



Internet Initiative Japan

Integrated Report

2022

As of September 30, 2022

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Editorial Policy

IJJ has published an integrated report portal to help shareholders, investors, and other stakeholders understand the IJJ Group's initiatives of solving social issues through its business activities to achieve sustainable growth.

This portal combines financial and non - financial perspectives and provides key information regarding creating value from a medium - to long-term perspective. While the reporting is conducted on an annual basis, the content is updated as necessary to continually provide the latest information.

Reporting Period

FY2021 (April 1, 2021 - March 31, 2022)

However, the content also includes business activities and disclosures from April 2022 and later.

Scope (Organizations)

IJJ and its group companies

Timing of Publication

June 2022

This portal is updated as necessary to continually provide the latest information. A PDF file summarizing the content of this portal is published once a year in October.

Reference Guidelines

- Integrated Reporting Framework [Value Reporting Foundation (VRF)]
- Value Co-Creation Guidance [Ministry of Economy, Trade and Industry]



Disclaimer

Statements made in this portal regarding IJJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IJJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding revenues, operating and net profitability are subject to various risks, uncertainties and other factors that could cause IJJ's actual results to differ materially from those contained in any forward-looking statement.

Business Philosophy

IJJ Group's business philosophy (raison d'être or purpose) is as follows.

As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by providing groundbreaking services and platforms that propose new uses for the network.

■ To develop network infrastructure through technological innovation

We are committed to the ongoing pursuit of initiatives in the field of Internet technology to open up the future of the digital society through new value created by ever faster networks and computing.

■ To provide solutions (IT services) that supports a networked society

We continuously develop and introduce highly reliable and value-added IT services that anticipate changes taking place around the world, to support the use of networks by society and individuals.

■ To provide meaningful opportunities for growth to our employees (a place where human resources with diversified talents and values can play an active role)

We aim to offer meaningful working opportunities for growth through business, in which our staff can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction. We aspire to be a company where employees are never satisfied with the status quo, and are always thinking about the future world, contributing to social development, and achieving personal growth through work that has value for society.



We shall lead technological innovation of Internet and contribute to the development of a networked society.

President (Co-CEO & COO)

Eijiro Katsu

IIJ marks the 30th anniversary of its foundation this year. We have been taking the initiative in the field of Internet technology in Japan for 30 years, since IIJ was founded as the first full-scale commercial ISP in Japan in 1992. Internet is a technological innovation that changes the way things work in the world by bringing together the technological infrastructure of "information" and "communication." Its possibilities are infinite, and Internet continues to fundamentally change a social mechanism. Since our foundation, we have predicted a world in which everything is connected by and built on Internet. Now, that prediction has come true, and the technological development, operational, and proposal capabilities we have accumulated over the years are appreciated more than ever, leading up to our business expansion.

In recent years, IT utilization has penetrated every area of society, and a digital shift is underway around the world. In the midst of such a trend, the COVID-19 pandemic has accelerated the IT utilization among enterprises and government agencies in Japan, and we believe that this trend would last irreversibly. Under this market environment, we shall continue to take initiatives in technological innovation of Internet just as the company name of "Internet Initiative." We believe that the purpose of IIJ Group is contributing to the development of a networked society through the provision of innovative services and platforms which propose new ways of using Internet.

[> Business Philosophy](#)

IIJ's Vision for a Networked Society

The networked society we are aiming for in the future is a society in which the necessary information and services are delivered whenever needed by connecting people and things with technologies such as IoT and AI. Moreover, by promoting digitalization, we can solve many social issues that are currently emerging. Some initiatives are already underway such as the promotion of high-quality education through the GIGA School Program, the introduction of remote maintenance of equipment in factories to improve efficiency, the planned production of smart agriculture to increase food production and to reduce food losses, labor savings through the adoption of IoT at stores and construction sites, the automation of food hygiene management (HACCP), the preservation of the safety of children and elderly people using IoT monitoring devices, and smart city initiatives to improve convenience and comfort in daily life. We shall provide the technologies and highly value-added IT services which solve social issues to support the networked society.

IJJ's Strengths (Competitive Advantage)

We have continued to grow since founded as an ISP by transforming its business model toward comprehensive network solution provider, offering various services including Cloud, security, outsourcing of network operation, WAN, mobile/IoT, and network system development, operations, and maintenance based on the accumulation of Internet technology and expertise. We aim to achieve further growth as a corporate group that can comprehensively respond to various demands for network utilization by expanding our business areas.

— Outstanding Service Development and Operations Capabilities

IJJ Group's greatest strengths is industry-leading network service development and operations capabilities. Since launching the first Internet connectivity service in Japan, we have continued to launch services, which capture market needs ahead of our competitors. Our capabilities of service development and reliable and stable operation have a high reputation among our customers and IT industry. The source of these outstanding technical capabilities lies in our professional Internet engineers who have the highest level of expertise. Approximately 70 percent of our consolidated employees are engineers, making us a diverse group of professionals with a high level of expertise. As both of service development divisions and operation divisions are cooperatively involved in service development from the beginning phase of service design, for example, which allows us to ensure stable operations after the launch of services. In addition, we are also actively involved in the development of network technology in cooperation with the domestic and international technological community, and incorporate the knowledge and new technologies gained through such activities into our service development, leading to the provision of advanced services.

— One of Japan's Largest Backbone Networks

The second strength is that one of Japan's largest backbone networks is developed and operated by us, and we have the network operation capabilities that ensure the stable network operation. We provide an exceptionally reliable high-speed communication environment based on our high-capacity and round-the-world backbone network. Our network services are used for a wide range of online services, from mission critical corporate systems to video streaming, online security trading systems, and large-scale e-commerce sites. We shall also work on developing services that can be rolled out worldwide.

— Solid Customer Base

The third strength is our customer base, which consists of around 13,000 corporate customers, including large and medium-scale enterprises and government agencies. Many of our customers who have been using our services from the early days of Internet are now using multiple services we provide, and we shall continue to promote cross-selling to meet customer needs. Many of our services are generating monthly recurring revenues and this recurring revenues account for over 80 percent of our total revenues and support our growth as a steady revenue base. Deepening relationships with our customers leads not only to revenues but also to the discovery of new needs and improvement of services. This, in turn, creates a positive cycle that increases customer satisfaction.

FY2021 Financial Results and Progress on Mid-term Plan

In FY2021, we took an advantage of the major trend toward digitalization and continued to enhance our revenue and profit growth model by accumulating enterprise recurring revenues, resulting in steady financial growth. We recognize that our businesses have entered a profit expansion phase in conjunction with the spread of IT utilization among Japanese enterprises. Enterprise network services revenues(*) such as Internet connectivity and outsourcing services increased 10.3% year on year, and mainly due to an increase in these gross profits, operating profit grew significantly, up 65.3% year over year. We have revised the FY2023 target of operating margin upward to 11.5%. We believe our consistent business model and technological capability accumulated over the 30 years since our foundation led to the expansion of our business scale and profitability, which are expected to further expand in the next stage from a medium- to long-term perspective.

(*) Excluding mobile services

➤ [Consolidated Financial Results \[1.76MB\]](#) 

Looking back on the previous year, which was the first year of the Mid-term Plan (FY2021 to FY2023), we saw the progresses of digital shifts such as digital workplace, and digital transformation such as the creation of new business models using IoT during the COVID-19 pandemic. We were able to develop network and security services based on our expertise in response to customer needs and bring them to market in a timely manner, which led to an increase in revenues and operating profit. We shall promote providing our various network services to large-scale enterprises that migrate their systems from on-premises to Cloud services to achieve revenue growth.

FY2022 is the second year of our Mid-term Plan, and we believe it is expected to be an extremely important year. In FY2021, we were able to accumulate recurring revenues in the enterprise Cloud market, in which digitalization was accelerated, leading to an increase in profits. Demand for IT utilization among enterprises is expected to continuously expand. In FY2022, in addition to continuing to firmly increase revenues in the enterprise Cloud market, we aim to strengthen our approach to the business Cloud market through targeting enterprises with Internet-based business domains. We seek for developing new customer relationships and creating customer demands by making proposals that include IT utilization in customers' business domains. Looking ahead to the next 30 years, it is necessary to dramatically expand the scale of the business in the future in order for us to establish a solid position in the IT industry and pursue growth. The three-year of the Mid-term Plan is an important period for achieving discontinuous growth in the future and the FY2023 targets of total revenues and operating margin are JPY270 billion and 11.5% respectively.

As for the outlook for the future, we aim to continuously provide high-quality and value-added IT services that foresee changes in the world and market needs in our core business areas of network, security, Cloud, data center, MVNO, and IoT. In addition to the video streaming platform we have already been working on, we shall also look into the development of platform-based services for new opportunities such as remote medical and nursing care and digital currency, which are expected to grow in the future, and consider the possibility of taking on the challenge of new business models and new business domains through M&As. Furthermore, as a Cloud (IaaS) service provider, we are the first company in the world to have received an approval for its BCRs, policies for protecting personal data obtained in the European Economic Area (EEA) per the EU's personal data protection law. We also provide Cloud services registered with the Information system Security Management and Assessment Program (ISMAP) of the Japanese government. We are leveraging these strengths to enhance support for customers handling personal information to address privacy protection regulations.

Our mission is to drive the progress of digitalization of society by tirelessly developing technologies for the world to come along with our business expansion.

I Basic Approach to Sustainability

Our group has created and been supporting Internet in Japan. We have contributed to bringing dramatic changes to social and economic activities and behavior pattern and thereby realizing the greater efficiency of society. Taking the initiative in Internet technology to achieve a more efficient networked society in the future is in line with the business philosophy. This is the very basis of our approach to sustainability. We believe that continuously taking sustainability related initiatives is an important theme in order to achieve sustainable growth and enhance corporate value.

We have supported solving social issues by providing innovative services that incorporate new technologies such as AI and IoT. For example, we are working on technological development for achieving a sustainable society consistent with SDGs, including smart agriculture, smart factories and improvement of efficiency of regional medical and nursing care utilizing IoT. Our various services have contributed not only to improving productivity and making efficiency at companies but also to generating innovation, including the creating added values and new businesses through IoT and other technologies.

Meanwhile, the use of electricity is essential in providing these services, and we recognize the importance of improving energy efficiency and using renewable energy in data centers where a large amount of servers are operated. As a measure to address global warming, we shall make efforts to use renewable energy and improve energy efficiency at data centers.

In addition, with regard to the diversity of our human resources, we have always welcomed diverse talents regardless of gender, nationality, disability, other personal attributes, while we have deployed and promoted them based on their ability and performance with respect for various perspectives and values. We shall continue to take initiatives in the diversity based on this policy.

> [Sustainability](#)

I Basic Approach to Corporate Governance

We recognize the importance of implementing and enhancing corporate governance in order to consistently realize the business philosophy and enhance corporate value. When it comes to implementing and incorporating corporate governance into practice, we believe that the maintenance and advancement of the control environment is of utmost importance as an underlying principle. We believe that the officers and employees of our group make daily efforts to contributing to our customers and society with high motivation and pride in line with our business philosophy of supporting the Japanese Internet and developing the networked society, in the context of our historical background of creating Internet in Japan. We recognize that we are incorporating proper governance into practice in a multi-layered structure based on the human resources that are the source of our competitiveness: implementing "Code of Ethics" as the basis of the control environment and other internal rules for the management of subsidiaries, whistleblower protection, information disclosure, the prevention of insider trading, basic policy for internal control system, internal control related to financial reporting and anti-bribery, requesting for the strict compliance with them thorough communication by top management and auditors, monitoring and supervising by the Board of Directors, the Board of Company Auditors, and the Nomination and Remuneration Committee, which appointed directors who have extensive experience and high expertise in various fields, various committees, which assess risks and consider countermeasures according to the type of risk, and internal control and operational audits. We have appointed independent outside directors who have diverse backgrounds. We shall continue to work on maintaining and enhancing our corporate governance as we expand our business scale.

> [Corporate Governance](#)

As mentioned at the beginning, IJ marks the 30th anniversary of its foundation in December of this year. We are deeply grateful to our shareholders, investors, and other stakeholders for your support. We sincerely appreciate your continued understanding and support.

-END-

Financial and Non-Financial Highlight

Financial Highlight

Non-Financial Highlight

[Data book \[54KB\]](#)

▼ All

► Revenues and Profit

► Financial Position at the end of each fiscal year

► Cash Flows

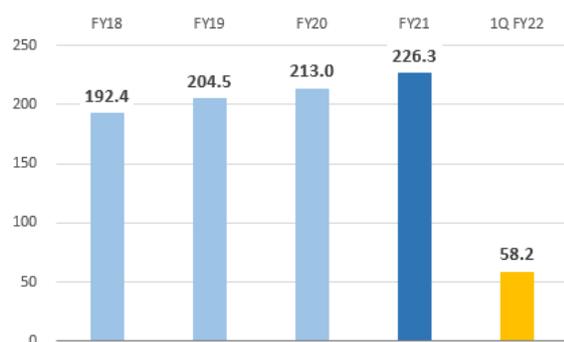
► CAPEX etc.

(*) Consolidated basis under IFRS ("International Financial Reporting Standards.")

Revenues and Profit

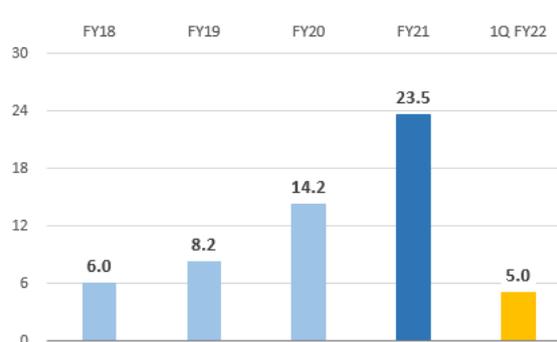
■ Total Revenue

Unit: ¥ billion



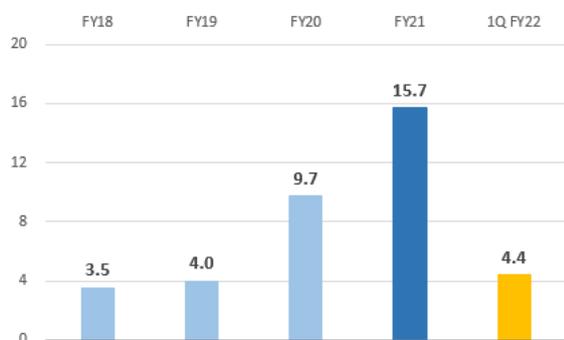
■ Operating Profit

Unit: ¥ billion



■ Profit attributable to owners of the parent

Unit: ¥ billion



■ Basic earnings per share

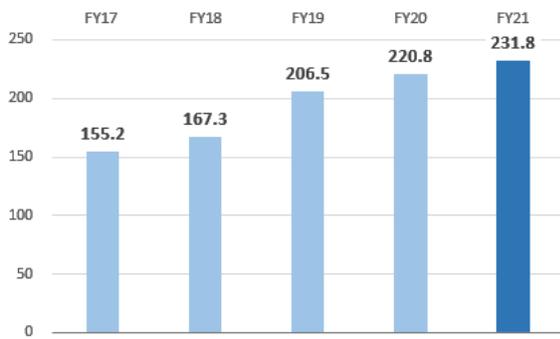
Unit: ¥



Financial Position at the end of each fiscal year

Total Assets

Unit : ¥ billion



Equity attributable to owners of the parent

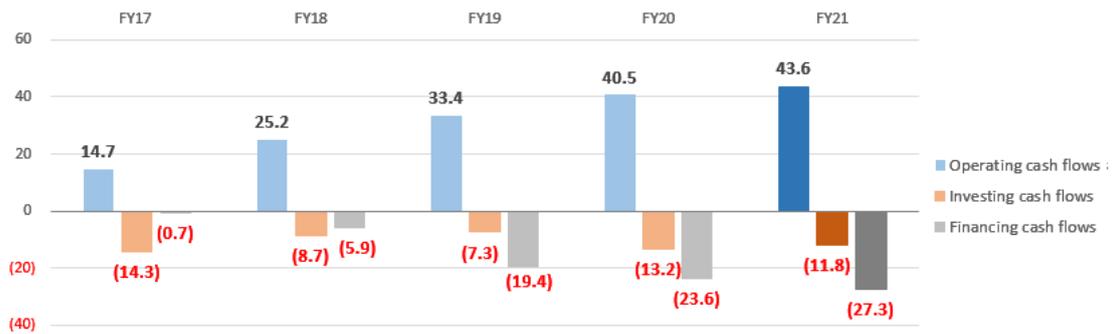
Unit : ¥ billion



(*) Along with the adoption of IFRS 16 "Leases" from FY19, the total assets in FY19 largely increased in comparison with in FY18. For this matter, please refer to "Questions and Answers - Results of Operation - Q4." □ "

Cash Flows

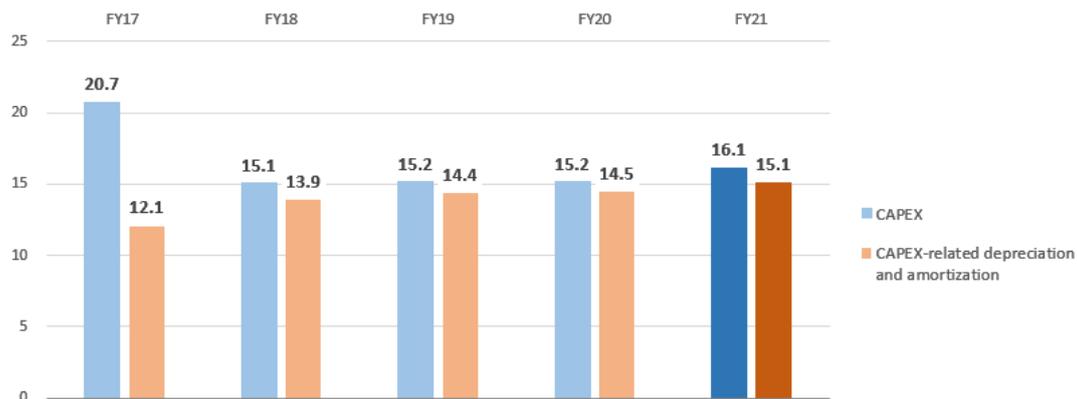
Unit : ¥ billion



(*) Along with the adoption of IFRS 16 "Leases" from FY19, payments for certain operating leases have been reclassified from operating activities to financing activities. For this matter, please refer to "Questions and Answers - Results of Operation - Q4." □ "

CAPEX etc.

Unit : ¥ billion



- (*) Total amount of capital expenditure are the amounts of acquisition of tangible and intangible assets by cash and entering into finance leases for the fiscal year, excluding duplication due to sale and leaseback transactions and acquisition of assets that do not have the nature of investment, such as purchase of small-amount equipment.
- (*) CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship.

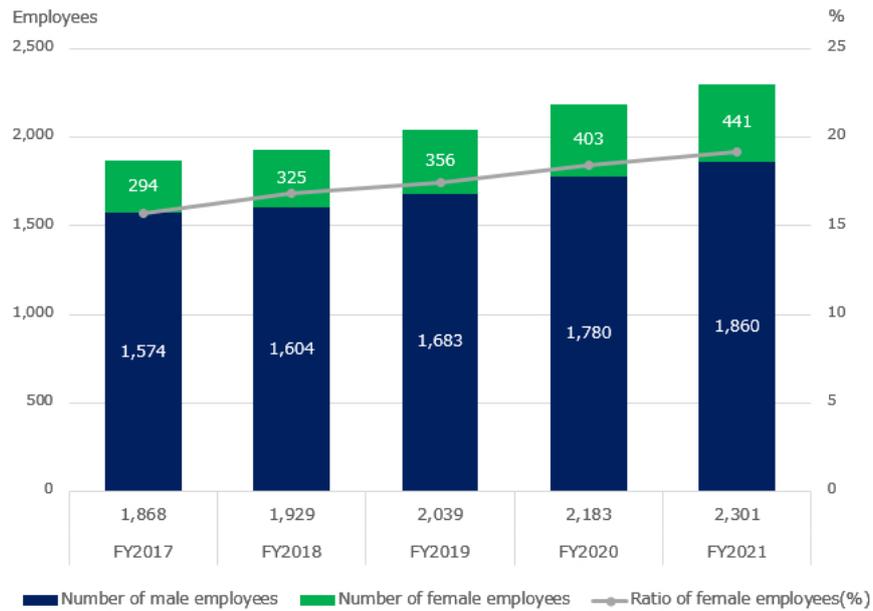
Financial and Non-Financial Highlight

Financial Highlight

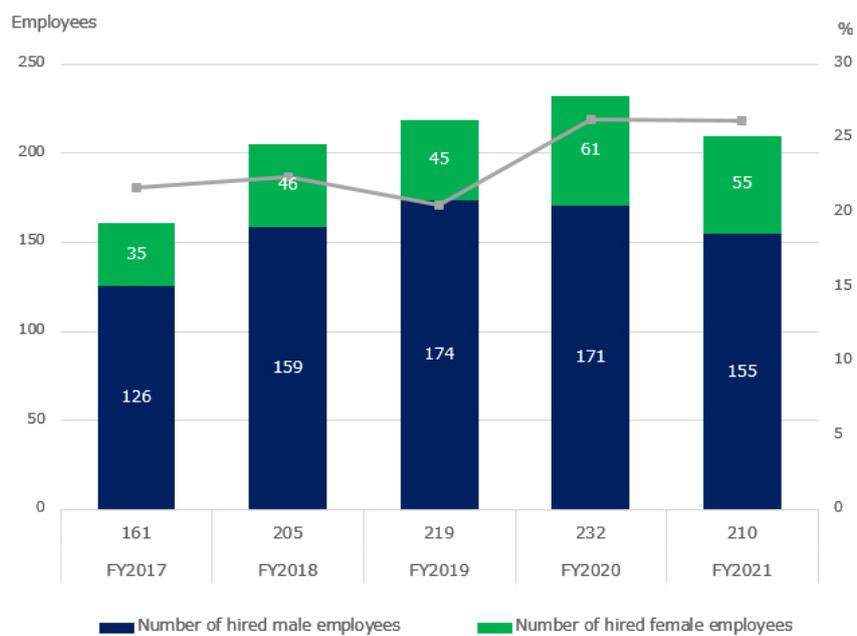
Non-Financial Highlight

Personnel data (non-consolidated basis)

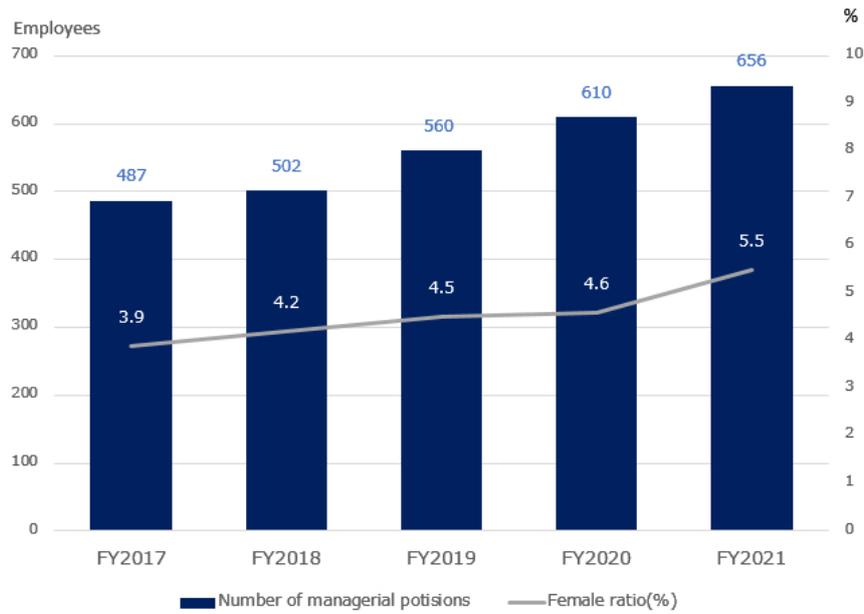
Number of employees (By gender)



Number of hired employees (By gender)

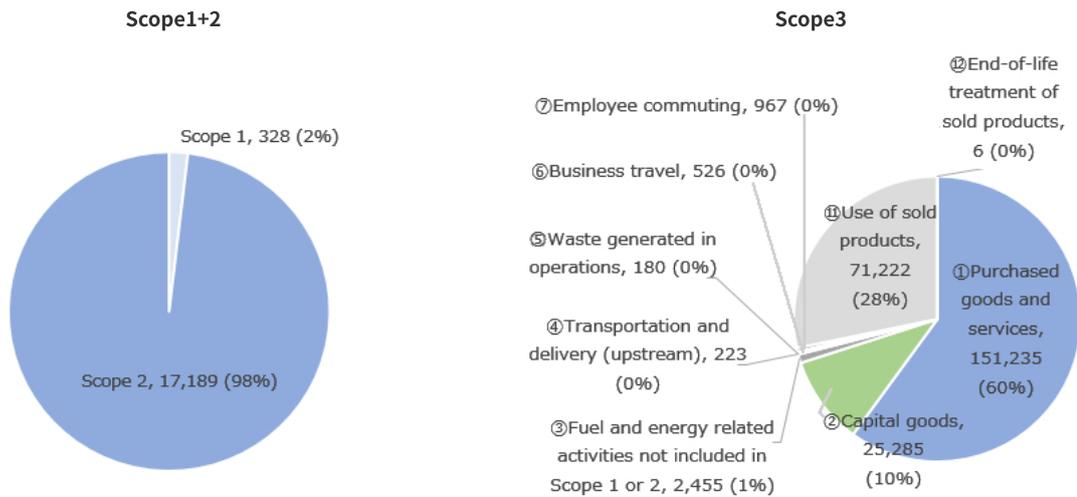


– Number of managerial positions and ratio of females in managerial positions



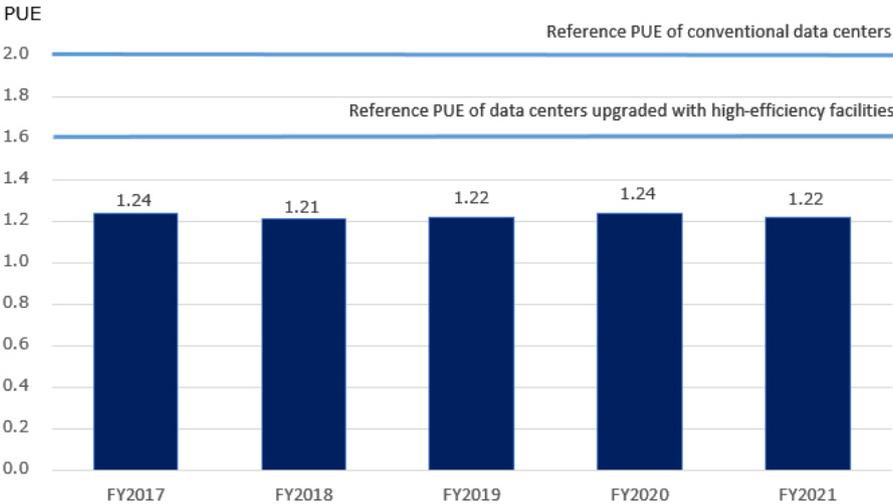
Environmental data

– IJ (Non-consolidated basis) FY2020 Results (Unit: t-CO2)



(*) Calculation is based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver2.3) (The Ministry of the Environment and Ministry of the Economy, Trade and Industry)

– Annual Average PUE of Matsue DCP

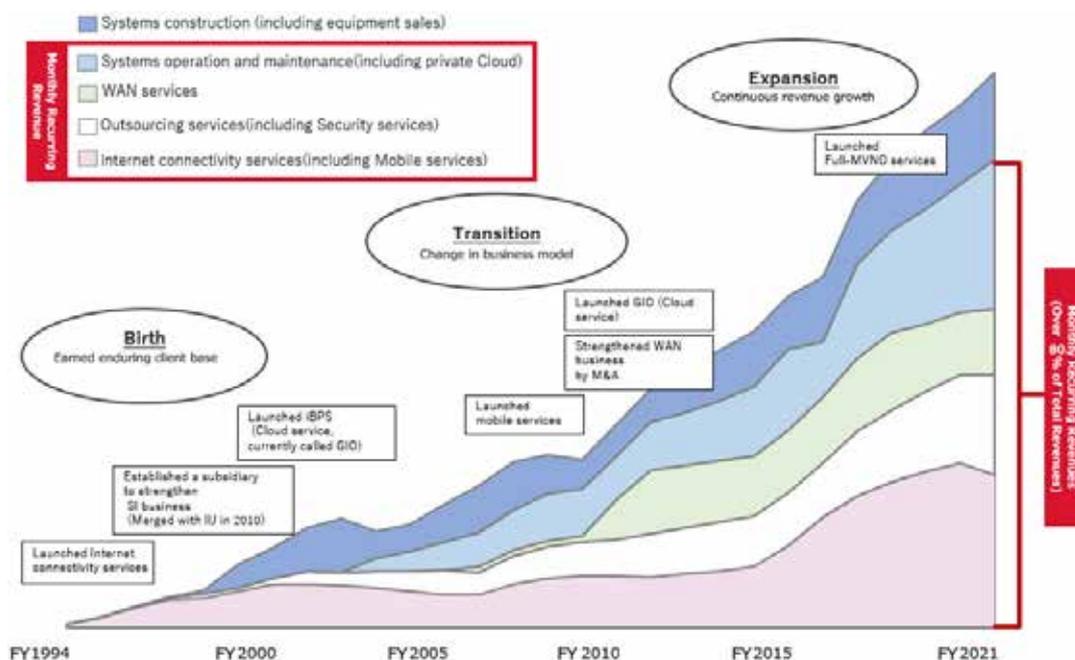


IIJ Group Business Development

In the early 1990s, before Internet was born in Japan, the WIDE Project, an industry-academia collaboration, was engaged in R&D activities and was the leading accumulation of Internet technology. In December 1992, IIJ was founded as a pioneer of Japanese ISP by mainly engineers involved in this R&D activities with the dream of spreading Internet as a new means of communication in Japan. Soon later, IIJ developed and launched the first domestic network services, including Internet connectivity service, dialup IP service, and firewall service, and established a dominant market position in the Japanese ISP market in the mid-1990s. The number of entrants into the ISP market increased dramatically along with the spread of Internet, which resulted in intense price competition, and most ISPs subsequently went out of business.

In the midst of such a market environment, IIJ Group focused on large-scale enterprises and government agencies likely to utilize Internet for their businesses. Based on its strength of the accumulation of technological capabilities related to Internet and customer base, IIJ has strategically transformed its business model towards a comprehensive provision of highly reliable and value-added Internet-related services. IIJ expanded its business to providing security services, network operation and monitoring, and construction and operation of network and Internet-related systems, which are necessary for companies to use Internet, and established a group of subsidiaries and equity method investees. Subsequently, due to the need for providing combined network services to enterprises, IIJ started offering mobile services as an MVNO, and developed Cloud services ahead of the trend toward the convergence of networks and systems. IIJ also established bases in the United States and Europe to operate a global Internet network on its own, and have been strengthening Asian businesses with a focus on providing network and system support to mainly Japanese domestic customers for their overseas business expansion.

Through such business development, IIJ has built up a customer base mainly consisting of blue-chip enterprises and government agencies, and accumulated monthly recurring revenues that account for more than 80% of total revenues, thereby establishing brand recognition and IIJ Group's unique position in the enterprise ICT market. In recent years, the operation of integrated corporate networks and systems that incorporate Internet technologies has been gaining ground among Japanese enterprises and government agencies. IIJ believes that IIJ Group's role in supporting the Japanese Internet and contributing to the realization of a networked society through technology, as stated in its business philosophy, shall become increasingly important.



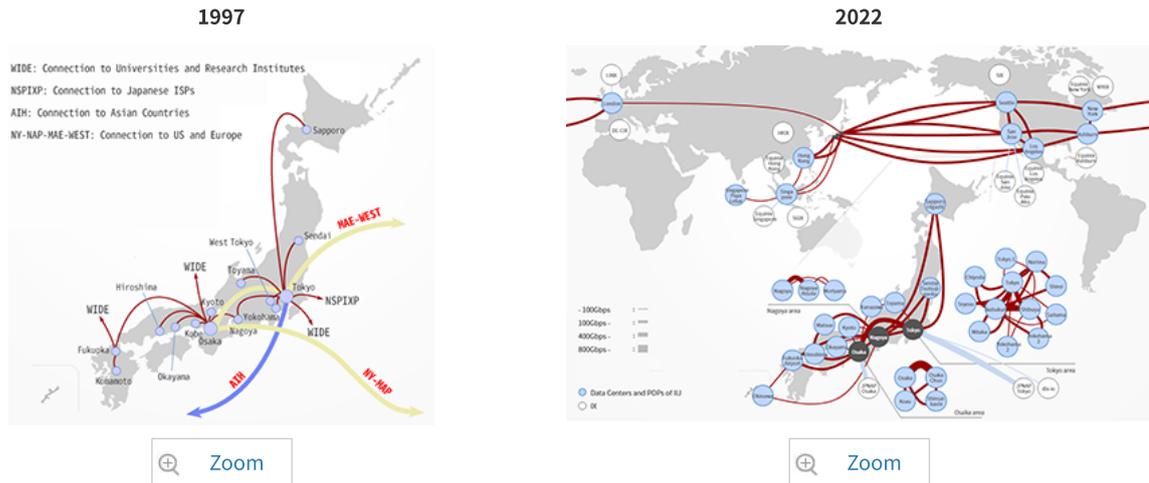
Related Links

- > [Corporate Data](#)
- > [Corporate History](#)

IJ Group's Strengths

One of Japan's Largest Internet Backbone Networks and Reliable Internet Operations Capability

The Internet backbone network ("backbone") developed and operated by IJ is one of the largest backbone in Japan, and extends to the United States, Europe, and Asia, providing high-quality Internet connection environment globally through local subsidiaries' operation. The backbone is constantly being enhanced in response to an increase in Internet traffic.



IJ's backbone has realized high availability that prevents interruptions even in the event of unprecedented circumstances, such as a large-scale disaster, through a redundant design that uses circuits from multiple telecommunications carriers to connect sites via physically different routes, a redundant network equipment design, and the adoption of multi-vendor equipment and software. IJ operates a highly reliable backbone based on its accumulated Internet operation capabilities, and has not experienced any serious failures in about thirty years since its inception. Therefore, IJ has been maintaining long-term and good customer relationships, mainly with large enterprises and government agencies. IJ's backbone has continued to expand up to today with the spread of Internet in Japan and an increase in traffic, and its related costs have been covered by monthly recurring revenues from customers. In addition, it requires securing highly skilled network engineers and continuing capital expenditures at a certain scale. Therefore, IJ has established a business model that latecomers cannot easily imitate.

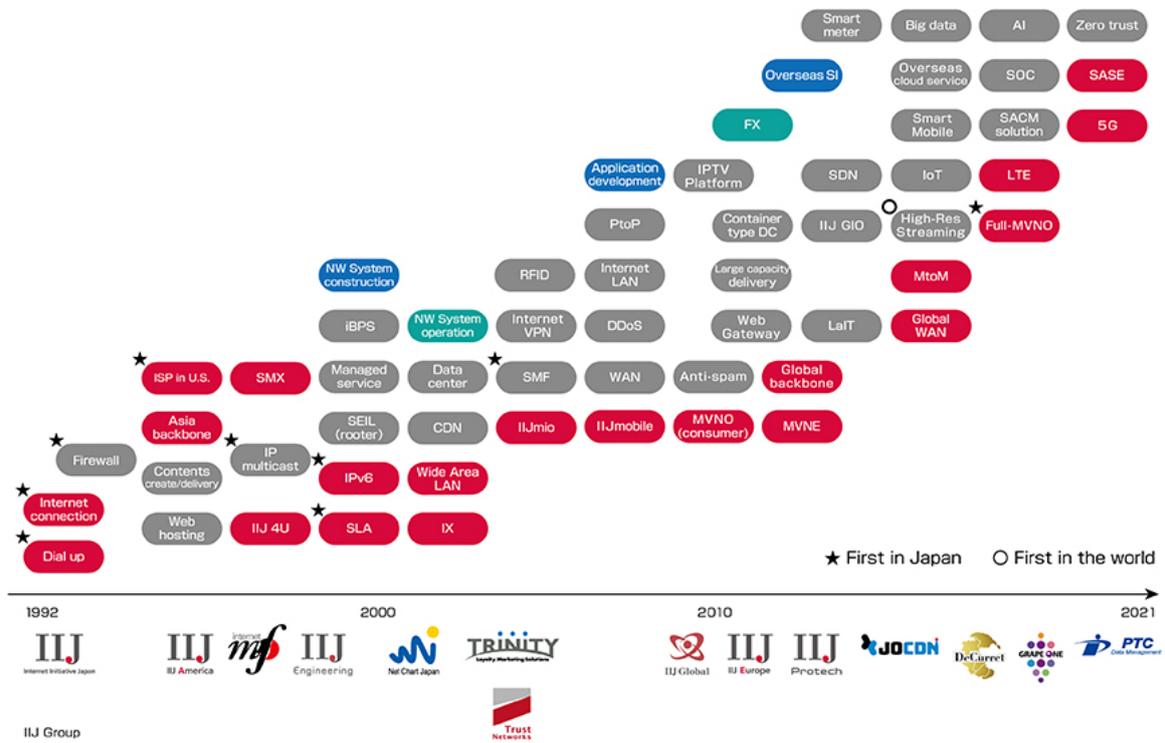
The major cost of Internet connectivity and outsourcing services for enterprises, which IJ Group provides, is operating costs of networks and systems including backbone such as circuit leasing costs, depreciation costs of equipment, data center usage fees, and personnel-related costs, which are not directly related to revenues. This business model allows for economies of scale which leads to a profit increase along with the expansion of backbone and the increase in monthly recurring revenues, which are generated based on it.

As the scope and scale of IT utilization in Japanese society and economic activities are expanding, IJ Group expects the demand for robust Internet infrastructure to grow further.

High-Value-Added Service Development and Sophisticated Operation Capabilities

Internet is controlled by programs and software, and the accumulation of such technologies' knowledge and experience is a key factor for service development. As a professional group of Internet engineers, IJ Group has been leading markets by keeping up with the latest technology trends, applying them with flexible ideas, and continuously developing, providing, and operating its own high-value-added services ahead of telecommunications carriers.

The following diagram outlines the development and creation of IJ Group's Internet-related services. These in-house developed services have become the source of its competitiveness.



IJ Group's network services are mainly provided via its own backbone, and are operated by experienced Internet engineers, which ensures stable and sustainable service provision. IJ Group believes that its long track record of reliable service operation has fostered a sense of customers' trust, leading to a low churn rate and expansion of combined service adoption, which has been reflected in its accumulated revenues of network services for enterprises.

Approximately 13,000 Customer Base, Primarily Large-Scale Enterprises and Government Agencies

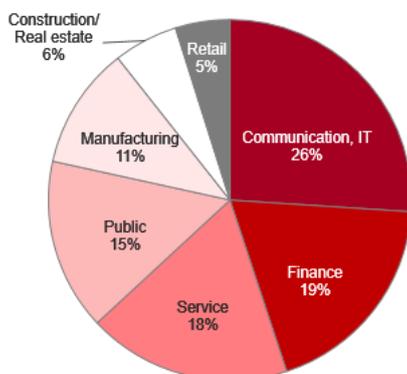
IJ Group has approximately 13,000 customers, mainly blue-chip enterprises and government agencies in Japan. Network services such as Internet connectivity and security are used across all industries, which leads to the well-diversified customer base with many leading companies in each industry adopting its services. In addition, IJ Group is not highly dependent on revenues to specific customers and each customer's revenues accounts for no more than three percent of total revenues at maximum based on FY2021 IJ's non-consolidated results.

IJ Group shall continue to develop new services, improve and add functions, and seek for revenue growth by encouraging customers to adopt a wider range of its services in a combined manner.

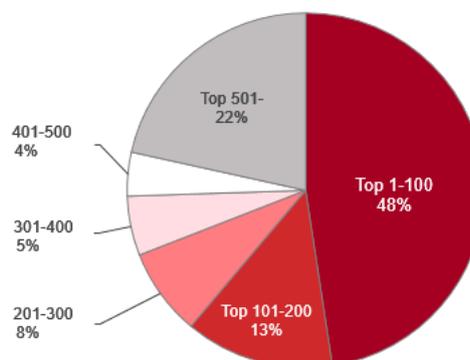
Service penetration among top ten companies in industry



Client distribution per industry



Client distribution per revenue volume



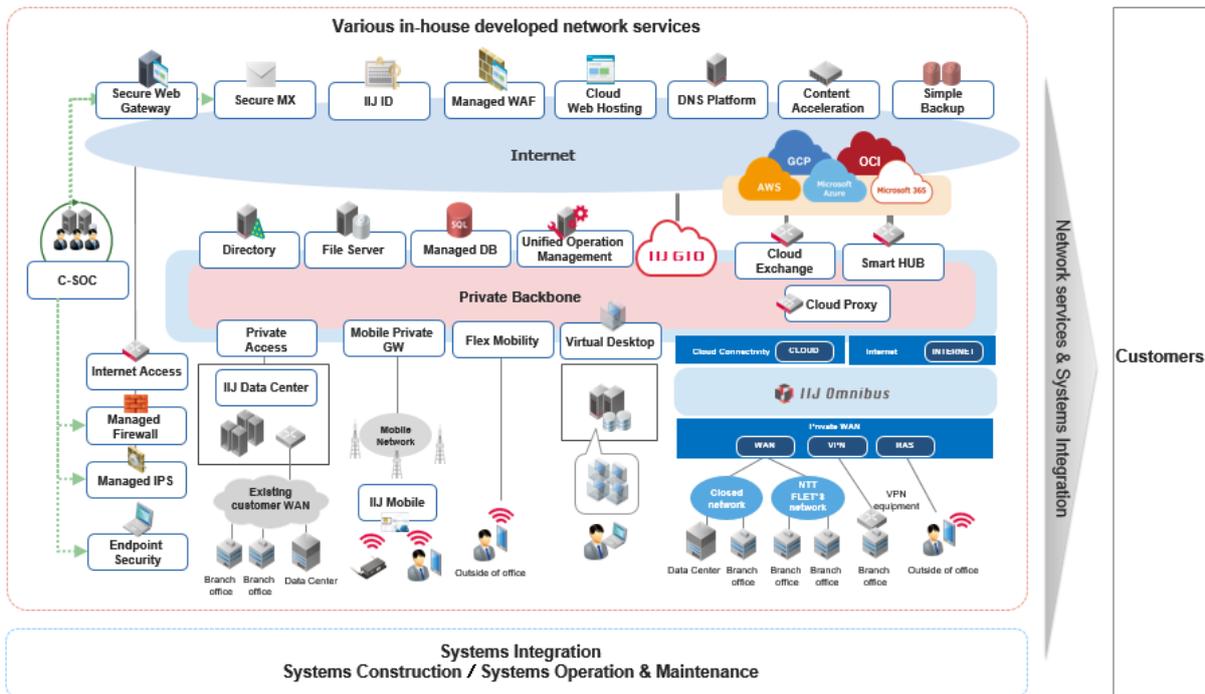
(*) The number of IJ Group's clients (as of March 31, 2022)

(*) Penetration rate into the top 10 companies in each industry is the percentage of companies that adopted IJ services among the top 10 companies, which prepared by IJ based on Yahoo! Finance and IJ's financial results etc.

(*) Revenue distribution by industry and client was prepared based on FY21 IJ's non-consolidated results.

Combined Provision of In-House Developed Network Services and System Integration

IJ Group was founded with the vision of spreading Internet a new means of communication in Japan, and began providing Japan's first commercial Internet connectivity service. IJ Group established a dominant market position in the Japanese ISP market in the mid-1990s; however, price competition intensified as the number of new entrants increased with the spread of Internet. In such an environment, IJ Group focused on large-scale enterprises and government agencies that use Internet for their businesses and also developed high value-added network services based on the accumulation of Internet-related technologies in the fields of Internet connectivity, security, Cloud, and mobile services, and provided these services on a monthly basis with its advanced operation capability. Thus, IJ Group strategically transformed its business model. IJ Group responds to the diverse network and system demands of enterprises and government agencies by providing a combination of these services and systems integration.



Cross-Selling of In-House Developed Services to Customer Base

The Internet backbone network, which is one of IJ Group's strengths, has not experienced any serious failures in about thirty years since its inception, and many of its customers have continued to use its network services over the years. IJ Group aims to further expand the scale of transactions with them by providing a combination of reliable and high-value-added network services to these customers who have fostered a sense of trust in IJ Group.

The provision of Internet-related services to customers operating large-scale internal systems has traditionally centered on Internet connectivity and gateway-type services outside of their internal systems. In recent years, large-scale enterprises and government agencies have evolved their systems to ones that combine Internet technologies such as Cloud and remote access based on zero-trust concept with advanced security features. As such, IJ Group expects demands for its network services and systems integration to increase.

Value Creation Process

■ Purpose

As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by providing groundbreaking services and platforms that propose new uses for the network.

— External Environment

- Rapid digitalization of social and corporate activities, faster networks and computing (data processing)
- Migration to new systems based on high-speed networks and Cloud utilization
- Growing demand for robust Internet infrastructure
- Increasing needs for security and privacy protection
- Expectations for companies to solve social issues

— Sources of Competitiveness

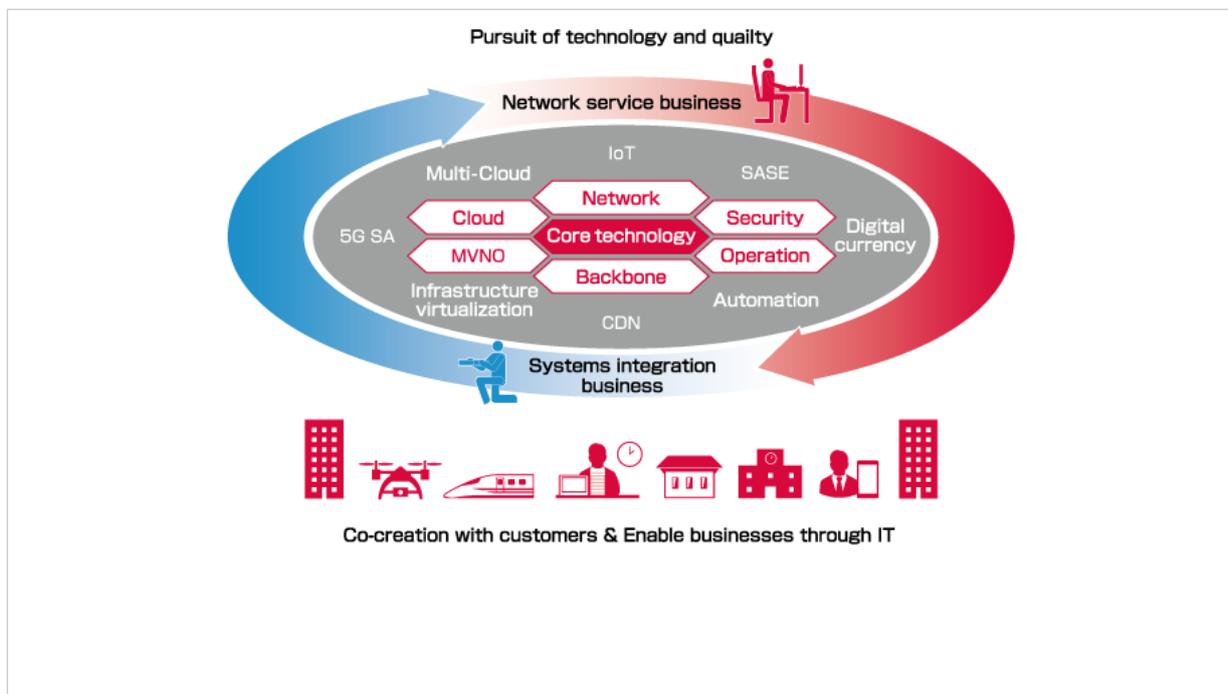
Strengths

- One of Japan's largest Internet backbone networks and reliable Internet operations capability
 - High-value-Added service development and sophisticated operation capabilities
 - Approximately 13,000 customer base, primarily large-scale enterprises and government agencies
- [IIJ Group's Strengths](#)

Management Resources

(As of Mar. 31, 2022)

- **Human Capital:** Employees 4,147 of which, engineers 2,934 (Approximately 70% of all employees)
- Subsidiaries: Japan: 5, Overseas: 11
- Data centers: 16 of which, IIJ's own data centers: 2
- Sales partners: over 300
- Total equity attributable to owners of the parent: ¥ 103.5 billion
- Ratio of owners' equity to total assets : 44.7%



— Efforts in technology and service development/quality to expand competitiveness

Initiatives to 5G SA, SASE, multi-cloud operation technology, information analysis platform for security threat, infrastructure virtualization/automation technology, and service quality enhancement

— Enhancement of the company's operational foundation for long-term business growth

> [Corporate Governance](#)

— Approach to sustainability

Material issues

- Lead network infrastructure advancement with technological innovations and contribute to solving various social issues
- Provide safe and robust Internet services that support social infrastructure
- Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges

Creation of Economic Value

— FY2021

- Revenues ¥226.3 billion (+6.3% YoY) of which, Monthly Recurring Revenue 83%
- Operating Profit ¥ 23.5 billion (+65.3% YoY) , Operating Profit Margin 10.4%
- Profit attributable to owners of the parent ¥ 15.6 billion (+61.4% YoY)

> [Financial Highlight](#)

> [Mid-term plan](#)

Creation of Social Value

— Environment

Reduction of GHG emissions through the use of renewable energy and the improvement of energy conservation at the own data centers

> [Information Disclosure based on the TCFD Recommendations](#)

— Society

- Solving various social issues by providing network services relating to government, medical and nursing care, agriculture, and education
- Contribution to the technological development and spread of Internet (ISOC, FIRST, ITU-T)
- Support for compliance with privacy protection regulations worldwide (acquired ISO, ISMAP)

> [Maintaining security and privacy](#)

— Diversity

(As of April 2022)

- Female ratio in recruitment 26%
- Ratio of female managers 5.5% (+0.9% YoY)

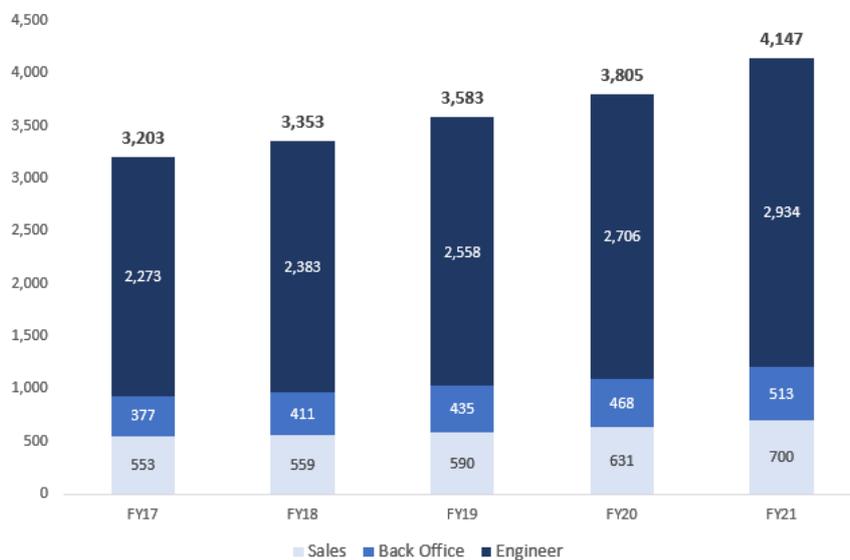
> [Developing human resources](#)

Human Capital

Human Capital Supporting IIJ Group's Growth

One of the sources of IIJ Group's competitiveness is its human capital. IIJ Group is in the midst of growth, and believes that continuing recruitment and training of excellent engineers is highly important for its further growth. More than 70% of IIJ Group's employees have engaged in the engineering and technology departments. Through their business activities, IIJ Group's strength of technical capabilities has been honed and accumulated. IIJ Group has established as one of its management philosophies, "We aim to offer meaningful working opportunities for growth through business, in which our staff can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction". By creating, providing, and stably operating high-value-added services such as Internet connectivity, security, Cloud, IoT, and MVNO ahead of its competitors, IIJ Group shall contribute to the development of Japan's network society and thereby continue to fulfill its management philosophy.

IIJ Group Number of Employees



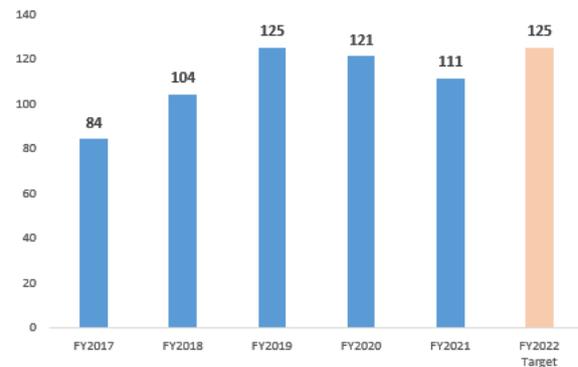
Talent Acquisition and Employee Engagement

IJ Group's human resource strategy is based on the policy of continuing to hire and train new graduates mainly, with mid-career hires providing the immediate workforce. As the first full-scale Internet service provider in Japan, IJ is highly recognized by students and engineers who would like to pursue Internet-related technologies, and it has continued to hire approximately 100 new graduates (non-consolidated basis) even in the recent severe IT personnel recruiting environment. Business growth requires the continuous securing of human resources, and IJ Group is carrying out recruitment activities based on the policy of increasing the scale of recruitment in FY2023. IJ Group considers that highly aspiring engineers are motivated by providing work opportunities and environments such as the construction and operation of large-scale network and servers, the pursuit of new technologies, and the in-house development and operation of innovative services.

IJ (non-consolidated basis) Number of New Graduates

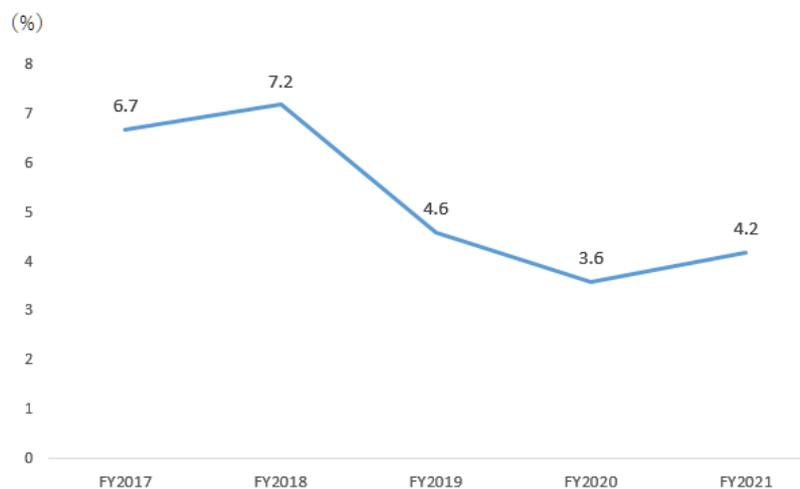


IJ (non-consolidated basis) Number of Mid-Career Hires



Human resource development is primarily based on on-the-job training through these operations, supplemented by layer-based training in accordance with the employee's year and role, and department-specific training for the purpose of acquiring specialized knowledge and skills. IJ has strengthened engagement with employees by career development supports through "Career Reporting System" and/or "Select Job System", an open recruitment system, which provides working opportunities in other departments as parts of their roles, and analyses and responses based on objective evaluations such as "Employee Awareness Survey" and/or "Stress Check". IJ's turnover rate has remained lower compared to the industry average.

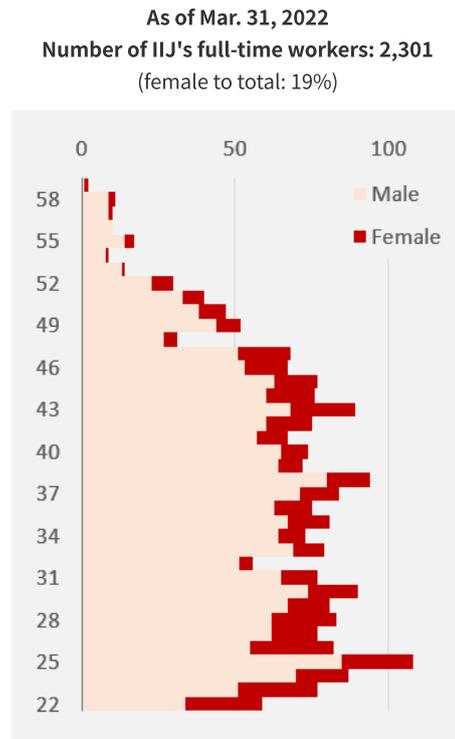
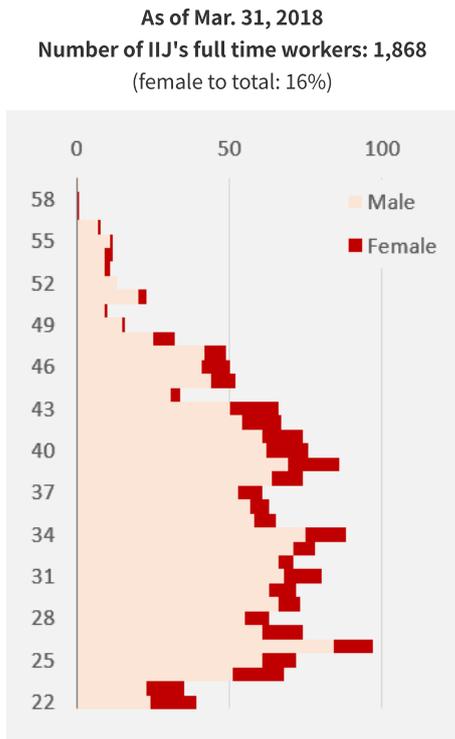
IJ (non-consolidated basis) Turnover rates



Characteristics of Human Resource Structure

Most of IJ Group's employees working in the engineering and technology departments are hired from universities and others that specialize in science and engineering, where their female ratio is low. Due to such characteristics, IJ Group has a structural characteristic that male employees comprise a high ratio of its workforce. However, the ratio of female employees has been gradually increasing in recent years, as the female ratio of its recruitment has been rising to approximately 26%. IJ Group has established an environment that facilitates the return to work of female employees, including maternity and childcare leave systems, childcare flex-time and shorter working hours. IJ expects the ratio of female employees to increase over time. The female ratio in management positions was 5.7% as of April 2022, and IJ has set targets to increase it to over 6% and over 8% in FY2024 and FY2027, respectively.

IJ was founded in 1992 and has a small number of retirees. Re-employment system has also been in use, therefore, the impact of the workforce reduction has been immaterial.



Mid-term Plan

Mid-term Plan (FY2021-FY2023)

Financial targets

	Target (consolidated)	FY2023
Business expansion	Total revenue	JPY 270 billion
Profitability	Operating margin	11.5% (*)

(*) On May 13, 2022, Considering the progress of financial performance and the continued favorable market environment, we update our FY2023 operating margin target in three-year mid-term plan to 11.5% from over 10%, which was revised from original target of over 9% on November 5, 2021.

Positioning of Mid-term Plan

We understand that the utilization of IT services by Japanese enterprises has just begun, and the market is expected to continue expanding over the mid-to-long term. We recognize that our business is in growing phase and we have to play an important role to support and take initiatives in the utilization of IT services by operating and strengthening the Internet and related systems as a social infrastructure, and continuously developing highly reliable and value-added network services.

Under such recognition, we position this Mid-term Plan as a step period (the second stage of the hop, step and jump) toward large-scale business expansion over the long term. While our operating profit margin formerly remained at a low level due to in-front-cost burden of preceding business and service development, etc., it gradually improved in line with the increasing trend of enterprise recurring revenue (*1) accumulation in FY2019 and FY2020. During the Mid-term Plan period, we shall continue to pursue revenue growth and improve operating margin furthermore by continuously carrying out and strengthening our conventional strategy, platform deployment.

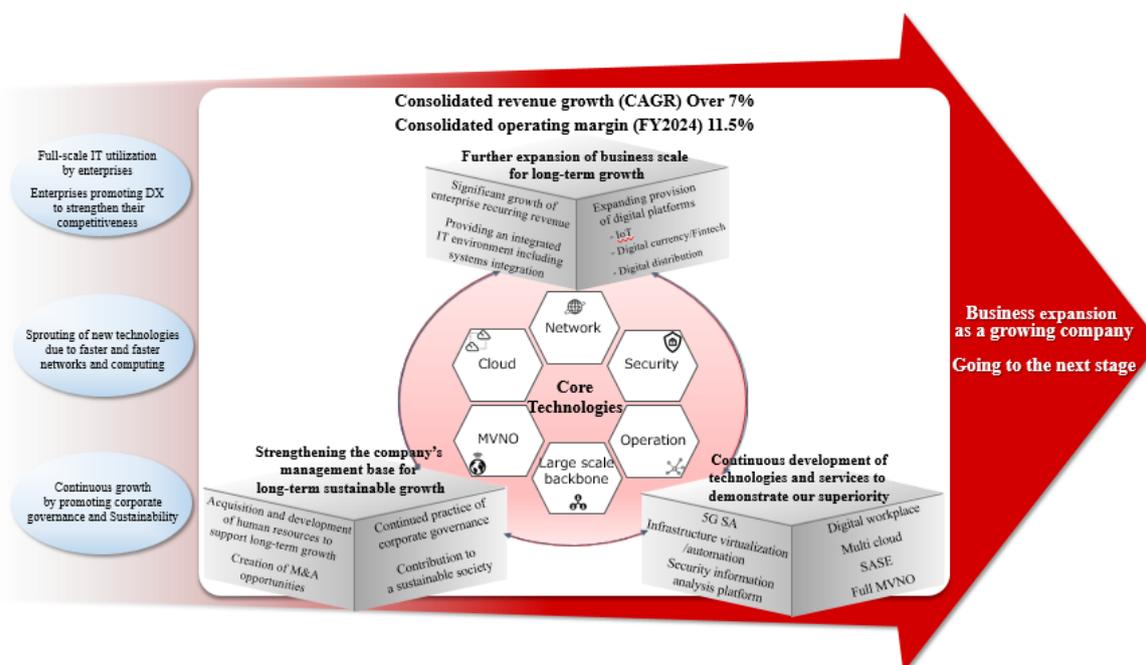
By realizing these, we expect that our market value would be largely increased, and based on this, we understand that we should be able to carry out significant business expansion over the long term, including further business investment and acquisition of M&A opportunities, and achieve sustainable fulfillment of our business philosophy.

Basic Policy

Our basic policy is to continuously grow our business by advancing further technological innovation and providing new technology models and best practices as IT services, based on the core technologies of network, security and cloud, and the technical skills to operate them with high quality. Specifically, as follows.

- Under the increasing trend of Zero Trust (*2), SASE (*3), Digital Workplace (*4) and etc., to continuously develop services and solutions such as network, security, and cloud, for enterprise cloud market (Demand for IT environment needed by enterprises), business cloud market (Demand for further IT utilization, including IoT, DX (*5), AI, etc., needed by enterprises where digitalization is the core of their business) and industry-specific cloud market (Demand for network systems and solutions needed by fintech, central and local governments, xSP (*6) including contents distribution, etc.) respectively, to further improve service operation and control, and together with these to increase enterprise recurring revenue significantly and enjoy profit increase by realizing scale-merit furthermore.
- In MVNO business, to improve gross margin by continuously strengthening the mobile infrastructure and gathering various mobile traffic of enterprise and consumer to achieve higher utilization of the infrastructure, with completely capturing rising enterprise IoT market by continuing full MVNO differentiation and developing competitive service and solutions with 5G SA (*7) and increasing market share by differentiating our consumer services which are suitable to MVNO customers.

- To pursue crypto asset exchange business of our equity method investee, DeCurret Inc., becoming profitable early, and to realize implementation for social infrastructure of digital currency settlement business in line with various policy trends and partner actions. Including those, to challenge and establish new areas of digital platform business that we can demonstrate our competitive advantages.
- To focus on acquiring and developing human resources, strengthening organizational power, and improving business operation efficiency more than ever to support our long-term growth.
- To continuously practice appropriate corporate governance that supports our sustainable growth, and to play our role and contribute to realize a sustainable society by fulfilling our business philosophy.



Review of the previous Mid-term Plan

For the previous five-year (FY2016-FY2020) Mid-term Plan ("Previous Mid-term Plan"), we set quantitative targets of total revenue of JPY220 billion and operating profit of over JPY10 billion. The actual results in financial performance are as follows.

Quantitative targets, etc. (consolidated)	FY2015 (US GAAP)	FY2020 (IFRS) (Last fiscal year of Previous Mid-term Plan period)
Total revenue	JPY140.6 billion	JPY213.0 billion
Operating profit	JPY6.1 billion	JPY14.2 billion
Operating profit margin	4.4%	6.7%
Number of employees	2,980	3,805

While the total revenue fell short of the target mainly due to factors such as changes in the competitive environment of consumer mobile services, etc., operating profit significantly exceeded the target by mainly enjoying scale-merit of monthly recurring revenue accumulation of enterprise network services.

In addition to the financial results, we achieved the following major business progresses during Previous Mid-term Plan period.

- Enhancement of functions and services line-up through continuous development of enterprise network services such as Omnibus (*8) and security, and improved appeal to customers.
- Establishment of a competitive advantage by implementing full-MVNO (*9) functions and development of services that utilize them, and also captured initial demand for enterprise IoT. (*10)

- Continuous enhancement of network infrastructure and expansion into global network operation including Asia.
- A prospect to secure server rack space to be needed in the future, with the sequential construction of the Shiroi data center.
- Continuous improvement of systems integration gross margin through SE (*11) operation management, and provision of service integration that combines systems integration and various network services.
- Efforts to establish a future social infrastructure to exchange and settle digital currency and asset value through our equity method investee, DeCurret Inc. as a new business field, and to diversify business areas.

(*1) Enterprise recurring revenue: Enterprise recurring revenue is our recurring revenue which excludes Internet connectivity services revenue for consumer and MVNE revenue. Recurring revenue is revenue that businesses can count on receiving every single month through continuous provision of services to customers.

(*2) Zero Trust: Zero Trust is a concept of network security that never trusts all communication traffic and always verifies it.

(*3) SASE: SASE (Secure Access Service Edge) is a concept, providing comprehensive service by combining network functions and network security functions on the cloud.

(*4) Digital Workplace: A comfortable and productive digital work space that is realized by using digital tools, etc.

(*5) DX: DX (Digital Transformation) is the adoption of digital technology to transform products, services or business models, etc., through replacing incumbent processes with digital processes, in response to drastic changes in the business environment.

(*6) xSP: xSP is a general term for various service providers that provide services via networks, such as ASP (Application Service Provider), ISP (Internet Service Provider), MSP (Managed Service Provider), etc.

(*7) 5G SA: 5G (fifth generation mobile communication system) Stand Alone system. A communication system in which the core network, data communication function, control function, etc. are all constructed using 5G technology.

(*8) Omnibus: Omnibus is a service which IIJ provides. Omnibus, utilizing SDN (Software Defined Network) and NFV (Network Function Virtualization) technologies, is a cloud-based network service, which provides enterprise customers wide-range and various functions.

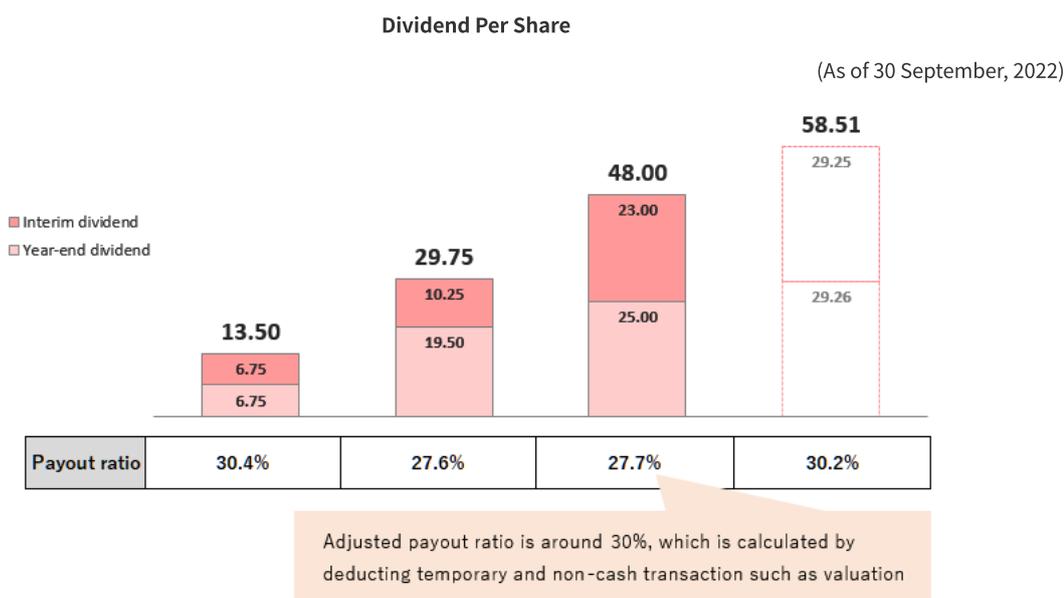
(*9) Full-MVNO: Compared to conventional MVNO (light-MVNO), which is highly dependent upon MNO equipment or facilities, full-MVNO services are operated using an in-house HLR/HSS (databases for managing SIM cards), thereby making it possible for such providers to procure and issue their own SIM cards and design their services with more freedom. For example, in the IoT field, where future developments are expected, IIJ expects to be able to offer embedded SIMs as well as develop services that it can freely control in terms of the management of charges and activation, thereby creating a new MVNO business model.

(*10) IoT: Internet of Things (IoT) enables not only physical objects but also “things” connected to a network to exchange information automatically.

(*11) SE: Systems Engineer (SE) is, generally, a person mainly engaged in design and construction of network systems.

Basic Policy on Shareholder Returns

The IT market for enterprises is expected to grow more in demand as the need for DX (Digital Transformation) is advocated. Under such a growing market, IJ Group is in the midst of growth, and aims to achieve continuous enhancement of its corporate value by expanding the scale of business while increasing revenue growth and operating profit margins. In recent years, IJ has maintained an adjusted dividend payout ratio of approximately 30% as returns to shareholders, and dividend per share has been largely increasing in line with profit growth. IJ plans to increase returns to shareholders along with profit growth while taking into consideration a certain level of retained earnings and strengthening its financial position in order to flexibly respond to business investments ahead of competitors and M&A opportunities that would accelerate its growth.



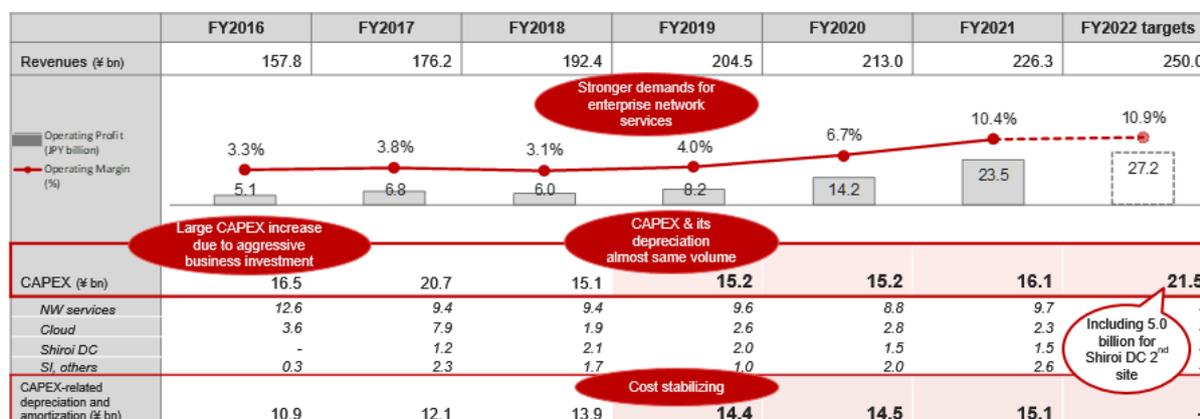
Approach to Investment

Business Investment

IJ Group believes that expansion of business scale is important to continuously demonstrate its competitiveness in a growing market, and therefore pays close attention to revenue growth rate as a management indicator. Profitability tends to improve along with revenue growth, and IJ Group also considers operating income and operating margin to be important indicators, which are linked to ROE. Business investment and service development in new technological and other areas are continuously required, and these have been actively promoted. Business investments are evaluated through measures such as IRR with flexible assumptions depending on the nature of business, and decisions are made at the Board of Directors meetings and/or management meeting in consideration of resource allocation to existing core, growth, and new business areas as a portfolio. Their returns on investments are monitored by each business and service.

Capital Investment

IJ Group's major capital investments consist of acquiring facilities for service operations, such as networks, Cloud and data centers, and customer facilities required for systems integration, and software development. In anticipation of market expansion, IJ Group had increased its capital investment level prior to FY2017 and have continued to invest at that level since then. Although IJ Group has been continuously expanding network infrastructure and actively developing services, in recent years its investment and depreciation costs have remained stable in balance. IJ Group expects such a situation to continue for the foreseeable future.



M&A

Although organic growth has been a core driver of IJ Group's business, in the past, IJ Group has executed M&As and PMI (post-merger integration process) such as IJ Global Solutions Inc. (acquired the business from AT&T in 2010), which provides WAN services, IJ Protech Inc. (M&A in 2014), which acquires and supplies engineers, and PTC SYSTEM (S) PTE LTD (M&A in 2021), which is a leading local system integrator in Singapore. These companies have been demonstrating the effects of collaboration within IJ Group. IJ Group considers that securing resources is important to realize further growth in the future. Therefore, IJ Group shall continue to pursue M&A opportunities.

Communication with Capital Markets

IJ Group is in the middle of growth and recognizes that close communication with the capital markets is very important. Management members directly communicate with shareholders, institutional investors, and analysts through road shows, conferences, and individual meetings in Japan and overseas. In FY2021, IJ held meetings with a total of 358 domestic and foreign investors. In FY2022, IJ has been carrying out IR activities at a pace exceeding that number.

In order to disclose information on IJ Group in an appropriate, timely, and fair manner, IJ discloses important information such as annual securities reports, quarterly reports, financial results, presentation materials, convocation notice of general meeting of shareholders, and consolidated reports in Japanese and its English translation on the same day. Furthermore, IJ Group recognizes the importance of addressing ESG issues through its business activities in order to achieve long-term sustainable growth of IJ Group and society. IJ Group has disclosed information based on the TCFD framework, expanded disclosure of its diversity policy and targets, and also been continuously communicating with ESG rating agencies.

Corporate Governance

> **Overview of Corporate Governance**

> **Operation of the Board of Directors**

> **Operation of the Board of Company
Auditors**

> **Operation of the Nomination and
Remuneration Committee**

> **Design of Remuneration for Directors**

> **Business Operation**

> **Operation of Internal Audit**

> **Initiatives for Information Security**

> **Related Party Transactions**

Overview of Corporate Governance

Overview of corporate governance

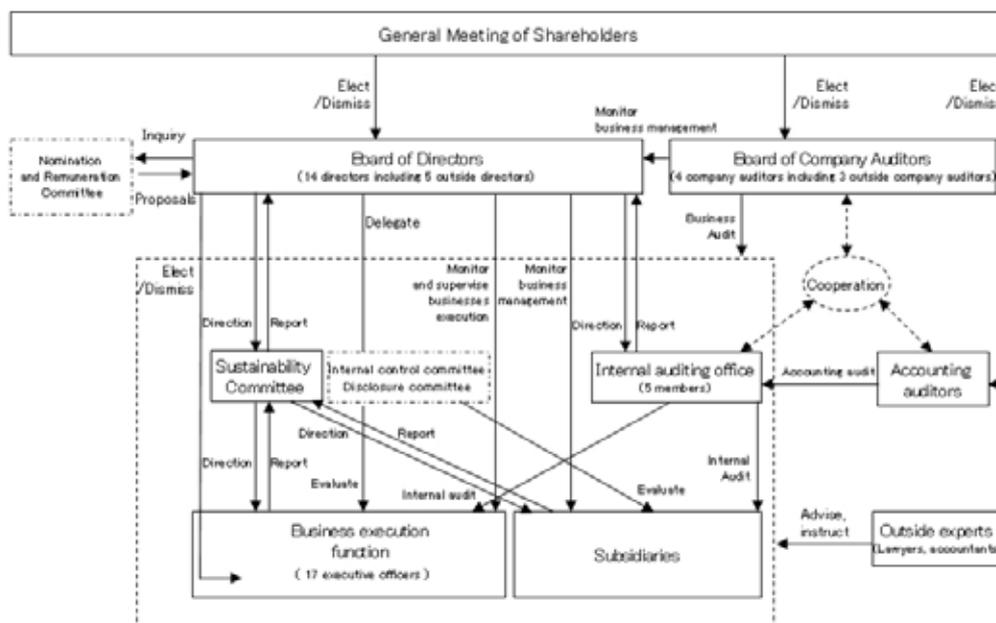
IJ Group's business philosophy (raison d'etre or purpose) is as follows.

- To develop network infrastructure through technological innovation**
 We are committed to the ongoing pursuit of initiatives in the field of Internet technology to open up the future of the digital society through new value created by ever faster networks and computing.
- To provide solutions (IT services) that supports a networked society**
 We continuously develop and introduce highly reliable and value-added IT services that anticipate changes taking place around the world, to support the use of networks by society and individuals.
- To provide meaningful opportunities for growth to our employees (a place where human resources with diversified talents and values can play an active role)**
 We aim to offer meaningful working opportunities for growth through business, in which our staff can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction. We aspire to be a company where employees are never satisfied with the status quo, and are always thinking about the future world, contributing to social development, and achieving personal growth through work that has value for society.

IJ Group recognizes the importance of implementing and enhancing corporate governance in order to consistently realize the business philosophy, fulfill its mission to support and manage Japan's Internet which has become an essential part of society's infrastructure, and continue to increase its corporate value.

The overview of IJ Group's corporate governance system is as follow.

Overview of the Corporate Governance System



> [Corporate Governance Report \(Updated on June 30, 2022\) \[1.25MB\]](#)

> [Articles of Incorporation\[155KB\]](#)

General Meeting of Shareholders

IJ is a joint stock corporation under the Companies Act of Japan, and the General Meeting of Shareholders is the highest level of decision-making body.

Based on the Companies Act of Japan and the "Articles of Incorporation", the main subjects to be resolved at the General Meeting of Shareholders are as follows.

Subjects	Requirements for resolution
Appointment or dismissal of Directors/Appointment of Company Auditors	Ordinary resolution(*1)
Determination of the total aggregate amount of remuneration for directors	Ordinary resolution(*2)
Dividends of Retained Earnings	Ordinary resolution(*2)
Amendment to the "Articles of Incorporation"	Special resolution(*3)
Dismissal of company auditors	Special resolution(*3)
Company mergers or splits	Special resolution(*3)

(*1) In accordance with the "Articles of Incorporation", a resolution by a majority of the votes of the shareholders who attend the General Meeting of Shareholders at which one-third or more of the shareholders including proxies with voting rights are present

(*2) A resolution by a majority of the votes of the shareholders who attend the General Meeting of Shareholders at which a majority of shareholders including proxies with voting rights are present

(*3) In accordance with the "Articles of Incorporation", a resolution by two-thirds or more of the votes of shareholders who attend the General Meeting of Shareholders at which one-third or more of shareholders including proxies with voting rights are present

Related laws and regulations

As a telecommunications operator, IJ operates its business in compliance with the Telecommunications Business Act which is under the jurisdiction of the Ministry of Internal Affairs and Communications in Japan. IJ is required to secure the secrecy of telecommunication contents, provide appropriate explanations of the conditions of service provision, and manage telecommunications facilities for its business operation in order to ensure the reliable and stable provision of telecommunications services. In addition, IJ Group operates its business in accordance with relevant domestic and foreign laws and regulations, including the following ones listed below.

- Act on the Protection of Personal Information, the General Data Protection Regulation (GDPR) in the European Union, and other laws and regulations regarding appropriate information management
- Unfair Competition Prevention Act, Act against Delay in Payment of Subcontract Proceeds to Subcontractors, and other laws and regulations related to ensuring fairness in transactions
- Consumer protection related laws and regulations including Consumer Contract Act, Act against Unjustifiable Premiums and Misleading Representations, Act on Specified Commercial Transactions
- Copyright Act, and other laws and regulations regarding intellectual property protection
- Act on the Rational Use of Energy, Waste Disposal and Public Cleansing Act, and other laws and regulations regarding environment
- Labor Standards Act, Industrial Safety and Health Act, and other laws and regulations regarding working environment

I The basic framework of internal control

American Depositary Shares ("ADSs") of IIJ were listed on the NASDAQ Exchange ("NASDAQ") in 1999 and IIJ had been implementing and operating its internal control system based on the COSO's framework^(*4) since the enforcement of the Sarbanes-Oxley Act (SOX Act) in the U.S. IIJ delisted its ADSs from the NASDAQ in 2019 and has been operating its internal control system based on the Basic Framework of Internal Control incorporated in the Financial Instruments and Exchange Act of Japan (so-called "J-SOX") since then. IIJ aims to provide the rational assurance of the effectiveness and efficiency of operations, the reliability of financial reporting, the compliance with laws and regulations related to business activities, and the preservation of assets through the establishment and operation of internal control system. The basic concept of internal control is stipulated in the "Basic Rules for Internal Control".

(*4) The Committee of Sponsoring Organizations of the Treadway Commission

The components of internal control include the control environment, the risk assessment and the implementation of control against risks, the control activities, information and communication, monitoring activities, and information technology (IT). The control environment determines the ethos of the organization, influencing the awareness of all officers and employees toward control, and forms the basis for the other components. Therefore IIJ Group recognizes the importance of the control environment as the foundation of the control. IIJ has established the "Code of Ethics" as the basis of the control environment, which has applied to the entire IIJ Group, and required all officers and employees to comply strictly with it. Top management conveys IIJ Group's business philosophy and the content of the "Code of Ethics" to all officers and employees on a regular basis to implement them. In addition, IIJ informs the details of the "Code of Ethics" to IIJ Group's officers and employees once a year and requests for the strict compliance. The main elements of the "Code of Ethics" are as follows.

- Requesting for compliance with laws and regulations, fair trade, elimination of conflicts of interest, and proper transactions with government agencies etc.
- Ensuring the confidentiality of information and the preservation of company assets
- Assuring accurate records of financial figures and financial reports
- Paying due consideration for stakeholders
- Taking exclusionary measures against antisocial forces

IIJ has established internal rules for the Board of Directors, the Board of Company Auditors, organization, the segregation of duties, administrative authorities, accounting, information disclosure, the management of subsidiaries, the prevention of insider trading, internal audit, whistleblower protection, anti-bribery^(*5), document management and so on, based on the "Basic Rules for Internal Control" and the "Code of Ethics", which require all officers and employees to comply with them. These rules have an enforcement mechanism, and if by any chance serious violations occur disciplinary penalties are applied.

When it comes to internal control over financial reporting, each business process is visualized in the "Internal Control Description". The fulfillment of the internal control description is checked by each department and assessed by the Internal Auditing Office. IIJ's accounting auditor, KPMG AZSA LLC, conducts an internal control audit as well. The accounting auditor stated that the internal control report was appropriate as follows.

(Summary of audit of internal control as of March 31, 2022)

No material weakness to be disclosed in the internal control system over financial reporting.

(*5) In order to thoroughly prevent bribery, IIJ Group has established the "Anti-bribery Rule" and required all IIJ Group's officers and employees to comply with it. IIJ Group has also required its business partners to comply with laws and regulations, including the prohibition of bribery, as a part of terms and conditions of business.

Board of Directors

IJJ's Board of Directors consists of 14 directors, including five independent outside directors. The profiles of the independent outside directors are as follows.

(As of the end of June 2022)

Name	Year of appointment	Profiles
Takashi Tsukamoto	2017	Mr. Takashi Tsukamoto served as the President of Mizuho Bank, Ltd., etc. He is expected to oversee managerial executions mainly from the perspective of corporate management and his knowledge of finance.
Kazuo Tsukuda	2020	Mr. Kazuo Tsukuda served as the President and Representative Director of Mitsubishi Heavy Industries, Ltd., etc. He is expected to oversee managerial executions mainly from the perspective of corporate management.
Yoichiro Iwama	2021	Mr. Yoichiro Iwama served as the President and Representative Director of Tokio Marine Asset Management Co., Ltd., and Chairman of The Japan Securities Dealers Association, etc. He is expected to oversee managerial executions mainly from the perspective of corporate management and corporate governance.
Atsushi Okamoto	2022	Mr. Atsushi Okamoto served as the President and Representative Director of Iwanami Shoten, Publishers, etc. He is expected to oversee managerial executions mainly from the perspective of corporate management.
Kaori Tonosu	2022	Ms. Kaori Tonosu served as a board member of Deloitte Touche Tohmatsu LLC., etc. She is expected to oversee managerial executions mainly from the perspective of IT business, governance.

Note:Mr. Takashi Tsukamoto, formerly served as an executive of Mizuho Bank, Ltd., which is one of banks IJJ borrows from, and its parent company of Mizuho Financial Group, Inc. It has been more than eight years since he had left those roles in 2014 and he is currently an Honorary Advisor of Mizuho Financial Group and not engaged in any business execution. Therefore, in accordance with the Tokyo Stock Exchange's rules and regulations, he has been designated as an independent outside director.

> Operation of the Board of Directors

Board of Company Auditors

IJ has adopted and operated a system that is a company with the Board of Company Auditors defined in the Companies Act of Japan. When IJ was listed on the NASDAQ in the U.S., it was exempted from clauses concerning the Audit Committee because of adopting the company with the Board of Company Auditors. The Company Auditors, who comprise the Board of Company Auditors and are delegated by shareholders, audit the execution of duties by directors from an independent position with an independent authority. The Board of Company Auditors has established audit policies and objectives as follows.

Main policies and objectives

- Auditing and verifying the status regarding the implementation and operation of IJ Group's internal control system based on laws and regulations such as the Companies Act and Financial Instruments and Exchange Act including "J-SOX"
- Maintaining the soundness of financial reporting for the entire group, including subsidiaries and equity method investees, in cooperation with the accounting auditor
- Identifying governance issues through attendances at important meetings and interviews with officers and employees, and providing advice and recommendations to the Board of Directors and officers

IJ has four company auditors, three of whom are independent company auditors. The profiles of the independent company auditors are as follows.

(As of the end of June 2022)

Name	Year of appointment	Profiles
Kazuhiro Ohira	2010	Mr. Ohira has experience of overseas businesses at Dai-ichi Life Insurance Company, Ltd and ability to conduct audits based on profound knowledge and experience of business administration and internal control.
Takashi Michishita	2016	Mr. Michishita has ability to conduct audits from a professional perspective based on extensive corporate legal knowledge and experience as a lawyer.
Koichi Uchiyama	2020	Mr. Uchiyama has ability to conduct audits from a professional perspective based on extensive finance and accounting knowledge and experience as a certified public accountant.

> [Operation for the Board of Company Auditors](#)

Risk management system

Each director in charge of business execution is responsible for identifying and evaluating risks, and taking countermeasures against them in their business operations. Moreover, IJ has established committees such as the "Internal Control Committee", the "Disclosure Committee" and the "Information Security Committee" to evaluate risks and take countermeasures against them depending on the type of risks. In case of emergencies, IJ has set up and implemented the "Business Continuity Plan".

Sustainability promotion system

Regarding sustainability promotion, IJ has established the Sustainability Committee, as a company-wide organization chaired by the President, to plan activity policies, consider and promote measures for each theme across the whole company, confirm and verify the progress, and submit and report the details of such activities to IJ's Board of Directors.

IJ's initiatives for sustainability are disclosed on "[Sustainability](#)". In addition, IJ's climate-related disclosures based on the TCFD recommendations are disclosed on "[Information Disclosure based on the TCFD Recommendations](#)".

Group management

IIJ has been collaborating with its consolidated subsidiaries and some equity method investees, to closely work as IIJ Group. Business collaboration with major consolidated subsidiaries is described below.

IIJ Global Solutions Inc.	Mainly provides WAN services among IIJ Group service offerings
IIJ Engineering Inc.	Provides operation center management services and customer support services for IIJ and its clients
IIJ Protech Inc.	Deploys IT personnel to IIJ and its clients
Overseas subsidiaries	Provide network services and systems integration to IIJ's Japanese clients on-site and operate global Internet backbone in some overseas subsidiaries

For the group governance, IIJ has established "Management rules for subsidiaries" etc. and related practices as below.

- Applying the "Code of Ethics" and other overall group rules to all subsidiaries
- Promoting business collaboration and enhancing business management by assigning IIJ's business managers to subsidiaries as part time directors and/or company auditors
- Executing consolidated audits by assigning IIJ's company auditors to important subsidiaries as part time company auditors
- Managing subsidiaries' monthly performance by CFO and IIJ's Finance and Accounting departments
- Governing subsidiaries' on-going administrative operation mainly by IIJ's Compliance, and Corporate Communications departments, etc.
- Transferring and accepting employees within IIJ Group and operating group CMS (Cash Management System)
- Monitoring related party transactions at the meeting of the Board of Directors based on the Arm's length rule

Operation of the Board of Directors

Appointment or dismissal of company directors

The appointment or dismissal of company directors is resolved at the General Meeting of Shareholders. Representative Directors consult proposals of candidates for directors with the Nomination and Remuneration Committee and then the proposals are resolved by the Board of Directors. Subsequently, they are submitted to the General Meeting of Shareholders. IJ selects candidates for full time directors, regardless of age or gender, from those who satisfy the "Criteria for Company Directors and Company Auditors Appointment", which requires the high level of ability, knowledge, and business experience in each responsible area, managerial judgment and supervisory ability, foresight and planning ability, familiarity with governance, excellent personality, strong ethical sense, and physical and mental health.

Directors' Skill Matrix

The skill matrix of the current directors is as follows:

– Policy for Appointment of Directors

IJ's Board of Directors consists of appropriate members who have extensive experience and high-level expertise necessary for IJ in accordance with the "Director Skill Matrix" which defines clearly requirements for directors in order to realize its business philosophy. Full-time directors are mainly appointed from those who are familiar with the IT industry, including members who have been involved in its foundation, and outside directors are mainly appointed from those who have extensive experience and knowledge as top management of large companies. The nomination of each director, which takes into consideration the balance of experience and expertise of the Board of Directors as a whole, is consulted with the Nomination and Remuneration Committee. After the committee evaluates and verifies their appropriateness, each director is appointed through necessary procedures such as the General Shareholders' Meeting and the Board of Directors.

– Definition of required skills

Skills	Requirements
Top Management	Management experience as a top management executive
IT Expertise	Business experience in the IT industry
Sales	Management experience in sales division
Technology, R&D	Management experience in technology division, Experience of developing new technologies and services, etc.
Global	Management experience in global businesses, working experience abroad
Finance and Accounting	Expertise and experience in finance and accounting division
Governance	Experience as the head of a corporate division, experience as an independent director, etc.

– Directors' Skill Matrix

Name	Position / Responsibility	Independent Director	Top Management	IT Expertise	Sales	Technology, R&D	Global	Finance and Accounting	Governance
Koichi Suzuki	Representative Director/Chairman, Co-CEO		○	○		○	○		○
Eijiro Katsu	Representative Director/President, Co-CEO & COO		○	○			○		○
Satoshi Murabayashi	Senior Managing Director/Vice President		○	○		○			○
Yasuhiko Taniwaki	Senior Managing Director/Vice President			○		○	○		○
Koichi Kitamura	Senior Managing Director Unit Director of Business Unit			○	○		○		
Akihisa Watai	Senior Managing Director, CFO			○			○	○	○
Tadashi Kawashima	Managing Director Deputy Unit Director of Business Unit		○	○	○				
Junichi Shimagami	Managing Director, CTO			○		○			
Naoshi Yoneyama	Managing Director, CIO Division Director of Corporate Planning Division			○		○			○
Takashi Tsukamoto	Director	•	○				○	○	○
Kazuo Tsukuda	Director	•	○			○	○		○
Yoichiro Iwama	Director	•	○				○	○	○
Atsushi Okamoto	Director	•	○				○		○
Kaori Tonosu	Director	•		○		○			○

Term of office of directors

The term of office for directors at IJ is one year. IJ was founded in 1992, and several full-time directors, who have joined IJ during its foundation period, tend to be in office for a long time. At this point in time, considering IJ's business is still in growth stage, IJ believes that the best way to achieve corporate growth is to carry out its business through a supervision by the Board of Directors, which consists of the members from the foundation period, who play their roles based on their ability and cumulative experience in IJ such as the founder Mr. Koichi Suzuki, and newly appointed directors who are brought outside IJ to strengthen its business along with the Board of Company Auditors.

Roles of full-time directors

Name	Position	Year of appointment	Business in charge or important concurrent posts
Koichi Suzuki	Representative Director/Chairman	1992	Co-Chief Executive Officer
Eijiro Katsu	Representative Director/President	2013	Co-Chief Executive Officer and Chief Operating Officer
Satoshi Murabayashi	Senior Managing Director/Vice President	2021	Assistant to Corporate Management Chairman of Data Governance Council
Yasuhiko Taniwaki	Senior Managing Director/Vice President	2022	Assistant to Corporate Management
Koichi Kitamura	Senior Managing Director	2021	Unit Director of Business Unit
Akihisa Watai	Senior Managing Director	2004	Chief Financial Officer and Division Director of Finance Division
Tadashi Kawashima	Managing Director	2015	Deputy Unit Director of Business Unit and Division Director of Central Japan Business Division
Junichi Shimagami	Managing Director	2007	Chief Technology Officer and Technology Unit Director
Naoshi Yoneyama	Managing Director	2019	Chief Information Officer and Division Director of Corporate Planning Division

Operation of the Board of Directors

The Board of Directors holds meetings once a month in principle. In addition to the individual resolutions, reports on the financial results of business operations (monthly), the consolidated financial results including the results of group companies (quarterly), the progress of annual action plan (semi-annually), the progress of mid-term plan (semi-annually), audit reports from the Board of Company Auditors (annually), the status of internal control including the results of internal control audit (annually), the status of compliance with the Corporate Governance Code (annually), the status of business risks (annually), the status of the Board of Directors' evaluation (annually), the status of securities held including strategic shareholdings (annually), the details of related party transactions (annually), and the status of corporate pension plans, etc. are provided in the meetings.

There are vigorous discussions and exchanges of opinions between full-time directors and independent outside directors.

Year	Number of the Board of Directors meetings / Attendance	Total number of statements made by independent outside directors
FY2021	Total 12 times <ul style="list-style-type: none"> • Attendance of all directors : 9 times • Absence of directors : Mr. Katsu once, Mr. Oda once Mr. Tsukamoto once 	45 times
FY2020	Total 12 times <ul style="list-style-type: none"> • Attendance of all directors : 11 times • Absence of directors : Mr. Okamura once 	63 times
FY2019	Total 12 times <ul style="list-style-type: none"> • Attendance of all directors : 11 times • Absence of directors : Mr. Tsukamoto once 	58 times

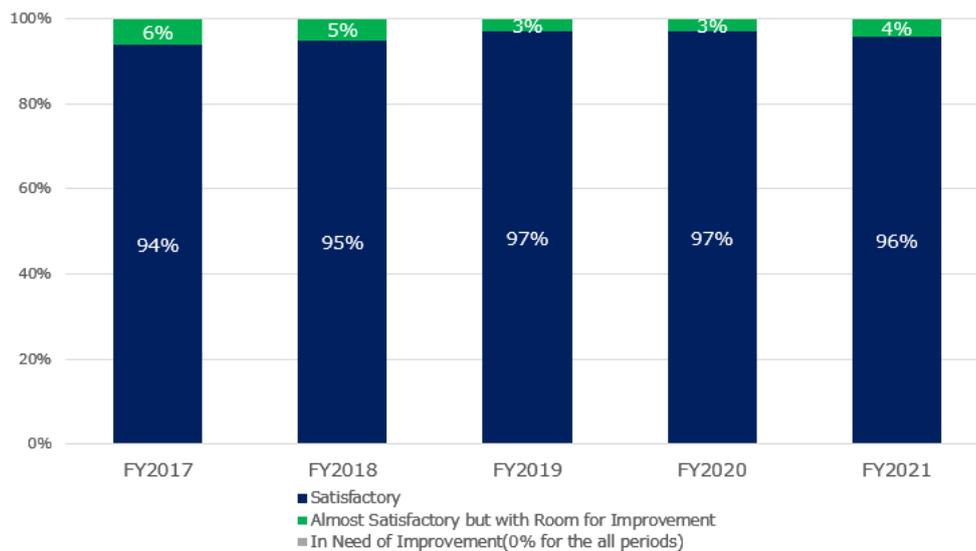
In addition to the meeting of the Board of Directors, as a means of communication between the independent outside directors and the business execution departments, the managers of the current business departments report on the status of their business to the independent outside directors in a timely manner.

Year	Number of business briefings session	Main contents
FY2021	Nine times	Sustainability, market/competitive status, cloud services, network services, sustainability and status of compliance with revised corporate governance code, IoT services, MVNO services, security services, human resource status
FY2020	Nine times	R&D activities by IIJ Innovation Institute Inc., system cloud services, network cloud services, security services, IoT services, MVNO services, BCP, human resource status, mid-term plan
FY2019	Eight times	Sales strategy, system cloud services, network cloud services, JOCDN (contents delivery network business), MVNO services, security services, human resource status, healthcare business

Evaluation of the Board of Directors

IJ continuously conducts assessments of the effectiveness of the Board of Directors in the form of questionnaire to all directors and company auditors. The questionnaire contains about 30 questions, including whether discussions at the meeting of the Board of Directors are necessary and sufficient, whether multifaceted considerations are conducted based on the knowledge and experience of each director, whether the Board of Directors is able to indicate the major direction of corporate strategies, whether the execution of business strategies is effectively monitored, and whether the decision-making environment is sufficient enough to support taking risks by the Board of Directors. In the questionnaire, directors and company auditors are asked to select one of the following three options for each question: In Need of Improvement, Almost Satisfactory but with Room for Improvement, or Satisfactory. The results are evaluated, including time series data, and reported to the Board of Directors along with the measures taken for improvement. The results of the Board of Directors' evaluation are as follows.

Effectiveness of the Board of Directors



Main improvements in the evaluation of the effectiveness of the Board of Directors	
FY2021	<ul style="list-style-type: none"> Enhancement of sustainability-related reporting Even earlier dispatch of preliminary materials on agenda for the meeting of Board of Directors
FY2020	<ul style="list-style-type: none"> Increase in the frequency of progress reporting on the mid-term plan (Changed from annual to semi-annual)
FY2019	<ul style="list-style-type: none"> Briefing sessions for directors regarding the new mid-term plan before its agenda was submitted to the Board of Directors (twice in total)
FY2018	<ul style="list-style-type: none"> Improvement of guidelines on subjects to be resolved by the Board of Directors (Clarification of numerical criteria for events that affect management resources) Earlier dispatch of preliminary materials on agenda for the meeting of Board of Directors
FY2017	<ul style="list-style-type: none"> Improvement of guidelines on subjects to be resolved by the Board of Directors (Clarification of numerical criteria for events that affect business plans and budgets)
FY2017 onward	<ul style="list-style-type: none"> Continuous improvements of reporting materials for the meeting of Board of Directors regarding financial performance, sales and technology activities (Reflection of directors' comments)

Operation of the Board of Company Auditors

Appointment or dismissal of company auditors

The appointment or dismissal of company auditors is resolved at the General Meeting of Shareholders. IJ submits the proposal of candidates for company auditors to the General Meeting of Shareholders with the consent of the Board of Company Auditors. In order to ensure the effectiveness of audits, IJ selects candidates for corporate auditors impartially on the basis of their ability, who are familiar with corporate governance-related systems and have a high level of knowledge of laws and regulations as well as finance and accounting, regardless of age, gender and other factors. In addition, IJ makes an effort to appoint financial and legal experts as company auditors.

Results of operation of the Board of Company Auditors and attendance at meetings of the Board of Directors

The Board of Company Auditors holds meetings once a month, at which each company auditor reports on the status of execution of duties and requests reports from the accounting auditor, officers and employees as necessary. Company auditors attend meetings of the Board of Directors and monitor the Board of Directors' decision-making processes and business supervision through vigorous discussions and exchanges of opinions.

Year	Number of meetings of the Board of Company Auditors/Attendance	Number of subjects
FY2021	Total 13 times • Attendance of all auditors: 13 times • Absence of auditors: None	Total 85 subjects • Subjects for approval: 18 subjects • Subjects for reporting: 67 subjects
FY2020	Total 13 times • Attendance of all auditors: 12 times • Absence of auditors: Mr. Ohira once	Total 78 subjects • Subjects for approval: 16 subjects • Subjects for reporting: 62 subjects
FY2019	Total 15 times • Attendance of all auditors: 13 times • Absence of auditors: Mr. Michishita twice	Total 78 subjects • Subjects for approval: 15 subjects • Subjects for reporting: 63 subjects

Year	Number of meetings of the Board of Directors /Attendance
FY2021	Total 12 times • Attendance of all auditors: 12 times • Absence of auditors: None
FY2020	Total 12 times • Attendance of all auditors: 11 times • Absence of auditors: Mr. Ohira once
FY2019	Total 12 times • Attendance of all auditors: 10 times • Absence of auditors: Mr. Michishita twice

Results of company auditors' audits

The Board of Company Auditors holds regular meetings with the representative directors to exchange opinions on issues that needs to be addressed by IJ and important audit-related issues. The Board of Company Auditors ensures the effectiveness of audits by actively conducting interviews with directors and executive officers etc. and by communicating with the accounting auditor.

Results of company auditors' audits

Year	Results of activities
FY2021	<ul style="list-style-type: none">• Exchanges of opinions with representative directors: 4 times• Interviews with directors, executive officers, managers of departments, etc.: 92 times• Interviews with directors etc. of subsidiaries and equity method investees: 170 times• Exchanges of opinions with the Internal Auditing Office: 17 times• Exchanges of opinions with the accounting auditor: 48 times
FY2020	<ul style="list-style-type: none">• Exchanges of opinions with representative directors: 5 times• Interviews with directors, executive officers, managers of departments, etc.: 75 times• Interviews with directors etc. of subsidiaries and equity method investees: 214 times• Exchanges of opinions with the Internal Auditing Office: 13 times• Exchanges of opinions with the accounting auditor: 61 times
FY2019	<ul style="list-style-type: none">• Exchanges of opinions with representative directors: 6 times• Interviews with directors, executive officers, managers of departments, etc.: 100 times• Interviews with directors etc. of subsidiaries and equity method investees: 169 times• Exchanges of opinions with the Internal Auditing Office: 26 times• Exchanges of opinions with the accounting auditor: 68 times

Operation of whistleblowers hotline system

IJ Group operates a whistleblowers hotline system, with contact points in accordance with legal requirements, to ensure compliance with laws and regulations regarding corporate activities and to enhance and maintain corporate ethics. IJ ensures the effectiveness of the whistleblowers hotline system by securing the anonymity of whistleblowers and prohibiting disadvantageous treatments.

Determination of remuneration for company auditors

The upper limit of the maximum aggregate amount of remuneration for company auditors is JPY 100 million or less per year, which has been applied to the current four company auditors. From the viewpoint of ensuring their independence, remuneration for corporate auditors is not linked to IJ's business performance. Therefore, their remuneration is fixed remuneration (cash remuneration).

Year	Number of company auditors	Aggregate amount of remuneration for company auditors
FY2021	4	JPY 32,853 thousand (Outside company auditors JPY 17,749 thousand)

Operation of the Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee

IJJ's Nomination and Remuneration Committee is a voluntary committee and consists of two representative directors and five independent outside directors.

Chairman and Representative Director	President and Representative Director	Independent Outside Director				
(Committee Chairman) Koichi Suzuki	Eijiro Katsu	Takashi Tsukamoto	Kazuo Tsukuda	Yoichiro Iwama	Atsushi Okamoto	Kaori Tonosu

Role of the Nomination and Remuneration Committee

Matters related to the nomination and remuneration of directors are consulted with the Nomination and Remuneration Committee, which evaluates and verifies their appropriateness before decision-making procedures such as at the General Meeting of Shareholders and the meeting of the Board of Directors. Each member of the Nomination and Remuneration Committee evaluates the suitability of directors through the observation of discussions at the meetings of the Board of Directors etc.

Results of the Nomination and Remuneration Committee Meetings

Year	Number of meetings	Subjects
FY2021	3 times	<ul style="list-style-type: none">• Appointments of directors for FY2022• Disclosure of the directors' skill matrix• Amendment of the term of office for directors to one year• Revision of "Policy of Directors' Remuneration and others"• Fixed remuneration for each director for FY2022• Directors' performance bonus policy for FY2021 and a performance bonus for each director
FY2020	Twice	<ul style="list-style-type: none">• Appointments of directors for FY2021• Amendment of the maximum aggregate amount of remuneration for directors to be submitted to the General Meeting of Shareholders• Fixed remuneration for each director for FY2021• Directors' performance bonus policy for FY2020 and a performance bonus for each director
FY2019	Twice	<ul style="list-style-type: none">• Appointments of directors for FY2020.• Fixed remuneration for each director for FY2020.• Directors' performance bonus policy for FY2019 and a performance bonus for each director

Design of Remuneration for Directors

Basic policy of remuneration for directors

The upper limit of the maximum aggregate amount of remuneration for directors is JPY600 million or less per year for the current 14 directors (including stock compensation type stock options and restricted stock remuneration), of which the maximum aggregate amount of remuneration for the four independent outside directors is JPY50 million or less per year.

IJJ Group recognizes that its target business markets are continuously expanding and IJJ Group is growing in such a business environment, and believes that it is important to develop its business from a long-term perspective in order to ensure the sustainable fulfillment of its management philosophy.

With regard to remuneration for full-time directors, IJJ recognizes that stock-related remuneration with appropriate balances between fixed and performance-linked remuneration is effective for long-term enhancement of its corporate value, rather than excessively short-term oriented performance-linked remuneration.

Allocation of compensation to full-time directors

Fixed monthly remuneration (approximately) 67-71%	Non-cash remuneration 6-11%	Performance-linked remuneration 22-24%
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Note:

- Fixed monthly remuneration (cash remuneration)
- Non-cash remuneration (stock compensation-type stock options as a substitute for the retirement allowance)
- Performance-linked remuneration (restricted stock)
- The above percentages are based on the image of remuneration when performance-linked remuneration (four months) is paid.

Provision of restricted stock as a performance-linked bonus

Restricted stocks as performance-linked bonuses are provided to full-time directors when the annual performance meets certain criteria. IJJ recognizes the importance of sales growth and the corresponding increase in profits, and has therefore set a performance-linked bonus that is equivalent to between zero and four times as much as each directors' fixed monthly remuneration based on annual growth rates and target achievement rates of its consolidated revenue and operating profit.

Grant of stock options as a substitute for the retirement allowance

As a substitute for the abolition of retirement benefits for directors, IJJ grants stock options, which can be exercised at one yen, to each director every year, equivalent to the value of the previous retirement benefits. The value of the granted stock options is equivalent to between one and two fixed monthly remuneration for each director, depending on the director's position.

Year	Provision of restricted stocks as performance-linked bonuses	Grant of stock options as a substitute for the retirement allowance
FY2021	Seven full-time directors, JPY70,349 thousand	Seven full-time directors, JPY49,312 thousand

Note:

The value of restricted stocks allotted as performance-linked bonuses for FY2021 represents the amount of expenses recognized in the current fiscal year.

Planning and implementation of mid-term plan

IJJ steers management by formulating, executing, and managing the mid-term plan in a three- or five-year cycle, in light of market conditions, technological trends, customer demand, and the competitive situation. During the mid-term planning processes, IJJ determines a business portfolio based on the business environment, competitor trends, management resources, and the cost of capital etc., and then formulates each business strategy, technology development roadmap, and investment plan accordingly. The progress of the mid-term plan is managed by each department using KPIs and other indicators. The progresses in each field and changes in the market environment are reported to the meeting of the Board of Directors and the management meeting etc. where they are discussed and reviewed in order to achieve the plan.

Regular reports to Board of Directors, etc.

	weekly	monthly	quarterly	semi-annually
Mid-term plan	-	-	●	○●

(*) ○Board of Directors, ●management meeting, etc.

Annual budget and action plan

The annual budget is planned based on the accumulation of individual budgets prepared by each department in accordance with the target image instructed by management to be achieved. Each department also prepares an action plan to achieve its budget. The progress of business performance is reviewed weekly by management, and instructions are given to modify action plans in response to changes in business circumstances. In addition, the progress of business performance is reported to and discussed at the meeting of the Board of Directors on a monthly basis, and the progress of action plans is reported to the meeting of the Board of Directors on a semiannual basis for discussion and consideration toward the achievement of the plans. Group companies also discuss and consider them to achieve the plan.

Regular reports to Board of Directors, etc.

	weekly	monthly	quarterly	semi-annually
Annual budget and results	●	○●	○●	○●
Action plan	-	-	●	○●

(*) ○Board of Directors, ●management meeting, etc.

Decision-making process at management meetings

The roles of each department and manager are clarified in accordance with the “Rules of Segregation of Duties” and the “Rules of Administrative Authorities”, and authorities are appropriately transferred based on them to achieve an efficient companywide decision-making process. As for executing the budget, management meetings are held weekly in which management discusses managerial subjects and makes decisions in line with business circumstances and necessary actions relating to business operations are continuously taken in a timely and proper manner, such as monitoring the progress of new service development and revising the direction of business operations.

Items to be approved at and reported to management meetings

Type	Detail
Approval of Policy	Approval of the approach, policy, strategy and others such as new business and service development, policy for existing business/existing service renewal, formulation of business plan, introduction of new system, and revision of important rule.
Approval of expenditure	Approval of cash expenditures in accordance with the administrative authority rules.
Items to be reported	Report and discussion on progress of projects after the approval of policy and cash expenditures, and others to be reported requested by management.(results against plans, issues, and forecasts etc.)

Training for officers and employees

IJJ has established a training system that enables each officer and employee to acquire necessary skills and knowledge in a timely manner, based on their requirements for each role and grade so that they can fulfill their required roles at a high level. The main training programs are as follows.

- Training programs for new employees, new managers, new general managers, new officers
- Training programs by position (Leadership program and management program)
- Expertise and skills development programs (Sales training program, technical training program, and IJJ’s services training program etc.)
- Global career development programs (Global challenge program and global career system)
- Supports for self-development (Support system for acquiring qualifications, business skills training program and English training program)
- Harassment related program, mental health related program and career development training
- Compliance related programs such as the “Code of Ethics”, the “Anti-bribery Rule”, and the prevention of insider trading(*)

(*) All officers and employees including contractors and temporary workers need to take compliance training programs

Operation of Internal Audit

IJJ has the Internal Auditing Office as an independent organization under the direct control of the President. The Internal Auditing Office formulates an internal audit plan in order to ensure the accuracy of financial figures, the fulfillment of compliance, and improve operational efficiency. The Internal Auditing Office prepares an internal audit report and report it to the president as well as supervised department's managers, and where there are any matters that require improvement, the Internal Auditing Office confirms improvement plans and check the progress of improvements. The Internal Auditing Office has set below written categories based on managerial issues and their importance and conducted internal audits covering departments and subsidiaries from various points of views.

- Business audits such as audits based on themes, audits based on organizational structure classification, and regular audits
- J-SOX internal control audit

In order to strengthen cooperation with company auditors, the Internal Auditing Office attends the meetings of the Board of Company Auditors, reports its activities to the company auditors, and exchanges opinions on regular basis.

Year	Cooperation between the Internal Auditing Office and the Board of Company Auditors
FY2021	<ul style="list-style-type: none">• Attendance at the meeting of Board of Company Auditors: 13 times out of 13 times• Exchange of opinions with company auditors: 17 times
FY2020	<ul style="list-style-type: none">• Attendance at the meeting of Board of Company Auditors: 13 times out of 13 times• Exchange of opinions with company auditors: 13 times
FY2019	<ul style="list-style-type: none">• Attendance at the meeting of Board of Company Auditors: 15 times out of 15 times• Exchange of opinions with company auditors: 26 times

Initiatives for Information Security

Initiatives for information security

IJJ has established the “[Basic Information Security Policy](#)” as a code of conduct in how to appropriately handle information asset. All officers and employees, including contractors and temporary workers, are educated on information security when they join IJJ to deepen their understanding of basic policy and related rules.

IJJ has appointed a Chief Information Security Officer (CISO) and established the “Information Security Committee”. With these in place, IJJ has recognized accurately the status of operations related to information security and implemented necessary measures in a timely manners. In order to check compliance by all officers and employees with the “Basic Information Security Policy” and related rules, IJJ has conducted internal audits once a year and outside audits (ISMS) once a year.

Initiatives for privacy policy

As IJJ acknowledges the importance of personal information, it has established the “[Privacy Policy](#)”. All officers and employees, including contractors and temporary workers, are educated on the protection of personal information when they join to deepen their understanding of basic policy and related rules.

IJJ assigns a person in charge of managing personal information at each department that handles personal information to ensure appropriate collection, use, management and other practices of personal information. When IJJ receives requests for inquiry, revision, deletion and others, IJJ responds to such requests as soon as possible. In order to check compliance by all officers and employees with the “Privacy Policy” and related rules, IJJ has conducted internal audits once a year and outside audits (Privacy Mark System) once a year.

Approval for its Binding Corporate Rules (BCR) (*1)

IJJ Group has received an approval for its Binding Corporate Rules (BCRs), IJJ Group’s documented rules on personal data protections, which are subject to EU’s personal data protection law called the General Data Protection Regulation (GDPR) (*2), from Germany’s Data Protection Authority (DPA). With the BCR approval, IJJ Group has proven that its services have the same level of privacy protection as in Europe, which has allowed the legitimate distribution of EU personal data across borders within IJJ Group.

(*1) A policy for protecting personal data obtained in the European Economic Area (EEA) per the EU’s personal data protection law, the General Data Protection Regulation (GDPR), stipulating rules for sharing this personal data with group companies outside the EEA

(*2) Obligations and rules concerning personal data processing and transfers in the EEA

Initiatives for Data Governance

IJJ holds the Data Governance Council chaired by the executive vice president to strengthen data governance. The council has the role of receiving reports from departments in charge of internal control system and services related to data governance, conducting a multifaceted and comprehensive risk assessment of such systems and services, providing advice to each of these departments and making recommendations to the president.

Related Party Transactions

Related Party Transactions

While NTT Group is a major shareholder of IJ, there is no director sent to IJ Group, and there is no written or oral contract that restricts IJ Group business due to NTT Group's investment relationship. The Relationship between IJ Group and NTT Group is based on the understandings that it is important to facilitate business development in the field of Internet, there is no area to avoid competition, and both parties cooperate with each other in areas where mutually beneficial relationships can be built, and compete with each other in the area of free competition.

NTT Group which owns NTT DoCoMo is the largest carrier in Japan. The volume of transaction with NTT Group, just like with other carriers, is expected to continue on a reasonable scale. The volume of transaction between IJ Group and NTT Group is as blow.

Transaction	FY2020	FY2021
Revenues generated from NTT Group <ul style="list-style-type: none">• Network services• Systems integration and others	JPY 4,812 million (Ratio to consolidated revenues: 2.3%)	JPY4,235 million (Ratio to consolidated revenues: 1.9%)
Purchasing, Procurement and others from NTT Group <ul style="list-style-type: none">• Domestic and overseas backbone circuits and others• Mobile communication related costs	JPY 40,795 million (Ratio to consolidated cost of sales and SG&A: 20.5%)	JPY28,319 million (Ratio to consolidated cost of sales and SG&A: 14.0%)
Financial transaction costs with NTT Group <ul style="list-style-type: none">• Finance lease transaction	JPY47 million	JPY38 million

Koichi Suzuki

Date of birth: September 3, 1946

■ Career & current positions in and outside IIJ

- December 1992 Director at the time of the establishment of IIJ
- April 1994 President, Representative Director and CEO of IIJ
- June 2013 Chairman of the Board, Representative Director and CEO of IIJ
- April 2021 Chairman of the Board, Representative Director and Co-CEO of IIJ (current position)

■ Important concurrent posts

- Chairman of the Board, Representative Director of IIJ Engineering Inc.
- Chairman of the Board of IIJ America Inc.
- President and Representative Director of INTERNET MULTIFEED CO.
- Representative Director and Chairman of JOCDN Inc.

■ Number of Shares Owned(*)

3,696,361



Eijiro Katsu

Date of birth: June 19, 1950

■ Career & current positions in and outside IIJ

- April 1975 Joined Ministry of Finance ("MOF")
- July 2007 Director-General of the Financial Bureau, MOF
- July 2008 Deputy Vice Minister, MOF
- July 2009 Director-General, Budget Bureau, MOF
- July 2010 Vice Minister of Finance
- August 2012 Resigned from MOF
- November 2012 Joined IIJ as Special Advisor
- June 2013 President, Representative Director and COO of IIJ
- April 2021 President, Representative Director and Co-CEO & COO of IIJ (current position)

■ Number of Shares Owned(*)

99,350



Satoshi Murabayashi

Date of birth: November 8, 1958

■ Career & current positions in and outside IJ

- April 1981 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
- June 2007 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
- June 2013 Managing Director of the same
- May 2015 Senior Managing Director of the same
- June 2015 Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
- June 2017 President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd.
- June 2021 Executive Vice President and Director of IJ (current position)
- April 2022 President and Representative Director of DeCurret Holdings Inc. (current position)

■ Important concurrent posts

- President and Representative Director of DeCurret Holdings, Inc.

■ Number of Shares Owned(*)

1,901



Yasuhiko Taniwaki

Date of birth: September 11, 1960

■ Career & current positions in and outside IJ

- April 1984 Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC"))
- June 2013 Deputy Director-General for the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) and Councilor for the Cabinet Secretariat
- June 2016 Director-General of the Global ICT Strategy Bureau, MIC
- July 2017 Director-General for Information Security, MIC
- July 2018 Director-General of the Telecommunications Bureau, MIC
- December 2019 Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC
- March 2021 Resigned from MIC
- January 2022 Advisor of IJ
- June 2022 Executive Vice President and Director of IJ (current position)

■ Number of Shares Owned(*)

0



 **Koichi Kitamura**

Date of birth: May 12,1954

■ **Career & current positions in and outside IIJ**

- April 1978 Joined Nippon Steel Corporation
- June 2004 Director of NS Solutions Corporation
- April 2009 Executive Director of the same
- April 2012 Managing Executive Director of the same
- June 2016 Director & Vice-president Operating Officer of the same
- April 2020 Senior Managing Executive Officer and Deputy Unit Director of Business Unit of IIJ
- April 2021 Senior Managing Executive Officer and Business Unit Director of IIJ
- June 2021 Senior Managing Director and Business Unit Director of IIJ(current position)

■ **Number of Shares Owned(*)**

4,262



 **Akihisa Watai**

Date of birth: September 30, 1965

■ **Career & current positions in and outside IIJ**

- April 1989 Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
- August 1996 Temporarily seconded to IIJ
- February 2000 Joined IIJ
- June 2004 Director and Chief Financial Officer of IIJ
- April 2010 Managing Director and Chief Financial Officer of IIJ
- April 2015 Division Director of Financial Division of IIJ (current position)
- April 2021 Senior Managing Director and Chief Financial Officer of IIJ (current position)

■ **Number of Shares Owned(*)**

32,934



Tadashi Kawashima

Date of birth: February 27, 1963

■ Career & current positions in and outside IIJ

- April 1987 Joined Nippon Telegraph and Telephone Corporation
- July 1988 Joined NTT DATA Communications Systems Corporation (currently NTT DATA Corporation)
- June 2011 Head of Public Division 2, First Public Administration Systems Corporate Headquarters of the same
- June 2013 Senior Specialist of Public and Financial IT Service Business Development Division of the same
- June 2013 President and Representative Director of NTT Data Tokai Corporation
- June 2015 Managing Director of IIJ (current position)
- April 2016 Deputy Unit Director of Business Unit of IIJ (current position)
- April 2021 Division Director of Central Nippon Business Division (current position)

■ Number of Shares Owned(*)

10,399



Junichi Shimagami

Date of birth: April 17, 1967

■ Career & current positions in and outside IIJ

(Date of birth: April 17, 1967)

- April 1990 Joined Nomura Research Institute, Ltd
- September 1996 Joined IIJ
- June 2007 Director of IIJ
- April 2010 Executive Managing Officer of IIJ
- April 2015 Senior Executive Officer, Division Director of Network Division and CTO of IIJ
- June 2015 Director and CTO of IIJ
- April 2016 Unit Director of Technology Unit of IIJ (current position)
- June 2020 Managing Director and CTO of IIJ (current position)

■ Number of Shares Owned(*)

24,920



Naoshi Yoneyama

Date of birth: November 25, 1965

■ Career & current positions in and outside IIJ

- April 1990 Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
- October 1998 Joined IIJ
- April 2012 Executive Officer and Division Director of Technology Management Division of IIJ
- April 2015 Executive Managing Officer, Division Director of Technology Unit, and General Manager of Corporate Planning Department of IIJ
- April 2018 Senior Executive Officer and Division Director of Corporate Planning Division of IIJ
- June 2019 Director and Division Director of Corporate Planning Division of IIJ
- April 2021 Director, CIO and Division Director of Corporate Planning Division of IIJ (current position)

■ Number of Shares Owned(*)

44,965



Takashi Tsukamoto

Date of birth: August 2, 1950

Outside

Independent

■ Career & current positions in and outside IIJ

- April 1974 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
- April 2004 Managing Executive Officer (Head of EMEA) of Mizuho Corporate Bank, Ltd.
- April 2009 President and CEO of Mizuho Financial Group, Inc.
- June 2011 President and CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc.
- July 2013 Chairman of Mizuho Bank, Ltd.
- April 2014 Senior Advisor of Mizuho Financial Group, Inc.
- April 2017 Honorary Advisor of Mizuho Financial Group (current position)
- June 2017 Director of IIJ (current position)

■ Number of Shares Owned(*)

5,100



Kazuo Tsukuda

Date of birth: September 1,1943

Outside

Independent



■ Career & current positions in and outside IJ

- April 1968 Joined Mitsubishi Heavy Industries, Ltd
- June 1999 Director of the same
- April 2002 Managing Director of the same
- June 2003 President and Representative Director of the same
- April 2008 Chairman of the Board, Representative Director of the same
- April 2013 Chief Executive Adviser of the same
- June 2019 Special Advisor of the same
- June 2020 Director of IJ (current position)
- June 2021 Honorary Advisor of Mitsubishi Heavy Industries, Ltd (current position)

■ Number of Shares Owned(*)

700

Yoichiro Iwama

Date of birth: September 15,1943

Outside

Independent



■ Career & current positions in and outside IJ

- April 1967 Joined Tokio Marine and Fire Insurance Co., Ltd (currently Tokio Marine and Nichido Fire Insurance Co., Ltd.)
- June 1996 Director of the same
- April 2005 Senior Managing Director of the same
- June 2005 President and Representative Director of Tokio Marine Asset Management Co., Ltd.
- June 2010 Chairman of Japan Securities Investment Advisers Association (currently Japan Investment Advisers Association)
- May 2018 Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd. (current position)
- June 2021 Director of IJ (current position)

■ Important concurrent posts

Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd.

■ Number of Shares Owned(*)

100

 **Atsushi Okamoto**

Date of birth: March 26, 1954

Outside

Independent

■ **Career & current positions in and outside IIJ**

- April 1977 Joined Iwanami Shoten, Publishers
- April 2008 Division Manager of Production Department of the same
- June 2010 Director of the same
- June 2013 President and CEO of the same
- June 2022 Director of IIJ (current position)

■ **Number of Shares Owned(*)**

0



 **Kaori Tonosu**

Date of birth: December 24, 1961

Outside

Independent

■ **Career & current positions in and outside IIJ**

- April 1985 Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
- June 2001 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- June 2006 Partner of the same
- November 2015 Board member of Deloitte Tohmatsu LLC
- June 2018 Board member of Deloitte Touche Tohmatsu LLC
- June 2022 Director of IIJ (current position)

■ **Number of Shares Owned(*)**

0



(*) The number of shares owned as of September 30, 2022, does not take into account a stock split at a ratio of two-for-one with an effective date of October 1, 2022

Outside Director Interview

Mr. Katsu, IJ's president, had an interview with Mr. Takashi Tsukamoto, IJ's outside director.



Mr. Katsu, IJ's president



Mr. Takashi Tsukamoto, IJ's outside director

Q: What is your overall assessment of IJ's current Board of Directors?

A: In the extremely fast-changing IT industry, the top management of Mr. Suzuki, Chairman, and Mr. Katsu, President, have taken control of the entire group under their strong leadership, and each director has been firmly executing his or her responsibility, resulting in the sustainable growth of our business. Under these business circumstances, I have evaluated that the Board of Directors has been effectively functioning with a mainly focus on monitoring to support our group's stable growth and increase in its corporate value.

Q: Please describe discussion and atmosphere at the Board of Directors meetings.

A: The meeting is held once a month in principle and lasts for normally one to two hours, which are not so long. However, various managerial indicators are presented in a format that makes it easy to understand the business situation at a glance, and important issues and risks are clearly indicated, which have led to very effective and efficient reporting and decision making. The atmosphere is very open for discussion, and diverse and forthright discussions actively have taken place by outside directors based on their own backgrounds. In the past, top management mostly answered questions, but recently the number of comments from directors and executive officers in charge has increased, bringing more depth to the discussions.



Q: Please discuss the evaluation of effectiveness of the Board of Directors.

A: Since the enactment of the Corporate Governance Code, the evaluation of effectiveness has been conducted in-house. A questionnaire consisting of approximately thirty questions and free opinions is sent to all directors and company auditors on an annual basis, and the annual trends of the evaluation have been monitored. The points raised in the assessment have been improved by the following fiscal year, and I consider that the level of effectiveness regarding the Board of Directors has been steadily improving. I think this is a good example of our attitude that we consider it to be important to make practical improvements rather than spending excessive resources on procedures. A very good cycle is in place.

Q: Would you discuss how the voluntary Nomination and Remuneration Committee has been operating?

A: With regard to the determination of directors' remuneration, firstly, the Nomination and Remuneration Committee is consulted on the draft of the remuneration determination policy. In its deliberations, the committee recognizes that we are a growing corporate group in an expanding market; therefore, the remuneration for directors is designed to encourage the enhancement of performance and corporate value from a long-term perspective while maintaining a balance between fixed and performance-based remuneration rather than being overly short-term performance-linked.

In addition, as for the nomination of candidates for directors, the representative directors present a nomination proposal to the Nomination and Remuneration Committee based on the candidate selection criteria. The Nomination and Remuneration Committee holds discussions focusing on whether candidates have extensive experience and a high level of expertise appropriate to the requirements of directors to fulfill the management philosophy. For full-time directors, we have selected candidates who are well versed in the IT industry, and who can embody our management philosophy including members who have been with IJ since its inception.



Q: Please comment on the status of IJ's internal controls.

A: I recognize that our governance is based on the concept that we will continue to fulfill the management philosophy that we have set forth. In order to realize the concept, business growth, including scale, is a key prerequisite and at the same time, we would like to support medium- and long-term growth by ensuring that the governance system is well implemented. The basic principles that underlie our control environment are well known throughout the group. I evaluate that a necessary and sufficient internal control system has been established and it has been functioning effectively.

Q: Are there any other interesting aspects of the Board of Directors meeting operation?

A: Briefings on the status of each business segment and other information are given to outside directors and company auditors after each board meeting. These are useful in understanding business trends and background. Recently, "Board of Directors Dashboard" function has implemented on the intranet. It aggregates managerial information and is used by outside directors and company auditors as an effective tool. I consider these to be important systems that support better operation of the Board of Directors meetings.

Q: What are your thoughts on the future challenges of the Board of Directors?

A: In the expanding IT market, we have achieved steady growth based on our Internet technological capabilities, highly specialized human resources, and corporate customer base. The Board of Directors believes that we are entering a phase that requires discussion from a long-term perspective on how to further solidify and continue sustainable growth, how to achieve further growth in the next stage that would not be an extension of the current growth, and what kind of future vision we should aim for. I hope that the Board of Directors will deepen discussions on the next major steps while monitoring business execution and managing risks, especially now that business performance is strong.

Outside Director Mr. Takashi Tsukamoto Career & current positions in and outside IJ	<ul style="list-style-type: none">• April 1974 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)• April 2004 Managing Executive Officer (Head of EMEA) of Mizuho Corporate Bank, Ltd.• April 2009 President and CEO of Mizuho Financial Group, Inc.• June 2011 President and CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc.• July 2013 Chairman of Mizuho Bank, Ltd.• April 2014 Senior Advisor of Mizuho Financial Group, Inc.• April 2017 Honorary Advisor of Mizuho Financial Group (current position)• June 2017 Director of IJ (current position)
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Our approach to sustainability

I IIJ's approach to sustainability

IIJ was founded as the first full-scale Internet service provider in Japan. The group has since consistently been the leader of Japan's Internet development, under the management philosophy of developing and supporting Japan's Internet infrastructure to contribute toward realizing the network society of the future, and has provided stable networks and reliable and high value-added services.

We develop our businesses and continue taking the initiative in Internet technologies, with a strong belief that new industries, economies, and lifestyles can be created through continuous innovation. Meanwhile, we recognize our responsibility as a supporter of social infrastructure and continue supporting social and corporate system platforms, providing stable network services 24 hours a day, 365 days a year.

In recent years, a wide range of environmental and social problems have become ever more prominent, including but not limited to climate change, natural resources and energy issues, diversity and equal opportunity, declining and aging populations, remote areas being left out of reach of sufficient medical care and data privacy. SDGs, or sustainable development goals, adopted by the United Nations demand that business enterprises actively take part in tackling these social issues.

Based on Internet technologies, ICT are technologies that can fundamentally change the way the world works. We believe that we can make significant contribution to solving social issues including SDGs through the use of new technologies such as IoT and AI.

With our management philosophy at our core, we contribute to realizing a sustainable society through developing and offering reliable and high value-added network services.

> [Business Philosophy and Middle Term Plan](#)

I Identifying material issues

In response to the mounting requests and expectations for the ICT industry to work on SDGs and other social issues, and as our business may significantly impact social issues, both positively and negatively, we have identified three material issues and eight related themes we target.

Going forward, we shall prioritize these material issues and disclose our progress and results.



Material issue 1
Lead network infrastructure advancement with technological innovations and contribute to solving various social issues



Themes we work on

Bringing innovation

We shall continue to bring technological innovations to realize an even better network society and propose new values and usages.

Solving social issues through our business

We shall provide Internet services that will help solve social issues, such as addressing a declining working population, economic productivity, health and social welfare.

Our response to climate change

We shall use our Internet services to drive our environmental contributions, such as by saving energy consumption and using renewable energy at data centers, reducing human and cargo transport, and saving natural resources.

> [Information Disclosure based on the TCFD Recommendations](#)



Material issue 2
Provide safe and robust Internet services that support social infrastructure



Themes we work on

Maintaining security and privacy

We aim for a world where privacy and security are protected for all users as the norm.

Enhancing network resilience

As a platform for industries, education, and day-to-day living, we develop and operate robust backbone networks that will withstand natural disasters, accidents, and cyber-attacks.



Material issue 3
Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges



Themes we shall work on

Promoting diversity and work-life balance

We provide a workplace where all employees' values are respected and they can exercise their skills, regardless of gender, nationality, or disability.

Developing human resources

We maintain and develop a corporate culture that fully respects and supports employees' self-actualization and motivation to learn and contribute to society.

Promoting occupational safety and health and respect for human rights

We provide a workplace that protects employees' physical and mental health and enables them to work safely.

How we identified material issues

In 2019, IJJ identified material issues as follows.

How we identified material issues

Step 1: Extracting issues

We did a survey asking our all 27 divisions and affiliates about sustainability, and extracted our issues based on representative global social issues targeted by 17 goals and 169 targets of the SDGs.

Step 2: Evaluating the issues

While referring to “ICT & SDGs Final Report” by Columbia University and “Report on the ICT Global Strategy for the Digital Transformation Age Meeting” by the Ministry of Internal Affairs and Communications, etc., we evaluated social requests and expectations toward the issues we identified in Step 1 and weighted them respectively, based on their affinity to our management philosophy and medium-term plan, as well as their positive and negative impacts.

Step 3: Verifying the appropriateness

Through discussion with specialists and our directors, we verified the appropriateness of the issues we weighted in Step 2 to identify material issues.

“A discussion took place between LRQA Sustainability K.K. Representative Director, Hidemi Tomita (right), IJJ Senior Managing Director and CFO, Akihisa Watai (center), and IJJ Managing Director and Division Director of Corporate Planning Division, Naoshi Yoneyama (left).”



Key inputs

- It is important to clarify how companies define material issues.
- Paying more attention to affinity with management philosophy helps identify material issues consistently.
- Main issues in the ICT industry include saving energy, mainly in data centers, human rights issues such as data privacy, long working hours, and mental health.
- In the future, it will be important to set targets for material issues, pay attention to PDCA to monitor progress, and see how they could be incorporated into management along with the medium-term plan.
- As the company that created Japan’s new communication infrastructure market, I would like IJJ to show how the Internet should be in a sustainable society and take on pioneering roles.



Mr. Hidemi Tomita
Representative Director,
LRQA Sustainability K.K.

Profile of Mr. Tomita

Chief Consultant at Lloyd's Register Japan K.K. (*) He has multi-dimensional and extensive experience in long-term CSR management in the Sony Group, and has taken part in setting various international standards.

(*) Lloyd's Register Japan K.K. changed its name to LRQA Sustainability K.K. in January 2022.

> <https://lloyds-register.co.jp/csr/principal-consultant/> □ (Japanese text only.)

Contributing to SDGs

IJJ was founded by engineers with the ambition to spread Internet throughout Japan. They anticipated Internet would be the infrastructure that would change the workings of society. Ever since, IJJ has engaged in business with the mission to change the world with Internet technologies.

As SDGs present targets to change the world, they are highly affinity with the products and services offered by IJJ, who have a common idea. That is why we believe we can contribute to many targets of SDGs through our business activities. For the following goals and targets that are highly relevant to our material issues, we will put special effort into bringing an even greater impact toward achieving results.



IJJ's material issues and SDGs we contribute to

Material issues	Related targets of SDGs
 <p>Lead network infrastructure advancement with technological innovations and contribute to solving various social issues</p>	<p> 3.8 Contribute to universal health coverage</p> <p> 9.5 Expand open innovation</p> <p> 7.2, 7.3 Spread renewable energy and improve energy efficiency</p> <p> 13.1 Enhance adaptability to natural disasters from climate change</p> <p> 8.2, 8.4, 8.10 Suppress resource consumption and expand financial access to drive economic growth</p>
 <p>Provide safe and robust Internet services that support social infrastructure</p>	<p> 9.1 Develop sustainable and robust regional and cross-border infrastructures</p> <p> 16 All Promote a peaceful and inclusive society</p> <p> 11.a, 11.b Enhance cooperation between urban and rural areas and support disaster risk management structures</p>
 <p>Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges</p>	<p> 4.4 Improve technical skills</p> <p> 8.5 Promote equal employment and a better work environment</p> <p> 5.b Apply ICT technologies to promote empowerment of women</p>

Lead network infrastructure advancement with technological innovations and contribute to solving various social issues



I Basic approach

With the ambition to provide Internet, which was once accessible only to some researchers and specialists, to everyone as a commercial service, IJ launched the first Internet connectivity service in Japan.

Ever since, IJ has contributed to solving various social issues through its services including security measures for emails and the Web, and moderately priced mobile services. This frontier spirit is of utmost importance to IJ, and can be said to be the foundation of the company.

Today, Internet is one of the most important social infrastructures, and has reached every corner of society, from personal social media, e-commerce and video streaming services, through to corporate information systems, public services and financial services, teleworking, remote medical care, and information-sharing during natural disasters. IJ shall continue to take the initiative in developing Internet-related technologies. We shall contribute to solving global issues through improving user friendliness and operational efficiency, reducing the transport of people and cargo, saving energy and applying renewable energy.

> Bringing innovation

We shall continue to bring technological innovations to realize an even better network society and propose new values and usages.

> Solving social issues through our business

We shall provide Internet services that will help solve social issues, such as addressing a declining working population, more efficient economic productivity, and improved health and social welfare.

> Our response to climate change

We shall use our Internet services to drive our environmental contributions, such as by saving energy consumption and using renewable energy at data centers, reducing human and cargo transport, and saving natural resources.

> [Information Disclosure based on the TCFD Recommendations](#)

Enhancing open innovation and collaboration among industry, academia, and government

The Internet, which forms the basis of all of IIJ's businesses, has been nurtured and developed by communities of people such as researchers, engineers, and users from around the world. To advance the Internet further, IIJ collaborates with communities in and outside of Japan, as well as universities and other research institutes, public organizations, and private businesses to create new innovations. We also actively disclose the technologies developed in-house and the expertise we have gained through by commercializing our technologies, to spread new technologies in society.

Participation in Internet-related communities

Internet society IETF

Internet Society is a leading international non-profit organization founded in 1992, working on standardization of Internet technologies and leading education and policy-related discussions. IIJ joined the Society as a founding member and currently supports its activities as a gold member company.

We are also involved in the activities of the IETF (Internet Engineering Task Force), an organization that discusses standardization of Internet technologies together with Internet Society. IIJ engineers participate in multiple working groups, and have discussions based on IIJ's Internet expertise to contribute to technological development.

> [Internet Society \(ISOC\)](#) 

> [Internet Engineering Task Force \(IETF\)](#) 



Initiatives on industry-academia partnerships

IIJ Research Laboratory

IIJ's R&D Center, IIJ Research Laboratory expert researchers measure and analyze the current state of the Internet traffic, and engage in next-generation technology research and development. The institute also conducts joint research with Internet researchers from around the world and accepts interns.

> [IIJ Research Laboratory](#) 

Joint research with universities

As a large-scale commercial infrastructure operator, we conduct joint field trials with universities based on actual environment.

Our joint research with the University of Tokyo, whose aim is to switch communications seamlessly between private LTE and public LTE, utilizes IIJ's commercial full-MVNO (*) platform. We believe this research will create new use cases in local 5G that will be deployed in the future.

(*) MVNO/full-MVNO:

Mobile virtual network operators (MVNOs) operate by using the base station and other wireless access facilities of mobile network operators (MNOs) such as mobile phone carriers, while full-MVNOs are operators who have and administer their own subscriber management functions (HLR/HSS) to enable more flexible service design such as issuing their own SIM cards.

I Disclosing our technologies and expertise

- Our contributions to open source software

Most of the software used on the Internet is maintained not by any particular company but by communities of volunteering developers. IJ also uses many open-source software developed by such communities, and actively feeds software improvements back to the communities to contribute to improving open-source software features and their reliability.

- > [NetBSD](#) 
- > [OpenBSD](#) 

- Releasing technological information

■ IJ Technical Seminar – ITS

A few times every year, IJ holds IJ Technical Seminar – ITS, a technological event where IJ releases technological information on IJ Group’s development and operations to a wide audience and interacts with external engineers.

In fiscal 2021, we held online seminars, which were viewed by a total of about 7400 times.

■ IIR (Internet Infrastructure Review)

IJ also release technological information actively in “Internet Infrastructure Review,” a technical report journal that periodically presents IJ’s technologies, as well as in a technology blog that introduces cutting-edge technologies in a timely manner.

- > [Internet Infrastructure Review](#)



I Our responses to various Internet issues

Although the spread of the Internet has contributed to society’s development, it has also created various problems. To realize a safe and secure Internet society, IJ is taking initiatives with industry organizations and working on these issues.

- Our initiatives on Internet security

To develop a safe Internet society and protect users, IJ has joined organizations which aim to improve information security levels, investigating cyber-attacks, and evaluate and test measures against them, to improve incident (*) response capabilities.

(*) Incident: events such as virus infections and information leaks that could lead to serious accidents.

- > [FIRST \(Forum of Incident Response and Security Teams\)](#) 
- > [ICT-ISAC Japan](#) 
- > [Japan Network Security Association \(JNSA\)](#) 
- > [Information Security Operation Providers Group Japan \(ISOG-J\)](#) 
- > [Nippon CSIRT Association \(CSIRT\)](#) 



- Securing email safety

IIJ has joined organizations which aim to prevent abuse of networks by means such as spam prevention, to discuss and respond to such matters and speedily incorporate global initiatives and technologies into our services.

- > [M3AAWG \(Messaging, Malware and Mobile Anti-Abuse Working Group\)](#) 
- > [JPAAWG \(Japan Anti-Abuse Working Group\) \(Japanese text only.\)](#) 
- > [ASPC \(Anti-Spam mail Promotion Council\) \(Japanese text only.\)](#) 



- Raising awareness for safe and secure Internet

To prevent criminal cases arising from use of the Internet by young people and prevent further spread of damage, IIJ takes part in awareness activities to help organize safe Internet usage environments and improve media literacy.

- > [Japan Internet Safety Promotion Association \(JISPA\)](#) 



- Improving the levels of privacy protection

To secure Japanese companies' privacy protection in compliance with global privacy protection laws such as GDPR (General Data Protection Regulation), IIJ participates the Japan DPO Association(*) as a board member.

(*) DPO (Data Protection Officer): Data protection representatives of companies who satisfy certain requirements required under GDPR.

- > [Japan DPO Association](#) 



- Our initiatives for developing data centers and saving energy

IIJ has joined various organizations to improve the international competitiveness and energy consumption of Japanese data centers.

- > [Japan Data Center Council \(JDCC\)](#) 
- > [Japan Electronics and Information Technology Industries Association \(JEITA\)](#) 



- > [Group Membership](#)

Solving social issues through our business

I Improvements in economic productivity

Always the one to adopt cutting-edge technologies, IJ Group has been sending out society network services that improve production efficiency. To maintain economic growth, unaffected by the declining workforce shortage from Japan's aging and declining population, IJ actively applies clouds, IoT, AI and other such technologies and improves productivity for the entire society, through automating operations at manufacturing sites and bringing more IT into offices.

I Supporting industries with IoT

We provide a multitude of IT solutions to address the labor shortage in the industrial world.

Through a partnership with Taiwanese industrial computer manufacturer Advantech, IJ develops specialized industrial IoT platforms for Japanese manufacturers.

These platforms enable data collection from all types of industrial machines and sensors to the cloud for remote equipment monitoring and production number visualization, without depending on manufacturer.

- > [IJ Industrial IoT Secure Remote Management/Factory](#)
- > [IJ Industrial IoT Secure Remote Management/Machinery](#)
- > [IJ LoRaWAN® Solution for HACCP Temperature Management](#)



I Improving operational efficiency with cloud

IJ offers office IT solutions which integrates companies' on-premises (own-operated) servers to IJ's cloud services. This saves various operational workloads not just for hardware operations but also for security measures and application management.

Operations become more efficient, as company employees will be able to access the latest office applications and enjoy new work styles without being confined to specific locations.

Meanwhile, as work environments shift to digital workplaces, stable high-volume and high-speed telecommunications will be essential as well as stronger security measures against malware (*1) and information leaks. IJ offers solution services to comfortably and safely use various cloud services from various locations, and on various devices.

These solutions reduce the workload of system operators and contribute to improving productivity. Furthermore, IJ also offers SaaS (*2)-based IJ Unified Operation Management Service (UOM) that supports automatic filtering and operations, system monitoring, and job management to prevent the enormous amount of alerts generated from the system from hindering the operations of system administrators.

(*1) Malware: malicious software and code.

(*2) SaaS: services that enable users to access applications from remote locations through the Internet.

- > [IJ's Digital Work Place](#)(Japanese text only)
- > [IJ Omnibus Service](#)
- > [IJ Unified Operation Management Service \(UOM\)](#)

I Making device setups and operations more efficient

IJ develops products and services that significantly reduce the time and cost taken on initial setups and installations of a large number of network devices, including routers at our customer sites, making device operations more efficient.

In 2003, IJ developed SMF (SEIL Management Framework), which centrally manages SEIL, the router series IJ had developed, to help users develop and operate networks freely. Further updated and with patents both from Japan and the United States, SMF improves operational efficiency and is widely being used in IJ's services.

SMF-compatible devices can instantly connect to network services as soon as the cable is plugged in and turned on, eliminating the need for network engineers to do any on-site installation work.

> [IJ Multi-Product Controller Service](#)

– SEIL/X4



I Our contributions to medical care and welfare

Contributions to local health care, nursing care, and general welfare

By 2040, the Japanese elderly population is expected to exceed 35%. Providing comprehensive community care—which aims to offer integrated housing, medical, nursing, preventative, and lifestyle support so that local citizens can live healthful lives somewhere familiar as long as they desire—has been a problem for governmental policy.

IJ provides a cloud-based service that enables multi-disciplinary collaboration (via electronic bulletin board and video conferencing) among local medical, nursing, and governmental organizations to help resolve issues facing aging communities. This platform also has applications in coordinating information during disasters, facilitating emergency response, and sharing measures to prevent new COVID-19 infections.

IJ began providing the multi-disciplinary collaboration platform IJ Electronic Contact/Communication Note Service in 2017 to facilitate regional medical and nursing care collaboration and government-run comprehensive community care.

The service, which began as a network for cooperation among professionals involved in at-home medical care, is now finding use among governments, and as a result, its use has expanding to the welfare field, including support for those who need assistance in times of disaster, coordinating emergency services, and assisting mothers and children who need medical care.

New connections among experts in these communities are becoming more important than ever amid the COVID-19 pandemic. Furthermore, crossing administrative divisions and connecting professionals from different regions strengthens and expands professional collaboration, a vital resource for regional support.

IJ considers this activity as a form of digital transformation (DX), and as ICT experts, we will contribute to facilitate a healthy and livable community for residents by creating comfortable working environments for local professionals.

> [IJ Electronic contact/communication Note Service](#)(Japanese text only.)

I Contributions to revitalize regional areas

The declining population and accelerating urbanization are creating gaps between cities and regional areas in many forms, including but not limited to access to medical care and employment. As part of the policy for regional revitalization, the state is actively encouraging small and medium-sized companies and municipalities in regional areas to employ IT. IJ is contributing to developing regional economy by driving IT application and usage, including local 5G.

I Boosting industries with IT

- Matsue Data Center Park

Shimane Prefecture and its city Matsue are focusing on bolstering IT and software industries to bring in companies and help engineers move to the area. As Shimane and Matsue approved the construction plan, IJJ opened Matsue Data Center Park (“Matsue DCP”) in 2011, a data center for cloud computing. Through Matsue DCP, IJJ contributes to bolstering local industries and creating employment, and supports career education for high school students through site tours.



I Contributing to promoting and spreading local 5G

5G is a next-generation communication technology that enables super high-speed, super low-delay, and simultaneous multiple connections. Meanwhile local 5G means 5G networks that local municipalities and companies can install and use in limited areas. In December 2019, together with cable TV operators from around Japan, IJJ established Grape One Co.,Ltd., which engages in wireless platform businesses for forthcoming 5G use. Grape One helps reduce cable TV operators’ infrastructure investment and operational workload by developing mission-critical systems for wireless services, as well as offering integrated services such as circuit services and selling, operating and maintaining devices and stations.

> [Pursuing the Wireless Platform Business Using Local 5G](#)

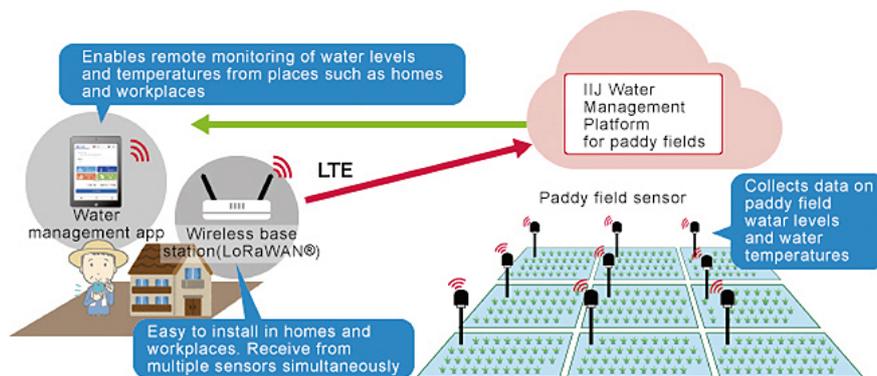
I Support for agriculture

While the super aging society raised the average age of agricultural workers in Japan to over 65, the growing operational scale is urging agricultural work to become more efficient and labor saving. Meanwhile efforts to spread ICT-based “smart agriculture” are growing rapidly across Japan. IJJ is also researching and developing services that can be applied to agriculture.

I Promoting agricultural work-style reform with IoT

In 2017, IJJ started developing a low-cost “ICT water management system” that enables labor saving in water management of paddy fields, and has succeeded in developing an affordable paddy field sensor. The sensor enables operators to ascertain the status of their paddy field with a smartphone in the comfort of their own home and workplace, significantly saving the workload involved in water management.

- IJJ water management platform for paddy fields



I Contributing to better financial access

Although the spread of Internet has enabled people to easily access information from around the world, the threat of cyberattacks is mounting in every way. Finance is no exception, facing serious situations such as unauthorized remittance due to malware infection and receipt of malicious emails. IJ is taking part in Financials ISAC Japan as an advisor, primarily offering security and security measure information to financial institutions to contribute to safer financial transactions.

> [General Incorporated Association Financials ISAC Japan](#) 

I Promoting Fintech to improve financial access

In 2018, together with leading companies from various industries, IJ established DeCurret Inc. To promote and enhance the use of digital currencies, it is essential to develop a platform that users feel safe to use, and connect the platform with existing financial infrastructures to ensure user friendliness. Decurret's goal being "To create a financial platform specialized in digital currencies that can send, receive, store and exchange digital currencies and make all transactions safe and simple," Decurret is currently developing a platform that enables everyone to access digital currencies safely and easily.

> [DeCurret Holdings, Inc.](#) 



Our response to climate change

I Policy for environmental initiatives

In order to continuously realize the IJ Group's business philosophy and to achieve long-term sustainable growth, IJ Group recognizes the importance of taking initiatives in the reduction of environmental impact on the society as a whole through business activities that comply with environmental laws and regulations and take the global environment into account.

As the first full-scale Internet service provider in Japan, IJ has created the Internet infrastructure in Japan and has been providing Internet connectivity services. It is recognized that social and economic activities are obviously more efficient than they were about 30 years ago with the use of internet-based services and applications. IJ Group will continue to stably provide highly reliable services that support the networked society such as the Internet and cloud computing services thereby contributing to further improving the efficiency of social activities and reducing the environmental impact on the entire society.

Meanwhile, the use of electricity is essential in providing these services, and IJ Group recognizes the importance of reducing greenhouse gas emissions and realization of carbon neutrality by improving energy efficiency and using renewable energy in data centers where a large amount of electricity is consumed. In addition, IJ Group will make an effort to promote procurement activities that take into consideration the reduction of greenhouse gas emissions throughout the supply chain when procuring equipment and services necessary for the provision of its services from partner companies.

IJ has established the "Sustainability Committee", chaired by the President, to promote these activities as a company-wide initiative, and will implement PDCA activities to reduce the environmental impact. IJ will disclose sufficient environmental information to its stakeholders.

In light of the purpose of the Corporate Governance Code revised in June 2021, IJ will enhance environmental disclosure based on the TCFD framework etc. in accordance with the above policy.

> [Information Disclosure based on the TCFD Recommendations](#)

I Improvements in energy efficiency

In recent years, the problem of climate change has become a material issue of urgency that the international community has to address, and, for example, companies are being required to further reduce greenhouse gas emissions. As energy sources account for a large proportion of the CO2 emissions in many countries, it is important to reduce unnecessary energy use and strive toward more efficient use.

IJ is actively promoting efforts to cut our energy consumption at data centers in particular, because they are said to account for 2% of all the electricity consumed in the world. In addition, the Internet's characteristic of reducing the movement of people and things is considered to be one way of helping to substantially improve energy efficiency throughout society as a whole.

I Initiatives at Matsue Data Center Park

In 2011, IJ opened Matsue Data Center Park ("Matsue DCP"), Japan's first modular data center with an outside air cooling system. Matsue DCP has adopted a container-unit modular architecture that integrates IT equipment and air conditioning as a module in a container, thereby enabling a much shorter construction period and flexible reconfiguration. In addition, each modular IT container uses IZmo to automatically select the operating mode appropriate for the temperature and humidity, thereby saving considerable amounts of energy.

Matsue DCP is rated highly by outside organizations as well, and has earned many awards.



Furthermore, the data center received ISO 14001 certification (environmental management systems) in 2013 to continuously promote environmental improvement activities, such as energy saving at data centers, throughout the organization.

- IZmo IT module

Air conditioning systems in common data centers require large amounts of electricity to combat the heat emitted from IT equipment. IZmo units, Matsue DCP's IT modules, have adopted the first outdoor air cooling system for a commercial data center so as to use compressors and chillers less frequently, thereby significantly reducing electricity consumption.

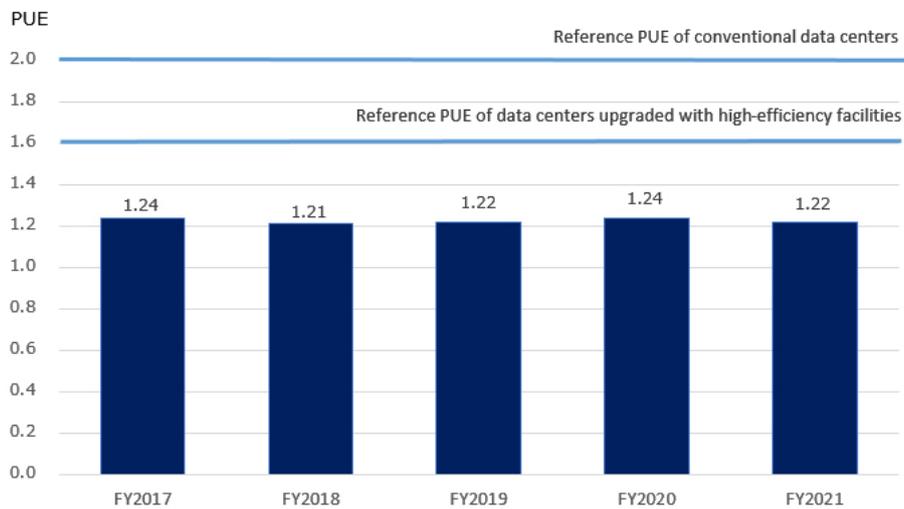
In addition, in contrast to conventional data centers that require large quantities of packaging and protective materials when carrying in and installing servers, IZmo units can be transported to a data center with servers pre-installed, which contributes to reducing not only packaging materials, but also CO2 emissions during transportation.



- Realization of energy-saving

Power Usage Effectiveness (PUE) is a metric that shows how efficiently electricity is used at a data center. It is calculated by dividing the electricity that an entire data center consumes by the electricity that the IT equipment there consumes. The closer to 1.0 the metric is, the more efficiently the data center uses power. In Japan, the metric is 2.0 for conventional data centers and 1.6 for newer data centers with highly efficient facilities. In comparison, Matsue DCP has achieved figures in the 1.2 range.

- Annual Average PUE of Matsue DCP



co-IZmo/I, a container-unit modular data center developed in 2013, adopted an indirect outside air cooling system so as to achieve high energy-saving performance even in an environment where the air quality is poor, such as air with a high grit, dust, and salt content. As such, IJJ foresees it spreading to a wide range of regions.

> [co-IZmo/I](#)



co-IZmo/I

I Initiatives at Shiroi Data Center Campus

In May 2019, to accommodate the large-scale demand accompanying increases in digital data expected due to the spread of 5G, IoT, and AI and etc., IJ started operating the Shiroi Data Center Campus ("Shiroi DCC") in Shiroi, Chiba Prefecture with the help of knowledge gained at Matsue DCP. This data center campus adopted a system-module construction method that enables a larger-scale modular architecture, thereby systematizing and streamlining construction and production processes prior to construction work.



Shiroi DCC

- Peak cut / peak shift of electric power by storage batteries

At the Shiroi DCC, the lithium-ion storage batteries installed as a power supply during emergencies are also used during normal operations to promote load shifting and peak shaving in power demand.

Since their introduction in 2019, IJ has verified their use in equalizing power for summer air conditioning and their peak shaving and load shifting performance. As a result, in August - the annual peak period - we measured a peak shaving effect of 10.8% of the total Shiroi DCC power demand.



High-capacity lithium-ion batteries installed at the Shiroi DCC

I Estimated reduction in electricity consumption achieved with system cloud IJ GIO

In 2009, IJ launched IJ GIO, cloud service, and, as of March 2020, has tens of thousands of servers and over 1,700 corporate customers. IJ GIO uses energy-efficient data centers, including Matsue DCP, as its infrastructure and consolidates IT resources more efficiently using massive servers and storage equipment, thereby significantly reducing electricity consumption.

The entire service infrastructure consumes approximately 94,000 MWh of electricity per year, estimated to be an approximately 40% reduction (amount of electricity consumed by about 14,000 general households (*)), compared to the situation where everything is in an on-premises environment. Going forward, IJ will contribute to reducing CO2 emissions by pursuing improvements to IJ GIO's energy efficiency and helping cut the electricity that society consumes when using IT.

(*) Calculated by assuming that the average household consumes 4,397 kWh of electricity annually based on the "General Survey to Estimate Household CO2 Emissions: Nationwide Test Survey (October 2014 - September 2015)" by the Ministry of the Environment of Japan

I Joint Crediting Mechanism: Energy-saving data center project in Laos

The Joint Crediting Mechanism (JCM) is a system to help reduce greenhouse gases (GHGs) by: spreading outstanding low-carbon technologies, products, systems, services, and infrastructures; promoting measures in developing countries; quantitatively evaluating how much Japan has contributed to reducing and absorbing GHGs through these activities; and utilizing evaluation results to achieve Japan's GHG reduction targets. Using this system, the New Energy and Industrial Technology Development Organization (NEDO) contracted IJJ, Toyota Tsusho, and Mitsubishi UFJ Morgan Stanley Securities for a demonstration project aimed at verifying how effectively greenhouse gases can be reduced with the modular data center construction and operation technologies. This project involved installing co-IZmo/I, a modular data center, in Vientiane, Laos and verifying operations appropriate for the country's environment and greenhouse gas reduction effects. At the same time, the project contributed to building the country's first state-owned energy efficient data center, which will play a central role in the country's low-carbon growth model in field of IT.



First energy-efficient data center in Laos

In January 2019, this JCM project was issued credits (207t in total). This was the first time ever that a NEDO demonstration project had been issued credits in Laos since JCM was launched between Japan and Laos in 2013.

- > [The “Lao PDR Energy Efficient Datacenter Project” Registered as the First JCM Project Between Lao PDR and Japan](#)
- > [Internet Infrastructure Review \(IIR\) Vol.36](#)

I Initiatives through products and services

— Visualizing electricity demand with the help of smart meters and B route

Smart meters are available in two types: “A-route” smart meters retrieve data every 30 minutes for use by general electric utilities to calculate electricity bills. In contrast, “B-route” meters retrieve electric usage data in virtually real-time. IJJ offers the authentication devices and services needed in B-route applications.

The lifelog data acquired through B-route meters may be used to create new services, including watchdog systems and energy-saving diagnoses. These meters also promise a role to play as electricity sensors for smart grids.

- > [IJJ High Voltage Smart Metering Service for B Route](#)

— Remote access to reduce the movement of people and things

As working environments are rapidly becoming digital, as represented by telecommuting and web/video conferencing, the IJJ Group provides companies with a “digital workplace,” a comfortable and productive digital space.

The VPN service IJJ Flex Mobility Service, with its stable connections and low latency, prevents communication interruptions even in places with unstable mobile connections. In addition, the video conferencing system COLLABO de World can be used anywhere and anytime from the best available device, including dedicated terminals or PCs. These services are just a sample of those IJJ offers to increase productivity and enhance corporate value.

IJJ also contributes to climate change mitigation by promoting digital workplaces through our infrastructure and reducing greenhouse gas emissions associated with the movement of people and goods.

I Utilization of renewable energy

As well as saving energy, IJJ must choose energy sources that emit less CO₂ so as to reduce greenhouse gas emissions and mitigate climate change. As IJJ consumes a large amount of electricity for our operations, including data centers, IJJ recognizes the need to address this issue and is considering ways to convert energy.

I Initiatives at Matsue Data Center Park

IJJ will introduce electricity derived from substantial renewable energy (*1) from February 2022 at Matsue Data Center Park (hereinafter referred to as Matsue DCP). IJJ will first introduce the electricity at Site 1, and approximately 1,300 tons of CO2 emissions are expected to be reduced per year, as the electricity used at Site 1, which is equivalent to 40% of the total power consumption at Matsue DCP, will be derived from substantial renewable energy.

Moreover, the electricity to be introduced this time uses FIT non-fossil certificate with tracking (*2) and meets RE100 (*3). IJJ will proceed with introduction of substantial renewable energy also at Site 2 as well as promote efforts toward the realization of carbon neutrality.

(*1) Electricity that is regarded as substantially 100%renewableelectricity and emitting zeroCO2 by adding the environmental value certificate to the power source of electricity companies.

(*2) Non-fossil certificate is a certificate of the environmental value as non-fossil energy (effect of the reduction of CO2emissions, etc.) for the electricity generated from non-fossil energy such as renewable energy and nuclear energy, and is issued through the Non-fossil Value Trading Market established in May 2018.

(*3) RE100 (Renewable Energy 100%) is an international initiative aiming to procure energy consumed in business activities from 100% renewable energy.

> [IJJ to Introduce Substantial Renewable Energy at "Matsue Data Center Park"](#)

I Initiatives at Shiroy Data Center Campus

IJJ will promote efforts toward the realization of carbon neutrality such as the establishment of an on-site mega solar power generation facility and the procurement of electricity from off-site power generation facilities at Shiroy Data Center Campus.

> [IJJ to Expand "Shiroy Data Center Campus" and Construct Second Phase Building](#)



I Basic approach

Since the company's founding, IJ has been anticipating society's needs, developing innovative technologies, and creating a range of Internet-related network services. Under our management philosophy of "Contributing to optimizing a networked society by developing and offering reliable, high-value-added IT services to support social infrastructure," we capitalize on our growing expertise to implement the cycle of continuous development, operation, and validation.

Internet is crucial social infrastructure that supports people's daily lives and business activities. Our mission is to continue providing secure and stable Internet services. As the foundation of those services, we believe that building and operating a robust backbone network that cannot be disrupted even in unpredictable circumstances, such as a natural disaster or an accident, will also drive an increase in our value.

Furthermore, accompanying Internet's rapid growth has been various issues with privacy protection and security. Many countries are making progress to promote data privacy and protection, including the implementation of the General Data Protection Regulation (GDPR), which includes provisions such as financial penalties in the EU. In line with such worldwide trends, IJ shall act quickly to develop and offer services in view of future frameworks and standardization of mutual distribution of personal data linked to economic partnership agreements in each country and region.

> Maintaining security and privacy

We aim for a world where privacy and security are protected for all users as the norm.

> Enhancing network resilience

As a platform for industries, education, and day-to-day living, we develop and operate robust backbone networks that will withstand natural disasters, accidents, and cyber-attacks.

Maintaining security and privacy

I The security that IJ provides

In today's advanced information society, ensuring information security is an essential issue that cannot be ignored. As a leading provider of the Internet, an infrastructure that supports daily life, IJ recognizes the importance of this issue and offers optimal security-related services based on our wealth of expertise and capabilities cultivated as an ISP. We are working toward a world in which the protection of every Internet user's privacy and security is the norm.

— “Security as the Norm” —wizSafe

wizSafe, IJ's security service brand, signifies our stance of delivering Safety (Safe) on the Internet along With (wiz=with) users, applying the wisdom (wiz=wisdom) of experienced engineers (wiz=wizards).

Under the wizSafe brand, IJ offers multi-point security, or a combination of multiple security measures, and contributes to increasing the security level of corporate networks with highly effective security strategies to protect customers' systems from a range of external and internal threats.

> [High quality security service](#)



— High quality security service

IJ proposes the optimal security measures for its customers from the perspective of integrated operations based on the high level of technological and comprehensive capabilities we have cultivated as an ISP.

We provide multi-point security that combines multiple measures to protect customer systems from various external and internal threats.

I Operational structure that ensures high security

— Security Operations Center (SOC) that protects customers' networks

IJ operates the Security Operations Center (SOC), a facility that takes advantage of our expertise in security that we have developed over many years. The SOC responds to security incidents that occur on customers' IT systems by combining automatic monitoring with big data and advanced risk analyses conducted by analysts.

> [An Advanced Approach via SOC](#)

> [IJ C-SOC Service](#)

Privacy protection initiatives

Provide help with complying with local privacy protection regulations around the world

The latest IT, such as AI that is handling enormous volumes of data that more and more frequently contains personal information. In addition, society is requiring more privacy-conscious information handling than ever, including how to deal with the cookies used for tracking web browsing history.

An increasing number of countries, such as the US, China, Thailand, Vietnam, and Singapore, have implemented privacy protection regulations along with strict penal provisions that mirror the European Union's (EU) General Data Protection Regulation (GDPR) implemented in May 2018. In 2020, the "Amendment Act of the Act on the Protection of Personal Information, etc." will be promulgated in Japan, and enforced in April 1, 2022.

IIJ offers consulting services to help protect personal data in manner that complies with the regulations of each country and to support you in conducting business safely. In addition, we also provide specialist support with our Data Protection Officer, EU Representative Outsourcing Services for GDPR, and Incident Management and Support Service to mitigate the risks of financial penalties and reputational harm.

> [IIJ GDPR Solution](#)

Knowledge sharing

Security information distribution

IIJ publishes news on our official blog and regularly publishes technical reports to share knowledge and expertise acquired through our daily service operations and research activities.

> [wizSafe Security Signal](#) 

> [Technical report: "Internet Infrastructure Review \(IIR\)"](#)

Participation in industry associations

As a member of various security-related associations, IIJ contributes to improving Japan's overall security capabilities through incident (*) information sharing, discussion, and responses of incident (*), and human resource development.

(*) Incident: events such as virus infections and information leaks that could lead to serious accidents.

> [Forum of Incident Response and Security Team \(FIRST\)](#) 

> [ICT-ISAC Japan](#) 

> [Japan Network Security Association\(JNSA\)](#) 

> [Information Security Operation providers Group Japan \(ISOG-J\)](#) 

> [Nippon CSIRT Association \(CSIRT\)](#) 



I Support for developing security experts

- Cyber investigator training support

To help with cybercrime investigations and prevention activities in our capacity as Internet security experts, IIJ cooperates with the police by sharing expertise and training investigators.

Part of these activities involve accepting police cyber investigators at our Security Operations Center (SOC) and helping them learn virus analysis, digital forensics, and other skills.



Hokkaido Prefectural Police Cyber Technical Advisor induction ceremony (right: Mamoru Saito, Security Chief)

- Providing a training course at the international “Black Hat USA” conference

IIJ’s security engineer team has served as lecturers at Black Hat USA since 2018. Beginning in 1997, this is now one of the world’s most authoritative and influential security conferences. This is the first time for a Japanese to be selected as a training instructor for the conference, our team has provided security engineers from all around the world with comprehensive training on incident response.



- IIJ Security Training School, Unique Education Program to Nurture Security Specialists

We providing a practical program based on knowledge accumulated through own security service operation and incident handling.

> [IIJ Security Training School](#)

I IIJ's information security

- Information security management structure

We recognize information security as a crucial responsibility. This commitment to security covers protection of all sorts of entrusted information, such as customers’ personal information, and our own information assets from various threats, and ensures proper security management that considers personal information protection and privacy.

Based on this idea, IIJ has set out the Basic Information Security Policy so that all our employees can conduct tasks ethically, and has built an information security management structure designed to ensure continuous improvement of our security level. In addition, we have established a conference body related to information security and personal information protection who share information throughout the company.

To instill awareness of information security in our employees, IIJ provides all employees with annual in-house training on information security and personal information protection, and also trains new graduates and mid-career employees when they join the company. Adding to these in-house information security programs, we are also driving an initiative to obtain certifications such as ISO/IEC 27017:2015, an international security standard for cloud services as well as other standards related to what we do. This ensures our customers can use our services with peace of mind.

> [IIJ Obtains ISO/IEC 27017:2015 Certification for Three Services: Operations Management, Remote Access, and Authentication](#)

— Countermeasures against cyberattacks

IJJ is working on countermeasures against increasingly advanced and sophisticated cyberattacks, such as unauthorized access from the outside and targeted attacks. Specifically, our in-house incident response team collects threat intelligence as needed, and our own security services and specially developed and built system detect, quarantine, and deal with cyberattacks.

— Compliance with the EU General Data Protection Regulation (GDPR)

To comply with the General Data Protection Regulation (GDPR) enacted by the EU in April 2016, IJJ quickly submitted our Binding Corporate Rules (BCR), which comprises documentation on information management rules unified across the IJJ Group, to the relevant supervising authority in the UK in October 2016. And IJJ Group received approval for its BCRs, on August 5, 2021. With this approval, we can process EU personal data without overly impacting customers and can transfer personal data outside the EU.

> [IJJ's Binding Corporate Rules \(BCR\) Approved](#)

I ISMS certification

In April 2007, IJJ was certified by the information security management system (ISMS) compliance assessment scheme. From that year onwards, the company has been certified in additional areas every year. Going forward, we will continue to improve our information security management system to allow customers to use our services with the greatest confidence and peace of mind.



> [ISMS Certification](#)

I Acquiring the privacy mark

IJJ has set out a privacy protection policy to ensure appropriate acquisition, use, and provision of personal information, and we are ensuring that our employees strictly follow it. To protect personal information more effectively, we have built and been operating a personal information protection management system compliant with the JISQ15001 standard, with the privacy mark acquired. Going forward, we shall continue to improve our personal information protection management system in compliance with laws, national guidelines and other rules related to personal information.



> [Privacy Policy](#)

I The Information System Security Management and Assessment Program (ISMAP)

ISMAP is a program designed to have cloud services assessed and registered in advance as meeting the security requirements of the Japanese government so as to ensure a level of security and facilitate smooth introduction in government procurement of cloud services.

IJJ GIO Infrastructure P2 was registered on ISMAP.

> [IJJ GIO Infrastructure P2 Registered with ISMAP](#)

Enhancing network resilience

Providing robust infrastructure

The Internet is now an essential infrastructure for both industry and daily living, and if this infrastructure were disabled by a natural disaster, accident or cyberattack, for example, our lives would be deeply impacted. As a pioneer of Internet in Japan, IIJ is committed to building a strong network that will serve as the foundation for industry, education and daily life, and to delivering stable service 24 hours a day, 365 days a year.

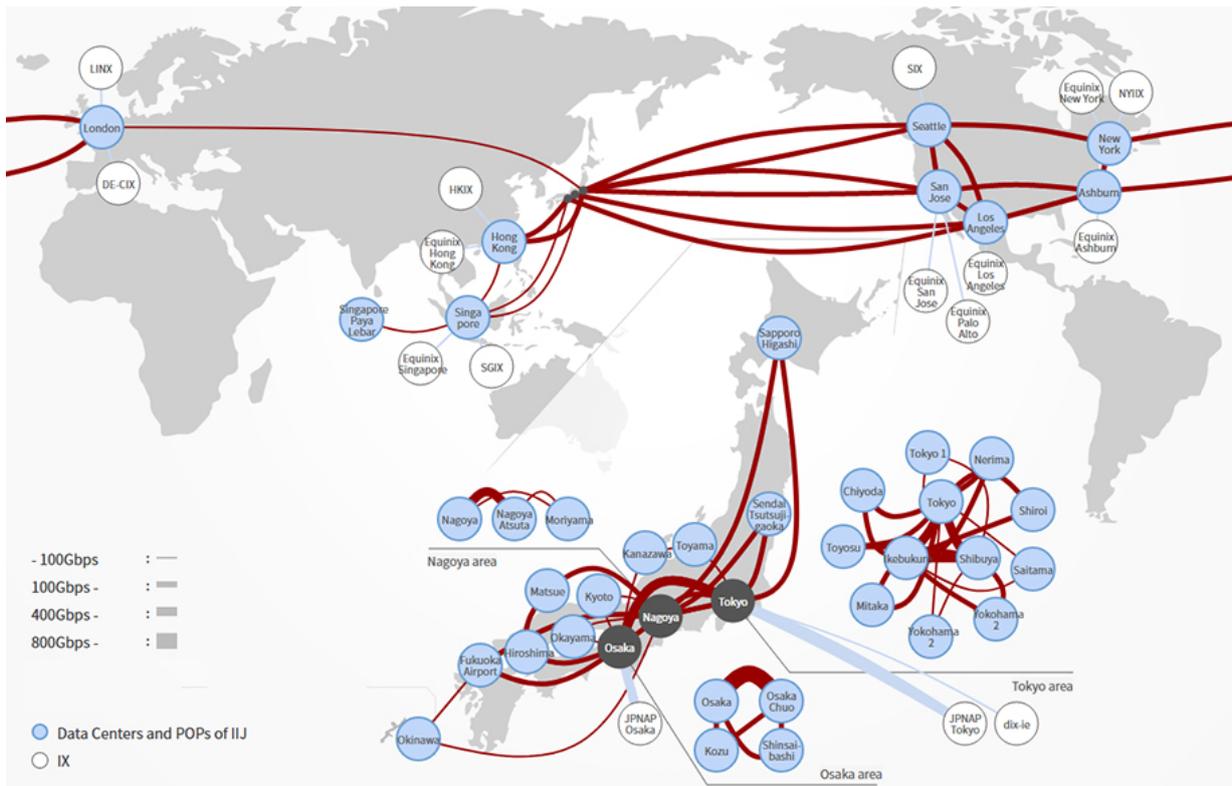
Building stable Internet infrastructure

Japan's largest robust backbone network

IIJ's backbone network comprises many network operation centers located in major areas in Japan, and the centers are connected with large-capacity high-speed digital lines. In addition to Japan, IIJ also operates in Asia, North America, and Europe. And by interconnecting with major overseas ISPs, we have built networks with superior quality.

To improve the stability of both our backbone network and the Internet as a whole, we are working day and night together with internet communities around the world to respond to cyberattacks that include DDoS (*) and unauthorized operations on routes, as well as network device vulnerabilities that occur online on a daily basis.

(*) DDoS: A type of cyberattack in which the perpetrator floods the target host (computers, etc.) with overwhelming numbers of packets, causing it to stop functioning.



> [Backbone Network](#)

Responding to disasters

IJ has focused on disaster preparedness to ensure we can continue to provide services to customers if a disaster or other unexpected event strikes. Furthermore, applying the lessons learned from the Great East Japan Earthquake of 2011, we formulated a three-year plan to review IJ's business continuity plan (BCP) as a company-wide effort. Even after reorganizing the BCP operation system, we regularly redesign it and conducts drills and review training scenarios based on past incidents (*) to continually improve the plan. To raise employees' awareness of crisis management, we post information on the BCP on the intranet to ensure it is well known, and have a backup system in place in case of an emergency.

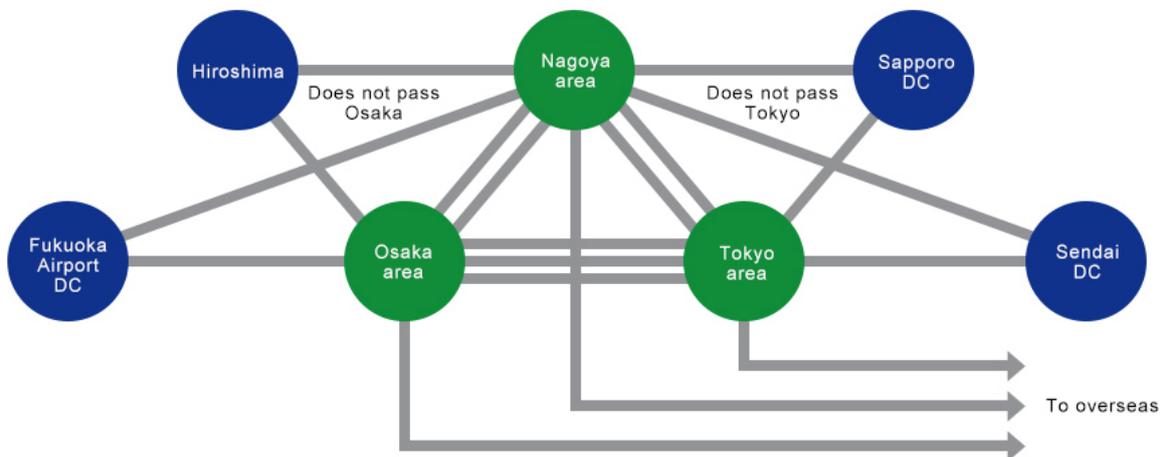
(*) Incidents: events such as virus infections and information leaks that could lead to serious accidents.

Maintaining services and support

Assuming that various types of disasters and failures could occur, IJ has built redundancy into the backbone network with multiple communication lines and equipment.

We hedge risks in various ways so that a single point of failure does not cause a service outage. This is achieved through preparing multiple systems to the extent possible, ranging from network carriers that are used as backbone and their physical cable routes, to submarine cable systems in international sections and locations where those cables can be pulled up.

Backbone schematic



Designed to secure communication routes across Japan and overseas in the event of an extensive disaster, even if one of the hub bases—Tokyo, Nagoya or Osaka—stops functioning

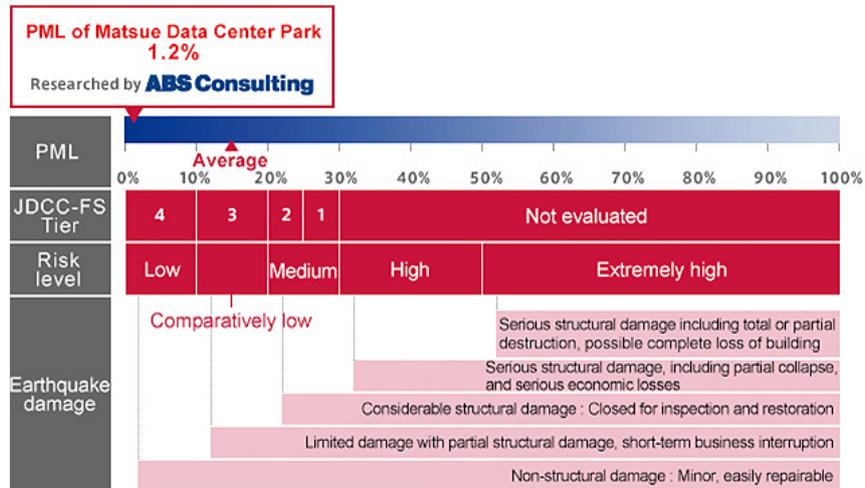
What's more, anticipating disasters as extensive as the Great East Japan Earthquake, IJ has dispersed key hub bases among Tokyo, Osaka and Nagoya. This means even if one of these sites stops functioning due to a large-scale disaster, the remaining two locations will be able to secure communication routes for throughout Japan and overseas. At the same time, the routes between the bases are also distributed around the Sea of Japan route, the inland route, and the Pacific route, and are designed so that the optical fiber will not be cut off as much as possible even if a widespread disaster strikes.

These measures allow the backbone network to remain functional even in the event of a major disaster.

Countermeasures for earthquakes and power outages at data centers

Data centers are crucial locations that house servers for IJ's services and customers' cloud infrastructure. IJ operates service facilities at data centers equipped with earthquake and power-failure countermeasures so that businesses can continue operating even in the event of a large-scale earthquake.

IJ's Shirai Data Center Campus and Matsue Data Center Park have been rated highly by third parties in terms of earthquake risk mitigation, with a PML (Probable Maximum Loss) scores of 6.4% and 1.2%, respectively. In addition, by receiving power from multiple lines from substations, IJ can respond to transmission-line failures. We have also installed emergency generators and storage batteries in preparation for power outages so that businesses can still function even if a large-scale disaster strikes.



Support for local communities

Support for customers and local communities when disaster strikes

As both a member of the local community and a provider of telecommunications services that can serve as a lifeline in the event of an emergency disaster, IJ assists everyone affected by disasters. In the past disasters, IJ has lent communications equipment to public institutions and partially exempted communications charges from individual users living in the affected areas.



I Basic approach

As the first company in Japan to offer full-scale commercial Internet services, IIJ has remained committed to a corporate culture that continues to take on new challenges since its founding in 1992. At a time when globalization is advancing and the world is changing at an unprecedented pace, it is essential to create an environment in which a diverse range of human resources can be accepted and encouraged to demonstrate their talents to the best of their ability to create new technologies and value, and continue to generate growth.

IIJ has a culture of respecting individuality that has remained unchanged since its foundation. This is a culture that encourages our people to create opportunities to share information and values to design something new. Our management philosophy also declares that "We aim to offer a working environment where people who aggressively take on technical innovation and contribute to society, and can demonstrate their abilities autonomously with pride and reward." IIJ supports our employees' career development by respecting the opinions and feelings of this diverse range of employees, and by creating an environment in which all employees can work at their liberty to materialize what they envision.

The corporate ethos rooted in IIJ that encourages challenges aligns with the aspirations and goals of each individual, resulting in the creation of new value-added and highly reliable technologies and services. IIJ shall contribute to society by providing these technologies and services with stable operations.

IIJ Group shall further enhance its corporate value through implementing management in such a way that respects and develops human capital and intellectual property and continuing its efforts.

> Promoting diversity and work-life balance

We provide a workplace where all employees' values are respected and they can exercise their skills, regardless of gender, nationality, or disability.

> Developing human resources

We maintain and develop a corporate culture that fully respects and supports employees' self-actualization and motivation to learn and contribute to society.

> Promoting occupational safety and health and respect for human rights

We provide a workplace that protects employees' physical and mental health and enables them to work safely.

Promoting diversity and work-life balance

Diversity

Ensuring diversity in core human resources etc.

– Policies for ensuring diversity in core human resources

As one of the business philosophy, IIJ and its group companies ("IIJ Group") sets "We aim to offer meaningful working opportunities for growth through business, in which our staff with diversified talents and values can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction". IIJ Group has hired diverse human resources irrespective of gender, nationality, disability, other personal attributes, and whether they are new graduates or mid-career hires, and IIJ Group has deployed and promoted them based on their ability and performance with respect for various perspectives and values. IIJ Group believes that the continuous pursuit of the above business philosophy will lead to creating new technologies and values.

– Characteristics of human resource structure

As of April, 2022, approximately 70% of the total employees in IIJ Group belonged to in technology and service departments, and most of them were recruited from universities and other educational backgrounds in science and engineering where the ratio of female was low. In addition, IIJ was founded in 1992, and in the early days of its business, it had not hired new graduates but mid-career professionals, which resulted in a structural characteristic that the ratios of male employees and mid-career hires are higher in older age groups.

Regarding voluntary and measurable targets for ensuring diversity in core human resources etc.

– Female employees

Due to the characteristic of human resource structure, the ratio of female managers in IIJ (non-consolidated base) was 5.7% as of April 2022. The ratio of female employees hired in recent years has risen to approximately 26%, and the number of female managers has gradually increased as well. Since IIJ has been continuously enhancing its systems and work environment to balance work and family life such as childcare, the ratio of female managers is expected to increase organically. The ratio of female managers is estimated to be 6% or more in FY2024 and 8% or more in FY2027, respectively.

– Number of managerial positions and ratio of females in managerial positions



— Mid-career hires

The ratio of mid-career hires in management positions of IJ Group was approximately 80% as of April 2022, owing partly to the characteristic of human resource structure. The IJ Group's current basic policy for hiring is to hire and train new graduates as its major human resources with hiring mid-career professionals for immediate business needs, and it will continue to follow this policy. Therefore, the IJ Group expects the ratio of mid-career hires in management positions to decline organically, and it does not set a specific number target.

— Non-Japanese Employees

In line with the above the IJ Group's business philosophy, IJ Group continues to hire employees irrespective of nationality, etc. IJ Group has employed non-Japanese people as Internet-related technical researchers and other positions, but it does not set a specific number target for the ratio of non-Japanese employees since its business is mainly conducted in Japan. IJ Group has been developing overseas business as part of its business, and it had 123 non-Japanese employees in Japan and other countries, 47 of which were managers as of the April 2022.

I Employing people with disabilities

IJ Group strives to create a working environment in which all employees can work with a feeling of vitality. To achieve this, we employ people with disabilities not for engaging in limited types of work but by having them take charge of a variety of work according to the degree of their disabilities and capabilities.

The Group has introduced a work system where employees with walking disabilities can work at home because commuting to work can be a major inconvenience, particularly in regional areas. Currently, 23 employees of IJ Group in Sapporo and 7 employees in Matsue are working under this system.

As of June 2022, the employment rate for people with disabilities was 2.43%, achieving the statutory employment rate. We continue to work to further promote employment.

I Reemployment system for retired employees

IJ has introduced a "continuous employment system" to reemploy retired employees. This system allows employees to continue working as temporary staff from the day following their mandatory retirement at the age of 60. Over the past five years, most of reemployment have taken advantage of this system. The details of responsibilities and working hours of reemployed employees are decided through consultation between the company and the employee.

I Work-life balance

IJ respects the life stages and values of each employee, and we continually endeavor to create an environment that supports both work and family life so our employees can demonstrate their full potential.

As for working environment, IJ Group operates a variety of support systems for illness, childcare, and nursing care that enable employees to balance work and family life, including "Childcare and Nursing Care Leave Systems", and "Private Injury and Illness Return Leave System". Employees can also use "Flextime System", "Shift Work System", "Shorter Working Hours System", "Remote Work System", etc. to meet their job characteristics and individual situation.



| Promoting diverse working styles

- Diverse working hours (Flexitime and discretionary work systems)

- Diverse working hours

System	Overview
Flexitime	Employees work flexibly in accordance with the core time set for each department according to the business characteristics of the department. In addition, employees who are raising children may use the “Childcare Flexitime System” until their child enters the sixth grade. Employees who are nursing family members may use the “Nursing Flexitime System”
Discretionary work system	Under this system, employees are considered to have worked during the hours set by labor and management, and how to proceed with their work and allocate time and working hours is left to their own discretion so they can work efficiently and effectively
Staggered hours system	This is a work-hour modification system that enables employees to work flexibly according to their individual needs, such as to balance between childcare and nursing care and secure time for self-improvement
Shortened working hours	This system allows enables employees who are raising children or taking care of family members to shorten their working hours by up to 1.5 hours per day (2 hours for business support positions). Employees raising children may use this system until the end of September when their children are in first grade (until the end of the third grade for business support positions). Employees taking care of family members are eligible to use this system for three years

- Diverse work environments (remote work, satellite offices)

IJJ Group expanded its remote work system, which we introduced as part of our working-style reforms, to apply companywide as a measure to prevent the spread of COVID-19 infection, amid the pandemic's spread in 2020. IJJ Group will continue to promote the use of remote work in a way that suits the infection situation and social situation.

Similarly, IJJ Group has introduced a satellite office system mainly for its sales division. In fiscal 2022 and beyond, IJJ plans to expand it to other divisions where it promises to be effective, further increasing the options for how employees work.

- Encouraging employees to take paid holidays

To encourage employees to take paid holidays, IJJ developed an environment in which they can easily take holidays based on their individual circumstances, such as by making holidays available on a half-day basis.

- Reducing overtime

IJJ has been working to improve and smooth out work efficiency to reduce overtime.

| Childcare support systems

In addition to legally mandated maternity and childcare leave, IJJ has established a system that goes beyond these, including special leave for spouses and childcare flexitime, which we have introduced on our own. Stemming from this action, many employees, regardless of gender, have taken childcare leave or maternity leave and have returned to work afterward.

- Support for employees returning to work

IJJ has signed contracts with childcare facilities through the Company-Led Childcare Business Program to support the smooth return of employees who have taken childcare leave. The contracts involve multiple companies using facilities established by childcare businesses, and they can be used when employees' requests for services are judged as appropriate after consultation between IJJ and the childcare business. As of March 2022, we have signed contracts with nine service providers (25 facilities in six prefectures).

I Nursing care support system

To prevent the loss of employees due to nursing care, IJ has introduced a system that enables employees to take nursing care leave on a one-day basis and for up to 365 days per eligible family member, which exceeds the legal requirement in Japan. Employees who are taking care of their family members can take advantage of the nursing care shortened working hour system and nursing care flextime system, and may also be able to work remotely from home.

I Promoting women

— Responding to the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace

IJ Group has set targets for employment and work-style modification based on the Act on Advancement of Measures to Support Raising Next-Generation Children (from hereon, the “Next-Generation Act”) and the Act on Promotion of Women's Participation and Advancement in the Workplace. We have been working to create an environment in which women can play an active role over the long term by introducing systems to work remotely and providing flexible or shortened working hours for employees who are raising children.

Recognizing these efforts, IJ Global Solutions Inc., an IJ Group company, received a 3-Star certification under the “Eruboshi” recognition system based on the Act on the Promotion of Women's Participation and Advancement in the Workplace. This is the highest level of certification for a company that meets the criteria for all categories: employment, continuous employment, working hours and other working styles, management-level ratio, and diverse career paths.

Developing human resources

I Developing human resources

In line with the IJ Group's business philosophy, its human resource development policy is not affected by differences of employees' gender and nationality etc. The IJ Group's basic human resource development is focused on providing employees with a wide range of experiences for them to acquire necessary ability through on-the-job training (OJT) which enables them to be involved in challenges such as adoption of new technologies, services development and operation, and business development. Moreover, this is supplemented by various training programs to support individual growth. As for the training programs, IJ Group provides a range of training programs regarding the acquisition of business knowledge and the development of leadership and management skills according to employee's years and roles. IJ Group also provides specific training programs by departments for the purpose of acquiring expertise. In terms of career development, IJ Group has a career reporting system etc., which supports its employees to play new roles, and to accumulate experience. In addition, IJ Group conducts an employee awareness survey and stress checks on a regular basis to evaluate and improve its system and operation.

– Training by position and occupation

	New employees	Younger employees	Mid-level employees	Managerial-level employees
Training for all employees	Training for new employees Introductory training Follow-up training 1 on 1	Global career development Global challenge training Global career support system		Manager training New-manager training New-department manager training 360° Feedback Management training
	By level training By level(role) training OJT trainer training			
	Support for self-development ※ Applicable for all employee groups Support system for acquiring qualifications Cafeteria-style business skills training English training			
	Other training ※ Applicable for all employee groups Harassment prevention training Mental health training Security training			
	Expertise and skills development ※ Applicable for all employee groups Sales training (negotiation skills training, etc.) Technical training (project management training, etc.) e-Learning Skills assesment			
	Training by occupation			

I Employee development programs

- Creating a corporate culture of self-challenge

IIJ improves employee skills through training programs and offers opportunities for each employee to take on challenges they would like to pursue.

▪ Tech Challenge

IIJ established the Tech Challenge as a system to encourage employees to materialize new technologies and services that they have devised.



▪ Select Job

Select Job is a system in which employees can experience the work of other departments for a certain period of time through in-house recruitment.

This system aims to promote employee growth and autonomous career development, leading to self-fulfillment.

So IIJ has created an environment in which employees can participate in interesting jobs in other departments and gain diverse experiences.

- Developing global talent

IIJ Group has overseas locations and is endeavoring to develop global human resources who can play active roles in various parts of the world.

▪ Global Challenge Training

The Global Challenge Training Program provides young employees with practical work experience at overseas locations. Employees stay one-and-a-half years at IIJ America Inc., a Group company, or two years at IIJ Europe Limited, as a long-term business trip to acquire international perceptions.

▪ Global Career System

The Global Career System has been established for employees who wish to work internationally. This system enables participants to engage in local operations as key employees through overseas assignments spanning up to five years.

I Various initiatives to encourage employee motivation

- Voluntary study meetings by employees

▪ SH-INFRA-OJT

The IIJ Technology Unit provides on-the-job training (SH-INFRA-OJT) for new employees assigned to the Technology Department. For each theme, employees decide while making ideas on the spot what knowledge the job requires, and the employee who knows the most about the theme serves as the lecturer. This program run across departments and is open to mid-career employees as well as employees outside the Technology Unit.



■ IJ-bootcamp

The IJ-bootcamp hands-on workshop is organized by on-site employees for the purpose of getting in touch with various technologies beyond the boundaries of the areas they usually deal with. At the workshops, engineers who use the technology in the field serve as instructors, and participants gain access to the both the latest and practical information and technology.

Employees also voluntarily hold workshops such as “Training to Make Work Easier” and “How to Create Teams that Generate Innovation” to motivate themselves, and run workshops on the latest technology and topics of interest to them. We welcome participation across departments.

I Social contribution initiatives

IJ supports employees' voluntary social contribution activities. Employees participate in their local community, mainly in the fields of music, sports, education, and support for engineers, as sources of network knowledge and technology and in other ways where their abilities and experience can benefit the people in the places where they live.

I Human resources system

IJ has established three human resources systems: The Role and Grade System, Evaluation System, and Compensation System. These systems are designed to enable each employee to be active and grow as part of their organization and the company as a whole. Positioned as one of the systems for “self-fulfillment” as stated in the Business Philosophy, the systems support each employee’s career development.

The Role and Grade System	Roles and grades are determined according to the expected role of the employee, irrespective of year and age.
Evaluation System	IJ evaluates not only the results (performance), but also the process (role behavior) to encourage each employee's success and growth.
Compensation System	Base salaries linked to role behavior are revised once a year (in April), and performance-based bonuses are paid twice a year (in June and December).

I Career reporting system

This system has employees think about the future course of their careers through reflecting on past experiences, and communicate their visions to their managers and HR once a year. We support self-fulfillment by developing our employees from a medium- to long-term perspective and reviewing personnel transfers and assignments.

I Rotation system

This is a system that emphasizes the individuality of each employee and organizes transfers that support career development. IJ creates opportunities for taking on challenges in a new environment or job through personnel transfers that take employee aptitude and requests into account.



Personnel data (non-consolidated basis)

– Number of employees (By gender)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees	Male	1,574	1,604	1,683	1,780	1,860
	Female	294	325	356	403	441
	Female ratio (%)	15.7	16.8	17.5	18.5	19.2

– Number of hired employees (By gender)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees	Male	126	159	174	171	155
	Female	35	46	45	61	55
	Female ratio (%)	21.7	22.4	20.5	26.3	26.2

– Average age and average number of years in the company

		FY2017	FY2018	FY2019	FY2020	FY2021
Average age	Overall	36.5	36.9	37.1	37.2	37.3
	Male	36.6	37.0	37.3	37.4	37.6
	Female	36.1	36.4	36.4	36.0	36.1
Average number of years in the company	Overall	7.8	8.0	8.2	8.9	9.1
	Male	7.3	7.8	8.2	8.4	9.4
	Female	7.5	7.3	7.4	7.9	8.1

(*) As of March 31 each business year

– Number of managerial positions and ratio of females in managerial positions

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees in managerial positions	Overall	487	502	560	610	656
	Male	468	481	535	582	620
	Female	19	21	25	28	36
	Female ratio (%)	3.9	4.2	4.5	4.6	5.5

(*) As of April 1 each business year

– Number and employment rate of employees with disabilities

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees with disabilities		40	42	46	51	56
Employment rate of employees with disabilities (%)		2.1	2.1	2.2	2.3	2.4

(*) Each employee with severe disabilities is counted as 2 employees

(*) As of June 1 each business year

– Number of non-Japanese employees

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of non-Japanese employees		15	16	19	24	26

(*) As of March 31 each business year

– Number of employees using the childcare leave system and percentage of employees returning to work after childcare leave (Male / Female)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees using the system	Overall	22	23	17	26	30
	Male	10	11	11	14	17
	Female	12	12	6	12	13
Return rate (%)	Male	100.0	100.0	100.0	92.9	100.0
	Female	100.0	100.0	100.0	100.0	100.0

– Average overtime per month

		FY2017	FY2018	FY2019	FY2020	FY2021
Average overtime hours per month		23.2	19.4	21.3	24.7	28.1

– Number of days and percentage of paid holidays taken

	FY2017	FY2018	FY2019	FY2020	FY2021
Average number of paid holidays taken per year (days)	14.0	14.4	13.2	10.2	11.3
Annual average acquisition rate (%)	84.1	85.3	75.6	58.5	64.4

– Turnover rate

	FY2017	FY2018	FY2019	FY2020	FY2021
Turnover rate (%)	6.7	7.2	4.6	3.6	4.2

Information Disclosure based on the TCFD Recommendations

The progress of IJ Group's initiatives for the TCFD(*1)'s disclosure recommendations of "Governance," "Strategy," "Risk Management" and "Metrics and Targets" is as follows.

I Governance

IJ believes that issues concerning climate change are highly relevant to its future business from a long-term perspective, and that addressing these issues sincerely shall lead to IJ Group's sustainable growth and enhancement of its corporate value over the long term. IJ has established the Sustainability Committee chaired by the president under the direct control of management to promote these initiatives as company-wide efforts, and has been continuing related activities based on the "[Policy for Environmental Initiatives](#)". This committee consists of cross-functional members from corporate planning, technology, finance, public relations, and other divisions to identify, assess, and control climate change related risks and opportunities from a variety of perspectives. In addition, important policies, measures to be implemented, and their progress are submitted to and reported to the Board of Directors.

- Activities of the Sustainability Committee

As of June 30, 2022

I Strategy

The TCFD recommends that analyses include the 2°C or lower scenario, which is based on the Paris Agreement's targets. IJ selected the 2°C or lower scenario for the initial "Scenario Analysis" this year in line with this recommendation. The "Scenario Analysis" was conducted by setting the year 2030 as a point in time in consideration of the rapid progress of information technology and others. The table below shows the risks and opportunities related to climate change identified by IJ that could have a significant impact on its business, measures to address them, and impacts on its business, strategy and others. As for physical risks such as increased occurrence of typhoons and floods, prolonged high temperatures, and sea level rise, IJ recognizes that the impact on its business and strategies is low due to the selection of data center sites in consideration of hazard maps, and redundant designs of network circuits and equipment. Meanwhile, the use of electricity is essential for the provision of network related services, and IJ believes that implementing measures such as the use of renewable energy and improvement of energy efficiency at data centers, which consume a large amount of electricity, is an important initiative to address transition risks and opportunities, including stricter laws and regulations toward a decarbonized society, increasing demand for low-carbon emission services, and increasing social demand for environmental responsibility.

(*) short-term : 2 years or less, medium-term : 3-5 years, long-term : 6-10 years

Events	Risks and Opportunities	Measures	Time Horizon(*)	Business Impacts of the 2°C or Lower Scenarios
Physical risks/opportunities				
Increase in extreme weather events such as typhoons and floods, and climate changes such as prolonged high temperatures	<p>— Risk</p> <ul style="list-style-type: none"> • Risk of inability to provide services due to data center facility damage, Internet circuit disconnection or other events caused by natural disasters • Risk of inability for engineers to work on-site at data centers or other sites due to natural disasters <p>— Opportunity</p> <p>Increasing demand for services that are highly resilient to natural disasters and climate changes</p>	<ul style="list-style-type: none"> • Selection of data center sites in consideration of hazard maps, and redundant designs of circuits and equipment • Formulation of business continuity plans and establishment of a system that enables remote monitoring between data centers 	Long-term	Low
Transition risks/opportunities				
Stricter laws and regulations on decarbonization and energy conservation	<p>— Risk</p> <ul style="list-style-type: none"> • Risk of an increase in service operating costs due to increased renewable energy prices • Risk of an increase in service operating costs due to increased electricity prices as a result of the introduction of carbon taxes 	<ul style="list-style-type: none"> • Formulation of a policy for greenhouse gas reduction initiatives at IJ's own data centers, and efforts to achieve targets for renewable energy usage and energy conservation • Plans to diversify renewable energy procurement through measures such as the installation of photovoltaic power generation 	Mid- to Long-term	High
Increasing demand for low-carbon emission services	<p>— Risk</p> <p>Risk of inability to provide services to meet the demand due to unavailability of renewable energy procurement or failure to achieve energy conservation</p> <p>— Opportunity</p> <p>Increasing demand for data center services that use renewable energy and energy-saving technologies, as well as low-carbon emission services that use them</p>	Continued execution of current strategy	Mid- to Long-term	Medium
	<p>— Opportunity</p> <ul style="list-style-type: none"> • Increasing demand for IT resource sharing services such as cloud services • Increasing demand for services that make business activities more efficient through IT utilization such as IoT 		Short- to Long-term	Medium
Increasing social demand for environmental responsibility	<p>— Risk</p> <ul style="list-style-type: none"> • Risk of a decline in reputation from customers and capital markets due to insufficient corporate initiatives and disclosure of such information • Likewise, risk of not being able to secure human resources necessary for business operations due to a decline in reputation in the human resources market 	Continuous execution of environment related initiatives, enhancement of information disclosure, and communication with shareholders, investors, ESG rating agencies, customers, and students etc.	Short-term	Low

(*) short-term : 2 years or less, medium-term : 3-5 years, long-term : 6-10 years

Risk Management

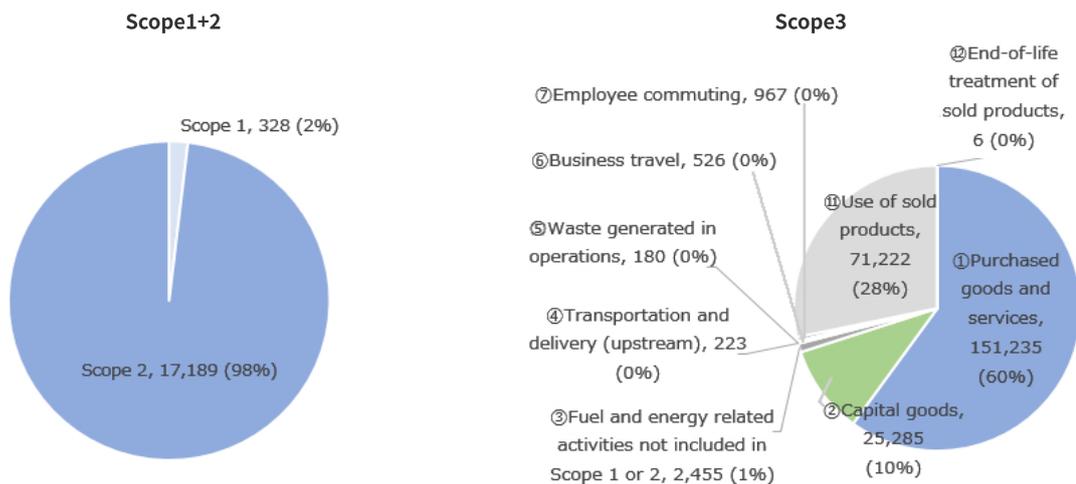
Information on climate change related risks is constantly collected at each division and business unit, and these risks are continuously recognized, assessed, and controlled by the Sustainability Committee held once a month in principle. Risks that could have a significant impact on businesses are integrated into company-wide risks, and the Sustainability Committee and front-line divisions work together to formulate corresponding policies, which are then reviewed and approved by the management meeting and submitted to and reported to the Board of Directors.

Metrics and Targets

Actual Greenhouse Gas Emissions

As of the end of June 2022, IJ calculated greenhouse gas emissions and the scope of data collection is IJ (non-consolidated base). In Scope 1 and 2, which calculate IJ's own emissions, the Scope 2 emissions, which recognize the electricity consumption of its own data centers, account for 98% of the total emissions. In Scope 3, which calculates indirect emissions within the upstream and downstream of supply chain, a large proportion of indirect emissions are accounted for by Category 1 "Purchased goods and services" and Category 11 "Use of sold products," which are recognized through the purchase and sale of equipment and others when providing system integration, and Category 2 "Capital goods", which is recognized through the purchase of equipment and others used in service facilities. These account for 98% of indirect emissions. In comparison with the emissions of other companies in the same industry, the emissions are generally correlated with the size of the business, and the composition of the emissions is similar for each company.

– IJ (Non-consolidated basis) FY2020 Results (Unit: t-CO₂)



(*) Calculation is based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver2.3) (The Ministry of the Environment and Ministry of the Economy, Trade and Industry)

— Policy for Greenhouse Gas Reduction Initiatives at IIJ's Own Data Centers

IIJ Group contributes to the reduction of greenhouse gas emissions in society as a whole by improving the efficiency of social activities through the provision of network related services and by sharing computer resources through the provision of cloud services. However, the use of electricity is essential for delivering these services.

IIJ recognizes the importance of reducing greenhouse gas emissions at its own data centers, which account for more than 70% of greenhouse gas emissions (Scope 1 and 2 **(*2)**), by "usage of renewable energy **(*3)**" and "improvement of energy conservation". IIJ has set targets for each of these initiatives.

(*) Renewable energy usage rate as of March 2022 : 14.3%

(*) PUE performance in FY2021 : 1.22 for Matsue DC and 1.42 for Shiroi DC

(*1) TCFD : Task Force on Climate-related Financial Disclosures

(*2) Scope 1 and 2 (Greenhouse gas emissions by a company): Direct emissions from the use of fuels and industrial processes at the company and indirect emissions from the use of electricity and heat purchased by the company (as defined by the GHG Protocol)

(*3) Renewable energy: Including substantial renewable energy through the use of non-fossil fuel certificates

(*4) PUE (Power Usage Effectiveness) : Total data center facility energy usage divided by IT equipment energy usage

(*5) Industry's Highest Level PUE : PUE 1.4 or lower (As of April 2022, the Agency for Natural Resources and Energy has set a benchmark index and target level of PUE as 1.4 or lower in the data center sector, and operators that achieve this are considered excellent energy conservation operators.)

■ Corporate Profile

Corporate Outline

As of April 4, 2022

Corporate Name	Internet Initiative Japan Inc.
Address	Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan Tel: +81-3-5205-6500 E-mail: info@ij.ad.jp URL: https://www.ij.ad.jp/en/
Established	December 3, 1992
Capital	JPY 23,023 million
Number of Employees	4,147 (consolidated basis) 2,344 (non-consolidated basis)
Business Objectives	Provision of Internet connectivity and WAN services, network-related services, network systems construction, operation and maintenance, development and sales of telecommunication equipment
Stock Listing	The Prime Market of the Tokyo Stock Exchange (From April 4th, 2022. ticker symbol: 3774)
Shareholders	Nippon Telegraph and Telephone Corporation / NTT Communications Corporation / ITOCHU Techno-Solutions Corporation / Koichi Suzuki, etc.
Financial Institutions	Sumitomo Mitsui Banking Corporation / Mizuho Bank, Ltd. / MUFG Bank, Ltd. / Mitsubishi UFJ Trust and Banking Corporation

Consolidated Financial Data (Under International Financial Reporting Standards [IFRS])

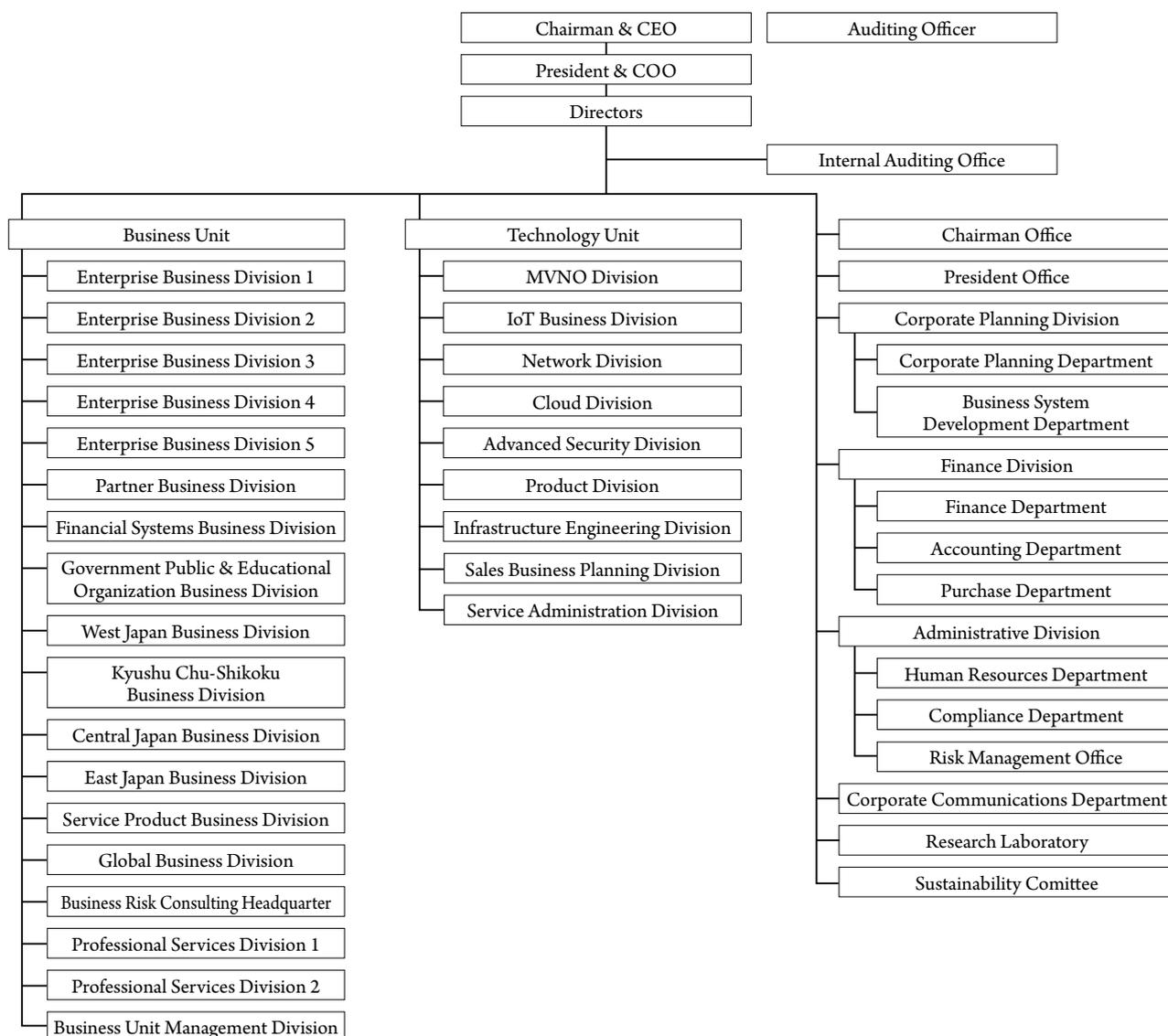
For fiscal year ended March 31, 2022

Revenues	JPY226.34 billion
Operating Profit	JPY23.55 billion
Profit attributable to owners of the parent	JPY15.67billion

Management Team

As of June 30, 2022

Director	Chairman	Koichi Suzuki (Co-CEO)	*1 Independent outside directors
	President	Eijiro Katsu (Co-CEO & COO)	*2 Outside statutory auditors
	Executive Vice President	Satoshi Murabayashi; Yasuhiko Taniwaki	
	Senior Managing Directors	Koichi Kitamura; Akihisa Watai (CFO)	
	Managing Directors	Tadashi Kawashima; Junichi Shimagami (CTO); Naoshi Yoneyama (CIO)	
	Directors	Takashi Tsukamoto (part time)*1; Kazuo Tsukuda (part time)*1; Yoichiro Iwama (part time)*1; Atsushi Okamoto (part time)*1; Kaori Tonosu (part time)*1	
Company Auditor	Company Auditors	Kazuhiro Ohira*2; Masako Tanaka; Takashi Michishita (part time)*2; Koichi Uchiyama (part time)*2	
Executive Officer	Executive Managing Officers	Masayoshi Tobita; Makoto Ajisaka; Yoshikazu Yamai; Koichi Maruyama; Masakazu Tachikui; Seiji Okita; Tadaharu Esaka; Akira Sumiya	
	Executive Officers	Masami Kawamata; Takenori Onishi; Takahiro Ide; Shigeo Yabuki; Ken Araki; Naoshi Someya; Hajime Shironouchi; Takahiko Hiyama; Kaori Kawakami	



Branches / Offices

Kansai Branch	The Sumitomo Bldg., No.2, 4-7-28 Kitahama, Chuo-ku, Osaka-shi, Osaka 541-0041, Japan Phone: +81-6-7638-1400 Fax: +81-6-7638-1401
Nagoya Branch	Nagoya Mitsui Bldg., Honkan, 4F, 1-24-30 Meieki-minami, Nakamura-ku, Nagoya-shi, Aichi 450-0003, Japan Phone: +81-52-589-5011 Fax: +81-52-589-5012
Kyushu Branch	Hakatagon M-SQUARE, 2-1 Reisen-machi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0039, Japan Phone: +81-92-263-8080 Fax: +81-92-263-8100
Sapporo Branch	Ito Kato Bldg., 5F, 4-1 Kita Shijo Nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0004, Japan Phone: +81-11-218-3311 Fax: +81-11-218-3312
Tohoku Branch	Kakyoin Square, 15F, 1-1-20 Kakyoin, Aoba-ku, Sendai-shi, Miyagi 980-0013, Japan Phone: +81-22-216-5650 Fax: +81-22-216-5651
Yokohama Branch	YS Shin-Yokohama Bldg., 8F, 2-15-10 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa 222-0033, Japan Phone: +81-45-470-3461 Fax: +81-45-470-3462
Hokushinetsu Branch	Tower 111, 10F, 5-5 Ushijima-shinmachi, Toyama-shi, Toyama 930-0856, Japan Phone: +81-76-443-2605 Fax: +81-76-443-2606
Chu-Shikoku Branch	Hiroshima High Bldg. 21, 5F, 3-1 Kanayama-cho, Naka-ku, Hiroshima-shi, Hiroshima 730-0022, Japan Phone: +81-82-543-6581 Fax: +81-82-543-6582
Okinawa Branch	Ryukyu Lease Bldg, 1-7-1 Kumoji, Naha-shi, Okinawa 900-0015, Japan Phone: +81-98-941-0033 Fax: +81-98-941-0034
Niigata Office	Nissei Minami-Sasaguchi Bldg., 7F, 1-1-54 Minami-Sasaguchi, Chuo-ku, Niigata-shi, Niigata 950-0912, Japan Phone: +81-25-244-8060
Toyota Office	Fujikake-Tekko Bldg., 5F, 4-25-13 Nishi-machi, Toyota-shi, Aichi 471-0025, Japan Phone: +81-565-36-4985

■ Group Companies

Our companies extend from service providers to content creation, outsourcing, network system integration, and various other services related to networks.

Consolidated subsidiaries



IIJ Engineering Inc.

Network operation and management services, technical support, call center, and other outsourcing services
Address: Sumitomo Fudosan Kanda Bldg. No. 2, 15F, 1-23-1 Kandasuda-cho, Chiyoda-ku, Tokyo 101-0041, Japan
Phone: +81-3-5205-4000 E-mail: info@iij-engineering.co.jp URL: <https://www.iij-engineering.co.jp/>



IIJ Global

IIJ Global Solutions Inc.

Provides WAN connectivity services and domestic network outsourcing services plus international network-related services
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
Phone: +81-3-6777-5700 E-mail: info@iijglobal.co.jp URL: <https://www.iijglobal.co.jp/en/>



IIJ Protech Inc.

System operation, service support and a range of other outsourcing tasks for corporations
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
Phone: +81-3-5205-6766 E-mail: info@iij-protech.co.jp URL: <https://iij-protech.co.jp>



Trust Networks Inc.

Planning and operation of settlement services (ATM operation services, etc.)
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
Phone: +81-3-5205-6490 E-mail: info@trust-networks.com URL: <http://www.trust-networks.com/>



Net Chart Japan Inc. (NCJ)

Network construction services, primarily for LANs
Address: YS Shin-Yokohama Bldg., 8F, 2-15-10 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Phone: +81-45-476-1411 E-mail: info@ncj.co.jp URL: <https://www.ncj.co.jp/en/>



IIJ America Inc. (IIJ-A)

Offers Internet provider services in the U.S. and constructs and operates U.S. Internet backbone network
Address: 55 East 59th Street, Suite 18C, New York, NY 10022, U.S.A.
Phone: +1-212-440-8080 E-mail: info@iij-america.com URL: <https://www.iijamerica.com>



IIJ Europe Limited

Provides IT adoption support to Japanese companies located in Europe by delivering high quality network services and high value-added system integration (SI) services
Address: 1st Floor 80 Cheapside London EC2V 6EE, U.K.
Phone: +44-0-20-7072-2700 E-mail: info@eu.iij.com URL: <https://www.iijeuropa.com/>



PTC System (S) Pte Ltd

Provides solutions such as storage and server-related systems integration in Singapore
Address: Jackson Design Hub 29 Tai Seng Street #04-01 Singapore

Equity-method affiliates



INTERNET MULTIFEED CO. (MFEED)

Provides Internet Exchange (IX) services, an IPv6 roaming service, etc.
Address: Urbannet Kanda Bldg., 10F, 3-6-2 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan
Phone: +81-3-6262-0940 E-mail: info@mfeed.ad.jp



Grape One Co., Ltd.

Provides support for local 5G wireless core networks and the local 5G business of cable television companies
Address: Hakusei Bldg., 4F, 1-3-9 Iwamoto-cho, Chiyoda-ku, Tokyo 101-0032, Japan
Phone: +81-3-6240-9638 E-mail: info@grapeone.co.jp



JOCDN Inc.

Provides content delivery network (CDN) service for video distribution
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
Phone: +81-3-5205-6586 E-mail: info@jocdn.co.jp URL: <http://www.jocdn.co.jp/>



DeCurret Holdings, Inc.

Developing financial service businesses that utilize digital currency transactions and settlement
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
URL: <https://www.decurret-dcp.com>



Trinity Inc.

Provides ASP reward point management system
Address: Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo 102-0071, Japan
Phone: +81-3-5205-6486 URL: <https://www.3inc.jp/>

■ Corporate History

Internet services in Japan were initiated and developed in conjunction with IIJ.

History of Services

■ 1993.11

Launched Internet connectivity service

Began offering the first commercial Internet service in Japan. Up to that point, Internet use was limited to certain universities and research organizations, but IIJ's efforts expanded its use to general companies, government offices, and beyond.

First in Japan

■ 1994.5

Started dial-up IP service

The standard method for connecting to the Internet at the time was by telephone line and modem. The technology is still in use today.

First in Japan

■ 1994.11

Started firewall service

Began to deal with increasing security threats as the Internet became more widely used. A security function that today is standard practice.

First in Japan

■ 1996.12

Started providing IIJ4U, consumer-level Internet service

■ 1997.11

Started ISP business in the U.S.

First in Japan

■ 1998.4

Started IP multicast delivery service

First in Japan

■ 1998.8

Began development and sales of "SEIL" corporate access router

■ 1999.6

Introduced Service Level Agreement (SLA) program

Introduced a system to ensure for customers the quality of the Internet connectivity service.

First in Japan

■ 1999.8

Launched IPv6 trial commercial service (using tunneling)

Internet communications protocol developed to resolve the problem of IPv4 address exhaustion.

First in Japan

■ 2000.2

Launched the cloud services pioneer iBPS

■ 2001.5

Started JPNAP service (Internet Multifeed Co. [MFEED])

■ 2001.9

Launched IIJmio consumer-level Internet service

■ 2001.11

Started IPv6/IPv4 dual stack service

First in Japan

■ 2003.2

Developed IIJ SMF (SEIL Management Framework) to control the independently developed SEIL router (Patent No. 3774433)

■ 2007.8

Acquired a Patent for SMF-LAN (Patent No. 3996922)

■ 2008.1

Launched IIJ Mobile telecommunications service

Began MVNO business to provide unique added value and services, leasing wireless communications infrastructure from communications carriers.

▶ 1992

IIJ Group History

■ 1992.12

Internet Initiative Planning Inc. established

■ 1992.12

Became a founding member of the Internet Society

■ 1993.5

Company name changed to Internet Initiative Japan Inc. (IIJ)

■ 1994.2

Registered as Special Type II telecommunication business

■ 1995.1

Established IIJ Media Communications Inc. (merged with IIJ in 2005) to provide video streaming services

■ 1995.11

Established Asia Internet Holdings Inc. (merged with IIJ in 2005) to build international backbone in Asia Pacific region

■ 1996.3

Established IIJ America Inc. (IIJ-A) in U.S. as ISP

■ 1996.11

Established IIJ Technology Inc. (merged with IIJ in 2010) to provide SI and system outsourcing

■ 1997.9

Established INTERNET MULTIFEED CO. (MFEED) to work with the NTT Group and others on IX service

■ 1998.2

Established NetCare, Inc. to provide technical support, outsourcing services, etc.

■ 1998.4

Established IIJ Research Laboratory to perform R&D on next-generation Internet technologies

■ 1998.10

Established Crosswave Communications Inc. to provide broadband LAN service (transferred business operations to a third party in December 2003)

First in Japan

■ 1999.8

Listed on the Nasdaq Market (NASDAQ: IIJI) (Delisted as of April 2019)

■ 2005.2

Joined Europe's largest IX provider organization Euro-IX (INTERNET MULTIFEED CO.)

First in Japan

■ 2005.12

Listed on the Mothers market of the Tokyo Stock Exchange

■ 2006.2

Established Internet Revolution Inc. (i-revo) with Konami Corporation to provide systems service in digital entertainment (transferred business operations to Konami Digital Entertainment Co., Ltd. in March 2022)

■ 2006.8

Established Net Chart Japan Inc. (NCJ) to build LAN-related networks

■ 2006.12

Listed on the First Section of the Tokyo Stock Exchange

■ 2007.6

Established hi-ho Inc. (hi-ho) as a subsidiary providing ISP services for individual consumers (transferred business operations to a third party in December 2017)

■ 2009.7

Launched LaIT service for SMEs

■ 2009.12

Launched the cloud computing service IJ GIO

Began offering cloud computing service using expertise gained from iBPS started in 2000.

■ 2011.4

Opened Matsue Data Center Park

Container-unit data center that uses outside-air cooling. Began using as a power-saving facility for the IJ GIO cloud service.

First in Japan

■ 2012.3

Launched cloud computing services in the U.S.

■ 2012.8

Patent acquired for container-unit data center modules (Patent No. 5064538)

■ 2013.1

Launched cloud computing services in China

■ 2013.4

Extended IJ backbone network to Europe, connecting all around the world

■ 2014.3

Launched cloud computing services in Singapore

■ 2015.4

Live streamed concert using the high-res DSD 5.6MHz audio format as public experiment

First in the World

■ 2015.5

Launched the cloud computing service “Biznet GIO Cloud” in Indonesia

■ 2015.9

Released “IJ Omnibus Service” — a new generation of cloud networking services

Launched a new type of cloud-based networking service, one that virtualizes the network and network functions

■ 2016.10

Launched cloud computing service “Leap GIO Cloud” in Thailand

■ 2017.4

Launched cloud computing service “FPT HI GIO CLOUD” in Vietnam

■ 2018.3

Began Full MVNO service provision

First in Japan

■ 2019.3

Delivered live streaming of 4K video and high-res audio via the Internet

First in the World

■ 2019.5

Opened Shiroy Data Center Campus

■ 2019.7

Launched eSIM service

First in Japan

■ 2020.11

Developed 5G standalone eSIMs

First in Japan

2022

■ 2007.7

Established Trust Networks Inc. (TN) for planning and managing financial payment services

■ 2007.7

Established Taihei Computer Co., Ltd. (TCC) as an ASP for point management services

■ 2008.6

Established IJ Innovation Institute Inc. (IJ-II) (merged with IJ in April 2022)

■ 2010.9

Established IJ Global Solutions Inc. (IJ Global) to provide domestic and international network-related services

■ 2011.5

Taihei Computer Co., Ltd. became Trinity Inc.

■ 2012.1

Established an IJ Global local subsidiary in China (IJ Global Solutions)

■ 2012.4

Established IJ Exlayer Inc. (merged with IJ in 2014) to carry out the SI business overseas

■ 2012.4

Established Stratosphere Inc. (dissolved in July 2015, succeeded by IJ and ACCESS) to perform R&D on network virtualization technologies

■ 2012.7

Established an IJ Global local subsidiary in Thailand (IJ Global Solutions)

■ 2013.4

IJ Exlayer in the UK became IJ Europe Limited

■ 2014.10

NetCare Inc. became IJ Engineering Inc.

■ 2014.12

Acquired RYUKOSHA NETWARE Inc. to handle systems development and operation and outsourcing

■ 2015.1

Established a joint venture company with Biznet Networks in Indonesia

■ 2016.2

Established a joint venture company with TCC Technology Co., Ltd. in Thailand

■ 2016.11

Established an IJ Global local subsidiary in Vietnam

■ 2016.12

Established joint venture company JOCDN Inc. with Nippon Television Network Corporation

■ 2018.1

Established the joint-venture company DeCurret Inc. with leading Japanese firms to handle digital currency transactions and settlement

■ 2019.12

Established Grape One Co., Ltd.

■ 2020.1

RYUKOSHA NETWARE Inc. became IJ Protech Inc.

■ 2021.4

Acquired Singaporean system integrator PTC System (S) Pte Ltd as a subsidiary

■ 2021.8

Acquired BCR certification as a cloud service provider (IaaS) from a European regulatory authority

First in the World

■ 2022.4

Transitioned to the Prime Market of the Tokyo Stock Exchange (ticker symbol: 3774)

URL : <https://www.iiij.ad.jp/en/ir/gloss/>

