
- Began providing opportunities for outside directors to take part in training (external seminars)

Fiscal 2016

- Invited outside speakers to conduct ESG study sessions for directors

Fiscal 2017

- Introduced a performance-linked stock-based remuneration plan
- Invited outside speakers to conduct SDGs training sessions for directors

Fiscal 2018

- Invited outside speakers to conduct compliance study sessions for directors

Fiscal 2019

Governance System Renewal

- Established a governance system in which independent outside directors account for at least one-third of directors (two independent outside directors, both women)
- Established a governance system in which independent outside Audit & Supervisory Board Members account for at least half of the Audit & Supervisory Board Members
- Arranged on-site visits by outside directors (external seminars, forum attendance, visit to a special subsidiary)

Fiscal 2020

Discretionary Committee System Changes

- Appointed an independent officer as chairperson of the Governance Committee, which along with the Nomination and Remuneration committees is one of three discretionary committees
- Changed the membership of each of the above-mentioned committees so that independent officers constitute a majority

Fiscal 2021

Discretionary Committee System Change

- Appointed an independent officer as chairperson of the Remuneration Committee, thereby establishing a structure like that of the Governance Committee

Governance System Renewal

At the 40th Annual General Meeting of Shareholders, held on June 19, 2019, it was decided to reform the Company's governance system so that at least one-third of the Company's directors would be independent outside directors and at least half of the Company's Audit & Supervisory Board Members would be independent outside Audit & Supervisory Board Members.

To ensure that the Board of Directors contributes to the continued medium- to long-term growth of corporate value, we believe the Board of Directors must have an appropriate balance of knowledge, experience, and abilities as well as a balance in terms of gender and expertise, including persons with relevant knowledge and experience, attorneys, and certified public accountants.

With the reform of the Company's governance system, the number of directors was reduced from nine to six, two of whom meet the requirements for independent officers established by the Tokyo Stock Exchange. One independent outside director is a university professor, and the other is an attorney. While all directors are Japanese, some of them have resided abroad, worked with overseas vendors, or have extensive overseas business experience and an international perspective. We therefore believe the Company's governance system is sufficiently diverse.

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

Composition of the Board of Directors and Audit & Supervisory Board in Fiscal 2021

<p>Board of Directors</p> <p>Two outside directors (both of whom are independent officers)</p>	<p>Audit & Supervisory Board</p> <p>Three outside Audit & Supervisory Board Members (two of whom are independent officers)</p>
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Directors and Audit & Supervisory Board Members As of June 17, 2021

*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 and Aya Motomura 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.



Ichiro Tsuge

President & CEO



Hiroshi Kajiwara

Director



Hisashi Eda

Director & Senior Managing Executive Officer
COO, Regional & Social Infrastructure Group



Hiroshi Takada

Audit & Supervisory Board Member



Mamoru Seki

Director & Managing Executive Officer
CFO & CAO
CCO



Yasuyuki Harada

Audit & Supervisory Board Member*2



Naoko Iwasaki

Director*1



Toshiaki Tada

Audit & Supervisory Board Member*2



Aya Motomura

Director*1



Katsuhiko Hara

Audit & Supervisory Board Member*2

Overview of the Corporate Governance System

Basic Stance on Corporate Governance

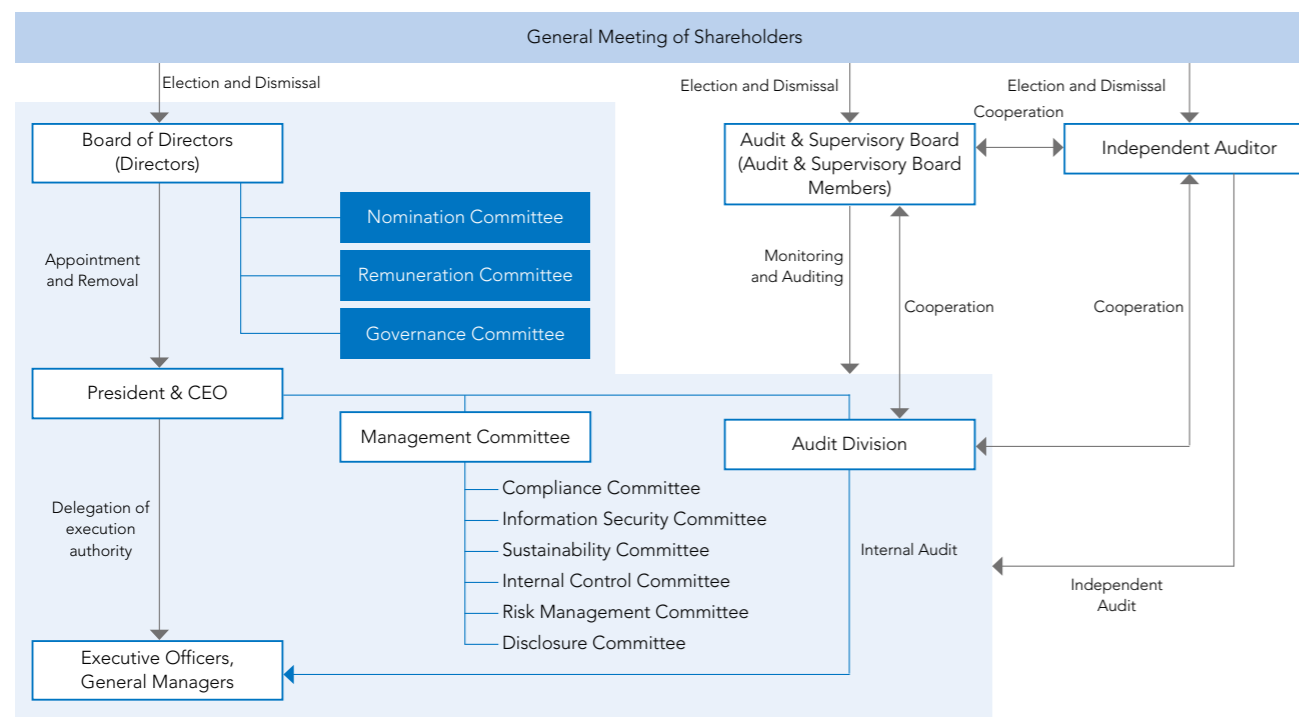
Guided by the slogan, "Challenging Tomorrow's Changes," and the CTC Group Philosophy, which sets out our mission of "Leveraging IT's potential to change future for the Global

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.

Overview of the Corporate Governance System

Organization type	Company with corporate Audit & Supervisory Board Members (Audit & Supervisory Board)
Chairman of the Board of Directors	President & CEO
Number of directors (of which, outside directors)	6 (2)
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)

Corporate Governance System As of June 17, 2021



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 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, nationality, and the like. Of the five outside directors and Audit & Supervisory Board Members, four 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.

Skill Matrix of Outside Directors and Outside Audit & Supervisory Board Members

Name	Position	Age*	Gender	Term of office (years)	Independent officer	Skills / experience				
						Corporate management	Finance / accounting	Legal affairs and risk management	Global	Industry knowledge
Outside Directors										
▶ Naoko Iwasaki	Director	46	Female	2	●				○	○
▶ Aya Motomura	Director	42	Female	2	●		○	○		
Outside Audit & Supervisory Board Members										
▶ Yasuyuki Harada	Audit & Supervisory Board Member	62	Male	2		○			○	
▶ Toshiaki Tada	Audit & Supervisory Board Member	53	Male	9	●			○		
▶ Katsuhiko Hara	Audit & Supervisory Board Member	66	Male	2	●		○		○	

* As of August 31, 2021

Female Male

Members of Discretionary Committees for Fiscal 2021

Name	Position	Independent officer	Nomination Committee	Remuneration Committee	Governance Committee
Ichiro Tsuge	President & CEO		◎		
Hisashi Eda	Director & Senior Managing Executive Officer COO, Regional & Social Infrastructure Group			○	
Mamoru Seki	Director & Managing Executive Officer CFO & CAO, CCO				○
Naoko Iwasaki	Outside Director	●	○	◎	○
Aya Motomura	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

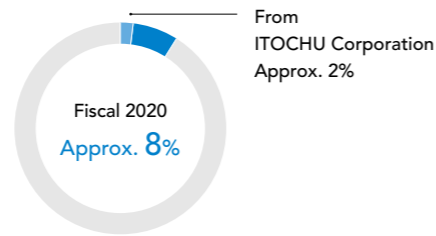
▶ **Other Special Circumstances That May Have a Material Impact on Corporate Governance (Relationship with Parent Company)**

CTC is a consolidated subsidiary of its parent company ITOCHU Corporation, which holds 58.26% 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 Sales 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 with partners, maintenance, expansion, or 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 survey 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 holdings if they are found to conform to 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 merits other than trade merits such as development of new businesses, securing of business know-how, etc.

· Investment in development / technology partners

Securing of business merits 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 merits 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

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

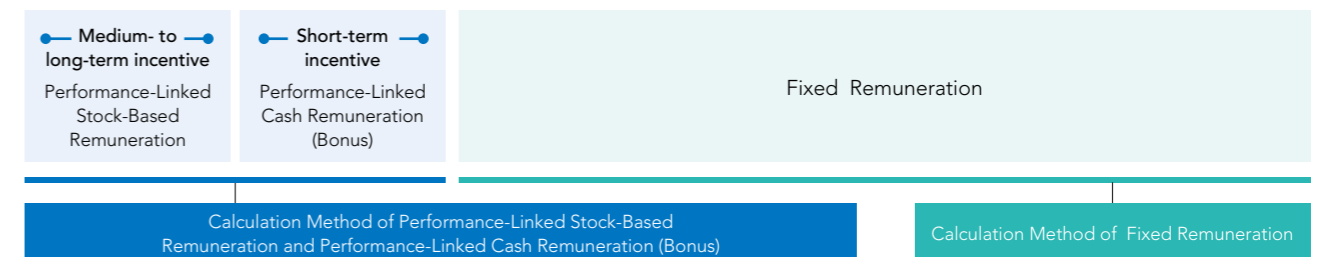
Director Remuneration

▶ **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 a trust for providing performance-linked stock-based remuneration totaling no more than ¥180 million over three target fiscal years. Remuneration comprises standard remuneration, which is fixed payments, bonuses, which are performance-linked cash compensation, 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 performance-based bonuses.

* 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.



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 2020 Target	Fiscal 2020 Results
Net profit attributable to CTC's shareholders	30,000	30,486

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.

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%

■ **Total Remuneration, Etc., of Each Director or Auditor Segment (Fiscal 2020)**

Directors: 6 (excluding outside directors)	Outside directors: 2	Audit & Supervisory Board Members: 1 (excluding outside Audit & Supervisory Board Members)	Outside Directors and Audit & Supervisory Board Members: 3
Fixed remuneration: ¥151 million Bonus: ¥82 million Performance-linked stock-based remuneration: ¥26 million (Performance linked: approximately 40%)	Fixed remuneration: ¥23 million	Fixed remuneration: ¥25 million	Fixed remuneration: ¥44 million

Measures to Improve Effectiveness

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

Since fiscal 2015, CTC has been conducting a survey of directors and Audit & Supervisory Board Members to analyze and evaluate 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 intend to use this process to encourage the board to take a longer-term and more strategic perspective in discussions.

Main Survey Items in the Evaluation of the Board of Directors

- Participation in management strategy decisions
- Monitoring of management strategy
- Appropriateness of the contents of the distributed materials and the number of proposals
- Matters concerning the operation of the Board of Directors such as the deliberation of proposals
- The number of directors, diversity, and matters concerning the constitution of the Board of Directors based on consistency with the business strategy
- Monitoring of execution of duties by directors
- Status of deliberation at discretionary committees and matters concerning the constitution of each committee

Main Opinions in the Evaluation of the Board of Directors in Fiscal 2020

- The administration of the Board of Directors and its deliberations are appropriate in general.
- Monitoring of the execution of the duties of directors is appropriate.
- The balance of non-executive directors and executive directors is appropriate for the conduct of effective discussions.
- Information on the Company's medium- and long-term strategies was shared with non-executive directors, and the progress of these strategies was reported periodically.
- Discretionary committees have established an environment in which outside directors can readily express their opinions.
- With respect to the composition of discretionary committees, there is a need to consider increasing the utilization of independent officers, including their appointment to the position of committee chairperson, to further enhance objectivity, fairness, and transparency as well as to stimulate discussions.
- Matters discussed by the committees are appropriately reflected in the deliberations of proposals at meetings of the Board of Directors.
- Opportunities should be established at meetings of the Board of Directors for the sharing of expectations and opinions with respect to the Company and its industry that have been acquired through dialogues with investors.

▶ Follow-Up System for Outside Directors

In order 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 a recognition of the importance of major

items discussed at Management Committee meetings and share 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 facilitate outside directors in fulfilling their functions sufficiently, we invite outside lecturers to provide training and other opportunities.

Main Activities in Fiscal 2020

▶ Number of Meetings of Major Organizational Bodies Held and Attendance of Outside Directors and Audit & Supervisory Board Members

Number of Board of Directors' meetings held	18	Attendance of outside directors at Board of Directors' meetings	100%
Number of Audit & Supervisory Board meetings held	11	Attendance of outside Audit & Supervisory Board Members at Board of Directors' meetings	98%
		Attendance of outside Audit & Supervisory Board Members at Audit & Supervisory Board meetings	100%

Main Comments by Outside Directors at the Board of Directors' Meetings

Proposal on approval for the commencement of consideration of the relocation and integration of CTC Group Tokyo area offices

- Request for confirmation of the office strategy and growth strategy during the COVID-19 pandemic

Proposal on executive officer reports

- Request for confirmation of the status of Companywide measures with respect to in-house digital transformation

▶ Number of Meetings Held by Each Committee in Fiscal 2020

Nomination Committee

2 meetings
(attendance: 100%)

Agenda Items

Deliberation on election / dismissal agenda of candidates for executive officers, directors, and Audit & Supervisory Board Members

1. Deliberation of proposals for selection and dismissal of candidates for executive officers, directors, and Audit & Supervisory Board Members (mainly selection criteria and process verification)
2. Deliberation of proposals regarding selection and dismissal of directors and executive officers
3. Deliberation of the following governance-related matters
 - (1) Examination of the successor plan
 - (2) Policy for nominating executive officers and candidates for directors and Audit & Supervisory Board Members

Remuneration Committee

1 meeting
(attendance: 100%)

Agenda Items

Deliberation on design and review of the remuneration system for executive officers and directors (individual remuneration decided by the president based on the remuneration system)

Governance Committee

4 meetings
(attendance: 100%)

Agenda Items

Deliberation on the governance-related agenda below:

1. Stance on composition of the Board of Directors
2. Evaluation of effectiveness of the Board of Directors
3. Response to Japan's Corporate Governance Code
4. Implementation method and points for improvement with respect to the analysis and evaluation of the effectiveness of the Board of Directors

Communication with Stakeholders

▶ Institutional Investors and Analysts

In addition to investor relations (IR) presentations for institutional investors and analysts held at the time of announcement of our operating results, we hold small meetings and individual meetings to provide opportunities for constructive dialogue with our top management. In fiscal 2020, we also held a technical study session on agile development



Materials used in the technical study session on agile development

Number of Meetings with Institutional Investors and Analysts		337
Major Events	▶ Number of IR presentations	4
	▶ Number of small meetings	2
	▶ Number of 1 on 1 meetings with domestic institutional investors	1
	▶ Number of one-on-one meetings with overseas investors	4
	▶ Technical study sessions	2

▶ Individual Investors

Since fiscal 2015, CTC has conducted IR activities targeting individual investors. In addition to holding briefings for individual investors around the country, we provide information for individual investors on the "CTC Power" section of our Japanese website. Even in conditions where face-to-face meetings are often not possible, we are seeking to heighten the quality of our communication. In fiscal 2020, we used online briefings to communicate our advantages and initiatives. Moreover, during the briefing we accepted and replied to questions via a chat service.



Online briefings for individual investors

Number of Presentations for Individual Investors and Participants

Fiscal 2019 **10** times
approx. **2,000** participants

Fiscal 2020 **3** times
approx. **4,800** participants*

* Due to the COVID-19 pandemic, we changed the venues of briefings from physical sites to a livestreaming format. The number of participants is the number of log-ons to the briefings when they were being livestreamed plus the number of log-ons to the briefings for viewing via an on-demand service.

▶ For more information, please visit the "CTC Power" section of our website.
<https://www.ctc-g.co.jp/company/ir/individual/> (in Japanese only)

▶ General Meeting of Shareholders

Date of the General Meeting of Shareholders on Thursday, June 17, 2021

Number of shareholders who attended **42**

(Ratio of voting rights exercised: **90.1%**)

Note: To prevent the spread of COVID-19, we asked shareholders to refrain from attending the General Meeting of Shareholders as much as possible. As a result, attendance at the 2021 meeting was lower than in normal years.

▶ Please visit our website for more detailed IR information.
<https://www.ctc-g.co.jp/en/company/ir/>

Corporate and Other Information

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Financial Highlights

Note: CTC adopted International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2014. Figures for fiscal 2013 have been reclassified to reflect the new standards.

JGAAP			IFRS		
Fiscal	2011	2012	Fiscal	2013	2014
Operating Results			Operating Results		
Net Sales	297.7	322.5	Revenue	350.6	381.9
Cost of Sales	218.1	239.2	Cost of Sales	(266.9)	(290.7)
Gross Profit	79.6	83.3	Gross Profit	83.7	91.3
(Gross Profit Margin)	26.7%	25.8%	(Gross Profit Margin)	23.9%	23.9%
SG&A Expenses	54.8	56.1	Other Income and Expenses	(59.9)	(61.9)
Operating Income	24.8	27.2	Operating Income	23.8	29.3
(Operating Income Margin)	8.3%	8.4%	(Operating Income Margin)	6.8%	7.7%
EBITDA*1	32.4	33.2	EBITDA*1	31.4	37.5
Net Income	13.3	16.0	Net Profit Attributable to CTC's Shareholders	14.2	17.4
Orders Received	302.5	372.1	Orders Received	369.1	388.1
Backlog	136.6	186.2	Backlog	195.5	201.6
(Backlog Turnover Ratio)*2	68.5%	63.4%	(Backlog Turnover Ratio)*7	63.1%	65.4%
Financial Position at End of Fiscal Year			Financial Position at End of Fiscal Year		
Total Assets	252.7	270.0	Total Assets	282.7	302.7
Total Equity	158.4	164.6	Total Shareholders' Equity	163.0	168.9
Cash Flows			Cash Flows		
Cash Flows from Operating Activities	21.3	9.7	Cash Flows from Operating Activities	6.4	25.8
Cash Flows from Investing Activities	(2.8)	(10.3)	Cash Flows from Investing Activities	(8.0)	(17.3)
Cash Flows from Financing Activities	(8.9)	(11.1)	Cash Flows from Financing Activities	(9.5)	(13.6)
Cash and Cash Equivalents at End of Period	77.9	66.1	Cash and Cash Equivalents at End of Period	55.1	50.1
Capital Investment	6.3	10.0	Capital Investment	7.0	8.0
Depreciation and Amortization	7.6	6.0	Depreciation and Amortization	7.6	8.2
Financial Index / Indicators (%)			Financial Index / Indicators (%)		
ROE*3	8.5	9.9	ROE*8	8.9	10.5
ROA*4	5.4	6.1	ROA*9	5.1	5.9
Equity Ratio	62.7	61.0	Ratio of Shareholders' Equity to Total Assets	57.7	55.8
Dividend Payout Ratio	43.8	39.1	Dividend Payout Ratio	45.8	40.3
Per Share Data (yen)*5			Per Share Data (yen)*5		
Net Income	54	67	Net Profit Attributable to CTC's Shareholders	60	74
Net Assets	651	692	Shareholders' Equity	692	730
Dividend	23.75	26.25	Dividend	27.50	30.00
Per Capita Data (¥ million)*6			Per Capita Data (¥ million)*6		
Net Sales	42	42	Revenue	45	49
Operating Income	3.5	3.5	Operating Income	3.1	3.7

*1 EBITDA = Operating Income + Depreciation and Amortization

*2 Backlog Turnover Ratio = Net Sales / (Backlog of the previous fiscal year + Orders received for this fiscal year) x 100

*3 ROE = Net Income / Average Total Shareholders' Equity

*4 ROA = Net Income / Average Total Assets x 100

*5 CTC conducted two-for-one stock splits of common shares on April 1, 2015 and April 1, 2018. For the past data, retroactive revisions were made accordingly.

*6 Figures are calculated on March 31.

*7 Backlog Turnover Ratio = Revenue / (Backlog of the previous fiscal year + Orders received for this fiscal year) x 100

*8 ROE = Net Profit Attributable to CTC's Shareholders / Average total shareholders' equity

(which is based on total shareholders' equity at the beginning and end of the year) x 100

*9 ROA = Net Profit Attributable to CTC's Shareholders / Average total assets (which is based on total assets at the beginning and end of the year) x 100

*10 The CTC Group adopted IFRS 16 "Leases" (issued in January 2016) from fiscal 2019.

IFRS						
Fiscal	2015	2016	2017	2018	2019*10	2020
Operating Results						
Revenue	391.6	407.8	429.6	452.0	487.0	479.9
Cost of Sales	(300.1)	(311.1)	(328.0)	(344.2)	(369.0)	(358.4)
Gross Profit	91.5	96.7	101.6	107.7	118.1	121.5
(Gross Profit Margin)	23.4%	23.7%	23.6%	23.8%	24.2%	25.3%
Other Income and Expenses	(63.6)	(65.6)	(69.0)	(71.8)	(76.4)	(77.8)
Operating Income	27.9	31.1	32.6	35.9	41.7	43.6
(Operating Income Margin)	7.1%	7.6%	7.6%	7.9%	8.6%	9.1%
EBITDA*1	36.4	39.6	41.4	44.7	57.9	63.3
Net Profit Attributable to CTC's Shareholders	18.0	21.9	23.6	24.6	28.5	30.5
Orders Received	398.3	437.6	435.2	470.2	490.7	522.5
Backlog	208.3	238.1	243.7	262.9	272.3	314.9
(Backlog Turnover Ratio)*7	65.3%	63.1%	63.8%	63.3%	64.6%	60.4%
Financial Position at End of Fiscal Year						
Total Assets	307.9	333.1	353.9	378.9	438.8	462.7
Total Shareholders' Equity	179.3	192.2	206.6	220.7	231.7	254.8
Cash Flows						
Cash Flows from Operating Activities	21.9	25.2	11.0	20.6	50.1	37.3
Cash Flows from Investing Activities	(18.2)	(14.2)	(2.3)	(3.2)	(17.2)	(10.1)
Cash Flows from Financing Activities	(8.4)	(7.8)	(6.0)	(9.5)	(17.1)	(21.1)
Cash and Cash Equivalents at End of Period	44.9	48.2	51.0	58.8	74.6	80.9
Capital Investment	11.1	10.7	5.2	7.2	16.2	14.6
Depreciation and Amortization	8.4	8.4	8.8	8.8	16.2	19.7
Financial Index/Indicators (%)						
ROE*8	10.4	11.8	11.8	11.5	12.6	12.5
ROA*9	5.9	6.8	6.9	6.7	6.8	6.8
Ratio of Shareholders' Equity to Total Assets	58.2	57.7	58.4	58.2	52.8	55.1
Dividend Payout Ratio	44.9	42.3	44.1	46.9	47.1	48.5
Per Share Data (yen)*5						
Net Profit Attributable to CTC's Shareholders	78	95	102	107	123	132
Shareholders' Equity	775	831	894	955	1,003	1,103
Dividend	35.00	40.00	45.00	50.00	58.00	64.00
Per Capita Data (¥ million)*6						
Revenue	49	50	53	54	55	53
Operating Income	3.5	3.8	4.0	4.3	4.7	4.8

(¥ billion)

Non-Financial Highlights

Human Resources-Related Data

(Data calculation reference dates: Data calculated on March 31 of each fiscal year. But disabled employee figures calculated on June 1 of each fiscal year.)

Basic Data (Consolidated)

		Unit	FY2017	FY2018	FY2019	FY2020
Employees	Total	People	8,175	8,359	8,808	9,050
Gender	Men	People	6,919	7,032	7,317	7,436
	Women	People	1,256	1,327	1,491	1,614

Basic Data (Non-Consolidated)

		Unit	FY2017	FY2018	FY2019	FY2020
Employees	Total	People	4,117	4,272	4,276	4,451
Gender	Men	People	3,478	3,611	3,569	3,684
	Women	People	639	661	707	767
Age	Under 30	People	523	598	708	807
	30-39	People	1,337	1,260	1,117	1,107
	40-49	People	1,581	1,641	1,641	1,665
	50-59	People	638	732	760	829
	Over 60	People	38	41	50	43
Turnover*1	Men	People	103	104	140	70
	Women	People	20	29	12	12
	Total	People	123	133	152	82
Turnover rate*1	Men	%	2.8	2.8	3.8	1.9
	Women	%	2.9	4.0	1.6	1.5
	Total	%	2.8	3.0	3.4	1.8
Average years worked	Men	Year	13.5	13.7	13.6	13.7
	Women	Year	12.6	12.9	12.6	12.4
	Total	Year	13.4	13.5	13.5	13.4

Diversity (Non-Consolidated)

		Unit	FY2017	FY2018	FY2019	FY2020
Number of new graduates hired	Men	People	79	117	96	101
	Women	People	45	39	58	61
	Total	People	124	156	154	162
Number of mid-career hires		People	81	113	160	156
Retiree reemployment rate		%	72.7	87.5	70.5	90.1
Female managers*1	Number	People	56	59	69	70
	Percentage	%	4.5	4.9	5.6	5.6
Percentage of disabled employees		%	2.2	2.5	2.5	2.6

Work Style (Non-Consolidated)

		Unit	FY2017	FY2018	FY2019	FY2020
Average annual leave uptake rate		%	71.9	75.3	72.6	61.0
Annual average number of holidays taken		Days	13.9	14.5	13.9	11.7
Average monthly overtime hours per employee		Hours	14	14	13	16
Childcare leave system users	Men	People	54	59	59	52
	Women	People	66	69	65	55
	Total	People	120	128	124	107
Childcare leave uptake rate (male)*2		%	34.9	39.1	44.4	36.3
Rate of return from childcare leave		%	98.9	100.0	100.0	98.8
Reduced working hours system users		People	97	97	99	93
Nursing care holiday system users		People	202	212	200	144
Nursing care leave system users		People	1	0	1	0
Time off for caregiver system users		People	34	32	44	35

		Unit	FY2017	FY2018	FY2019	FY2020
Volunteer leave*3 number of employees		People	130	18	74	11
Disaster support volunteer special leave*4 number of employees*5		People	35	41	23	0
Users of disaster support volunteer activity cost subsidies*5		People	152	104	77	0
Morning work*6	Annual total	People	2,812	2,907	2,941	3,080
	Monthly average	People	1,276	1,323	1,325	1,519
Staggered work*7	Annual total	People	938	1,017	1,515	1,916
	Monthly average	People	305	376	497	846
Hourly paid leave*8	Annual total	People	1,176	1,371	1,453	1,357
	Monthly average	People	293	372	425	327

*1 Figures for number of retirees, turnover, and female managers pertain to employees originally hired by CTC.

*2 In fiscal 2018, we revised the method for measuring the childcare leave uptake rate to include those taking childcare leave for three days or less.

*3 This refers to leave that can be taken for activities approved by the Company, such as community contribution and welfare activities in Japan.

*4 This refers to special leave that can be taken to undertake activities in disaster-stricken areas in Japan.

*5 Due to the COVID-19 pandemic, in fiscal 2020 this program was used by any employees.

*6 We place limits on overtime work at night and on holidays and encourage work in the early morning hours (5:00-9:00 a.m.).

*7 This system allows employees to work full-time while selecting their daily starting times from a period between 7:00 a.m. and 10:00 a.m. In fiscal 2020, certain conditions for using the system were relaxed as part of measures to prevent the spread of COVID-19.

*8 This system allows employees to take three days (24 hours) of annual paid leave in hourly units. In fiscal 2020, certain conditions for using the system were relaxed as part of measures to prevent the spread of COVID-19.

Human Resource Development (Non-Consolidated)

		Unit	FY2017	FY2018	FY2019	FY2020
Number of training participants		People	111,260	101,673	129,026	132,430
Average hours of training per person		Hours	49	48	53	49

Security / Compliance

		Unit	FY2017	FY2018	FY2019	FY2020
Number of serious security incidents		Cases	0	0	0	0
Number of serious compliance violations		Cases	0	0	0	0
Number of serious environmental law violations		Cases	0	0	0	0

Environmental Data from CTC Group Offices and Data Centers

		Unit	FY2017	FY2018	FY2019	FY2020
Offices	Energy used	kL	3,701	3,732	3,547	3,251
	Greenhouse gas	t-CO ₂	7,044	6,889	6,352	5,662
	Specific energy consumption*1		0.44	0.43	0.41	0.36
Data Centers	Energy used	kL	27,921	27,792	26,094	24,267
	Greenhouse gas	t-CO ₂	54,705	51,185	46,327	41,972
	Specific energy consumption*2		1.695	1.691	1.669	1.636
Major Overseas Offices	Greenhouse gas*3	t-CO ₂	631.9	566.5	782.8	918.9

*1 Energy consumption / Number of personnel (past amount corrected due to coefficient change in fiscal 2019)

*2 Whole DC energy used (kL) / IT equipment energy used (kL)

*3 Calculated based on the emission factors by country officially announced by IGES (Institute of Global Environmental Strategies)

Quality

		Unit	FY2017	FY2018	FY2019	FY2020
Customer evaluation of system quality*1		%	-	-	89	91

*1 Percentage of respondents who answered "Similar to competitors" or higher in the system quality evaluation section of the customer satisfaction survey.

Although we conducted customer satisfaction surveys up to and including fiscal 2018, we only show the fiscal 2019 and fiscal 2020 figure here because we changed the evaluation criteria in fiscal 2019.

Management Team As of June 17, 2021

Directors

Ichiro Tsuge
President & CEO

Hisashi Eda
Director & Senior Managing Executive Officer
COO, Regional & Social Infrastructure Group

Mamoru Seki
Director & Managing Executive Officer
CFO & CAO
CCO

Naoko Iwasaki
Director*1

Aya Motomura
Director*1

Hiroshi Kajiwara
Director

Audit & Supervisory Board Members

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

*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 and Aya Motomura 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.

CFO (Chief Financial Officer)
CCO (Chief Compliance Officer)
CTO (Chief Technology Officer)
CIO (Chief Information Officer)

Executive Officers

Tadataka Okubo
Senior Managing Executive Officer
Assistant to the President
(Special appointment for Advanced IT Strategy)
CTO

Yasuhiko Terada
Senior Managing Executive Officer
COO, Telecommunication Group

Eiji Haraguchi
Managing Executive Officer
COO, IT Services Group
CIO

Toshiyuki Awai
Managing Executive Officer
COO, Financial Services Group

Takanori Minatohara
Managing Executive Officer
COO, Enterprise Group

Noboru Omoto
Managing Executive Officer
COO, Corporate IT System Group
CIO

Junji Hirooka
Managing Executive Officer
COO, Distribution Group
COO, Global Business Group

Yasuhide Masanishi
Executive Officer
President & CEO,
Asahi Business Solutions Corp.
(Assistant to COO, Distribution Group)

Hirohito Ohashi
Executive Officer
General Manager, Nishi-Nihon Region
Deputy COO, Regional & Social Infrastructure Group
General Manager, Nishi-Nihon Regional Division

Nagaki Fujioka
Executive Officer
COO, Business Innovation & Digital Transformation
General Manager, Institute of Open Innovation Research "MIRAI"

Seiji Nagamatsu
Executive Officer
General Manager, Corporate IT System Division,
Corporate IT System Group

Hiroshi Torigoe
Executive Officer
Deputy COO, Enterprise Group
General Manager, Enterprise Division No. 1
General Manager, Life Science Division

Tatsuya Matsumaru
Executive Officer
Deputy COO, Distribution Group
General Manager, Financial Services Division

Tadaaki Otsuka
Executive Officer
General Manager, Audit Division

Yoshinori Yoshida
Executive Officer
Deputy COO, Financial Services Group
General Manager, Financial Systems Division

Shinichi Hirayama
Executive Officer
COO, Human Resources Management & General Affairs
General Manager, Corporate Planning Division

Hisashi Sawanobori
Executive Officer
General Manager, Human Resources Management & General Affairs Division

Katsuya Kami
Executive Officer
General Manager, Telecommunication Division No. 3

Kinya Matsuda
Executive Officer
General Manager,
Entrusted Cloud Technology Division
President & CEO, CTC FACILITIES CORPORATION

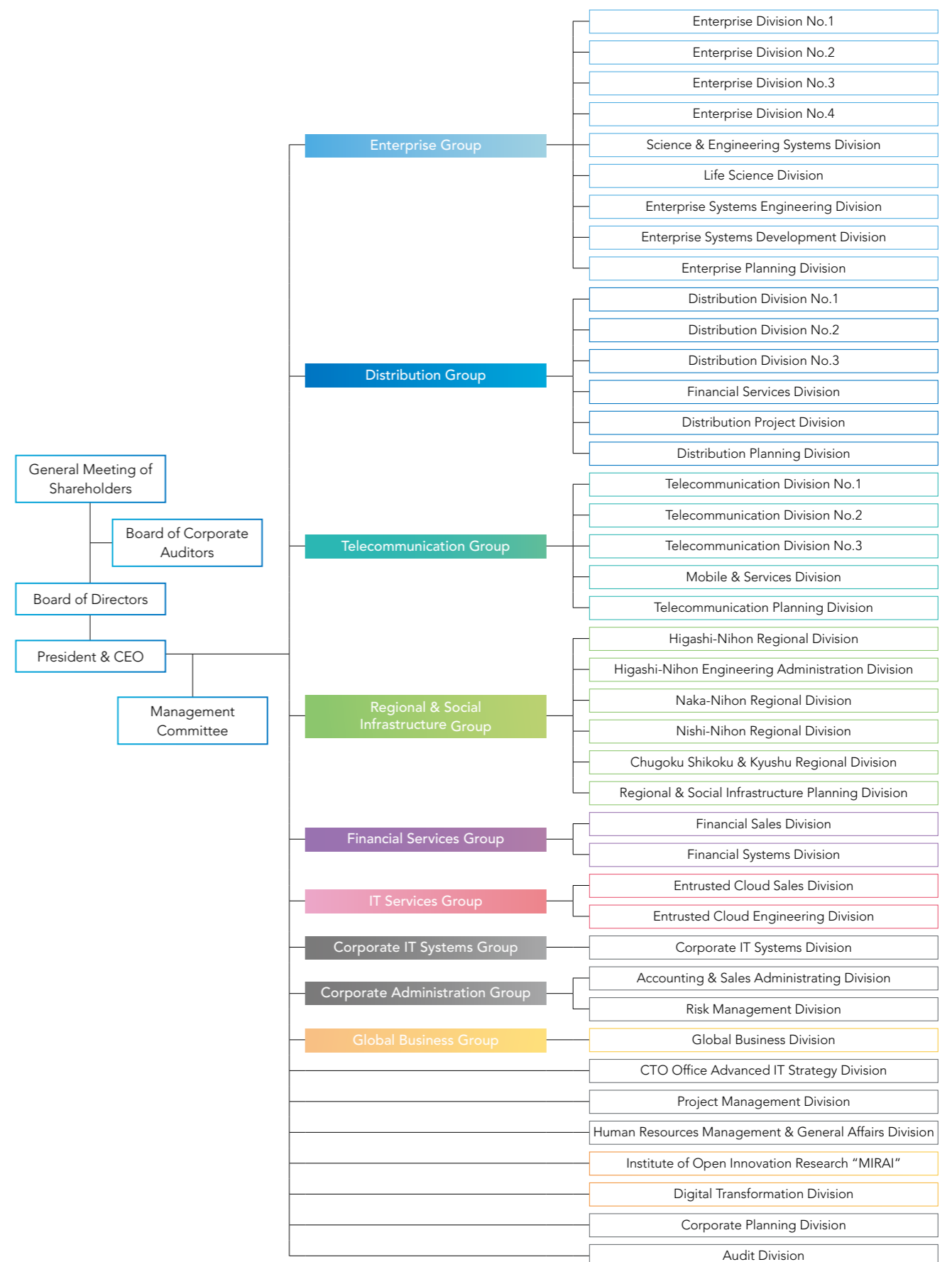
Toshihiro Nakaya
Executive Officer
General Manager, Telecommunication Division No. 1

Kiyoshi Imagawa
Executive Officer
Assistant to COO, Global Business Group
Chairman & Managing Director,
CTC GLOBAL PTE. LTD.

Kazuhiko Nagao
Executive Officer
General Manager, Distribution Division No. 2

Noboru Ueda
Executive Officer
General Manager, Chubu Region
General Manager, Enterprise Division No. 3,
Enterprise Group

Organization Chart As of April 1, 2021



Corporate Data As of June 21, 2021

ITOCHU Techno-Solutions Corporation (CTC)

▶ Head Office

Kamiyacho Trust Tower, 4-1-1, Toranomon, Minato-ku, Tokyo 105-6950, Japan
 ☎+81-3-6403-6000 🌐 <https://www.ctc-g.co.jp/en/>

▶ Founded

April 1, 1972

▶ Paid-in Capital

¥21,763 million (as of April 1, 2021)

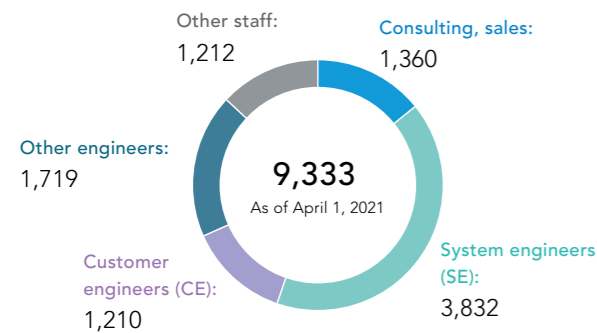
▶ Business Lines

Sales, maintenance, and support of computers and network systems; commissioned software development; information processing services; information services-related to science and engineering; support; other

▶ Employees

CTC 4,594; CTC Group Total 9,333 (as of April 1, 2021)

Composition of CTC Employees



CTC Group Companies

Subsidiaries

CTC TECHNOLOGY CORPORATION
CTC SYSTEM MANAGEMENT CORPORATION
CTCSP CORPORATION
CTC FACILITIES CORPORATION
Asahi Business Solutions Corp.
CTC Global (Thailand) Ltd.
CTC GLOBAL SDN. BHD.
PT. Nusantara Compnet Integrator
CTC GLOBAL PTE. LTD.
PT. Pro Sistimatika Automasi
ITOCHU Techno-Solutions America, Inc.
Five other companies (four in Japan, one overseas)

Associated Companies

CTC First Contact Corporation
IW.DX Partners Inc.
ITOCHU Technology Ventures, Inc.
SYSCOM GLOBAL SOLUTIONS INC.
Cardzone Sdn. Bhd.
Seven other companies (four in Japan, three overseas)

Stock Information As of March 31, 2021

▶ Authorized 492,000,000 shares

▶ Issued 240,000,000 shares
(includes 8,772,502 treasury shares)

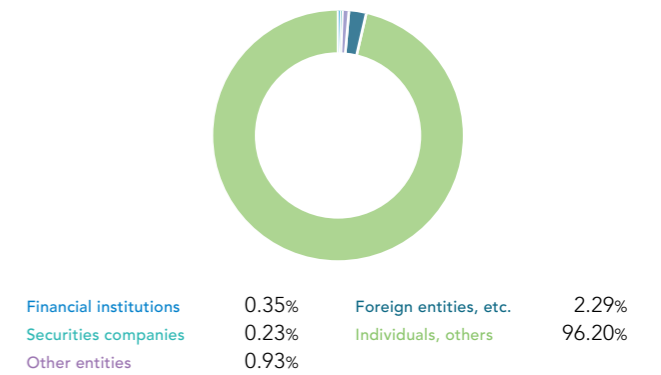
▶ Shareholders 31,169

Major Shareholders

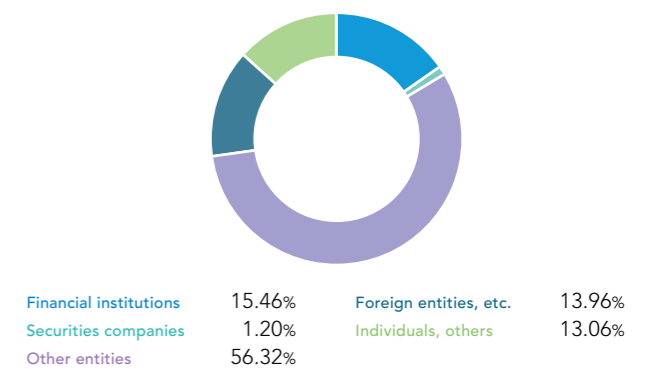
	Number of Shares	(%)
ITOCHU Corporation	134,661,600	58.24
Custody Bank of Japan, Ltd. (Trust Account)	11,865,800	5.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,561,500	4.57
CTC Employee Shareholding Association	4,310,772	1.86
Custody Bank of Japan, Ltd. (Trust Account 7)	1,727,200	0.75
STATE STREET BANK WEST CLIENT - TREATY 505234	1,455,000	0.63
The Gibraltar Life Insurance Co., Ltd. (General Account Stock D Account)	1,415,500	0.61
STATE STREET BANK AND TRUST COMPANY 505103	1,377,987	0.60
Custody Bank of Japan, Ltd. (Trust Account 5)	1,370,000	0.59
GOVERNMENT OF NORWAY	1,268,612	0.55

Note: The Company holds 8,772,502 treasury shares, and these shares are excluded from the above list of major shareholders. These treasury shares do not include shares owned by the trust account related to the stock-based compensation program (Board Benefit Trust, or BBT) for the Company's directors and officers. In addition, the ownership ratio was calculated after deducting the number of treasury shares.

Breakdown by Number of Owners



Ownership by Percentage Shareholding



Notes:
 1. In the column of "Other corporation," 48 units of stocks in the name of Japan Securities Depository Center, Inc. are included.
 2. Out of 8,772,502 shares of treasury stock, 87,725 units are stated in "Individuals and others" and 2 shares in "Status of odd stocks."

Website Information

This report is designed to provide in-depth information about CTC's management strategy, messages to stakeholders, and other topics. For the latest financial data and news about our business initiatives and projects, please visit the following links.



IR Information

🌐 <https://www.ctc-g.co.jp/en/company/ir/>

■ IR documents such as financial results and securities filings, as well as the latest IR news



Sustainability

🌐 <https://www.ctc-g.co.jp/en/company/sustainability/>

■ Detailed information about the Group's relationships with clients, business partners, employees, and communities, as well as corporate governance and environmental initiatives



Corporate Governance

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



Case Studies / Column

🌐 <https://www.ctc-g.co.jp/en/report/>

■ Project case studies, event reports, and articles



Best Engine

🌐 <https://www.ctc-g.co.jp/en/company/about/pr/magazine.html>

■ The CTC Group's PR magazine on the latest IT trends

