

[TRANSLATION]

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## Corporate Governance Report

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TIS Inc.

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<https://www.tis.com/ir/>

The corporate governance of TIS Inc. (hereafter, “TIS” and “the Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

TIS will constantly strive to achieve the highest level of corporate governance and will work to maintain and further enhance its approaches to corporate governance. Management believes that the key to good corporate governance is to ensure transparency and fairness in decision-making processes, make full and effective use of management resources, and raise the integrity of management practices through swift and accurate assessment of situations, from the viewpoint of promoting sustainable corporate growth and boosting medium- and long-term corporate value. Accordingly, management at the Company is committed to upholding good corporate governance in line with the following basic principles.

1. To respect the rights of shareholders and to ensure equality.
2. To consider the interests of stakeholders, including shareholders, and work with stakeholders in an appropriate manner to achieve stated goals.
3. To disclose corporate information appropriately and ensure transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment perspective.

Note that management has laid out basic views on corporate governance for TIS under Basic Policy on Corporate Governance, and the Company discloses the content of this policy on its website.

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

### **Reasons for Non-compliance with the Principles of the Corporate Governance Code**

TIS complies with all principles of the Corporate Governance Code.

### **Disclosure Based on the Principles of the Corporate Governance Code**

Principle 1-4 Cross-Shareholdings

#### **(1) Policy on cross-shareholdings**

While TIS has made reduction of domestically listed shares a priority issue and adheres to this as much as possible in accordance with Company-defined basic policy on corporate governance, the Company holds shares in other companies, including start-ups and venture companies, only when management believes that it will contribute to the sustainable growth and higher medium- to long-term corporate value of the Company and the Group. Specifically, when cooperation, co-creation and stable partnerships with such companies are deemed essential to continuous creation of business opportunities and utilization of technologies to actively promote business development particularly in the areas of financial inclusion, urban concentration and regional decline, low-carbon/decarbonization and health concerns, which are all social issues where the TIS INTEC Group can help to realize a more sustainable society, then such cross-shareholdings are considered investments consistent with the Group's growth strategy and defined as strategic shareholdings.

In verifying the rationale behind retaining these holdings, management has divided them into the three categories described below and considered their value to TIS and the TIS INTEC Group using the method assigned to each category:

### **Capital alliance partners**

After an acquisition, shares are held for a predetermined period of time to establish a foundation for the strategic alliance. After that period, the capital alliance is qualitatively reviewed to determine status and ongoing viability as a collaborative business venture. When it is deemed that the significance of the shareholding is diminished, any listed shares are sold based on market conditions and other factors. For any privately held shares, measures are discussed with the issuer and sold as soon as a buyer is found.

### **Customers**

A percentage of total business-related revenue and dividend income from the issuer and companies affiliated with the issuer is calculated on a balance sheet basis to determine whether the respective shareholding exceeds 10%. Based on the result and other qualitative evaluation, such as any expected future transactions, when the significance is deemed diminished, any listed shares are sold based on market conditions and other factors. For any privately held shares, measures are discussed with the issuer and sold as soon as a buyer is found.

### **Others**

A process is undertaken to determine whether or not business transaction volume with the issuer in the last fiscal year increased by 5% or more compared with the average of the past three fiscal years. When the significance of shareholding is deemed diminished based on the result – except when difficulties in securing personnel or technology necessary for the operation are anticipated – any listed shares are sold based on market conditions and other factors. For any privately held shares, measures are discussed with the issuer and sold as soon as a buyer is found.

In addition, as TIS pursues reduction of cross-shareholdings in line with the aforementioned policy and corporate stance, management seeks to push the cross-shareholdings on a balance sheet basis as a percentage of consolidated net assets below the 10% benchmark. Toward this end, the balance sheet amount

of cross-shareholdings as of March 31, 2022, dropped by ¥8,294 million, to ¥54,359 million, mainly through reduction in nine issues (¥7,538 million), of which eight were completely sold off, and changes in market value due to stock market conditions. Consequently, the aforementioned ratio declined 4.5 points to 17.9% as of March 31, 2022, but if strategic shareholdings are excluded from the calculation, the ratio falls to 11.7%.

## **(2) Criteria for exercising voting rights for cross-shareholdings**

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

## **(3) Number of issues held by the Company for purposes other than portfolio investment and total amounts recorded on the balance sheet**

Category	Fiscal 2021, ended March 31, 2021	Fiscal 2022, ended March 31, 2022
Number of issues	88 issues	85 issues
(of which) Strategic shareholdings	48 issues	52 issues
Cross-shareholdings	40 issues	33 issues
Total balance-sheet amount	62,654 million yen	54,359 million yen
(of which) Strategic shareholdings	21,881 million yen	18,946 million yen
Cross-shareholdings	40,773 million yen	35,413 million yen

Note: In the consolidated fiscal year ended March 31, 2022, TIS acquired five new issues (¥646 million), mostly venture companies with which it has formed capital alliances, seeking to build strategic partnerships aimed at promoting open innovation.

(Supplementary Principles 1-4-1, 1-4-2 Relationships with strategic shareholders (those who hold a company's shares for the purpose of cross-shareholding))

When strategic shareholders, that is, cross-shareholders, of TIS indicate that they intend to sell Company shares, TIS responds appropriately and in such a way so as not to hinder the sale. In addition, the Company will not execute transactions with strategic shareholders if such transactions lack an economic rationale.

(Principle 1-7 Related Party Transactions)

Board of Directors' Approval on Related Party Transactions

In the event of competing transactions or conflict-of-interest transactions between the Company and its directors, subsidiaries or other related parties, prior approval by the Board of Directors will be required to ensure that such transactions do not harm the Company or the common interests of shareholders. In the event a director finds him/herself in a conflict-of-interest situation, he/she will inform the Board of Directors immediately and obtain approval from the Board of Directors before proceeding with the transaction.

Disclosing Related Party Transactions

Details on related party transactions are provided to the Board of Directors on a regular basis, with a summary included in notes to consolidated financial statements in the *Yuka Shoken Hokokusho* (annual securities report filed in Japanese by companies listed in Japan) as well as in notes to non-consolidated financial statements presented in notices of convocation for General Shareholders Meetings, in accordance with provisions set forth under related laws and regulations.

(Supplementary Principle 2-4-1 : Ensuring Diversity in Promotion to Core Human Resources, Etc.)

Thoughts on ensuring diversity

TIS INTEC Group aims to create value by solving social issues in Japan and overseas with its IT technologies and contribute to people's happiness going beyond the expectations of society through its business. The Group positions "Diversity & Inclusion" as an important management theme to realize the environment where human resources with individual qualities take advantage of their differences, strengths and opinions and create new value in the changing environment and society.

To promote the diversity management, it is important to instill views of the top management and ensure diversity in core human resources (executive officers and managers) responsible for planning strategies and running the organization. TIS INTEC Group will promote the active promotion, human resource development, and the development of related programs and infrastructure in order to create a culture which enables its people to fully exercise their capabilities and express their humanity, and actively participate regardless of any differences in gender, nationality, career and experience, ability/disability, age, sexual orientation/gender identity, values and workstyle, and the like.

Status of ensuring diversity and voluntary and measurable goals

(1) Promotion of women to core human resources

Each of Group companies formulates Action Plan to Promote Women's Participation, taking its issues into consideration, and promotes the promotion of women to core human resources.

TIS has set goals of raising percentage of female employees in management positions from 10.8% to 12.8% and female director ratio from 6.5% to 9.0% toward April 2024, and will continue to develop related programs and environment and promote the development and promotion of high-quality human resources who will support and lead its business.

(2) Promotion of foreign nationals to core human resources

The Group is making efforts to strengthen the base of human resources with global perspective in response to increased globalization of its business activities. Such efforts include promotion of one foreign national to the position of executive officer at TIS. The TIS INTEC Group has expanded its global operations through active M&As and capital/business alliances in recent years, and currently has an office network exceeding 100 companies in ten countries and a workforce of more than 4,000 people (both figures are total of overseas subsidiaries and affiliates accounted for using the equity method). We believe that management and development of operations should be autonomously led by local nationals to take root in each local company based on the nature of the Group's global operations. As such, local nationals have been assigned to most of the positions of

top management and managers who play a central role in business operations, and such assignments will be continued toward further business expansion. Under such a situation, we consider it is unnecessary to set voluntary and measurable goals for this subject at this time.

### (3) Promotion of midcareer hires to core human resources

Each of Group companies plans midcareer hiring, taking its human resource needs into consideration.

TIS strengthens the recruitment and promotion to core human resources for realizing the business portfolio under the medium-term management plan and accelerating the structural transformation of its business.

The Company has calculated the planned number of midcareer hires based on the targeted number of core human resources expected to be necessary as of the end of the fiscal 2024, ending March 31, 2024, and set a challenge of midcareer hires ratio in management positions from 29.1% to a maximum of 34% in March 2023. The goal will be reset year by year based on the re-evaluation of human resource portfolio plan in conjunction with the business plan and the actual number of midcareer hires.

### Policy on human resource development for ensuring diversity

To build a comfortable working environment where diverse human resources actively participate with motivation, the Group will promote the sophistication of organizational management. In addition, the Group will make active investments in education and develop programs to support growth of its employees so that they can learn from various experiences.

### Policy on internal environmental improvement for ensuring diversity

Focusing on differences in working mindset, living environment and operational environment of its employees, the Group strives to build a working environment where diverse human resources can fully exercise their capabilities as self-disciplined professionals. The Group will promote the workstyle reform and improve the environment for flexible workstyle, including the office, infrastructure, and human resource system and rules corresponding to “diverse needs for working”.

The Group’s initiatives for ensuring diversity are described on “Corporate Sustainability Initiatives” page in the corporate website.

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

### (Principle 2-6 Roles of Corporate Pension Funds as Asset Owners)

TIS established a defined contribution pension plan to facilitate stable asset formation for employees, carefully undertakes the selection of asset managers and investment products appropriate to this plan, and creates opportunities for employees to learn about pension systems and operation.

TIS uses the reserves of a closed defined benefit plan—that is, a defined benefit plan that provides ongoing accruals but that have been amended to limit those accruals to some or all of the employees who participated in the plan on a specified date—for investment. Personnel with the necessary experience and qualifications are assigned to the Human Resources Department and the Finance and Accounting Department, which are responsible for putting these reserves to work, and efforts are made to upgrade the skills of personnel through education and

training. The Company entrusts actual management and operation of funds to external asset managers, such as trust banks, and the departments responsible for corporate pension fund investment monitor fund performance on a regular basis and make adjustments as appropriate.

(Principle 3-1(i) Company objectives (that is, business principles), business strategies and business plans)

#### *Business Principles*

TIS describes its corporate philosophy—Our Philosophy (the TIS INTEC Group Management Philosophy)—on its corporate website.

<https://www.tis.com/group/philosophy/>

#### *Group Vision*

TIS describes its Group Vision 2026 on its corporate website.

<https://www.tis.com/group/vision/>

#### *Business Plan*

TIS describes its Medium-Term Management Plan (2021 - 2023) on its corporate website.

<https://www.tis.com/ir/policy/midtermpolicy/>

(Principle 3-1(ii) Basic views and guidelines on corporate governance)

TIS set out its Basic Policy on Corporate Governance, based on OR PHILOSOPHY (the TIS INTEC Group Management Philosophy) and the Group Vision, to realize a higher corporate value for the Group as a whole over the medium to long term. Efforts are continuously directed toward enhancing corporate governance practices.

(Principle 3-1(iii) Board policies and procedures in determining compensation to senior management and directors)

#### 1. Policy on determining officers' compensation

The Company established the Compensation Committee, comprising mainly independent external directors, as an advisory body to the Board of Directors to ensure objectivity and transparency in the process for determining officers' compensation and to strengthen the corporate governance structure.

The basic policy on officers' compensation is to provide greater incentive to improve business results through a system of compensation linked to measures of Company performance. Appropriate amounts are determined by the Board of Directors, based on discussion with and suggestions from the Compensation Committee.

#### 2. Structure of officers' compensation

Compensation to Company directors consists of a basic component, a performance-linked component and a performance-linked stock incentive. When measures of Company performance are fully achieved, compensation comprises the basic component, the performance-linked component and the performance-linked stock incentive in a ratio of 6:3:1.

\*TIS introduced this performance-linked stock compensation system in fiscal 2019 for directors, executive officers and executive fellows (excluding external directors and those resident outside Japan) to increase eligible

directors' awareness of their contribution to enhanced business performance and improved corporate value over the medium to long term, and to better align their interests with those of shareholders.

### 3. Structure of compensation for external directors and Audit & Supervisory Board members

Compensation paid to external directors is limited to basic compensation only, with no performance-linked component.

Compensation for Audit & Supervisory Board members is decided through discussions among corporate auditors. In order to maintain a high degree of independence, compensation is not linked to business performance and consists solely of basic compensation.

### 4. Other

a. Upon the introduction of the performance-linked stock incentive plan, the Board of Directors decided to stipulate a provision for illegal acts in the Stock Delivery Regulations. The provision allows the Company to reclaim the amount equivalent to the shares delivered to violators and cancel any points accrued under the performance-linked stock incentive scheme explained below.

b. To boost medium- to long-term business performance, directors (excluding outside directors) are asked to contribute a certain portion of their basic compensation toward the purchase of treasury stock through the Company's share ownership plan for directors and officers, and they are expected to retain such stock in full for the duration of their time in office so that the acquired stock shares value with all shareholders.

### 5. Process for determining executive compensation

a. Attainment of business goals and achievement of business plans formulated at the beginning of the fiscal year in accordance with the mid-term management plan are evaluated at the Performance Evaluation Meeting held in late May.

b. The President and Representative Director evaluates the directors and Audit & Supervisory Board members at the meeting referred to in (a) above.

c. The Compensation Committee meets in the middle of June to consult on the results of the evaluation in (b) above and on the appropriate amounts of compensation based on the results of evaluation.

d. The Board of Directors votes on whether to approve the amounts of executive compensation proposed by the Compensation Committee in (c) above.

e. Monthly payments of the annual compensation amount determined by the Board of Directors in (d) above start in July.

f. A third-party agency is contracted to research the executive compensation level of other companies for comparison in July.

g. The Compensation Committee meets in November to consider the results of the research in (f) above and modifications to executive compensation, as appropriate.

The amount of performance-linked stock compensation is calculated in accordance with the Stock Delivery Regulations. The Board of Directors and the Compensation Committee have no room for discretion.

## 6. Status of activities by the advisory committee regarding determination of officers' compensation

In the fiscal 2022 ended March 31, 2022, the Compensation Committee met five times in total and provided advice on the appropriateness of officers' compensation of the Company by comparison and analysis of the compensation amounts of peer companies conducted by the research agency. The Board of Directors presented proposals on officers' compensation based on the advice given by the Committee.

## 7. Calculation of compensation amount

### 1) Basic compensation

Basic compensation is paid according to the size of the role and scope of responsibilities of each position.

### 2) Outline of calculating performance-linked compensation

Performance-linked compensation is paid for the specified period of one year from July of the following fiscal year. The amount is determined by the degree to which measures of corporate performance have been achieved, on the basis of the management plan for each fiscal year, and by applying a performance evaluation coefficient of between 0% and 50% to basic compensation amount for each position. The amount to be paid is calculated using five-point scale evaluations of organizational performance (with the score of A to E) and individual performance (with the score of a to e) for each director and Audit & Supervisory Board member, based on the amount determined by corporate performance evaluation (the ratio of organizational performance evaluation and individual performance evaluation = 3:7). Under the standard model, 33% is applied to the payment to an individual with A in organizational performance evaluation and a in individual performance evaluation when the corporate performance-linked coefficient is 30%. Similarly, 27%, 20%, 13% and 7% are for B and b, C and c, D and d, and e and E evaluations, respectively.

### 3) Performance-linked stock incentive

When the performance-linked stock incentive was introduced, the Board of Directors established the Stock Delivery Regulations. Points are granted to directors on a scale between 0% and 15% of basic compensation, set for each position according to the level of achievement made toward reaching performance targets stated in the management plan and as provided for in the Regulations. The number of shares delivered will correspond to the number of points accumulated.

The following indicators were adopted to measure corporate performance: Consolidated Operating Income, Earnings Per Share (EPS) and Service Business Gross Profit (as financial indicators) to encourage pursuit of business growth for the attainment of enhanced corporate value as expected by the shareholders, and Job Satisfaction, Customer and Service Satisfaction, and Business Partner Satisfaction (as nonfinancial indicators) to encourage pursuit of higher satisfaction with the Company among stakeholders.

(Principle 3-1(iv) Board policies and procedures for selecting/rejecting candidates in the nomination process for senior management positions, namely, directors and members of Audit & Supervisory Board)

In determining a list of candidates for the position of a director or a member of the Audit & Supervisory Board, the Board of Directors considers individuals with abundant experience, sharp insight and a high degree of specialization well-suited to the duties of a director or a member of the Audit & Supervisory Board, based on selection criteria established by TIS. For director candidates, the Board of Directors takes recommendations from



the Nomination Committee, which is chaired by an independent external director and comprises a number of directors, the majority of whom are independent external directors. This approach is intended to realize effective corporate governance and build a structure that supports sustained corporate growth and higher corporate value over the medium to long term, while reflecting broader perspectives on diversity, including gender, nationality beyond domestic borders, career and age. If a situation arises that requires a core member of the executive team to be removed from office, the Board of Directors will make a proposal for dismissal. The dismissal of a director will be undertaken in accordance with the Companies Act and other relevant rules and regulations.

(Principle 3-1(v) Explanations with respect to selecting/nominating candidates for senior management positions, based on iv above)

For all candidates being nominated to the position of director or a member of the Audit & Supervisory Board, TIS provides reasons in each proposal for electing a named candidate that appears in the reference materials of the Notice of Convocation for the General Shareholders Meeting at which these candidates are put forward for approval by shareholders. TIS presented 10 candidates—nine directors and one Audit & Supervisory Board member—who were subsequently approved by shareholders at the 14th Annual General Meeting of Shareholders. They are introduced below. The reasons for electing four other individuals to the Audit & Supervisory Board are also presented below.

### ***Directors***

#### **Toru Kuwano**

After assuming the office of President and Representative Director of the Group company, Mr. Kuwano was appointed as a Director of the Company in June 2013 and President and Representative Director in June 2016. Since April 2021, he has assumed the office of Chairman and Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Since April 2021, he has also assumed the position of Chairman and Director as a non-executive Director, in order to realize fair management supervision. He has promoted a stronger and more effective corporate governance structure and worked toward the sustainable growth and increase in the medium- to long-term corporate value of the Company. He is nominated as a candidate for Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company's Group as well as the administration and oversight of business management.

(14th Annual General Meeting of Shareholders)

#### **Yasushi Okamoto**

Mr. Okamoto served as Senior Managing Executive Officer and Division Manager of the planning and development department of industrial systems from July 2016, and as Director from June 2018, after having been engaged in corporate business in the corporate planning department of the Company for many years. He was appointed to the office of President and Representative Director in April 2021.

Based on these experiences, he is a person who can exert leadership to further promote the sustainable growth and increase in corporate value of the Group through the steady implementation of the current Medium-Term

Management Plan (2021-2023). He is nominated as a candidate for Director since he is highly expected to fulfill the duties of significant decision-making for the Group and oversight of business management.

(14th Annual General Meeting of Shareholders)

#### **Masahiko Adachi**

Mr. Adachi has been in the office of Representative Director since June 2018 following the office of Division Manager of the corporate department and the financial system department of a financial institution and the Group company. Based on these experiences, he is nominated as a candidate for Director since he is highly expected to promote the sustainable growth and increase in corporate value of the Group through the steady implementation of the current Medium-Term Management Plan (2021-2023), enhance and promote group governance centered on the corporate function, and fulfill the duties of significant decision-making for the Group and oversight of business management.

(14th Annual General Meeting of Shareholders)

#### **Josaku Yanai**

Mr. Yanai was mainly engaged in the corporate section in the corporate planning department of the Company and its Group company for many years. He assumed the office of Executive Officer and Division Manager of corporate planning division of the Company in April 2011. He became a Director of the Company in June 2016 and a Representative Director in April 2021. He has a wealth of experience and knowledge about the business of the Company and its Group, as well as in business administration. Based on these experiences, he is nominated as a candidate for Director since he is highly expected to further promote the sustainable growth and increase in corporate value of the Group through the steady implementation of the current Medium-Term Management Plan (2021-2023) and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management.

(14th Annual General Meeting of Shareholders)

#### **Takayuki Kitaoka**

Mr. Kitaoka was engaged in business related to IT infrastructure of INTEC Inc., the Company's major subsidiary, and served in management administration of the Group companies at the Company for three years from April 2012. Furthermore, he has assumed the office of President and Representative Director of INTEC Inc. since April 2018 and the office of Director of the Company since June 2018. He is nominated as a candidate for Director since he is highly expected to continue to promote the duties of INTEC Inc. assigned by the current Medium-Term Management Plan (2021-2023) and to fulfill the duties of significant decision-making for the Group and the administration and oversight of business management, based on the above experiences and from the viewpoint of Group management.

(14th Annual General Meeting of Shareholders)

#### **Akira Shinkai**

Mr. Shinkai was engaged in business of new service planning and marketing and has assumed the office of Director and Executive Vice President of INTEC Inc., the Company's major subsidiary, since April 2018, and the

office of Director of the Company since June 2018. Based on these experiences, he is nominated as a candidate for Director since he is highly expected to continue to promote the current Medium-Term Management Plan (2021-2023), and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management.

(14th Annual General Meeting of Shareholders)

### **Koichi Sano**

Mr. Sano worked mainly in the finance and accounting departments, and served as Executive Vice President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management.

Since assuming the office of External Director of the Company in June 2016, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. He is nominated as candidate for External Director as he is highly expected to be a person who will continue to contribute to the increase of the corporate value and enhancement of the corporate governance of the Company.

While the Company has business transactions with Mitsui Chemicals, Inc. ("MC"), which Mr. Sano belonged to until June 2015, MC's consolidated sales to the Company represent 0.3% and 0.6% of the Company's consolidated and non-consolidated sales, respectively. Because Mr. Sano satisfies the requirements of the "Criteria Concerning Independence of External Officers of the Company" and the proportion of sales is minimal, we have determined that his independence as an External Director is sufficiently secured. He assumed office as an External Director of the Company in June 2016 and shall have served six (6) years at the conclusion of this Annual General Meeting of Shareholders.

(14th Annual General Meeting of Shareholders)

### **Fumio Tsuchiya**

Mr. Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. ("JAL"). After having assumed the office of Director of JAL in June 2004, he served as Managing Director and was thereafter appointed as President & CEO of JALCard, Inc. in June 2007, which is a group company of JAL. He has a wide range of experience and a wealth of expertise in corporate management.

Since assuming the office of External Director of the Company in June 2017, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. He is nominated as a candidate for External Director as he is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of the corporate governance of the Company.

While the Company has business transactions with JALCard, Inc. ("JALCard"), which Mr. Tsuchiya belonged to until June 2010, JALCard's consolidated sales to the Company represent 0.1% and 0.3% of the Company's consolidated and non-consolidated sales, respectively. Because Mr. Tsuchiya satisfies the requirements of the "Criteria Concerning Independence of External Officers of the Company" and the proportion of sales is minimal, we have determined that his independence as an External Director is sufficiently secured.

He assumed office as an External Director of the Company in June 2017 and shall have served five (5) years at the conclusion of this Annual General Meeting of Shareholders.

(14th Annual General Meeting of Shareholders)

### **Naoko Mizukoshi**

Ms. Mizukoshi is a qualified lawyer and has a wealth of professional knowledge of, and experiences in, intellectual property, ICT and international transactions.

Since assuming the office of External Director in June 2018, she has given advice and suggestions from an independent perspective to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate by utilizing these experiences and expertise in the Company's business. Since February 2021 she has acted as Chairperson of the Nomination and Remuneration Committees which are voluntary advisory bodies to the Board of Directors, and fulfils an important role in the deliberation and advice to the Board of Directors on the nomination and remuneration of directors etc. She is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of corporate governance of the Company.

She has not participated in corporate management but has expertise in corporate legal works. Therefore, she is nominated as a candidate for External Director since she could discharge duly the duties of External Director. There is no business relationship between the Company and Leftright Law & IP to which Ms. Mizukoshi currently belongs. She fulfils the "Criteria Concerning Independence of External Officers of the Company" and the Company believes that she has no conflict of interest with any shareholders.

Ms. Mizukoshi has been in office as an External Director of the Company since June 2018 and shall have served four (4) years at the conclusion of this Annual General Meeting of Shareholders.

(14th Annual General Meeting of Shareholders)

### *Audit & Supervisory Board Members*

#### **Tetsuya Asano**

Mr. Asano has a wealth of expertise in finance and accounting as well as in corporate management, accumulated through many years of experience of working at financial institutions. He has been nominated as a candidate for Audit & Supervisory Board Member as he is expected to utilize his experience to discharge appropriately and properly the audit and supervisory duties in regard to the business execution of the Directors of the Company.

(12th Annual General Meeting of Shareholders)

#### **Tatsufumi Matsuoka**

Mr. Matsuoka has a wealth of expertise in finance and accounting as well as in corporate management, accumulated through many years of experience of working at financial institutions. He has been nominated as a candidate for Audit & Supervisory Board Member as he is expected to utilize his experience to discharge appropriately and properly the audit and supervisory duties in regard to the business execution of the Directors of the Company.

(12th Annual General Meeting of Shareholders)

### **Yukio Ono**

Mr. Ono is a licensed certified public accountant. His expertise and knowledge in the field of finance and accounting are beneficial to the Company in strengthening the audit system of the Company. Although he has not participated in corporate management, he is nominated as a candidate for External Audit & Supervisory Board Member as he is considered to be able to appropriately perform the duties of External Audit & Supervisory Board Member as a result of the above credentials. Note that Mr. Ono was appointed as an outside auditor of TIS in June 2020 and that his term of office is two years, effective from the time that the 14th Annual General Meeting of Shareholders ended.

(12th Annual General Meeting of Shareholders)

### **Akiko Yamakawa**

Ms. Yamakawa is a qualified lawyer. Based on his experience, such as being responsible for litigation at global corporations, she can be expected to provide appropriate monitoring and supervision of the global business execution of the Company. Although she has not participated in corporate management, she is nominated as a candidate for External Audit & Supervisory Board Member as she is considered to be able to appropriately perform the duties of External Audit & Supervisory Board Member as a result of the above credentials. Note that Ms. Yamakawa was appointed as an outside auditor of TIS in June 2020 and that her term of office is two years, effective from the time that the 14th Annual General Meeting of Shareholders ended.

(12th Annual General Meeting of Shareholders)

### **Hiroko Kudo**

Ms. Kudo is highly knowledgeable in domestic and international finance and administration and holds a doctorate in public policy. She is also active globally as a university professor and researcher. Although Ms. Kudo has not participated in corporate management, she is nominated as a candidate for External Audit & Supervisory Board Member. Because management at TIS felt she would be able to suitably execute the duties of a committee member by drawing on the extensive experience and knowledge she has accumulated to date and thereby help TIS improve the value provided in DX services as a way to address social issues through business activities—highlighted in the TIS INTEC Group’s medium-term management plan—and deepen and expand global operations.

(14th Annual General Meeting of Shareholders)

(Supplementary Principle 3-1-3 Sustainability Initiatives, Etc.)

TIS’s own sustainability initiatives

The Group strives to conduct sustainability management based on the TIS INTEC Group Philosophy, “OUR PHILOSOPHY”, and improve value exchange with its stakeholders by resolving social issues through business activities and enhancing management in response to social needs with the aim of contributing to sustainable society and realizing sustainable enhancement of corporate value.

Details of the Group’s sustainability initiatives are available for viewing on the TIS website.

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

## Investments in human capital and intellectual property

The TIS INTEC Group sees human capital (human resources) as its most prized management resource and source of sustainable creation of corporate value. Accordingly, the Group promotes personnel strategies focusing on diversification and innovation of individuals and actively invests in its personnel to realize continuous enhancement of value exchange between employees and company.

We also see its intangible assets, including intellectual property, as one of its important management resources for sustainable enhancement of corporate value in the increasingly uncertain environment. Aiming at growing its business and building competitive edge in long-term perspective, the Group continuously makes investments in software and R&D as well as strengthening of its brand power.

Details of initiatives for investments in human capital and intellectual property are available for viewing on the TIS website.

<https://www.tis.com/ir/policy/midtermpolicy/>

[https://www.tis.com/ir/finance/annual\\_report/](https://www.tis.com/ir/finance/annual_report/)

<https://www.tis.com/group/sustainability/social/policy/index.html>

## Impact of climate change-related risks and earning opportunities on business activities and profits

We acknowledge that climate change is one of the most critical social issues which threatens the global environment and could significantly affect the business activities and profits of the TIS INTEC Group. Based on this acknowledgement, the Group has voiced its support for the Task Force on Climate-Related Financial Disclosures (TCFD), collect and analyze necessary data, and disclose information in accordance with the TCFD recommendations on the TIS website.

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

We are also working to reduce the greenhouse gas emissions linked to its business activities to help realize a decarbonized society. We are aiming to achieve carbon neutrality for our own greenhouse gas emissions by fiscal 2040, and realize net zero greenhouse gas emissions for the entire TIS value chain by fiscal 2050.

[https://www.tis.com/documents/en/news/2022/20221201\\_1.pdf](https://www.tis.com/documents/en/news/2022/20221201_1.pdf)

Details of the Group's environmental initiatives are available for viewing on the TIS website.

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

## (Supplementary Principle 4-1-1 Scope of Delegation of Authority to Management)

TIS introduced an executive officer system to enhance the transparency of management- and business execution-related functions and responsibilities and to make decision-making faster and more efficient. The Company also established the Management Committee to discuss and decide on specific important matters related to management that fall within the scope of authority delegated to the Board of Directors. Different levels of management are tasked with decisions on different issues, and the matters to be addressed as well as associated authority standards are defined in Rules for the Board of Directors, Rules for the Management Committee and Rules for Document Approval (*ringi kessai kitei*: rules for reaching a decision using a draft proposal prepared by

someone in charge of the matter and circulated for collective deliberation and final approval by another executive group). This clarifies the extent of authority delegated according to position.

(Principle 4-8 Effective Use of Independent Directors)

TIS seeks to realize a higher level of fairness in the decisions and actions of the Board of Directors while also reinforcing corporate governance and does so by appointing three independent external directors—representing one-third of the Board of Directors—whose role is primarily to encourage active discussion at board meetings and ensure appropriate decision-making and supervision.

(Principle 4-9 Independence Standards and Qualification for Independent Directors)

TIS formulated Criteria Concerning Independence of External Directors, based on the requirements of the Companies Act as well as independence criteria established by the Tokyo Stock Exchange, and appoints independent external directors and independent external members of the Audit & Supervisory Board in accordance with these rules and regulations.

Criteria Concerning Independence of External Directors is available for viewing on the TIS website.

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

(Supplementary Principle 4-10-1 Appropriate Involvement and Advice from Independent External Directors through Establishment of Independent Nomination Committee and Compensation Committee)

The independence of the Nomination Committee and Compensation Committee is secured because they are chaired by an independent external director and comprises a number of directors, the majority of whom are independent external directors.

The mandates and roles of the Nomination Committee and Compensation Committee are to provide recommendations on the selection of candidates to the position of director and the appropriateness of the process to decide policy on compensation for directors, etc. as an advisory body to the Board of Directors. The Board of Directors conducts deliberations based on their recommendations.

(Supplementary Principle 4-11(1) Thoughts on Composition of Board of Directors)

The Board of Directors shall comprise no more than 15 directors, at least one-third of whom shall be independent external directors. The Board of Directors recognizes its fiduciary responsibility toward shareholders, formulates management strategy and management plans, makes decisions on other important matters and supervises the execution of Company business in accordance with relevant laws, the Articles of Incorporation and rules of the Company, and bears a responsibility to ensure sustainable growth and higher corporate value over the medium to long term. Directors who sit on the Board of Directors shall, in accordance with selection criteria established by the Company, consider the candidacy of and ultimately nominate individuals who possess extensive experience, sharp insight and a high level of specialization well suited to the role of director, giving thought to gender, nationality beyond domestic borders, career, age and other aspects of diversity and taking into account recommendations by the Nomination Committee, which comprises a number of executives, the majority of whom are independent external directors.

A skill matrix of directors is presented in “Board of Directors Skills Matrix” at the end of this report.

(Supplementary Principle 4-11(2) Status of Directors and Members of the Audit & Supervisory Board with Concurrent Roles at Other Companies)

The status of directors and members of the Audit & Supervisory Board who hold concurrent executive posts at other listed companies is described in the business section of convocation notices for the annual general meetings of shareholders’.

(Supplementary Principle 4-11(3) Summary of Results from Analysis and Evaluation of Effectiveness of Board of Directors Overall)

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year. This process reveals issues and points for improvement and leads to initiatives that will raise the effectiveness of the Board of Directors to a higher level. For the fiscal 2022 evaluation, all directors and members of the Audit & Supervisory Board were given a questionnaire to be submitted anonymously. The questionnaire asked them to conduct a comprehensive self-evaluation and self-analysis of the composition and operation of the Board of Directors, and then the Board of Directors pursued discussions based on the results. The method and results of the evaluation, as well as future issues brought to light through this process and measures to address such issues are described below.

#### 1. Method of evaluation

TIS distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors and members of the Audit & Supervisory Board and obtained responses. In addition, personnel of its administrative office conducted an interview to all directors and members of the Audit & Supervisory Board. The Company’s Board of Directors then used these results to analyze and evaluate the effectiveness of the Board of Directors.

Note that TIS conducted this effectiveness evaluation based on advice and verification by an external attorney.

#### 2. Results of analysis and evaluation of effectiveness of the Board of Directors

The Company’s Board of Directors concluded that a certain degree of effectiveness had been ensured to appropriately supervise the approval of important management matters and business execution, such as the execution status of business activities and investments at the Company and Group companies, through deliberation based on Company regulations. In addition, the Board of Directors concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of the effectiveness evaluation conducted in the previous fiscal year.

However, management acknowledged the importance of promoting discussions to further improve the functions of the Board of Directors in order to promote more sophisticated management of the Company.

#### 3. Future issues and associated responses, based on analysis and evaluation

In light of the analysis and evaluation previously mentioned, TIS will focus particular efforts on the following issues.

(1) Further improve the functions of the Board of Directors



Aiming at promoting more sophisticated management, the Company will sort out issues, such as the Board of Directors' supervisory function for the medium- to long-term growth and sharing roles of executive officers, to create the management structure for the future.

(2) Promote discussions to improve medium- to long-term corporate value

The Board of Directors will plan and discuss themes for improved corporate value, such as medium- to long-term strategies, and carry out proactive activities to enhance corporate value.

(Supplementary Principle 4-14(2) Training Policy for Directors and Members of the Audit & Supervisory Board)

For directors and members of the Audit & Supervisory Board, including external directors and external members of the Audit & Supervisory Board, the Company will provide and arrange training opportunities that are appropriate for individual directors and members of the Audit & Supervisory Board and will cover the cost of such training. The objective of such training is to provide opportunities to acquire knowledge necessary to the Group's business pursuits, financial affairs and organization and to understand the duties and responsibilities that directors and members of the Audit & Supervisory Board must fulfill in assuming office, as well as to continuously update these skills and knowledge during terms of office.

(Principle 5-1 Policy for Constructive Dialogue with Shareholders)

TIS actively engages in constructive dialogue with shareholders, in accordance with the Company's investor relations (IR) policy, to support sustainable corporate growth and higher corporate value over the medium to long term. In addition, the Company is working to develop a system to promote constructive dialogue with shareholders. The director responsible for the department that handles IR activities will supervise dialogue with shareholders, and the president and representative director, executive officers assigned to the dialogue process and the IR Department will look into methods to address issues brought up during dialogue opportunities and will respond appropriately. The IR Department is organically integrated into the dialogue structure, sharing information with relevant departments and exchanging opinions as necessary, based on various specialist perspectives, to support dialogue with shareholders.

For shareholders, TIS strives to enhance approaches for dialogue, including one-on-one interviews, responses by telephone, business briefings and small meetings. The Company also takes an active approach toward information disclosure, which is the basis of dialogue, and seeks to enrich the content of its Integrated Report, which is positioned as an effective tool for dialogue.

Opinions brought up in constructive dialogue with capital market participants, including shareholders, investors and securities analysts, will be shared in-house through reports to the Board of Directors and other methods and will be used in reviewing management strategy and other business-related purposes.

In conversations with shareholders, TIS will pay careful attention to fairness in information disclosure and will manage internal information appropriately, in accordance with Rules for Prevention of Insider Trading.

(Principle 5-2 Establishing and Disclosing Business Strategies and Business Plans)

TIS discloses content described under this principle in its Medium-Term Management Plan (2021-2023), which runs from April 1, 2021 through March 31, 2024), as well as in its Group Vision.

*Management Plan*

<https://www.tis.com/ir/policy/midtermpolicy/>

*Group Vision*

<https://www.tis.com/group/vision/>

## 2. Capital Structure

Percentage of Foreign Shareholders	More than 30%
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### Status of Major Shareholders

Name	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	37,645,880	15.41
ICHIGO TRUST PTE. LTD.	23,171,300	9.48
Custody Bank of Japan, Ltd.	15,693,500	6.42
Employees' Shareholding Association of TIS INTEC Group	6,602,543	2.70
SSBTC CLIENT OMNIBUS ACCOUNT	6,336,275	2.59
Nippon Life Insurance Company	6,219,159	2.55
MACQUARIE BANK LIMITED DBU AC	6,039,600	2.47
NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	5,735,774	2.35
STATE STREET BANK WEST CLIENT - TREATY 505234	4,308,400	1.76
BNYM AS AGT/CLTS NON TREATY JASDEC	3,793,151	1.55

Existence of Controlling Shareholders (excluding parent company)	—
Existence of parent company	None

### Supplementary Explanation

- The status of major shareholders shown above is based on the shareholder registry as of September 30, 2022.
- In addition to the above, TIS holds 6,822 thousand treasury shares (representing 2.72% of total number of shares outstanding). Note that this amount does not include 943 thousand TIS shares held in the Employees' Shareholding Association of TIS INTEC Group special trust account or 208 thousand TIS shares held in the executive compensation board incentive plan (BIP) trust account.

3. In a change report of large-volume holdings report made available to the public on March 22, 2022, Mitsubishi UFJ Financial Group, Inc., through three affiliate companies, held TIS shares in the breakdown provided below, as of March 14, 2022. However, except for MUFG Bank, TIS is unable to confirm the actual number of shares held by these affiliate companies, and has therefore not included them in the status of major shareholders shown above.

MUFG Bank, Ltd.	Number of shares held: 3,474 thousand, Ratio: 1.38%
Mitsubishi UFJ Trust and Banking Corporation	Number of shares held: 5,312 thousand, Ratio: 2.12%
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	Number of shares held: 1,474 thousand, Ratio: 0.59%
Total number of shares held: 10,261 thousand, Ratio: 4.09%	

4. In a change report of large-volume holdings report made available to the public on May 20, 2022, FMR LLC held TIS shares in the breakdown provided below, as of May 13, 2022. However, TIS is unable to confirm the actual number of shares held by this company in the shareholder registry, and has therefore not included it in the status of major shareholders above.

FMR LLC	Number of shares held: 18,684 thousand, Ratio: 7.44%
Total number of shares held: 18,684 thousand, Ratio: 7.44%	

5. In a change report of large-volume holdings report made available to the public on September 6, 2022, BlackRock Japan Co., Ltd. through seven affiliate companies, held TIS shares in the breakdown provided below, as of August 31, 2022. However, TIS is unable to confirm the actual number of shares held by these affiliate companies, and has therefore not included them in the status of major shareholders shown above.

BlackRock Japan Co., Ltd.	Number of shares held: 3,748 thousand, Ratio: 1.49%
BlackRock (Netherlands) BV	Number of shares held: 639 thousand, Ratio: 0.25%
BlackRock Fund Managers Limited	Number of shares held: 487 thousand, Ratio: 0.19%
BlackRock Asset Management Ireland Limited	Number of shares held: 2,382 thousand, Ratio: 0.95%
BlackRock Fund Advisors	Number of shares held: 4,243 thousand, Ratio: 1.69%
BlackRock Institutional Trust Company, N.A.	Number of shares held: 3,630 thousand, Ratio: 1.45%
BlackRock Investment Management (UK) Limited	Number of shares held: 357 thousand, Ratio: 0.14%
Total Number of shares held: 15,489 thousand, Ratio: 6.17%	

6. Of the above number of shares held, the number of shares in the trust business is as follows:

The Master Trust Bank of Japan, Ltd.	37,645 thousand shares
Custody Bank of Japan, Ltd.	15,693 thousand shares

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal year-end	March
Type of business	Information & Communication
Number of employees (consolidated) as of the end of the previous fiscal year	More than 1000

Sales (consolidated) as of the end of the previous fiscal year	From ¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 10 to less than 50

#### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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#### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman
Number of Directors	9
Selection of External Directors	Appointed
Number of External Directors	3
Number of Independent Directors	3

#### External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Koichi Sano	From another company												
Fumio Tsuchiya	From another company												
Naoko Mizukoshi	From another company												

\* Categories for "Relationship with the Company"

\* ○ when the director presently falls or has recently fallen under the category;

△ when the director fell under the category in the past

\* ● when a close relative of the director presently falls or has recently fallen under the category;

▲ when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/member of Audit & Supervisory Board
- g. Major shareholder of the Company (or an executive of a major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company between which and the Company external directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

External directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Koichi Sano	○	—	<p>Mr. Sano worked mainly in the finance and accounting departments, and served as Executive Vice President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management.</p> <p>Since assuming the office of External Director of the Company in June 2016, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. He was appointed as an External Director as he is highly expected to be a person who will continue to contribute to the increase of the corporate value and enhancement of the corporate governance of the Company.</p> <p>Note that Mr. Sano satisfies the requirements for an external director, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Mr. Sano and ordinary shareholders.</p>
Fumio Tsuchiya	○	—	<p>Mr. Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. ("JAL"). After having assumed the office of Director of JAL in June 2004, he served as Managing</p>

			<p>Director and was thereafter appointed as President &amp; CEO of JALCard, Inc. in June 2007, which is a group company of JAL. He has a wide range of experience and a wealth of expertise in corporate management.</p> <p>Since assuming the office of External Director of the Company in June 2017, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. He was appointed as an External Director as he is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of the corporate governance of the Company.</p> <p>Note that Mr. Tsuchiya satisfies the requirements for an external director, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Mr. Tsuchiya and ordinary shareholders.</p>
Naoko Mizukoshi	○	—	<p>Ms. Mizukoshi is a qualified lawyer and has a wealth of professional knowledge of, and experiences in, intellectual property, ICT and international transactions.</p> <p>Since assuming the office of External Director in June 2018, she has given advice and suggestions from an independent perspective to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate by utilizing these experiences and expertise in the Company's business. Since February 2021 she has acted as Chairperson of the Nomination and Remuneration Committees which are voluntary advisory bodies to the Board of Directors, and fulfils an important role in the deliberation and advice to the Board of Directors on the nomination and remuneration of directors etc. She is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of corporate governance of the Company.</p> <p>She has not participated in corporate management but has expertise in corporate legal works. Therefore, she was appointed as an External Director since she could discharge duly the duties of External Director.</p>

			Note that Ms. Mizukoshi satisfies the requirements for an external director, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Ms. Mizukoshi and ordinary shareholders.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Optional Committee Corresponding to Nomination Committee	Optional Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Directors	1	1
External Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

Supplementary Explanation

1. Method of selecting committee members

Members of the Nomination Committee and the Compensation Committee are selected on the advice of the Nomination Committee, of which the majority of members are independent external directors, and given final approval by the Board of Directors. Candidates for the position of committee chair are mutually agreed upon by the Company's three external directors, with a final decision made by each committee based on the external directors' advice.

2. Role of committee members

(1) Role of members on Nomination Committee

- Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals

(2) Role of members on Compensation Committee

- Provide advice on matters related to decisions on compensation for directors

3. Status of activities by committees (including frequency of meetings, major topics of discussion, attendance on a member basis)

(1) Nomination Committee

In fiscal 2022, ended March 31, 2022, the committee met four times, provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on discussions by committee members.

The attendance ratio for members of this committee was 100% for everyone

(2) Compensation Committee

In fiscal 2022, the committee met five times and discussed the appropriateness of the Company's compensation package through a comparative analysis of director compensation amounts at other companies and at TIS, based on the findings of a research company, as well as the appropriateness of the calculation method used to determine performance-linked compensation. Proposals were made to the Board of Directors on director compensation, based on the results of discussion by the committee.

The attendance ratio for members of this committee was 100% for everyone.

(3) Composition of each committee in fiscal 2022 (Term running from Jun 24, 2021 through June 24, 2022)

Naoko Mizukoshi (External Director) Chairperson

Koichi Sano (External Director) Committee Member

Fumio Tsuchiya (External Director) Committee Member

Sadahei Funakoshi (External Audit & Supervisory Board Member) Committee Member

Yasushi Okamoto (President) Committee Member

4. Through a resolution by the Board of Directors, the people listed below were appointed to the Nomination Committee and the Compensation Committee, with terms running from June 24, 2022 through to the conclusion of the general meeting of shareholders scheduled to take place in June 2023.

Koichi Sano (External Director) Chairperson

Fumio Tsuchiya (External Director) Committee Member

Naoko Mizukoshi (External Director) Committee Member

Yukio Ono (External Audit & Supervisory Board Member) Committee Member

Yasushi Okamoto (President) Committee Member

5. Status of structure establishment, including administrative office, and scale thereof

An administrative office was established in the office of TIS' Corporate Planning Department, with a staff of two essential personnel who serve concurrently in both offices.

**Audit & Supervisory Board Members**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5



Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Auditing Department

The Audit & Supervisory Board comprises five auditors (of whom three are outside auditors). Each member of the Audit & Supervisory Board audits the execution of duties by directors in accordance with audit and supervisory policies established by the Audit & Supervisory Board. In addition, members of the Audit & Supervisory Board work closely with the Company’s accounting auditor, Ernst & Young ShinNihon LLC, which is under contract to TIS for auditing services, exchanging information and sharing opinions on a regular basis in addition to receiving the annual financial audit plan and a report on the results of financial audits. The Audit & Supervisory Board also receives audit reports from the internal auditing department and exchanges opinions with that department as occasion requires.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members’ Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yukio Ono	public accountant													
Akiko Yamakawa	lawyer													
Hiroko Kudo	scholar													

\* Categories for “Relationship with the Company”

\* ○ when the director presently falls or has recently fallen under the category;

△ when the director fell under the category in the past

\* ● when a close relative of the director presently falls or has recently fallen under the category;

▲ when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of a major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company between which and the Company external directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Ono	○	—	<p>Mr. Ono is a licensed certified public accountant. His expertise and knowledge in the field of finance and accounting and many years of experience in corporate auditing are beneficial to the Company in strengthening the audit system of the Company. Although he has not participated in corporate management, he was appointed as an external member of the Audit &amp; Supervisory Board, as he is considered to be able to appropriately perform the duties of External Audit &amp; Supervisory Board Member thanks to the above credentials. Note that Mr. Ono satisfies the requirements for an external member of the Audit &amp; Supervisory Board, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Mr. Ono and ordinary shareholders.</p>
Akiko Yamakawa	○	—	<p>Ms. Yamakawa is a qualified lawyer. Based on her experience, such as being responsible for litigation at global corporations, she can be expected to provide appropriate monitoring and supervision of the global business execution of the Company. Although she has not participated in corporate management, she was appointed as an external member of the Audit &amp; Supervisory Board, as she is considered to be able to appropriately perform the duties of External Audit &amp; Supervisory Board Member thanks to the above credentials.</p> <p>Note that Ms. Yamakawa satisfies the requirements for an external member of the Audit &amp; Supervisory Board, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Ms. Yamakawa and ordinary shareholders.</p>

Hiroko Kudo	○	—	<p>Ms. Kudo is highly knowledgeable in domestic and international finance and administration and holds a doctorate in public policy. She is also active globally as a university professor and researcher. Although Ms. Kudo has not participated in corporate management, she was appointed as an External Audit &amp; Supervisory Board Member. Because management at TIS felt she would be able to suitably execute the duties of a committee member by drawing on the extensive experience and knowledge she has accumulated to date and thereby help TIS improve the value provided in DX services as a way to address social issues through business activities—highlighted in the TIS INTEC Group’s medium-term management plan—and deepen and expand global operations.</p> <p>Note that Ms. Kudo satisfies the requirements for an external member of the Audit &amp; Supervisory Board, as stipulated in the Companies Act, as well as Criteria Concerning Independence of Outside Officers, established by TIS, and management feels there is no chance of any conflict of interest arising between Ms. Kudo and ordinary shareholders.</p>
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### Independent Directors/Audit & Supervisory Board Members

Number of Independent Directors/Audit & Supervisory Board Members	6
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### Matters relating to Independent Directors/Audit & Supervisory Board Members

All outside officers who qualify as independent officers are designated as such, that is, as independent directors or independent members of the Audit & Supervisory Board.

### Incentives

Incentive Policies for Directors	Introduction of performance-linked compensation system
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### Supplementary Explanation

Details of the policy are described in “Principle 3-1(iii) Board policies and procedures in determining compensation to senior management and directors” under Disclosure Based on the Principles of the Corporate Governance Code of this report.

Recipients of Stock Options	—
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Supplementary Explanation

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**Director Remuneration**

Disclosure of Individual Directors' Remuneration	Individual compensation amounts are not disclosed.
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Supplementary Explanation

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TIS discloses the aggregate amount of compensation paid to all directors in the *Yuka Shoken Hokokusho* (annual securities report filed in Japanese by companies listed in Japan) and its business report, and discloses the aggregate amount of compensation paid to external directors within the total.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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Details of the policy are described in “Principle 3-1(iii) Board policies and procedures in determining compensation to senior management and directors” under Disclosure Based on the Principles of the Corporate Governance Code of this report.

**Support System for External Directors and/or Audit & Supervisory Board Members**

TIS provides external directors and external members of the Audit & Supervisory Board with information sufficient to participate in Board of Directors' meetings by ensuring access to explanations on agenda items to be put before the Board of Directors in advance of such meetings, study sessions with external experts, and on-site inspections of the Group's facilities and offices. The Company also promotes efforts to support smooth and active discussion at Board of Directors meetings by creating opportunities for external directors to exchange opinions with the president and by setting up meetings where only external directors and external members of the Audit & Supervisory Board get together to exchange opinions.

**Status of People Who Have Retired from a Position Such as Representative Director and President**

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Information on retired presidents/CEOs holding advisory positions (*sodanyaku, komon, etc.*)

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Name	Job title/ position	Responsibilities	Employment terms (Full/part-time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
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Number of retired presidents/CEOs holding advisory positions ( <i>sodanyaku, komon, etc.</i> )	0
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## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

In accordance with the Articles of Incorporation, the Company's Board of Directors must comprise at least three and no more than 15 members. It is also Company policy for at least one-third of directors to be independent external directors so as to strengthen the supervisory function of the Board of Directors. Currently, three independent external directors have been appointed to the Board of Directors.

The Board of Directors meets once a month, in principle, and may meet on an ad hoc basis whenever necessary to facilitate swift and flexible decision-making. TIS holds an information meeting once a year to present management direction as well as meetings ahead of Board of Directors' meetings—in principle, twice a month—to give external directors and outside members of the Audit & Supervisory Board sufficient background information to participate in discussions. In addition, the Company organizes study sessions with experts—in-house and external—and arranges visits to local Group facilities and offices. TIS also creates opportunities when external directors can exchange opinions with the president and sets up meetings that involve only external directors and outside members of the Audit & Supervisory Board. This facilitates smooth but vigorous discussion by the Board of Directors.

Also, TIS adopted an executive officer system to accelerate management decision-making and enhance the supervisory function of the Board of Directors. Directors delegate business execution to executive officers, and these executive officers provide specific instructions and orders to the heads of business units and supervise the execution of activities.

A complementary structure to the above is the Management Committee, which is chaired by the president and representative director. This committee meets twice a month, in principle, to discuss and report on important matters affecting the execution of business activities at TIS and the Group as a whole. Standing members of the Audit & Supervisory Board attend Management Committee meetings.

To ensure an objective and transparent process for determining director appointments and compensation and to reinforce corporate governance, TIS voluntarily established the Nomination Committee and the Compensation Committee as advisory committees to the Board of Directors. Each committee is chaired by an independent outside director, and the majority of members—a number that includes the committee chairman—are independent, external directors.

Note: The Board of Directors decides on matters stipulated by law and the Articles of Incorporation as well as basic matters related to the execution of business activities and supervises the execution of duties by directors and executive officers.

The Board of Directors met 22 times in fiscal 2022, ended March 31, 2022, and focused mainly on status updates on business activities at TIS and at Group companies, approval of key business matters, such as investments, and supervised the execution of day-to-day operations. The attendance record of each director in fiscal 2022 is described below.

### *Board of Directors*

Toru Kuwano 100% (Attended all 22 meetings)

Yasushi Okamoto 100% (Attended all 22 meetings)

Masahiko Adachi 100% (Attended all 22 meetings)

Josaku Yanai 100% (Attended all 22 meetings)

Takayuki Kitaoka 100% (Attended all 22 meetings)

Akira Shinka 95.5% (Attended 21 out of 22 meetings)

Koichi Sano (External Director) 100% (Attended all 22 meetings)

Fumio Tsuchiya (External Director) 100% (Attended all 22 meetings)

Naoko Mizukoshi (External Director) 100% (Attended all 22 meetings)

### *Audit & Supervisory Board Members*

Tetsuya Asano 100% (Attended all 22 meetings)

Tatsufumi Matsuoka 100% (Attended all 22 meetings)

Sadahei Funakoshi (External Audit & Supervisory Board Member) 100% (Attended all 22 meetings)

Yukio Ono (External Audit & Supervisory Board Member) 100% (Attended all 22 meetings)

Akiko Yamakawa (External Audit & Supervisory Board Member) 100% (Attended all 22 meetings)

### *Status of internal audits and accounting auditor's audit*

The department responsible for internal audits (the Auditing Department) at TIS is staffed by 26 people. This department informs the Board of Directors of the annual plan, following approval by the president, and also performs internal audits independent of business units that execute operations, based on the annual plan, presents the results of each internal audit to the president and regularly reports to the Board of Directors. The Auditing Department also draws up plans for internal audits of the Group as a whole, monitors the status of internal audits at subsidiaries, performs internal audits at subsidiaries that do not have auditing departments and for TIS divisions, offers necessary advice and provides supervision. Complementing these activities, the Auditing Department regularly exchanges information with internal auditing departments at Group companies, sets up information exchange opportunities that involve the department, members of the Audit & Supervisory Board and the independent auditor, and shares information on auditing measures and the results of audits as required.

The Audit & Supervisory Board carries out an audit of the execution of operations by directors, an audit of the internal control systems, an audit of the execution of duties by the accounting auditor, and an audit of the status of compliance and risk management on a recurring basis based on the policies and plan determined at its meeting. In addition, audits were conducted with an emphasis on the progress of the new Medium-term Management Plan (Be a Digital Mover 2023) in the first fiscal year, application status of new accounting standard for revenue recognition, the operational status of Group risk management and compliance structure, the status of measures regarding strategies for human resources as a source of growth and the creation of on-the-job skills, and the impact brought by the novel coronavirus (COVID-19), as key audit items in the current fiscal year.

Standing Audit & Supervisory Board Members express their opinions at important meetings, such as Board of Directors meetings and Management Committee meetings, strive to maintain an uncompromised audit environment and gather information within the Company through the inspection of meeting minutes and important

approval documents, as well as visits to offices in Japan and overseas to audit, monitor and examine the design and operation of internal control systems on a routine basis. They share information and keep open communication channels with other members, in light of the nature of their position as standing members. Non-standing Audit & Supervisory Board Members attend important meetings, such as Board of Directors meetings, exchange opinions with the representative directors and other senior management personnel and the accounting auditor, and form audit opinions based on their expertise from a neutral and independent perspective. ’

*Status of accounting auditor*

a. Name of accounting auditor

Ernst & Young ShinNihon LLC

b. Years of continuous service

Since 1985

c. Certified public accountants who performed audits

Certified public accountant Yoshimi Kimura (one year of continuous service)

Certified public accountant Takanori Miyake (four years of continuous service)

Certified public accountant Seiji Nakai (six years of continuous service)

d. Structure of assistants who help accounting auditors in their duties

Assistants involved in the auditing of TIS’ accounts included nine certified public accountants, six of whom had passed the certified public accountant’s exam and 28 others.

e. Accounting auditor selection policy and reasons

When the Audit & Supervisory Board of TIS judges that the accounting auditor should be dismissed or not reappointed because the auditor has difficulties in the execution of the their duties or for other reasons, it will table and appropriate agenda item related to the dismissal or non-reappointment of the accounting auditor for approval at the Shareholder Meeting. In addition, when the accounting auditor is deemed to fall under any of the categories as stipulated in the items of Article 340, paragraph 1 of the Companies Act, the accounting auditor will be dismissed with the consent of all Audit & Supervisory Board Members.

The Audit & Supervisory Board has evaluated the accounting auditor, considered the result of its evaluation and other factors, and decided to continuously appoint (reappoint) Ernst & Young ShinNihon LLC as the accounting auditor. ’

f. Evaluating performance of accounting auditor by corporate auditors and Audit & Supervisory Board

Corporate auditors and the Audit & Supervisory Board at TIS evaluated the accounting auditor based on our own criteria. In this evaluation, the corporate auditors and the Audit & Supervisory Board received explanations from the accounting auditor and confirmed the status of auditing services and found nothing of particular concern regarding the auditing team, compensation for auditing services, communication with corporate auditors, the relationship with management or Group audits. In addition, TIS looked at the 2021 Transparency Report issued by

the accounting auditor on accounting auditor quality control and risk of impropriety and also considered the level of quality control applied to the team assigned to the Company and found nothing of particular concern.

### 3. Reason for Selection of Current Corporate Governance System

TIS is a Company with an Audit & Supervisory Board, a model chosen for its double-check function through which the Board of Directors oversees the execution of business activities and the the Audit & Supervisory Board audits activities to ensure operations are legal and appropriate. In addition, the Company aims to strengthen the supervisory function of the Board of Directors by appointing external directors with industry- and corporate management-related experience and insight and drawing on advice and recommendations from an independent standpoint to ensure the validity and appropriateness of decision-making by the Board of Directors.

## III. Status of Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the Annual General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of Annual General Meeting of Shareholders	Under the policy of shipping at least 3 weeks before the date of the Annual General Meeting of Shareholders, the convocation notice for the 14th Annual General Meeting of Shareholders, to be held on June 24, 2022, was sent out on June 1, 2022.
Scheduling AGMs Avoid Peak Day	To encourage wider shareholder involvement in Annual General Meeting of Shareholders, TIS chooses a day other than the peak day when most other companies hold their AGMs. The most recent Annual General Meeting of Shareholders was June 24, 2022.
Allowing Electronic Exercise of Voting Rights	TIS adopted an electronic voting system that enables shareholders to exercise their voting rights via the Internet or other online structure using computers, smartphones or other mobile communication devices.
Participation in Electronic Voting Platform	TIS participates in an electronic voting platform for institutional investors operated by ICJ Incorporated.
Providing Convocation Notice in English	The convocation notice for the Annual General Meeting of Shareholders is posted to the corporate website in Japanese and English.
Other	TIS utilizes such access points as its corporate website to disclose pertinent information ahead of convocation notice distribution. Under the policy of announcing about one month before the date of the Annual General Meeting of Shareholders, disclosure of information prior to distribution of the convocation notice for the next Annual General Meeting of Shareholders was sent out on May 19, 2022.
	Not only as a precautionary measure to prevent against the spread of COVID-19 but also to give all shareholders greater opportunity to participate and observe the general meeting of shareholders, TIS implemented live distribution (hybrid virtual shareholders' meeting).

### 2. Status of IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	TIS created its Basic Policy on Information Disclosure, based on its IR policy, and posts to the corporate website. <a href="https://www.tis.com/ir/other/policy/">https://www.tis.com/ir/other/policy/</a>
Regular Investor Briefings for Analysts and Institutional Investors	TIS holds performance briefings every quarter (use of a meeting venue for full-year and second-quarter briefings, and teleconferencing for first- and third-quarter briefings).
Posting of IR Materials on Website	TIS uses the IR (investor information) page on the corporate website to post a variety of materials, including financial information, such as financial results, as well as timely disclosure materials other than financial



	<p>information, the <i>Yuka Shoken Hokokusho</i> (Japanese-language securities report required of listed companies), quarterly reports, briefing materials, the convocation notice for the general meeting of shareholders and notification of resolutions.</p> <p><a href="https://www.tis.com/ir/">https://www.tis.com/ir/</a></p>
Establishment of Department and/or Manager in Charge of IR	The Corporate Management Department is in charge of IR operations, and a manager is assigned to oversee activities on a full-time basis.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Internal Rules for Respecting the Position of Stakeholders	In each item of its Basic Policy on Corporate Sustainability, TIS specifically notes that it will respect the position of stakeholders.
Environmental Conservation Activities, CSR Activities, etc.	<p>Each Group company engages in proactive initiatives buoyed by a keen awareness of the need to protect the environment and contribute to society. Under our Environmental Vision, Environmental Declaration, and Environmental Action Guidelines, we are working to reduce greenhouse gas emissions from our business activities, including through energy-saving measures and environment-conscious design at our data centers. At the same time, we are promoting climate change responses through our business activities.</p> <p>Regarding social contribution, our business activities are focused on addressing the four social issues we believe we can help resolve, as well as activities targeting three key themes: (1) Supporting future users, (2) Spreading the benefits of digital technology in society, and (3) Reducing the negative impact of digital technology in society.</p> <p>The Group's Sustainability CSR activities are described on its corporate website.</p> <p><a href="https://www.tis.com/group/sustainability/">https://www.tis.com/group/sustainability/</a></p>
Policies on Providing Information to Stakeholders	TIS's Basic Policy on Information Disclosure, established as part of its IR Policy, emphasizes timely and accurate disclosure of information. This means not only important corporate information but also information that management feels will deepen stakeholders' understanding of TIS and the TIS INTEC Group, from the perspective of maintaining transparency.
Other	<p>TIS will implement personnel strategies that focus on diversification and innovation of individuals with the aim of continuously enhancing value exchange between employees and the Company. We will develop an environment and organizational culture where diverse individuals can play active roles while promoting next-generation workstyle reform with an eye on the "new normal." We will also digitalize our personnel database and upgrade our personnel portfolio management to improve employee engagement. In addition, we will strive to strategically retain and cultivate innovative human resources for management, consulting services, global business, service-style business, and other businesses while optimizing their assignments to further accelerate structural transformation.</p> <p>As part of these efforts, we established a new remote teleworking system to promote workstyle flexibility for employees and a growth support program to respect their voluntary career formation. We also enhanced our life-stage support program to help employees during various phases of their lives and encourage their self-realization.</p> <p>As a result of these initiatives, TIS Inc., INTEC Inc., and QUALICA Inc. were certified as 2022 Health and Productivity Management Outstanding Organizations under a program run by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. TIS Inc. was also certified as a White 500 company among the 2022 Health and Productivity Management Outstanding Organizations.</p> <p>Committed to establishing an organizational culture that enables individual employees to play active roles and grow with a sense of contribution, we work</p>

	to raise awareness among employees and support their capability development and career formation. We are also reviewing the workstyles of female employees so that they can demonstrate their abilities in their own ways. Meanwhile, TIS Inc. was selected as a Semi-Nadeshiko Brand under the Nadeshiko Brand initiative, in which METI and the Tokyo Stock Exchange jointly select listed companies that excel in encouraging women's success in the workplace.
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#### IV. Matters Related to Internal Control Systems

##### 1. Basic Views on Internal Control System and the Progress of System Development

###### *Basic Views on Internal Control System*

In accordance with the Companies Act and associated enforcement provisions, TIS adheres to a system—the internal control system—as described below to ensure that the services provided by the Company and the corporate group to which the Company and its subsidiaries belong—“the Group” or “Group companies”—are fair, and in line with the content of the resolution to follow this system. The Company has formulated rules, established the necessary departments, implemented plans and policies, and has otherwise prepared a system to ensure a sound management structure. Of note, TIS handles business administration for Group companies that are under its direct control through group management and operating agreements signed with these companies. In principle, other Group companies, where TIS does not have direct control, handled their own business administration.

###### 1. System to Ensure that the Execution of Duties by Directors and Employees of Group Companies Conforms to Laws and Regulations as well as the Articles of Incorporation

- (1) To ensure the execution of duties by directors and employees of Group companies conforms to laws and regulations and the Articles of Incorporation, TIS will establish a Basic Policy on Corporate Sustainability. It is the job of the representative director to ensure this policy is rolled out effectively to directors and employees throughout the Group and to make it abundantly clear that all corporate activity is conditioned upon respect for laws and regulations and social ethics.
- (2) Directors and employees of Group companies will follow rules pertaining to the organization, division of duties and designated authority in executing their respective duties.
- (3) TIS will appoint a director responsible for compliance who will coordinate compliance practices on a groupwide basis. The Company will also establish a compliance control department, build a compliance structure that cuts across the Group, identify problem points and make efforts to guide, educate and train directors and employees to effectively uphold compliance standards.
- (4) TIS will maintain an internal reporting system that enables directors and employees at Group companies to report directly to a designated contact point any behavior that may violate compliance standards.
- (5) Individuals using the internal reporting system will not be treated unfairly (put at a disadvantage) on the basis of such action. In addition, necessary measures will be enforced to protect individuals who have made reports.
- (6) Management believes that measures to prevent relationships with antisocial forces are absolutely imperative, in terms of corporate social responsibility and also as a corporate defense strategy, emphasizes a groupwide uncompromising attitude toward antisocial forces, and declares that no association whatsoever will be tolerated with such individuals or groups.

- (7) TIS will put in writing that no relationships with antisocial forces are to be tolerated. In addition, the Company will, through the compliance control department, collect information and always be on the lookout for relationships that could involve antisocial forces, and will also maintain a structure underpinned by close cooperation with lawyers and agencies, such as the police, to facilitate appropriate courses of action when required.

## 2. System for Storing Information Related to the Execution of Duties by Directors

TIS will properly store and maintain the minutes of Board of Directors' meetings as well as authorization documents and other important information pertaining to the execution of duties by directors of the Company, in accordance with laws and regulations for document management.

## 3. Regulations and Other Systems for Limiting Loss Exposure

- (1) TIS will duly recognize Group risk and establish Rules for Risk Management aimed at preventing the occurrence of loss. In accordance with these rules, the Company will appoint a director responsible for risk management who will coordinate risk management activities for the Group and will also set up a risk management supervision division and promote the establishment of a risk management structure.
- (2) TIS will formulate a groupwide risk management policy and take steps to verify the status of measures to control risk on a regular basis.
- (3) TIS will set up a task force in the event a major risk appears at a Group company and will devise appropriate measures to minimize loss if the risk manifests into loss.

## 4. System to Ensure Efficient Execution of Duties by Directors at Group Companies

- (1) The Board of Directors at TIS will decide on matters stipulated by law and provided for under Rules for the Board of Directors as well as important matters related to business, and will monitor the status of operations executed by directors responsible for those business activities.
- (2) TIS will introduce an executive officer system to realize fast and highly efficient corporate management.
- (3) To support efficient Board of Directors' meetings, TIS will establish a management committee that will discuss important matters related to the execution of business by TIS and Group companies and undertake duties within the scope of authority delegated by the Board of Directors.

## 5. System to Ensure Appropriate Operations at Group Companies

- (1) To support accurate and effective management practices throughout the Group while respecting the independence of subsidiaries to run their own operations, TIS established Our Philosophy—a management philosophy for the TIS INTEC Group—, Basic Rules for Internal Control Management and Management Rules for the Group. Subsidiaries, too, are required to uphold the philosophy and rules, with efforts directed toward achieving consistency in outlook and the environment for internal controls across the Group.
- (2) TIS will send directors and members of the Audit & Supervisory Board to subsidiaries, as necessary, to strengthen governance of the Group as a whole, and will monitor management practices at subsidiaries.
- (3) TIS will appoint a director responsible for coordinating internal control measures on a groupwide basis and will also set up an internal control supervision department, put in place an internal control structure that cuts

across the Group to identify problem points. The Company established the Group Internal Control Committee, which has the internal control supervision department as its secretariat, to evaluate and discuss important matters from an internal control perspective, including compliance, risk management and information security, and then report its conclusions to the Board of Directors.

- (4) The department responsible for internal audits at TIS will implement internal audits in each division of the Company, and will also implement or coordinate audits at subsidiaries and monitor the status of internal control practices established by subsidiaries in line with the standard set by TIS. It will offer guidance, when necessary, to ensure that internal control mechanisms are functioning properly.

#### 6. Matters Relating to Employees Who Are Asked to Assist Audit & Supervisory Board Members with Auditing Duties

When deemed necessary by members of the Audit & Supervisory Board, employees with the skills and know-how required by these members of the Audit & Supervisory Board will be assigned to assist in the execution of auditing duties.

#### 7. Matters Relating to Independence from Directors of Employees Assisting Audit & Supervisory Board Members

- (1) To ensure that employees asked to help members of the Audit & Supervisory Board execute their auditing duties retain independence from possible director influence, they will not take instructions or orders from directors when executing said duties.
- (2) Transfers, personnel evaluations and disciplinary action affecting employees asked to assist members of the Audit & Supervisory Board will require prior approval from members of the Audit & Supervisory Board.
- (3) Employees asked to assist members of the Audit & Supervisory Board will have the authority to engage in duties made at the request of members of the Audit & Supervisory Board as well as those incidental to the execution of audits, and will be able to collect information necessary to accomplish their tasks.

#### 8. System for Directors and Employees of Group Companies to Report to TIS' Audit & Supervisory Board Members, and Other Systems for Reporting to the Company's Audit & Supervisory Board

- (1) Directors and employees at Group companies will provide reports to members of the Company's Audit & Supervisory Board regarding management practices, operations, finances, compliance, risk management and the status of internal audits on a regular basis, mainly through the committee meeting structure that runs laterally through the Group, to facilitate information sharing and discussion on issues and solutions as well as to confirm business direction. In addition, directors and employees at Group companies will inform members of the Company's Audit & Supervisory Board immediately should facts be discovered that indicate a potentially serious violation of laws or internal rules or might lead to a material loss.
- (2) TIS will not treat unfairly (put at a disadvantage) any director or employee at a Group company who has reported a concern to members of the Company's Audit & Supervisory Board on the basis of such action.
- (3) The compliance control department will report to members of the Company's Audit & Supervisory Board on a regular basis regarding the operating status of the internal reporting system as well as important information and matters requiring consultation.

- (4) Directors and employees at Group companies will offer explanations on matters pertaining to the execution of business activities whenever requested to do so by members of the Company's Audit & Supervisory Board.

#### 9. System for Ensuring that Other Audits by Audit & Supervisory Board Members Are Effective

- (1) Members of the Company's Audit & Supervisory Board will attend meetings of the Company's Board of Directors as well as those of the Management Committee and other key structures, and may express opinions at any of these meetings.
- (2) The representative director at TIS, the accounting auditor and the internal auditing department meet separately with the Company's Audit & Supervisory Board on a regular basis to exchange opinions.
- (3) TIS will engage experts, including lawyers and certified public accountants, as necessary, when required by the Audit & Supervisory Board and will ensure opportunities to access advice related to auditing duties.

### **Status of Internal Control System Operations**

#### 1. Status of compliance efforts

(1) TIS distributes the Group Code of Conduct Handbook to all directors and employees in the Group. This handbook covers the Group Compliance Declaration and the Group Code of Conduct. The Company constantly strives to instill a thorough understanding of compliance issues and practices, implements training programs and awareness activities, and seeks to improve the effectiveness of learning opportunities.

TIS conducts a compliance awareness survey on an annual basis, pinpoints how well compliance practices have been embraced, and effectively works to improve the status of issues that require attention. For the internal reporting (whistleblower) system, the Company obtained WCMS (Whistleblowing Compliance Management System) certification [please confirm] and works to improve system reliability. In addition, the Company lists helplines in the Group Code of Conduct Handbook, and takes steps to promote awareness of these contact points and to put them to effective use.

(2) TIS held the Group Internal Control Committee to identify compliance-related problems, discuss responses, help directors and employees see the importance of compliance practices, and look into the content of internal reports and offer advice on corrective measures. In addition, the committee checks on the progress of specific approaches, such as steps to improve the accuracy of working hour management within the Group, efforts to promote education about issues such as harassment, and efforts to establish compliance systems at overseas subsidiaries.

#### 2. Status of efforts to ensure appropriate and effective execution of business operations

(1) In principle, the Board of Directors convenes regularly once a month and also meets at other times as necessary. Directors strive to achieve swift and dynamic decision-making.

(2) An executive officer system was introduced to expedite management decisions by the Board of Directors and strengthen the Board's supervisory function. Directors delegate the execution of business to executive officers, and the executive officers who accept these duties provide specific instructions and orders to and supervision of each associated department manager.

(3) The Management Committee, which comprises full-time directors and executive officers, meets twice a month

to discuss important issues related to the overall execution of business by TIS and by the Group as a whole. Note that full-time corporate auditors may sit in on meetings of the Management Committee.

(4) External directors and external corporate auditors, with knowledge and experience essential to appropriate business operations, are appointed to enhance the supervision and monitoring capabilities of the Board of Directors and members of the Audit & Supervisory Board.

### 3. Status of efforts to control the risk of loss

(1) TIS classifies risks facing the Company and the Group under hazard risk, operational risk, financial risk and strategic risk, according to Rules for Risk Management, and has systems in place for risk management and accountability in the event of a crisis.

(2) TIS shares risk evaluation indicators and management formats to facilitate identification of risks facing the Company and the Group and to underpin measures to reduce risks. In addition, the Group Internal Control Committee formulates risk management policy for the Group as a whole and verifies the implementation status of measures to control risk.

(3) TIS identifies the impact brought by COVID-19 as a major risk and set up a groupwide disaster countermeasure task force. The Company grasps the status of itself and the entire Group as well as continuously reviews the system and other matters for business continuity.

### 4. Status of efforts to ensure appropriate operations by the Group

(1) TIS undertakes management of Group companies using an approval and reporting system, in accordance with Management Rules for the Group. For the implementation status of key strategies at Group companies and respective business results, TIS holds quarterly Group business meetings and monitors progress of strategy implementation.

(2) Under the Basic Rules for Internal Control Management, we hold the Group Internal Control Committee regularly to grasp the responding status to incidents on a groupwide basis, and evaluate and confirm the internal control activities.

### 5. Ensuring effective audits by corporate auditors

(1) The Audit & Supervisory Board prepares an annual auditing report and, based on this report, exchanges opinions with the representative director on issues that come to light during the audit and recommendations for improvement.

(2) Members of the Audit & Supervisory Board attend important meetings related to the execution of business operations, including those of the Board of Directors and the Management Committee. A structure is in place that facilitates routine exchange of opinions with directors and executive officers. In addition, members of the Audit & Supervisory Board share and identify issues affecting operations as well as situations with the potential to have a serious impact on the Group. The Audit & Supervisory Board strives to improve the effectiveness of its audits by holding interviews with the president and by reading through pertinent documents.

(3) The Audit & Supervisory Board knows the status of activities performed by the accounting auditor through notifications, opinion exchange, updates on the auditing process and auditor reports on quarterly financial statements. The Board also assesses activities based on evaluation criteria that the Board itself has established.

(4) Members of the Audit & Supervisory Board exchange opinions and information on a regular basis with counterparts at subsidiaries and perform audits at those offices.

(5) Auditing staff (one person in full-time service) is assigned to raise the effectiveness of audits by members of the Audit & Supervisory Board and to ensure smooth execution of auditing duties. When necessary, individuals from the Finance & Accounting Department will assist in audits as instructed by members of the Audit & Supervisory Board. Note that auditing staff will only take duty-related instructions and orders from members of the Audit & Supervisory Board, and any personnel matters affecting such staff require prior approval from members of the Audit & Supervisory Board.

#### 6. Internal audits

(1) The internal auditing department performs audits of Company departments and Group companies that do not have their own internal auditing department, based on internal auditing plans. In addition, the internal auditing department offers advice, as necessary, based on the results of an audit and conducts follow-up checks to determine the implementation status of improvement plans.

(2) The internal auditing department seeks to elevate the quality of its audits through information exchange with counterpart departments at Group companies.

### 4. Basic Views on Eliminating Antisocial Forces and Status of Policy Implementation

#### *Basic views on eliminating antisocial forces*

Management believes that measures to prevent relationships with antisocial forces are absolutely imperative, in terms of corporate social responsibility and also as a corporate defense strategy, emphasizes an uncompromising attitude toward anti-social forces that runs through the Group, and declares that no association whatsoever will be tolerated with such individuals or groups.

#### *Status of efforts to eliminate antisocial forces*

TIS puts in writing that no relationships with antisocial forces are to be tolerated. In addition, the Company will, through the compliance control department, collect information and always be on the lookout for relationships that could involve antisocial forces, and will also maintain a structure underpinned by close cooperation with lawyers and agencies, such as the police, to facilitate appropriate courses of action when required.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

### 2. Other Matters Concerning the Corporate Governance System

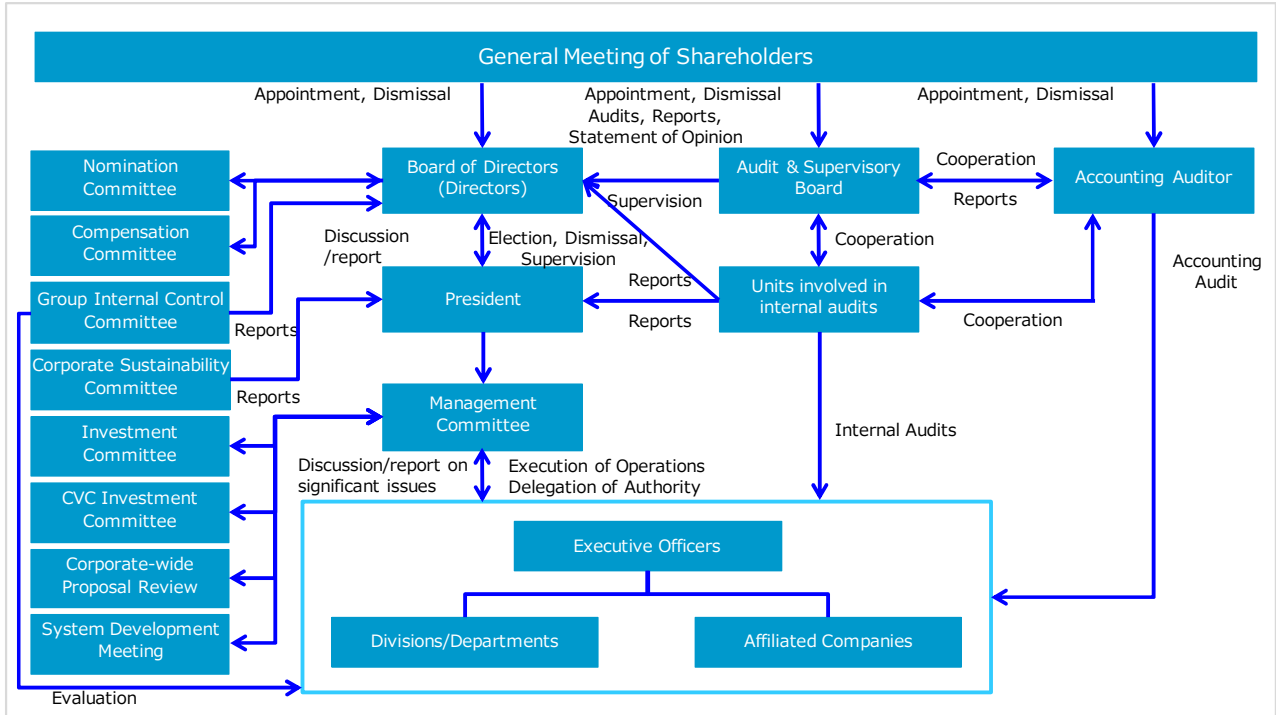
From the perspective of maintaining transparency through proactive information disclosure, TIS provides information in compliance with Securities Listing Regulations of the Tokyo Stock Exchange and the Financial

Instruments and Exchange Act as well as important information, particularly information on decisions, events and business results, that may influence investment decisions. In addition, TIS voluntarily discloses information beyond that which is required and to the greatest extent possible if management feels such information will promote deeper understanding of TIS and the TIS INTEC Group.

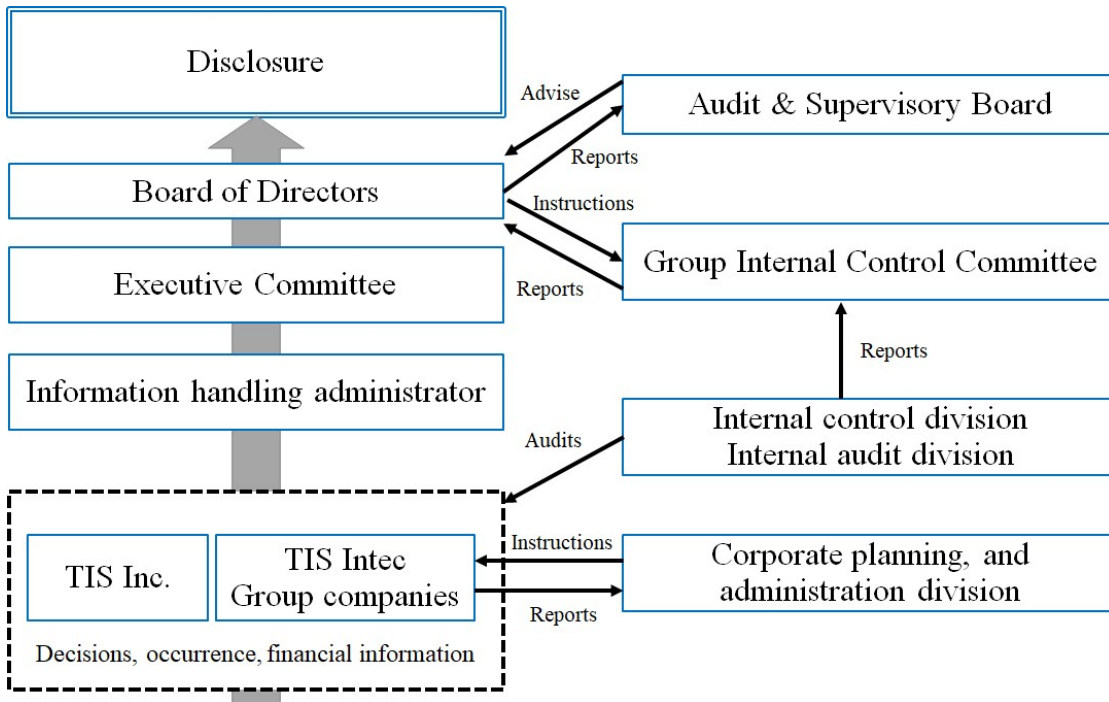
The internal system for timely disclosure of corporate information is shown as reference material on the next page.



## Organizational Chart



## Timely Disclosure Organization



## Board of Directors Skills Matrix

Name of Directors	Company Management	Industry Knowledge	International Experience	Finance/ Accounting	Legal/ Intellectual Property
Toru Kuwano	●	●	●		
Yasushi Okamoto	●	●	●		
Masahiko Adachi	●	●		●	
Josaku Yanai	●	●	●		
Takayuki Kitaoka	●	●			
Akira Shinkai	●	●			
Koichi Sano	●			●	
Fumio Tsuchiya	●	●	●		
Naoko Mizukoshi		●	●		●