

# Integrated Report **2021**

## transcosmos inc.

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Global Digital Transformation Partner





# Aiming to be the Global Digital Transformation Partner for our Clients...



...by harnessing  
**people & technology** to change  
how we communicate.

Since it was founded, transcosmos has combined superior people with the latest technology to provide high-value-added services. The origin of our business is to deliver highly valuable services by uniting people and technology through scheme. "People" refers to highly skilled professionals who can offer considerate services that meet and exceed our client expectations, while "technology" means the world's cutting-edge technologies that enable us to deliver value to our clients. transcosmos will continue to build on its founding goal of creating business processes that best match each client's needs by combining people & technology.

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## Striving to create new value for the next era

$$\frac{\text{people \& technology} \times \text{Innovation}}{\text{Social Change}} = \text{Our Value}$$

Amid sweeping social change, our value as a company is our ability to harness people & technology to accelerate innovation – the origin of our business. Expressing “our value” as an equation, “social change” is the denominator and “our business” is the numerator, which is multiplied by “innovation” to increase the value of our business.

### People & technology – the origin of our business

Our corporate vision is “people & technology,” and this is derived from the origin of our business that has remained fundamentally unchanged since the time of Maruei Keisan Center, the forerunner of transcocosmos. Back then, our employees visited our clients’ offices to carry out data entry work onsite. This business approach, where our clients saw for themselves the professionalism of our people, fostered a corporate culture that emphasizes people as the value creators. Our greatest asset is human capital – people who can accurately identify challenges our clients face and choose the best technology to solve them.

More specifically, our value as a company is our professionalism, allowing us to provide vastly superior services to those of our competitors. As our business expands, becomes more diverse and increasingly global, we are working to enhance the capabilities of our people. We are creating motivating and fulfilling work environments for our people with diverse backgrounds and focusing on training so that everyone can master and apply the latest technologies in their field.

### Aiming to be the Global Digital Transformation Partner

Our goal is to become the Global Digital Transformation Partner for our clients. Our approach until now, outlined above, has been to combine the power of people and technology as a top-level outsourcing company to help our clients increase business competitiveness.

Amid the relentless technological advances of recent years, many companies now recognize that they have to adopt fully digitized business models – a process called digital transformation (DX). With our full lineup of services and global

footprint, we can support our clients to achieve DX, helping them to grow sales and optimize costs. To drive our Group’s next phase of growth and breakthrough, we will continue to focus on being a superior outsourcer for our clients while also aiming to be their strategic partner wherever they operate worldwide. We also want our clients to recognize us as their DX partner, working closely with them to develop their DX approach and generate new value.

### Our digitalization initiatives – transforming our services and business into social infrastructure

The COVID-19 pandemic has clearly shown the importance of robust contactless channels and remote services. Many of our clients are steadily switching the focus of their operations from the physical to the digital space in response to changes in consumer behavior. The government’s digitalization efforts are also accelerating, as seen with the creation of a Digital Agency tasked with leading the transition to digital public services, an area where Japan has fallen behind. We see these developments as a tailwind for transcocosmos. We aim to expand our business by participating in major public DX projects and by supporting corporate DX across multiple industries. In the post-COVID-19 era, our services and business are set to become a key part of social infrastructure.

### Actively supporting DX in our clients’ increasingly global business activities

Our Group’s operations now extend to 30 countries and regions across the globe. The pandemic has revealed changes in the international power balance, with countries and regions recovering from the pandemic at different speeds, but we will continue to fully assist our clients who

Chairman & CEO  
Koji Funatsu



are increasingly becoming multinational in their DX activities. We have put in place a wide range of solutions to deliver that support.

One example is our comprehensive package of global e-commerce one-stop services for cross-border e-commerce and international sales, covering everything from website development and fulfillment to customer care, online promotion and data analysis. We are also stepping up efforts to develop our business in countries in the ASEAN region, which offers prospects for further growth. We are now working with the leading players in each market to build up our experience.

Looking ahead, we aim to optimize communication between our clients and their customers and enhance the customer experience (CX) as we strive to become the one and only global outsourcing services player that contributes to our clients’ top-line growth.

### Realizing a sustainable society through our business activities

Some of our clients, particularly those with a global business profile, now require their business partners to comply with responsible business practices and sustainable procurement as trading conditions. The government’s Basic Policy on Economic and Fiscal Management and Reform 2021 (Basic Policies 2021) also positions “realization of a green society” and “acceleration of digitalization” as key growth drivers. At transcocosmos, we want to solve social and environmental issues through our business activities. Specifically, we have established the transcocosmos SDGs committee, chaired by the President & COO, as our dedicated organization for us to play an active role in achieving the sustainable development

goals (SDGs). The committee has set Group-wide milestones and regularly reviews progress against the targets. The committee is also responsible for steadily raising awareness and permeating our SDGs-related activities.

Given that the SDGs are gaining more importance worldwide, we will not only focus on providing services but will also train our people, and support the development of communities where we operate.

### Driving innovation in this time of change

In this time of change, we need to achieve breakthrough growth, or innovation, to be a true partner for our clients. In our business, innovation means more than just technological progress – innovation happens only when the people using technology achieve personal growth.

By applying innovation to people & technology – the origin of our business – we can increase our Group’s value. Going forward, we will strive to ensure that our growth translates into growth of our clients, in turn lifting the productivity of society as a whole.

Thank you for your continued support as we work to increase value for all our stakeholders.

We will establish Operational Excellence that can respond to the diverse needs of the global market, anchored by our long-standing commitment to “customer satisfaction first.”

**Domestic market**  
 Call center market **No.1**<sup>\*1</sup>  
 Web solutions market **No.1**<sup>\*2</sup>

**Global market**  
 Business process outsourcing (BPO) market **No.1**<sup>\*3</sup>  
 Business process services (BPS) **Top 3 APAC providers**<sup>\*4</sup>

Our Group's sales are in the top tier in key domestic market categories. This reflects our powerful relationships with our clients, backed by our ability to consistently provide services that are always several steps ahead of our client needs in these changing times. In The Everest Group BPS Top 50™ survey conducted by the Everest Group, a research company focused on strategic IT, business services and procurement, transcosmos was selected as one of the top three providers in the APAC region.

\*1 Source: 28th Call Center Sales Survey FY2020, Nihon Ryutsu Sangyo Shimbunshi  
 \*2 Source: Online Advertising & Web Solution Markets: Current State and Outlook, Deloitte Tohmatsu MIC Economics Research Paper (https://mic-r.co.jp/mr/01875/)  
 \*3 Source: Japanese Company Quarterly Handbook Industry Map 2022, Toyo Keizai Inc.  
 \*4 Source: The Everest Group BPS Top 50™ (published 15 July, 2021), Everest Group

Consolidated

**11th straight year of sales growth**

Consolidated net sales totaled ¥336.4 billion in FY2021/3, growing for the 11th consecutive year. We provided services to help our clients implement COVID-19 countermeasures and actively delivered services to support our clients to transform their management and business models as their digital transformation partner, leading to growth in orders.

Consolidated

**A global company with 60,000 employees, operating in 30 countries and regions around the globe**

We have a global network of people from diverse backgrounds. Our overseas team has seen rapid growth in recent years, particularly in Asia.

Non-consolidated

**Long-standing relationships with over 70% of our top clients**

Over 70% of our top clients have been with us for more than five years and over 20% for at least 11 years.

Non-consolidated

**Net sales (by business domain)**  
 DEC **70%** BPO **30%**

We have two core businesses: DEC, which provides digital marketing, e-commerce one-stop services and contact center services, and BPO, which provides business process outsourcing services centered on IT systems and back-office areas.

\*The internet advertising business is based on transaction volume.

Consolidated

**Net sales (by geography)**  
 Domestic **82%** overseas **18%**

Over the last decade, we have expanded our presence in South Korea, China, Southeast Asia, the US and Europe. Our business has grown strongly in digital marketing and other front-office areas, as well as back-office areas.

\*Net sales classified by country or region based on client location.

Consolidated

**More than 3,000 clients**

We have a wide range of clients across many different industries, from finance, the public sector, information services, distribution, manufacturing, retail, food services to pharmaceuticals.

Non-consolidated

**Women represent 21.9% of managerial positions**  
 (1.6x vs. FY2016/3)

We are carrying out Group-wide diversity promotion initiatives, such as providing more career opportunities for women. We have successfully achieved our KPI - By FY2021/3, increase the number of women in managerial positions to at least 1.6x the level in FY2016/3.

Non-consolidated

**The average age of our employees is 36**

We have a young talent pool with an average age of 36, with the majority of our corporate officers in their 40s. Their relentless appetite for new challenges is the driving force behind our innovative corporate culture.

\*Figures based on FY2021/3 results or as of March 31, 2021.



# A track record of professionalism, innovation and service expansion backed by foresight

## 1966-

### Japan's data entry leader in both quality and volume

At a time when data entry work was generally conducted off-site, Maruei Keisan Center – the forerunner of transcocosmos – attracted attention for its new on-site approach, sending its employees to perform data entry work at client offices.

This "Maruei style," as it came to be known, is still the norm of business process outsourcing today. Maruei Keisan Center's innovative services were widely welcomed by Japan's leading, progressive firms and many other clients, transforming the company into Japan's top data entry market player only 10 years after it was founded.



## 1985-

### Pivot to integrated information services and anticipating global trends

transcocosmos was established in 1985, just as use of PCs was taking off in the business world. The company reestablished itself as transcocosmos with the aims of becoming an integrated information services player, moving beyond the traditional business area, and going public.

We opened offices in the US to gain early insights into the latest IT trends and actively started sending our young employees to the offices. This helped us win a contract to provide customer support outsourcing services to the leading PC manufacturer in the US at the time, leading to major outsourcing contracts with top PC makers in Japan. The customer support services created in this period form the basis of our contact centers and IT outsourcing businesses today.



## 2003-

### Combining multiple services and using data analysis to create value

As our operations became more diverse, we moved to a new head office in 2003 and adopted an industry-based sales organization structure in 2004. We started providing new services that combine digital marketing and call center services and put in place a service delivery framework for each sector, including the financial, distribution and ICT sectors. Our call center services business captured the top position by sales in the industry.

We also began building up our team of data scientists to analyze and use feedback from consumers. With its presence in BPO, contact centers, analytics and marketing services, transcocosmos built a unique position as a company with the capabilities to support all areas of clients' marketing processes.



## 2017-

### Aiming to be the Global Digital Transformation Partner for our clients

Touchpoints between businesses and consumers are becoming more diverse amid advances in digital technology. We are now focusing on developing and deploying services that utilize digital technologies to help our clients achieve transformation in response to the changing business environment. Our goal is to become our clients' Global Digital Transformation Partner, helping them improve business process efficiency and grow their top line.

We are also stepping up efforts to reinforce our e-commerce one-stop services amid rapid growth in the e-commerce market.



1966  
Established Maruei Keisan Center, forerunner of transcocosmos

1985  
Established transcocosmos

1989  
Shares registered with the Japan Securities Dealers Association for OTC trading

1992  
Listed on the Second Section of the Tokyo Stock Exchange

1997  
Listed on the First Section of the Tokyo Stock Exchange

**1960-**  
Large computing machine era

**1980-**  
Downsizing era

**1990-**  
PC era

**2000-**  
Internet era

**2010-**  
Smartphone and e-commerce era

**Now**  
AI and IoT era



## We offer diverse services at one-stop, helping our clients grow sales and optimize costs

transcosmos business domain largely consists of DEC services, which help our clients improve customer experience (CX), and BPO services, which are backed by a 55-year track record since our foundation. We provide multifaceted support for our clients' businesses and services with a focus on helping them boost sales and optimize costs.

## BPO Services

Business process outsourcing services

Our clients face various challenges in back-office operations amid Japan's declining population, a shortage of workers and work style reforms. To address these challenges, we offer Digital BPO services, which blend our operational excellence with digital tools such as RPA, AI and digital platforms.

- Highly competitive service framework with one of Japan's largest offshore service networks (18 sites in Asia) and domestic nearshore centers
- Superior quality backed by operational excellence and a strong track record built up over the 55 years since transcosmos was founded
- Highly specialized services in a wide range of areas – planning & development, manufacturing, logistics, corporate services such as accounting and HR, as well as sales and aftersales services



## DEC Services

Digital marketing services, e-commerce one-stop services, contact center services

We provide end-to-end support to our clients, from marketing and sales through to communication with customers. Our services help our clients deliver a greater customer experience with a unified approach to all phases of the customer journey (aware, appeal, ask, act, advocate).

### Digital marketing services

Total support, from online promotion to website development, operations and analytics

- Service delivery using onsite, offshore bases across Asia, and nearshore bases. Website development and operations team with around 2,400 people, one of the largest in Japan
- Optimum services tailored to each industry and business models built on our extensive experience and know-how from working with over 600 companies each year
- Cutting-edge services, such as ad-tech marketing automation, services for LINE/other social media, and integrated marketing using DMP



### E-commerce one-stop services

One-stop services for all required features for e-commerce, in line with our clients' e-commerce and brand strategies

- A presence in 48 countries and regions, with a focus on e-commerce growth markets
- Support for e-commerce business deployment tailored to market characteristics/culture of target market through partnerships with leading firms in Europe, US, China and ASEAN
- Full-package support for e-commerce operations, from system development to operations

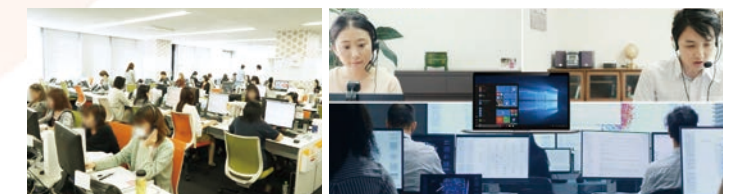


E-Commerce One-Stop Center Kita-Kashiwa, a dedicated e-commerce distribution center

### Contact center services

Outsourcing services such as responding to customer enquires or complaints and supporting marketing and sales

- One of the largest networks in Asia, with 33 bases in Japan and 47 bases overseas (more than 40,000 workstations in total)
- Superior quality underpinned by our people development programs and many years of center management operations as Japan's top contact center services player
- Diverse CX solutions, including cutting-edge technologies such as AI-powered chatbots and speech recognition, support for 25 languages and over 10,000 home-based contact center workstations





# Our 60,000+ people provide our services from 170 sites across 30 countries and regions

transcosmos has established local subsidiaries and formed alliances with leading local firms in Asia, Europe, North America and South America to support our clients' businesses and services worldwide.



Please visit our website for the latest list of business sites.

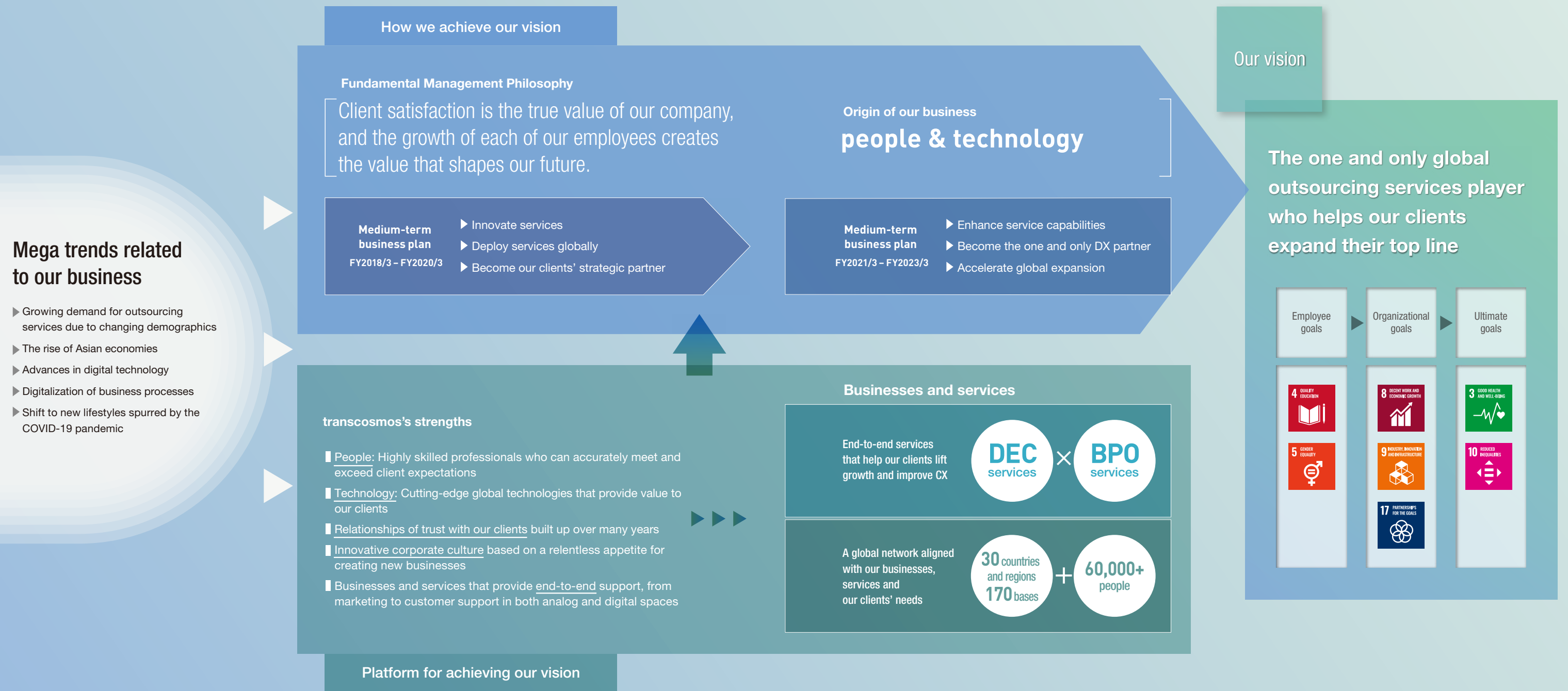
\*As of the end of September 2021





# Driving innovation as a Global Digital Transformation Partner by combining people & technology

transcosmos will achieve high growth and profitability as a DX company by combining professional people and the latest technologies that solve our clients' challenges and provide high-value-added solutions. We are currently driving our business in line with the medium-term business plan, which marks its final year in FY2023/3. Our goal is to help realize a sustainable society as a Global Digital Transformation Partner.





The one and only global outsourcing services player who helps our clients expand their top line

Reinforce diversifying customer touchpoints

Integrate & accumulate various data

Analyze data and choose optimal people & technology

Provide services that improve CX



**Our superior business operations strengthen increasingly diverse touchpoints between businesses and consumers**

Touchpoints between our clients and their customers are rapidly expanding from conventional phone and physical stores into PCs, email, social media, chatbots and other media. Through partnerships with our clients, transcosmos has been deeply engaged in almost every aspect of customer interaction and buying behavior. We are harnessing the latest technologies and our superior business operations to reinforce touchpoints in both analog and digital spaces, helping our clients enhance the quality of communication with their customers. We also continue to create new services, drawing on know-how and data accumulated over many years and our global service network.

**Together, we increase the value of customer experience (CX) with our end-to-end DX services, and simple business processes co-developed with our clients**

Advances in technology are driving changes in the business environment. Our aim is to create new value that helps our clients adapt to those changes. One of our success factors is our digital talent who can create and manage simple business processes with our clients, another is our service ecosystem, which gives our clients access to cutting-edge global technologies through our unique services. In this way, we aim to be the Global Digital Transformation Partner for our clients, helping them grow their top line and ultimately improve the customer experience (CX).



Aiming to be the **Global**  
DX Partner through our  
business focused on  
people & technology



President & COO  
Masataka Okuda

## 1 FY2021/3 Review

In the fiscal year ended March 31, 2021 (FY2021/3), transcosmos reaffirmed its commitment to two key missions that will play a vital role in its next growth strategy. First, our mission as a digital transformation (DX) company, and second, our mission as a company that supports social infrastructure.

### FY2021/3 results

transcosmos reported record net sales and operating income in FY2021/3. This strong performance reflects our ability to consistently provide new value tailored to the specific needs of each client as they tackle various challenges in their businesses.

Our business was impacted by a decline in new projects and the downsizing of some existing projects amid the COVID-19 pandemic, but we saw a steep rise in demand for services that help government agencies implement COVID-19 countermeasures and for services that support our clients to transform their management and business models as their DX partner.

### Addressing needs for upgraded business processes as a DX company

The pandemic created a new need – shared by many of our clients – for large-scale, high-quality, and rapid business process transformation. One recent example is in BPO Services for national and local government agencies, where there has been a steep rise in new projects related to ensuring public health and safety and supporting economic activity. Drawing on our long-standing close relationships with government ministries and local governments, and working with consortium companies, we secured orders for these projects and delivered solid results. This underlines how we can leverage our Group's strengths and rapidly adapt to any conditions – even to the unprecedented conditions created

by the pandemic.

Contactless channels (phone, email, chatbots, social media such as LINE, etc.) are now a vital part of social infrastructure. Our Group can support our clients in a diverse range of channels, whether analog or digital. This is likely to give transcosmos a competitive advantage in the medium and long term.

### Our initiatives as a company supporting social infrastructure

All our clients want to ensure their businesses operate smoothly without disruption, whatever the conditions. Our clients have been interested in home-based contact centers for some time amid the shift to different workstyles, improving conditions for sole proprietor business models and the introduction of remote working. However, many have been reluctant to shift to the home-based model due to a lack of other companies making the move, underdeveloped operational rules and security standards, and concerns about risks and productivity.

Our home-based contact centers, launched in August 2020, have overcome these barriers and concerns. We now have around 10,000 agents working from home in Japan and overseas. Using a hybrid model of contact centers and home-based agents, voice AI chatbots and other tools, we are combining people & technology to maintain high levels of quality and productivity, providing powerful business continuity support to our clients.

## 2 Transcosmos's Strengths

We are developing our business in a unique way, anchored by people & technology, the origin of our business. This makes transcosmos stand out in the market.

### An unrivaled business portfolio

Our Group broadly consists of two business segments – BPO Services, which provides outsourcing services, and DEC Services, which provides integrated marketing services. Our Group's unique strength is our ability to provide high-value-added solutions by combining our wide talent pool, built up over many years, with the latest digital technologies, enabling us to support our clients' businesses in both back-office and front-office areas.

We have a strong track record in BPO Services, our founding business, and we are steadily building up our experience in DEC Services. In addition to one of the largest

contact center networks in Asia, we have established one of Japan's largest business platforms in the web integration field, which is steadily becoming a new source of earnings.

We are also creating new business models. One example is a new e-commerce outsourcing service which comes with international logistics, including product purchasing, provided by one of our Chinese subsidiaries.

All these businesses blend to form a unique business portfolio that can meet diverse needs from many different client segments, which I will describe later, thus reducing our exposure to any single sector.



**A broad client base**

Over the last 55 years since our Group was founded, we have built up strong relationships of trust with top-class clients in many industries. One of the reasons transcosmos has such a broad and diverse customer base is our ability to provide outsourcing services that support companies in any industry.

We also meticulously customize services to match the individual needs of our roughly 3,000 clients, which is a key reason they trust our capabilities. In feedback, our clients often tell us “transcosmos always follow through with projects,” “never runs away from challenges or difficult situations,” and “works with us to overcome any issue.” Our on-site employees are deeply engaged in our clients’ operations, but they are also constantly looking for better ways of doing things and exploring new approaches that can help our clients.

Backed by our commitment to “customer satisfaction first,” which has been part of our DNA since transcosmos was founded, we have steadily built trust by working closely with our clients as part of their team to fine-tune and improve our expertise. This approach has helped us build our broad base of clients.

**An innovative corporate culture**

When companies started shifting from general-purpose office equipment to PCs, we were one of the first companies in the outsourcing services sector to establish a research base in the US. Today, we still have offices in areas where cutting-edge IT technologies emerge, and we maintain contacts with promising technology companies and startups, allowing us to keep up to speed with the latest advances in technology.

We are also constantly engaging with our clients and consumers through our services. Through our daily contact with consumers, we gain insights into their real needs, giving us an important foundation to build on when we take on new business opportunities.

Communication in society appears to be shifting rapidly from the physical to the digital space, but physical communication will never completely disappear. Our know-how and expertise accumulated over many years supports our Group’s efforts in new areas, feeding directly into our unique and innovative corporate culture.

resolving challenges to help our clients deliver greater CX for their customers. Ultimately, our aim is to deliver quantifiable results by supporting all areas of our clients’ sales activities, from raising brand and product awareness to generating repeat sales.

With respect to creating a high-margin model, one of the initiatives we are taking is to drive a shift from voice to non-voice communication and reduce incoming call volumes. Specifically, we are cutting total costs for our clients by offering end-to-end website development and contact center outsourcing services, which come with AI chatbots and other tools to reduce call volumes. This non-voice customer support approach brings significant merits for our clients, allowing them to improve the efficiency of labor-intensive processes. I believe this unique transcosmos approach to DX will lead to new business models with clear commitments to value creation, such as pay-per-use fees and performance-based billing. (For more details, see page 20, “Our Initiatives as a DX Company Supporting Social Infrastructure”)

process, we consolidated all head office functions in Ikebukuro (previously Tokyo Main Office 2) and all sales functions at Shibuya First Tower, effective from September 2021. Also, as part of efforts to prevent the spread of COVID-19, we are putting in place IT environments for work-from-home and implementing DX in back-office operations, based on the assumption of a 30% office attendance rate.

**Providing more responsive services as a DX company**

Together, these measures will help our Group provide our services to our clients faster than ever before. To support that transition, we are reinforcing our organizations to drive DX. Specifically, we have set up a dedicated team which promotes DX focusing on actual projects; a team which specializes in business development and is responsible for closely monitoring progress of our initiatives as well as tracking and analyzing the latest IT/DX trends overseas and in Japan; and a team which leads efforts to achieve internal infrastructure DX and carry out cyber-security measures. Later in this report, we provide more details about our approach to DX and our latest DX initiatives, but put simply, as digitalization and globalization gather pace, we aim to transform the transcosmos Group into the Global Digital Transformation Partner who supports clients to achieve DX, helping them grow sales and optimize costs. With this strategy, we hope to retain the trust and meet the expectations of all our stakeholders – our society, shareholders, clients and employees. Thank you for your continued trust and support.

### 3 Our initiatives as a DX company

transcosmos has created new services across various businesses that have supported our clients’ DX. To accelerate our pivot to DX, we will provide high-value-added solutions that solve challenges our clients face, anchored by a continued focus on people & technology. By providing these new solutions, we aim to achieve high levels of growth and profitability. We will prioritize initiatives in the following four areas to improve our Group’s top-line growth and profitability.

#### Four priority initiatives

- 1 Implement digitalization and a high-margin contact model
- 2 Accelerate expansion in the global market
- 3 Improve employee engagement
- 4 Respond to “new-normal” workstyles

**1 Implement digitalization and a high-margin contact model**

We established a new DX Promotion Division in April 2021 to drive the provision of integrated services across multiple channels by further strengthening links between our various Digital Marketing·E-Commerce·Contact Center (DEC) services.

Amid increasingly diverse consumer needs and changes in the way companies and consumers communicate, our clients need to improve CX from multiple angles. We have seen how social media stimulates buying behavior, with consumers increasingly using social media channels to communicate with companies, post product reviews and find information. transcosmos’s DEC Services are backed by sales teams with expertise in each industry and sector and service teams with expert know-how in operations. Today, we no longer manage customer shopping behavior by channel, instead, we manage entire customer journey across all channels comprehensively. With this integrated approach, we run the PDCA cycle, visualizing challenges both quantitatively and qualitatively, and

**2 Accelerate expansion in the global market**

transcosmos Group was one of the first companies in the industry to build a network of offshore and nearshore bases, primarily in Asia. In recent years, we have reinforced our client base by winning businesses from global companies and through M&A in Europe and the US, as well as Asia. We now have a global platform that can provide both DEC and BPO services through 104 sites in 29 countries and regions around the globe.

Going forward, we plan to upgrade our sales organization focusing on our key clients, to strengthen our business with global companies. We also aim to win more businesses from unicorn startup companies in China and the ASEAN region and use our existing global network to provide various e-commerce support that matches the needs of local companies.

**3 Improve employee engagement**

This is one of our priority initiatives. We believe increasing employee engagement translates into stronger performance for our Group. To gain a better idea of the challenges our employees face, we carried out an employee engagement survey in Japan and overseas and used the feedback to identify areas for improvement. The survey gave us a lot of insights, which we will use to develop employee engagement initiatives. We also plan to track progress against the results of this survey.

**4 Respond to “new-normal” workstyles**

To improve profitability, we need to implement DX across our own operations and adopt highly efficient workstyles. That will mean investing heavily in the necessary IT systems. We will also overhaul how our facilities are used in terms of employee engagement and cost optimization. As the first step in this



Next section:  
Our Initiatives as a DX Company



## Our Initiatives as a DX Company Supporting Social Infrastructure

transcosmos is deeply engaging in many aspects of our clients' businesses, working closely with our clients to fully digitalize their operations, from back-office to front-office areas. Today, the majority of our clients recognize that they must achieve digital transformation (DX). By combining cutting-edge digital solutions and people who can leverage these solutions, we will resolve challenges our clients face, and ultimately create new value together.

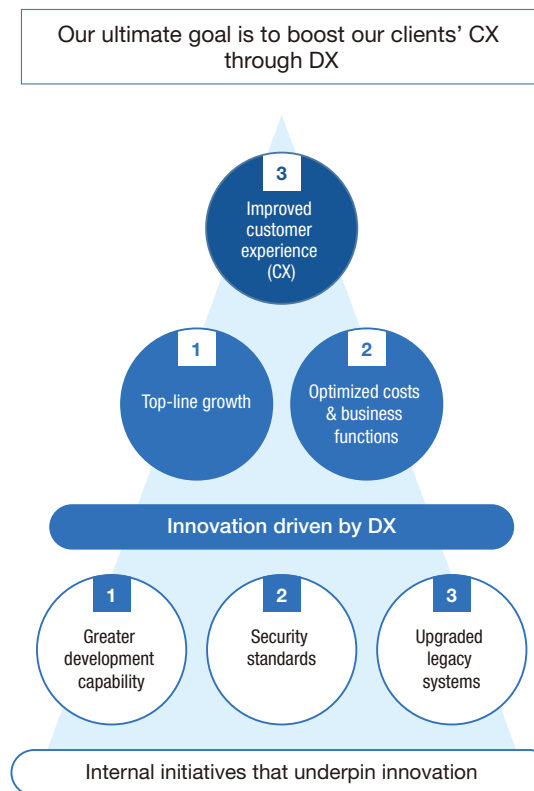


### Our approach to DX

At transcosmos, we believe DX has the power to revolutionize our clients' businesses. Achieving DX will help our clients increase their top line and optimize costs and business functions. Ultimately, our goal is to harness DX to make our clients deliver greater customer experience (CX) for their customers.

In a sign of how things are changing, companies are now appointing Chief Marketing Officers (CMO) or Chief Digital Officers / Chief Data Officers (CDO) to lead DX across all areas of their operations. Under their leadership, call centers, websites and other channels that were previously managed separately are now being grouped under the theme of "customer touchpoints" and managed in an integrated manner. To address these needs, transcosmos has started providing DX support that intersects all business functions of our clients.

We are also carrying out our own DX initiatives internally that will underpin our clients' innovation. Internal DX allows us to (1) increase our Group's development capability by accessing the latest trends in cutting-edge technology development and expanding our ability to apply new technologies, (2) develop security standards to provide the same level of security, as well as address security risks which vary at each business site including our clients', and (3) review our internal systems and progressively upgrade legacy systems, prioritizing those which are less flexible and require higher maintenance and operating costs. Aiming to become our clients' Global Digital Transformation Partner, we will steadily build up DX capacity through these initiatives.



### Supporting social infrastructure

The COVID-19 pandemic has given a significant boost to digitalization. The pandemic is both a threat to our Group and an opportunity to burnish our competitive edge. Backed by our extensive track record built with our numerous clients, we are seeing a steep rise in large orders for projects related to job retention and business continuity planning (BCP) measures, underscoring our role as a company that supports public health and safety and economic activity.

In these times of far-reaching change, we will steadily increase our value as a DX company that supports our social infrastructure.



### New challenges

Our Group is leveraging digital technologies to enhance existing businesses and actively build new businesses.

Going forward, we will put greater focus on our business models that directly contribute to our clients' earnings. Specifically, initiatives by the DX Promotion Division that harness our extensive know-how in web integration and other areas of customer support, projects powered by digital technology to help our clients optimize costs and grow sales, projects that drive digitalization across the entire construction industry, and AI-OCR services that improve our customers' earnings structure with a platform-based business model.

Case 1 Transform customer communications
p.22

transcosmos has a wide range of solutions and extensive operational experience to handle today's increasingly diverse customer touchpoints – from website development and operations and AI chatbots to digital contact centers and social listening.

Using that know-how, we are taking on a challenge to transform our clients' businesses by organically blending the vast amounts of consumer behavior data we manage through our diverse services.

Case 2 Optimize costs and expand sales through DX
p.24

One of our strengths is our ability to comprehensively support our clients to achieve their DX, from back-office to front-office areas. Combining the power of the optimal people & technology from our wide talent pool and cutting-edge technologies, we work with our clients to solve their challenges and achieve targets.

Recently, we have successfully achieved cost optimization in non-voice communication projects and helped our clients grow sales by utilizing data with the power of AI.

Case 3 Drive DX right at the center of the industry
p.26

Digitalization is gathering pace in the construction industry, spurred by government moves to make building information modeling (BIM) and construction information modeling (CIM) mandatory in principle for construction projects. With our service called "toBIM," we customize digital tools to suit the way each of our clients use BIM/CIM and provide operational services.

"toBIM" comes with our high-value-added BPO services on top of digital tools, that is why companies in the construction sector choose "toBIM" to achieve DX.

Case 4 Change back-office operations
p.28

Many IT solution vendors provide AI-powered OCR technology, but our AI-powered OCR platform stands out with its notable one-stop shop services offering from image correction that improves OCR accuracy, manual error correction to visualization of each operational process. We provide the platform as part of our workflow system FlowScope, which is highly regarded for its advanced security environment, enhanced over many years, and scalability for large-scale operations.



# 1 Transform customer communications



transcosmos has been deeply engaging in many aspects of our clients' businesses, from digital marketing and e-commerce to contact centers and BPO. As a new approach, we are now helping companies achieve DX, transforming the way companies communicate with their customers by seamlessly connecting disconnected touchpoints with the power of digital.



## transcosmos DX, features and strengths

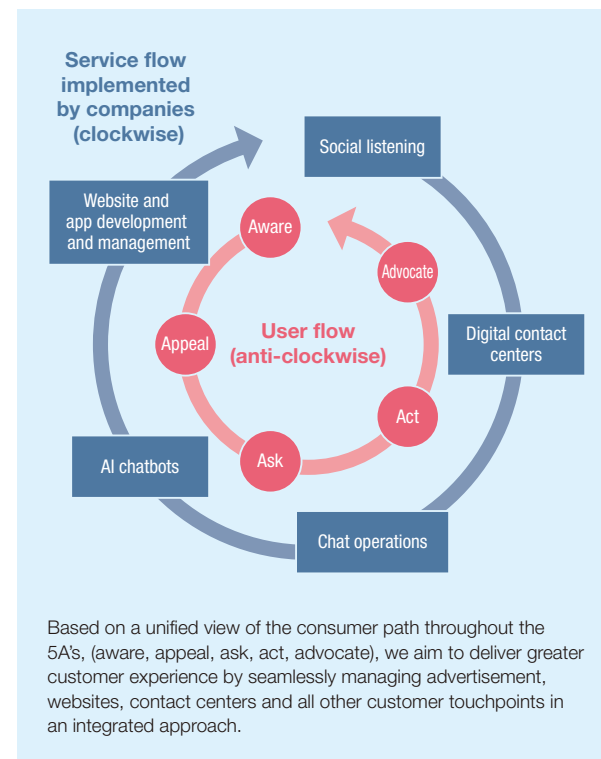
### Connecting web integration and customer care with the power of digital

Consumers today first become interested in companies and products online and through apps, make product inquiries, and finally purchase or use the products. AI chatbots are increasingly becoming popular for the product inquiry phase, but they cannot answer all consumer questions, and so contact center agents must take over to support.

transcosmos analyzes voice of customer (VOC) data collected via contact centers and social media as well as customer online behavioral data to improve FAQs and website user flow, helping reduce agents' workload. By connecting and managing web integration and customer care areas and combining our various services, we aim to deliver greater customer experience (CX).

The most notable strength of transcosmos's DX is our large teams of operations specialists in both web integration and contact center areas with expertise across various industries. Our long track record of providing support in both areas is another reason our clients trust us and always choose us as their partner.

DX service model – end-to-end user flow management



## Our new DX Promotion Division

### Aiming to become the one and only partner for our clients, integrate and deliver our diverse services

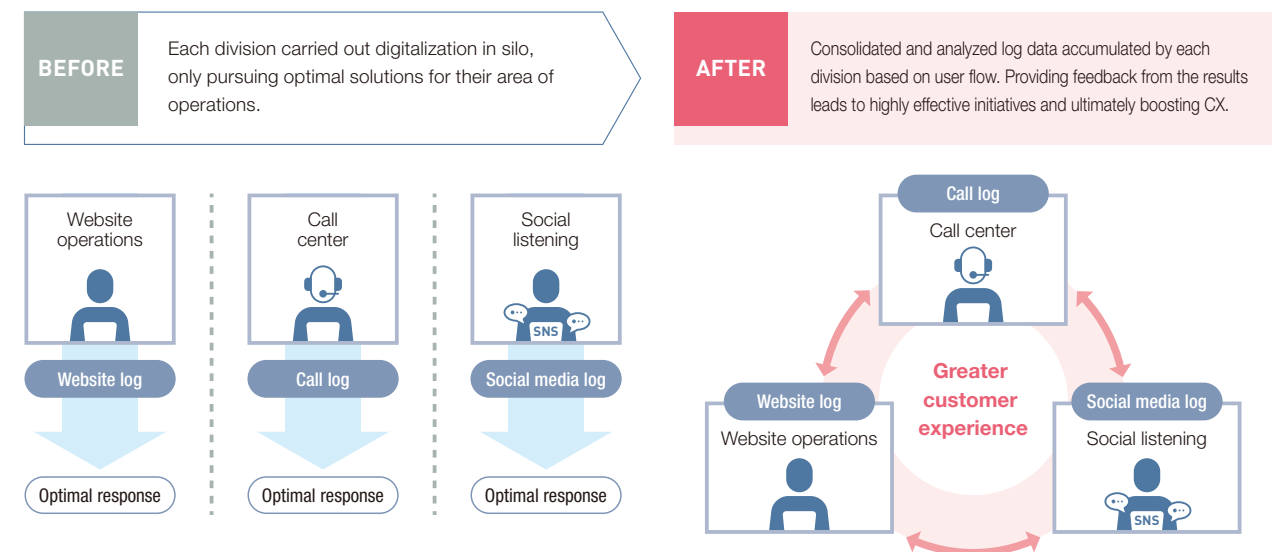
We established the DX Promotion Division in April 2021 to further strengthen links between digital marketing, e-commerce and contact centers. By providing integrated services via multiple channels, we aim to become the one and only partner who helps our clients achieve comprehensive DX. Working as one and providing tailored support to our clients – from digital tool implementation to post-implementation operational support – the team will boost CX and customer loyalty, helping our clients grow sales.

In the future, we also plan to roll out this approach globally. Using our knowledge portal, we aim to provide the services to our overseas clients via our contact centers and digital marketing bases across the globe.

## Customer support success story: Client A - Major services company

Previously, we provided client A with customer contact centers, social listening and website operations services separately, but to make the CX initiatives even more effective, we now consolidate and analyze website logs, call logs and social media logs accumulated across various divisions of the client. With this change, we can now carry out highly successful initiatives and boost CX, supported by the implementation of KARTE, our CX platform, which increased website page views per visit and the conversion rate\*.

\*Conversion rate: In the e-commerce field, this refers to the proportion of website visitors who complete a purchase.



### Pick up!

## Adapting to the "new normal"

### Building systems for COVID-19 measures

transcosmos has received outsourcing contracts for a wide range of COVID-19-related projects, including managing vaccination booking systems, setting up help desks, and developing systems for users to fill out screening forms and apply for various subsidy programs. For all these projects, a large volume of requests must be handled rapidly and accurately. transcosmos satisfies all the criteria by leveraging and combining our know-how in customer support, extensive track record in web integration, and our specialists.

- Key outcomes**
- Greater user convenience
  - Higher operational efficiency and reduced workload for local governments
  - Push to go paperless

### Launching large-scale home-based contact centers

Security, call quality, productivity and agents' sense of loneliness are some of the issues typically associated with home-based contact centers. Our home-based contact centers resolve these issues in an advanced approach, providing a packaged solution that include basic systems and agents ensuring a highly secure operational environment.

As of fiscal year 2020, we have around 2,000 active home-based workstations in Japan and about 6,000 overseas. We will continue to help our clients drive DX initiatives and boost CX, while also delivering greater employee experience (EX) for our people.

- Key outcomes**
- Highly resilient business operations
  - Workstyles for the current environment
  - Push for DX, higher CX / EX



## 2 Optimize costs and expand sales through DX



transcosmos develops tailor-made support plans for each of our clients and works together to solve their challenges and achieve targets. Leveraging our extensive track record and know-how, we assign optimal people & technology to help our clients optimize costs and expand sales.

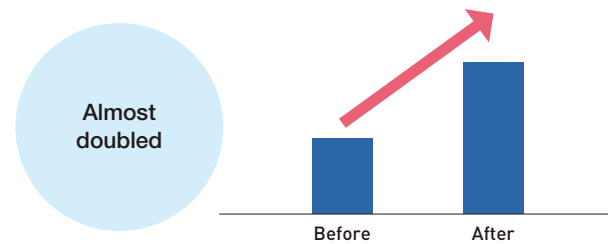


### Joint project achieved higher productivity and a shift to non-voice customer communication

#### Customer support success story: Sony Network Communications

Sony Network Communications Inc. (So-net) is a Sony Group company providing IT and communications services. So-net provides FTTH service NURO and other services directly to customers, as well as related support. However, amid Japan's declining labor population, the company struggled to attract and retain customer support staff, while some customers wanted issues resolved more swiftly. Switching from a telephone-centered customer support model to non-voice communications was therefore a pressing need for So-net. To solve these challenges, we launched and started implementing a non-voice project in partnership with the client.

Outcome (1): Average number of support cases handled by live chat agents

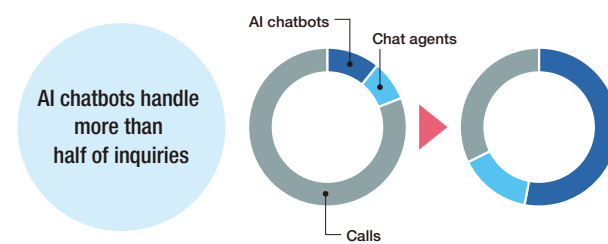


#### So-net and transcosmos team rapidly propelled transition to non-voice customer communication

For this non-voice project, transcosmos assigned a contact center operations specialist to lead the project. Our team compiled a list of all our Group's historical non-voice projects, extracted common success factors and leveraged them for this project. We worked proactively throughout the project, visualizing the team's progress and identifying and solving challenges, while maintaining frequent contact with the So-net team via a seamless framework.

Changing the mindset of every agent was also key to increase contact center productivity. Non-voice customer communication requires agents to provide simultaneous live chat support to multiple customers, so the team held roundtables to share expertise on topics such as how to "reduce handling time per customer" and "serve as many customers as possible simultaneously." We also provided training sessions to help agents develop their own service style. So-net reinforced all customer service channels and overhauled its existing IVR system, websites and other materials. After completing this process, So-net succeeded in seamlessly guiding customers away from call services to AI-chatbots, the customer service webpage and live chat agent services, driving the shift to non-voice support. The company also moved to unmanned operations in post-support processing by deploying robotic process automation (RPA). Using the KARTE CX platform, So-net set up AI chatbots to initiate communication with customers based on their actions on the customer support page and used AI to deter customers from unsubscribing from So-net services. Throughout the project, So-net and transcosmos worked closely together to push the project forward from two perspectives – overall design and contact center operations.

Outcome (2): Rapid increase in ratio of non-voice communication



#### Transition to non-voice-centric customer support services

Over the course of the roughly 18-month project, we helped So-net build a customer support framework focused on non-voice channels. Before the project, customer support was primarily provided over the phone, but AI chatbots now account for over half of all support cases. Together with the use of live chat agents, this has helped So-net transition to non-voice-centric customer support.

Chat agent productivity has also increased, with average customers per hour (CPH) roughly doubling from the time we launched the project.

The shift to non-voice customer communication has been extremely effective in reinforcing the continuity of customer support services as part of BCP measures during the COVID-19 crisis. transcosmos will continue to help So-net provide customer support going forward.

\*This is an ongoing project, the above case study is based on the results of roughly 18 months.



### Helping our clients grow online sales using AI-driven log data analysis

#### Customer support success story: Client B - Major services company

transcosmos has been offering digital marketing support services to client B, a major services company. Although satisfied with our services, client B wanted to further increase the effectiveness of their marketing initiatives to boost sales even higher. Targeting a higher website conversion rate, we used AI to visualize all website visitor behavior which extends to several billions. Using this approach, we exhaustively detected issues that were not detectable with only accumulated website operations know-how, and successfully identified numerous areas for improvement. We also extended the scope of our support to help client B address these issues, further deepening our partnership.

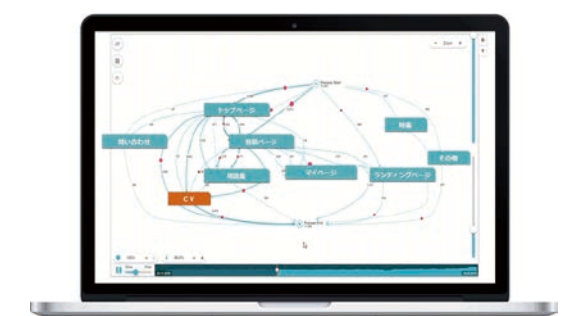
#### Utilized tools for increasing back-office productivity in the marketing space

transcosmos deployed the KARTE web marketing tool as part of our support for client B, offering extensive support, from developing initiatives to enhancing CX through to website operations. Our team had already provided operational support to the client based on the KARTE framework, but as a new initiative, we also introduced Celonis, a process mining tool. Celonis is an AI tool typically used to increase the efficiency of back-office operations, such as order processing and administrative tasks. transcosmos also utilized Celonis in the marketing space to visualize customer online behavior, such as user flow and activity on client B's website. This allowed us to identify many areas for improvement for the website, which are likely to boost sales once rectified.

#### Returning to home page from product pages "not an exit"

Visualizing consumer behavior also helped us identify new conversion paths (paths leading to purchases). Typically, website visitors who return to a home page from product pages are no longer regarded as prospective customers, as they are deemed to have exited the purchase path. However, using the process mining tool to analyze this particular behavior, we found that these customers are in a consideration phase, taking time to contemplate their purchase and often ended up buying a product. Based on that discovery, we reinforced critical decision points in the customer journey – the path customers take from finding products on a website to completing a purchase. As a result, we succeeded in creating a more robust customer journey map that keeps customers on track to purchases.

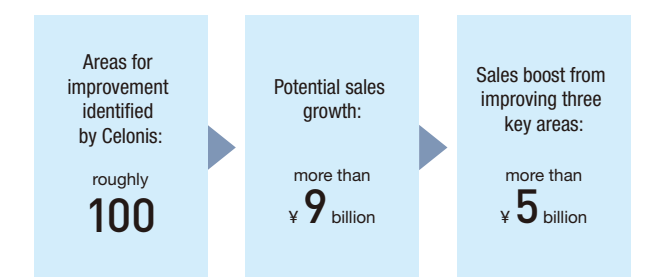
Utilized Celonis, a process mining tool



Celonis SE is the leader in the process mining field with a market share of roughly 70%. transcosmos is one of the first Celonis partners since the company entered the Japanese market.

Outcome: Identified numerous areas for improvement on client website

Using the Celonis process mining tool, we pinpointed roughly 100 areas for improvement, which is expected to boost sales by more than ¥9 billion once rectified. Reinforcing three critical areas translated into a sales growth of more than ¥5 billion.





### 3 Drive DX right at the center of the industry



DX is gathering pace in the construction industry, including a decision by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to make BIM/CIM mandatory for public works projects in principle from 2023. In the Cabinet Office’s Society 5.0 concept, BIM is seen as a tool to create a virtual building database as a counterpart to physical buildings, while the MLIT-led Project PLATEAU aims to develop and use 3D city models covering the entire Japan, and convert the models into open data.

Against this backdrop, the asset value of BIM/CIM data is being reevaluated as it becomes integrated into social infrastructure. Creating accurate BIM/CIM data and making it accessible for everyone to use properly is therefore becoming more important. In response, transcocosmos has developed a service called “toBIM” to help the construction industry digitalize the whole industry with both technology and people.

#### Working with clients to drive DX in the construction industry

##### “toBIM,” digital tool development and implementation services combined with BPO services

Building information modeling (BIM) and construction information modeling (CIM) are designed to improve the productivity of construction processes through the use of digital 3D data.

BIM is becoming mandatory for construction projects worldwide, particularly in Europe. It is also steadily gaining ground in Japan. Two things are important when using BIM/CIM – accurately creating BIM/CIM data, and accurately using the data onsite. Both will be key to supporting DX uptake in the construction industry. In partnership with our Group company APPLIED TECHNOLOGY CO., LTD., we provide “toBIM” as a one-stop service to the construction industry. The package includes consultation, digital tool development and deployment support services, backed by BPO services to ensure BIM becomes established in our client’s operations. “toBIM” supports the rapid and smooth rollout of BIM/CIM from both a data creation and a data utilization perspective. By overhauling operational processes, the package also contributes to DX in the construction industry as a whole, driving manufacturing optimization and new business creation.

“toBIM” clearly divides our clients’ business operations into competitive areas and non-competitive areas, enabling our clients to optimize the processes in non-competitive areas through the use of our shared BPO platforms. By introducing BooT.one and ConnecT.one as the shared platform, our clients can optimize their unique operational processes while also driving uptake of BIM/CIM across the industry. We believe this will significantly contribute to construction DX.

One of the strengths of “toBIM” is that it comes with meticulous post-implementation support services from our people on top of digital tool development and deployment services. transcocosmos has a wealth of experience in design and development in the BPO field and know-how in establishing digital tools for frontline operations. This is why many of our clients choose transcocosmos as their partner.

#### Progress / outcomes

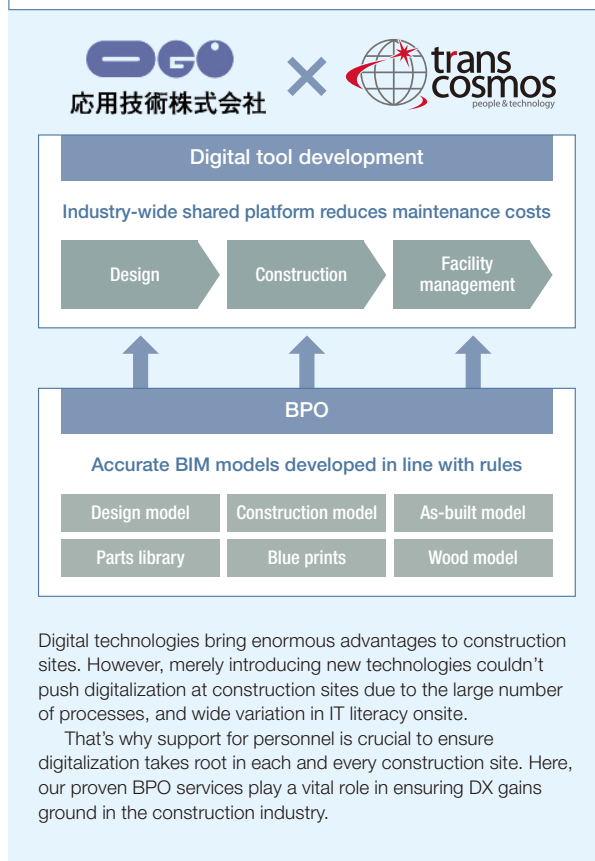
- Provided by 1,300 people
- Provided by BPO centers in Sapporo, Osaka, and Fukuoka
- Provided to 30 companies at 1,500 sites

#### Our vision

The construction industry is also moving to platform-based services for construction materials and parts supply. We aim to further optimize construction processes by linking BIM data to plants that manufacture construction materials. BIM is also likely to underpin DX in urban renewal and redevelopment projects, supporting the design of low-carbon housing and earthquake-resilient buildings, as well as disaster prevention surveys.

Targeting opportunities from the Society 5.0 concept, which aims to digitalize all aspects of urban infrastructure, including design data, we aim to tackle social issues in all these areas over the medium term. We have also started rolling out services for our global clients. BIM is becoming a mandatory part of construction projects worldwide, especially in Europe, and transcocosmos has started offering “toBIM” in the ASEAN market, where European BIM technology is gaining ground. Our goal is to drive DX beyond countries and regions, not just achieving company or industry-level DX.

##### “toBIM” – digital tool development and BPO services in one package



#### Aiming to make the “toBIM” solutions package the construction industry standard



##### Accurately creating BIM data

BooT.one is the standard BIM platform used widely by leading general contractors in Japan. Specifications are constantly updated, with commands added or adjusted to meet user needs or requests, supporting a steady accumulation of construction industry know-how. This leads to lower development and maintenance costs, powerfully driving DX in non-competitive business processes.



##### Sharing progress on modelling with team members

BIM modelling typically uses a technological review process that factors in client needs to gradually establish and finalize the physical and functional specifications of the building. Smart BIM Connection enables users to share progress on modelling process, making it easier to use BIM data.

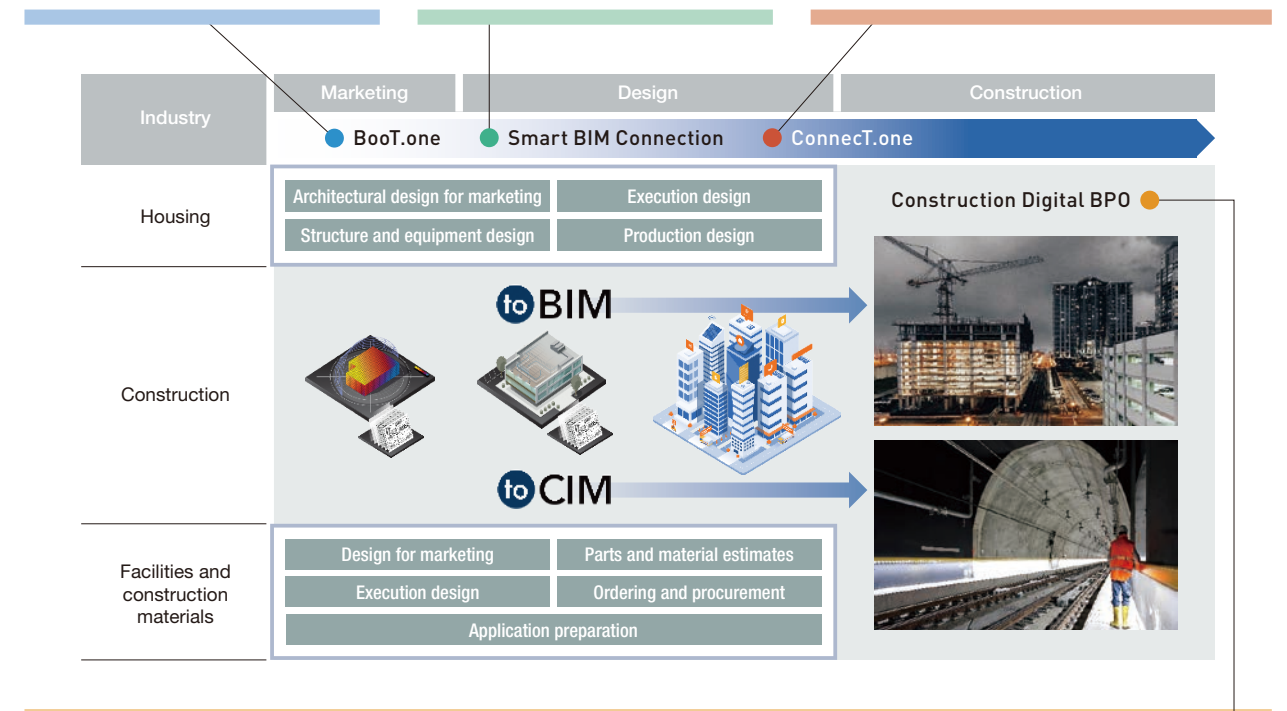


##### Accessible, accurate BIM data for all users

ConnecT.one is a cloud-based service that allows users to access BIM data from their web browser. The service helps significantly increase work efficiency in all construction phases – planning & proposal, design and construction.

In the planning & proposal phase, users can easily perform zoning and planning tasks on their web browser, while in the design and construction phases, volume and area calculations and other tasks can be carried out.

ConnecT.one enables users to use BIM data without any special tools, allowing a wide range of users to utilize BIM.



#### Reforming the construction management process to create a better management system

To improve and transform quality, cost, process, safety and environment metrics in the construction management process, we optimize business processes to allow our client personnel to focus on core operations. We also provide high-quality management information and create accurate BIM objects for construction sites that require expertise in the construction management process. And by combining onsite BIM/CIM data and the data in various cloud storage services with our Construction Digital BPO services, we bring together fragmented processes, enabling integrated data management.

By standardizing and optimizing each process, we consolidate information across the entire construction site, thereby building a better construction management system for our clients.





## 4 Change back-office operations



Optical character recognition (OCR) tools, which covert handwritten notes and other documents into text data, continue to break new ground, spurred by advances in digital technology. OCR is now a standard method for increasing work productivity. However, when introducing OCR, companies tend to be concerned about higher costs and quality and accuracy issues. Our FlowScope platform, which embeds AI-powered OCR in each operational process, overcomes these issues and concerns and helps our clients make their back-office operations more efficient.

### FlowScope features and strengths

#### A platform backed by a wealth of experience and know-how

The transcocosmos FlowScope platform is designed for our clients in the financial and public sectors to automate and increase the efficiency of back-office operations. With the one-stop shop platform, we offer a range of services, from receiving and entering data, screening, checking incomplete data to delivering complete documents to our clients, assisting them in managing operations such as member acquisition, screening, payments and conservation.

Our platform is embedded with various OCR tools like AI-powered OCR, and to maximize OCR accuracy, we process and tune OCR with our tested expertise. We also use additional, unique systems designed for each pre- and post-processing step, such as data entry systems that match our agents' skill levels. Once our clients decide to introduce the platform, our AI-powered OCR project specialists engage in the project from the design phase, helping our clients tune the systems after deployment. This packaged service, which includes thorough follow-up support from our experts, are highly recognized by our clients.

FlowScope's most notable feature is its ability to standardize and visualize the entire document management process, from receiving to delivering. Standardization allows users to process a large volume of documents, while visualization enables them to monitor progress in each step, ensuring reliable and consistent quality levels from receipt to delivery, and scalability during spikes in work volume. FlowScope not only increases our clients' productivity but also increases cost efficiency by converting fixed costs to variable.

### Outcomes

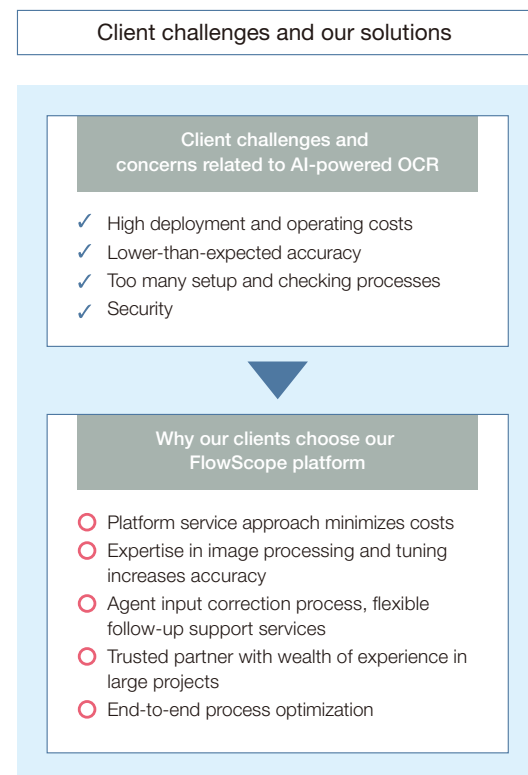
We mainly use FlowScope to support our clients in the financial and public sectors to achieve DX, delivering successes particularly in large-scale projects.

- Maximum processing capacity: 3 million documents per year
- Roughly 3,000 workstations up and running nationwide
- Saved costs by 30% by uniting people & technology

### Our vision

FlowScope is currently used primarily by our clients in the financial and public sectors. With the aim to expand into many more sectors, we are now adding more processes tailored for each sector to optimize the platform.

As digitalization gathers pace, we believe it essential for companies to have access to public data stored on integrated, shared data platforms to realize the Society 5.0 concept. To utilize that data, companies will need to match key codes for current in-house data and public data. The first step in that process will be encoding internal corporate data. Along with our data cleansing services for ever diversifying channels, transcocosmos aims to provide systems and a series of platforms including our patented encoding technology to help our clients utilize public data.

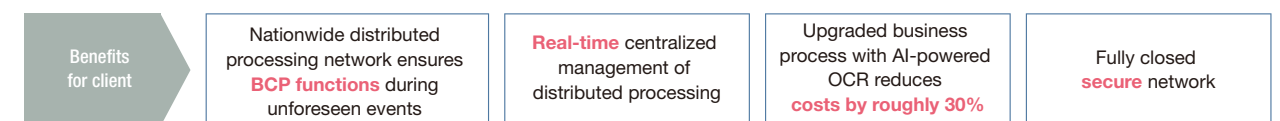
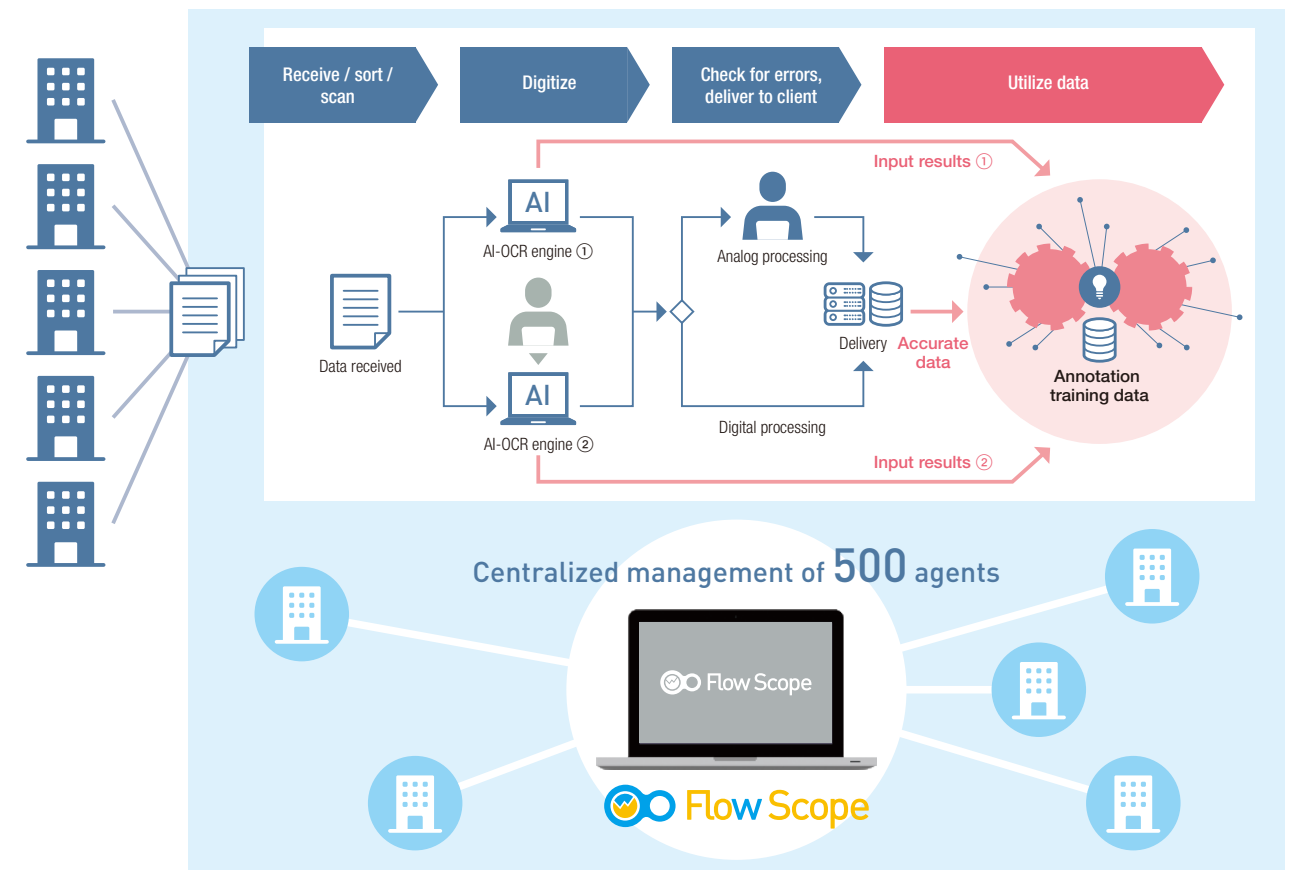


### Customer support success story: Operational services for a large-scale insurance claim processing with 500 agents

One of the main reasons many of our clients choose transcocosmos BPO services is our wealth of experience in large-scale operational services. Our track record of large projects for government agencies and local governments creates trust that sets us apart from competitors. Systems for public institutions have to be much more robust than systems for companies, as any technical issue could prevent the public from accessing services. Our experience and operational know-how is valuable for ensuring continuity of public systems.

In insurance benefit claim processing, we achieved a roughly 30% cost reduction by overhauling business processes with AI-powered OCR, and delivered solid operational performance in a secure environment, resulting in high customer satisfaction.

#### Using FlowScope, offered highly secure services, processing claims from across Japan







# Extending DX into Diverse Sectors

transcosmos is leveraging digital technologies to enhance existing businesses and actively develop new businesses. Leveraging their specific strengths, our Group companies are driving forward their clients' DX across a wide range of sectors.

## Event / Pharmaceutical Sectors

### Meeting growing DX demand for online events and video streaming



もっと素敵な伝え方を。

J-Stream Inc.

Mothers market: 4308  
Investment stake: 44.6%

Japan's largest provider of streaming video services, such as video streaming platforms for corporate users, content delivery networks (CDN), live streaming, video production and website development. With a commanding share in Japan's online video streaming systems, J-Stream's CDN platform supports large-scale, high-quality streaming services.

- J-Stream is meeting demand for DX, primarily for video streaming services spurred by the pandemic as well as uptake of 5G and IoT, using its flagship video streaming platform J-Stream Equipmedia, which has one of the largest user bases in Japan with a cumulative total of over 2,700 accounts.
- J-Stream has extensive experience in large-scale content distribution for the Olympics and other events, and in video streaming for business events such as online shareholder meetings and webinars.
- In the pharmaceutical sector, which is actively pushing DX, J-Stream has a strong track record in providing live streaming services for online conferences and other events.



## Retail Sector / Stores

### Providing an AI-powered platform that connects consumers with products and stores



Grand Design Co., Ltd.

Investment stake: 86.4%

Grand Design develops and operates Gotcha!mall, a platform that connects consumers with products and stores (business method patented). Centered on an incentive system design based on behavioral science and neuroscience, the company aims to "harness the power of technology to solve various social problems, create new markets and spur innovation."

- Using an AI-powered platform and proprietary algorithms, Grand Design supports shoppers in Japan and overseas by providing product information, coupons and other incentives tailored to the needs of each consumer.
- Grand Design is accelerating DX initiatives carried out by retailers and manufacturers. Roughly 40,000 stores -- primarily brick-and-mortar convenience stores, supermarkets, drugstores, restaurants and specialty stores that play a key role in everyday lives -- are on Grand Design's platform, which has 20.3 million yearly unique visitors and gross merchandise value (GMV) of more than ¥40 billion.
- With many retailers and manufacturers affected by the COVID-19 pandemic, Gotcha!mall helped participating supermarkets and drugstores boost sales and profits.

Gotcha!mall



## Construction Sector

### Leveraging unique technological capabilities to drive innovative DX in the construction sector



APPLIED TECHNOLOGY CO., LTD.

JASDAQ Standard market: 4356  
Investment stake: 60.2%

Applied Technology operates a solution services business, which supports the manufacturing business and utilizes BIM/GIS solutions, and an engineering services business targeting the disaster prevention and environmental fields. The company's strong technical skills in BIM -- one of its core business areas -- are widely recognized and it is attracting attention as a construction DX integrator.

- BIM is an innovative process driving dramatic productivity gains in the construction sector. Working with transcosmos, Applied Technology's "to BIM" services are becoming mainstream in delivering DX in the construction sector.
- Applied Technology is working with leading players in the construction sector to drive BIM-centric DX, including a partnership with transcosmos and Obayashi Corporation to build a BIM platform and a tie-up with BIMobject Japan, Inc., operator of one of the world's largest BIM content platforms.
- Daiwa House Industry Co., Ltd. has fully adopted Applied Technology's proprietary BooT.one BIM platform across its operations.



Page 26 case study

## Sports / Entertainment Sectors

### Providing vertical SaaS to drive sports and entertainment DX



playground Co., Ltd.

Investment stake: 75.9%

Guided by its mission -- "Creating dreams for people is our dream job" -- playground is an integrated entertech company that works to increase profitability in the sports and entertainment sectors by providing DX support. The company's MOALA entertainment DX platform (SaaS), which provides comprehensive DX support such as e-ticketing and live event streaming to companies in the sports and entertainment sectors, is steadily being adopted by leading entertainment companies such as Ticket Pia, Yoshimoto Kogyo and the Japan Ladies Professional Golfers' Association. playground is also working to revitalize the event sector after the pandemic with the backing of METI and the Cabinet Secretariat.

- More than 30 domestic ticketing companies, including Ticket Pia, use MOALA Ticket, the company's communication-based e-ticketing system.
- Using MOALA Live Store, its entertainment e-commerce website development service, playground operates websites for more than 30 companies, including FANY Online Ticket for YOSHIMOTO KOGYO HOLDINGS CO., LTD.
- playground was chosen by METI and the Cabinet Secretariat to lead a trial project on DX services essential for revitalizing the event sector under the pandemic.

MOALA  
エンタメ運営をDXする

YOSHIMOTO KOGYO HOLDINGS CO., LTD.

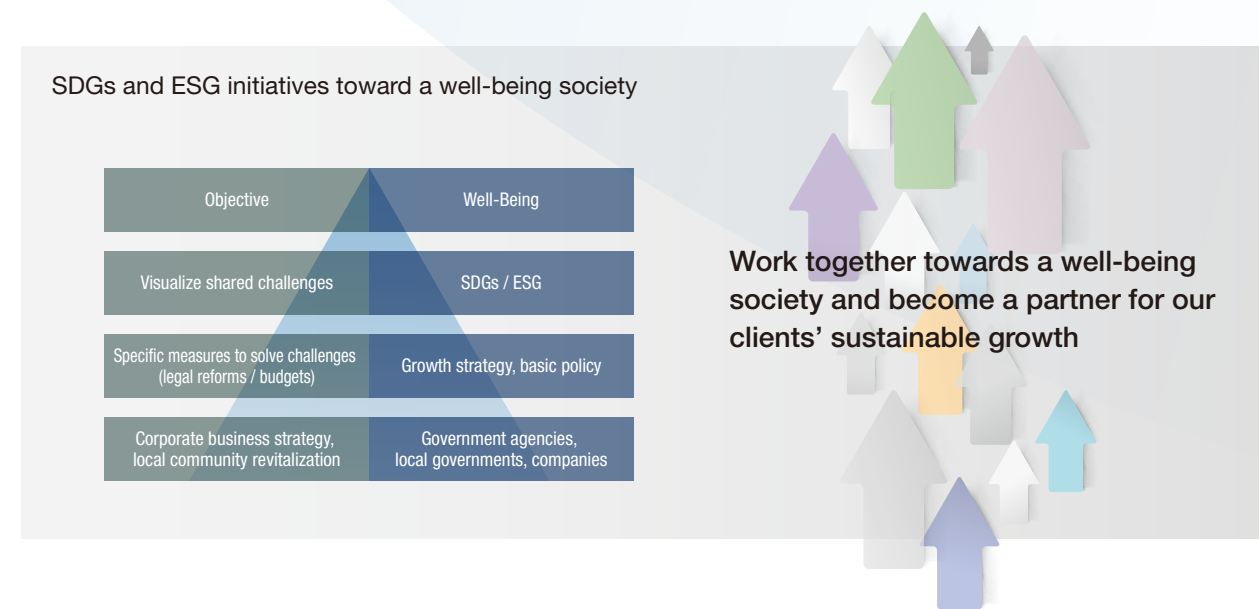




# Aiming to create a sustainable society as a global company

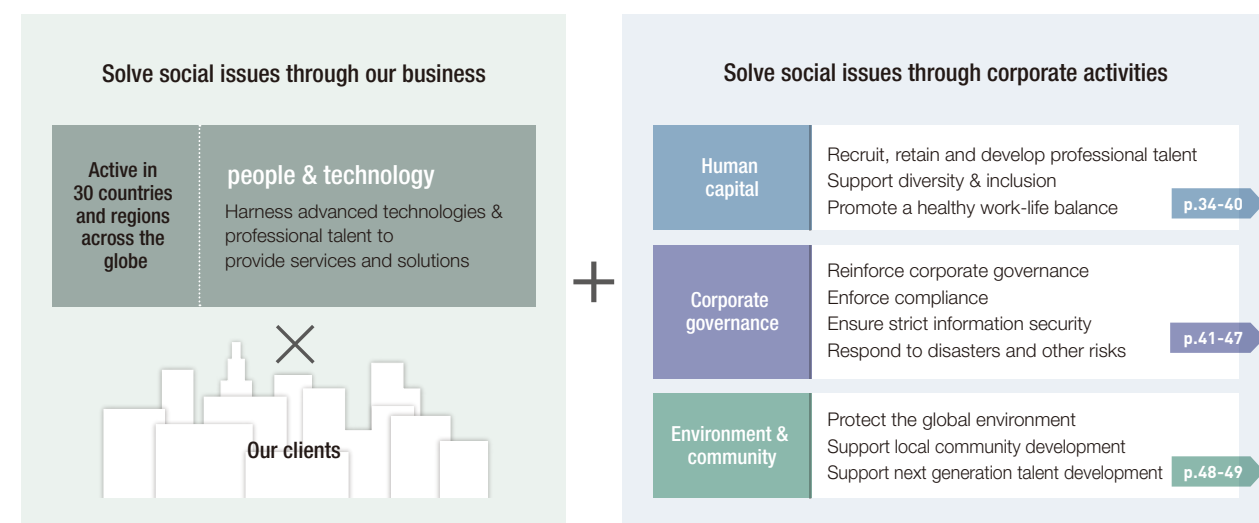
In the Japanese government's 6th Science, Technology, and Innovation Basic Plan, approved by the Cabinet in March 2021, the phrase "diverse happiness" (well-being) was added to its Society 5.0 future society concept. The concept sets out a vision for society where the internet of things (IoT) connects people and things, enabling the sharing of various knowledge and information to create unique new value that solves issues and challenges facing society. To that end, one of the plan's objectives is to build a society that "secures the safety and security of the people, enabling each and every one of them to realize diverse happiness."

As a global company that supports social infrastructure, transcosmos aims to contribute to the creation of this "well-being society" through our business activities.



## 1 Basic approach

Guided by the basic tenet of our Fundamental Management Philosophy, "Client satisfaction is the true value of our company," we aim to create a sustainable society and achieve sustainable growth by driving initiatives that will solve social and environmental issues as a company that supports social infrastructure.



## 2 Our highest priority SDGs

transcosmos acknowledges the importance of analyzing and understanding the risks and opportunities inherent in the 17 sustainable development goals (SDGs) and the management strategies related to each of these goals from the perspective of our sustainable growth. Toward this end, we have established the transcosmos SDGs Committee, which is specifically designed for aligning our business and management resources with our SDGs initiatives, setting our priority SDGs by prioritizing social issues of particular significance to us, confirming progress on a regular basis, as well as raising awareness and permeating our SDGs-focused innovation activities both internally and externally.

Referencing our Fundamental Management Philosophy and our Management Goals, as well as policies such as our Code of Conduct, we chose the following seven goals as our highest priority SDGs due to their particular relevance to our Group.



## 3 Promoting and establishing initiatives internally and externally

Enhancing communication with our open newsletter on Note

In May 2021, we started publishing an open company newsletter on the Note platform to communicate our efforts towards SDGs inside and outside our Group. By continuously publishing the newsletters, which feature interviews with key persons in each division and information about our SDGs initiatives, we aim to share information among our employees, as well as deepen their understanding about our diverse business activities. Ultimately, we aim to enhance employee engagement. The newsletters also play an important role in publicizing our efforts toward SDGs to our clients and all other stakeholders, not just our employees.



SDGs Open Lab

We hold SDGs Open Lab, a workshop for our employees to explore emerging social issues. We have been running a Public Policy Workshop for our employees for them to learn the latest government trends and policies. However, given a rapid shift in our client needs towards the SDGs and solving social issues, we decided to upgrade the workshop into the SDGs Open Lab where our employees can learn about SDGs and ESG case studies and apply the learnings to their respective roles in our business. The workshop is held once or twice a week and attracts around 100 employees, who learn from lectures and roundtable discussions with internal and external experts.

SDGs training for our employees (e-learning)

We offer an e-learning course for our employees to provide basic knowledge and raise awareness of the SDGs. The goal of the program is to deepen their understanding about the SDGs, by helping to answer questions such as "what are the SDGs?" and "why are we carrying out SDGs initiatives?"





# Developing professional talent with high expertise

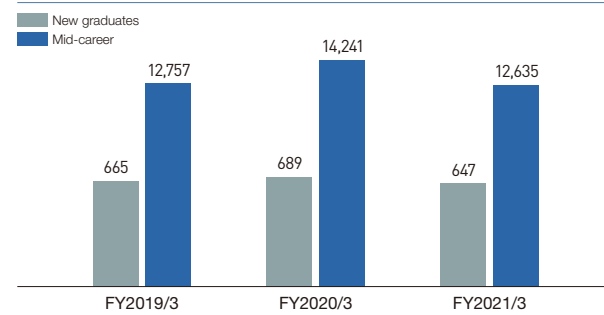
Since our foundation, transcosmos has been delivering high-value-added services by combining superior people with cutting-edge technologies. We believe developing highly skilled professionals is important for both our employees, and for us. Under this belief, we are leading initiatives to help our people develop, grow and enhance their abilities.

## 1 Attracting and retaining diverse talent

To secure talented people, we are focusing on hiring new graduates and mid-career and experienced employees. To improve understanding about transcosmos, we have been publishing more content such as easy-to-understand videos about what we do and what attracts many to our company – which cannot possibly be communicated by print media. For new graduates, we provide onboarding programs for prospective employees, including training sessions aimed at improving their workplace readiness and basic business skills before they are assigned to a division, in order to increase employee retention.

For mid-career and experienced employee hiring, we mainly use Work it!, our website specifically designed to recruit a large number of outsourcing service agents that our Group needs.

Employment trends (parent company)



## 2 Talent development programs

transcosmos seeks to employ people who can grow with our clients as their strategic partner. We are putting in place various schemes to help our employees realize their full potential and drive their personal development across different roles in our Group.

Also, amid an increase in teleworking and changes in the approaches to learning, particularly among young people, we are moving training courses online and expanding the range of video content for microlearning and other learning styles.

### More than 400 training programs

We offer more than 400 training programs that consist of mandatory, selective, and optional courses based on employee job levels, to help our employees develop their careers and acquire new skills.

### Qualification scholarship scheme

We have established a qualification scholarship scheme to support our employees making efforts to develop their professional skills. Under the scheme, our employees receive one-off payments for qualifications gained, with a total of 452 qualifications eligible for payments (as of 2021). The scheme covers a wide range of categories, including IT skills such as the IT Passport test and certifications in AI and other cutting-edge technologies, specialist skills such as web design and architecture, and business skills such as TOEIC and bookkeeping. The number of payments is rising each year, with around 770 payments made in FY2021/3. With this scholarship, we aim to encourage each and every one of our employees to develop themselves, which in turn contributes to higher productivity, service quality and competitiveness of our Group.

	Career development		Skills development		Companywide courses	
	Mandatory	Selective	Mandatory / Selective	Optional	Mandatory	Selective
Section manager, department manager and higher		Next-generation leader training	Technical training / specialist skills training, etc.	AI training	Compliance training / legal training / mental health training, etc.	Management philosophy program
Manager / leader	Manager / leader training, etc.	Next-generation / future female leader development training		Various workshops		Various business courses, SDGs training, etc.
New graduates / junior employees	Pre-assignment training / follow-up training					
Infrastructure	<ul style="list-style-type: none"> <li>Developing online training, focused on e-learning / microlearning</li> <li>Move to video content (minimum requirements: audio content)</li> <li>Short training modules (10 minutes at most)</li> <li>Move executive training courses online (live streaming)</li> <li>Create user-oriented content, not merely moving group-training online</li> </ul>					

## 3 Future management development

We are enhancing talent development programs for our future leader candidates to build their capabilities that underpin sustainable management and business.

### Selective next-generation leadership development program

This program was established to create the next generation of leaders who will lead our Group's management structure and global expansion. The program comprises of companywide courses and division-specific courses and is used to select the next-generation of leaders from our diverse talent pool, regardless of whether they are new graduate recruits or mid-career hires. With the aim of developing our next generation leadership talent, we offer selected candidates various opportunities including strategic job rotation, internal and external management training opportunities, support for career development, and face-to-face sessions with our senior executives to discuss the future of the organization.

### Managerial training

We have defined the necessary skills for managerial roles (section leader and higher) and created a training course covering standard knowledge needed to manage an organization and appropriate organizational management methods based on proper understanding of our Management Philosophy, regulations and systems. The training is designed to ensure the same level of management quality, regardless of who is in the role.

### Career consulting

transcosmos has set up a Career Consulting Center to support our employees' career development and energize our organization. Consultants provide support for independent career development and help our employees address concerns about their careers, such as vague anxiety for the future, uncertainty about their career personality, and the best career path.

### Communicating and instilling our Fundamental Management Philosophy

Many of our training programs include modules aimed at communicating and instilling in our employees our philosophy and values, passed down for more than 50 years since the first days of our company. By sharing the same understanding of our Fundamental Management Philosophy – common principles for all our employees – we aim to help every one of our employees achieve both career and personal growth and our Group's sustainable growth based on our three core principles: "customers first," "people & technology" and "hands-on management."

## 4 IT and DX talent development

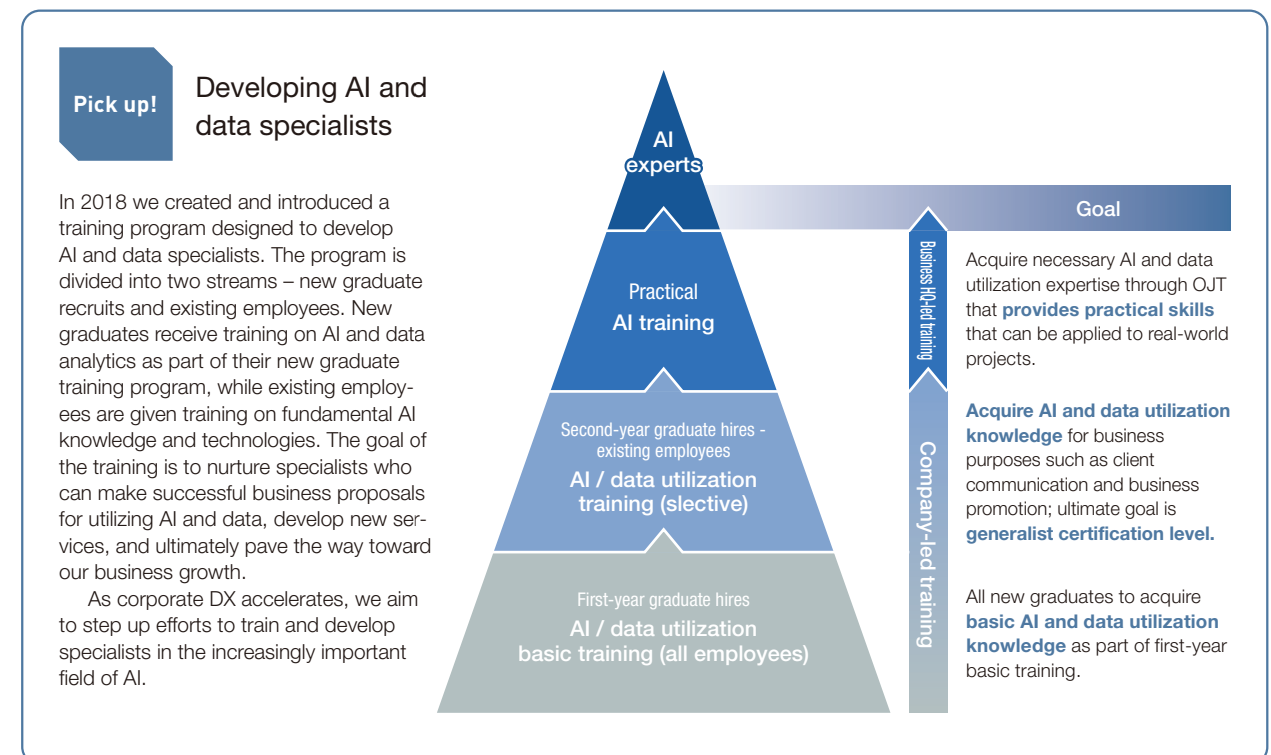
We are enhancing training programs designed for developing IT and DX talent - experts in providing IT solutions that meet our client needs.

### Technical training

We have established training courses in each division to develop subject matter experts. The courses help our employees acquire expertise in areas such as IT engineering, CAD engineering, web engineering, planning and marketing, which are needed to provide different types of services.

### Workshops

We run regular workshops in sales and service divisions for our employees to learn specialist skills. Study is focused on the latest technologies and success stories. Participants also have opportunities to learn from the experience and know-how of their senior colleagues, giving them insights into ways in using not only their technical skills but also technologies to create a value proposition.





## Diversity & Inclusion

transcosmos believes that it is our people who enable us to continuously expand our businesses, propel globalization, and create added value. We aim to create diverse and inclusive workplaces where each and every one of our employees, from various backgrounds of differing gender, age, nationality, and those with and without disabilities, can all unleash their full potential and feel rewarded when contributing to our businesses.

### Supporting women's career advancements

#### 1 Basic approach

transcosmos carries out various initiatives that support skills and career development for our female employees, encouraging them to stay highly motivated and help them build career paths. We are also conducting diversity awareness activities with the aim of fostering a corporate culture that allows individuals from diverse backgrounds, including women, to work together and play an active role.

##### Slogan

Create an attractive corporate culture to encourage female employee involvement!

##### Three pillars

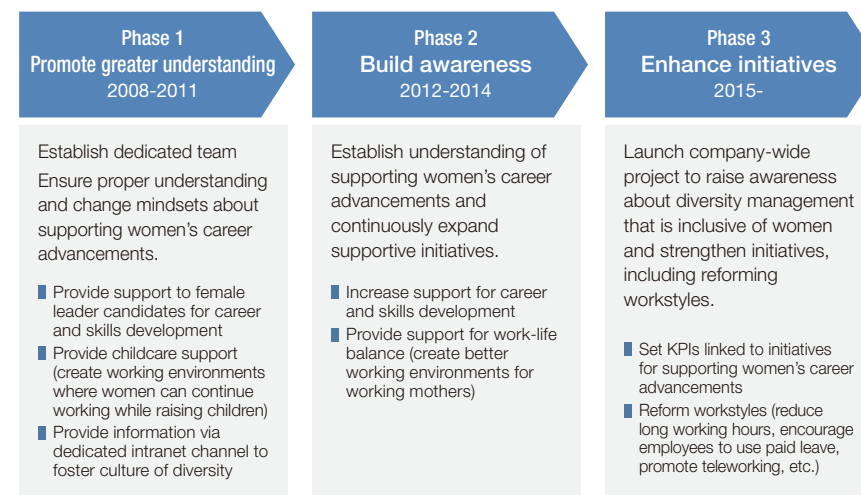
- Support our female employees in their career and skills development
- Change perceptions and increase PR activities
- Create a healthy workplace for our employees

#### 2 Progress and targets

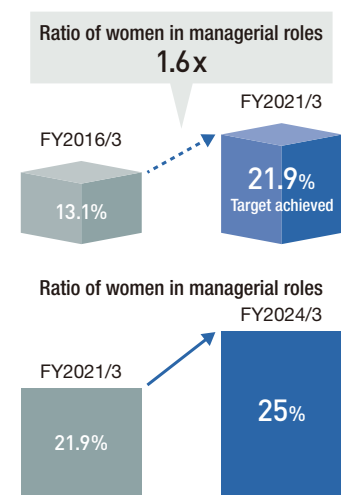
##### Initiatives and achievements

In October 2007 we set up a dedicated organization to support our female employees, and in April 2008 we laid out a slogan and "3 Pillars" that form the fundamental elements of the initiative. Since then, we have been carrying out a variety of initiatives under the slogan and the 3 pillars. In FY2020/3, we established a Diversity Promotion Department that directly reports to our President & COO, to reinforce the framework for promoting diversity & inclusion activities. In FY2021/3, we achieved the KPI linked to our initiatives for supporting women's career advancement – increase the number of women in managerial roles to at least 1.6x the level in FY2016/3.

#### Continuous steps to reinforce diversity since 2008



#### Achieved target for women in managerial roles



#### New target

The number of our female employees in managerial positions is rising steadily, but those in decision-making positions are still limited. To address this challenge, we designed an action plan in April 2021 to strengthen and provide continuous career development support for our female employees. The plan is centered on three key approaches – provide selective skills and career development training for our next-generation and future female manager candidates, hold optional career development events, and provide support to help our female employees strike a balance between work and family (showcase diverse role models and use e-learning modules to provide information about returning to the workplace). Our goal is to grow the percentage of women in managerial roles to at least 25% by FY2024/3.

### 3 Supporting skills development and changing mindsets

#### Support for skills and career development

##### Selective training course

To build up a group of candidates for managerial roles, we launched a selective training course in 2008 for two cohorts – next-generation leaders and future leaders.

Many of our female employees who have completed the course have been promoted to higher-level positions, creating a pipeline for managerial candidates.

##### Joint talent development program

To broaden horizons, raise career awareness, and promote business networking, transcosmos runs joint training programs with companies across industries to identify and develop female candidates for managerial positions.

##### Regional initiatives

transcosmos has many business sites in regional areas. We run various activities at these sites to support our female employees working in their local communities, such as holding career events and publishing regular newsletters.

#### Changing mindsets and promoting diversity

##### Diversity forum

In FY2017/3 we started holding a diversity forum to promote better understanding about the importance of diversity as part of our management strategy. To permeate and accelerate diversity initiatives, our top management (project owner), project managers, PMO managers, team leaders and other representatives participate in the forum.

##### Member of the IkuBoss Corporate Alliance

transcosmos has joined the IkuBoss Corporate Alliance, which is run by NPO Fathering Japan (Representative Director: Tetsuya Ando). Our objective is to create workplaces that encourage our employees to perform the best of their abilities, and to find value in their work by changing employee perceptions and attitudes to work. At the alliance signing ceremony, our directors, corporate officers and diversity promotion representatives listened to a speech by Fathering Japan director Takayuki Kawashima, and the executives issued their individual IkuBoss Declaration within the Company.

### 4 Supporting healthy work-life balance

Our dedicated diversity promotion team has been providing support to create a healthy workplace for our employees – one of the three main pillars of our diversity initiatives since 2008. After initially focusing on providing childcare support, primarily for our female employees to help them return to the workplace after experiencing life events unique to women, the team has now shifted its focus to providing support for work-family balance to encourage our employees to stay active and involved, regardless of life events. Today, with the aim of creating an environment where all of our employees, not only female employees, can perform to the best of their abilities while striking a healthy balance between work and life, we are driving the initiatives in parallel with our initiative towards achieving workstyle reform.



#### Aiming to achieve childcare and shared parental leave combined rate of at least 40%

Currently, only 12.5% of allocated childcare leave is used by our male employees (FY2020/3). To promote a healthy work-life balance, we believe it important to raise this low rate. Our goal is to lift the combined rate of childcare leave and shared parental leave taken by our male employees to at least 40% by FY2024/3. To encourage them to play a greater role in childcare, we are stepping up efforts to promote childcare leave (through a work-family balance handbook, role models and e-learning modules for managerial employees) and holding seminars with their partners where possible (including partners working at different companies).

### 5 External evaluation



In FY2015/3, transcosmos received this award as a role-model company that proactively promotes initiatives to help female employees fulfill their potential and that helps employees balance work with childcare and family care commitments.

BPO Center Kumamoto received this award in FY2018/3 for its efforts to create a comfortable working environment for women.

In 2016, transcosmos was recognized by the Minister of Health, Labour and Welfare for our superior contribution to the empowerment of female employees, and received 3-star Eruboshi (Labour Star) certification, the highest grade, under the Act on Promotion of Women's Participation and Advancement in the Workplace.

transcosmos has received the KURUMIN mark, a certification logo granted to companies that support working families with children, in line with the Act on Advancement of Measures to Support Raising the Next Generation of Children.



Promoting disability inclusion

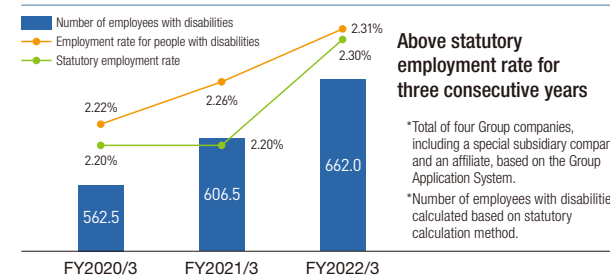
1 Basic approach

"All employees, both with and without disabilities, work together and unleash their individual uniqueness and abilities."  
 transcocosmos believes that this is the philosophy that a company should uphold. It also is our belief that a company should be a place where people with differing individuality and personalities come together, and that this diversity fosters an excellent corporate culture.  
 Our employees with disabilities who have joined us include those who have hearing and visual impairment, upper and lower limb disorders, and visceral disorders, and they continue to demonstrate their abilities at work. As their employer, we have been proactive in establishing and implementing various schemes to assist our employees with disabilities throughout the Company.

2 Creating career advancement and job opportunities for people with disabilities

In 2008, we established a dedicated department to support employment of people with disabilities (Normalization Promotion Department). The department is responsible for supporting people with disabilities in workplaces including recruitment, job assignments, and workplace arrangements. We take three distinctive approaches to this inclusion initiatives: assign our employees with disabilities to profit centers, make reasonable arrangements and create comfortable working environments, and get involved in activities that help solve social issues.

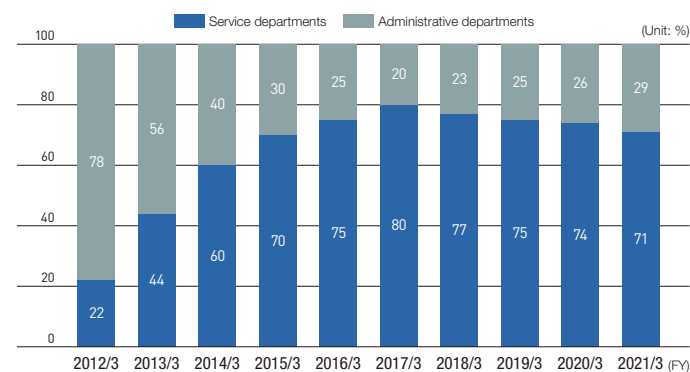
Number of employees with disabilities / employment rate



Feature 1: Assign to profit centers

In the past, roughly 80% of our employees with disabilities were assigned to administrative departments and around 20% to service departments. This ratio has been reversed in recent years, with more than 70% now working in service departments. Many of our employees with disabilities design, develop and operate websites, contributing directly to our sales. The Normalization Promotion Department, the dedicated department for supporting our employees with disabilities, serves more than 70 clients.  
 As more of our employees with disabilities now belong to service departments, more of them are unleashing their talent in specialist roles such as designers, coders, image creators and translators. In administrative roles as well, more employees with disabilities are being assigned to back-office positions at our clients, not just in-house positions.

Job role ratio (service departments: administrative departments)



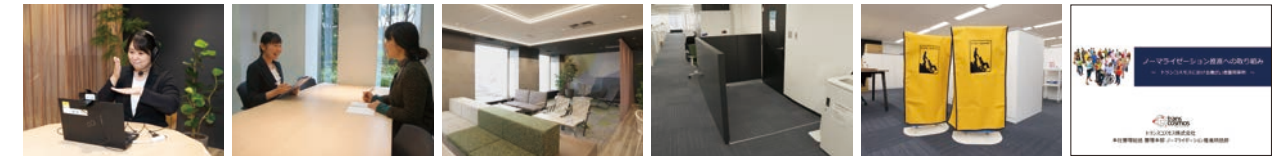
Main roles

NO	Job type	No. of people	Ratio
1	Designer	66	20.6%
2	Back-office (services-related)	46	14.3%
3	Web coder	29	9.0%
4	Contract document scanning / stamping	22	6.9%
5	Order data entry	20	6.2%
6	Ad operator	12	3.7%
7	Back-office (recruitment)	12	3.7%
8	Image creator	11	3.4%
9	Translation staff	11	3.4%
10	System engineer	10	3.1%



Feature 2: Make reasonable arrangements and create comfortable working environments

- Sign language, voice recognition tools, transcriptions (support for people with hearing impairments)
- Regular consultations with mental health social workers (support for people with mental disorders)
- Coordination with institutions that support people with disabilities (support for people with mental disorders / intellectual disabilities)
- Rest areas
- Priority toilets
- Shift work, reduced working hours, work-from-home
- Workplace safety measures
- Special leave system / athlete support system

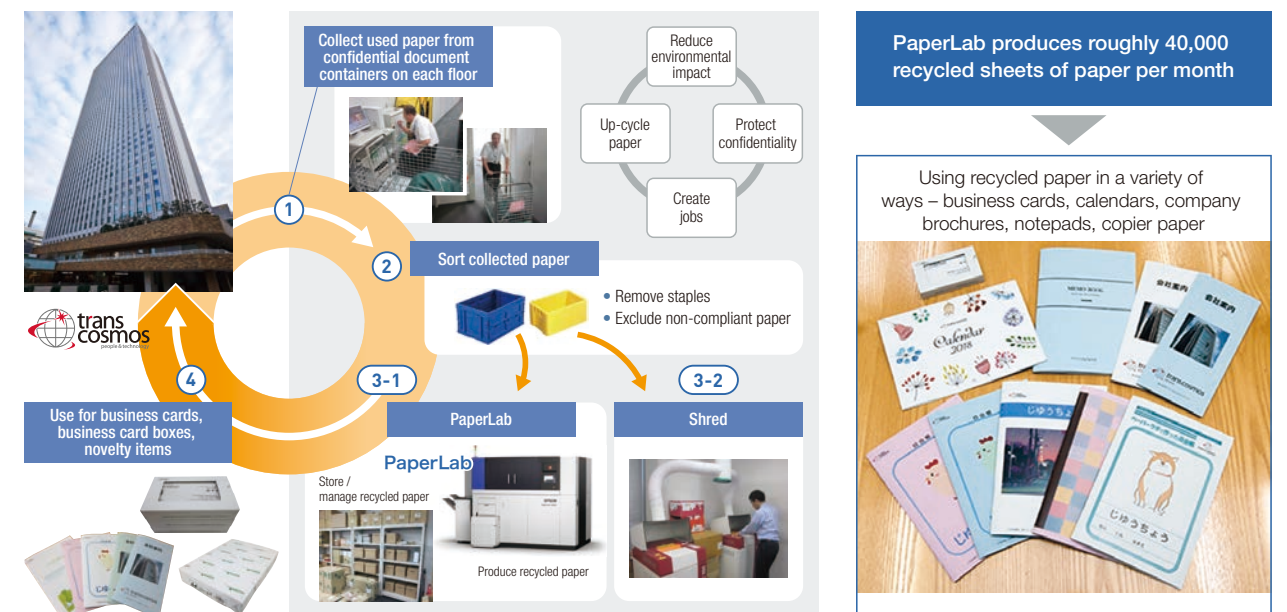


Feature 3: Get involved in activities that help solve societal issues

Environmental protection activities

transcocosmos assist inc. is a special subsidiary of our Group. The company operates and manages the Epson PaperLab paper-making system, developed by Epson, which turns waste paper

into new paper. The company is also moving into other areas that reduce environmental impact, such as supporting the production of business cards and brochures from recycled paper.



Pick up!

Helping next-generation talent development

COCOCARA was opened in October 2020, offering employment support and job training. Our employees run designer training seminars at COCOCARA for people seeking employment. We plan to add more seminars for engineering, image production, translation and office work roles.



Our goal is to create more job opportunities for people with disabilities by supporting them in acquiring practical skills.

Overview of designer training seminar

- Program**
- Understand and build disability awareness to create disability inclusive workplaces
  - Disability challenges and measures to overcome them
  - Design approaches and methods
  - Essential skills for designers
  - Hands-on training session
- Number of participants: 15**



Promoting work-life balance

We are carrying out initiatives to enable our employees to strike a healthy work-life balance from the perspective of improving employee welfare and productivity. Our goal is to create a working environment that allows individuals from various backgrounds to perform to the best of their abilities by flexibly accommodating diverse workstyles.

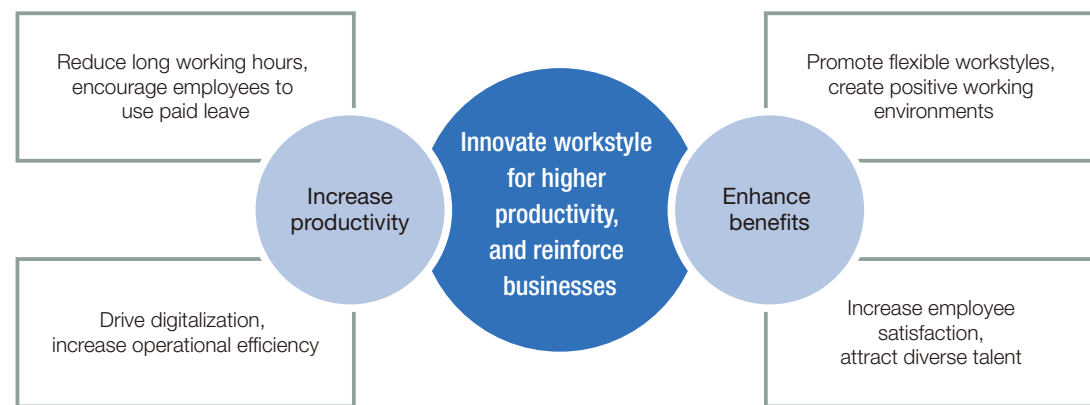
Reducing overtime to increase productivity

In addition to complying with laws that require companies to rectify long working hours, eliminate unpaid overtime and encourage employees to use paid leave allocations, we are working to increase efficiency by minimizing overtime at our centers and offices, in line with the nature of work carried out at each site. Specifically, we are making staff deployment and shift assignment more efficient, carrying out DX initiatives, and taking other steps to increase productivity by enhancing operational processes.

Carrying out flexible workstyle initiatives

To accommodate needs for different workstyles and to get the most out of our diverse talent pool, we offer various workstyle options such as teleworking, area-limited employment, shift systems and flexible working arrangements. We are actively introducing these systems where feasible, based on the different operational requirements of our centers and offices and the nature of work in sales and other roles.

Teleworking has also demonstrated certain benefits from a BCP perspective during the pandemic. As we continue to drive globalization and digitalization, we will further enhance our current teleworking model from policy, working environments and security perspectives.

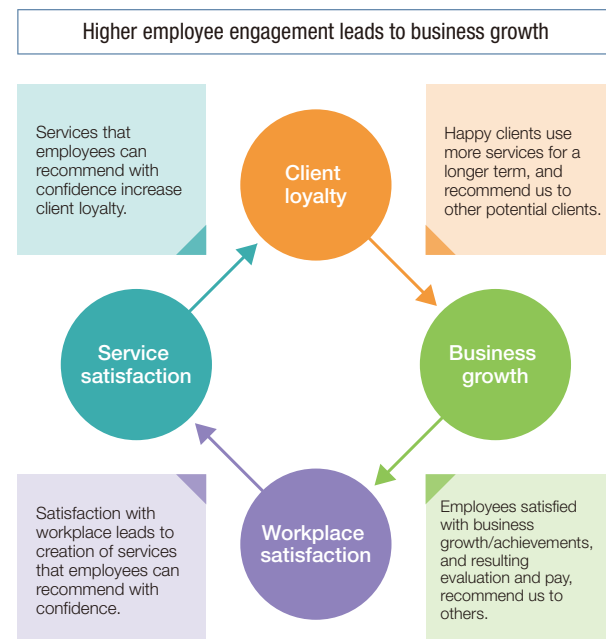


Initiatives to increase employee engagement

In 2020, we conducted our first engagement survey of all transcocos employees. We asked our employees to rate two questions on a scale of one to ten – “How likely are you to recommend transcocos as a place to work to friends or acquaintances?” and “How likely are you to recommend transcocos services to clients or acquaintances?” We will take measures to increase the current score based on the results of the survey, and continue to conduct the survey at regular intervals.

The results of the 2020 survey revealed a gap in satisfaction between our executives and frontline employees. Understanding of, and engagement with our management approach and corporate vision were high for executives but low for employees, highlighting the need for measures to lift satisfaction levels of our frontline employees.

Specifically, we will increase communication with our employees to share our corporate vision more widely and to set out clearer career paths for each one of our employees. We believe that higher employee engagement will help increase our client loyalty, ultimately translating into our business growth.



Corporate Governance

1 Corporate governance as the basis of sustained growth

Basic approach to corporate governance

In order to realize our Fundamental Management Philosophy – “Client satisfaction is the true value of our company, and the growth of each of our employees creates the value that shapes our future” – we view continuous enhancement of our corporate governance as one of our most important managerial priorities. With that in mind, we constantly aim to maximize our corporate value by

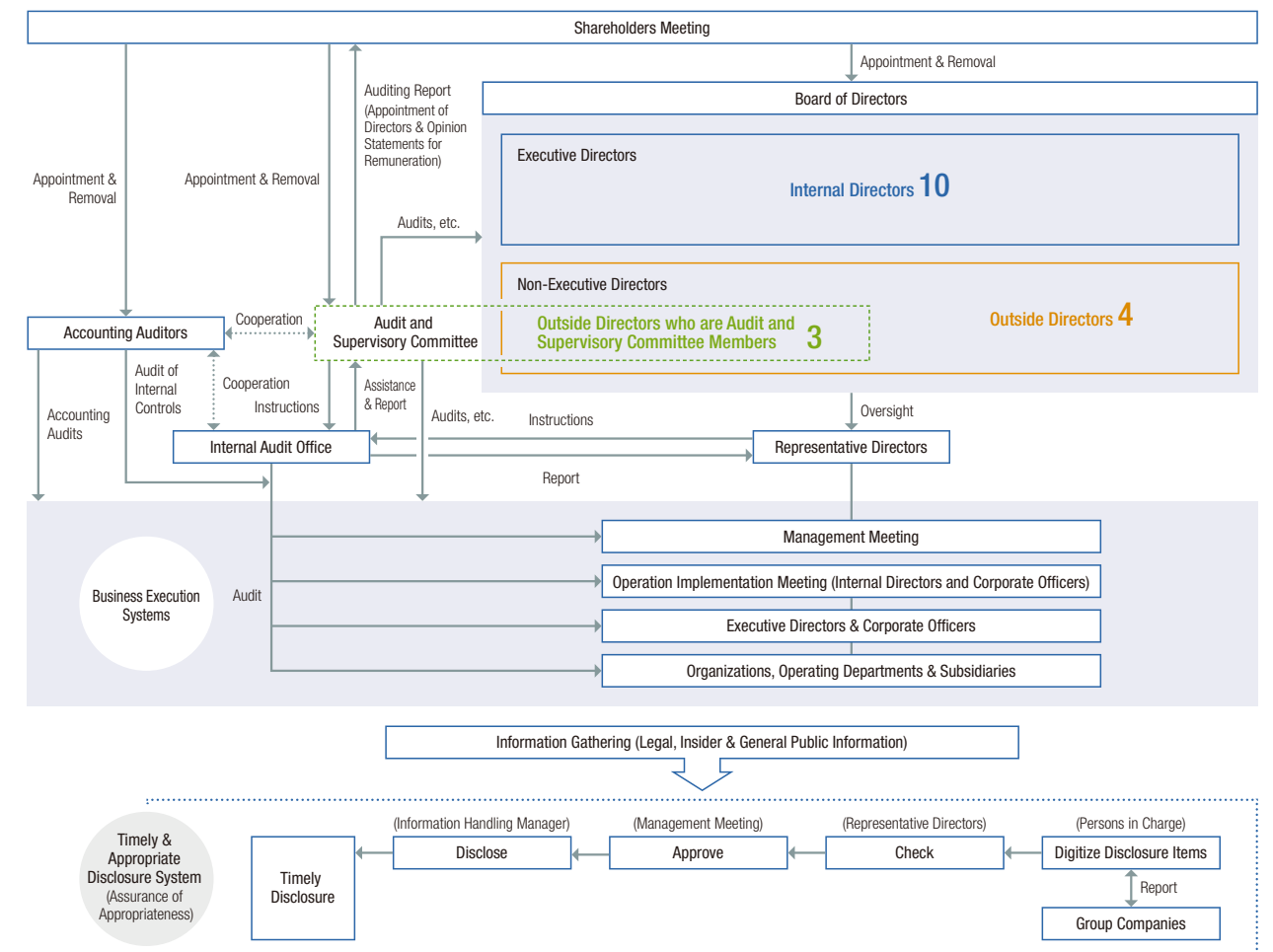
building positive relationships with all of our stakeholders, including shareholders, clients, business partners, local communities and our employees, providing our clients with services that meet and exceed their expectations, clarifying managerial responsibilities and accountabilities, creating a highly transparent management framework, and enhancing our oversight and supervision functions.

Overview of corporate governance system and rationales for adopting the system

We have established a management framework that enables us to make appropriate business decisions and operate our business in a time-efficient manner, while performing appropriate audit and oversight. We also have structures in place that ensure the effectiveness of our corporate governance taking into consideration its operational needs. We have also established a management team consisting of Group Chief Executive Officer (Group CEO & Founder, Koki Okuda), Chief Executive Officer (CEO, Koji Funatsu), and Chief Operating Officer (COO, Masataka Okuda), who manages overall business operations. The management has the responsi-

bility to carry out material business decisions and oversee the business operations as well as ensure that timely and effective decision-making and appropriate checks and balances are carried out. Moreover, to strengthen oversight of the Board of Directors (Board) and ensure time-effective decision-making, the Company has an Audit and Supervisory Committee comprised of outside directors. By putting in place the “company with an audit and supervisory committee” governance structure, the Board separates oversight and business execution functions by delegating responsibilities for business execution to individual directors.

Corporate governance framework



(As of 23 June, 2021)

## Reinforcing corporate governance

Our top managerial priority is to continuously increase our corporate value by taking proactive measures to enhance corporate governance. As such, we are constantly working to build a more efficient business execution and oversight framework, ensure transparent and robust management and reinforce compliance. Currently, the Board consists of 17 members, seven of whom are independent outside directors to further reinforce management oversight functions.

In our board meetings, each director expresses their opinions at their own discretion as part of lively discussions, while outside directors provide advice from an objective and neutral perspective, independent of management, to ensure sound, rational decision-making by the Board. The Company has also introduced a corporate officer system, under which executive functions are separated from the decision-making and oversight functions of

the Board. As such, the Board is responsible for decision-making and oversight functions while corporate officers are responsible for executive functions. This structure allows the Company to rapidly and properly execute our business strategies, enabling us to respond flexibly to any changes in the business environment where we operate. The Audit and Supervisory Committee consists of three outside directors, who attend board meetings and other important meetings and monitor the appropriateness of the design and operation of the internal control system in collaboration with the Internal Control Department. This allows them to conduct audits of the Company and its subsidiaries in Japan and overseas and the execution of duties by directors. The Audit and Supervisory Committee also supervises the director nomination process for those who are not members of the Audit and Supervisory Committee and the process for determining their remuneration.

## 2 Board diversity

To ensure that the Board performs its duties and fulfills its responsibilities effectively, our Board composition represents a good balance in terms of knowledge, experience, and skills of board members, as well as being an appropriate size, with a good level of diversity. The number of board members is set at no more than 20, taking into account the need for diverse views and efficient operation. In selecting suitable outsider directors, candidates must meet the Company's criteria for independent directors, as well as demonstrate a high standard of personality traits and knowledge, have experience in areas such as corporate management, financial accounting and policy planning, and understand the Company's business areas.

## Board composition and board meeting attendance record

Position	Name	Corporate management	Management strategy / Business strategy	Sales / marketing	Finance / accounting	Governance / compliance / risk management	Quality control / IT / digital	Global business	Board meeting attendance record (FY2021/3)
Inside director	Koki Okuda	●	●		●	●	●		Attended 12 of 13 meetings
	Koji Funatsu	●	●	●		●		●	Attended 13 of 13 meetings
	Masataka Okuda	●	●	●			●	●	Attended 13 of 13 meetings
	Koichi Iwami	●	●				●	●	Attended 13 of 13 meetings
	Masaaki Muta		●	●			●	●	Attended 13 of 13 meetings
	Takeshi Kamiya		●		●	●		●	Attended 13 of 13 meetings
	Masatoshi Kouno		●	●			●		Attended 13 of 13 meetings
	Kenshi Matsubara		●	●			●		Attended 13 of 13 meetings
	Hiroshi Kaizuka		●	●			●	●	Attended 13 of 13 meetings
	Kiyoshi Shiraishi	●				●	●		Attended 13 of 13 meetings
Outside director (Audit and Supervisory Committee member)	Takeshi Natsuno	Independent director	●	●	●		●	●	Board of Directors: Attended 13 of 13 meetings Audit and Supervisory Committee: Attended 12 of 13 meetings
	Nozomu Yoshida	Independent director	●	●	●	●			Board of Directors: Attended 13 of 13 meetings Audit and Supervisory Committee: Attended 13 of 13 meetings
	Eiji Uda	Independent director	●		●		●	●	Board of Directors: Attended 13 of 13 meetings Audit and Supervisory Committee: Attended 13 of 13 meetings
Outside director	Rehito Hatoyama	Independent director		●		●		●	Attended 12 of 13 meetings
	Toru Shimada	Independent director	●	●	●		●		Attended 13 of 13 meetings
	Genichi Tamatsuka	Independent director	●	●	●		●		Attended 13 of 13 meetings
	Noriyoshi Suzuki	Independent director	●	●	●			●	Attended 9 of 10 meetings

The above list does not show all the specialist skills or experience of each director.

(As of 23 June, 2021)

## Effectiveness of the Board

The Company conducted a self-evaluation survey of the effectiveness of the Board in FY2021/3. The survey, which was provided to all directors, asked each director to analyze and evaluate the Board's performance. The results were reported to, and discussed by the Board.

The results of the survey showed that the Board continues to operate effectively, with high marks given for each category, as in FY2020/3. In addition, evaluation of remote board meetings

confirmed that the meetings were conducted appropriately and compared favorably with face-to-face meetings. The survey also confirmed that measures taken in response to opinions and advice given in the FY2020/3 survey have led to a steady enhancement of the Board's effectiveness.

Based on the results of the FY2021/3 survey, we will further enhance the effectiveness of the Board, and reinforce our corporate governance.

## Directors' remuneration

At a meeting of the Board of Directors held on February 26, 2021, the Board approved a policy for determining the details of remuneration for individual directors. In addition, the Board has put in place measures to ensure the Management Meeting appropriately exercises its decision-making authority with respect to each individual director's total remuneration for FY2021/3 through appropriate oversight by the Audit and Supervisory Committee, which is composed of outside directors. As individual director remuneration is determined by this process, the Board has determined that the details of remuneration comply with its policy.

Details of the Company's policy for determining total remuneration for individual directors are as follows. In principle, remuneration for directors (excluding directors who are Audit and Supervisory Committee members) is comprised entirely of regular monthly cash remuneration during their term of office. To encourage directors (excluding directors who are Audit and Supervisory Committee members) to take responsibility for earnings performance in each fiscal year in order to achieve the targets of the medium-term business plan, the amount of remuneration for inside directors is determined based on evaluation of earnings performance in each fiscal year, among other factors. In addition to amounts for monthly remuneration, directors may in some cases receive director bonuses during their term of office when payments are deemed appropriate based on the Company's short-term earnings performance, operating environment and other factors. The amount of remuneration for outside directors (excluding directors who are Audit and Supervisory Committee members) is a fixed remuneration, in light of their responsibilities to provide the Board with guidance and supervision. The Management Meeting, entrusted with the decision-making authority on total remuneration for each individual director by the Board, determines remuneration for directors (excluding directors who are Audit and Supervisory Committee members). For inside directors, remuneration is determined based on fair evaluation of performance and other factors, and for outside directors, remuneration is determined based on their responsibilities such as providing the Board with guidance and supervision. The Audit and Supervisory Committee is responsible for

overseeing the processes.

The Management Meeting consisting of Group CEO & Founder Koki Okuda, Chairman & CEO Koji Funatsu, and President & COO Masataka Okuda, has the authority to determine the total remuneration for each director. The Board has entrusted the decision-making authority with the Management Meeting, as the Board deemed the Management Meeting the most suitable body for evaluating the performance of departments that are under the responsibility of each director, while also taking into account the overall earnings performance of the Group and other factors. The total remuneration for directors who are members of the Audit and Supervisory Committee is determined by way of discussions among the members of the committee.

Position	Recipients	Total remuneration (¥ million)
Directors (excluding directors who are Audit and Supervisory Committee members) (Of which, outside directors)	15 (4)	482 (66)
Directors (directors who are Audit and Supervisory Committee members) (Of which, outside directors)	3 (3)	49 (49)
Total (Of which, outside directors)	18 (7)	531 (115)

(FY2021/3 data)

(Note 1) The amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) includes bonuses of ¥33 million approved by the Board of Directors on February 26, 2021.

(Note 2) A resolution approved at the 31st General Meeting of Shareholders on June 22, 2016 limits cash remuneration for directors (excluding directors who are Audit and Supervisory Committee members) to no more than ¥800 million per year (of which, the amount for outside directors is limited to no more than ¥100 million) (any salaries to be paid to director employees are not included in the amounts). At the conclusion of the 31st General Meeting of Shareholders, the Company had 16 directors (excluding directors who are Audit and Supervisory Committee members), of which three were outside directors.

(Note 3) A resolution approved at the 31st General Meeting of Shareholders on June 22, 2016 limits cash remuneration for Audit and Supervisory Committee members to no more than ¥60 million per year. At the conclusion of the 31st General Meeting of Shareholders, the Company had three directors who were Audit and Supervisory Committee members.

## Director training policy

The Company runs induction training for outside directors to enhance their understanding about our Management Philosophy, business strategy, financial position,

organization structure and other topics. We also hold compliance and legal training, and when needed, hold Board of Directors study groups with invited external experts.

## Selection and dismissal of senior managers, nomination of director and Audit and Supervisory Committee member candidates

- The Board selects and nominates candidates for senior manager positions and for outside director and Audit and Supervisory Committee member roles, based on a comprehensive evaluation of individual performance and suitability, including depth of understanding and knowledge about the Company's business areas, leadership qualities, management expertise and moral standards.
- Decisions on the selection and nomination of candidates for senior manager positions and for outside director and Audit and Supervisory Committee member roles are made by the Board, including independent outside directors, following discussion by the Management Meeting, which is comprised of representative

directors (candidates for the Audit and Supervisory Committee are approved by existing members of the committee). The Audit and Supervisory Committee, which is comprised entirely of outside directors, appropriately oversees the candidate selection process.

- In the event of misconduct or illegal behavior committed by senior managers, outside directors or members of the Audit and Supervisory Committee, or issues deemed material arose in the course of discharging their duties, the individual will be dismissed by a resolution of the Board, or by a resolution of General Meeting of Shareholders to approve the recommendation for their dismissal.

## 3 Response to the Corporate Governance Code

Japan's Corporate Governance Code, revised on June 11, 2021, requires companies to disclose reasons for non-compliance with any of the code's 78 principles and supplementary principles (Comply or Explain). As of June 2021, we provide a clear explanation on the following three areas in which the Company's governance structures and practices differ from the expectations set by the Code. We continue to explore the optimum approach to corporate governance for the Company.

## Principle 4-2: Remuneration incentives for senior management

The Board of Directors believes that generating solid earnings each fiscal year underpins sustainable growth and increases corporate value over the medium to long term. As such, the Company's policy is to hold senior managers accountable for earnings performance in each fiscal year. Under this policy, the Company determines remuneration for senior managers based on evaluation of earnings performance on a single fiscal year basis, among other factors.

## Supplementary Principle 4-2-1: Cash remuneration and company stock-based remuneration for senior management

The Company puts in place a highly responsive and flexible business structure in response to the rapidly changing operating environment. As such, we believe cash remuneration for each fiscal year is the most appropriate approach to link senior manager's performance to their remuneration. transcosmos also has a system that allows directors to purchase shares in the Company via the Director Stock Ownership Plan.

## Supplementary Principle 4-10-1: Adoption of optional approaches related to nomination of senior managers and directors and their remuneration

Decisions on the nomination of senior managers and directors and their remuneration are made based on balanced discussion by the Board of Directors, including input from independent outside directors. In Board discussions, independent outside directors express their opinions and suggestions as needed on matters related to the nomination of senior managers and directors and their remuneration. Nominations for members of the Audit and Supervisory Committee are approved by the committee and their remuneration is determined based on fair and balanced discussions by the committee. While the Company does not have optional advisory committees, we believe this current system ensures a sufficient independent and objective standpoint with regard to the major functions of the Board of Directors.



#### 4 Policy on cross-shareholdings

transcosmos holds shares for strategic purposes (cross-shareholdings) from a business perspective, such as to reinforce relationships with suppliers or to maintain or expand business relationships, and if holding shares is judged to be expedient for increasing corporate value over the medium to long term.

transcosmos monitors cross-shareholdings on a monthly basis to check trading conditions and to determine whether holdings in the portfolio should be reduced, and reports the results of the analysis to the Management Meeting. In addition, the Board conducts annual reviews to assess whether holding the shares is appropriate from the perspective of increasing corporate value over the medium to long term and if risk-reward is proportionate to the cost of capital, among other criteria. With this review process, the Company confirms that objectives for holding the shares in its portfolio align with its policy on cross-shareholdings.

The Company carefully examines the possibility of disposing its holdings when it judges that there is no rationale for holding the shares.

#### 5 Internal control system

The Company has established and operates an internal control system in accordance with a resolution of the Board that requires a system to ensure appropriate business operations in compliance with applicable laws and regulations. Basic policies to ensure appropriate business operations, as approved by the Board (Basic Policy for Internal Control System), are described below:

- |   |  |
|---|--|
| <p><b>1 Systems for ensuring directors discharge their duties in compliance with applicable laws and regulations and the Articles of Incorporation</b><br/>To ensure directors discharge their duties in compliance with applicable laws and regulations and the Articles of Incorporation and fulfill their social responsibility, duties should be discharged in accordance with the provisions of the Compliance Charter, the Compliance Code of Conduct and the Compliance Rules. Through the use of training and education programs, the Company also seeks to ensure all directors raise their level of awareness with respect to compliance requirements and discharge their duties in accordance with such requirements. The Board operates in accordance with the Board Rules and holds a meeting at least once a month, in principle. The directors are encouraged to foster effective and constructive communication and to mutually monitor execution of duties. Directors on the Audit and Supervisory Committee audit the performance of directors' duties and responsibilities. To comply with the enforced laws and regulations governing the internal control system, the Company reformulates basic plans related to the development of the internal control system and further strengthens the system with the cooperation of external advisors, such as attorneys and certified public accountants.</p> <p><b>2 Systems for securing and managing information related to the discharge of duties by directors</b><br/>Decisions and reports on material matters are made in accordance with the Board Rules. The Company applies the Approval Request Rules, Document Management Rules, Contract Handling Rules, Information Management Rules and Information Security Control Rules to documents and other information related to the discharge of director duties. The Company reviews the effectiveness of the rules and regulations and makes revisions as necessary.<br/>With respect to the administration of these rules, the Legal Division Manager is in charge of the Approval Request Rules, Document Management Rules and Contract Handling Rules, and the Compliance Department Manager is in charge of the Information Management Rules and Information Security Control Rules. These managers are also responsible for reporting related matters to the Board in a timely manner, such as the effectiveness of the rules and the revision process.<br/>The Company will further streamline and digitize business systems in order to increase efficiency in administrative processes. Please visit our website for more details about the remaining items in the Basic Policy for Internal Control System, listed below.<br/><a href="https://www.trans-cosmos.co.jp/english/ir/management/governance.html">▶ https://www.trans-cosmos.co.jp/english/ir/management/governance.html</a></p> | <p><b>3 Rules and procedures and other systems for managing the risk of losses to the Company</b></p> <p><b>4 Systems for ensuring directors discharge their duties effectively</b></p> <p><b>5 Systems for ensuring employees discharge their duties in compliance with applicable laws and regulations and the Articles of Incorporation</b></p> <p><b>6 Systems for directors and employees of subsidiaries to report to the Company on matters related to the discharge of their duties and responsibilities</b></p> <p><b>7 Rules and procedures and other systems for managing the risk of losses to subsidiaries</b></p> <p><b>8 Systems for ensuring that subsidiaries' directors and employees discharge their duties effectively</b></p> <p><b>9 Systems for ensuring that subsidiaries' directors and employees discharge their duties in compliance with the applicable laws and regulations and the Articles of Incorporation</b></p> <p><b>10 Matters relating to the directors and employees assisting the Audit and Supervisory Committee; the independence of the directors and employees from directors; and validity of instructions to the directors and employees</b></p> <p><b>11 Systems for directors and employees to report the matters to be reported to the Audit and Supervisory Committee or the matters to be reported at the request of the Committee</b></p> <p><b>12 Systems for the Group's management and employees to report to the Audit and Supervisory Committee</b></p> <p><b>13 Systems for prohibiting unfair treatment of a person based on the reporting to the Audit and Supervisory Committee</b></p> <p><b>14 Policies relating to the Audit and Supervisory Committee's expenses and costs incurred for carrying out its responsibilities</b></p> <p><b>15 Systems for ensuring an effective audit by the Audit and Supervisory Committee</b></p> <p><b>16 Systems for ensuring timely and appropriate disclosure</b></p> |
|---|--|

#### 6 Revision of countermeasures for large-scale acquisitions of the Company's shares (Abridged basic policy)

The Company believes that individuals with the authority to make decisions on the Group's finances and business strategy should understand the sources of the Group's corporate value, as well as be able to increase and ensure the continuity and sustainability of our corporate value and therefore the Group's shared interests with shareholders.

The Company believes that any decision on a takeover proposal that would result in a change of control over the Group should ultimately be made by all shareholders. In addition, the Company has no intentions to decline an offer for the large-scale acquisition of the Company's shares if the acquisition is deemed beneficial for the Group's corporate value and therefore its shared interests with shareholders. However, in many cases, the objectives of large-scale acquisitions of shares are not beneficial for corporate value or the shared interests of shareholders, such as proposals that are clearly negative for corporate value and the shared interests of shareholders; that could in effect put shareholders under pressure to sell their shares; that do not give the Board or shareholders of the target company sufficient time or information to examine the proposal or to make alternative proposals; and that require further negotiation by the target company to improve the terms of the acquisition initially presented by the prospective buyer.

The Group's corporate value and therefore its shared interests with shareholders are likely to be damaged if the prospective buyer does not understand the sources of the Group's corporate value and does not protect or enhance corporate value over the medium to long term. In the event of this type of misaligned proposal, the Company will take all necessary and appropriate measures to protect the Group's corporate value and the shared interests of shareholders.

Based on the above policy, transcosmos has revised its countermeasures for large-scale acquisitions of the Company's shares (takeover defense measures). For more details, please visit our website:

[▶ https://www.trans-cosmos.co.jp/english/ir/news/pdf/ir210514\\_1e.pdf](https://www.trans-cosmos.co.jp/english/ir/news/pdf/ir210514_1e.pdf)

#### 7 Compliance

transcosmos will contribute to society as a respectable corporate citizen by providing information and communication technologies specific to the IT sector and by proactively and fairly disclosing corporate information to the wider public, in compliance with relevant domestic and international rules and based on its Charter of Corporate Behavior, which is underpinned by ethical business practices.

##### Compliance code of conduct

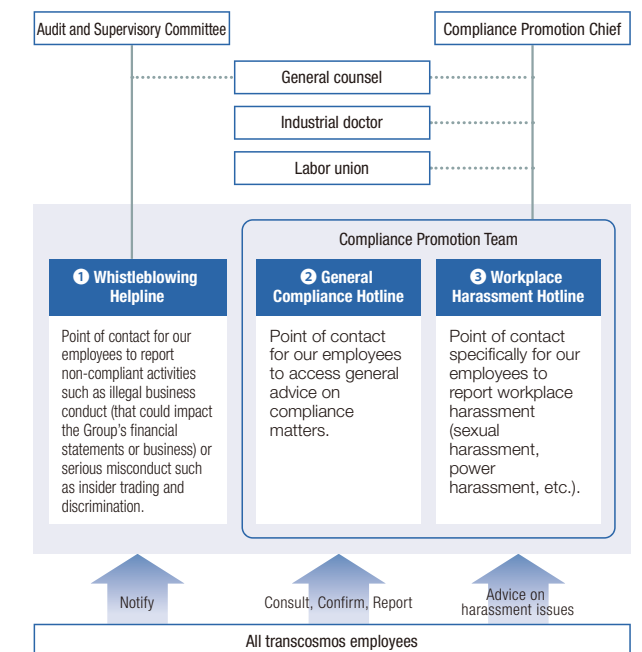
In addition to complying with relevant laws and regulations, the Group's executives and employees are committed to sound business activities that respect social norms.

- We will comply with all domestic and international laws and regulations.
- We fully recognize the business ethics expected of transcosmos and will act with common-sense and responsibility as a member of society.

##### Compliance point of contact for reporting and consultation

transcosmos has established a whistleblowing helpline, a workplace harassment hotline and a general compliance hotline for our employees to report and consult on their compliance-related concerns.

##### System overview



##### Fair business conduct

###### transcosmos business ethics

Not only do we make sure that our business conduct is compliant with the laws and regulations of Japan and foreign countries, but we also remind ourselves that we must conduct ourselves with respect for the social code of ethics. For example, as a respectable corporate citizen, we participate in CSR activities to support the development of society and proactively engage in various environmental conservation initiatives; we carefully consider the necessity and relevance of providing political funding and donations or participating in election campaigns or political activities before taking part in an official capacity in compliance with all related laws and regulations; we strive to ensure sensible conduct at all times, based on accepted social norms and a sense of justice, backed by a fundamental understanding of laws and regulations to prevent misconduct and anti-social behavior; and we robustly oppose anti-social forces and groups and prohibit connections with them in any form.

To put these policies into practice and ensure compliance, we use training programs for all of our employees and periodically publish materials to raise awareness in order to foster high moral standards and uphold business ethics. Our top management constantly reviews and ensures that effective systems are in place to permeate our business ethics across the organization.

##### Protecting personal information

Remarkable advances in information technology in recent years allow businesses to easily process and use vast amounts of personal information in many ways, making it increasingly important to protect personal information in today's highly information-oriented society. Against the backdrop where a growing number of companies have suffered from personal information data breaches, transcosmos has obtained Privacy Mark certification to maintain a thorough management system to protect our client and em-

###### Fair competition & trading

- **Compliance with the Anti-monopoly Act and the Subcontract Act**  
We compete in a fair and open manner, avoiding any conduct that might suggest violation of the Anti-monopoly Act, such as bid-rigging, cartel activities and abuse of superior bargaining power. In addition, we always deal with our suppliers with a degree of decency and integrity and treat all of our suppliers and business partners equally and fairly. When selecting potential suppliers and business partners, we take an unbiased stance and deal with them fairly in accordance with relevant laws and regulations and contracts.
- **Protection against unfair competition and gifts & entertainment policy**  
We strictly prohibit misappropriation or use of trade secrets of other companies obtained through theft or other unlawful means, for whatever reason, or use of such information knowing that it has been, or has likely to have been, obtained by unlawful means. We also prohibit entertainment for, and gifts to civil servants or individuals with a similar status. Any entertainment or exchanges of gifts with business partners must not deviate from accepted social standards.

ployee data. Under the certification, we take appropriate measures to protect data through a continuous personal information protection management cycle.

Going forward, we will continue to maintain and upgrade these systems to deliver even more secure and reliable services to our clients.



8 Risk management

Risk management policy

To ensure business continuity and stable growth through the implementation of risk management procedures, we properly manage and address various risks in our operations based on the Risk Management Basic Rules, which lay out our fundamental principles of risk management.

Responding to cybersecurity risks

Basic policy

transcosmos handles sensitive information for many of our clients through our business activities, as well as the personal information of a large number of our employees. Therefore, cybersecurity is a top priority for our business.

To take strategic security measures, we have established proprietary cybersecurity standards (security standards), referencing the cybersecurity framework (CSF) developed by the US National Institute of Standards and Technology (NIST). These security standards are set at a level required for each customer-facing system. We verify security compliance status by testing and evaluating each system, and add or update measures as required. We regularly revise the security standards to address increasingly sophisticated cyber-attacks.

Education and training

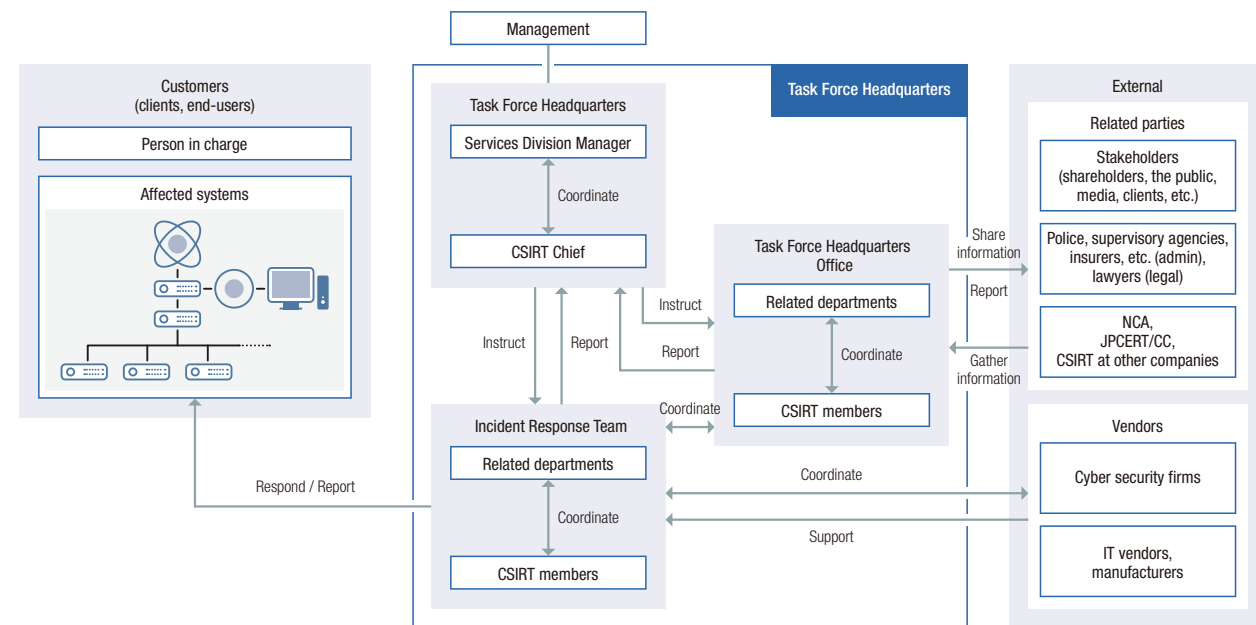
Raising security awareness among our employees is important to prevent damage from cybersecurity incidents. We therefore

regularly run education and training programs and carry out awareness-raising initiatives. In terms of education, our employees are given cybersecurity e-learning courses, and training includes targeted email attack simulation. To raise awareness, we provide our employees with information about the latest vulnerabilities and security incidents.

Preparing for emergencies

To prepare for potential incidents, we have set up an emergency contact center, implemented procedures to follow in the event of a cyber incident, and set up a Computer Security Incident Response Team (CSIRT). When an incident occurs, CSIRT cooperates with related departments across the Company as well as with external security experts such as the Nippon CSIRT Association (NCA) and the Japan Computer Emergency Response Team Coordination Center (JPCERT/CC) to rapidly respond and resolve the incident and minimize damage.

transcosmos incident response framework



Business continuity initiatives

As a company that supports our clients' business processes focusing on both cost optimization and sales expansion, we put the highest priority on preparing for unpredictable events such as natural disasters and accidents in order to maintain business operations during any emergency. To prepare for large-scale disasters, accidents and other events, each transcosmos center has developed its own business continuity plan (BCP) as part of our efforts to enhance BCP initiatives.

Response measures against disasters, pandemics and other events

As a company with a global business footprint, we are strengthening response measures to prepare for unpredictable events such as earthquakes, typhoons, pandemics, regional conflicts and terrorist incidents based on the basic policies described below.

Risk Management Policy

- We will give the highest priority to human lives and well-beings of people.
- We will minimize financial losses for our stakeholders and the Company.
- We will act with integrity and fairness even in the times of emergencies.
- We will always collect risk-related information from our headquarters, offices and operational bases located both inside and outside of Japan, and share the information with related parties as needed.

COVID-19 measures

Basic policy

To ensure business continuity during the pandemic, we have formulated the following basic policies to pre-emptively and systematically execute a range of effective COVID-19 countermeasures to prevent infections, and in the event of an outbreak, to focus management resources on key priority areas as conditions require.

Prioritize human life

We give the highest priority on protecting human life – our employees, their families, local communities, clients and suppliers.

Prevent infection

As a socially responsible company, we will take preventive measures and secure PPE and other supplies to prevent the spread of infection within our Group, as well as to our suppliers and clients. If any of our employees test positive for COVID-19, we will follow instructions issued by government agencies and provide the information internally and externally to prevent the spread of infection.

Ensure business continuity

We will comply with the relevant laws, regulations and government directives while putting in place the necessary systems to ensure our businesses continue to operate. In particular, we will take necessary steps to ensure the continued supply of products and services to our clients while adhering to their COVID-19 policies and requirements.

Using IT to achieve a smooth transition to teleworking

We are utilizing IT to shift as quickly as possible to teleworking in order to prevent the spread of COVID-19. The sidebar on the right shows the steps we have taken. In this way, we have accelerated the transition to work from home, with 90-100% of our employees in some departments now working from home. After the average seat occupancy at our former Tokyo Main Office 1 located in Shibuya dropped to around 15% in December 2020, we decided to push ahead with optimizing our facility portfolio, including ending the lease contract for the Shibuya office, in preparation for introducing new workstyles after the pandemic.

- Created a new secure work-from-home environment using remote access tools.
- Created an effective communication channel for our employees working from home using chat software.
- Created an environment where our employees can receive direct calls at home using a softphone application.
- Moved all kinds of meetings including the Board meeting online using web conferencing tools.
- Switched to webinars from face-to-face marketing seminars.
- Ended the use of official seals and moved to paperless procedures for personnel forms, invoicing, etc.



## Environmental initiatives

### Environmental policy

To comply with our clients' green supply chain requirements, our headquarters and Osaka head office have both obtained ISO 14001 certification, the international standard for environmental management systems. This certification underpins our environmental initiatives across our Group and business operations.

#### Basic policy

As a Global Digital Transformation Partner who helps our clients increase customer loyalty, expand sales and profits and digitize business processes, transcosmos engages in environmental protection and conservation initiatives to contribute to the continued development of a sustainable society. Guided by this fundamental philosophy, transcosmos engages in environmental management initiatives by applying the following environmental guiding principles to our business activities.



JQA-EM6671

#### Environmental guiding principles and goals

To preserve and enhance the global environment, we have set the following goals to effectively operate environmental management systems in our business activities.

Environmental guiding principles	Details	Specific activities
1. Comply with regulations	Comply with all laws, regulations and other requirements related to environmental protection.	Update information on latest environmental regulations and roll out as necessary to related divisions to prevent violations.
2. Promote green businesses	Promote services that help design and digitalize green business processes.	
3. Make continuous environmental improvements	Set environmental goals and drive continuous improvements through our environmental management system.	Identify our client needs and our challenges related to environmental impact (wide-ranging environmental impact of our business activities), formulate sustainable solutions, and create and deploy digital-driven mechanisms.
4. Prevent environmental pollution	Work to prevent issues related to environmental pollution.	
5. Conserve energy and resources	Seek to create a closed-loop society by reducing, reusing and recycling energy and resources.	To reduce annual electricity consumption and water/paper usage, regularly conduct environmental awareness activities and use recycle paper and other renewable resources.
6. Promote and disclose the environmental policy	Raise awareness of these policies among our employees and disclose and communicate them inside and outside our Group.	Ensure awareness and compliance among all our employees through e-learning programs and activities led by our SDGs committee.

### Employee education

transcosmos conducts compliance training for all of our employees. As part of this training, our employees learn about our environmental initiatives, environmental policies and efforts to drive environmental activities. To foster a shared understanding of, and commitment to our environmental activity goals and values, we use actual examples of how we sort waste and reduce the use of electricity, paper and water to encourage our employees to become more environmentally conscious at work.

### Disclosing environmental data

We engage in practical environmental conservation activities by accurately monitoring and managing the use of various resources and the level of emissions from our business activities. To see the data, please visit our website.

▶ <https://www.trans-cosmos.co.jp/english/company/sustainability/environment/data.html>

#### Disclosed data

- Electricity consumption
- Gas consumption
- Water consumption

\*Environmental data for some office buildings.

## Community engagement & development

### Basic approach

transcosmos engages with communities and contributes to their development through various initiatives that support local communities where we have a business presence, inside and outside Japan. We also provide ongoing support for the education of future generations, make donations and carry out welfare activities.

#### Community initiatives

With Japan facing a declining and aging population, we believe it is vital to create an environment where each and every individual can unleash their full potential to sustain our society and keep our economy vibrant. To achieve this goal, transcosmos leverages our services and experience to help individuals and organizations develop their talent.

By harnessing our technologies to help develop and motivate people – the source of innovation – we are committed to spur the creation of new value and drive innovation in our society and Japan as a whole.

### Donation to the 2016 Kumamoto Earthquake Memorial Museum – A Corridor of Memories

In an effort to achieve the SDGs, transcosmos used a corporate version of the hometown tax payment program (in which taxpayers pay part of their local taxes to regions of their choice) to donate ¥1 million to the 2016 Kumamoto Earthquake Memorial Museum – A Corridor of Memories, a field museum of local sites designed to pass on lessons from the earthquake to future generations.

transcosmos opened its BPO Center Kumamoto in 2008. Since then, we have been working to contribute to the development of Kumamoto Prefecture by supporting business continuity and sustainable communities as a member of the local community.



### Contributing to the revitalization and development of local communities

transcosmos opened its BPO Center Nagasaki in 2015 to strengthen community-based services. In conjunction with the move, we acquired the naming rights for the Nagasaki Athletic Stadium. The stadium is now called transcosmos Stadium Nagasaki and is known locally as “tra-sta.” Going forward, we aim to support the further revitalization and development of the local community through job creation.



### Supporting social welfare events in China through our local subsidiary

transcosmos China, a subsidiary providing comprehensive outsourcing services to the local market, received the Golden Key Award for its continuous commitment to social welfare programs and job creation for people with disabilities in their local community at the “FY2019 Golden Key Award” ceremony, hosted by West Nanjing Road Sub-district Office, Jing’an District, Shanghai.



### transcosmos foundation

The transcosmos foundation was established by a private donation from our Founder Koki Okuda with the aim of contributing to society. The foundation supports the education of people who show potential to contribute back to society in the future and also provides subsidies and support in the fields of academic and scientific technology, the humanities and sports to drive the further development of society.



## 1 FY2021/3 earnings summary

### Operating results

- Net sales increased 7.9% year on year, reaching a new all-time high.
- Gross profit margin rose 2.1 percentage points due to healthier profitability in outsourcing services.
- Despite special factors such as higher costs related to COVID-19 measures, selling, general & administrative expenses were kept under control in line with net sales and profits.
- Operating income increased ¥7.0 billion year on year, reaching a record-high.

### Financial position

Total assets as of March 31, 2021 were ¥175,883 million, up ¥31,898 million from the end of the previous fiscal year. This largely reflected an increase in cash and deposits due to a rise in borrowings at the Company and an increase in notes and accounts receivable – trade. Total liabilities were ¥83,366 million, up ¥17,351 million year on year. While the current portion of convertible bonds declined due to bond redemptions, long-term loans payable increased as a result of new borrowings at the Company and income taxes payable rose. Net assets increased ¥14,547 million year on year to ¥92,516 million, with the equity ratio reaching 48.8%.

### Performance indicators

transcosmos strives to boost return on equity (ROE) by increasing the gross profit margin, mainly by expanding sales while reducing costs, adding more value to our services and developing new services.

### Dividend policy

The Company views sharing of its profits with shareholders as one of the most important management policies and therefore has adopted a dividend policy that focuses on a dividend payout ratio that is highly connected to the Company's business performance. The Company's basic policy is to increase the market value of its shares by returning of profits to shareholders.

In addition, the Company uses retained earnings to reinforce its financial position, while also investing in new contact centers, information systems and other equipment and facilities to support service expansion and enhance service quality. Our goal is to satisfy shareholder expectations through the pursuit of profits by expanding our business and adding more value to services.

For FY2021/3, the Company will pay a year-end dividend of ¥93 per share, comprising an ordinary dividend of ¥73 and a special dividend of ¥20. This dividend takes into account the Company's solid earnings during the COVID-19 crisis and the booking of tax expenses associated with the strategic restructuring of an overseas investee as a result of a significant increase in its corporate valuation.

## 2 Earnings summary by segment

The Company's reportable segments are constituent units of the transcosmos Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance. The Company organizes its operations into three reportable segments – parent company, which includes outsourcing businesses operated by the Company, domestic affiliates, which includes outsourcing businesses operated by domestic Group companies, and overseas affiliates, which includes outsourcing businesses operated by overseas Group companies.

### Parent company

#### Outsourcing businesses operated by the Company

Net sales increased 5.8% year on year to ¥240,763 million, driven by rising demand for outsourcing services. Segment income increased 42.0% year on year to ¥11,237 million due to a rise in profitability from growth in existing large-scale projects and the acquisition of large public-sector contracts.

### Domestic affiliates

#### Outsourcing businesses operated by domestic Group companies

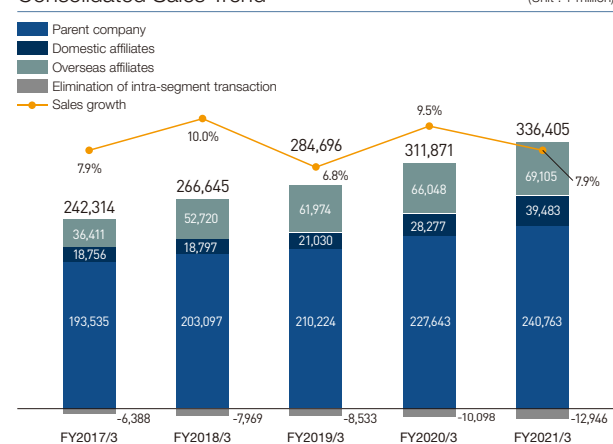
Net sales rose 39.6% year on year to ¥39,483 million, reflecting strong orders, mainly at listed subsidiaries, and the inclusion of some subsidiaries in the scope of consolidation from the third quarter of the previous year. Segment income increased 164.5% year on year to ¥3,603 million due largely to growth in profitability at some listed subsidiaries.

### Overseas affiliates

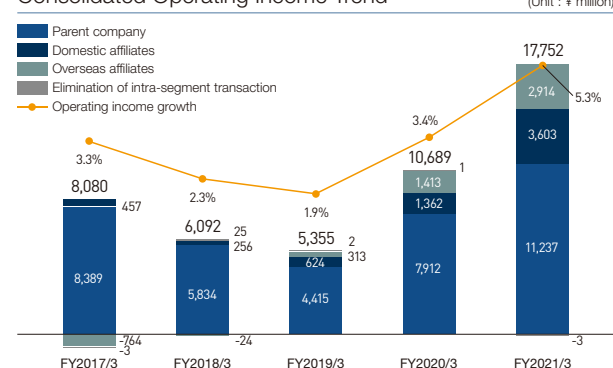
#### Outsourcing businesses operated by overseas Group companies

Net sales rose 4.6% year on year to ¥69,105 million on higher orders at subsidiaries in Southeast Asia, China and South Korea. Segment income increased 106.2% to ¥2,914 million, mainly supported by growth in profitability at subsidiaries in China and South Korea.

### Consolidated Sales Trend



### Consolidated Operating Income Trend



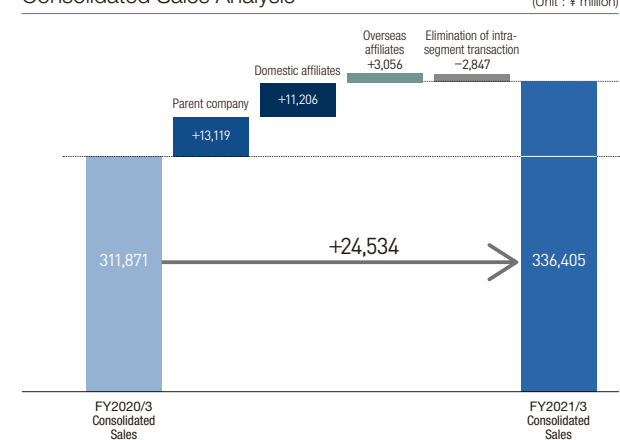
## 3 Financial analysis

FY2021/3 net sales increased ¥24,534 million year on year. Net sales at the parent company rose ¥13,119 million, driven by higher orders, primarily from growth in existing large-scale projects, and from securing large public-sector contracts. Net sales at domestic affiliates increased ¥11,206 million, reflecting sales growth at listed subsidiaries and a positive impact from the consolidation of some subsidiaries from the third quarter of the previous year. Net sales at overseas affiliates rose ¥3,056 million on higher sales at subsidiaries in Southeast Asia, China and South Korea.

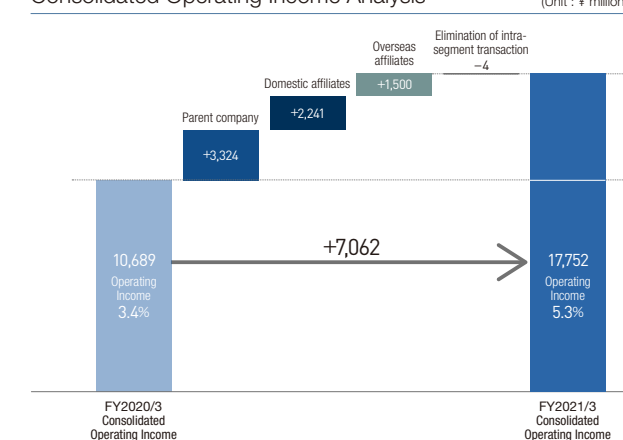
FY2021/3 operating income increased ¥7,062 million year on year. Operating income at the parent company rose ¥3,324 million,

supported mainly by healthier profitability in existing large-scale projects, and from securing large public-sector contracts. Operating income at domestic affiliates increased ¥2,241 million, largely reflecting growth in profitability at some listed subsidiaries and a positive impact from the consolidation of some subsidiaries from the third quarter of the previous year. Operating income at overseas affiliates rose ¥1,500 million, mainly due to healthier profitability at subsidiaries in China, South Korea and Southeast Asia.

### Consolidated Sales Analysis



### Consolidated Operating Income Analysis



## 4 Cash flow

(Unit : ¥ million)

	FY2020/3	FY2021/3	Difference
Operating cash flow	8,093	15,715	7,621
Investing cash flow	-6,885	-8,402	-1,516
Financing cash flow	-2,093	6,735	8,829
Cash & cash equivalents at end of year	34,920	49,074	14,153
Free cash flow	1,207	7,312	6,105

\* Free cash flow = Operating cash flow + Investing cash flow

### Sources of capital and funding liquidity

#### Funding needs

The Group mainly requires funds for working capital and for capital investment in centers and other facilities. The Group also uses funds to invest in shares in line with business development requirements including business or capital tie-ups.

#### Financial policy

In principle, the Group uses funds generated by operating activities for working capital, capital investment and to invest in business development. However, depending on conditions, the Group may use other methods of fund procurement deemed appropriate at the time, such as bank borrowings, bond issuance and share issuance.

### Cash flows

#### Operating cash flow

Net cash provided by operating activities was ¥15,715 million, an increase of ¥7,621 million compared with the previous fiscal year, mainly due to an increase in income before income taxes and non-controlling interests.

#### Investing cash flow

Net cash used in investing activities was ¥8,402 million, an increase of ¥1,516 million compared with the previous fiscal year, largely reflecting a decrease in proceeds from sales of investment securities.

#### Financing cash flow

Net cash provided by financing activities was ¥6,735 million, compared with net cash used of ¥2,093 million in the previous fiscal year, mainly due to an increase in long-term borrowings.

As a result of the above, cash and cash equivalents at the end of the fiscal year stood at ¥49,074 million, an increase of ¥14,153 million from the end of the previous fiscal year.



## Key financial data

Consolidated Fiscal Year	(¥ million)	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Sales		151,687	161,208	166,335	186,503	199,178	224,605	242,314	266,645	284,696	311,871	336,405
Gross profit		27,887	29,609	28,668	35,403	36,687	40,373	42,902	47,267	47,202	54,608	65,887
SG&A		21,588	20,890	21,415	25,861	27,521	30,648	34,822	41,175	41,846	43,918	48,135
Operating income		6,299	8,719	7,253	9,541	9,166	9,725	8,080	6,092	5,355	10,689	17,752
Net income attributable to shareholders of transcosmos inc.		4,469	4,969	4,919	6,289	7,349	7,587	7,156	-2,176	4,433	6,279	10,022
Capital expenditures		1,465	1,510	1,637	2,310	2,379	3,288	3,829	4,211	4,514	5,544	6,412
Depreciation and amortization		3,001	2,069	1,896	1,951	1,947	2,310	2,603	3,078	3,287	3,567	4,619
Cash flow from operating activities		8,875	13,282	8,737	8,921	12,177	3,197	8,487	7,814	3,889	8,093	15,715
Cash flow from investing activities		512	-2,002	-252	-4,282	-8,062	-13,935	-6,199	-6,658	4,344	-6,885	-8,402
Cash flow from financing activities		-5,523	-6,473	-11,977	-8,284	-3,769	12,832	-3,300	-4,049	-3,165	-2,093	6,735
Cash & cash equivalents at end of year		31,215	35,969	33,444	30,452	31,694	33,339	33,422	31,772	35,979	34,920	49,074
Free cash flow		9,387	11,280	8,484	4,639	4,115	-10,737	2,287	1,155	8,233	1,207	7,312
<b>End of Consolidated Fiscal Year</b>	<b>(¥ million)</b>											
Net assets		44,410	48,819	53,301	60,809	67,396	83,981	85,188	71,199	74,915	77,969	92,516
Total equity		41,040	45,316	49,884	57,353	65,037	80,929	81,695	67,621	71,555	74,196	85,811
Total assets		90,134	93,137	88,420	92,173	101,551	140,674	143,802	129,067	135,268	143,985	175,883
<b>Per Share Indicators</b>	<b>(¥)</b>											
Current earnings per share		108.63	120.77	119.57	152.87	178.65	184.45	172.92	-52.47	106.90	151.40	241.65
Dividend per share (period end dividend)		33.00	37.00	36.00	46.00	54.00	56.00	52.00	23.00	33.00	46.00	93.00
Net assets per share		997.46	1,101.41	1,212.44	1,394.09	1,580.91	1,967.29	1,969.70	1,630.39	1,725.27	1,788.95	2,069.01
<b>Financial Indicators</b>	<b>(%)</b>											
Return on equity (ROE)		11.3	11.5	10.3	11.7	12.0	10.4	8.8	—	6.4	8.6	12.5
Return on assets (ROA)		5.5	5.9	5.7	7.1	7.6	6.3	5.1	—	3.4	4.6	6.3
Equity ratio		45.5	48.7	56.4	62.2	64.0	57.5	56.8	52.4	52.9	51.5	48.8
Price-earnings ratio	<b>(times)</b>	6.9	10.5	11.2	13.9	14.2	15.9	15.1	—	20.2	12.6	12.4
Dividend ratio		30.4	30.6	30.1	30.1	30.2	30.4	30.1	—	30.9	30.4	38.5

\*Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) were applied from the start of FY2019/3. The amendments, etc. were retroactively applied to the financial statements for FY2018/3.

## Non-financial data

	2017/3	2018/3	2019/3	2020/3	2021/3
Total number of employees (consolidated)	45,335	50,295	54,917	58,516	63,675
Of which, employees (consolidated)	18,607	24,875	30,051	32,666	35,760
Of which, average number of temporary employees (consolidated)	26,728	25,420	24,866	25,850	27,915
<b>(Parent data below)</b>					
Number of employees	9,525	10,609	14,106	15,173	15,949
Of which, full-time employees (ex. employees on temporary assignment from other companies)	9,525	10,595	10,952	11,605	12,128
Of which, employees on unlimited term contracts	—	14	3,154	3,568	3,821
Ratio of female employees	(%) 42.0	43.1	44.0	45.1	45.9
Ratio of female managers	(%) 15.9	19.4	19.3	19.3	21.9

## (Parent data below)

	2017/3	2018/3	2019/3	2020/3	2021/3
Average length of service	(years) 8ys. 11mos.	8ys. 10mos.	8ys. 7mos.	8ys. 7mos.	8ys. 10mos.
Average monthly overtime per employee	(hours) 21.3	20.7	19.7	19.9	18.0
Number of employees using childcare leave	155	157	169	183	260
Ratio of female employees (expectant and new mothers) using childcare leave (%)	100.0	100.0	100.0	100.0	100.0
Ratio of male employees (expectant and new fathers) using childcare leave (%)*	3.2	4.3	5.2	12.5	46.6
Number of employees converted to full-time status	154	223	238	324	267
Number of employees with a disability	370	318	402	437	472
Ratio of outside directors	(%) 31.6	31.6	33.3	35.3	38.9

\*From FY2021/3, calculated based on combined usage rate of childcare leave and shared parental leave.

## Corporate overview

Registered Name	transcosmos inc.
Representative	President & COO Masataka Okuda
Date of Foundation	June 18, 1985 (Registered in November 30, 1978)
Paid-in Capital	¥29,065 million
Employees	Group: 63,675 (Japan: 42,905 Global: 20,770)
Headquarters	Sunshine 60 Bldg. 3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6016 Japan +81-50-1751-7700 (Main phone number)
Main Office	Shibuya First Tower 1-2-20, Higashi, Shibuya-ku, Tokyo 150-0011 Japan

## Stock information (As of March 31, 2021)

Shares authorized for issue	150,000,000
Shares issued	48,794,046
Stockholders	10,863

## Officers (As of June 23, 2021)

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
President & COO	Masataka Okuda
Representative Director, Executive Vice President	Koichi Iwami
Director, Executive Vice President	Masaaki Muta
	Takeshi Kamiya
	Masatoshi Kouno
Director, Senior Corporate Executive Officer	Kenshi Matsubara
	Hiroshi Kaizuka
Director, Corporate Executive Officer & CTO	Kiyoshi Shiraishi
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsuno
	Nozomu Yoshida
	Eiji Uda
Outside Director	Rehito Hatoyama
	Toru Shimada
	Genichi Tamatsuka
	Noriyoshi Suzuki

## Principal stockholders (As of March 31, 2021)

Name	Number of shares (thousand of shares)	Ratio of shares (%)
Masataka Okuda	5,910	12.11
Koki Okuda	5,498	11.27
transcosmos foundation	3,753	7.69
Custody Bank of Japan, Ltd. (Account in Trust)	3,240	6.64
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,603	3.29
Mihoko Hirai	1,463	3.00
GOVERNMENT OF NORWAY	947	1.94
Limited company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	655	1.34
THE BANK OF NEW YORK MELLON 140044	532	1.09

Notes: 1. Other than the above, the Company retains 7,319 thousand shares of its own stock.  
2. Number of shares less than one thousand is rounded down to the nearest thousand.  
3. Shareholding ratio is rounded off to two decimal places.

### Our website

Please visit our website for more information about our company.

<https://www.trans-cosmos.co.jp/english/>



## Group Companies

◆ : Equity-method affiliate

### Domestic

#### DEC Services

J-Stream Inc.

transcosmos Field Marketing Inc.

CROSSCO Co., Ltd

caramo, Inc.

Grand Design Co.,Ltd.

transcosmos analytics Inc.

transcosmos online communications inc.

playground Co., Ltd.

#### BPO Services

APPLIED TECHNOLOGY CO., LTD.

Skylight Consulting Inc.

transcosmos digital technology inc.

FJ transcosmos Human Resource Professionals Limited

TT Process Management Inc.

TT Human Asset Service Corporation

#### Other affiliates

TCI Business Services inc.

transcosmos assist inc.

Others 26 companies

Total 42 companies

### Overseas

#### Asia

transcosmos Korea Inc.

Shanghai transcosmos Marketing Services Co., Ltd. (transcosmos China)

transcosmos (Thailand) Co., Ltd.

TRANSCOSMOS ZERO PTE.LTD.

transcosmos Vietnam Co., Ltd.

transcosmos artus company limited

transcosmos Asia Philippines inc.

transcosmos Taiwan Inc.

TRANSCOSMOS (MALAYSIA) SDN. BHD.

◆ EMNET INC.

◆ UNQ HOLDINGS LIMITED

◆ PT. transcosmos Indonesia

#### North America & Europe

Transcosmos Information Systems Group Limited

transcosmos America, Inc.

TRANSCOSMOS (UK) LIMITED

◆ PFSweb, Inc.

#### Offshore services (for Japan)

transcosmos Information Creative (China) Co., Ltd.

transcosmos Design Development (Dalian) Co., Ltd.

transcosmos business service outsourcing Suzhou Co., Ltd.

TRANSCOSMOS TECHNOLOGIC ARTS CO., LTD

Others 44 companies

Total 64 companies

\*As of the end of September 2021

Please visit our website for the latest list of Group companies.  
<https://www.trans-cosmos.co.jp/english/company/information/group.html>

