SCSK

SCSK SCSK Corporation

Toyosu Front, 3-2-20, Toyosu, Koto-ku,
Tokyo 135-8110, Japan
TEL +81-3-5166-2500

SCSK
Corporate Social Responsibility Report 2013

Create Our Future of Dreams

The front and outside back covers of this report show scenes of SCSK employee and family events as well as outstanding works from the "Dream" Campaign".*
*With SCSK's corporate philosophy "Create Our Future of Dreams" as the theme, the campaign asked for submissions of images that represented the dreams of each employee.

SCSK

Corporate Social Responsibility Report 2013

Contents

Corporate Data

Editorial Policy

Top Message

Using IT services to solve the issues facing society, working together to create our future of dreams.

Yoshio Osawa
President and COO

Nobuhide Nakaido
Chairman and CEO

Each employee of SCSK Corporation is pursuing our mission as defined in our corporate philosophy, to "Create Our Future of Dreams." By implementing this philosophy, we are working to achieve a sustainable society.

Our social environment is undergoing drastic changes, and issues that need to be tackled at the global level are becoming increasingly serious. Climate change and population growth are straining supplies of food and energy, and in Japan we are facing a broad range of difficult issues including a decreasing birthrate and aging population, risks to supply chains and business continuity revealed by the Great East Japan Earthquake, a digital divide between urban and rural regions, and energy issues stemming from the nuclear accident.

Our core business of IT services holds significant potential as a social infrastructure for the resolution of these increasingly complex social issues. We recognize that we are expected to provide innovative solutions and new value through our business activities.

As examples, we have begun to operate an energy management system for the stable use of renewable energy, and we are promoting the creation of new value utilizing IT services at our data centers through the shared use of IT resources to reduce environmental impact and use energy more efficiently. Meanwhile, in our support for reconstruction and recovery from the Great East Japan Earthquake, we have held an in-house contest collecting submission of ideas for businesses that would contribute to the reconstruction of the Tohoku region. We have also dispatched employees to non-profit organizations that are active in the disaster-stricken areas to offer IT training or provide support for the operation of local NPOs. We also recognize that providing support for reconstruction and recovery from the Great East Japan Earthquake is an issue for all of Japan that transcends corporate and organizational groups, and we will continue to engage in these activities from a medium- to long-term viewpoint.

In addition, SCSK aims to be one of Japan's leading companies in terms of being an enjoyable and rewarding place to work. We are making every effort to create an environment that reflects this goal by promoting the full use of annual paid vacation, keeping overtime to a minimum, bolstering our support structure for child and nursing care, and supporting full employment to the age of 65. Through these measures, we believe that by maintaining a healthy mind and body, our employees will deliver superior performance to create joy and gratitude that leads to new value for our customers.

With each employee taking our corporate philosophy to heart and making maximum use of their abilities, we intend to work with stakeholders as we move forward to generate new value and create our future of dreams, and we ask for your support in this effort.

Nobuhide Nakaido Chairman and CEO
Yoshio Osawa President and COO
SCSK Corporation

SCSK CSR and Business Overview

Corporate Philosophy

— Our Mission —

Create Our Future of Dreams

We create our future of dreams by establishing value based on our customers' trust.

— Our Promises —

Respecting each other

We realize our potential by respecting each other.

Providing excellent service utilizing reliable technology

We delight customers through our service based on reliable technology and passion.

Sustaining growth from a global and future perspective

We, with our stakeholders, pursue sustainable growth for the world and the future.

Code of Conduct

Challenge
Aim higher with future creating passion.

Commitment
Act with integrity and responsibility for our customers and society.

Communication
Facilitate teamwork with respect and understanding.

■ SCSK's Corporate Philosophy and CSR

A broad range of aspirations is embedded in our corporate philosophy, with a future of dreams as the essence of a sustainable society and sustainable development. With our eyes intently on the future, we seek to help meet the issues facing society.

Today's society faces a wide range of issues that are intricately entangled. These issues inevitably influence enterprise business activities. At the same time, enterprises are expected to help meet these issues.

As a global IT service company, SCSK offers total customer business support. **While we carry out activities to help meet society's issues directly, supporting our customers and helping them solve their problems also helps meet society's issues. This is SCSK's CSR.**

In order to solve the issues faced by society, we must address these issues with determination and responsible action. We must think from the customer's perspective, act responsibly, and take on issues with passion, while respecting and cooperating with our associates. At the same time, it is important that we relate to society while maintaining a continual awareness of the issues at hand.

SCSK promotes initiatives that are geared towards cultivating a corporate culture that maximizes our strength by respecting others' uniqueness and diverse sense of values. We also promote employee participation in corporate social responsibility activities. This provides employees with an opportunity to develop their awareness of their interdependence with society.

We will continue our future-oriented activities, to create our future of dreams in collaboration with our customers and society.

■ SCSK Business Overview

System integration
SCSK makes proposals to its customers related to the design and revision of overall business systems utilizing computers. At the same time, we plan and design various information systems as well as carry out their deployment and implementation.

IT infrastructure implementation
An IT infrastructure refers to the IT environment, and SCSK builds the optimum IT environment that will realize maximum efficiency for its customers, combining computer hardware, software, networks and/or servers that best suit the customer's organizational structure, size, type of business and usage situation.

IT management
SCSK assumes the operation of customers' IT systems. We aim for the stable operation of the overall system. We collect and analyze system operation data from the viewpoint of pursuing security, reliability and efficiency, and provide operation management services that include the management of IT infrastructures.

BPO
(Business Process Outsourcing)
SCSK offers to carry out a portion of a customer's business processes, such as order-taking, product shipment handling, and payment settlement, as business process outsourcing services that will help customers achieve business efficiency, raise customer satisfaction as well as support the development of new business services.

IT hardware/software sales
SCSK provides consulting for the adoption of hardware and/or software that match the customer's requirements. We also offer products as well as customization, maintenance, and repair services. After-sales support is also carried out for hardware and software products sold by SCSK.

Finance

Manufacturing

Distribution

Services

Telecommuni-cations/ Media

Construction/ Real Estate

Environment/ Energy

Education

Healthcare

Supporting our customers' business and society through IT services

Solving issues facing society through business activities
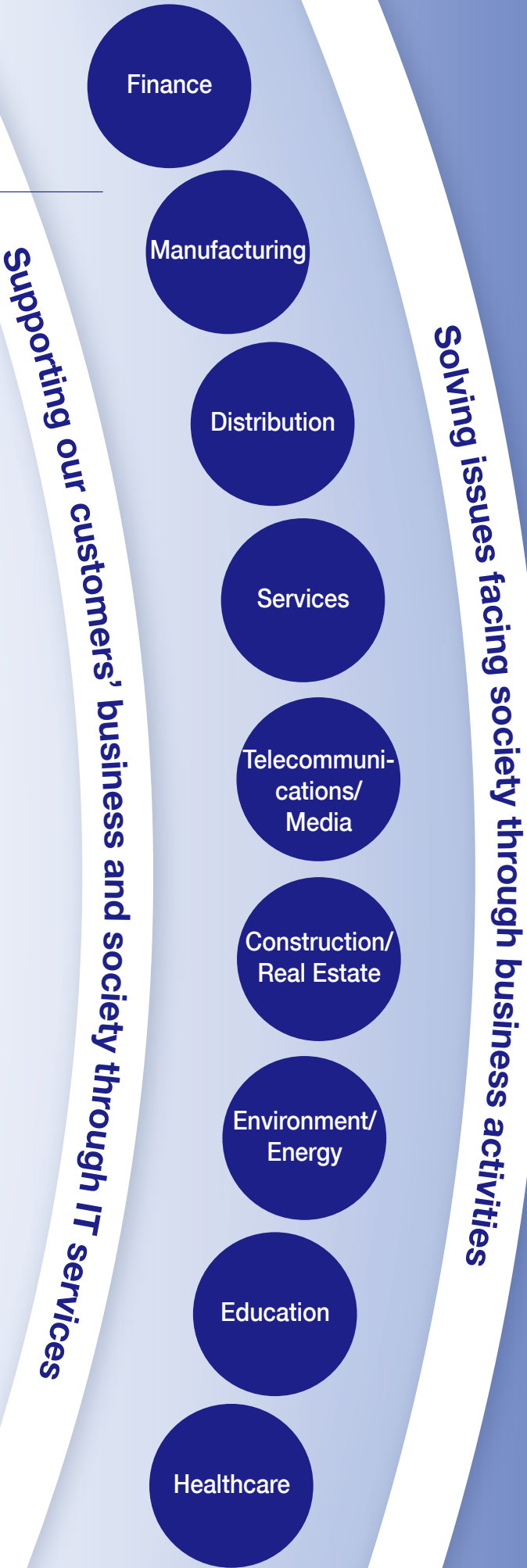
Working with Our Customers towards Solutions for Social Issues

SCSK believes that contributing to the solution of wide-ranging social issues through its core IT services business is what will enable the Company to fulfill its corporate social responsibility (CSR) as well as live up to the expectations and trust of our customers. The following are descriptions of the social contribution made by SCSK through its business with various customers.

■ Healthcare

For customers in the pharmaceutical industry, SCSK provides various solutions that include support for the information provision activities of companies' medical representatives. We also provide a statistical analysis service for the vast amounts of test data from the clinical trials required for the discovery of new drugs.

■ Distribution

SCSK provides a wide variety of solutions as well as global IT support operations in order to support responses to changes taking place in the distribution industry, including globalization, the spread of e-commerce, and requirements for traceability.

■ Education

For educational institutions such as universities, SCSK provides solutions for the streamlining of various affairs, such as to make educational affairs management efficient , as well as the implementation of IT-based class supplements, distance classes for students, and the recording and online streaming of lectures.

■ Finance

SCSK is involved in the development, repair and maintenance, and operation of the IT systems of banks, insurance companies, and securities firms, which serve as the social infrastructure that supports the economy. Regarding measures and countermeasures related to security, disasters, and business continuity plans, we provide solutions such as a system for the detection of unauthorized access, and the utilization of SCSK's data centers.

Stakeholder's Comment

Hiroaki Tabata

Vice President Public Relations Department
Japan Information Technology Services Industry Association (JISA)

SCSK's CARDSavior®*1 is a cloud service that assesses a huge volume of credit card transactions in real time for the detection of fraudulent credit card use. It was selected as a JISA Awards 2013 Finalist for being a highly original, internationally viable system.

We hope that SCSK will continue its earnest efforts for the creation of original, internationally viable, high quality technology, know-how, products, and IT services so that it may help raise the position of the industry and establish a foundation as an appealing industry.

CARDSavior

*1: CARDSavior® is a joint-use unauthorized detection service for the detection and prevention of fraudulent uses of credit cards.

■ Telecommunications/Media

SCSK provides a highly flexible, stable IT infrastructure in response to the rapid changes seen in recent years in the fields of telecommunications and digital media, including the spread of the use of a wide variety of digital content on smartphones, and utilization of big data.

■ Services

For customers who operate multiple retail stores or restaurants, SCSK helps the streamlining of their management by providing a system that promotes the efficiency of store development work, such as new store opening, store operation, refurbishment, and relocation.

■ Manufacturing

For customers in the manufacturing industry, SCSK provides various solutions that help promote rationalization and efficiency in a series of operational processes, from purchasing and manufacturing to distribution and sales. We also support overseas development of businesses through the provision of a globally standardized IT infrastructure.

Stakeholder's Comment

Minoru Iida

Group Leader, Engine Research Group
Fundamental Technology Research Division
Research & Development Sec., Technology Center
Yamaha Motor Co., Ltd.

We are developing a higher efficiency powertrain in order to increase people's mobility. We are in charge of improving engine combustion efficiency and reducing internal losses. One of the issues we face are trade-offs with other requirements. In order to overcome this, a clear expression of the actual phenomena, and analysis that is capable of evaluating a great number of requirements simultaneously is essential. We use engine combustion analysis software that is handled by SCSK. What makes it trustworthy is that the software is backed by the experience fostered by the developer through its consultancy work. We will continue to look forward to proposals by SCSK that are steeped in reliability and a spirit of innovation, while also being balanced in terms of cost.

■ Environment/Energy

As a countermeasure for global warming and energy issues and an initiative to contribute to the realization of smart cities (eco-friendly cities), SCSK is promoting the development and provision of a new energy management system that will expedite the utilization of renewable energy.

Stakeholder's Comment

Hideaki Miyata

Representative Director, Forum for East Japan Smart City Project
Professor Emeritus, University of Tokyo
President & CEO, Social System Design Co., Ltd.

The increase of the use of renewable energy is one of the greatest challenges for the global community. Going forward, lower solar battery prices will probably accelerate the use of solar energy, and storage batteries are indispensable items for this form of power generation through renewable energy sources, which is unstable depending on the weather. Essential for the renewable energy and storage battery system is the IT technology to manage and operate the system.

PrimeEco®*2 is the IT technology jointly developed by my lab at the University of Tokyo and SCSK. Last fiscal year, the first energy management system comprised of solar panels, storage batteries and PrimeEco® was implemented in a Tohoku region reconstruction project. A decline in the price of related equipment comprising this system will probably make this local-production-for-local-consumption power generation system economically viable for use by the private sector from this year. We hope to see a rapid dissemination of this system.
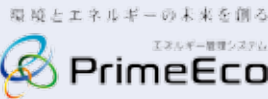
PrimeEco

*2: PrimeEco® is SCSK's original energy management system that realizes effective utilization of renewable energy.

■ Construction/Real Estate

SCSK provides systems and services that promote the streamlining of operations, such as design, project management, and customer management, for the construction and real estate industries. We also offer a business management system for home renovations for which social needs have been increasing in recent years.

Staring Our Future of Dreams from the Tohoku Region

SCSK views the reconstruction and recovery of the Tohoku Region after the Great East Japan Earthquake as a Japanese social issue, the support for which goes beyond the boundaries of companies and organizations. We believe it is important that each and every employee thinks of recovery as a personal matter and feels a sense of ownership toward the provision of support. Together with stakeholders, we will undertake various activities that are tailored to the circumstances and needs of the communities.

■ The Development of Services and Solutions

PrimeEco®, an Energy Management System that Serves as a Countermeasure for Power Outages during Emergency Situations and Realizes Efficient Energy Use

SCSK developed PrimeEco®, an energy management system that manages solar panels and storage batteries in an integrated manner.

In March 2013, PrimeEco® was provided to the Ofunato City Yoshihama District Kyoten Center, which is the district's evacuation facility, as part of the Kesen Regional FutureCity[1] project initiative. The Center's adoption of PrimeEco® will minimize electricity consumption of the Center's rooms and electrical appliances, and realize an environment of power self-sufficiency in times of emergency. During normal times, the system is expected to bring about power saving by reducing maximum demand.

Ofunato City Yoshihama District Kyoten Center

*1: Kesen Regional FutureCity is one of the regions/cities selected to serve as a model for progressive city building on the basis of the FutureCity Initiative, which is positioned as one of the government's 21 National Strategic Projects for Revitalization of Japan for the 21st Century. Various projects are being promoted in two cities and one town in the Kesen region of Iwate Prefecture (Ofunato City, Rikuzentakata City, and Sumita Town), with the following as its vision for the future: building a local power production-consumption society, promoting the building of communities that respond to the needs of a super-aging society, and advancing the reconstruction of industry and infrastructures.

Installed solar panels and storage batteries

- Services Solution
- Business Skills
- **Utilization of the Company's Core Business and Resources**
- New Businesses
- Opportunities to Learn and Interact

■ The Deployment of Business Skills

Tohoku Region Reconstruction Support: Employee Dispatch Program

We implemented an employee dispatch program that sent employees to stricken regions and opportunities for them to come into direct contact with disaster affected areas and people, and provide the support required by each locale.

The employee dispatch program, which made use of the volunteer leave of absence system, was carried out for three months between October and December 2012. Employees were dispatched to Iwate NPO-NET Support, which provides support for the operation of a project that assigns support staff to temporary housing in Otsuchi Town and Ofunato City in Iwate Prefecture.

In this program, volunteer employees resided in the stricken areas for three months to respond to the needs at Iwate NPO-NET Support to develop support staff who worked on creating communities within the temporary housing areas. Additionally, the program was implemented as one of the countermeasures for an common issue that is shared by many afflicted areas—that is, the shortage of personnel who can help rebuilding regional communities, or plan, promote, and operate human resources development programs.

Initially, the volunteer employees were primarily engaged in providing IT literacy education for temporary housing support staff, and other related tasks. However, because many of those serving as support staff at the temporary housing were self-employed before the earthquake or were housewives, some of them did not have sufficient knowledge of not only IT but also of how to work within an organization or communicate effectively. Therefore, SCSK employees utilized their business skills to support operation. They also transferred know-how and achieved results in the promotion of efficient temporary housing operation.

Snapshot of work being carried out on site

[Extracurricular activities] Promoting "communication" with Iwate NPO-NET Support members

■ New Businesses

Inno-One GrandPrix 2012
Innovative Idea GrandPrix 2012
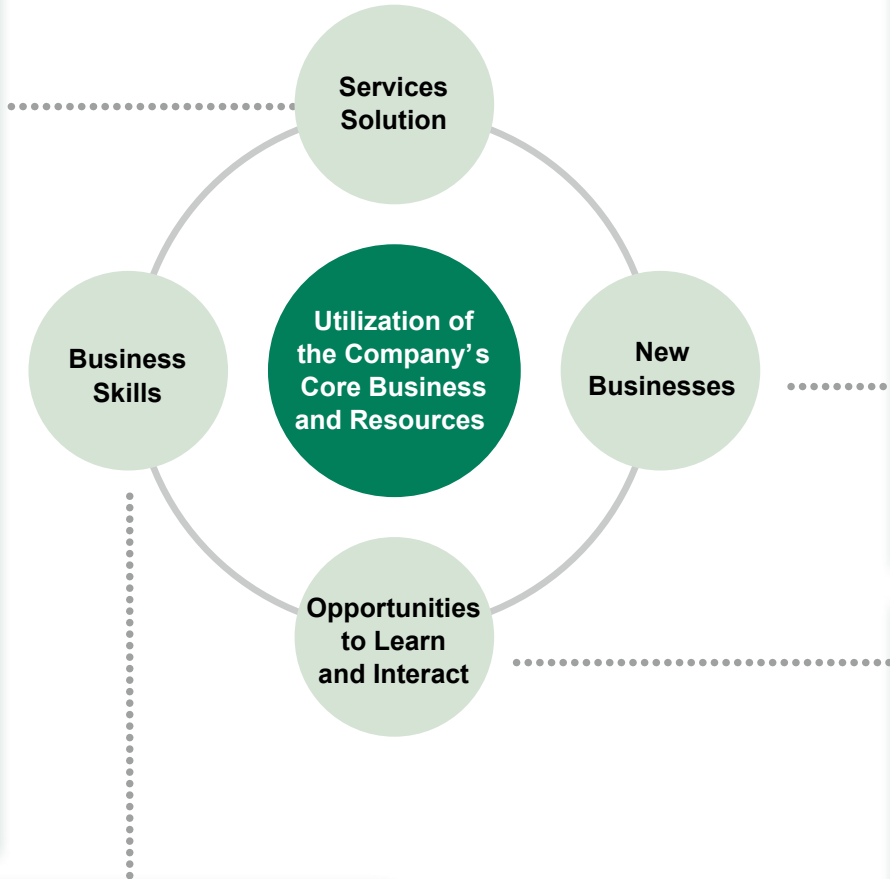
Collection of Reconstruction Support Business Ideas through the "Innovative Idea Grand Prix (Ino-one GrandPrix)" Contest

SCSK held the "Ino-one GrandPrix," an internal business contest that made a call between August and October 2012 for the submission of Tohoku region reconstruction business ideas. It was an effort to nurture in-house social entrepreneurs who help solve social issues towards reconstruction in the Tohoku region through business.

The call was made for business ideas along the line of themes such as "Utilizing IT and BPO for the revitalization of the Tohoku region's primary industries," "Focusing on the sightseeing resources of the Tohoku region," and "Creating new jobs in the Tohoku region." A Tohoku Study Tour was carried out in December 2012 for those whose ideas passed the screening. Participants in the study tour came into contact with the actual circumstances in afflicted areas, observed the community revitalization efforts of NPOs and others, and evaluated their respective business ideas. Each plan is currently being tweaked towards commercialization.

Presentation at the Ino-one GrandPrix

Tohoku Study Tour Workshop
(Hearing at the @Rias NPO Support Center in Kamaishi City, Iwate Prefecture)

■ Provision of Opportunities to Know and Interact

Tohoku Region Product Sales Events Held as Reconstruction Support

With the desire to provide opportunities to help employees identify more closely with the reconstruction efforts of the Tohoku region as a personal matter through the act of "eating," we have been carrying out the sale of products from various prefectures of the Tohoku region. In FY2012, we carried out product sales events at the Toyosu Head Office with the cooperation of many involved parties. In November, the sales event was for products from Miyagi Prefecture, in December from Fukushima Prefecture, and in January 2013 for products from Iwate Prefecture.

Going forward, we will continue this initiative at the Toyosu Head Office. We also plan to create opportunities at our offices around Japan for employees to provide support through the act of "eating", become directly involved with afflicted areas and persons, and provide support that meets the needs of each locale.

Comments from an Employee Dispatch Program Participant

Masaru Mizutani
Development Section I
Telecommunication Systems Dept. II
Telecommunication & Cloud Systems Business Div.

I marked turning 50 years old by deciding to participate in this program and doing what I could onsite at afflicted areas to my heart's content. There, I worked at the Otsuchi Town temporary housing support staff secretariat to provide training for support staff, creating work manuals and so on.

I had initially been dispatched to provide IT skills support. However, once there, we found that there was virtually no need for IT skills. What was needed was the attitude of working together with the people there. It seemed that observing first-hand how we did our work was very eye-opening and enlightening for the local staff.

During my three months stay, I visited each temporary housing unit in Otsuchi Town, making use of my weekends as well, I was able to see how the people affected by the disaster led their daily lives. I appreciate having had this very precious experience, which I am sure will stay with me forever.
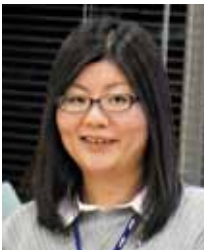
Masako Kato
MV Section
Securities System Dept. I
Financial Systems Business Div.

Reimon Satou
System Architecture Section I
IT Architecture Integration Dept. I
IT Architecture Integration Div.

Toward an Enjoyable and Rewarding Place to Work
Theme: What is Human Resources Management that Utilizes the Diverse Strengths of Employees?

Date of the dialogue: August 1, 2013

SCSK believes that we need to provide an enjoyable working environment to become a company that keeps growing. What, then, is necessary to become an enjoyable and rewarding place to work? We exchanged opinions on this topic with some experts.
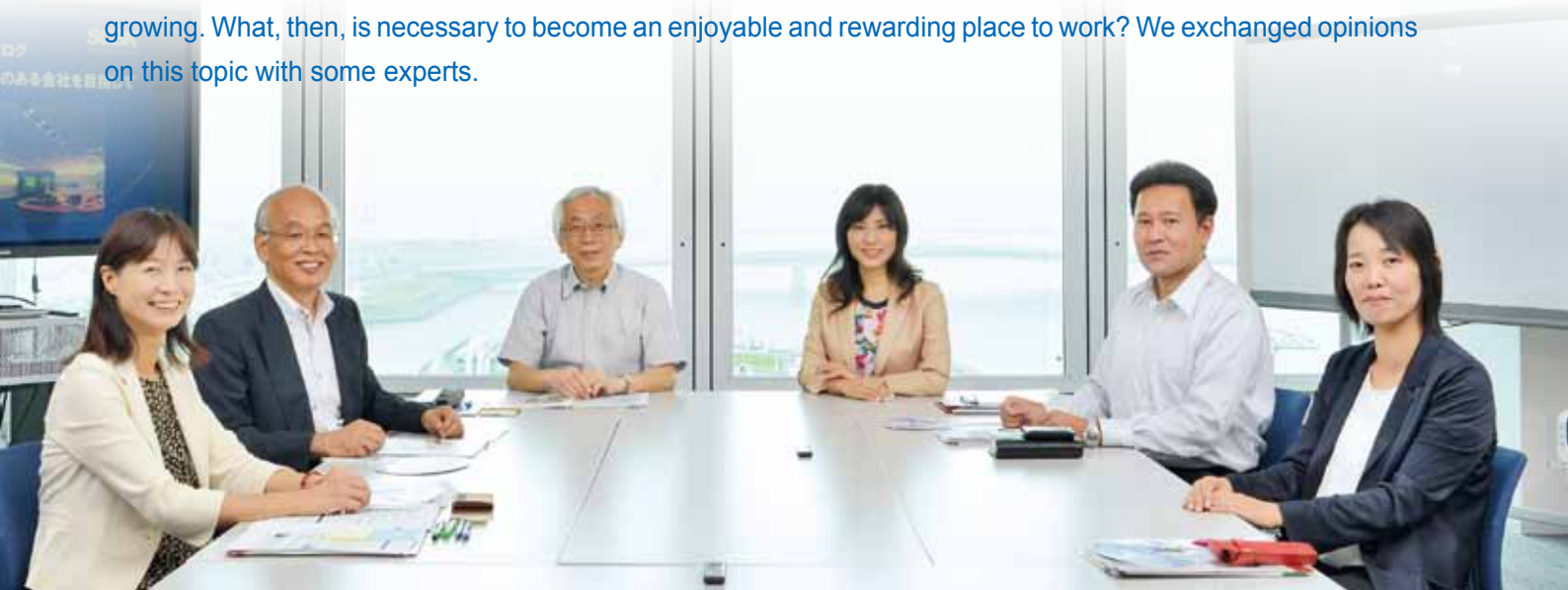
■ A Sustainable Way for All Employees to Work

M. Okashita: When I joined the company in 1991, I was hired as a career-track employee. It was then only the fifth year since this employment category had become open to women at the company. In fact, everyone still took it for granted that a woman would quit her job when she got married. I continued working for the company not only after marriage to a fellow employee but even after having a child. As a matter of fact, I became the first woman in the history of the company to return to work after taking maternity leave. With various systems [favorable to women] gradually introduced over the past twelve years [since I joined the company], circumstances are totally different today. It is encouraging to see so many women, including my subordinates and juniors, return to work after taking childcare leave.

**Prof. Sato:** It is extremely important to improve the working environment so that it enables women to continue working while bringing up children. However, we also have to be mindful of the fact that this can give rise to particular departments where it is easier than others for women to combine work and child-rearing. This could limit the departments to which working mothers would be assigned, which in turn could interfere with their chances of skill development or hamper their careers. That is why I think the important thing is to change the way employees in the whole company work. To make it possible for women to return quickly from childcare leave or shortened working hours back to "ordinary" fulltime work, it is important to ensure that "ordinary" work allows work and child-rearing to be combined. "Ordinary" work cannot assume that long overtime hours will be worked on a daily basis.

K. Nakaya: Exactly. At SCSK, we are currently promoting an initiative called "Smart Work Challenge 20"*1, the aim of which is to improve the way we work. If everyone else in your office leaves on time, then there is no pressure on you to stay and do overtime. Likewise with paid vacations—it's easier to take them if others are using their vacation days.

M. Okashita: In that sense, the people in my department may not feel any pressure about leaving the office on time. That's because they see me, the manager, doing that three days out of the week to take care of my children. However, from a companywide perspective, reducing overtime is still a big challenge. Under Smart Work Challenge 20, specific numerical goals have been set from the top down. I think it has created a good opportunity to reduce overtime proactively.

Prof. Sato: Something that concerns an even greater number of employees than child-rearing is the issue of juggling work and the nursing care of elderly parents. Those in management positions, who are often over 50, can no longer focus just on work once they are faced with this issue. There is a need for all employees to change their awareness and think of the need to change the current working style as a matter that concerns them too.

*1 Smart Work Challenge 20:
An initiative that aims to promote the good health of employees as well as create a trigger for the virtuous cycle of (1) improving the efficiency and productivity of work, and (2) encouraging employees to proactively seek to refresh themselves or execute self-improvement, thereby leading to the further improvement of productivity. The companywide target is for employees to take "20" paid vacation days a year (i.e. 100% consumption of vacation days granted for the fiscal year) as well as keep the average monthly overtime to "20" hours (i.e. reduce the average of the last fiscal year by 20%, which is roughly equal to an average daily reduction of overtime by 20 minutes). A contest is being carried out for the submission of ideas to help people achieve the targets of Smart Work Challenge 20.

■ A Thorough Review of Operations to Reduce Overtime

Y. Ohshima: One of the issues for the systems division in terms of reducing overtime is the type of agreements we have concluded with our customers. In my department, about 70% of employees are stationed fulltime at customers' offices. The agreement we have with customers is often calculated on an hourly basis. This makes it difficult for our employees to leave the office on time even if they want to reduce overtime hours. We are currently endeavoring to switch these agreements to those that are based on accomplishments and are unaffected by the number of hours worked.

Ms. Komuro: At times, it becomes necessary to negotiate with customers regarding delivery times and the way work is carried out for them. We would like to make a thorough re-examination of why overtime work arises and whether such work cannot be done without doing overtime.

Y. Ohshima: In that sense, I feel on a daily basis that what is of importance is how deeply we understand our customers' operations. If we don't try to understand what it is that our customers really require and do only what our customers instruct us to do, we end up having to backtrack and redo things. We need to establish ways to work without wasting and losing time like that if we are to aim to reduce overtime to zero. Up to now, it was taken for granted that systems engineering was a line of work that required very long working hours. We hope that SCSK taking the initiative to change this accepted practice will lead the overall industry in a better direction.

Ms. Komuro: Perhaps you would be able to achieve even more through your current Smart Work Challenge 20 contest for the submission of ideas to reduce working hours if you changed the way you're doing things a little. The reasons for overtime work vary from department to department. If you are to reduce overtime, you need to take measures that match the respective cause. I think that it would make it possible for other departments to select effective efforts if you went beyond just sharing ideas on how to reduce overtime. Instead, you could describe the work your department does, how you went about sorting the problem out, and where the cause of the overtime was. Then, share how it was identified, the measures that were taken, and their results.

■ A Company's Future Is Supported by Employees Who Take the Initiative to Continue Learning

Ms. Komuro: It becomes easier for employees to secure time for self-improvement and start studying new things if they know that they will continuously have, days that they can leave the office on time. People tend to pursue self-improvement more often the more they feel that their company has expectations for them. I hope to see people in management positions create opportunities to discuss long-term visions with their subordinates. It is important to ask subordinates how they see their careers in five to ten years and then to discuss what kind of skills they need to acquire or brush up in order to achieve that vision—management like that, which will help each employee motivate themselves.

Prof. Sato: That's right. In today's world of severe change, the kind of occupational skills that a company wants from its employees is also changing. What supports a company's future are not people who can carry out the work presently before them without any problem but rather people who can deal with the changes that may occur a few years down the road. In other words, what are needed are people with versatile occupational skills or those with a high capacity for learning. It is essential that a company evaluates highly and supports employees who continue "learning" for the future.

K. Nakaya: I feel that creating an enjoyable workplace is closely related to creating a company that is rewarding to work for. We want to aim to become a company that pursues being rewarding and challenging so that the diverse personnel who work at SCSK will take the initiative to further enhance themselves.

Thoughts Following the Dialogue with Stakeholders

Koichiro Nakaya, Senior Executive Officer, Human Resources Group

In this dialogue, we had a chance to hear highly thought-provoking opinions towards the realization of becoming an enjoyable and rewarding place to work." SCSK is currently re-examining the way employees work through the Smart Work Challenge 20 initiative. To promote greater understanding as an initiative for each and every employee, we would like to further advance efforts, going forward, focused on making preparations for providing nursing care to elderly parents. We are also considering increased support that will enable employees to utilize their free hours – created by re-examination of the way we work – towards personal development, such as through studies for one's future and interaction with a diversity of people.

Participants

— Experts —

Hiroki Sato
Professor, Interfaculty Initiative in Information Studies
The University of Tokyo

Yoshie Komuro
President
Work-Life Balance Co., Ltd.

— SCSK —

Koichirou Nakaya
Senior Executive Officer
General Manager, Human Resources Group

Yoshihiko Ooshima
General Manager, Industrial Systems Dept. I
Chubu Industrial Systems Business Div.

Mariko Okashita
Servicer Manager
General Financial Systems Dept. II
Financial Systems Business Div. III

— Facilitator —

Ayako Sonoda
President
Cre-en Inc.

Average Monthly Overtime Hours and Rate of Consumed Annual Paid Vacation Time

	FY2011*2	FY2012	FY2013 (Goal)
Average overtime hours (hours: minutes / month)	27:46	26:10	**20:00**
Rate of consumed annual paid vacation time (%)	66.7%	78.4%	**100%**

*2 Rate of consumed annual paid vacation time was calculated after adjusting the difference between the two companies in the number of paid vacation days prior to the merger

No. of Women in Line Management Positions (Actual and Goal)

As of July 2013
31 women (Actual)

FY2018
100 women (Goal)
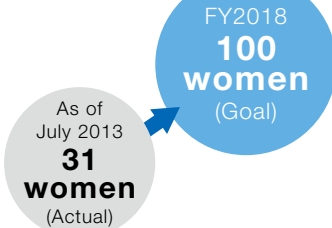
Systems Available and Number of Users, FY2012

System	User
Childcare leave	163
Nursing leave	3
Short-time workday	182
Maternity time*3	86
Parental leave	187
Childcare support/Child nursing leave	579

*3 Maternity time: Available to pregnant women in half-day increments to allow them to take time off for various related symptoms, such as morning sickness and prenatal checkups.

Looking toward the World and the Future, and Growing Together

CAMP
Children's Art Museum & Park

SCSK views respect for humanity and the nurturing of human resources as an important responsibility of corporate citizens. To actively fulfill those responsibilities in the area of child education, the SCSK Group maintains CAMP (Children's Art Museum and Park), an ongoing social contribution activity.

Through workshops, CAMP fosters child creativity in interactive settings. Through the creative activities, group work, and project presentations that the children experience in their workshops, they are able to find their own ways to express themselves and expand their circle of communication. Many of the adult facilitators who support these workshops are SCSK employee volunteers.

The workshops include original programs developed for that purpose, as well as numerous programs created jointly in collaboration with artists, researchers, corporations, and organizations in Japan and overseas. In addition, we are actively engaged in research activities, such as workshop development and evaluation, facilitator training methods, and respect for and utilization of workshop-related intellectual property, aiming at the realization of a society where children can conveniently experience quality workshops.

■ Employee Participation

| Number of participants | Over a 12-year period: 570 |

CAMP activities are also held at SCSK Group business sites throughout Japan. The circle of participants at each location is expanding in Japan and overseas and employee volunteers acting as facilitators manage CAMP workshops. Participating in workshops as a facilitator offers numerous opportunities to learn and feel a sense of accomplishment, and these experiences facilitate employee growth and motivation.

■ Collaboration

Case 1 Planetary Design Course

A three-class series on the theme "Creating the Future with Children" was held within the Planetary Design Course presided over by Professor Shinichi Takemura of the Kyoto University of Art and Design. The classes explored the possibility of creating a platform for children to work together on a global scale to design the future together.

Case 2 Osaka Kyoiku University

The "Teacher Training Classes Package with the Objective of Enhancing the Understanding of Workshops," in which workshops are experienced as a learning style, is being held in collaboration with Professor Toshiyuki Kihara of Osaka Kyoiku University for students undertaking the university's teacher training course. This package of classes was jointly developed with the Yamauchi Laboratory of The University of Tokyo Interfaculty Initiative in Information Studies, Graduate School of Interdisciplinary Information Studies.

Spreading CAMP Activities
CAMP workshops are being held all over Japan.

Better Future for Children -message from CAMP

The earth is shrinking yet many countries, languages, customs and peoples of all colors, complexions, religions and philosophies inhabit it. Today we are able to travel physically and virtually to anywhere and at any time to see all parts of our planet, giving children, as well, the opportunity to meet and gain joy in communicating with one another. Technology has made this even instantaneous.

If language remains a barrier for the moment, but probably not too much longer, drawings can do it.
Cartoons are fine. So are music, photos, clay animation, robots or showing off your creative inventions.
Expression has many forms.

CAMP is the beginning of widening communications in all its forms among children everywhere from the most sophisticated capitals to the most remote villages.
Join in with your ideas, thoughts and creations.
Communications is the first step to learning and understanding.

CAMP Workshops Held (April 2001 – March 2013)

	CAMP		Everywhere CAMP*1	
	Workshops	Participants	Workshops	Participants
Total	620	11,729	219	2,860

*1 Everywhere CAMP is a workshop dissemination project featuring packaged CAMP workshops for use by museums, schools, and organizations across Japan.

■ Three-Days of CAMP Making

This was a new initiative by CAMP that provided an opportunity for children to become involved in creating activities for other children. They spent three full days discussing what they were feeling, what they thought was fun and what they wanted to try.

■ CAMP Workshop in Great East Japan Earthquake Stricken Areas

As part of efforts to support reconstruction from the Great East Japan Earthquake, SCSK held CAMP Workshops at an elementary school in Minamisanriku Town, Miyagi Prefecture, a children's center in Sendai City, and other locations. Employee volunteers participated as facilitators.

EARTH ONE

Earth One is a social contribution activities club consisting of volunteer employees. Based on member proposals, the club holds events, engages in volunteer work, and makes donations to NPOs and other organizations.

■ 2nd Yell Run at the National Stadium Tokyo

In October 2012, we collaborated with the Special Olympics Nippon Foundation (SON) to hold the charity running event, "2nd Yell Run at National Stadium Tokyo." This follows the first Yell Run held in Toyosu in November 2011. Co-hosted by the Yell Run Steering Committee (Earth One SCSK social contribution activities club, Willcom, Inc., GE Japan Corporation, and the SoftBank Group), 417 people, including employees from SCSK and other co-hosting companies, and runners from the general public, participated in the event that was held with the cooperation of 98 volunteers. It was a big success despite its being held on a weekday. The proceeds of 2,110,645 yen, including participation fees, were used as part of travel expenses to send the Japanese delegation to the 2013 Special Olympics World Winter Games held in PyeongChang, South Korea, in February 2013.

(With the support of adidas Japan K.K., Coca-Cola (Japan) Company, Ltd., and I.D.E.A. International Co., Ltd.; cooperation for event operation by Sportsone Co., Ltd.; and the cooperation of Triathlon Boys & Girls)

© Special Olympics Nippon

© Special Olympics Nippon

■ Earth One Cafe

Earth One Cafe events were held as a setting for employees to share views on issues facing society and discuss what kinds of initiatives should be carried out in the future.

(Theme of Earth One Cafe No.1: International contribution)

A roundtable was held at the Toyosu Head Office with three employees who had experience working in Bangladesh, the Philippines, and the Marshall Islands as IT engineers for the Japan Overseas Cooperation Volunteers. A World Cafe discussion was then held on the theme "Things that we can do as international contribution."

International contribution (April 2012)

(Theme of Earth One Cafe No.2 & No.4: Fair trade)

A lecture, which provided a summary of fair trade systems and the present conditions at producer countries, was given at the Nishinihon Senri Office along with a sale event of fair trade products. The discussions provided a good opportunity to enhance the understanding of employees regarding the significance of the fair trade movement.

(Support: Fair Trade Shop Accha and fair trade online shop Kapwa)

Fair trade (May 2012 and March 2013)

(Theme of Earth One Cafe No.3: Tohoku region reconstruction support)

Employees who have been involved in providing support for regions affected by the Great East Japan Earthquake held a roundtable meeting at the Toyosu Head Office. Discussions were carried out regarding what kind of support Earth One should provide going forward.

Tohoku region reconstruction support (November 2012)

■ Shinonome Flower Studio

Based on the suggestion of an Earth One member who wanted to provide solace to people living as refugees as a result of the Great East Japan Earthquake, a flower arrangement workshop titled "Shinonome Flower Studio" was held in July 2012. Co-hosted by Hibiya Kadan Floral Co., Ltd., the workshop was held with the participation of those living life as an earthquake refugee in Koto-ku, Tokyo. It was a congenial event, filled with smiling faces and the beautiful scent of flowers.

(Support: the Shinonome no Kai and Koto Volunteer Center)

Expectations for SCSK

People need to have their feet planted firmly on the ground in their day-to-day life before they can serve as volunteers. This is because sites where volunteer activities are carried out are often under extremely harsh circumstances. Persons providing volunteer efforts must be in a state where they can give their all. Our desire, therefore, is that the person participating in a volunteer activity is both physically and psychologically in a balanced state and is capable of taking part with vitality. We would like to see SCSK employees glowing with vitality.

©KENJI TAKANAKA

Yuko Arimori
Director
Special Olympics Nippon Foundation

I believe that how Special Olympics, which supports people with intellectual disabilities, differs from other support organizations is that intellectual disabilities will never cease to exist. This is unlike other support activities that might resolve problems through the provision of support. Support for people with intellectual disabilities must never stop. That is why it does not have to be a terribly huge support effort. In fact, I ask that you provide support at an extent at which you will be able to continue providing it.

SCSK has been serving as a Friendship Sponsor of Special Olympics Japan. The company has also been supporting the Yell Run since its launch. I hope that going forward, you will continue to be involved in an ongoing manner.

■ Volunteer Activity Participation
- SON Aichi 2nd Jogging Festival
- SON Kinki Block Tournament
- SON Fukuoka Ohori Special Egao Run
- Clean Fukuoka Campaign 2012
- 9th Great Minoh Mountain Cleaning Effort
- 28th Nagoya City Handi Marathon
- Next-day cleanup for the 24th Naniwa Yodogawa Fireworks Festival
- PARA CUP 2012
- Marathon Festival Nagoya-Aichi 2013

■ Organizations Receiving Funding
- Special Olympics Nippon Aichi Public Service Corporation
- Toyokawa Fukushikai Social Welfare Corporation
- Specified Non-Profit Organization Special Olympics Nippon Fukuoka
- Specified Non-Profit Organization Special Olympics Nippon Osaka
- Certified Specified Non-Profit Organization Katariba
- Minoh Mountain Patrol
- Momo-Kaki Orphans Fund (Scholarship Fund for Orphans of the Great East Japan Earthquake)

PC Room Being Constructed at Dontey Lower Secondary School in Cambodia

To provide opportunities for children of developing countries to receive education in information technology, Earth One planned the construction of a PC room, reserving money over the past three years for this purpose. We hope that acquiring IT-related knowledge and skills as part of secondary education will improve advancement to higher education and the employment rate, and help the region escape poverty. Earth One is supporting the project for construction of a PC room at Dontey lower secondary school in Kampong Cham Province, Cambodia, through Public Interest Incorporated Foundation Plan Japan. (Scheduled for completion in spring 2014.)

ISO 26000 and SCSK CSR

In promoting SCSK's CSR activities, SCSK carried out in FY2012, status analysis that referenced the ISO 26000[*1] standard. This analysis enabled us to identify and respond to requirements needing attention and to make better use of our strengths. In FY2013, we are making preparations towards the formulation of CSR targets.

*1   ISO 26000 was developed by ISO, the world's largest international standardization organization, to achieve sustainable development through a consensus process among diverse stakeholders. The standard includes comprehensive guidelines relating to social responsibility for all types of organizations.

ISO 26000 Core Subjects and SCSK CSR Activities

ISO 26000 Core Subject	Issue	SCSK Main Activities
Organizational governance	● Organizational governance	● Corporate governance ● Internal controls ● Risk management ● Initiatives related to emergency response and business continuity plans ● Disclosure to stakeholders
Human rights	● Due diligence ● Resolving grievances ● Avoidance of complicity ● Civil and political rights ● Discrimination and vulnerable groups ● Economic, social and cultural rights ● Fundamental principles and rights at work ● Human rights risk situations	● UN Global Compact support ● Respect for human rights and prohibition of discrimination
Labor practices	● Employment and employment relationships ● Conditions of work and social protection ● Social dialogue ● Health and safety at work ● Human development and training in the workplace	● Human resource development ● Promotion of the employee evaluation system ● Work-life balance ● Diversity promotion ● Support for persons with disabilities ● Worker health and safety promotion
The environment	● Prevention of pollution ● Sustainable resource use ● Climate change mitigation and adaptation ● Protection of the environment, biodiversity, and restoration of natural habitats	● Environmental management promotion ● ISO 14001 certification ● Environmental targets and index promotion ● Environmental business expansion ● Data center environmental footprint reduction
Fair operating practices	● Anti-corruption ● Responsible political involvement ● Fair competition ● Promoting social responsibility in the value chain ● Respect for property rights	● Compliance promotion ● Strengthening information security ● Activities in collaboration with business partners
Consumer issues	● Fair marketing, factual and unbiased information and fair contractual practices ● Protecting consumers' health and safety ● Sustainable consumption ● Consumer service, support, and complaint and dispute resolution ● Consumer data protection and privacy ● Access to essential services ● Education and awareness	● Product and service quality management and enhancement ● Provision of sound technology ● Improvements to raise customer satisfaction ● Strict personal information management
Community involvement and development	● Community involvement ● Education and culture ● Employment creation and skills development ● Technology development and access ● Wealth and income creation ● Health ● Social investment	● Social contribution activity promotion ● Next-generation human resource development ● Cooperation with local communities and international society ● Global environmental protection

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Organizational Governance

SCSK is working to ensure transparent management, strengthen appropriate governance and monitoring structures, and maintain and enhance sound management through sustainable risk management.

Corporate Governance

■ Basic Policy

The SCSK Group's basic policy on corporate governance is to raise management efficiency and maintain healthy operations from the perspective of shareholders and other stakeholders, and to maintain management transparency in the process, bearing in mind our corporate social responsibility (CSR) as a company. We will position CSR as one of our most important management issues, and aim to build and implement an optimal management structure that befits SCSK.

■ Structure and Principal Review Boards

The Company's governance structure places the General Meeting of Shareholders at the top and is composed of the Board of Directors, the Board of Auditors, and the Independent Auditor.

The Board of Directors is composed of 16 members, including three outside directors. In principle, the Board of Directors meets monthly to decide important management issues and supervise operational execution. To maintain and enhance the supervisory function of the Board of Directors, SCSK continues to appoint outside directors (including independent officers) who have no conflict of interest with general shareholders.

The Company's directors serve one-year terms, to clarify their management responsibilities in each business year. We have also implemented a system in which full-time directors serve concurrently as executive officers, to maintain and strengthen swift management decision making based on actual business circumstances and effective oversight of operational execution.
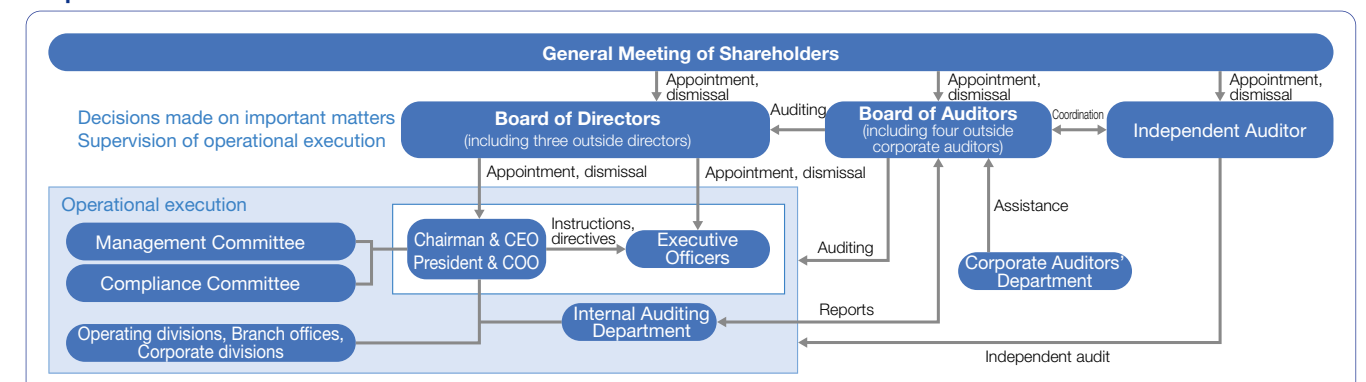
The Board of Auditors has five members, including four outside corporate auditors, who receive reports, deliberate, and make decisions regarding important audit-related matters. In accordance with auditing and other policies as stipulated by the Board of Auditors, corporate auditors attend meetings of the Board of Directors, the Management Committee, and other important meetings, and request business reports from directors and executive officers.

A Management Committee, made up of directors, executive officers and corporate auditors, has been established to oversee operational execution. The Committee functions as an advisory body to the chairman & CEO, and president & COO with regard to important management matters.

■ Auditing and Supervisory Structure

SCSK has an auditor system for auditing and supervision that centers on supervision of operational execution by the Board of Directors as well as auditing by the Board of Auditors.

Corporate auditors also receive reports from the Internal Auditing Department, review documentation relating to important decisions, and visit subsidiaries, affiliates, and other important business locations to inspect the status of operations and assets. Furthermore, corporate auditors meet regularly with the independent auditor to exchange information and understand the independent auditor's activities. The corporate auditors also attend audit evaluation meetings held by the independent auditor, conduct on-site inspections of inventory assets, and work to enhance the efficiency and quality of their activities. A Corporate Auditors' Department has been established as an independent organization of the Board of Directors, to assist corporate auditors in their operations, ensure that the activities of the corporate auditors are not hindered, and that the function of the corporate auditors is fully utilized.

■ Internal Controls

The Board of Directors has formulated a Basic Policy on Internal Controls to ensure that operational execution and other operations comply with applicable laws and regulations. By monitoring to confirm that internal controls are functioning effectively, and continuously reviewing this policy in line with a changing management environment, SCSK is building a structure that meets needs as they arise.

■ Risk Management

SCSK has established a Risk Management Policy to manage the risk incurred through its business activities. The Policy divides risk into four categories: 1) strategic risk, including market, business opportunity, and investment risk; 2) operational risk, including litigation, environmental, and labor affairs risk; 3) financial risk, including inventory and foreign exchange risk; and 4) hazard risk, including natural disaster, information system, and accident/malfunction risk. Through ongoing risk management, the Company undertakes to maintain and enhance its credibility as a corporation, and when risk is realized, to minimize losses and maintain stable business results.

■ Initiatives related to Emergency Response and Business Continuity Plans

To provide for the occurrence of large-scale disasters, pandemics and other unforeseen circumstances that may have a grave impact on the SCSK Group, we have in place rules of conduct and organizational frameworks in response to emergency situations. Advance measures – such as the adoption of an employee safety confirmation system and the stockpiling of food, water, and other supplies – have been taken in addition to the preparation of a business continuity plan that is re-examined each year.

Corporate Governance Structure

General Meeting of Shareholders

Appointment, dismissal

Board of Directors (including three outside directors)
Decisions made on important matters
Supervision of operational execution

Auditing

Board of Auditors (including four outside corporate auditors)

Coordination

Independent Auditor

Appointment, dismissal

Operational execution

Management Committee

Compliance Committee

Operating divisions, Branch offices, Corporate divisions

Chairman & CEO President & COO

Instructions, directives

Executive Officers

Appointment, dismissal

Internal Auditing Department

Auditing

Reports

Assistance

Corporate Auditors' Department

Independent audit

Human Rights/Labor Practices

SCSK is engaged in corporate activities that include respect for human rights, which are fundamental rights of all human beings; promotion of human resources development; and introduction of work-life balance measures, so that all employees can work with enthusiasm and make the most of their capabilities.

Please see page 9 for our dialogue with stakeholders titled "Toward an Enjoyable and Rewarding Place to Work."

Respect for Human Rights

■ Basic Policy

Every employee must adhere strictly to the SCSK Compliance Manual, which contains policies for respect of human rights, not only through adherence to applicable laws and regulations but also through respect for fundamental human rights and avoidance of discriminatory treatment, as well as conduct that ignores the individuality of persons, such as sexual and power harassment. These policies were established based on the Constitution of Japan, the Universal Declaration of Human Rights, The International Bill of Human Rights, Labor Standards Act, and the Equal Employment Opportunity Law.

Code of Respect for Human Rights
(Excerpted from SCSK Compliance Manual)

Guiding Principle

Human rights shall be respected, and no unfair discrimination shall be permitted.

Specific Codes

1. As stipulated in the work rules, it is a workplace requirement that directors and employees shall respect each other's individuality, cooperating harmoniously to make the company a cheerful place.
2. Discrimination due to factors with no connection to work performance, including ethnicity, nationality, gender, religious affiliation, beliefs, age, place of origin, and physical or psychological disabilities, is prohibited.
3. Discriminatory speech, harassment, slander and libel, threatening or violent statements, and other speech unbecoming of a director or employee that evokes fear in others or offends them, are prohibited.
4. Actions detrimental to the workplace environment, including using one's position or advantage in the workplace to make repeated statements that exceed the appropriate scope of one's professional responsibilities and infringe on the individuality and dignity of other persons, are prohibited (power harassment prohibition).

■ Support for UN Global Compact

SCSK has adhered to the UN Global Compact since 2007. We support the Compact's Ten Principles relating to human rights, labor, the environment, and prevention of corruption. In addition to respect for human rights, we are committed to carrying out corporate activities to guarantee fundamental labor rights.

UN Global Compact

The UN Global Compact involves voluntary participation in a global effort to act as a good citizen and achieve sustainable growth by fulfilling corporate responsibility and by exercising creative leadership.

Human Resources Policy

Basic Ideals

By encouraging the enhancement of individual capabilities and applying the most appropriate management approaches, SCSK will maximize the utilization of its employees' strengths.

Three Human Resources Pillars

- We will respect diverse individual characteristics and senses of value while stressing teamwork.
- We will work to develop employee capabilities and create a workplace environment where employees can maximize their performance.
- We will build a relationship between company and employees in which both can grow through equal and fair evaluations and treatment.

To realize its corporate philosophy, "Create Our Future of Dreams," SCSK has established its Human Resources Policy – composed of the Basic Ideals and the Three Human Resources Pillars – as a shared ideal relating to the structure and management of Human Resources measures. The policy also covers the design and management of all Human Resources-related systems, compensation levels, and other policies, and aims to promote the enhancement of individual capabilities and the maximum realization of employee strengths.

Human Resources Evaluation System

■ "Role and Portrait" and "Behavior Assessment Criteria" Defined

SCSK operates a qualifications rating system for each of the job types "Directorate", "Major career-path," "Career-oriented," and "Regional staff member," and their respective subdivisions. The rating system details such matters as promotions and demotions, compensations, and working hours management. Furthermore, this system defines and establishes the expected "Role and Portrait" to be fulfilled in each of the qualification rating along with "Behavior Assessment Criteria," which indicate specific behaviors that are desired during the course of the execution of duties. This system serves as the foundation for developing the individual capabilities that the company's Human Resources Policy aims for as well as for executing fair evaluations and treatment.

Specific evaluation criteria that are in line with each of the 10 evaluation items under the SCSK Code of Conduct (Challenge, Commitment and Communication) are defined as Behavior Assessment Criteria. SCSK seeks to ensure its Code of Conduct is put into practice by its employees through this human resources evaluation system.

| The SCSK Code of Conduct	Items for Evaluation
Challenge Aim higher with future creating passion.	Designing and planning; achievement behavior; learning and growth
Commitment Act with integrity and responsibility for our customers and society.	Relationship building and customer centricity; judgment; display of expertise; and compliance with laws and regulations
Communication Facilitate teamwork with respect and understanding.	Understanding of other people and organizations; consensus formation; and teamwork and human resources development

The Evaluation of "Contribution" and "Behavior" Based on "Role and Portrait"

SCSK's human resources evaluation, based on "Role and Portrait," is carried out from three viewpoints. They are "contribution level", based on goal management (Contribution Level Assessment); "behavior" (Behavior Assessment); and the "expertise" required by job type and area of specialization (Expertise).

Each year's evaluation starts with a meeting with the superior at the beginning of the fiscal year. Targets are established for each individual based on the "Role and Portrait" of the individual's qualification rating. At the same time, the behavior desired of the individual in order to yield results is confirmed in the meeting. The evaluation itself is carried out after the conclusion of the fiscal year.

It is not only the result of the execution of duties (level of achievement of goals) (i.e. "❶ Contribution level assessment" in the diagram below) that is evaluated. Emphasis is also placed on the behavior for achieving high results. For this reason, the individual's behavior is assessed against the Behavior Assessment Criteria, which reflects the three viewpoints (Challenge, Commitment and Communication) of the SCSK Code of Conduct, on the basis of the individual's daily communication with the superior. A meeting regarding the result of the assessment is also carried out with the superior (i.e. "❷ Behavior assessment" in the diagram below).

Evaluation of Contribution and Behavior
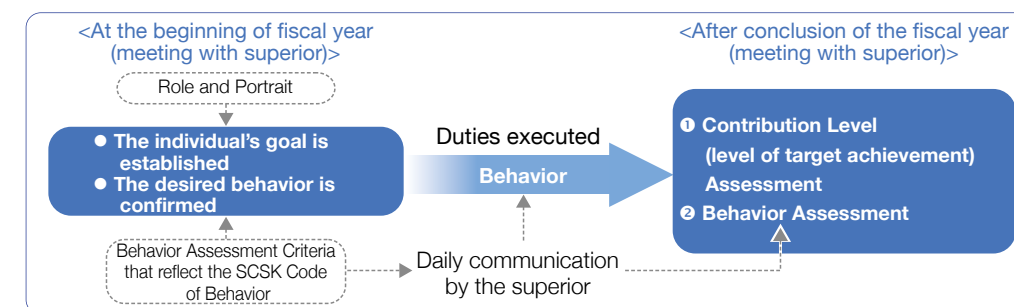
Evaluation of Expertise

Human Resources Development

■ Human Resources Development Policy, and Education and Training System

SCSK considers human resources development as a means to build a foundation that supports the growth of the company, and it is promoted under the following policy in coordination with the business strategies, etc., of each divisional organization.

1. To develop human resources who will assume a role in the medium- and long-term growth of the company
2. To develop human resources with an advanced level of expertise as a global IT company
3. To build a foundation for the generation of innovation and new businesses

Under the above policy, SCSK has established an education and training system composed of the three categories of "Shared skills training," "Global HR development," and "Specialist capability development," with various human resources development measures being promoted in each category.

Priority measures for FY2013 include the following: expanding the target of global HR development measures from the younger employees to include general managers, managers, and business leaders; upgrading of cloud computing related courses; and rapid training of human resources with an advanced level of expertise.

While developing such companywide measures, we will, at the same time, utilize the results of the "contribution level assessment," "behavior assessment" and "expertise certification" in our human resources development plans so as to enable effective human resources development that is tailored to the characteristics of each business as well as the strengths and weaknesses of individuals. Furthermore, in shared skills training, we have adopted skill assessments that allow individuals to participate in effective programs that match their skill levels.

SCSK's Education and Training System—Outline by Category

Shared Skills Training		Global Training	Specialist Capability Development
Management training	Compliance training	Global HR development	Professional activities (nurturing and mentoring juniors)
Business skills training		Language skills (English and Chinese)	Nurturing of core human resources
Business knowledge		Overseas training	Skills development by job type
Problem solving skills		Overseas trainee system	Training by job type (for each skill category)
Communication skills			Engineer – basic training (development, operation and infrastructure)
			Countermeasures for the information-technology engineer exams

Diversity Promotion

We promote diversity in order to turn the diverse characteristics and senses of values of our employees into our organizational strength, and create a workplace environment that will enable employees to maximize their capabilities. In addition to active promotion of support for women's participation, employment of individuals with disabilities, and employment of foreign residents in Japan, we are also enriching measures that are related to work-life balance, such as those for child-rearing and nursing care, so that we can create a workplace environment that allows diverse ways of working, regardless of age or gender.

SCSK endorses JISA's Diversity Strategy, which is engaged in positive action to promote the Third Basic Plan for Gender Equality issued by the Gender Equality Bureau of the Japanese Cabinet Office.

Certified as a "Childcare Supporting Business" since 2007

■ Support for Activities of Persons with Disabilities

Tokyo Green Systems Corporation was established in 1992 as a third-sector enterprise through a joint capital investment by the Tokyo Metropolitan Government, Tama City and SCSK. Tokyo Green Systems is a model company for the employment of persons with severe disabilities, and aims to help employees achieve independence and make a contribution by upholding the principles of participation, independence and coexistence. As a special subsidiary of SCSK, Tokyo Green Systems also promotes employment of persons with disabilities at Group companies.

Tokyo Green Systems is currently headquartered at SCSK's Tama Center Office and focuses on the provision of janitorial services, park maintenance, agricultural work, and restaurant service operations as well as staffing of in-office concession stands, collection and delivery services, and other businesses. Going forward, the company will consider ways to further expand employment of persons with disabilities, including expanding its operations and exploiting new areas.

> SCSK Group Employment rate for persons with disabilities 2.05% *As of June 1, 2013

Mental Health

Based on the thinking that good mental health is also important for physical health, SCSK promotes efforts for the mental health of its employees. Dedicated industrial physicians, nurses and public health nurses assigned to each business location and human resources collaborate for the early discovery and response to mental health issues faced by employees.

Furthermore, we utilize the mental health services of an external employee assistance program (EAP) organization and are also involved in offering support for the return to work by those on leave as well as for the prevention of recurrence

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TOPICS

Management Integration Training for Division Managers

In the four months between September 11 and December 14, 2012, we carried out Management Integration Training for Division Managers. The training targeted roughly 480 division managers, including those of SCSK Group companies.

The objective of this training was for division managers, who are the frontline leaders, to discuss the dreams and future of SCSK, which seeks to become among the finest in the industry, enhance mutual understanding through debate, and promote companywide integration. The division managers formed 90 teams and carried out group work that followed up on "Where We Want to be in 10 Years," which was the output of the Management Integration Training for General Managers that was held in fiscal 2011. The division managers discussed even further how they saw the way SCSK should be, and this was summarized into the output of these training sessions.

Each team came out with ambitious visions of SCSK in 10 years as a result of this training. Furthermore, the training reinforced the in-house network of personal contacts, including relationships between division managers, as well as connections between general managers and division managers through succession of the output of management integration training sessions.

TOPICS

New Employee Training

Training carried out by SCSK for new employees include training to nurture basic specialized information processing skills, and training to acquire the skills required for carrying out onsite operation at the new employee's assigned section. A training camp is also held at a Buddhist temple to brush up on basic behaviors as a working adult.

The Buddhist temple training camp for fiscal 2013 was held over three nights and four days in April 2013 at Seicho-ji Temple in Kamogawa, Chiba Prefecture. Ninety-six new SCSK and SCSK Group employees participated in the camp. The objective was to give the new employees an opportunity to get their life, mind and body "together" as well as foster connections between the new recruits through the experience of a well-regulated group life – such as participating in early morning devotional exercises, carrying out temple chores like cleaning, and following Buddhist meal etiquettes – that differs from ordinary life.

On the last day, each participant presented what they learned and felt through the temple training camp. It became a good opportunity for each new employee to confirm the changes in their awareness as well as the heightened feeling of solidarity as employees who joined the company in the same year.

To reduce the environmental footprint of its business activities and contribute to the preservation of the global environment, SCSK is building an environmental management system, establishing objectives, goals, and indices, and promoting environmental preservation activities.

Environmental Policy

SCSK promotes environmental activities in conformance with the environmental policies and systems of Sumitomo Corporation and the Sumitomo Group companies.

Sumitomo Corporation Group Environmental Policy

I. Basic Policy

As a global organization, the Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. Through sound business activities, the Sumitomo Corporation Group will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its basic environmental policy.

1. Basic stance with regard to the environment:
   To attach great importance to protecting the global environment as a good corporate citizen in keeping with our Action Plan.
2. Compliance with environmental legislation:
   To strictly observe legislation related to environmental matters not only in Japan but also overseas and abide by any agreements undertaken by the Group companies.
3. Caring for the natural environment:
   To protect the natural environment and preserve biodiversity.
4. Efficient use of resources and energy:
   To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.
5. Contributing to the building of a recycling-oriented society:
   To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.
6. Promotion of businesses that contribute to environmental preservation:
   To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.
7. Establishment of environmental management:
   To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.
8. Disclosure of the Environmental Policy:
   To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

Environmental Management Promotion Framework

The SCSK Group has acquired ISO 14001 environmental management system standard certification. An environmental management promotion structure, in which the whole Group comes together as one, has been built under the Chairman and the President. Environmental preservation activities that are based on "environmental objectives, goals and indices" are being promoted continuously and systematically. The implementation status of each plan is evaluated annually by an audit team and the results are reported to management, which then undertakes to revise the activities as required. Through continuous improvement, we are aiming to make further contributions to environmental preservation and footprint reduction.

Promotion Framework Diagram

- Chairman and CEO President and COO
- Board Member for Environment
- EMS Manager — Environmental ISO Office
- EMS Promoter — Internal Environmental Monitoring Team
- Environment Manager (SCSK) / Environment Manager (Group Company)
  - ● Eco Leader
  - ● Assistant Eco Leader

Environmental Objectives, Goals and Indices

At the SCSK Group, we have established environmental objectives, goals and indices upon which we base our environmental preservation activities. Our specific objectives, goals, and indices are as follows.

Objectives, Goals and Indices

Objectives	Goals	Indices
Expansion of environmental business	Expansion of dealings in environmentally-friendly products & services System development for work task efficiency	Sales figures Number of client contracts Number of system developments, etc.
Preservation of office environment	Reduction of electric power consumption Efficient use of office paper Reduction and thorough sorting of waste products	Energy: amount consumed Office paper: amount purchased Waste products: amount generated
Compliance with environmental laws and regulations	Confirmation of and compliance with applicable laws and regulations	Confirmation of revisions to applicable articles (as a principle, twice a year)
Elevation of environmental preservation awareness	Implementation of educational activities	Environmental ISO14001 lectures, etc.

Data Center Activities

SCSK promotes energy conservation and CO_2 emissions reduction at its data centers for which there are mounting social demands.

The netXDC Chiba Center has achieved high energy efficiency through such means as installing low-loss power supply devices, integrating servers, and changing equipment, machinery, and lighting. The center's annual average power usage effectiveness (PUE[1]) in fiscal 2012 was 1.48, which is better than the general average in Japan.

We are also working towards continuous energy efficiency improvements through daily operations. In October 2012, the PDCA (plan-do-check-act) cycle initiatives at netXDC Tokyo Center 1 and netXDC Tokyo Center 2 received recognition, and SCSK won the Green Grid Japan Data Centre Award 2012 Performance Award.

*1 PUE: An index announced by The Green Grid, a U.S. industry group that promotes reduction in electric power consumption by data centers. PUE= total facility power consumption ÷ IT equipment power consumption.
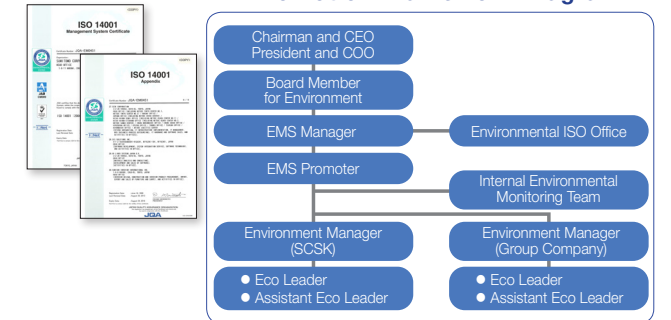
🎤 VOICE Receipt of the Green Grid Japan Data Centre Award 2012

While heat-induced failures of IT equipment, such as servers, are prevented at SCSK data centers by ensuring that appropriate thermal environments are in place, we have also worked constantly to achieve the energy efficiency of our air conditioning facilities. By the process of trial and error, we have achieved steady results in our efforts that have included the diligent monitoring of the thermal environment through the meticulous placement of temperature sensors in server rooms, the placement of additional fans to prevent localized irregularities in ambient temperature, and the adoption of "rack capping," which partitions spaces in order to prevent cold air supplied to servers mixing with the exhaust heat of the servers.

The steady efforts that we have carried out with the desire to prevent any problems from arising in the valuable systems that are in our keeping from our customers have also resulted in the reduction of the environmental load and our receipt of the Performance Award.

Members of the Facility Management Section, Facility Management Department, netXDC Data Center Business Division, from left to right: Mr. Manabe, Mr. Yoshida, Manager Koike, Mr. Kobayashi, and Mr. Tajima.

Fair Operating Practices

SCSK conducts its business activities with a high sense of ethics. The Company adheres strictly to its compliance policies, works to implement fair business practices, and promotes and enhances information security through on trust-based partnerships with its customers.

Compliance Activities

■ Basic Policy

SCSK views compliance as "observing laws and regulations, and acting with a strong sense of ethics within the norms of society." Based on our Corporate Philosophy and Code of Conduct, the guiding principle for the actions of our directors and employees is for conduct that is sincere and appropriate, as members of society and of the Company. Each individual director and employee is responsible for his/ her own actions based on the concept of compliance, and strives to produce results that fulfill the social responsibility of the entire company as an organization.

■ Structure/System

In line with our Basic Compliance Policy, we have established a Code of Compliance and SCSK Compliance Manual, and have delineated a range of matters including the organizational structure for compliance efforts, education and awareness promotion activities, a Compliance Committee, and a system for internal reporting.

SCSK has established the Compliance Committee as a structure for proper compliance implementation. The Committee's activities include determining and revising companywide compliance policies, promoting and managing the compliance structure, coordinating with related departments, confirming status of compliance with related policies, and sharing information.

Compliance Promotion System
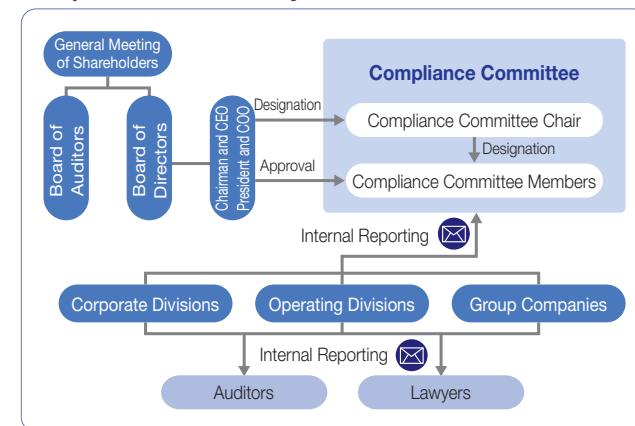
Information Security

■ Basic Policy

To protect information assets from various threats and fulfill its social mission, SCSK works to maintain the stability of the Internet society and adheres strictly to laws and regulations relating to information security. In addition, we have established a structure for enhancing information security, and have created and are operating an Information Security Management System. We are continuously evaluating risks to information assets and making additional ongoing improvements to our Information Security Management System to ensure its effectiveness. In addition, we have implemented information security measures matched to the importance of the information assets involved, and are

working to eliminate risk in advance. SCSK's Information Security Management System has received ISO27001:2005 certification.

■ Management Structure

To appropriately protect and manage all of the information assets it handles, SCSK has created an information security structure and is promoting the maintenance and enhancement of its information security. We also require our subcontractors to adhere strictly to the Information Security Guideline that we have established, in accordance with Article 22 of our Commercial Transactions Code.

■ Education and Training

To ensure that all of its employees as well as all who do business with SCSK understand and share our Information Security Management System, including the Basic Policy, we engage in extensive educational activities, such as e-Learning relating to information security. In addition, our Information Security Guideline requires subcontractors to assign an internal point person to ensure adherence to the guideline and to carry out regular education relating to information security.
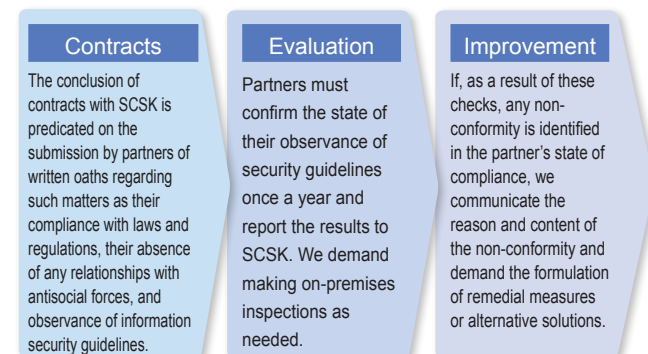
Efforts in Collaboration with Partners

In executing our business, SCSK has dealings, such as subcontracting and purchasing, with various partners. As a business that handles information, which is a valuable asset of our customers, we believe that the information security measures taken by our partners as well as their compliance, labor management, and so on, are important.

For this reason, when tying contracts with partners, we require that they submit written corporate pledges regarding these matters for our confirmation. After concluding contracts with SCSK, our partners confirm their state of compliance once a year, the results of which they report to us. SCSK also carries out on-premises inspections as needed to evaluate the state of compliance of its partners. In the case that non-conformity is identified as a result of such checks, we communicate the reason and content to the partners and demand the formulation of remediation measures or alternative solutions.

CSR Enhancement Process in Collaboration with Partners

Contracts	Evaluation	Improvement
The conclusion of contracts with SCSK is predicated on the submission by partners of written oaths regarding such matters as their compliance with laws and regulations, their absence of any relationships with antisocial forces, and observance of information security guidelines.	Partners must confirm the state of their observance of security guidelines once a year and report the results to SCSK. We demand making on-premises inspections as needed.	If, as a result of these checks, any non-conformity is identified in the partner's state of compliance, we communicate the reason and content of the non-conformity and demand the formulation of remedial measures or alternative solutions.

Consumer Issues

To ensure that the IT products and services offered by SCSK are stable and reliable, we have established a structure for control of quality and personal information.

Quality Control Efforts

■ Basic Policy

SCSK has been evolving its quality control efforts in line with rapid progression of technical innovation and social transformation. From what was once a simple quality assurance and control structure, our quality control efforts have become a mechanism for providing high added-value products and services while looking at the whole lifecycle of a system.

SCSK also believes that in order to provide products and services to our customers with stable quality, the enhancement of the technical capabilities supporting them is also important. This is why we have prepared original educational curricula and are also focusing our efforts on human resources development.

■ Standardization and Quality Assurance

SCSK realizes high quality products and services by assembling the frontline wisdom it has cultivated and using it to build practical companywide standards with an emphasis on quality. We also actively embrace international standards (e.g. CMMI[*1] and ISO 9001[*2]), and appropriately address the tide of globalization.

*1 CMMI: Capability Maturity Model Integration is a guideline for systems development organizations to improve their processes.
*2 ISO 9001: An international standard for quality management systems.

■ Supervisory Activities

To ensure that the content of our proposals to clients are feasible and that the product or service price is appropriate, SCSK carries out pre-proposal examinations. Furthermore, we strive for early discovery of problems and risks as well as the prevention of their amplification by having the PMO[*3] and quality control division check the state of development and operation on an ongoing basis from a third party perspective.

*3 PMO (Project Management Office): A division dedicated to controlling, managing and supporting the management of projects.

Companywide Quality Control Efforts
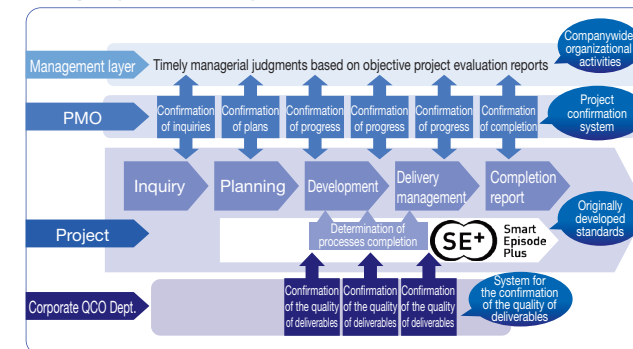
Provision of Assured Technology

Responding swiftly to the rapid changes in information technology and providing the appropriate technology to customers is one of the important responsibilities of an IT company.

Mobile devices, such as smartphones and tablet terminals, which are spreading significantly; advanced and pioneering technologies, such as cloud services and "big data;" and open source software (OSS), which are becoming indispensable for building systems—information technology is becoming an integral

part of our customers' business activities and the lives of general consumers. The daily examination, verification, and technical development for the practical application of new technologies are essential to have customers use these technologies securely and with peace of mind.

SCSK has established a dedicated internal division to carry out such research and development as well as to verify and educate others regarding new technologies.

Customer Service

■ Help Desk Service

SCSK is connected to the average consumer through the activities of its corporate customers. Through our Help Desk Service for corporate customers, we contribute to the dissemination of knowledge regarding our products and services.

■ Product Support

SCSK offers superior overseas IT products to its customers. While we are careful to verify the quality of such products, if a customer should encounter a problem with a product, we provide appropriate support for all such products consistent with the terms of the warranty, so that customers can use them with satisfaction.

■ Customer Satisfaction Survey

To confirm whether SCSK's system design/development services and IT services are generating customer satisfaction, we carry out regular customer satisfaction surveys. When our products are evaluated highly, we disseminate these cases internally to encourage greater efforts to enhance customer satisfaction. If we receive complaints or suggestions for improvement, we take such feedback seriously, work to eliminate the cause of the problem, and deploy that response to similar products.

Personal Information Management

■ Management Policy

SCSK Corporation recognizes the importance of the protection of personal information and is committed to ensuring compliance with the laws regarding handling of personal information and other guidelines and norms established by administrative authorities. In addition to this, we have established the Personal Information Protection Policy and will ensure that every executive, employee, and person involved in the corporation's activities will comply with this policy.

■ Management System Building

SCSK has built a Personal Information Management System* in conformance with the JIS Q 15001 standard. We are implementing and promoting the system, and will make ongoing enhancements. SCSK has also received ISO27001:2005 information security management system certification, and we are also strictly managing personal information based on information security policies.

* A system for managing personal information including policies, structures, plans, implementation, and operational monitoring and review

Community Involvement and Development

SCSK is engaged in social contribution activities as a good corporate citizen and part of the wider community, with particular emphasis on activities for developing next-generation human resources, collaborating with local communities and international society, and preserving the global environment.

Collaboration with Regional Communities and International Society

To coexist and cooperate with members of the local community, employees at each of our offices participate in the community's volunteer activities and CAMP Workshops. Furthermore, we are also involved in international contribution through activities that can be easily carried out at the offices.

Toyosu Head Office
The Toyosu Head Office participates in Koto-ku's social contribution network (Korabora) and exchanges information, as well as carries out joint lunchtime cleanup activities.

Chubu Region
Focused around members of the Earth One social contribution activity club, Chubu Region employees participated in the 28th Nagoya City Handi Marathon as steering committee volunteers. The aim of the event is to deepen mutual understanding and friendship between persons with severe disabilities – who do not normally have many opportunities to engage in sports – and volunteers through the marathon.

Kansai Region
Focused around members of the Earth One social contribution activity club, Kansai Region employees participate in the Great Minoh Mountain Cleaning Effort. Although Minoh Mountain is located in the outskirts of Osaka City, it is a treasure-trove of nature inhabited by a great number of wildlife. Participants enjoy the activity while interacting with local residents.

Kyushu Region
Kyushu Region employees take part in the Clean Fukuoka Campaign, which started at the suggestion of an international student to contribute to and interact with the local community.

In October 2012, we participated in riverbed cleanup activities in Iizuka City in collaboration with NPO Groundwork Fukuoka and Fukuoka Overseas Students Association.

Cooperation for International Society
We identified with the TABLE FOR TWO concept in which those of us in developed nations transcend time and space to 'share' meals with children of developing nations. SCSK offices are carrying out the CUP FOR TWO[*1] initiative at office cafeterias and vending machines.

*1 CUP FOR TWO: This is a program in which a portion of the proceeds from the sale of a healthy drink is donated as school lunch for children in developing nations.

Education and Culture

■ Utilization of the CAMP Workshop in Elementary School Curricula
As an activity to foster "21st-Century Skills" acquisition for children, we are carrying out workshop-style lessons, and conducting research and development relating to educational effectiveness, in collaboration with Minato Municipal Aoyama Elementary School. During fiscal 2012, we carried out a robotics class for third and fourth graders that made use of the CAMP Cricket[*2] Workshop.

*2 Cricket: A Cricket is a small, battery-operated computer developed by the MIT Media Lab.

■ Kids Design Association Children's Genki Project
With industry associations as members, the Kids Design Association is an NPO aiming for the creation of a social environment that leads to the healthy growth and development of children, who will be responsible for society's future. SCSK has been leading the Children's Genki Project—activities to support reconstruction after the Great East Japan Earthquake through the nurturing of the next generation. In fiscal 2012, the Kid's Workshop Carnival was held in Ishinomaki, Miyagi Prefecture, and Fukushima, Fukushima Prefecture.

■ The Okawa Foundation for Information and Telecommunications (The Okawa Foundation)
The Okawa Foundation is a public interest incorporated foundation authorized by the prime minister. It provides research grants, recognizes individuals, and engages in other international public interest activities (in countries that include Japan, the U.S.A., China and South Korea) for international academic and cultural exchange in the field of telecommunications. SCSK supports the foundation's activities.

Presentation of research grant to an American IT researcher

Third-party Opinion

Junichi Mizuo, Ph.D.

Professor, Graduate School of Economy, Surugadai University
Executive Director, Japan Society for Business Ethics Study

Following a stint at Shiseido Co., Ltd., he joined the faculty of Surugadai University in 1999. He is concurrently a lecturer of the Graduate School of the Tokyo Institute of Technology. He holds a Ph.D. in Management from Senshu University. He is a Senior Researcher at the Business Ethics Research Center, and a University of London 2010 Visiting Research Fellow. His publications include *Gyakkyo keiei: nanatsu no hosoku* ("The Seven Laws of Managing in Adversity") (Asahi Shimbun Publications Inc.), *CSR dekeieiryoku wo takameru* ("Enhancing Management Capabilities with CSR") (Toyo Keizai Inc.), and *Marketing ronri* ("Marketing Logic") (Chuo Keizaisha, Inc.).

The second CSR Report, following the first report in 2012, has been put together with features distinctive to SCSK contained concisely throughout the report in a manner that distinguishes it from the online version of the report. I hereby submit my third-party opinion as someone with experience practicing CSR at an enterprise, constructing CSR theory in an academic setting, and promoting the integration of CSR theory and practice in society.

Areas of Excellence

❶ Business activities that directly or indirectly lead to the resolution of social issues are sufficiently disclosed as a CSR report of an IT firm.

Contributing with customers, such as partners, to the resolution of various social issues – including those related to healthcare, logistics and finance – through IT is reported as the company's CSR activities. Providing reconstruction support, which is an issue of a national scale in Japan, and the CAMP Workshop, carried out with the growth of the future generation of children in mind, are especially worthy of praise as CSR activities that are in unison with employees.

Meanwhile, if we shift our focus internally, we can find out fully about initiatives related to work-life balance, diversity, and gender equality – which help drive not only employee efforts like those mentioned above but also support the way employees work – through the dialogue with stakeholders.

If you consider that employees are the subjects who promote CSR towards building a "future of dreams" and the objects of CSR from the company's viewpoint, then you can think of employees as being a stakeholder who holds both subjective and objective positions. In that sense, the Smart Work Challenge 20 is currently an extremely significant initiative.

❷ The Company's challenges and primary efforts are disclosed on the basis of ISO 26000 to multi-stakeholders.

One of the important objectives of a CSR report is the disclosure of information to and the sharing of values with stakeholders. Values are shared by clarifying in specific terms what employees are expected to do and how to behave in line with the three Cs of the Code of Conduct for realizing the corporate philosophy.

In that sense, disclosing the expected "Role and Portrait" and the items for the evaluation of the three Cs to those inside and outside the company through the CSR report makes them not only a compass for employee behavior but also a declaration of a promise made to society by the company.

If you consider that all corporate activity begins with the activity of its employees, then you could say that this kind of transparency by the organization has an extremely important significance.

Areas for Future Improvement

● I hope to see the remaining challenges of the Company's CSR activities clarified.

Another important objective of a CSR report is, as I also pointed out last year, to foster ongoing management reform.

The spirit of "continuity and change" – that is, to see the trends and changes of the times, change what should be changed, and leave what should be left as is – is required at the starting point of innovation.

By analyzing the present state of CSR through the CSR report and clarifying the challenges that remain for the Company, it will be possible to visualize what should be done in the next fiscal year, and even a roadmap for the future beyond.

In addition to showing the Company's CSR activities in a list under the headings of ISO 26000's core subjects and providing a summary of each activity, clarifying the remaining issues at the end of the description of each activity will lead to activities that are in unison with stakeholders. Sharing them with each division and summarizing them as activities to be carried out in the next fiscal year (or even longer-term) can lead to activities in which the whole Company works as one. I truly hope that the implementation of this management cycle will lead to the sustainable development of the Company.

| Comment on Third-Party Opinion

We would like to offer our sincere appreciation to Professor Junichi Mizuo of Surugadai University for providing us again this year with his valuable comments in regards to the SCSK CSR Report 2013.

We introduced through feature articles, SCSK's characteristic CSR efforts: the contribution through IT towards solving the issues faced by society; support for the reconstruction of the Tohoku region through activities in harmony with employees; initiatives related to social contribution activities; and initiatives towards creating enjoyable workplaces.

Prof. Mizuo recognized highly our information disclosure to and sharing of values with multi-stakeholders on the basis of ISO 26000, as well as the disclosure of information regarding our direct and indirect business activities that lead to the solving of issues faced by society. Going forward, we will prepare an environment that will enable each and every employee to exhibit their strengths to the utmost and undertake efforts that will allow us to provide even better value to our customers and other stakeholders.

Meanwhile, regarding the clarification of remaining issues, which the professor pointed out as an item for future improvement, as well as the implementation of a management cycle, these issues will be shared with each division and we will create a mechanism that will allow us to address them as a whole company.

We will further promote SCSK CSR activities together with our customers, together with society, and together with our employees so that we may "build our future of dreams."

Hisakazu Suzuki
Representative Director, Senior Managing Executive Officer and General Manager of Legal, General Affairs, Corporate Communications & IR Group
SCSK Corporation