

Accelerate Expand Upgrade

Fiscal Year Ended March 31, 2023
Integrated Report **2023**

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Respecting Human Rights

“Creation of a work environment with respect for human rights” is specified in the CTC Group Code of Conduct. The creation of fulfilling work environments with respect for human rights, character, individuality, and diversity underlies every activity taking place at CTC.

In July 2015, CTC became a participant in the United Nations Global Compact (UNGC), an initiative to achieve sustainable growth in the international community. In accordance with the UNGC’s 10 principles covering topics such as human rights, labor, the environment, and anti-corruption, as well as the CTC Group Code of Conduct, we strive to create organizations where each and every employee is able to conduct themselves with a strong sense of ethics and responsibility from a global perspective and fulfill CTC’s social responsibility through the work that they do each day.

We have established an internal whistleblowing system for directors, employees, and business partners, along with several in-house consultation services in the departments in charge of human resources for reporting and consultations on compliance and human rights issues, as well as awareness-raising activities through company-wide and rank-based training, information sharing or workshops. There are both internal and external (lawyers) reporting routes, and in either case the privacy of the person providing the report as well as anyone related to the report is thoroughly protected while the reported information is carefully managed. We make it clear that those who use the help line shall not be subjected to disadvantageous treatment for having done so.

We will strive to ensure that human rights are respected at CTC as we foster an appealing, liberated organizational culture conducive to creativity.

Message from the President

Ichiro Tsuge

President & CEO



Human resources is CTC's most important form of capital and we will further encourage our employees to take on the challenges of the next 50 years

Since its founding, the Group has been providing optimal IT solutions to respond to the needs of customers in diverse industries, and been working on the resolution of social issues through IT. The source of this growth has always been human resources.

The CTC Group Philosophy consists of the slogan "Challenging Tomorrow's Changes," the mission, which can be called the purpose "Leveraging IT's potential to change the future for the Global Good," and our values "Challenge for Change, Challenge for Value and Challenge for the Future." The word "challenge" is repeated in our values, and I personally am always passionate about making CTC an organization where employees can take on more challenges.

The improvement of quality of life is CTC's raison d'être

The CTC Group Philosophy can be rephrased more simply as "bringing the benefits of digital technology to even more people." IT and society are inextricably linked to the extent that society would not exist without digital technology. On the other hand, the gap created between people who can and cannot make full use of digital technology is now a major issue known as the "digital divide."

To begin with, digital devices and systems are not yet easy to use for humans and must evolve. New high-impact technologies such as flying cars and automated driving are much talked about but various secondary technologies are also created to get to that point. New solutions may appear with the use of artificial intelligence (AI). This is sure to be a great business opportunity for

CTC as well. I hope that CTC's efforts toward social change through the provision of IT solutions and the spread of more user-friendly digital technologies to as many people as possible will ultimately help bridge the digital divide.

I believe that CTC's social raison d'être is to contribute to bridging the digital divide and improving the quality of life (QOL) of our stakeholders, and it strongly motivates me, of course, as well as our employees to take on challenges.

Toward the new CTC 5.0 stage

The CTC Group has continued to challenge itself in line with the evolution of IT and has grown with a focus on network-related, cloud-related, and maintenance/service-related businesses. As issues turn more complex and technologies increase in sophistication, the CTC Group itself needs to further evolve and enter a new "CTC 5.0" phase.

Since its founding in 1972, CTC has concentrated its efforts on introducing American technologies and products to the Japanese market by utilizing its discerning ability. This was the CTC 1.0 era, the foundation of today's business.

From the mid-1980s, the Company engaged in a full-fledged effort to introduce Internet-oriented information networking concepts and technologies to Japan, ushering in the CTC 2.0 era.

Then, the CTC 3.0 era saw the Company deeply entering the field of building cell phones and other mobile services, taking advantage of the contacts and technical experience it had cultivated up to that point.

Recently, we evolved into CTC 4.0, which offers a wide range of services by shifting to cloud-related businesses and providing various solutions ranging from consulting services to data analysis platforms and the realization of digital twins to help customers promote digital transformation (DX). We are also working with co-creation partners to achieve both Green Transformation (GX), such as decarbonization and climate change-related actions, and Sustainable Transformation (SX), which improves sustainability.

CTC will continue to take on challenges and demonstrate its social significance. We will evolve toward CTC 5.0 to provide solutions that promote DX for customers and society and enhance people's quality of life.

The evolution of technologies such as AI and quantum computing has entered a new phase in terms of both hardware and software. We may now be in the early stages of AI transformation (AX). With hindsight, our time may be remembered as an era-defining period that could be both an opportunity and a risk for the next 50 years of CTC.

Starting with the "discerning" human resources required in the CTC 1.0 era and continuing through CTC 5.0 at the present time, human resources have always been the biggest driver of growth. Now is truly the time for us to challenge ourselves with our combined strength.

An open and flexible mindset with a focus on our true nature

As the foundation of our business, we need to have a deep understanding of digital technology, but we simultaneously need to know where IT is being used and understand how our clients' information systems are structured.

For that matter, if we do not understand the corporate philosophy of the client company and what kind of issues it expects CTC's technology to solve before proceeding with the work, we will end up with systems that are incoherent as a whole, even if they meet the specifications. As IT experts, we must understand our clients' ideas and needs in order to develop systems that meet expectations. For example, sales representatives must have excellent communication skills to accurately understand customers' needs, and be able to assume the duties of a "business translator" to mediate between customers and the engineers who develop the system.

The issues faced by customers and the problems they want to solve are growing in complexity and sophistication. This is also true also for companies, but building systems to solve social issues will be even more complex.

I have been paying attention to "design thinking" for some time. Design thinking is a way of thinking that considers product services from the point of view of the user's potential issues and needs, based on the idea that "satisfying the needs of those who are the most helpless will satisfy a wider range of needs." In the "VUCA era," when the future is difficult to predict, a company's ability to identify problems to be solved based on society's needs and to create solutions makes the difference between victory and defeat. It is crucial that we ourselves continue to broaden our horizons and enrich our imaginations, focus on actual issues and their true nature, and maintain our trial-and-error approach with an open and flexible mindset.

In order to deepen research on advanced technologies, determine what social issues exist, develop solutions to solve these issues, and propose them as products to strengthen our human capital, we have to manage intellectual capital based on intellectual assets, which are the source of the CTC Group's competitiveness, such as human resources, technologies, organizational capabilities, networks with customers, and brands.

Human capital, a definite growth driver

From fiscal 2023, the final year of our medium-term management plan (FY2021-FY2023), "Beyond the Horizons: To the Future Ahead," we will work on three pillars to upgrade CTC: expanding intellectual capital, strengthening skills, and maintaining advanced technologies.

Among them, we recognize that expanding human capital, which is included in "intellectual capital," is an important management issue. In order to strategically expand human capital, which is a growth driver, a human resource management system that visualizes current conditions is essential. Its release is planned for FY2023, and it will be used to understand human resources within the company and help ensure the appropriate allocation of human resources. We cannot create a perfect system in a day, but we will keep improving, and in the future, we will be able to simulate human resource strategies by using AI freely.



"We will actively adopt new ways of thinking and study technologies, and continue to take on challenges together with many companies and partners inside and outside of the Company."

ICHIRO TSUGE

Regarding the diversity of the CTC Group, we are aware it is still insufficient. We are developing systems without gender disparities or national limitations, and work environments that allows employees with disabilities or chronic illnesses to work without difficulty. However, in day-to-day operations and in hiring, we need to further our commitment to diversity, equity, and inclusion by creating diverse, inclusive, and fair environments and systems.

In March 2023, we established a Diversity Committee, chaired by an outside director, to strengthen our diversity initiatives. We are discussing and considering all aspects of diversity, not simply social attributes.

As labor shortages continue, hiring human resources with the quality and at the quantities that we need will surely become more difficult. We must look after our limited human capital and increase diversity. Setting out to design and resolve issues in an increasingly complex society is a hard task if the organization is merely composed of people with different social attributes. To sublimate the diversity of the CTC Group and lift it to the level of structural capital, it is necessary to understand and have empathy, with open thoughts and a high level of logic, which requires a redefinition and redesign of the decision-making process and the organization and evaluation systems.

CTC operates "Dojo," an internal community using the business chat tool "Slack," as a mechanism for employees to learn the latest technologies in their respective fields and to share knowledge and skills in their departments. Since the launch in 2019, channels have been established for particular technical fields

and themes, and the ability to exchange information on diverse topics across departments has been received favorably. I have also established a channel to hear the voices of a wide range of employees and disseminate information.

The development of digital technologies has positive aspects that make society better, but also negative aspects such as environmental impact and energy consumption, and reconciling these two realities is an extremely important issue. Keeping our eyes on CTC 5.0 and beyond, we launched the "Next CTC Project" in 2022 in which mid-level and young employees who will lead the next generation participate.

As suggested by the "Challenging Tomorrow's Changes" slogan, we implement a human resources strategy that enables each employee to grow autonomously as they enjoy the challenge of adapting to changes. Our human resources strategy is also closely linked to our business strategy and will contribute to the growth of both the Company and its employees.

Finally, I have an announcement to make. Our Company is expected to go private following the takeover bid of Itochu Corporation. Since its predecessor ITOCHU Techno-Science Corporation went public on the First Section of the Tokyo Stock Exchange in 1999, it has steadily progressed as a listed company and was able to celebrate its 50th anniversary in 2022. We would like to express our gratitude for your tremendous support. We remain committed to providing value to our customers and society by leveraging the strengths of the CTC Group. I humbly ask for your continued understanding and support.

CTC Group Philosophy, Sustainability & Medium-Term Management Plan

CTC Group Philosophy

The CTC Group Philosophy consists of four elements: the slogan, mission, values and our action guidelines. The slogan expresses our determination to society to fulfill our mission, and the mission expresses the goal we want to achieve with our corporate activities by how we contribute to the world through our core business. Values is an important keyword we need to be conscious of in order to fulfill our mission, while our action guidelines are words that serve as the basis for each employee to make decisions and take action.

Slogan

Challenging Tomorrow's Changes

Mission

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

Values

Action Guidelines

Challenge for Change

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

Challenge for Value

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

Challenge for the Future

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

Sustainability

In fulfilling the CTC Group's mission, aiming to realize a sustainable society, CTC has established its Sustainability Policy describing the initiatives unique to the Group and the values we hold dear.

In line with this Sustainability Policy, we have identified the ideal state we are targeting in the mid-to long-term in the form of key material topics and we are promoting initiatives for further growth and to fulfill our social responsibilities as a company.

Sustainability Policy

Technology and Waza (Unique Skillset) for the Future

The CTC Group will fulfill its mission, "Leveraging IT's potential to change the future for the Global Good," and aim to achieve a sustainable society.

The Group will undertake the creation of a society in which many people can benefit from digital technology and waza (a unique skillset), which will be used to take advantage of them.

What is more, by expanding the possibilities of IT, the Group will contribute to the resolution of challenges found in the global environment and society.

Materiality (Material Topics)

Solve social issues through IT

- Endless pursuit of advanced technology
- Joint business creation with various partners
- Providing safe and reliable IT services

Develop human resources to carry the future

- Developing diverse professionals
- Creating corporate culture to respect and bring out the best in each other
- Contributing toward development of human resources who create the future

Implement responsible business activities

- Better, effective governance
- Contributing to action against climate change
- Responsible actions by each individual

Medium-Term Management Plan (Fiscal 2021-2023)

The CTC Group has formulated a medium-term management plan (for three years from fiscal 2021 to fiscal 2023) titled "Beyond the Horizons: To the Future Ahead" with the aim of achieving the mission of the CTC Group Philosophy of "Leveraging IT's potential to change the future for the Global Good." We have established three priority scenarios based on three basic policies. The first is Accelerate which focuses on digital transformation and expanding business co-

creation. The second is Expand which aims to expand 5G and cloud business, and the third is Upgrade which seeks to strengthen human resource development and the management base. While continuing our past activities of creating added value for our customers and providing the best IT, we are moving forward into the field of creating new prosperity for society by designing together, the very business of our customers.

Beyond the Horizons: To the Future Ahead

Accelerate Create new prosperity

» Accelerate new initiatives that support customers' innovation

Priority scenarios

- The everyday DX for customers' tasks, customers' businesses, and consumers
- Expand community development and joint business creation
- Provide high-value added services and state-of-the-art technologies

Expand Spread current prosperity

» Further exploration and market expansion in our areas of strength

Priority scenarios

- Expand our 5G business, based on "creation"
- Strengthen our XaaS business
- Deploy domestic business models globally

Upgrade Increase feasibilities

» Future-minded personal transformation and practical application

Priority scenarios

- Greater overall strength combining growth of individuals with right people in right places
- Transform our business infrastructure to adapt to changing environments
- Harmonious co-existence with diverse stakeholders

Human Resources Management & General Affairs Division General Manager Interview

Diversity and human resources development as the foundation for the increase of corporate value
Remaining a Company where employees can experience personal growth

Satoshi Jitoh Corporate Planning Group, General Manager, Human Resources Management & General Affairs Division



The “Human Resources Strategy: Detailed Report,” a well-received visualization of human capital

—Aware of the importance of human capital, we have worked toward the increase of corporate value and to create value. How do you feel about the results of disclosing information on ideas and initiatives regarding CTC’s people, such as in “Human Resources Strategy: Detailed Report” as a separate volume of the Integrated Report?

We introduced a new personnel system in April 2023.

This system also incorporates job-type elements, as a “system that facilitates the creation of one’s own career path.”

When introducing the new personnel system, we made sure to explain it carefully to employees, not only online, but also in a hybrid format, holding explanatory meetings at all our locations nationwide. One of the opinions we heard from employees was that they gained some idea of the direction the company is heading toward with the new personnel system after reading “Human Resources Strategy: Detailed Report,” a

separate volume of the Integrated Report of fiscal 2022. At that time, we were working out the details of the system and could not include specific descriptions, but I believe that one of the benefits of publishing “Human Resources Strategy: Detailed Report” was that we were able to convey the management team’s thoughts on the introduction of the system as a message to employees. I also heard that one general manager has strongly encouraged his subordinates to read it as well.

We have received positive feedback from a variety of stakeholders, including our business partners, who commented that the content communicated the CTC Group Philosophy and how its management and human resources strategies are linked as a clear statement. I feel that our focus on engagement with stakeholders and our efforts to visualize human capital and disclose information are gradually bearing fruit.

—What do you particularly want to communicate to stakeholders in the fiscal 2023 edition of “Human Resources Strategy: Detailed Report.”

I would like to strongly share our thoughts on the pillar of our basic concept to upgrade our human resources strategy, which is the “mutual acceptance of diversity.”

When we reported on the current status of diversity at the fiscal 2022 Board of Directors meeting, the President suggested the establishment of a Diversity Committee. Accordingly, we established the Diversity Committee as a voluntary advisory committee to the Board of Directors, chaired by Outside Director Yumiko Nagai and including Outside Directors Naoko Iwasaki and Aya Motomura as members.

Ms. Nagai has extensive experience in corporate human resources, Ms. Iwasaki is a professor at the Institute of Digital Government at Waseda University, and Ms. Motomura is a practicing attorney. Discussions are progressing with three Outside Directors, with mid-level and section manager level employees, as well as with sales and engineering staff.

The Committee has been since March 2023, and what I have rediscovered is the importance of sharing why diversity is important now with employees. I fully realized that our mechanisms to communicate on topics such as the importance of diversity and the necessity for CTC to tackle this issue were lacking.

Based on the Committee’s discussions, I would like to establish clear concepts regarding diversity, and deepen communication by sharing in an easy-to-understand manner, for example, with case examples, why we need to work on this issue now. During the Group’s kick-off meeting for all employees held in April

2023, the President delivered a message on diversity as well as on the management issues and business strategies for the current fiscal year. I think this was a good opportunity to think about diversity once again inside the Company.

Collaborations between a variety of individuals create a diversified value

—In other companies, diversity is often promoted on terms of the ratio of male to female employees, the ratio of female managers or executives. What does diversity mean to CTC? And why is diversity important in the first place?

CTC thinks of diversity as a concept not limited to social attributes such as gender, generations between young, mid-career and senior employees, or nationality. We view it as diverse individuals with different knowledge, experience, and goals. Through the collaboration of diverse individuals, we can create solutions that offer value to different stakeholders. That is precisely why diversity is important. At CTC, many committees were established to discuss priority measures and company-wide initiatives, with many employees participating in these committees. However, most committee chairs are at the executive or general manager level, and we also wanted to incorporate the strengths of a diverse group of people in such a setting.

This time, the Diversity Committee has a more diverse membership in terms of experience, numbers of men and women close to equal, and mainly younger people.

Since Sler has remained a male-dominated industry for a long time, we are also focusing on strengthening the hiring of female employees to create an organization that makes the most of each individual. The ratio of female managers is increasing, but there is no female executive yet. We need candid and harsh opinions from outside directors and to change our internal culture and systems.

Toward a Company where employees feel they can grow

—Can you explain once again the goal of placing diversity and human resource development as the two pillars of the human resources strategy?

From the slogan “Challenging Tomorrow’s Changes,” the mission, which can be called the purpose “Leveraging IT’s potential to change the future for the Global Good,” our values “Challenge for Change, Challenge for Value and Challenge for the Future,”

which form the CTC Group Philosophy, and the material topics “Solve social issues through IT,” “Develop human resources to carry the future,” and “Implement responsible business activities,” we selected the keywords “mutual acceptance of diversity” and “human resource development.”

The mutual acceptance of diversity and human resources development are the foundation of the increase of corporate value. We believe that both employees and the company can continue to grow by attracting talented people, embracing diverse individual strengths, motivations, and values, and realizing a cycle of human resource development and assignments that allow employees to maximize their potential.

One of the reasons employees work at CTC is because they believe they can grow at CTC. Compensation, benefits, and other aspects of working conditions are important factors in the work but, obviously, one does not to continue working for a company that does not offer opportunities for personal growth.

Our ability to create an environment in which all CTC employees can continue to work in their own way is one of the major themes of our human resources strategy. We believe that challenging work assignments matter for human resource development due to the accumulation of many successful experiences, which are essential to growth.

—At CTC, management and human resource strategies are connected. Are there initiatives to connect the management strategy and the human resources strategy going forward?

With the fiscal 2023 reorganization, Corporate Planning and Public Relations, Sustainability, Human Resources, and General Affairs are now placed in the same Corporate Planning Group. Thanks to our ability to promote projects as one organization, we have strengthened cooperation, of course, but also accelerated our initiatives.

Recently, attitudes toward working in a corporation have been changing. As is the case with employees currently working, students who are about to enter the workforce are more strongly aware of how a company contributes to society and under what philosophy it operates. As CTC as well, we have to communicate properly on “Solve social issues through IT,” which we have identified as one of our material topics. Our ability to use IT to solve social issues, such as climate change countermeasures to achieve carbon neutrality, or to solve labor shortages by improving labor productivity, will be a strong motivation for working at CTC.

The participation in businesses that develop and provide services contributing to the resolution of various issues leads to a higher level of engagement in companies and to employee well-being. The *raison d’être* of a company is to show that it benefits society.

Visualizing the power of individuals to improve human resources development

—Fiscal 2023 is the last fiscal year of the Medium-Term Management Plan. Please talk about the points and issues you have been working on so far.

In the Medium-Term Management Plan “Beyond the Horizons: To the Future Ahead,” which started in fiscal 2021, we worked on three pillars: expanding intellectual capital, strengthening skills, and maintaining advanced technologies. Fiscal 2023 is the last year of the current Medium-Term Management Plan, and we will discuss what kind of human resource strategy we should develop from a medium-term perspective over the next three to five years to address the priority measures in the next plan.

In the new personnel system introduced in April 2023, we adopted job-type elements, and the ratios of monthly income and bonus to annual income were reconfigured in order to improve employees’ sense of stability in their lives and to attract talented people. CTC’s pay scale is among the industry’s best, but we have reviewed our compensation system with the perspective of hiring people with high market value while satisfying the needs of employees who are producing results.

In addition, we are developing a human resource management system in the entire Company in fiscal 2023 that visualizes current internal conditions.

When it comes to creating a diverse and flexible work environment, telecommuting locations can be freely chosen within the commuting range of the work office, and employees with special circumstances are allowed to work in remote locations. This fiscal year, we have eased the requirements for obtaining telecommuting authorizations outside the commuting range, in order to allow all employees to telecommute when returning home to distant locations or on working vacations. A sabbatical holiday system that allows for outside side work and extended leaves of absence for use in reskilling and social contribution activities has also been introduced. In terms of career formation, in addition to our existing career development support initiatives, we have introduced internal job openings for positions of strategic importance in our business

“We convey the importance of diversity through the collaboration of diverse individuals”

SATOSHI JITO



activities, creating new opportunities for employees to volunteer to take on challenges on their own.

The new personnel system has just been introduced, so it will take some time to see results, but employees’ reaction to the newly introduced measures linked to the current Medium-Term Management Plan has been very positive, and engagement is improving.

—Are there aspects in which you are particularly focusing in terms of the human resources strategy, as mechanisms to raise corporate value?

Although measuring the effectiveness of our efforts to improve corporate value is difficult, in order to further promote human capital initiatives, we have been participating in an industry-academia cooperative research group since fiscal 2022 to visualize the skills of individual employees, such as the ability to collaborate with peers and creativity, in addition to the skills we have been working on so far. In fiscal 2023, we are expanding the number of subjects, gaining a quantitative understanding of the strengths possessed by our employees, and connecting this knowledge to the verification of the effectiveness of measures and the calculation of human capital ROI.

We hold discussions on the development of human resources every year, but objective data on human resources is insufficient. We want to create a database in the human resource management system referencing employees’ skills, background, personal preferences and traits, which will be reflected in training plans as well as used for work assignments and the drawing up of succession plans for the future.

We implemented one-on-one meetings between superiors and subordinates on an experimental basis, and adopted this measure in the entire Company in

fiscal 2023. We want to understand in more detail employees’ characteristics, professional aspirations and thoughts, which do not appear in the data.

—What are the issues and points to be improved regarding the current personnel system and mechanisms? Finally, please tell us about your decisions as the General Manager of the Human Resources Management & General Affairs Division.

With respect to reskilling, we will be working on it in earnest from now on. Obviously, at the filed level, each department and each manager are in charge of refining their skills, but turning this into a company-wide effort is an issue to be considered in the future.

We also conduct internal recruitment to increase the mobility of human resources within the company. We are considering a system for in-house side jobs to allow employees to work not only on their main duties but also on their side duties within the company.

Finally, regarding my decisions as the General Manager of the Human Resources Management & General Affairs Division, in addition to creating personnel systems and human resources strategies connected to management strategies, we must also create workplace environments where employees can work with peace of mind. Building strategies for the office as a working place is an important mission of Human Resources Management & General Affairs, so that employees can work with a high level of motivation and productivity. I am again reminded that CTC’s human capital management is composed of departments with both defensive and offensive components, and will continue to work to create environments where CTC’s most important growth driver, its people, can continue to challenge themselves with enthusiasm.

Initiatives to Increase the Value of Human Capital to Improve Corporate Value

Establishment of the Diversity Committee and introduction of the new personnel system to encourage employees' autonomous growth

Human resources are our Group's most important form of capital. Corporate value cannot be enhanced without employee growth. As suggested by "Challenging Tomorrow's Changes," the slogan touted in the CTC Group Philosophy, we implement a human resources strategy that encourages each employee to grow autonomously as they enjoy the challenge of adapting to changes. This human resources strategy is also closely linked to our business strategy. Moreover, in addition to providing a range of growth opportunities according to individual aptitudes and goals, we cultivate a corporate culture in which diverse professionals collaborate and thereby achieve mutual improvement.

Strengthening of the organizational system for human resources strategy

From the perspective of emphasizing the speed of implementation of measures, the Human Resources Department and the Human Resources Strategy Department work together to promote human resources strategies, with the two departments taking charge of company-wide measures. Priority measures are decided by the Management Committee and the Board of Directors based on discussions at the Human Resources Policy Committee, which was established to enhance the effectiveness of the initiatives. Members of the Human Resources Policy Committee, chaired by the director in charge of each business group, is mainly comprised of general manager-class personnel selected from each business group. Planning and supervisory departments responsible for business strategy and human resources strategy are also established in each

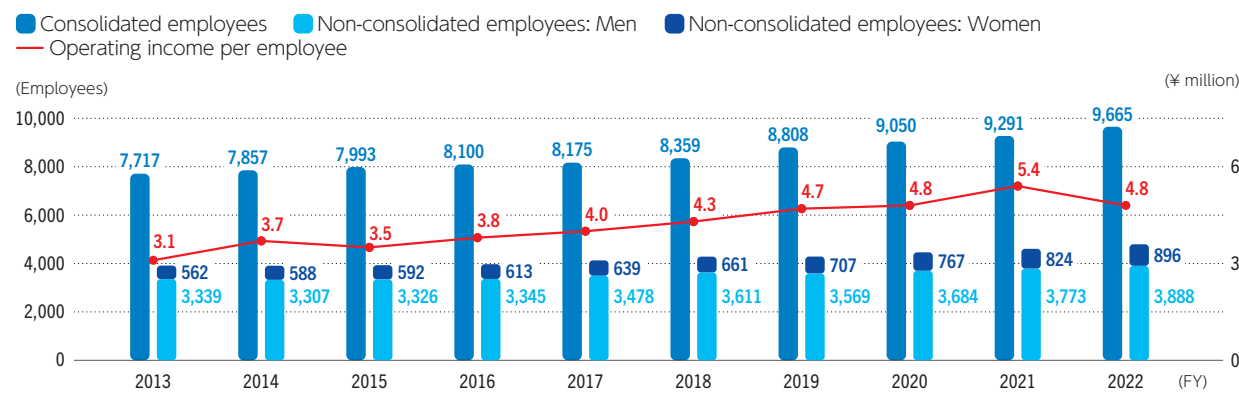
business group. In order to implement original human resource management measures aligned with each business strategy, we have built a steering structure in cooperation with the departments in charge of human resources for the whole of CTC.

In fiscal 2022, we set up the Diversity Committee as a voluntary advisory committee to the Board of Directors. It is comprised of nine members, including three Outside Directors, one executive officer and five employees. We have chosen employees to join the committee to reflect employees' voices. They include engineers, sales staff, and corporate staff with experience in various positions and overseas assignments, as well as new graduates and career hires, with roughly equal numbers of men and women. We are also planning working groups going forward. In order to get closer to the Company's ideal state, we will close the gap between the current state and this ideal state by receiving suggestions and advice from the perspectives of Outside Directors, and accelerate efforts to further promote the activities of a diverse range of employees.

Basic concepts and priority measures for the upgrade of human resources management

Under Upgrade, one of the pillars of the Medium-Term Management Plan and a theme to solidify the foundation for achievement, we have set human resource development and reinforcement of the management foundation as priority scenarios. We have established basic concepts for human resource management in order to implement the necessary Upgrade to realize our

Employee Headcount (Consolidated & Non-Consolidated) / Operating Income Per Employee (Consolidated)



Human resource initiatives have been positioned as a core measure for strengthening management base since the period of the medium-term management plan covering fiscal 2013 and 2014. In fiscal 2014, work-style reforms were undertaken as part of efforts to develop a workplace environment that promotes flexible and diverse work-styles. In fiscal 2015, human resource development systems were reformed in conjunction with the implementation of measures to offer employees multiple career paths, and we began promoting autonomous, self-driven career development along with diversity, equity, and inclusion.

Basic Concepts for Human Resources Management Connected to the Management Strategy



Fiscal 2022-2023 Introduction and Initiatives Highlights

- More advanced unique skillset**
 - Change of the percentage of the base salary in the annual income**: The ratio of base salary to bonus was changed, and while the annual income level itself was maintained, the base salary was raised by up to approximately 30% compared to before the revision. We are strengthening the hiring of human resources and promoting a sense of livelihood stability.
 - Company-wide disclosure of the role of specialist positions in a multi-track personnel system**: We disclosed the role of specialist positions which are professional courses. We are creating a career image for young people, leading to collaborations across organizations.
 - Promotion of talent management**: We promote the use of talent management systems as well as systems to visualize career formation and engineers' skills. We are enhancing human resources development and assignment.
- Think for oneself and evolve**
 - Expansion of internal recruitment systems for important positions**: We expanded the open recruitment system introduced in fiscal 2021 to all business groups, and recruited for strategically important positions in each organization. We create new opportunities for employees to volunteer to take on challenges on their own.
 - Introduction of outside side jobs and sabbatical leave**: We introduced systems for side jobs outside of the Company and extended leave for career development, reskilling and relearning, and social contribution through pro bono and volunteer work. We get closer to employees' career aspirations.
 - Enhancement of opportunities to receive advice and support**: In addition to career consulting interviews with qualified in-house career consultants, we have introduced a system of daily one-on-one feedback. We encourage the growth into human resources who think and evolve on their own.
- Diverse merit system**
 - Addition of job-type elements to the rank system**: We introduced a system to quantify the size of the role of specialists and determine their rank. We properly match roles with individuals' skills and strengths.
 - Introduction of two or more levels of special promotion in the grading system**: We established two or more levels of special advancement (grade-skipping) from general to specialist positions. We are creating an environment in which individuals can play an active role according to their abilities, not according to their years of experience.
 - Evaluation system revised from relative to absolute evaluations**: We switched to absolute evaluations by moving from ability evaluation to behavior evaluation focusing on the level of individual behavior. We encourage individuals to act more autonomously and improve quality (= challenge).
- Work Styles where Individuals Can Shine**
 - Expanding work style options**: We added telecommuting outside of the commuting range for short periods of time as an option^{*1}. We introduced care leave for infertility treatment, maternal protection, etc., and easing of requirements and simplification of procedures for childcare and continuous leave programs. We prepare options suited to individual situations.
 - Promoting Diversity, Equity & Inclusion (DE&I)**: We introduced an AI matching experiment between sponsors and sponsored at CSP^{*2}, and hold regular seminars for career support, networking, awareness-raising, and organizational climate building. We create a fair environment for the active participation of each individual.
 - Promotion of well-being (health and happiness) management**: We expanded health information tools and opportunities to receive comprehensive cancer screenings. Physical activity events and health counseling applications available to employees and their families were introduced. We pursue the health and well-being of employees and their families.

^{*1} We define the commuting range as less than 100 km by rail operating distance from the nearest station of the work office, and employees are usually free to choose teleworking locations within the commuting range. For employees with special circumstances, we are also expanding telecommuting location and residency options throughout Japan. Short-term telecommuting outside the commuting range is an initiative that allows employees to take an unlimited number of telework days within the range of 10 consecutive days of stay.
^{*2} Abbreviation of Career Sponsorship Program. We create opportunities for casual communication through roundtable discussions and one-on-one meetings with general managers as career sponsors and female managers and their candidates as sponsors, as one of the measures to promote women's active participation.

Medium-Term Management Plan. We are transforming our human resources management with a four-pronged approach, two of which are "mutual acceptance of diversity" and "human resources development," as defined in our Materiality and Medium-Term Management Plan. Our Company does not view human resources-related systems as one single entity, rather we set out to design each system for our organizations and instill it in

a way that integrates organically, in a structured manner, which we leverage to create and form an organizational culture and foster morale. In the new personnel system introduced in April 2023, we formulated our aim from basic concepts, as "encourage employees to think and act on their own initiative," "further motivate employees to grow," and "enable employees to utilize their strengths and motivation to play an active role."

Human capital visualization initiatives

We are focused on boosting the value created by human capital, specifically the creation of innovation and the improvement of productivity. For this reason, we define five priority investment themes aimed at heightening the value of human capital: technologies and unique skillset; diversity, equity, and inclusion (DE&I); diverse, flexible workplace environment; engagement; and health and well-being.

We have established our own indicators to visualize human capital based on domestic and international standards, and perform basic micro and macro analyses to calculate the cost-effectiveness of human capital investment (human capital ROI). In the macro analysis aimed at identifying themes and factors affecting corporate value, the analysis of external environment and human capital data suggested that DE&I and

well-being management contributed to the increase of corporate value. A micro analysis was performed for the section manager class to visualize and analyze employees' abilities in order to clarify measures and factors affecting human capital and to build a model of CTC's active human resources. By using the data accumulated in this way, we will promote a data-driven approach leading to a higher accuracy of decision-making. We aim to optimize investments in human capital through a solid cycle of visualization.

Indicators of success set per material topic

Our Group has formulated the Basic Policy on Diversity, the CTC Well-Being Declaration, and the Career & Human Resource Development Policy in conformity with each company's business, and has set performance indicators for each material topic in addition to targets

and KPIs for materiality-related initiatives.

As the role of organization leaders has been evolving in recent years, we believe there is a need for organizational management approaches that entail using diverse leaders to facilitate the contribution of diverse human resources. For that reason, regarding the active participation of women, one of the indicators of human resource diversity, we regularly list candidates and share information with management as part of our efforts to be aware of the human resource pipeline.

Moreover, we recognize that the health, well-being, and motivation of employees are imperative to the ongoing growth of the Company. Since the start of the Well-Being Management Medium-Term Plan of fiscal 2019, we have been strengthening the PDCA cycle of initiatives while establishing priority measures, success indicators, and monitoring metrics. With emphasis on

preventing lifestyle-related diseases, promoting and maintaining health, improving employee vitality and productivity, energizing organizations and fostering a good workplace culture, the Medium-Term Plan Well-Being Plan responds to changes in work styles and lifestyles. We conduct various surveys to reflect the views of our initiatives in these efforts and utilize them in our policies. With regard to engagement, surveys, including pulse surveys, are conducted four times a year to monitor changes.

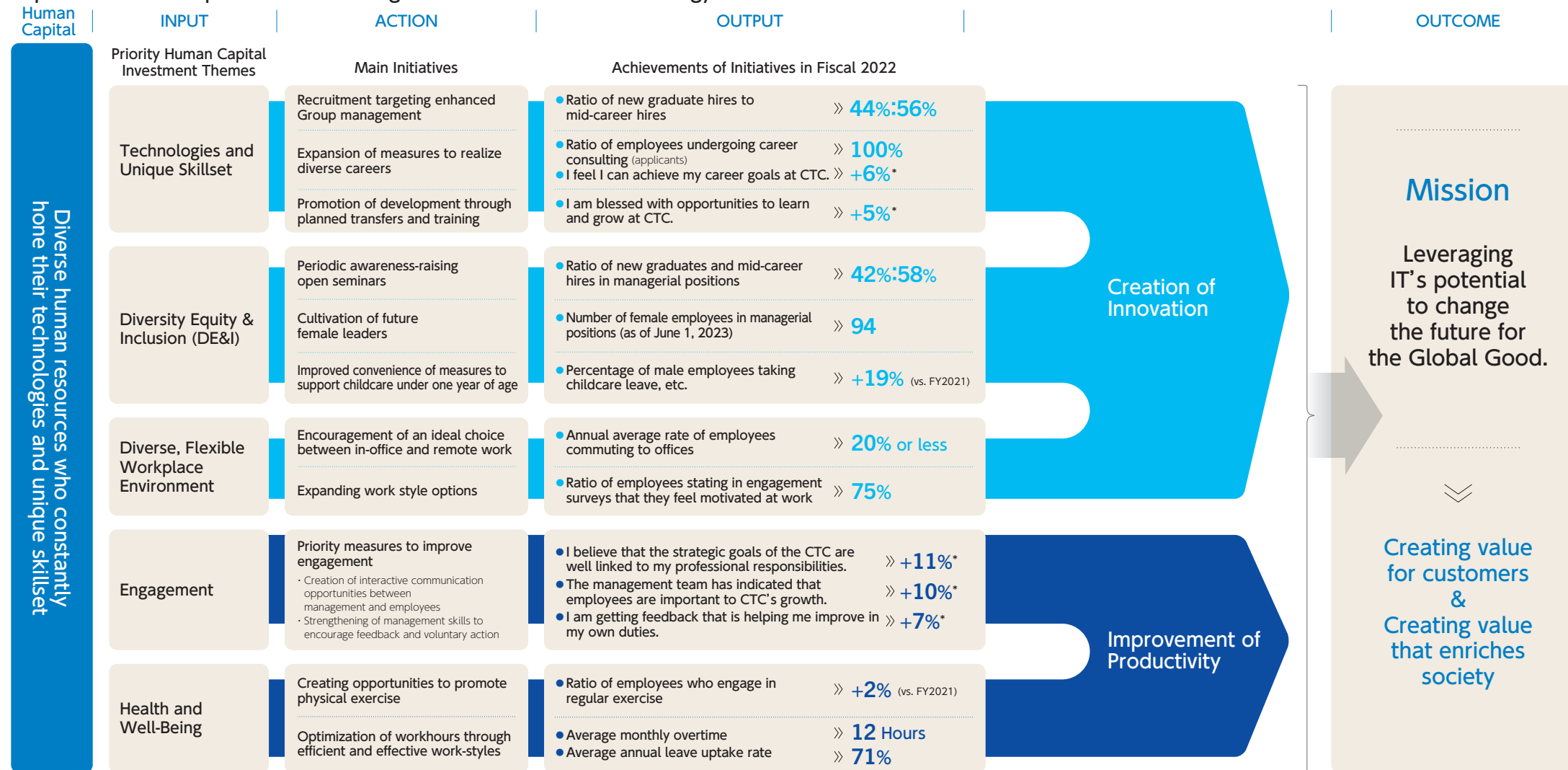
CTC will continue to evolve its human resource management approach while flexibly revising its plans and measures as it seeks to promote understanding of the reality that DE&I and practicing well-being management contribute to the improvement of corporate value.

Initiatives toward opportunities and risks

As the environment surrounding us changes drastically, creating an environment where employees can work anywhere autonomously is becoming increasingly important in terms of business continuity and securing human resources. We are constantly improving our environment to support a safe and secure way of working regardless of location, time, or device, while maintaining a balance between security and convenience. We not only provide IT solutions to customers, but also conduct office tours and provide information on office and work management to meet customers' needs for work style reform and labor productivity improvement. We also provide solutions that utilize the know-how we have gained through the development of diverse and flexible work environments and well-being management. In order to meet the growing DX needs that transcend industry and industry boundaries, we provide solutions that leverage the knowledge and technology we have acquired through internal DX initiatives and projects for our customers. Moreover, CTC provides the DX Human Resources Training Program developed in collaboration with CTC Technology Corporation, which utilizes human resources development initiatives.

Regarding risks related to human capital, we will work with related departments to identify issues and make improvements. High ethical standards and a sense of responsibility, thorough compliance and a workplace environment that respects human rights are stipulated in the Code of Conduct. We conduct company-wide and rank-specific training, information dissemination, workshops, and other activities to promote the penetration of this concept. We also set individual themes such as "well-being" and "mobility" each year in line with the business environment and strategies, and are strengthening our efforts to support individualized work styles and career development in line with changes in the employment environment and the diversification of each employee's situations and preferences. We are also strengthening our onboarding program for mid-career recruitment to ensure early retention and competitiveness.

Improvement of Corporate Value through the Human Resources Strategy



*The engagement survey score for FY2020 is set as the benchmark score.

Success indicators

| Number of female managers | | |
|---------------------------|--------------------|----------------------|
| Start in fiscal 2016 | Fiscal 2022 actual | April 1, 2024 target |
| 52 | 83 | 90 |

| Ratio of female regular employees | | |
|-----------------------------------|--------------------|--------------------|
| Start in fiscal 2016 | Fiscal 2022 actual | Fiscal 2023 target |
| 15% | 19% | 20% |

| Ratio of female new graduate hires | | |
|------------------------------------|--------------------|---------------|
| Start in fiscal 2016 | Fiscal 2022 actual | Annual target |
| 24% | 38% | 35% or more |

| Ratio of employees undergoing stress & mental health checkups | | |
|---|--------------------|--------------------|
| Start in fiscal 2019 | Fiscal 2022 actual | Fiscal 2023 target |
| 87% | 96% | 90% or more |

Technologies and Unique Skillset

Average ratio new graduates and mid-career hires between fiscal 2017 and fiscal 2022

New graduates **51%** : Mid-career **49%**

[Related engagement score]

I am blessed with opportunities to learn and grow at CTC.

Improvement rate compared to the benchmark **+5%**

I feel I can achieve my career goals at CTC.

Improvement rate compared to the benchmark **+6%**

Hiring

Hiring Diverse Human Resources

CTC combines superior IT services from around the world to put together the best solutions, and provides full-stack services to customers in a range of different industries. As such, we need to have diverse personnel with a broad range of knowledge and experience. For this reason, since our founding, we have done business by organically combining the acquisition of talent with our own in-house human resources development according to our priority measures and circumstances. We have formulated a human resource portfolio that puts the right people in the right places, strengthening our recruitment measures to achieve our management strategy.

force for taking on challenges. Regarding new graduate hires, we support students' career development by providing work experience opportunities tailored to their employment and professional sense in cooperation with universities. In addition, we have set quantum computing as a theme to provide work experience that addresses advanced specialties. Going forward, we plan to continue to expand the variety of opportunities so employees can feel satisfied in their work.

For our mid-career hiring where we expect to find talent with extensive knowledge and experience who can contribute immediately, we are working to attract a broader range of diverse personnel with initiatives to find better recruitment matches, mainly in our priority business areas. In hiring human resources with outstanding technical skills, we are also able to certify them as fellows, the highest rank in our multi-track personnel system.

Continued new graduate and mid-career hiring

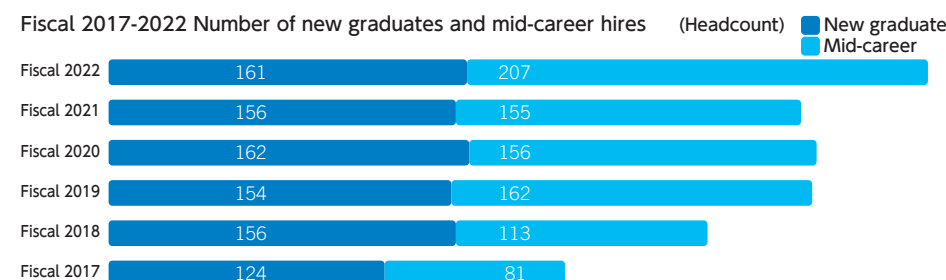
In recruiting human resources who will lead the growth of our business, we emphasize the importance of taking on challenges both independently and as a team player by having intellectual curiosity, which is an essential driving

Main Initiatives

| Main Initiatives | |
|--------------------------|---|
| New Graduate Recruitment | <ul style="list-style-type: none"> Introduce a recruitment system for three types of career paths catering to individuals' diversifying values and needs: Open Recruitment, Job Field Recruitment, and Univement Recruitment. Open Recruitment: Determine job type after joining CTC considering the person's competencies and aspirations. Job Field Recruitment: Select the job title, field (scientific engineering, AI, security), and initial assignment area (Osaka or Aichi) at the time of application depending on career wishes. Univement Recruitment (coined by combining 'unique' and 'achievement'): Recruitment that emphasizes the person's track record including skills and special experiences such as sports or research. Elect employee recruiters from among a broad range of ages and ranks, from young to mid-level employees, managers to specialist position holders, to handle events and individual interview with students. Introduce a three-year on-the-job training (OJT) system and individual follow-ups, including career consultations, at each milestone. |
| Mid-Career Recruitment | <ul style="list-style-type: none"> Develop a system for recruiting activities through collaboration between Company-wide divisions that oversee human resources and each business group's planning and control division (Human Resources Department). Approach potential career changers, in addition to direct recruitment by each business group. Introduce referral hiring through employee referral channels to prevent hiring mismatches while reaching out to a wide range of people. Introduce onboarding programs to support early retention and workforce development while ensuring psychological safety by building personal networks among peers of career hires and outside the organization/project, and by providing early follow-up through monthly condition checks. |

Ratio of female new graduate hires

Fiscal 2016 From **24%**
Fiscal 2022 To **38%**



Career & Human Resources Development

Career & Human Resources Development Structure

For employees to work with pride and a sense of purpose, it is essential to create an environment in which each employee can continue to work while making the most of their strengths and values. At CTC, we have put in place a comprehensive set of initiatives that combines training, interviews, and systems based on our career and human resources development policy. In addition to various measures for career and human

resource development, we are promoting initiatives that coordinate with all our other systems, such as incorporating job rotation experience as a requirement for promotion and setting development targets in our human resources compensation system, as well as self-development and career development support by building an environment where people can work flexibly in a variety of ways.

Career & Human Resource Development Policy

As awareness changes due to growing diversity in the work environments surrounding us and values of the people who work there, we need to shift away from the conventional approach of one-size-fits-all learning opportunities and career development, and toward individually-focused support for independent-minded career development with a self-education approach.

For the Company, one critically important part of encouraging each employee to be independent is to provide them with self-elective learning opportunities according to each of their respective capabilities and attributes, ideas and ambitions, and to actively support

their career development. With knowledge and openness about their own characteristics, strengths, weaknesses, and other attributes, employees should clarify what type of work they want to handle, and be inclined to learn on their own while playing an active role in their own career development.

At CTC, we will continue supporting each of our employees in learning on their own, proactively developing their careers, and gaining new knowledge of their own volition by offering various types of training as learning opportunities, our career development support system, career consultations, and more.

Comprehensive Initiatives to Support Career Development

The dedicated organization to which in-house career counselors have been assigned takes action with diversity, equity and inclusion (DE&I) in mind as the Diversity Careers Section. A range of information is available on our careers webpage on our in-house portal site where measures are introduced to help employees with changes in lifestyles and values, as well as reskilling.

they wish. Through dialogue sessions, the interviews support independent, proactive career decision-making by reflecting on employees' individual work experience, analyzing where they are at now and their surrounding environment, actively attaching meaning to the employee's own work and giving them an outlook and goals for the future. After the interviews, we work on ways to improve on organizational issues by encouraging the organization to take action and providing feedback to the relevant departments within the Company.

Career development support system

Supervisors and subordinates regularly talk and share information about careers in general, from work experience, strengths and weaknesses, to qualifications, hopes and aspirations, with the aim of encouraging independent, self-directed career development. Career consultations are also included leading to job rotations with systematic human resources development coordinated by the departments in charge of human resources with the planning and supervisory departments in each business group.

Expansion of the job rotation scheme

To give more support for independent career development, we are implementing measures by developing an information platform that enables more job rotation. As a measure that emphasizes the individual and autonomy, we have introduced an in-house job posting system, and we are also promoting recruitment-type job rotations centered on strategic positions in our management plan.

Career counseling interviews

In addition to certain milestones, such as the second and fifth years after joining the Company, and the first and second years for female managers, employees are welcome to talk about their careers at any time

Employees receiving career counseling interviews in fiscal 2022

100%

Development that Supports Self-directed Learning

We have built a development system in which each business group, centered on the departments in charge of human resources, formulates its own programs according to its strategies on measures for common skills and CTC-wide topics. CTC has three pillars to support the growth of each individual employee. These are on-the-job training (OJT) incorporating job rotations and challenging "stretch assignments," educational "off-the-job" training (Off-JT) for the learning needed in each department in the context of the Company as a whole and the nature of the business, and personal development to offer diverse learning options according to each employee's own skills, interests, and ambitions.

On-the-job training (OJT), educational "off-the-job" training (Off-JT)

With on-the-job training at the very heart of our human resource development, we organically link training with self-development by creating various learning opportunities, such as fixed-term U-turn rotations (UTRs) and transfers in which engineers, salespeople, and corporate staff change the type of job they do.

In addition to rank-based training for new and existing employees, we provide career design training for a wide range of employee categories. Opportunities for training are provided at milestones such as when reconfirming expected roles and issues, or when reviewing career plans as a member of society for the medium- to long-term.

In terms of engineer development, we are creating a system in which new graduates acquire programming expertise and skills through basic training, and after conducting basic skills training in which they learn basic knowledge of IT infrastructure and development through hands-on learning, they go on to develop their expertise at their assigned workplaces. We are formulating an engineer career framework, the Engineering

Skills Inventory, and conducting programs such as the e-Academy (CTC e-Academy Basic) which systematically teaches the basic skills of project management.

OJT trainer system & mentor-mentee system

The OJT trainer system, in which senior employees in the same workplace support the growth of new employees, is for new graduates up to their third year after joining the Company. We have also introduced the mentor/mentee system for young female employees to help form networks among female employees by, for example, creating points of contact with senior female employees, including those in other workplaces. This system also serves to build interpersonal relationships in a work style that combines working in the office and remotely.

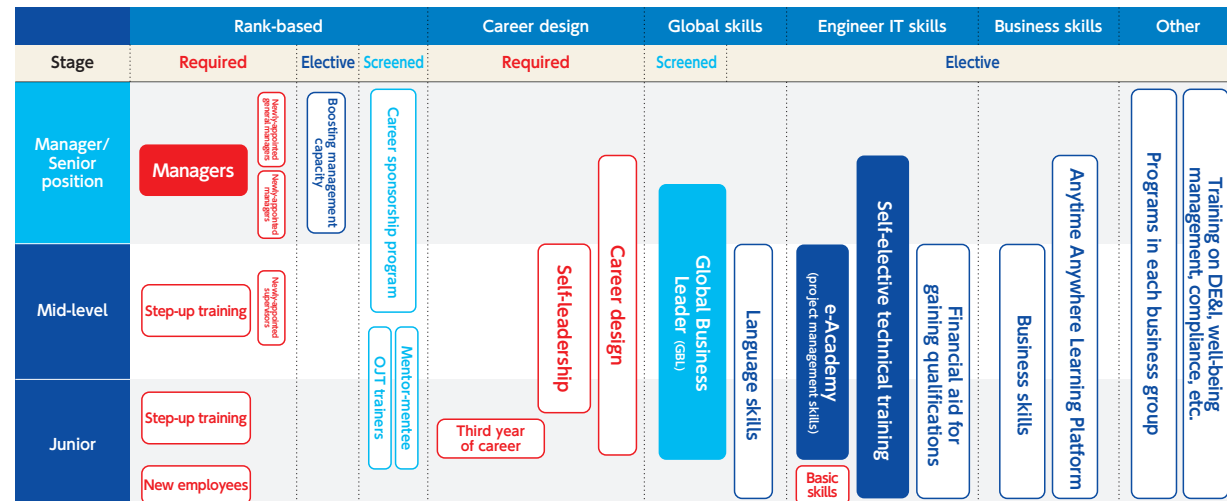
Personal development & qualifications acquisition support

We are focusing on initiatives to meet a wider range of learning needs in line with the more diversified skills, technologies, and work styles that are required. To improve language proficiency, we offer online and correspondence level-based language courses, and we have introduced business skill training that includes courses to acquire PMP® and PDU certification as well as MBA essentials. We are also promoting micro-learning, and have introduced a flat-rate video learning program for technical and business programs with thousands of courses to choose from such as accounting, finance, and business creation. Aside from our learning and training systems, we also encourage the acquisition of private IT-related or public certifications throughout CTC by offering financial aid to employees who have acquired these certifications through their own efforts.

*PMP is a registered trademark of Project Management Institute, Inc.

Fiscal 2023 Training/Development-related Policy System

[Priority Measures in HR Development] Required by rank: Managers/Global skills screened: GBL/Engineer IT skills: e-Academy, Self-elective technical training



Priority Areas for Development: Leaders, DX Human Resources, Global Human Resources

To achieve the medium-term management plan, we are working on intensive development in three priority areas.

Developing & boosting management capacity at the leader-level

We are working to boost individual skills and upgrading the organization by constantly updating our management concept of achieving a sustainable society and continuously driving growth. To develop our next generation of management, we hold Company-wide human resource development meetings to formulate plans for selection and promotion in an effort to develop our human resources over the medium- to long-term. For the management-level personnel in each organization, we conduct engagement surveys for all employees, and based on the results, we take swift action according to the circumstances in each organization, including the expansion of rank-based training. We are also expanding our initiatives for mid-level employees, including for leaders who are candidates for management-level positions.

Learning programs for DX personnel

To accelerate the rollout of new initiatives in our medium-term management plan, we are upgrading our learning programs for personnel working on digital transformation. With our Engineering Skills Inventory which visualizes the skills of engineers, we are defining the model types of

personnel to work on digital transformation, identifying areas that need improvement, and pushing ahead with initiatives in those areas.

CTC is simultaneously spearheading both Company-wide and individual business group initiatives through job rotations both inside and outside of business groups, centered on the Business Innovation & Digital Transformation Group. CTC is also pushing ahead with efforts by expanding Company-wide programs, and expanding necessary programs for each business group. Moreover, CTC provides the DX Human Resources Training Program, which utilizes existing human resources development initiatives in collaboration with CTC Technology Corporation to develop personnel capable of digitally transforming the Company.

Developing global personnel

Being that CTC's core business model is to provide full-stack services that combines superior products and services from around the world, our global partnerships are at the very heart of our strengths. Furthermore, we are aiming to expand our global business by establishing a system that covers the entire ASEAN region. As a key measure for promoting these businesses, we are implementing the Global Business Leader (GBL) training program, a seven-month package that selects and develops employees with business experience and a track record in Japan.

Engineering Skills Inventory & Personnel Portfolio

At CTC, we have Company-wide systems to ascertain our employees' skills, experience, and career prospects which we use for training programs and job rotation. In addition to the Engineering Career Framework, as part of our engineer training system we have introduced an Engineer Skills Inventory which visualizes the skills that engineers have. By recording levels for each of the approximately 2,000 skills, the inventory allows us to define all the various model personnel types. It can also be used to conduct human resources development and recruitment, and put together projects with a personnel portfolio formulated to achieve our business strategy. As well as searching for particular skills, with the inventory we can quickly and flexibly get an understanding of the qualities and quantities of our personnel in terms of the areas where we have depth in talent or areas where many employees have advanced skill levels. It also gives us a clear picture of the current state of job types and levels, as well as the number of people in certain personnel models filtered by multiple skill criteria.

In fiscal 2023, we are expanding the engineering skills inventory and rolling out the human resource

management system Company-wide. With a view to strengthening our business in key areas and strengthening the CTC Group's management, we will enhance the overall capabilities of our human resources and formulate a portfolio that helps to fit the right people in the right places, thereby improving our human resource development and recruitment.

Engineering Skills Inventory Overview

| Master Category | Overview of Skills |
|--|--|
| Industry experience | Number of projects experienced in each industry |
| Knowledge of customer's business | Knowledge in the customer's segmented field of business |
| Process skills | Proficiency in each business process in the IT lifecycle of conceptualizing the introduction of IT, developing systems (infrastructure/apps), and operating them |
| Products and services knowledge | Technical knowledge specific to particular products and services |
| Knowledge outside of products and services | General technical knowledge not specific to any particular product |

e-Academy Participants (fiscal 2017-2022)

over 2,800

A "human resources compensation system" that encourages employee autonomy and growth, leading to increased corporate value.

Without the growth of human resources, there is no creation of new value and no sustainable corporate growth. We have therefore been advancing initiatives that allow every employee to grow by themselves in line with their competencies and goals, maximizing their potential to create growth for themselves and the Company.

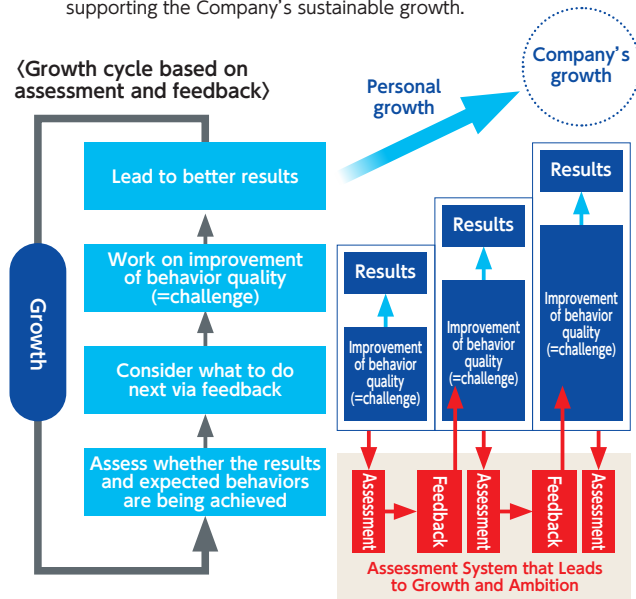
With respect to engineer, we devised the "Engineering Specialist System" in fiscal 2013. We prepared specialist positions in addition to management positions at the managerial level and have promoted the strengthening of technical capabilities. In addition, in fiscal 2015, we introduced a multi-track personnel system that provides career paths other than management for all positions, including sales and staff.

Our Company has traditionally followed a role grading system, which allows for early promotion and appointment because we appropriately evaluate the performance actually demonstrated according to the level of role required for each grade, regardless of age. Furthermore, for the purpose of human resources development, job rotation experience is one of the requirements for promotion. The conditions for promotion and appointment criteria and the assessment criteria are disclosed to all employees, and we have established two levels for assessor meetings to ensure fair assessments.

The business environment has changed dramatically in recent years, centering on the social environment, including work attitudes and lifestyles. In light of these changes in the business environment, we revised our human resources compensation system in April 2023 to promote the growth of our employees, who are the source of our corporate competitiveness, and to attract excellent human resources.

■ Assessment System that Leads to Growth and Ambition

While maintaining the function of a basis for determining compensation, the systems strengthens the human resource development dimension to encourage individuals to act more autonomously and improve the quality of their work, thereby supporting the Company's sustainable growth.



Improvement Points

Rank system

- Job-type elements were incorporated into the multi-track personnel system, and a system was introduced to quantify the size of the specialist's role and determine their rank. We suitably match roles with individuals' skills and strengths.
- Each Specialist position role is released to the entire Company. We are connecting this to the creation of a career image for young people and collaborations across organizations.
- We create an environment in which employees can work according to their abilities by establishing a new system of two or more levels of advancement from general positions to specialist positions (grade-skipping).

Remuneration system

- The ratio of base salary to bonus was changed, and while the annual income level itself was maintained, the base salary was raised by up to approximately 30% compared to before the revision. We are strengthening the hiring of human resources and promoting a sense of livelihood stability.
- The starting salary for university graduates was raised from 230,000 yen to 295,500 yen by changing the ratio of base salary within annual income.

Assessment system

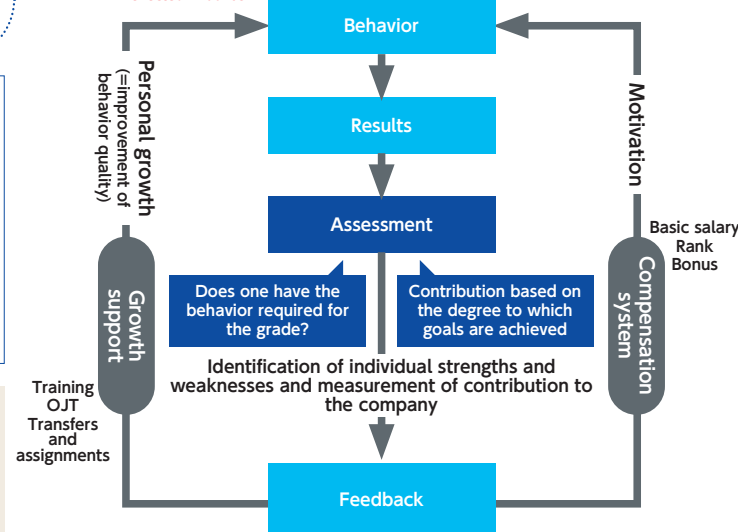
- We switched to absolute evaluations by moving from ability evaluation to behavior evaluation focusing on the level of individual behavior. We encourage individuals to act more autonomously and improve quality (= challenge).

Award system that supports and recognizes ambition

CTC has introduced the CTC Group Award to recognize projects that contribute to reaching the aims of the Medium-Term Management Plan, as well as programs such as the Good Job Award System which recognizes the achievements of employees and organizations who have made significant contributions. The Organization Award in the Good Job Award System is a prize for organizations that have actively taken on the challenge of changing work styles. These efforts are shared as case examples in the whole Company. As we continue with these initiatives, we will strive to foster a culture that supports and recognizes new challenges and colleagues who follow their ambition.

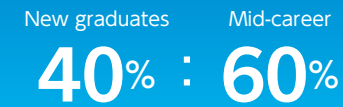
■ Assessment is based on the two axes of "behavior = behavior evaluation" and "results = MBO evaluation," and is reflected in compensation.

- Behavioral evaluation: Evaluates whether the employee is performing the behavior required for their rank → reflected in base salary and rank
- MBO evaluation: Evaluates contribution based on the degree of achievement of goals → reflected in bonus

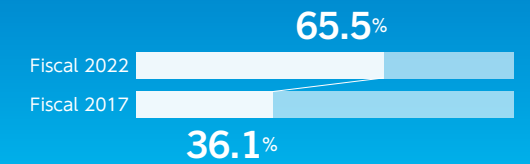


Diversity Equity & Inclusion (DE&I)

Average ratio of new graduates and mid-career hires in managerial positions between fiscal 2017 and fiscal 2022



Percentage of male employees taking childcare leave in fiscal 2017 and fiscal 2022



[Related engagement score] I am respected as an individual in the workplace



Promoting Diversity, Equity & Inclusion (DE&I)

The Company believes that for innovation to take place requires an environment where employees with distinctive personalities can work together in diverse ways to find self-fulfillment. In fiscal 2006, we established a dedicated organization and, in fiscal 2022, we set up the Diversity Committee. We promote DE&I that respects differences between individuals, including their past experience, based on our Basic Policy on Diversity.

Under the CTC Group's coordinated organizational system, the CTC Group is promoting these activities while making regular reports to the Management Committee and the Board of Directors.

Basic Policy on Diversity

Based on the idea that new solutions and quality services are particularly generated in environments where every individual feels motivated and can find self-fulfillment working together with distinctive personalities and diverse work styles to take on new challenges, CTC is striving to instill diversity that ensures all employees are respected regardless of age, gender, gender identity and sexual orientation, nationality, and disability.

Plan for DE&I Goals and Initiatives

Since fiscal 2021, we have been expanding and implementing measures in line with the medium-term management plan and an action plan formulated in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace. The role of organization leaders has been evolving in recent years, creating a need for organizational

management approaches that entail using diverse leaders to facilitate the contribution of diverse human resources. For that reason, we are promoting initiatives while flexibly reviewing our plan by setting success indicators with an awareness of the human resources pipeline in the participation of women, one of the indicators of human resource diversity.

| Fiscal 2021» | Fiscal 2022 | Fiscal 2023 |
|--|---|---|
| ● Support for active participation of diverse human resources | | |
| Basic design of the new personnel system | Detailed design of the new personnel system | Introduce new personnel system |
| Built a human resources pipeline for female employees | Launch of the Diversity Committee | Expansion of measures to support pipeline |
| Building systems for visually identifying, sharing information about, and monitoring female manager candidates | | |
| Introduced career sponsorship program | Advancement of the Company-wide rollout, including video messages from the president and career sponsors | |
| Development of next-generation management personnel and promotion of women's participation in management | | |
| Developed workplaces for people with disabilities in collaboration with Group companies | Stable operation of developed workplaces and continued development of new work spaces | |
| Promote task force activities to consider measures for senior age range | | |
| ● Changing awareness, development, and fostering organizational culture | | |
| Launched open DE&I seminars and improved communication | Activities to raise awareness in collaboration with a special subsidiary on such things as employing people with disabilities/from the LGBTQ+ community | |
| ● Developing a diverse, flexible workplace environment | | |
| Promoted choice of optimal work style with remote work or going to the office | Upgrade the CTC Workstyle Phase1 | Phase2 |
| Enhanced support measures for parenting and caregiving | Easing of acquisition requirements, simplification of procedures, and strengthening of information dissemination | |

Promoting Women's Participation & Advancement

We have also been working to build an organizational system that enables female employees to participate in management, with the active participation of women placed at the center of DE&I. As such, we are implementing our external networking program for executive officer candidates, and participating in the Japan Business Federation (Keidanren) challenge which aims to increase the ratio of female executives to 30% by 2030.

Bolstered next-generation female leader development and career support for female employees with "human resources pipeline" concept

To strengthen our development of next-generation female leaders all the way up to the management level, we have built a so-called human resources pipeline as a comprehensive measure for the stable supply of human resources, from hiring through to management level.

Main Initiatives

| | |
|-------------------------------|--|
| Leadership training | Raise the career awareness of the leaders of the next generation, strengthen and accelerate their development from a medium- to long-term perspective. |
| Stage-specific support | Detailed support, including the Mentor-Mentee System for young and mid-career employees, Career Sponsorship Program for managers and candidates for management, as well as more measures for parenting and caregiving. |
| Career support | More career development support for employees through the career development support system |

Building systems for visually identifying, sharing information about, and monitoring female manager candidates

The Company holds company-wide human resources development meetings to formulate a fast-track selection and promotion plan for executive candidates. When appointing executives, we place importance on

a track record in human resource management with for example, DE&I. Executive female candidate roles have been expanded to include general manager and section manager. Senior management checks and reviews the content of individual development plans. After employees have been appointed, individual interviews take place with the department in charge of human resources.

Based on our "human resources pipeline" concept, we have been strengthening individualized support by closely identifying candidates for management positions. As part of this effort, we have introduced a training support system for superiors of management-level employees and management-level candidates to monitor their work mentality and enhance their motivation and working conditions by strengthening encouragement from their superiors. CTC will continue to promote the development of next-generation leaders while promoting both on-site initiatives and company-wide measures through our everyday work.

Bolstering creation of interpersonal networks with the Career Sponsorship Program

The aim of the Career Sponsorship Program (CSP) is for general manager-class personnel (career sponsors) to support the careers of female managers and manager candidates (the sponsored), providing opportunities to talk freely and openly. By way of video messages from the president and career sponsors, as well as information on the life events and careers of the career sponsors themselves, the CSP has established a system that allows users to create a network and consult freely through the sharing of unwritten rules by various leaders, along with round-table discussions and one-on-one meetings.

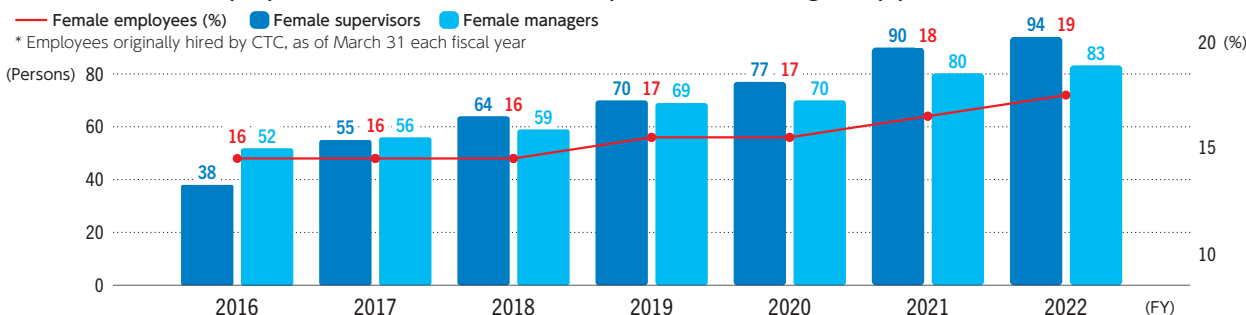
Support for Parenting and Caregiving While Working

We have created a diverse and flexible work environment, expanding work style options to accommodate circumstances such as childcare and nursing care. We have raised the child age threshold to whom our reduced and staggered work hours system applies, and we have introduced accumulated leave that allows employees to carry over any annual paid leave that is about to expire for looking after children or family members. We are also working to improve convenience by reviewing available systems and simplifying procedures. We also encourage

male employees to take childcare leave, and the number of male employees taking childcare leave is increasing every year.

We are striving to create a corporate culture and climate by continuing to hold childcare-related seminars for employees who have taken childcare leave, their supervisors, and spouses who work outside the CTC Group, as well as online seminars to help employees balance work and family care.

Ratio of female employees and number of female supervisors & managers by year



Changing Awareness & Creating Culture for DE&I

Since its founding, the Company has actively promoted mid-career hiring to incorporate differences in experience. Under these circumstances, a culture of recognizing and utilizing diverse personalities and ways of thinking has been developed.

The diversity portal site for internal use communicates information such as management messages and activity topics. We also hold regular open seminars named "Diversity Career College" on topics such as unconscious bias, work and family, and the LGBTQ+ community.

For managers, we are cultivating a deeper understanding of diverse personalities and diverse work

styles through the use of engagement survey results and management training.

We combine various methods, such as seminars, training, and information communication through our portal site, from multiple angles and perspectives, in order to change awareness and create a corporate culture.

Received third-level "Eruboshi" certification



Initiatives for the LGBTQ+ Community (Sexual Minorities) & SOGI (Sexual Orientation & Gender Identity)

The Company clearly states in its employment regulations its respect for sexual orientation and gender identity as a code of conduct for the Company and its employees, and is continuously working to promote understanding and acceptance of LGBTQ+ and SOGI issues. As well as conducting study sessions for executives, training for all managers that combine e-learning and seminars, and e-learning training for all employees, we are fostering deeper understanding throughout the Company through trainings on respect for human rights and harassment. In addition, we have established a dedicated internal website for, regularly distribute columns by outside experts, sponsor external events, and hold seminars

in collaboration with special-purpose subsidiaries. Moreover, we are establishing internal and external consultation desks, expanding some of our in-house systems to cover same-sex partners, scrapping the gender field that had been on our employee application form, and other improvements to our systems and environment to create a workplace where employees can be themselves.

Received PRIDE Index 2022 "Gold" rating



Promoting Hiring of Employees with Disabilities & Supporting Activities of Athletes with Disabilities

We have set the annual proportion of employees with disabilities equal to or higher than the mandatory proportion as a success indicator, and in 2010 we established a special subsidiary, CTC Hinari (referred to simply as Hinari) with the aim of promoting the employment of people with disabilities. Hinari operates with bases both in Tokyo and Hamamatsu. In Tokyo, the company focuses mainly on office-related tasks such as cleaning and disinfecting the offices, converting documents to PDF, as well as massage work, which is part of employee benefits, and management of the café (HINARI CAFE) in our Kamiyacho offices.

Furthermore, in collaboration with our Company, it also provides data preparation services that specialize in advance preparation for AI data analysis. In Hamamatsu, Hinari handles farming work contracted out from farmers and also sells novelty goods made from farm products. In fiscal 2022, it was selected as a business operator to utilize honey from an apiculture business in Minato Ward, where our Kamiyacho office is located.

It is also involved in the sale of products using honey provided by the local community, and is deepening its ties and collaboration with the local community toward the realization of a hopeful prosperous society. We are striving to create unique value for Hinari by improving the quality of employment and creating an environment where motivated people can work with peace of mind over the long term.

To support the success and advancement of people with disabilities, the Company also supports the activities of athletes with disabilities. Hinari has several athlete employees who work and compete at the same time. The Company provides support by covering the costs of their activities such as travel to events, training camps, and appearances at competitions.

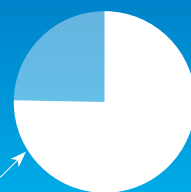
Ratio of employees with disabilities **2.38%**

(as of June 1, 2023)

Diverse, Flexible Workplace Environment

Ratio of employees stating in engagement surveys that they feel motivated at work

Fiscal 2013 **71.8%** Fiscal 2017 **74.1%** Fiscal 2022 **75.3%**



[Related engagement score] I have been given the discretion necessary to carry out my responsibilities.

76%

Creating an Environment that Respects Values and Maximizes Individual Strengths

The Company believes that for employees to take on challenges and grow, it is necessary to respect the values of each employee, creating an environment where they can maximize their potential. For this reason, we are promoting initiatives to improve organizational capability through collaboration by providing work options that

allow employees to make choices regarding efficiency and effectiveness, and by enhancing autonomy and creativity. We are also creating and instill a culture of autonomy, responsibility, creativity, collaboration, and trust. The culture we strive to foster is one that supports employees in their ambition.

Expanding Work Style Options

Since fiscal 2014, CTC has been promoting measures to change work styles, striving to create a diverse and flexible work environment. We have expanded work options so that all employees can have a sense of individuality and job satisfaction, as well as work more efficiently and effectively by introducing morning work, hourly paid leave, and sliding work hours. In April of 2022 and 2023, we launched various measures under

the slogan "Upgrade the CTC Workstyle" introduced in fiscal 2022. The aim of these measures is to support self-fulfillment and taking on challenges by allowing employees to choose flexible work styles according to their individual circumstances, further promoting new work styles that lead to a better public/private life and mental/physical well-being, and contributing to local and social issues.

A New Work Style — Upgrade the CTC Workstyle

Concept

"Respect the diversity of individuals and create an environment where everyone can challenge themselves and achieve self-actualization."
 "In the era of the 100-year lifespan, use the power of digital technology to realize a fulfilling way of working and living."
 "Encourage autonomy and growth, and help each individual achieve maximum performance."

| Measures | Description |
|--|---|
| Liberalization of remote work | Liberalization of remote work locations within a commuting range of 100 km by rail from the nearest station of the designated office. Possibility for employees with special situations, such as nursing care or a spouse relocating with them, to expand their remote work location and residency options to all of Japan and work outside the commuting range. A short-term out-of-range telework option was added for all employees beginning in April 2023. Available for return trips and workcations. |
| Elimination of relocations or situations in which people might have to live separately from their families | Transfers to other locations possible without having to relocate when work can be performed through remote work and business travel. |
| Side Jobs outside of the Company | Approval for side jobs outside of work on the condition that they do not interfere with one's work and comply with the rules on working hours. Possibility to improve skills, develop careers, and engage in social contribution activities through NPOs. |
| Long-term leave system (sabbatical leave) | In principle, possibility for employees who have been with the company for three years or more to take an extended leave of absence of up to one year. Intended to be used for reskilling so employees can focus on study or gaining qualifications. Other uses include social contribution activities with volunteer or pro bono work, or caring for family members. |
| Extension of stay during business trips (bleisure) | Approval for extension of stay at the travel site or elsewhere on paid vacation or holidays before the start or after the end of the travel site work. |
| Care leave | Renamed paid menstrual leave and expanded conditions for use to allow employees to take leave for infertility treatment and maternity protection. |
| Consecutive leave days system (Flex Holidays) | Relaxed conditions for use of the system that grants special leave separately when employees take consecutive paid vacations. |

Information Systems Infrastructure to Support Work Environments

We have continued to improve CTC's internal system environment to diversify work styles. We are constantly improving our IT infrastructure to support work styles regardless of location, time, or device, while maintaining a balance between security and convenience. Speeding up on-site work and stimulating communication through the use of a broad range of devices from computers to smartphones including bring-your-own-device (BYOD) and

more, as well as remote work environments that can be chosen according to the work scenario and usage of the cloud, we are designing work models that make it possible to unleash creativity and ambition anytime, anywhere, with anyone, in an enjoyable way. In addition to past initiatives, we are accelerating internal DX initiatives that make full use of cutting-edge technologies.

Initiatives Geared toward Autonomous, Collaborative Work Styles that Boost Creativity

Starting from fiscal 2021, we have been working on initiatives that encourage employees to have more autonomy and creativity, and to work together to try new things, while further improving our corporate value through stronger Group coordination. Part of this was the implementation by the CTC Group Head Office of the concept of Activity Based Working (ABW) allowing employees free choice of work hours and location according to job phase and work description. Working in the office is positioned as one of the possible choices, and we have set up various spaces as workplaces with enhanced functions to increase job satisfaction. The workplace has been adapted to cater for new work styles with arrangements to ensure social distancing, booths suitable for online meetings, and the use of facial recognition systems.

We will devise ways to stimulate communication and relationship building with work colleagues in the physical workplace, and use remote work alongside coming to the office, encouraging collaborative thinking, to create an environment that allows each employee to perform at their best and to give employees the best choice of work style.

Awareness Initiatives

We encourage employees to take paid leave and allow it to be taken in hourly or half-day increments, with the aim of streamlining operations, promoting self-development, and for the benefit of employees' mental and physical well-being. We encourage employees to take consecutive days of leave, Birthday & Anniversary Leave, which can be taken to celebrate employees' or their families' special days, and Sandwich Leave, which can be taken in between holidays.

With respect to work attire, jeans, sneakers, and T-shirts are now accepted. Clothing considerations are part of our efforts to create diverse workplaces where employees can think outside-the-box, where they can develop flexible ideas and self expression beneficial for their work so employees can find the work style that is right for them and which respects one another.

"TW100" Top Hundred Telework Pioneer



Revising Work Operations & Frameworks that Utilize IT Tools

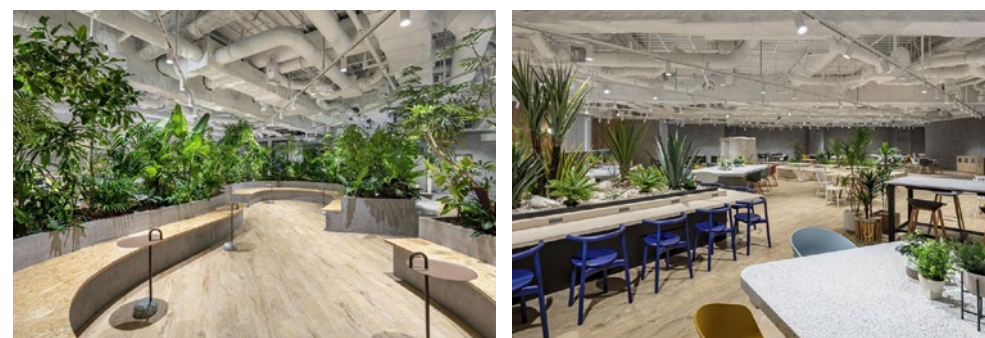
In reviewing the operational aspects that are essential for building a working environment, we have implemented the computerization of various applications and elective training to improve awareness and skills in areas such as communication and time management.

In terms of work management, in addition to monthly reports to management on company-wide working hours, we have introduced a system that compiles computer access logs and office entry/exit logs of all employees using IT tools. The system works in tandem with attendance management to display employee attendance results. When there is a discrepancy between the attendance reported by the employee and those of the logs, alerts are automatically sent to the employee

and their supervisor in stages based on the automatic function that prompts the employee to give the reason for the overtime work and the predicted number of overtime hours.

Individual checks are also carried out depending on the attendance records by the department in charge of human resources as we strive to optimize working hours and comprehend the actual working hours of all employees. Furthermore, the Digital Transformation Division, which aims to transform the business processes of the entire CTC Group, is working on digital transformation, starting with the transformation of existing business models, while attempting to eliminate stress and wasteful business practices to improve productivity.

Annual average rate of employees commuting to offices **20% or less**



Engagement

Improvement rate compared to the benchmark

I believe that the strategic goals of the CTC are well linked to my professional responsibilities.

+11%

The management team has indicated that employees are important to CTC's growth.

+10%

I am getting feedback that is helping me improve in my own duties.

+7%

I feel I can achieve my career goals at CTC.

+6%

Implementing PDCA Cycle based on Engagement Survey Results

The Company believes that an environment in which employees can work in their own way and feel rewarded in the work they do will maximize individual capabilities. For this reason, we are conducting engagement surveys as an initiative for our employees and the Company to have an equal relationship and share the same spirit and objectives by responding flexibly and appropriately to changes in the environment, such as with more diversified work styles and awareness. The surveys are conducted four times a year, including a Pulse Survey with questions that are narrowed down for fixed point observations, with the main objective to verify and improve our various efforts and grow our management capabilities. As well as sharing survey results across the Group, we have introduced a dedicated infrastructure that allows executives to view the results of their own organization at any time. This special infrastructure can verify trends

ascertained from the results, advise on possible future improvements, and even perform independent analysis, supporting well-timed management based on data.

We have used the fiscal 2020 results as a benchmark score to identify priority areas. In fiscal 2022, we reviewed the results for a more detailed and updated understanding, and implemented a cycle of improvement. Moreover, in addition to surveys, we conduct hearings and introduce systems on a trial basis in order to reflect employees' opinions in various systems. As an organization made up of employees, the "CTC Union" exchanges information with the Executive Committee at regular and irregular meetings. Using methods tailored to the situation, the union listens to the voices of employees and reflects the content of discussions in initiatives, while revitalizing people and organizations.

Priority Measures to Improve Engagement

| Priority Items | New Measures |
|--|--|
| I believe that the strategic goals of the CTC are well linked to my professional responsibilities. | Bringing management and employees closer together In fiscal 2021 and fiscal 2022: Townhall meetings → Held 12 times, approximately 10,000 total attendees |
| The management team has indicated that employees are important to CTC's growth. | Boosting management capacity From fiscal 2021: Management capacity improvement training For section managers and general managers (launch in fiscal 2021), for newly appointed supervisors (launch in fiscal 2022) In fiscal 2021 and fiscal 2022: Support for organizations implementing 1-on-1 programs (holding seminars, sharing case studies, distributing newsletters, etc.) → 428 departments in total voluntarily participated in seminars over 2 years |
| I am getting feedback that is helping me improve in my own duties. | |
| I feel I can achieve my career goals at CTC. | Realization of diverse careers Fiscal 2021: In-house job posting system (Company-wide rollout started in fiscal 2022) Fiscal 2022: Upgrade the CTC Workstyle |

Priority Items in fiscal 2022

| | |
|---|-----------------|
| CTC's decisions and actions are based on corporate ethics | 83% (+1) |
| The people I work with collaborate with me to get the job done | 79% (+4) |
| I trust my direct supervisors | 76% (+2) |
| I am respected as an individual in the workplace | 76% (+9) |
| I have been given the discretion necessary to carry out my responsibilities | 76% (-) |

* The figures in parentheses () indicate the percentage of improvement over the benchmark, and "-" indicates items for which measurement began in fiscal 2022.

Engagement survey overview

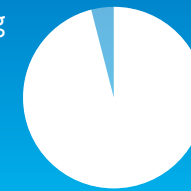
Surveyed: Regular employees originally hired by CTC, contract employees, temporary employees, and employees temporarily transferred to CTC
Survey method: Online
Response period: November 18, 2022 to December 1, 2022
Number of respondents: 4,317 (82%)

Question categories: Diffusion of strategies/CSR/Respect for individuality/Psychological safety/Work-life balance/Growth opportunities/Remuneration and employee welfare/Accountability/Cooperation systems/Communication leadership/Innovation/Work processes/Resources/Customer aspirations/CTC Group Philosophy

Health and Well-Being

Ratio of employees who attended e-learning classes for health promotion

96%



Ratio of employees undergoing stress & mental health checkups

96%



[Related engagement score] The people I work with collaborate with me to get the job done

79%

Well-Being Management

Health and Well-Being Initiatives

The health and well-being of every individual employee forms the foundation of CTC's continued growth, so we consider it essential to foster job satisfaction among employees. For this reason, we promote health and well-being management based on the CTC Well-Being Declaration, with our president also serving as Chief Health Officer (CHO). In order to clarify our stance as a company, we have expressed that we will instill and take measures toward well-being management by specifying the principles of our well-being management and the responsibilities of CTC and its employees respectively in our employment regulations.

CTC Well-Being Declaration

At CTC, well-being management 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. 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 put them in position to strive for self-fulfillment through their work, we can be confident of CTC's survival and growth 100 years from now.

We hereby declare our commitment to CTC Well-Being for the well-being of our employees and their families into the future.

Ichiro Tsuge
 President & CEO
 ITOCHU Techno-Solutions Corporation

Steering Structure

We have established the Well-being Committee comprised of the business groups, the Central Health Committee, the Human Resources Department, and the CTC Group Health Insurance Society, under the direction of our president as the Chief Health Officer (CHO). A dedicated organization within the Human Resources Department is in charge of formulating and implementing measures with progress made while discussing matters at the Management Committee and the Board of Directors. Specialized staff members from industrial physicians to health outreach workers, nurses, clinical psychologists, and career counselors join together to facilitate proper operations of well-being management. In cooperation with each organization, we are working on comprehensive measures to continuously improve our health and well-being management.

industrial physicians and health outreach workers at CTC to strengthen our organizational system. We have been working on various measures based on understanding and analyzing the current situation using in-house data and data from the health management system Growbase provided by CTC. In fiscal 2017 we established the CTC Group Health Insurance Society, launching a health insurance business catered to Group employees' circumstances and needs. We are also engaged in data-based health management utilizing our accumulated expertise. Additionally, CTC is working jointly with the health insurance society on a Collabo-Health program to promote healthy lifestyles. To maximize the effects of the Collabo-Health program, in addition to regular meetings, we are also actively promoting personnel exchanges, such as secondment of members of the Human Resources Department, as well as the standing director of the Health Insurance Society.

Promotion of Collabo-Health with the Health Insurance Society

Since fiscal 2013 we have been increasing our staff of

Well-being management steering structure



Well-being Management Medium-Term Plan (Fiscal 2022-2023)

Since the start of the FY2019-2021 Well-being Management Medium-Term Plan, we have been strengthening the PDCA cycle of initiatives while monitoring priority measures and quantitative metrics. From fiscal 2022, we will peg the Well-being Plan to the CTC Group Medium-term Management Plan by making it a two-year plan up until fiscal 2023.

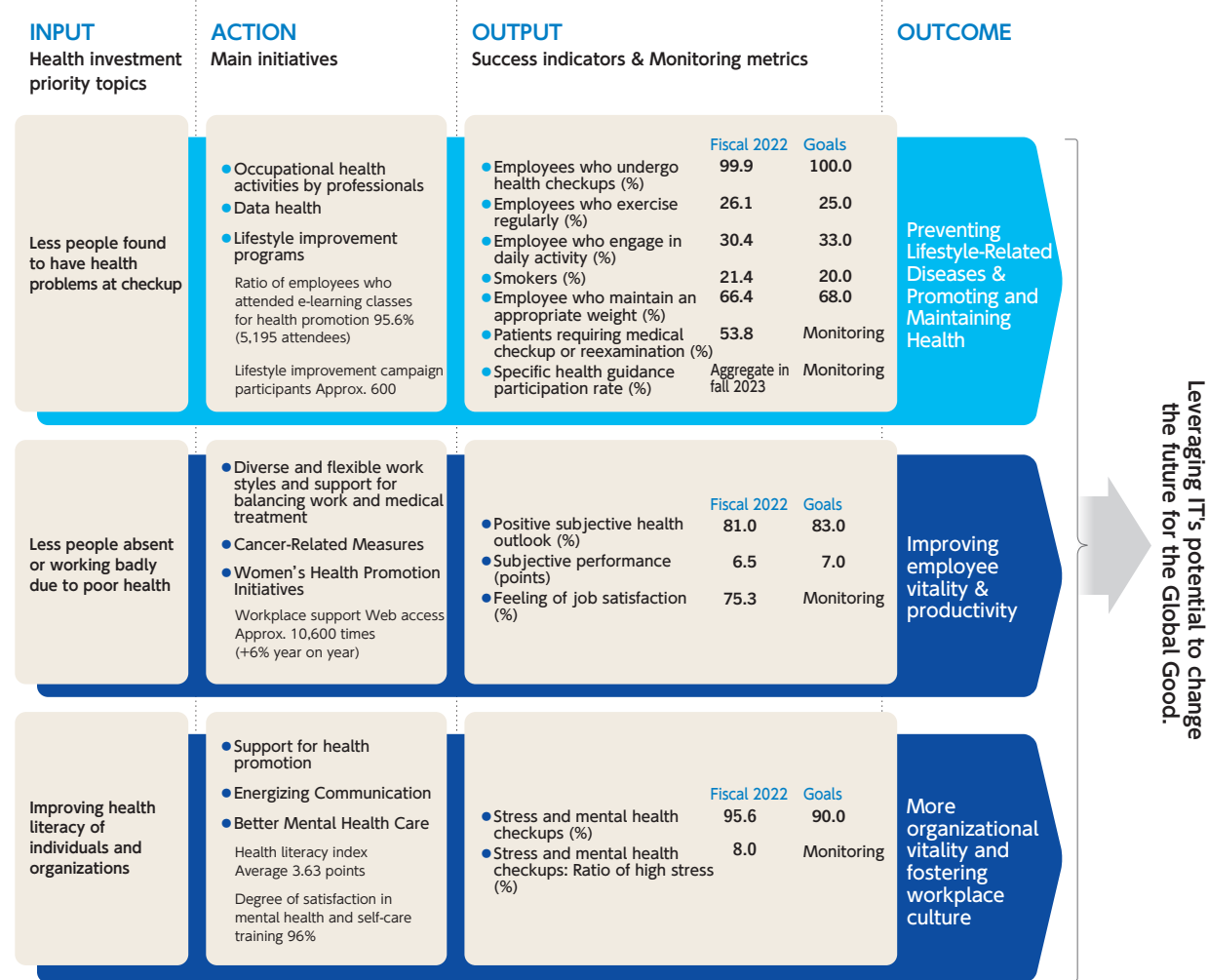
With emphasis on preventing lifestyle-related diseases, promoting and maintaining health, improving employee vitality and productivity, energizing organizations and fostering a good workplace culture, the Well-being Plan will respond to changes in work styles and lifestyles.

Priority measures and metrics are formulated based on the results of employee surveys, which show that people are doing less physical activity and gaining more weight. In addition, some of the indicators set in the previous plan were reviewed because they have improved in a desirable direction in conjunction with

various measures in accordance with the basic concepts of human resource management, which is centered on mutual acceptance of diversity and human resource development. In terms of more organizational vitality, we will focus on creating an environment in which communication can be conducted in a more natural way, working to establish a virtuous cycle together with various measures while building organizations with more emotional well-being.

We will reduce presenteeism and absenteeism and improve work engagement by promoting well-being management measures. We will also contribute to the "physical, mental, and social health and well-being of our employees," which is the philosophy of CTC Well-being Management, and to "leveraging IT's potential to change the future for the Global Good," which is the CTC's corporate mission.

Success Indicators/Goals and Monitoring Metrics for the 2nd Phase of the Well-being Management Plan (fiscal 2022 and 2023)



Success and monitoring indicators are measured by health checkup questionnaires, mental health checkups (stress checks), and health surveys (in-house independent surveys). In fiscal 2022, the number of people measured was 4,911 for mental health checkups and 3,552 for health surveys (response rate: 72.3%).

Well-being Management & Occupational Health and Safety

Preventing Lifestyle-Related Diseases & Promoting and Maintaining Health

Health checkups

We are working to raise the level of health checkups and health management, which play an important role for both employees and the Company in identifying health conditions and correcting problematic issues, from an individual to a Company-wide response. Employees reaching the age of 35 and those 40 and up receive comprehensive health checkups. The results of health checkups are reported to management and workplaces in the form of results analysis on a per-organization basis and are linked to initiatives the following year. For individual follow-up according to checkup results, we encourage, by way of a population approach, employees who are potentially at risk to review and improve their lifestyle habits. The health insurance society also provides specific health guidance for high-risk employees. 100% of all people at high risk in terms of blood pressure and blood sugar levels receive follow-up medical checkup measures and health guidance consultations.

Exercise habits, promoting physical activity, and lifestyle improvement

We have been striving to develop good exercise habits, such as providing various sports-related services through sports club memberships and cafeteria plans, as well as encouraging employees to take a break or stretch during work hours. We are expanding measures to respond to changes in lifestyles and work styles and to individual circumstances, such as sales of Smart Meal-certified lunch boxes at HINARI CAFE and lifestyle improvement events for all Group employees in cooperation with the health insurance union.

One of the themes promoted at the head office, which has incorporated ABW, is "CTC Well-being."

Measures against smoking & passive smoking

We have been providing information on quitting smoking, health guidance for smokers, consultations with specialist staff, and help with quitting smoking from respiratory physicians. The CTC Group Health Insurance Society is also providing anti-smoking programs via online examinations. Through these efforts, our rate of employee smokers has been decreasing, but we will continue striving to bolster our measures against smoking and passive smoking, taking the proper measures while accommodating employees on an individual basis.

Expansion of the health consultation system

In response to the three priority themes of changes in work styles, changes in lifestyles and investment in health, we are working to improve the self-care skills of each employee and to create an environment in which employees can always feel free to consult without worrying about time or place when they experience any kind of illness or anxiety. As part of this effort, we have also introduced a health care application that deals with "pre-symptomatic diseases," and leads to the improvement of self-care skills for health maintenance and promotion and to various health consultation and online medical services through the provision of daily health support. Health consultations and online medical checkups available 24 hours a day, 365 days a year, including for family members, are expected to have a variety of benefits, including improved health literacy, early examinations and prevention, and reduced time spent at the hospital. In line with environmental changes, we will promote diverse and flexible support that allows each employee to make the best choices.

Improving Employee Vitality & Productivity

Appropriate work environments and hours & supporting employees receiving medical treatment

We have created a diverse and flexible work environment that supports the right balance for those employees who are working and receiving medical treatment. To help employees balance their work with medical treatment we are developing a supportive culture through informational activities. Moreover, we set up consultation services, connect specialists with primary care physicians, families, and workplaces, operate leave and absence systems, and support programs for returning to work. We also strive to make special considerations to help those undergoing medical treatments to still be able to perform their jobs. For financial support, we offer our subsidy system for advanced treatment of cancer.

Cancer-related measures

Through cooperation with our health insurance society, we are establishing systems for early detection and treatment

of cancer and working to create work environments where employees can continue working with peace of mind. We have incorporated cancer screenings as a required item in regular health checkups for employees aged 35 and over. For specialized examinations, we also subsidize uterine cancer screenings for female employees aged 20 and over, breast cancer screenings for those aged 30 and over, and chest CT scans and Helicobacter pylori tests for employees aged 35 and over. From the age of 40, employees can also receive comprehensive cancer screenings every three years.

Women's health promotion initiatives

We respond to women's specific health issues and have supported the creation of an environment conducive to collaboration. From the perspective of improving health literacy and strengthening initiatives for individual employees, information communication focused on women is centered on an in-house portal site, while we are expanding gender-neutral health promotion measures and consultation services for different purposes.

More Organizational Vitality and Fostering Workplace Culture

Better information & health literacy for employees

We believe that in order to practice health and well-being management, it is essential for each employee to improve their capabilities to manage their own health while also improving their own health literacy by collecting and utilizing the information they need for themselves. As such, we are promoting comprehensive initiatives to support improvements in health literacy.

Main Initiatives

| | |
|----------------------------------|--|
| IT Systems | Introduction of a system that provides comprehensive support for health management, including access to the results of mental and physical health checkups and applications for subsidies for specialized medical examinations and vaccinations. |
| Communicating Information | Comprehensive information by professionals and topic-specific communication by outside experts. |
| Personnel Training | Seminars for all employees, topic-specific seminars, and training for managers to promote understanding of health and well-being. |

Energizing communication

To improve employee job satisfaction, handle work more efficiently and energize our organizations, it is essential to create, instill, and grow a company culture of openness. For that reason, we are actively engaged in promoting all types of communication inside and outside of our organizations.

Better mental health care

In addition to addressing mental health conditions, CTC also supports mental health, which includes encouraging communication in the workplace, working continuously on our four physical and mental health care initiatives.

After stress & mental health checks are carried out, analyses of the results are reported to management on a CTC-wide and per-organization basis. Executive officers in charge of each business group are then interviewed about their circumstances and given proposals for improvements to their workplace environments.

Main Initiatives

| | |
|--|---|
| Club Activities | Support for activities such as subsidizing expenses and providing venues. |
| Activities with Family Members* | Provision of opportunities for social contribution activities that also promote physical activity. Workplace visits and childcare seminars attended with spouses. |
| IT Activities* | Establishment of personal pages with blog on in-house portal site and introduction of multiple chat tools. |

Mental Health Care Initiatives

| | |
|--|---|
| Self-Care | <ul style="list-style-type: none"> Stress & mental health checks (stress check & self-care training) Offering programs in new employee training Provision of information on mental health with the "Mental Health Bulletin" posted periodically Accumulated fatigue checks In-house portal sites |
| Line Care | <ul style="list-style-type: none"> Mental health training for managers Stress & mental health check results analysis reports and improvement proposals |
| Care Services by In-house Expert Staff | <ul style="list-style-type: none"> Consultations with industrial physicians, counselors, and nurses Support for returning to the workplace after leave |
| Care Services through Outside Resources | <ul style="list-style-type: none"> Consultations with outside counseling organizations *Family members can also utilize |

* Some activities were not held during fiscal 2022 due to the COVID-19 pandemic.

Committee Activities for Occupational Health and Safety & Preventing Occupational Accidents

Our Central Health Committee for occupational health and safety has defined four priority issues. These are promoting balanced work styles, promoting well-being management for physical and mental health, preventing occupational accidents, and establishing systems for managing safety and health. The committee is working to thoroughly implement fundamental measures and create environments for employees to be able to work safely with peace of mind. In addition to bringing in industrial

physicians for workplace visits and regular meetings to deliberate measures related to priority issues, the committee organizes information sharing and opinion exchanges about seasonal topics including lectures by industrial physicians. CTC and its employees are working together to prevent occupational accidents while also taking the characteristics of each office environment into consideration.

Recognized as an Outstanding Health and Productivity Management Enterprise (White 500) for seven consecutive years (starting fiscal 2017)

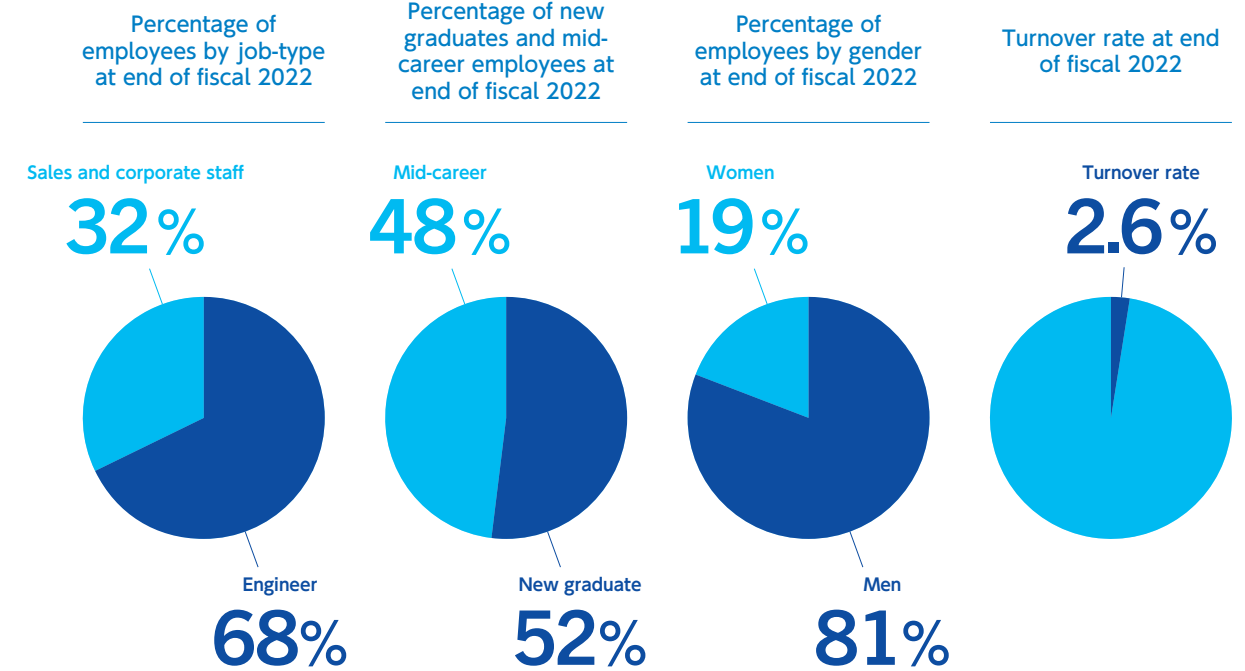


Health Management Solution

Growbase, a health management system, is offered at CTC. Growbase is a health management platform that provides efficient support for occupational health operations and supports the promotion of health management. Centralizing health-related information lightens the workload of health outreach workers and helps to offer better follow-up measures and health guidance for those found to be at moderate to low risk in their health checkups. Leveraging expertise gained from CTC's diverse, flexible work styles and well-being management initiatives, we are contributing to health management at companies. URL: <https://o-ma-ka-se.jp/kenkou/>

Human Resources-Related Measures and Data

Overview



New graduate starting salary (joining in fiscal 2023)

Master's degree
¥315,100

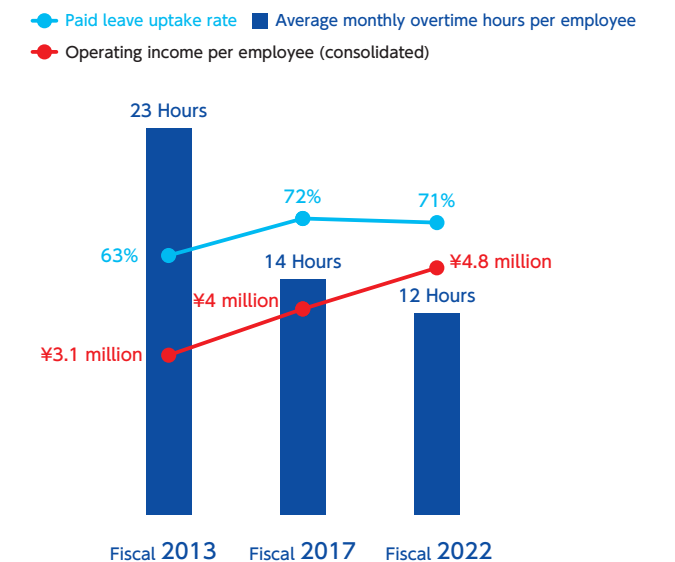
University and specialized technical college graduate
¥295,500

Technical college graduate
¥273,100

Average annual salary (at the end of fiscal 2022)

¥10,287,919

Paid leave, overtime hours, operating profit (in fiscal 2013, 2017 and 2022)



All figures refer to CTC non-consolidated. An exception is made for "operating income per employee."

Human Resources-Related Measures in Medium-Term Management Plan

All measures refer to CTC non-consolidated.

| Medium-term management plan Priority measures | | Investing in people & technology / Creating an appealing company | | | Human resources development & transforming work styles | | | Greater overall strength combining growth of individuals with right people in right places | |
|---|-------------------------------------|---|--|--|---|--|--|--|--|
| | | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
| Technologies and Unique Skillset | Hiring | | Bolstered communication about our workplaces conducive to success regardless of gender | Launched topic-specific seminars in new graduate recruitment | Expanded initiatives that coordinate with departments such as security and global at business sites | Expanded recruiter activities in new graduate recruitment | Implemented career path system in new graduate recruitment | | Started initiatives to recruit new technical college graduates |
| | | | | | | | Introduced referral route for mid-career recruitment | Implemented onboarding program for those joining the company mid-career | |
| | | | | | | | Moved all recruitment activities online | | Moved toward hybrid recruitment activities (online and face-to-face) |
| | Career development | Established a dedicated organization | | | Formulated new Career & Human Resources Development Policy | Launched per-organization seminars by in-house career counselors | | Implemented job rotation measures aimed at supporting career development | |
| | | Introduced career development support system | Launched career counseling interviews | | | | | Implemented in-house job posting system | Rolled out in-house job posting system in the whole Company |
| | Human resources development | Overhauled training systems in conjunction with personnel system reform | | | Reconstructed engineer personnel development systems and rolled out Engineering Skills Inventory in a unified manner CTC-wide | Introduced CTC-wide learning programs & industry-academia collaboration initiatives for AI | Moved all human resources development systems online | Launched initiatives to bolster learning programs for DX human resources | |
| | | Revised OJT trainer system to three years | Revised and reinforced mentor-mentee system | Expanded and reorganized range of eligibility for career design training | | Expanded IT basic technology learning programs for new employees | Created systems to improve the technical skills of advanced engineers | Expanded elective training for engineers | Introduced training for newly appointed supervisors |
| | | Launched training for mid-level employee and next-generation manager candidates | Conducted group training on work styles for all managers | Introduced 360-degree observation for executive officers to boost management capacity | | | Expanded elective training for business skills | Expanded rank-based training for management personnel | |
| | Human resources compensation system | Introduced multiple career path personnel system | | | Conducted ASEAN foreign language training for corporate staff | | | | |
| | | Made job rotation experience a requirement for promotion | | | | | Established a dedicated organization and started review of new personnel system / Conducted CTC-wide questionnaires & on-site interviews | | Decided to introduce the new system in April 2023 |
| | Diversity Equity & Inclusion (DE&I) | | Launched DE& activity introduction website and bolstered awareness-building measures including regular messages from the president | | Held a CTC-wide management meeting about DE&I | | Formulated new Basic Policy on Diversity | Formulated DE&I action plan for fiscal 2021-2023 | Launch of the Diversity Committee |
| | | | | | | | | Organized the Diversity Career College open DE&I seminar and made more information available | Expanded CSP |
| Formulated human resources development plan based on targets set for female managers | | | | Started intensive training based on individual development plans for female manager candidates | Launched measures geared toward female supervisors | | Bolstered next-generation female leader development and career support for female employees with "human resources pipeline" concept | | |
| Added more training for employees and their supervisors on balancing work with parenting and caregiving | | Revised systems for working from home, parenting & caregiving | | Launched measures to encourage male employees to take childcare leave | | Launched parenting seminars open to participation with spouses | Introduced Career Sponsorship Program (CSP) | Reviewed the childcare and nursing care systems | |
| Diverse, Flexible Workplace Environment | | Introduced sliding work hours, mobile work, and hourly paid leave systems | Participated in Telework Day | Participated in Telework Day, upgraded telework system | Implemented telework system for all employees on trial basis | Revised the telework system, expanded applicability to all employees | Created work environments and implemented measures for work styles adapted to the new normal | Introduced "Upgrade the CTC Workstyle" | |
| | | | | Expanded dress code options | Further expanded dress code options | | Bolstered measures to practice CTC-style Activity Based Working (ABW) work styles with choice of hours & locations | | |
| Engagement | | | | Conducted trial of engagement survey | | Introduced Engagement Survey full-scale | Started holding townhall meetings | | |
| | | | | | | | Initiated measures to support organizations implementing one-on-one programs | | |
| Health and Well-Being | | Started stress & mental health checkups | Established the CTC Group Health Insurance Society | Expanded employment support measures for employees with cancer. Bolstered measures for early detection and treatment of cancer, and employment support | Declared commitment to CTC Well-Being | Built organizational structure to control and prevent the spread of COVID-19 | Administered workplace vaccinations for COVID-19 | Formulated fiscal 2022-2023 well-being management medium-term plan | |
| | | | | Initiated health promotion activities for women | Formulated fiscal 2019-2021 well-being management medium-term plan | Held self-care training for sleeping habits and increased related communication | Implemented CTC-style ABW promotion measures | Expanded purpose-specific health information tools | |
| | | | | Launched the Healthy Lunch Program for in-house sales of Smart Meal-accredited box lunches | | Launched exercise habits program | Initiated measures to promote improved lifestyles | Expanded health promotion measures | |

Human Resources-Related Data

(Calculations are based on figures as of March 31 each fiscal year. However, calculations for employees with disabilities are based on figures as of June 1 each fiscal year)

Consolidated

| Item | Units | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | |
|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| Overall | Headcount | 8,175 | 8,359 | 8,808 | 9,050 | 9,291 | 9,665 | |
| Employees | by gender | Men | 6,919 | 7,032 | 7,317 | 7,436 | 7,530 | 7,748 |
| | | Women | 1,256 | 1,327 | 1,491 | 1,614 | 1,761 | 1,917 |
| | by region | Japan | 7,557 | 7,749 | 7,946 | 8,217 | 8,425 | 8,748 |
| | | Asia | 593 | 582 | 829 | 802 | 836 | 889 |
| | | Americas | 25 | 28 | 33 | 31 | 30 | 28 |

Non-consolidated

| Item | Units | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | |
|---------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| Overall | Headcount | 4,117 | 4,272 | 4,276 | 4,451 | 4,597 | 4,784 | |
| by gender | Men | 3,478 | 3,611 | 3,569 | 3,684 | 3,773 | 3,888 | |
| | Women | 639 | 661 | 707 | 767 | 824 | 896 | |
| Non-Japanese | Headcount | 45 | 46 | 46 | 49 | 53 | 60 | |
| Employees | Under 30 | Men | 386 | 449 | 509 | 553 | 601 | 657 |
| | | Women | 137 | 149 | 199 | 254 | 287 | 323 |
| | | Total | 523 | 598 | 708 | 807 | 888 | 980 |
| | 30-39 | Men | 1,122 | 1,053 | 939 | 939 | 921 | 926 |
| | | Women | 215 | 207 | 178 | 168 | 174 | 192 |
| | | Total | 1,337 | 1,260 | 1,117 | 1,107 | 1,095 | 1,118 |
| | 40-49 | Men | 1,369 | 1,422 | 1,417 | 1,436 | 1,437 | 1,432 |
| | | Women | 212 | 219 | 224 | 229 | 228 | 229 |
| | | Total | 1,581 | 1,641 | 1,641 | 1,665 | 1,665 | 1,661 |
| | 50-59 | Men | 567 | 649 | 661 | 715 | 765 | 823 |
| | | Women | 71 | 83 | 99 | 114 | 132 | 148 |
| | | Total | 638 | 732 | 760 | 829 | 897 | 971 |
| | 60 and up | Men | 34 | 38 | 43 | 41 | 49 | 50 |
| | | Women | 4 | 3 | 7 | 2 | 3 | 4 |
| | | Total | 38 | 41 | 50 | 43 | 52 | 54 |
| | Engineer | Men | 2,468 | 2,574 | 2,588 | 2,662 | 2,708 | 2,794 |
| | | Women | 327 | 341 | 372 | 409 | 425 | 477 |
| | | Total | 2,795 | 2,915 | 2,960 | 3,071 | 3,133 | 3,271 |
| Sales | Men | 823 | 839 | 797 | 823 | 849 | 883 | |
| | Women | 108 | 110 | 118 | 141 | 161 | 168 | |
| | Total | 931 | 949 | 915 | 964 | 1,010 | 1,051 | |
| Corporate staff | Men | 187 | 198 | 184 | 199 | 216 | 211 | |
| | Women | 204 | 210 | 217 | 217 | 238 | 251 | |
| | Total | 391 | 408 | 401 | 416 | 454 | 462 | |
| Turnover*1 | Men | Headcount | 103 | 104 | 140 | 70 | 106 | 100 |
| | Women | Headcount | 20 | 29 | 12 | 12 | 28 | 27 |
| | Total | Headcount | 123 | 133 | 152 | 82 | 134 | 127 |
| Turnover rate*1 | Men | % | 2.8 | 2.8 | 3.8 | 1.9 | 2.7 | 2.5 |
| | Women | % | 2.9 | 4.0 | 1.6 | 1.5 | 3.2 | 2.9 |
| | Total | % | 2.8 | 3.0 | 3.4 | 1.8 | 2.8 | 2.6 |
| Average length of service | Men | Years | 13.5 | 13.7 | 13.6 | 13.7 | 13.8 | 13.8 |
| | Women | Years | 12.6 | 12.9 | 12.6 | 12.4 | 12.2 | 11.9 |
| | Total | Years | 13.4 | 13.5 | 13.5 | 13.4 | 13.5 | 13.5 |
| Average age | Men | Age | 40.9 | 41.1 | 41.2 | 41.3 | 41.5 | 41.5 |
| | Women | Age | 38.0 | 38.3 | 38.0 | 37.4 | 37.4 | 37.3 |
| | Total | Age | 40.5 | 40.6 | 40.6 | 40.7 | 40.8 | 40.7 |

| Item | Units | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | | |
|--|---|--------------------|-------------|-------------|-------------|-------------|-------------|--------|-------|
| Average annual salary | ¥ | 8,553,521 | 8,710,795 | 8,966,461 | 9,336,993 | 9,410,649 | 10,287,919 | | |
| Ratio of basic salary and total remuneration between men and women (women:men) | Managers | Basic salary | — | — | — | — | 1:1.06 | 1:1.07 | |
| | | Total remuneration | — | — | — | — | 1:1.10 | 1:1.06 | |
| | General employees | Basic salary | — | — | — | — | 1:1.10 | 1:1.13 | |
| | | Total remuneration | — | — | — | — | 1:1.14 | 1:1.12 | |
| Wage gap between men and women | All employees | % | — | — | — | — | 78.3 | | |
| | Permanent employees | % | — | — | — | — | 78.8 | | |
| | Non-permanent | % | — | — | — | — | 73.0 | | |
| New graduate starting salary | Master's degree employees | ¥ | 245,200 | 245,200 | 245,200 | 245,200 | 245,200 | | |
| | University graduate | ¥ | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | | |
| New hires | Overall | Headcount | 205 | 269 | 316 | 318 | 311 | 368 | |
| | New graduate | Men | Headcount | 79 | 117 | 96 | 101 | 97 | 100 |
| | | Women | Headcount | 45 | 39 | 58 | 61 | 59 | 61 |
| | Mid-career | Men | Headcount | 74 | 101 | 147 | 142 | 134 | 170 |
| | | Women | Headcount | 7 | 12 | 15 | 14 | 21 | 37 |
| | Total | Headcount | 81 | 113 | 162 | 156 | 155 | 207 | |
| Recruitment cost per person (new graduates/mid-career) | Thousand yen | 780 | 1,041 | 816 | 890 | 942 | 1,101 | | |
| New graduate retention rate after 3 years | Men | % | 88.3 | 90.1 | 89.9 | 93.2 | 94.8 | 97.0 | |
| | Women | % | 86.4 | 85.7 | 86.7 | 100.0 | 93.1 | 95.1 | |
| | Total | % | 87.9 | 89.7 | 88.7 | 94.9 | 94.2 | 96.3 | |
| Gross trainees | Headcount | 103,939 | 102,600 | 129,882 | 135,889 | 98,252 | 108,375 | | |
| Average training hours per employee | Hours | 52 | 63 | 54 | 60 | 56 | 65 | | |
| Company-wide training participation rate for managers | % | 97.9 | 93.2 | 82.6 | 100.0 | 99.7 | 98.8 | | |
| Managers*1 | Overall | Headcount | 1,188 | 1,194 | 1,217 | 1,257 | 1,324 | 1,399 | |
| | by gender | Men | Headcount | 1,132 | 1,135 | 1,148 | 1,187 | 1,244 | 1,316 |
| | | Women | Headcount | 56 | 59 | 69 | 70 | 80 | 83 |
| | Non-Japanese | Headcount | 5 | 5 | 6 | 6 | 5 | 6 | |
| | New graduate hires | Headcount | 452 | 462 | 474 | 498 | 536 | 581 | |
| | Mid-career hires | Headcount | 736 | 732 | 743 | 759 | 788 | 818 | |
| | Managers in CTC non-consolidated business groups (excluding those working directly under the president or in corporate staff departments) | Men | Headcount | 891 | 909 | 957 | 998 | 1,033 | 1,101 |
| | | Women | Headcount | 35 | 36 | 46 | 48 | 53 | 57 |
| | | Total | Headcount | 926 | 945 | 1,003 | 1,046 | 1,086 | 1,158 |
| | General manager equivalent or higher | Men | Headcount | 260 | 267 | 278 | 286 | 296 | 304 |
| | | Women | Headcount | 8 | 8 | 10 | 8 | 8 | 9 |
| | Manager equivalent | Men | Headcount | 268 | 275 | 288 | 294 | 304 | 313 |
| Women | | Headcount | 872 | 868 | 870 | 901 | 948 | 1,012 | |
| Supervisors*1 | Men | Headcount | 461 | 549 | 624 | 690 | 717 | 708 | |
| | Women | Headcount | 55 | 64 | 70 | 77 | 90 | 94 | |
| | Total | Headcount | 516 | 613 | 694 | 767 | 807 | 802 | |
| New promotions to manager*1 | Men | Headcount | 47 | 54 | 70 | 89 | 103 | 116 | |
| | Women | Headcount | 4 | 5 | 11 | 8 | 12 | 7 | |
| | Total | Headcount | 51 | 59 | 81 | 97 | 115 | 123 | |
| Retirement re-employment | Overall | Headcount | 53 | 70 | 91 | 122 | 136 | 160 | |
| | Percentage of system users | % | 72.7 | 88.6 | 70.5 | 90.1 | 81.4 | 74.1 | |
| Employees with disabilities*2 | Employed | Headcount | 167 | 194 | 198 | 208 | 206 | 208 | |
| | Employment ratio | % | 2.2 | 2.5 | 2.5 | 2.5 | 2.4 | 2.3 | |

Human Resources-Related Data

(Calculations are based on figures as of March 31 each fiscal year. However, calculations for employees with disabilities are based on figures as of June 1 each fiscal year)

Non-consolidated

| Item | Units | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | |
|--|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| Average ratio of annual leave taken | % | 71.9 | 75.3 | 72.6 | 61.0 | 64.2 | 70.7 | |
| Average annual leave taken | Hours | 13.9 | 14.5 | 13.9 | 11.7 | 12.3 | 13.5 | |
| Average monthly overtime hours per employee | % | 14 | 14 | 13 | 16 | 13 | 12 | |
| Absentee rate*3 | Headcount | — | 0.3 | 0.4 | 0.2 | 0.2 | 0.3 | |
| Morning work*4 | Annual total | Headcount | 2,812 | 2,907 | 2,941 | 3,080 | 3,135 | 3,356 |
| | Monthly average | Headcount | 1,276 | 1,323 | 1,325 | 1,519 | 1,709 | 1,835 |
| Sliding work hours*5 | Annual total | Headcount | 938 | 1,017 | 1,515 | 1,916 | 1,638 | 1,658 |
| | Monthly average | Headcount | 305 | 376 | 497 | 846 | 780 | 775 |
| Hourly paid leave*6 | Annual total | Headcount | 1,176 | 1,371 | 1,453 | 1,357 | 845 | 969 |
| | Monthly average | Headcount | 293 | 372 | 425 | 327 | 228 | 266 |
| Childcare leave system users*7 | Men | Headcount | 53 | 61 | 55 | 49 | 58 | 95 |
| | Women | Headcount | 30 | 29 | 31 | 23 | 26 | 20 |
| | Total | % | 83 | 90 | 86 | 72 | 84 | 115 |
| Percentage of employees taking childcare leave (male)*7 | Days | 36.1 | 41.8 | 42.0 | 35.8 | 46.8 | 65.5 | |
| Average days taken for childcare leave (male)*7 | % | 17.4 | 11.5 | 22.0 | 22.5 | 17.4 | 17.5 | |
| Rate of returning to work after childcare leave | Men | % | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | Women | % | 97.2 | 100.0 | 100.0 | 97.0 | 97.8 | 100.0 |
| | Total | % | 98.9 | 100.0 | 100.0 | 98.8 | 99.0 | 100.0 |
| Retention rate after childcare leave | Men | % | 100.0 | 83.3 | 100.0 | 77.8 | 70.0 | 92.9 |
| | Women | % | 96.7 | 97.1 | 100.0 | 96.3 | 87.5 | 84.0 |
| | Total | Headcount | 96.9 | 95.0 | 100.0 | 92.0 | 83.3 | 87.2 |
| Reduced work hours system users | Headcount | 97 | 97 | 99 | 93 | 72 | 70 | |
| Nursing care leave system users | Headcount | 202 | 212 | 200 | 144 | 147 | 101 | |
| Long-term caregiving leave system users | Headcount | 1 | 0 | 1 | 0 | 0 | 0 | |
| Caregiving leave system users | Incidents | 34 | 32 | 44 | 35 | 33 | 34 | |
| Number of work-related accidents | Headcount | 7 | 2 | 6 | 1 | 2 | 0 | |
| Number of work-related deaths | % | 0 | 0 | 0 | 0 | 0 | 0 | |
| Ratio of employees undergoing regular health checkups | % | 99.9 | 99.9 | 99.9 | 100.0 | 100.0 | 99.9 | |
| Regular exercisers*8 | % | 18.7 | 18.9 | 19.8 | 21.6 | 24.0 | 26.1 | |
| Daily physical exercise*9 | % | — | 44.2 | 47.0 | 31.6 | 28.4 | 30.4 | |
| Maintaining appropriate weight | % | 69.4 | 69.2 | 67.8 | 66.4 | 66.6 | 66.4 | |
| Smokers | % | 27.5 | 26.2 | 24.3 | 22.9 | 21.8 | 21.4 | |
| Regular health checkups (examination or re-examination required) | % | 49.9 | 50.8 | 50.5 | 56.1 | 55.6 | 53.8 | |
| Specific health guidance participation rate | % | — | — | 43.4 | 61.2 | 63.0 | 63.0 | |
| Subjective health outlook*10 | Points | — | 81.2 | 78.8 | 82.6 | 80.4 | 81.0 | |
| Subjective performance*11 | % | — | 5.83 | 5.92 | 5.79 | 5.97 | 6.52 | |
| Satisfied with job*12 | % | 74.1 | 73.2 | 73.1 | 77.3 | 75.6 | 75.3 | |
| Ratio of employees undergoing stress & mental health checkups | % | 89.9 | 87.3 | 86.6 | 87.2 | 83.2 | 95.6 | |
| High stress | % | 9.4 | 9.7 | 9.3 | 7.8 | 8.6 | 8.0 | |

*1: Figures for turnover, turnover rate, managers, and supervisors are for employees originally hired by CTC.

*2: Figures include special subsidiaries and companies considered part of the Group. Headcount derived by counting method for number of persons with disabilities employed in calculating mandatory minimum proportion of employees. Employment rates are rounded down to the nearest hundredth.

*3: The number of days of absence from work due to illness or injury as a percentage of the fixed number of working days is calculated from attendance records.

*4: Limiting overtime work at night and on holidays, encouraging employees to work early in the morning (5am to 9am).

*5: A system that allows employees to work full-time while adjusting their starting time between 5:00 and 11:30 am.

*6: A system that allows employees to take five days (total 40 hours) of annual paid leave in hourly units.

*7: The actual number of childcare leave, etc. taken is calculated in accordance with the provisions of the Act on Child Care and Family Care Leave.

*8: Ratio of "Yes" responses to the question "Have you been doing 30 minutes or more of exercise resulting in a light sweat at least twice per week, for at least a year?"

*9: Ratio of "Yes" responses to the question "Do you walk or perform equivalent physical activity for at least one hour a day in your daily life?"

*10: Ratio of "Yes" and "Relatively" responses to the question "Are you currently in good health?"

*11: The average of the responses to the question, "How would you rate your own work over the past four weeks if 10 was your best performance when you were not sick or injured?"

*12: Ratio of "Yes" and "Relatively" responses to the question "Are you satisfied with your job?"

Human Resources-Related Data on Consolidated Subsidiaries

| Item | Units | Percentage of female managers | Percentage of employees taking childcare leave (male)*7 | Wage gap between men and women | | |
|-----------------------------------|-------|-------------------------------|---|--------------------------------|------------------------|----------------------------------|
| | | | | All employees | Of permanent employees | Of which non-permanent employees |
| CTC TECHNOLOGY CORPORATION | % | 3.5 | 64.4 | 71.5 | 76.4 | 55.8 |
| CTC SYSTEM MANAGEMENT CORPORATION | % | 2.1 | 29.2 | 77.6 | 77.9 | 79.0 |
| CTCSP CORPORATION | % | 5.5 | 0 | 68.3 | 70.6 | 83.0 |
| CTC FACILITIES CORPORATION | % | 21.1 | — | 68.7 | 95.9 | 48.1 |
| CTC BUSINESS SERVICE CORPORATION | % | 15.8 | — | 86.5 | 82.5 | 65.3 |
| CTC Business Expert Corporation | % | — | — | 93.5 | 85.5 | 112.8 |
| Asahi Business Solutions Corp. | % | 10.0 | 50.0 | 69.7 | 69.8 | 71.4 |
| CTC HINARI Corporation | % | — | 100.0 | 110.9 | 117.1 | 80.0 |

Editorial Policy

The CTC Group states in the CTC Group Philosophy the following corporate mission: "Leveraging IT's potential to change the future for the Global Good." In the Integrated Report 2023, 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 business models that will help enhance corporate value for our customers and resolve social issues. The source of this is our human resources. Human resources are CTC's most important asset. It is growth of our employees that leads to an increase in corporate value.

This report summarizes information related to our human resources strategies with an emphasis on the relationship between human capital investment and corporate value.

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

Financial amounts are rounded to the nearest unit.

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. These forward-looking statements are 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.