



Internet Initiative Japan

Integrated Report

2024

As of June 28, 2024

CONTENTS

	· Editorial Policy	003
■ Chapter 1: Introduction	· Business Philosophy	004
	· President Message	005
	· Financial and Non-Financial Highlight	
	Financial Highlight.....	006
	Non-Financial Highlight	008
■ Chapter 2: Value Creation Process	· About IIJ Group.....	012
	· IIJ Group's Strengths	013
	· Business Model.....	016
	· Human Capital	019
	· Mid-term Plan	028
	· Financial Strategy	030
	· Corporate Governance	
Overview of Corporate Governance.....	033	
Operation of the Board of Directors.....	039	
Operation of the Board of Company Auditors.....	044	
Operation of the Nomination and Remuneration Committee.....	046	
Design of Remuneration for Directors.....	047	
Business Operation	050	
Operation of Internal Audit.....	052	
Initiatives for Information Security	053	
Related Party Transactions	054	
· Directors	055	
· Outside Director Interview	061	
■ Chapter 3: Corporate Governance	· Our approach to sustainability	062
	· Material issue 1/ Basic approach	066
	Bringing innovation	067
	Solving social issues through our business.....	071
	Our response to climate change.....	081
	· Material issue 2/ Basic approach	087
	Enhancing network resilience.....	088
	Maintaining security and privacy	091
	· Material issue 3/ Basic approach	096
	Promoting diversity.....	098
	Developing human resources.....	101
	Safe working environment and work-life balance	103
	· IIJ Group's contributions to society.....	110
	· Information Disclosure based on the TCFD Recommendations.....	117
	· Sustainability targets	122
■ Chapter 4: Sustainability	· Corporate Profile.....	123
	· Glossary.....	129
■ Basic Information		

Editorial Policy

IIJ has published an integrated report portal to help shareholders, investors, and other stakeholders understand the IIJ 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

FY2023 (April 1, 2023 - March 31, 2024)

However, the content also includes business activities and disclosures from April 2024 and later.

Scope (Organizations)

IIJ and its group companies

Timing of Publication

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.

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 IIJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ'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 IIJ's actual results to differ materially from those contained in any forward-looking statement.

Business Philosophy

IIJ Group's business philosophy (raison d'etre 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.

President Message



We shall continue to demonstrate our competitive advantages based on network technology.

President and Co-CEO & COO

Eijiro Katsu

We have contributed to the development of Internet in Japan by developing and providing wide range of network services including many "first in Japan" services within an open and self-motivated corporate culture since our foundation as the first full-scale commercial Internet Service Provider in Japan. Recently, the business circumstance surrounding our group has been significantly changing, and "the era of everything being constructed on Internet," which we have envisioned since our foundation, is gradually being realized. Enterprises and government agencies' internal networks are migrating from closed-type network to multifunctional and secure network by incorporating Internet technologies. Amid these changes in the utilization of IT infrastructure, the number of "Service Integration" projects, in which we provide various network services together with systems integration, has been remarkably increasing, and we have also acquired unprecedented large-scale projects while expanding our business domain. Through this favorable business environment, we shall continue to demonstrate our competitive advantages based on network technology by leveraging our development and operational expertise cultivated over many years toward the significant growth.

We sincerely appreciate your understanding and support.

Financial Highlight

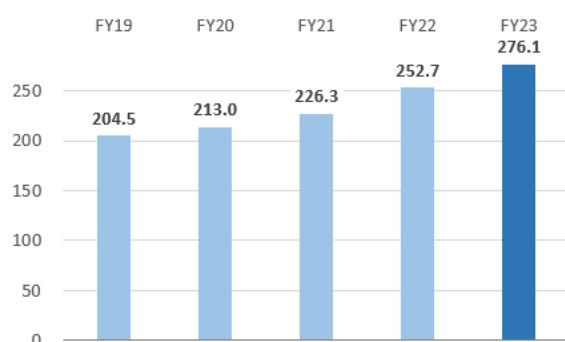
(*) Consolidated basis under IFRS ("International Financial Reporting Standards.")

➤ [Data book \[63KB\]](#)

Revenues and Profit

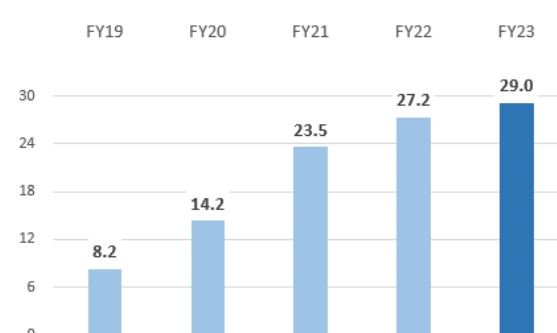
Total Revenue

Unit: ¥ billion



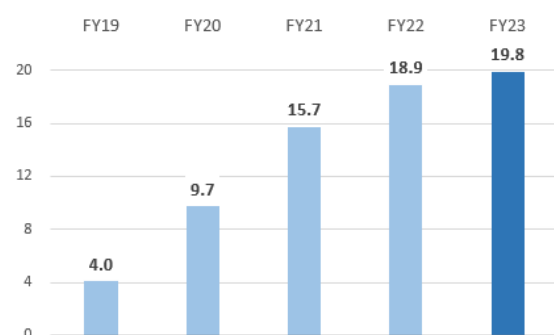
Operating Profit

Unit: ¥ billion



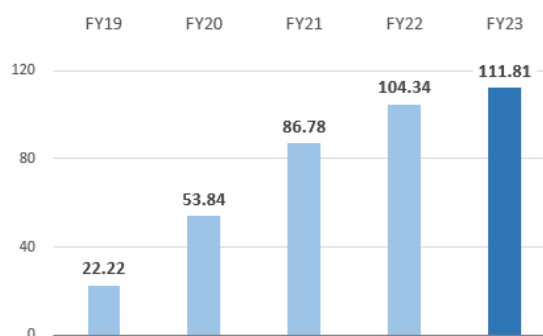
Profit attributable to owners of the parent

Unit: ¥ billion



Basic earnings per share

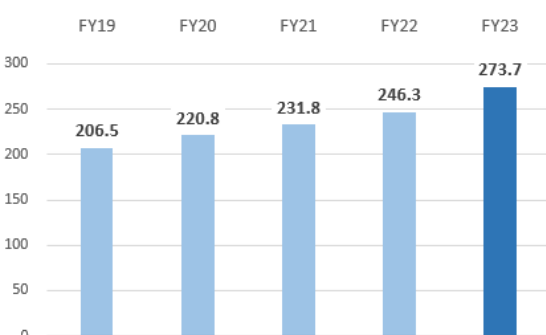
Unit: ¥



Financial Position at the end of each fiscal year

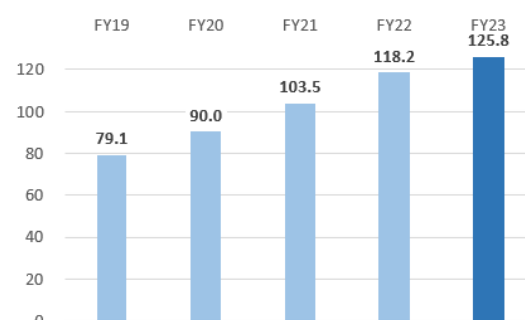
Total Assets

Unit: ¥ billion



Equity attributable to owners of the parent

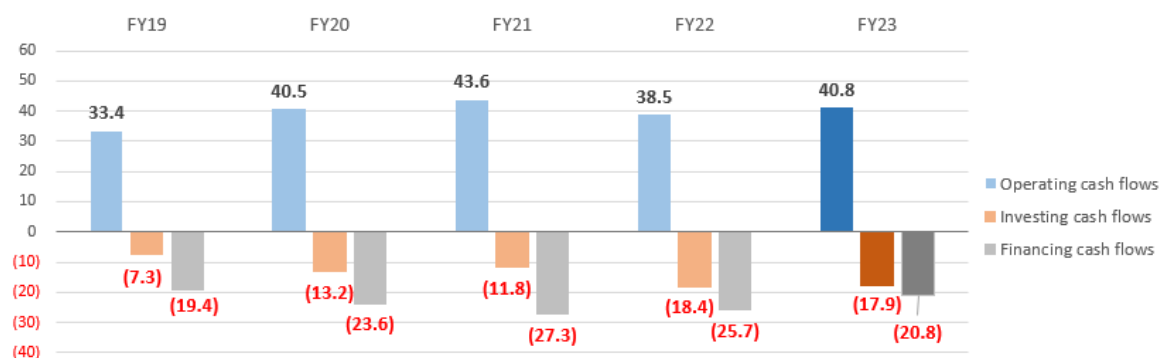
Unit: ¥ billion



(*) 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

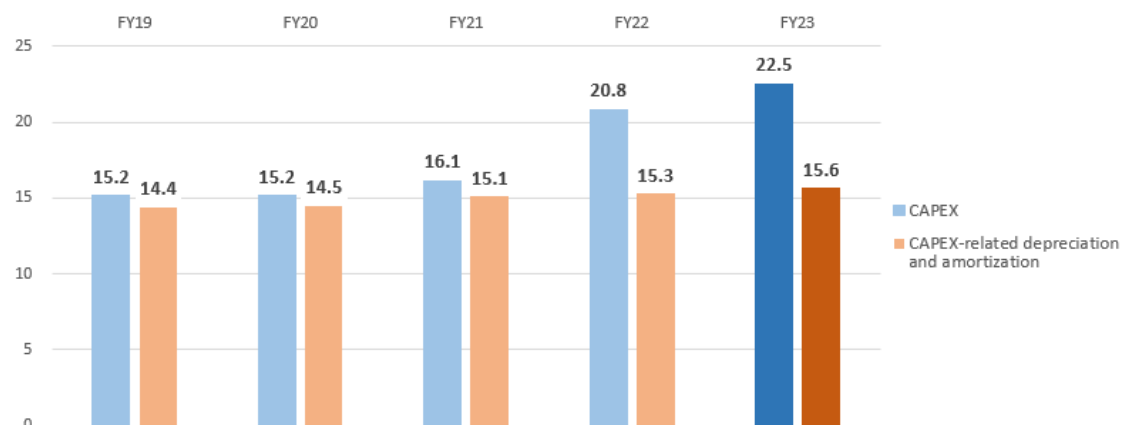
Unit: ¥ billion



(*) 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.

Non-Financial Highlight

Personnel data

– IIJ (non-consolidated basis) Number of employees (By gender)

	FY2019	FY2020	FY2021	FY2022	FY2023
Male	1,709	1,805	1,898	1,984	2,139
Female	359	409	446	491	541
Female ratio (%)	17.4	18.5	19.0	19.8	20.2

– IIJ (non-consolidated basis) Number of hired employees (By gender)

	FY2019	FY2020	FY2021	FY2022	FY2023
Male	174	171	155	179	269
Female	45	61	55	66	70
Female ratio (%)	20.5	26.3	26.2	26.9	26.9

– IIJ (non-consolidated basis) Number of managerial positions and ratio of females in managerial positions

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of managerial positions	610	656	722	783	851
Male	582	620	681	734	787
Female	28	36	41	49	64
Female ratio (%)	4.6	5.5	5.7	6.3	7.5

(*) The ratios of females in managerial positions of IIJ are as of April 1 of each fiscal year

– **IIJ (non-consolidated basis) Average Age and Years of Service**

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average Age	36.9	37.4	37.7	37.9	37.6
Average Years of Service (%)	8.1	8.8	9.1	9.3	9.2

– **IIJ (non-consolidated basis) Number and employment rate of employees with disabilities**

	FY2020	FY2021	FY2022	FY2023	FY2023
Number of employees with disabilities	51	56	64	64	78
Employment rate of employees with disabilities (%)	2.3	2.4	2.4	2.4	2.6

(*) Based on the employment status report of persons with disabilities

(*) On June 1st of each business year

– **IIJ (non-consolidated basis) Ratio of employees using the childcare leave system and ratio of employees returning to work after childcare leave system (Male / Female)**

		FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of employees using the childcare leave system (%)	Male	14.7	26.4	24.6	33.3	53.5
	Female	100.0	100.0	100.0	100.0	100.0
Ratio of employees returning to work after childcare leave system (%)	Male	100.0	100.0	92.9	100.0	100.0
	Female	100.0	100.0	100.0	100.0	93.3

– **Average overtime per month**

	FY2019	FY2020	FY2021	FY2022	FY2023
Average overtime per month	21.3	24.7	28.1	27.7	26.2

Number of days and percentage of paid leaves taken

	FY2019	FY2020	FY2021	FY2022	FY2023
Average number of paid leaves taken per year (days)	13.2	10.2	11.3	12.6	13.1
Annual average acquisition rate (%)	75.6	58.5	64.4	71.0	75.0

(*) The number of days and rate of taken paid leaves above do not include special ones.

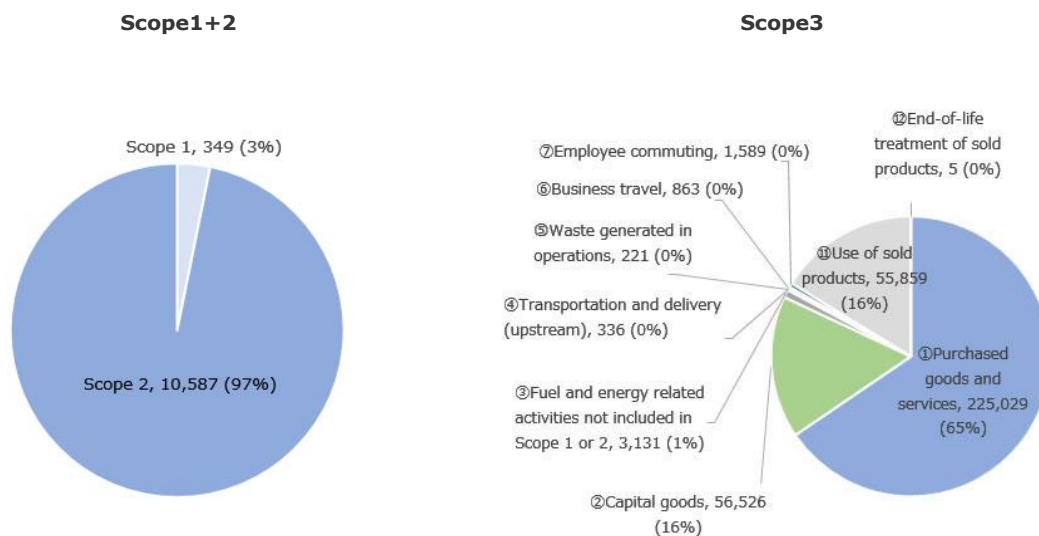
IIJ (non-consolidated basis) turnover rate

	FY2020	FY2021	FY2022	FY2023
Turnover rate (%)	3.6	4.2	3.8	4.6

Environmental data

Greenhouse Gas Emissions

FY2023 Results (Unit: t-CO2)
Scope of data collection: IIJ, IIJGS, IIJEG



Breakdown of Greenhouse Gas Emissions for FY2023

	IIJ	IIJGS/EG	Total
Scope1	340	8	349
Scope2	9,759	828	10,587
Scope3	300,466	43,093	343,559

IIJ (Non-consolidated basis) historical results (Unit: t-CO2)

	FY2021	FY2022	FY2023
Scope1	269	381	340
Scope2	13,819	10,129	9,759
Scope3	234,687	255,608	323,724

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

Percentage of renewable energy used in own data centers

	FY2021	FY2022	FY2023
Percentage of renewable energy	14.3% (As of March 2022)	46.1% (As of March 2023)	49.8% (As of March 2024)

PUE of own data centers(*1)(*2)

	FY2021	FY2022	FY2023
Matsue Data Center Park	1.2	1.3	1.3
Shiroi Data Center Campus	1.4	1.3	1.4

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

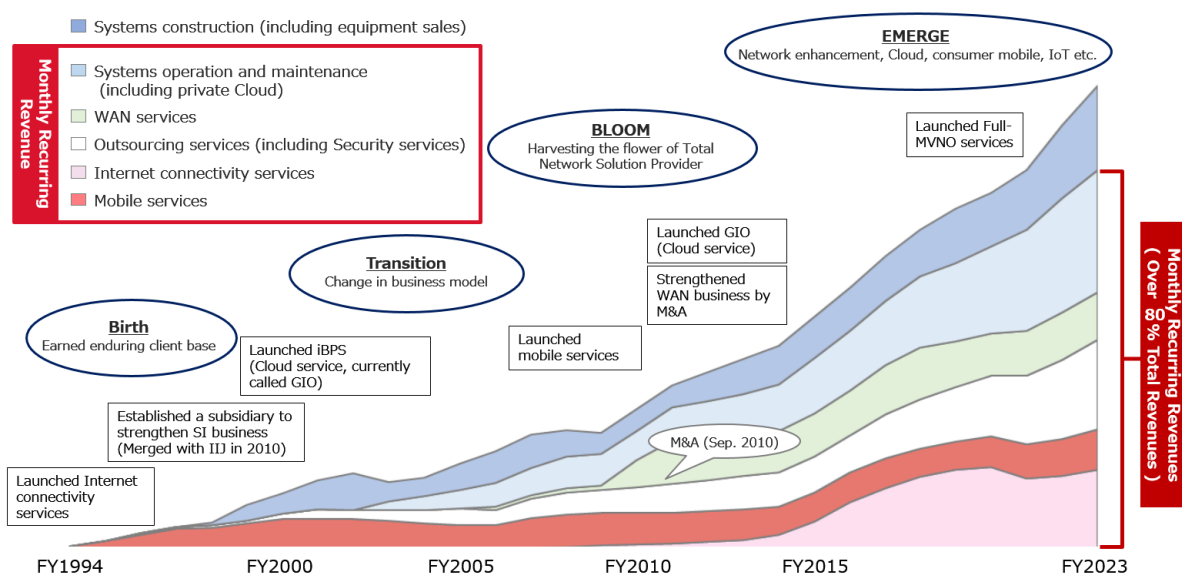
(*2) Industry's Highest Level PUE : PUE 1.4 or lower (As of March 2024, the Agency for Natural Resources and Energy has set a benchmark index and target level of PUE as 1.4 or lower in the data center sector, and operators that achieve this are considered excellent energy conservation operators.)

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.

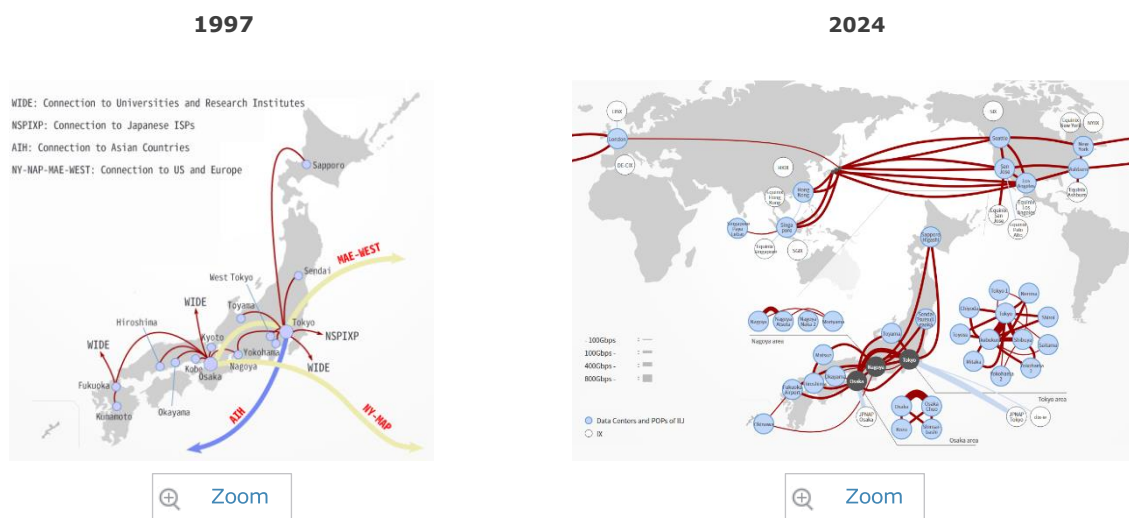


Related Links

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

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

The Internet backbone network ("backbone") developed and operated by IIJ 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.



IIJ'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. IIJ 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, IIJ has been maintaining long-term and good customer relationships, mainly with large enterprises and government agencies. IIJ'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, IIJ has established a business model that latecomers cannot easily imitate.

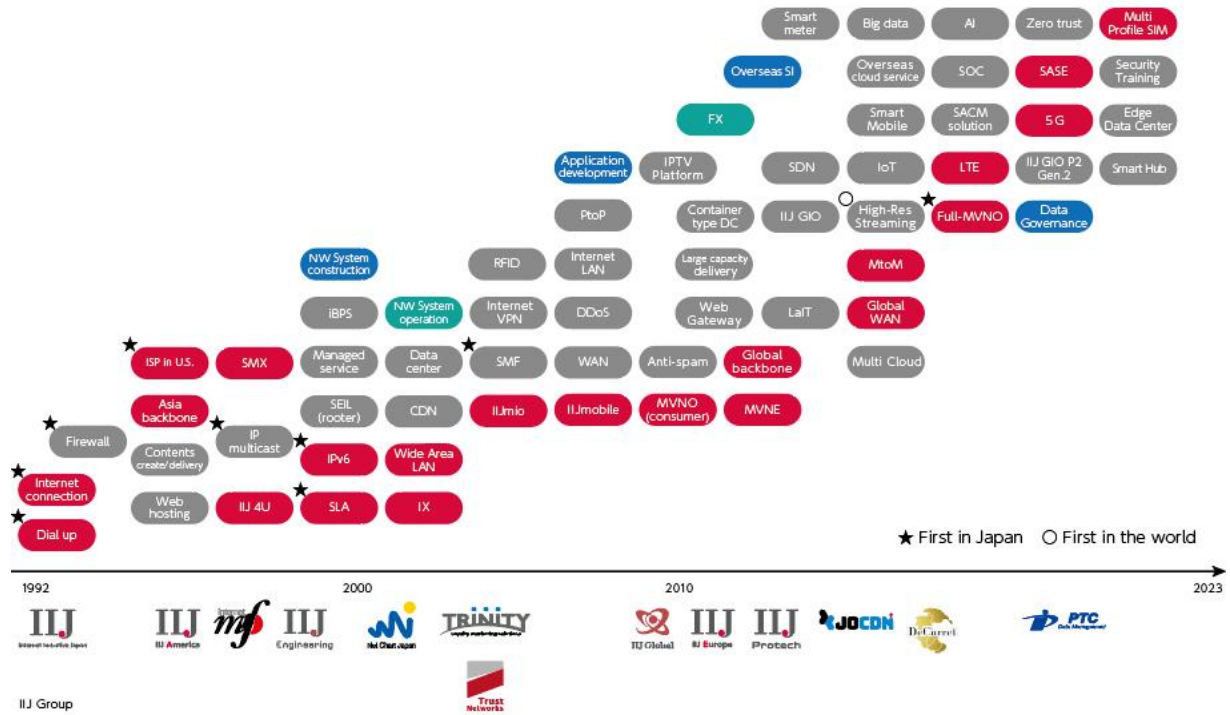
The major cost of Internet connectivity and outsourcing services for enterprises, which IIJ Group provides, is operating costs of networks and systems including backbone such as circuit leasing costs, depreciation costs of equipment, data center usage fees, and personnel-related costs, which are not 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 it.

As the scope and scale of IT utilization in Japanese society and economic activities are expanding, IIJ 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, IIJ 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 IIJ Group's Internet-related services. These in-house developed services have become the source of its competitiveness.



IIJ 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. IIJ 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 15,000 Customer Base, Primarily Large-Scale Enterprises and Government Agencies

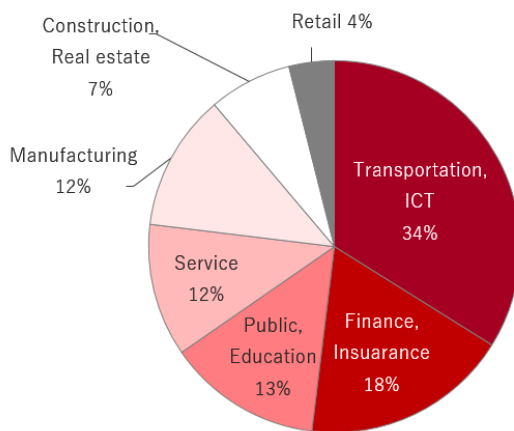
IIJ Group has approximately 15,000 customers, mainly blue-chip enterprises and government agencies in Japan. Network services such as Internet connectivity and security are used across all industries, which leads to the well-diversified customer base with many leading companies in each industry adopting its services. In addition, IIJ 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 FY2023 IIJ's non-consolidated results.

IIJ 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.

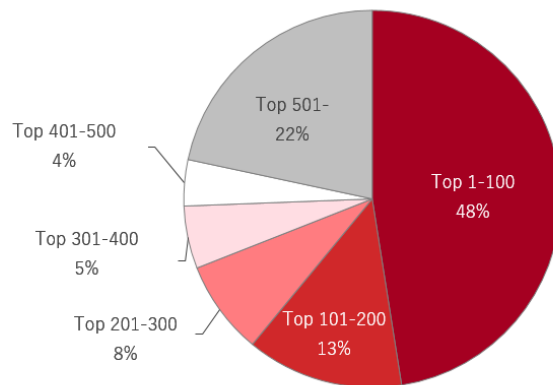
Service penetration among top ten companies in industry



Revenue distribution by industry



Revenue distribution by client revenue volume



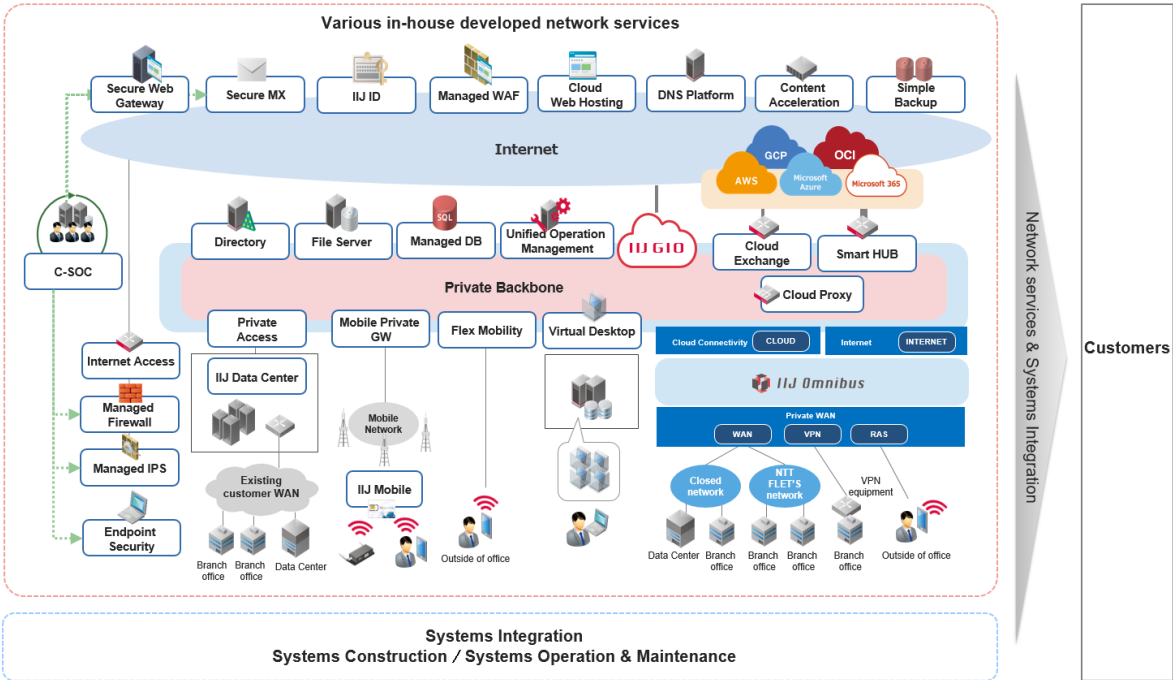
(*) The number of IIJ Group's clients (as of March 31, 2024)

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

(*) Revenue distribution by industry and client was prepared based on FY2023 IIJ's non-consolidated results.

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

IIJ 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. IIJ 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, IIJ 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, IIJ Group strategically transformed its business model. IIJ 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 IIJ 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. IIJ 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 IIJ 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, IIJ Group expects demands for its network services and systems integration to increase.

Value Creation Process

- Purpose

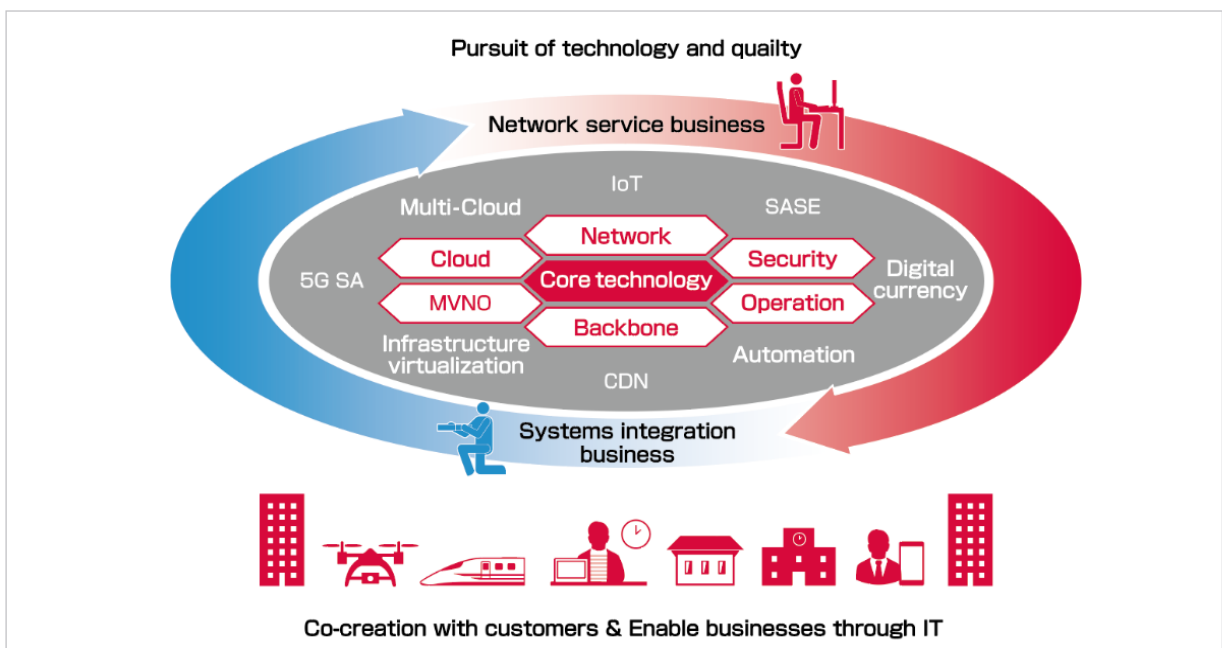
As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by 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	Management Resources
<ul style="list-style-type: none"> • One of Japan's largest Internet backbone networks and reliable Internet operations capability • High-value-Added service development and sophisticated operation capabilities • Approximately 15,000 customer base, primarily large-scale enterprises and government agencies <p>➤ IIJ Group's Strengths</p>	<p style="text-align: right;">(As of Mar. 31, 2024)</p> <ul style="list-style-type: none"> • Human Capital: Employees 4,803 of which, engineers 3,340 (Approximately 70% of all employees) • Subsidiaries: Japan: 5, Overseas: 12 • Data centers: 16 of which, IIJ's own data centers: 2 Sales partners: over 300 • Total equity attributable to owners of the parent: ¥ 125.8 billion • Ratio of owners' equity to total assets: 45.9%



■ **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

■ **FY2023**

- Revenues ¥276.1 billion (+9.2% YoY) of which, Monthly Recurring Revenue 81%
- Operating Profit ¥29.0 billion (+6.6% YoY), Operating Profit Margin 10.5%
- Profit attributable to owners of the parent ¥19.8 billion (+25.2% 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 2024)

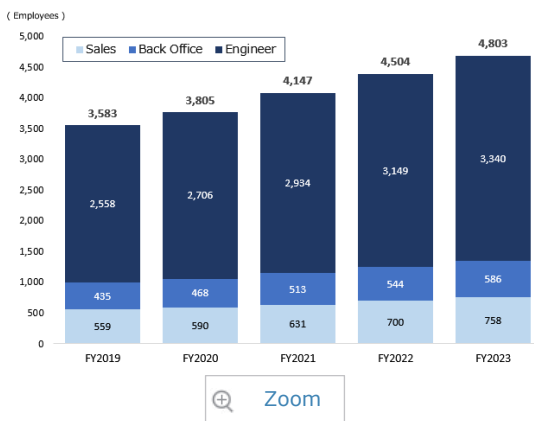
- Female ratio in recruitment 21%
- Ratio of female managers 7.5% (+1.2% YoY)

➢ [Promoting diversity](#)

Basic Approach to Human Capital

IIJ Group has been supporting the development of Internet in Japan by leading technological innovation, developing highly value-added services ahead of competitors, and continuously ensuring the stable operation of these services in line with its management philosophy. As the scope and scale of IT utilization among Japanese enterprises and government agencies continue to expand with the recent trend toward DX (Digital Transformation), IIJ Group's role of providing network systems is expected to become further important in the future. IIJ Group recognizes that the foundation for fulfilling this role is human resources, and continuous acquisition and training of skilled engineers are highly important for further growth. Since its inception, IIJ Group's engineers have been continuously honing their expertise through their assignments and business opportunities such as constructing and operating large-scale networks, servers, and data centers, developing and operating various network services including Internet access, cloud computing, MVNO (Mobile Virtual Network Operator) and IoT, and engaging in the pursuit of Internet-related technologies, which have led to the accumulation of technical capabilities and business growth. As IIJ Group is still in the midst of growth, it believes that opportunities for new challenges are expected to increase with the expansion of business and technological domains in the future. IIJ Group shall continue to hire and train aspiring individuals who aim to achieve self-fulfillment through these opportunities, and further enhance employee engagement by appointing and promoting employees based on their abilities, and reflecting their individual roles and contributions in their evaluation and compensation, irrespective of gender, age, nationality, disability, or other attributes.

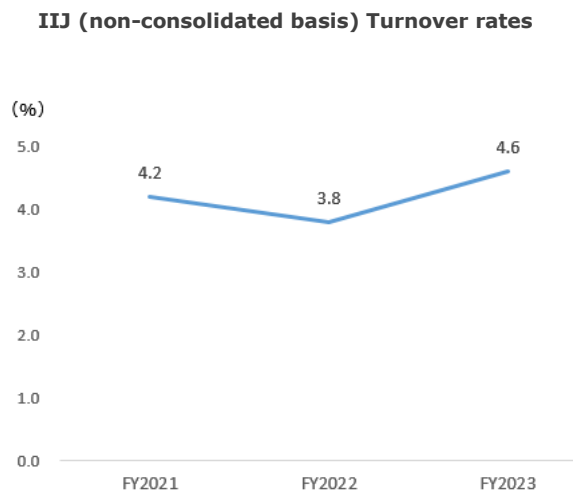
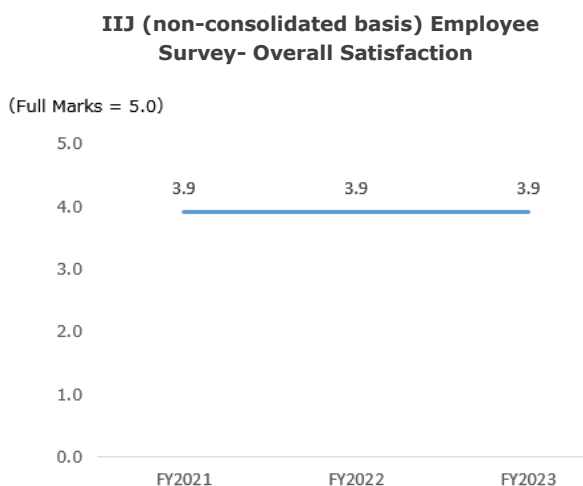
IIJ Group Number of Employees



Track record of service development and business domain expansion



IIJ conducts an employee survey on their awareness. Its overall satisfaction level (*1) has remained high, and turnover rate (*2) has stayed in lower than the industry average.



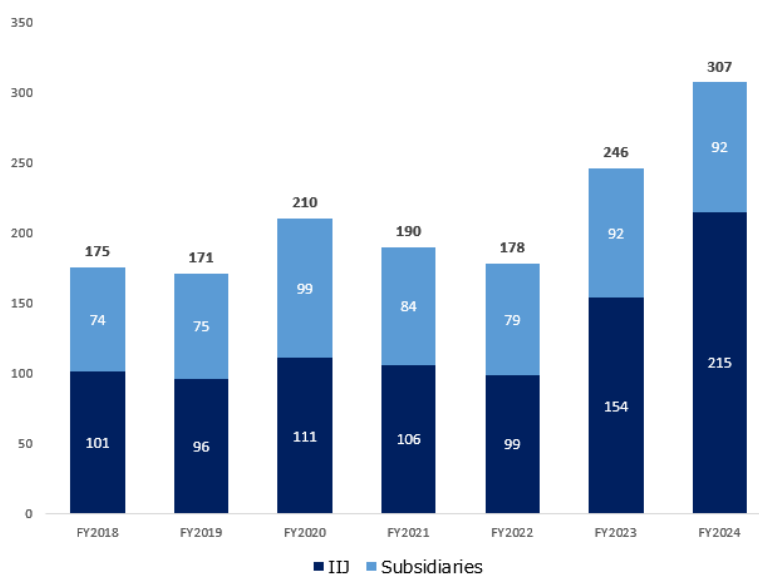
(*1) The Employee Survey is an annual engagement survey (approximately 50 questions), and each item is rated on a five-point scale: 1 (disagree), 2 (somewhat disagree), 3 (neutral), 4 (somewhat agree), and 5 (agree). The "Overall Satisfaction" is the result of a question, "I am satisfied overall."

(*2) The turnover rate is the percentage of full-time employees employed at the beginning of the period who left during the period. According to the "Survey of Employment Trends in the Information and Communications Industry" by the Ministry of Health, Labor and Welfare, the industry average is around 10%.

Policy for Human Resource Acquisition

IIJ Group's human resource strategy is based on the policy of continuous hiring and training new graduates as main resources which is complemented by mid-career hires as professionals. As the first full-scale Internet service provider in Japan, IIJ is highly recognized by students and engineers who would like to pursue Internet-related technologies. Therefore, IIJ has increased the number of new graduate hires both on a non-consolidated and consolidated basis, even in the recent competitive IT engineer recruitment market. With regard to new graduate recruitment, the ratio of engineers on a non-consolidated basis is approximately 70%, of which the ratio of doctoral or master's degree holders is approximately 40%. As a program to recruit new graduates, IIJ provides practical internship opportunities in technical departments (network, cloud, security, IoT, and others) to have early contacts with aspiring students who hope to become engineers, in which it promotes efforts to make these students aware of growth opportunities through their jobs. Since IIJ recognizes that continued expansion of human resources is necessary for further business growth, it has increased the number of new graduate hires to 215 on a non-consolidated basis and 307 on a consolidated basis in FY2024, and plans to continue focusing on recruitment going forward.

IIJ Group Number of New Graduates Hires

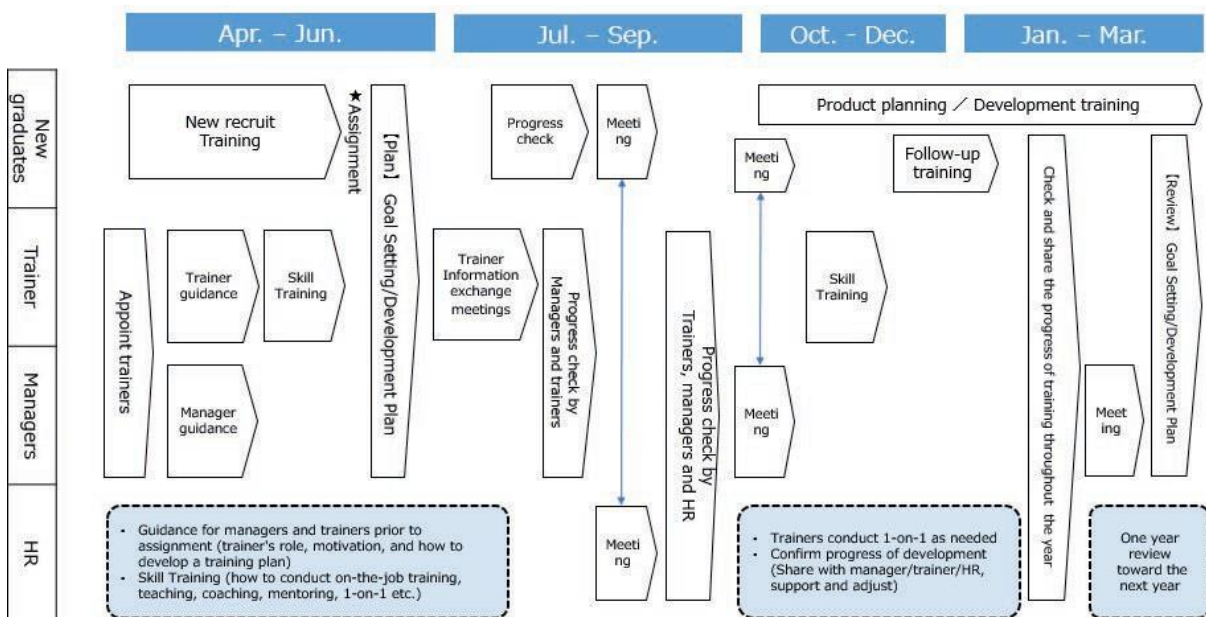


Policy for Human Resource Development

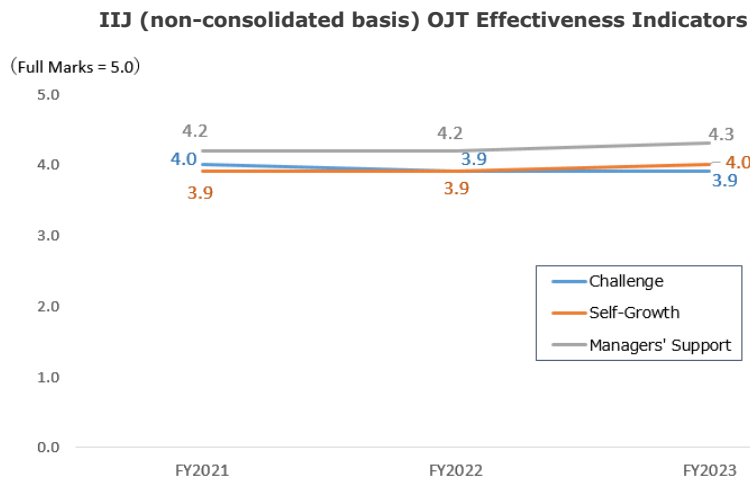
Human resource development is primarily based on on-the-job training (OJT) through assigned duties, which is supplemented by layer-specific trainings based on the employees' grades and roles, and department-specific trainings for the purpose of acquiring expertise and skills. IJ Group believes that providing job opportunities such as the construction and operation of Internet backbone, which is one of the largest in Japan, and in-house development and operation of innovative services, attracts and motivates aspiring engineers. As sales staff need to have technical knowledge relating to networks and systems, IJ provides basic technical trainings, IJ service understanding trainings, and service comprehension tests to help them learn and retain such knowledge, which complement OJT through sales activities. There are seminars held by sales departments to share top performers' sales approaches and successful proposals, which support many of sales staff with liberal arts backgrounds to perform well.

IJ's new graduates are educated on their duties by managers. In addition, they set capability development goals with non-supervisory superiors who have taken an OJT trainer training, which takes into account their individual characteristics and preferences, and receive advice and support throughout an entire year to enable them to independently perform their duties in the early stages of careers. Since 2018, approximately 100 employees have newly taken the OJT trainer training each year, and the number of experienced trainers has been increasing year by year. IJ believes that the increase in these trained employees will lead to an enhancement in the company-wide OJT level.

OJT Trainer System



IIJ recognizes that the development of young employees is highly important. Therefore, IIJ considers the results of the annual employee awareness survey on "Challenge," "Self-Growth," and "Managers' Support" (*3) among young employees to be important indicators of whether the OJT is functioning effectively. IIJ has been making efforts to improve them by analyzing the results of these assessments so that the overall scores for these indicators would be in the upper three-point range or higher, and this will continue in the future.



(*3) The Employee Survey is an annual engagement survey (approximately 50 questions), and each item is rated on a five-point scale of 1 (disagree), 2 (somewhat disagree), 3 (neutral), 4 (somewhat agree), and 5 (agree). "Challenge," "Self-Growth," and "Managers' Support" are the results of questions that include the following elements.

- Challenge: Support for taking on new challenges, acceptance of new ideas and proposals, culture that encourages employees to take on re-challenges, etc.
- Self-Growth: Sense of growth in current job, growth support system, etc.
- Managers' support: Advice from managers and superiors, satisfaction with managers, etc.

The results for these three indicators were slightly higher for women than for men in the years shown in the table.

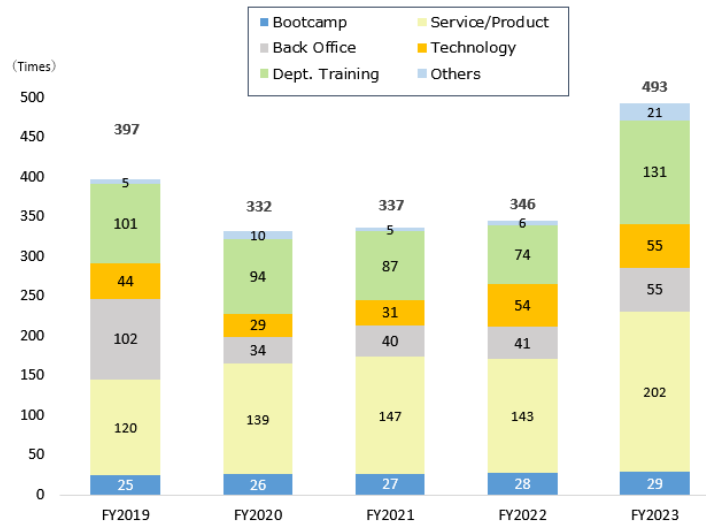
IIJ supplements OJT with programs such as trainings for new graduates (basic business training for about one month, technical training for about an additional month for engineers, etc.), trainings for newly appointed managers and executives (trainings for section managers, general managers, and executives on organizational management, development of subordinates, decision making, etc.), layer-specific training (leadership and management training), expertise development (sales training, technical training, IIJ service understanding training, etc.), and global career development (overseas trainee program, global career program, etc.).

Many employees participate in workshops and trainings organized by departments (493 times in FY2023), which promote active interactions across departmental boundaries as well as autonomous capability development.

Major workshops and trainings organized by each department

IIJ Bootcamp	Workshops for young engineers to learn practical skills by actually using tools and frameworks with the support of teaching assistants (TAs), and lectures on the backgrounds of various technologies and alternative technologies with different characteristics
Technical Training for New Graduate Hires	Workshops for new graduate engineers, led by leading internal experts in each technology and service area to provide them with the technical and business knowledge necessary to execute their duties at IIJ
IIJ Sales Bootcamp	A structured onboarding program for new graduate sales employees that systematically integrates input learning through classroom training and training content, practical sales activities through OJT, and evaluation of performance, with the goal of achieving the desired state and competencies within the first year of employment
IIJ Services Understanding Training	Basic trainings to systematically learn IIJ services' lineup, features and basic technical concepts, and industry trends relating to the services such as Internet access, cloud computing, security, and mobile/IoT
Departmental Training	Project management training (project planning, risk assessment and management, monitoring and control methods, etc.), IT service management training (improvement of operational quality, analysis methods for continuous operation improvement, etc.), best practices sharing sessions, etc.

IIJ (non-consolidated basis) Number of workshops, training sessions, etc.



(*) Bootcamp: Hands-on trainings for engineers

(*) Services and products: Seminars on IIJ services and other commercial products, mainly for sales and engineers

(*) Back office: Trainings organized by administrative departments (information security, financial accounting, etc.)

(*) Technology: Seminars for technical knowledge and information

(*) Departmental training (training for its own department): Professional service technical training, Sales Bootcamp etc.

(*) Others: Lectures by external instructors, etc.

IIJ also supports career development through the "Career declaration system (*4)", the "Select job system (*5)," which is an open recruitment system for dual positions, the "Tech challenge," which allows employees to leave their assigned duties for one year to pursue new technologies or realize new service ideas, the establishment of expert positions for employees to pursue their expertise in specialized fields, and the assignment of the right people to the right roles by utilizing a talent management system.

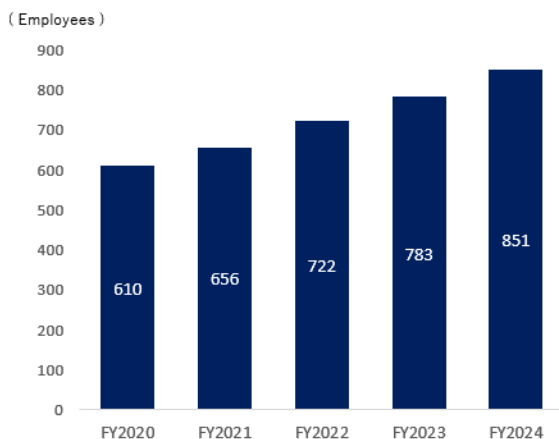
(*4) A system for employees to report their future career direction once a year, under which their managers and the human resources department consider development, transfers and assignments from a medium- to long-term perspective.

(*5) Employees can apply for open positions, which departments list, (FY2023: 61 departments participated). Through six months of concurrent duties in other departments (approx. 20% of working hours), employees can gain diverse experience by taking on challenges that they have not experienced or by executing cross-departmental missions.

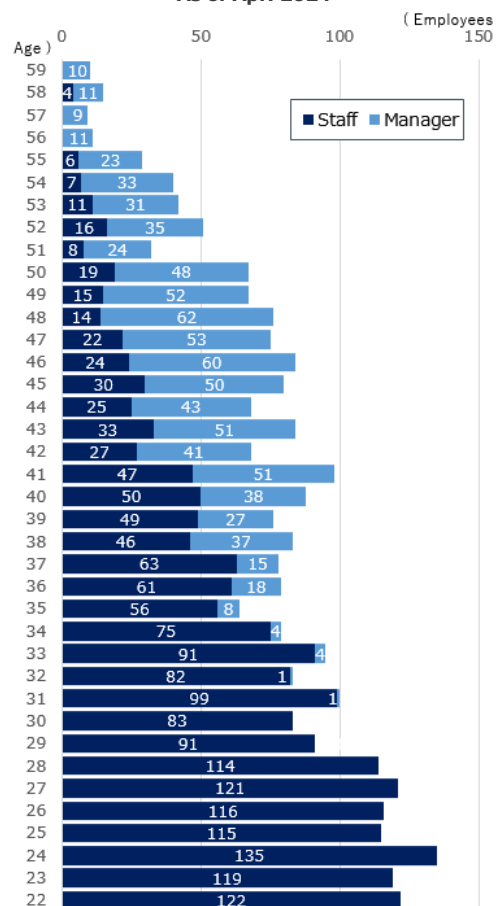
Policy for Evaluation and Compensation

IIJ Group accepts a diverse range of human resources irrespective of their attributes, and appoints and promotes employees based on their abilities with respect for a variety of viewpoints and values. IIJ Group has flexibly established and reorganized its organization structure to best suit the business environment along with an increase in the number of employees due to the expansion of business scale and domain. The number of key positions has continuously increased and is expected to rise in the future. Under such circumstances, IIJ's culture, which encourages employees openly discuss regardless of their position, makes young employees to play an active role. As such, there have been cases where employees who joined IIJ as new graduates promoted to important positions such as section managers in their early 30s and general managers in their mid 30s.

IIJ (non-consolidated basis) Number of managerial positions



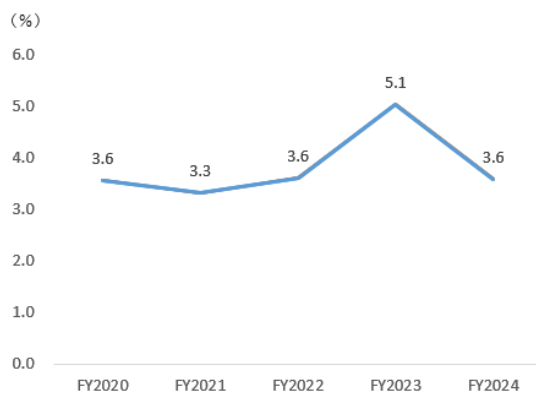
IIJ (consolidated basis) Number of Managers by Age As of Apr. 2024



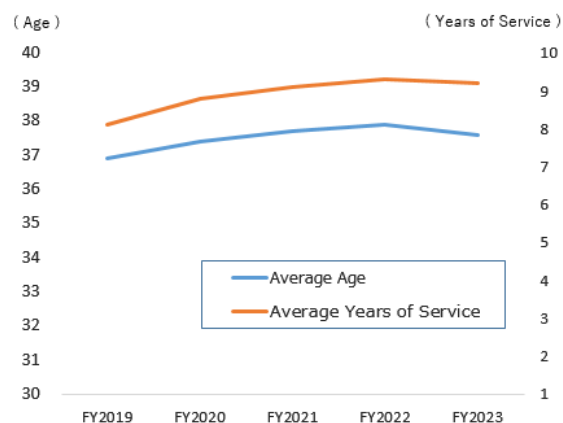
The basis of IIJ's evaluation and compensation system is employees' assigned roles and grades based on the current duties and contributions. Compensation consists of a "base salary" determined by the role and grade, and a "performance bonus" determined by semi-annual performance evaluation. IIJ Group considers its business growth and the fulfillment of employees' roles over the medium- to long-term to be important. Therefore, IIJ Group has adopted a compensation system, which mainly reflects roles and abilities, with a certain range of performance based compensation rather than overly short-term performance based compensation system. IIJ Group will maintain this system in the future.

IIJ has timely reviewed its salary level along with its business growth, in FY2023 IIJ revised new graduates hire's salaries and the salary range of existing employees (*6).

IIJ (non-consolidated basis) Pay Raise (%)



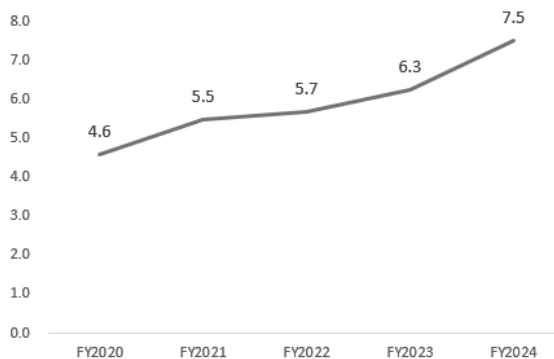
IIJ (non-consolidated basis) Average Age and Years of Service



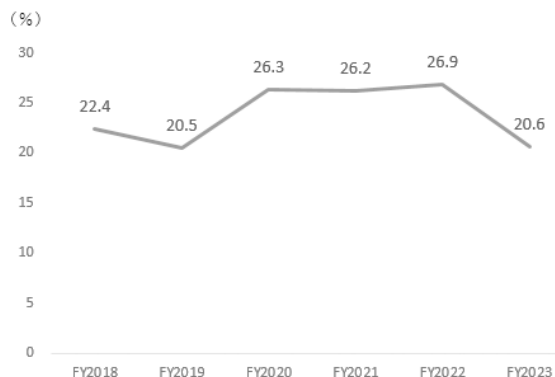
(*6) Revision of monthly salaries for new graduates in FY2023 (ex. Bachelor's degree holder: 256,667 yen/month, +4.8%)

Approximately 70% of IIJ Group's employees are engaged in the engineering and service departments, and many of them are recruited from universities and other institutions specializing in science and engineering, where the percentage of female is low, which has led to its characteristic of a low percentage of female employees. As IIJ's ratio of female hires including mid-careers and new graduates has been increasing in recent years, the ratio of female managers (*7) is expected to increase along with the increase in the ratio of female employees. As of April 2024, IIJ's ratio of female managers was 7.5%, and therefore IIJ has brought forward its FY2027 target of 8% or more by one year to FY2026.

IIJ (non-consolidated basis) Ratio of females in managerial positions



IIJ (non-consolidated basis) Ratio of female hires employees



(*7) The ratios of females in managerial positions of IIJ are as of April 1 of each fiscal year

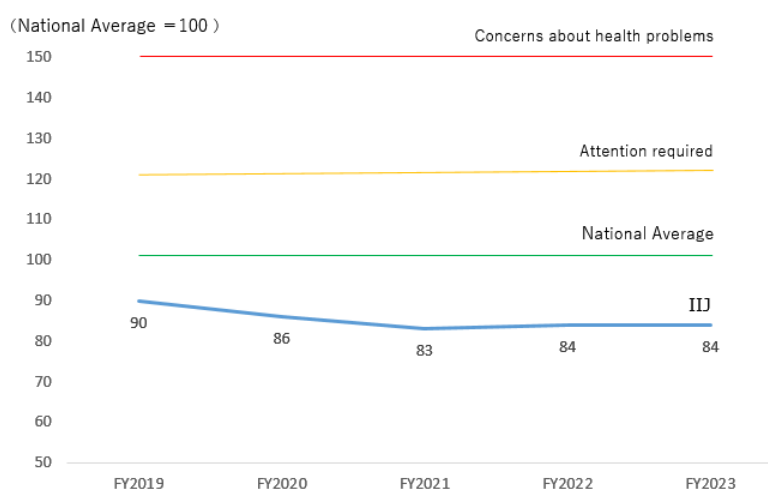
Policy for Corporate Environmental Improvement

IJJ Group has been actively working to create an environment in which employees can continue to work safely and securely with good mental and physical health, and an environment that supports the realization of work-life balance.

Well-being and mental health care

IJJ provides health checkups once a year and flu vaccinations free of charge, and has established an environment in which employees can consult with industrial physicians and public health nurses on a regular basis. In addition, IJJ conducts a stress check (*8) once a year in accordance with the Industrial Safety and Health Act. Employees who are considered to be in need of consultation due to high stress levels are interviewed with an industrial physician upon their request. The results of stress check are shared with general managers and above, so that they can take initiatives in improving the workplace environment. As part of mental health measures, IJJ also provides harassment trainings and communication trainings including anger management and assertive communication training.

IJJ (non-consolidated basis) Stress Check - Overall Health Risk



(*8) Overall health risk is evaluated in terms of workload, support from colleagues, and other factors. 150 or higher is a level where health concerns might be apparent, and 120 or higher is a level that requires caution. The lower the value is below the national average of 100, the lower the health risk is.

Prevention of overwork and promotion of paid leave

IJJ has made a policy on working hours management and has been promoting efforts to comply with the Labor Standards Act and to ensure appropriate working hours. IJJ constantly monitors the working hours of its employees through measures such as advance application for overtime work and the preparation of overtime status reports for departments. If overtime hours exceed a certain level, the human resource department alerts concerned departments, conducts hearings with them, and arranges interviews with industrial physicians for those who work more than a certain level of hours. As for paid leaves, employees are granted special leaves such as anniversary leave (*9) in addition to annual paid leaves. IJJ ensures that employees take at least five days of annual paid leaves, not including special ones.

Average overtime per month

	FY2019	FY2020	FY2021	FY2022	FY2023
Average overtime per month	21.3	24.7	28.1	27.7	26.2

– **Number of days and percentage of paid leaves taken**

	FY2019	FY2020	FY2021	FY2022	FY2023
Average number of paid leaves taken per year (days)	13.2	10.2	11.3	12.6	13.1
Annual average acquisition rate (%)	75.6	58.5	64.4	71.0	75.0

(*) The number of days and rate of taken paid leaves above do not include special ones.

(*9) Major special paid leaves: Check-up leave (One day a year), Anniversary leave (Two days a year), Marriage leave (Seven days), Spousal maternity leave (Three days), Child Marriage Leave (One day)

Promotion of diverse workstyle and work-life balance

Since before the emergence of COVID-19, IJ adopted remote work, which had introduced from employees who need childcare and nursing care, satellite offices to respond to customers faster through saving travel time, and free address to activate communication as major concepts of a location-independent workstyle.

Moreover, IJ has been actively working to create an environment that supports a balance between work and family life with respects to each employee's life stage and sense of value. As part of its efforts to improve the corporate environment, IJ operates various systems that enable employees to balance work and family life during illness, childcare, and nursing care, such as "Childcare and nursing care leave systems," and "Private injury and illness return leave system." IJ received Kurumin certification, awarded to companies that support childcare, from the Ministry of Health, Labour and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children. Our goal is maintaining a 10% or greater utilization rate of the childcare leave system for male and a 90% or greater utilization rate for female employees.

IJ also operates a flextime system, a staggered work schedule system, and a short-time work schedule system to suit employees' work characteristics and individual environments. There are measures including supports for personal financial asset building, such as the IJ Group employee shareholding association, assets accumulation savings, and regular financial planning seminars, as well as family days to create opportunities for employees to receive an understanding from their family members regarding the workplace.

– **IJ (non-consolidated basis) Ratio of employees using the childcare leave system and ratio of employees returning to work after childcare leave system (Male / Female)**

		FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of employees using the childcare leave system (%)	Male	14.7	26.4	24.6	33.3	53.5
	Female	100.0	100.0	100.0	100.0	100.0
Ratio of employees returning to work after childcare leave system (%)	Male	100.0	100.0	92.9	100.0	100.0
	Female	100.0	100.0	100.0	100.0	93.3

Mid-term Plan

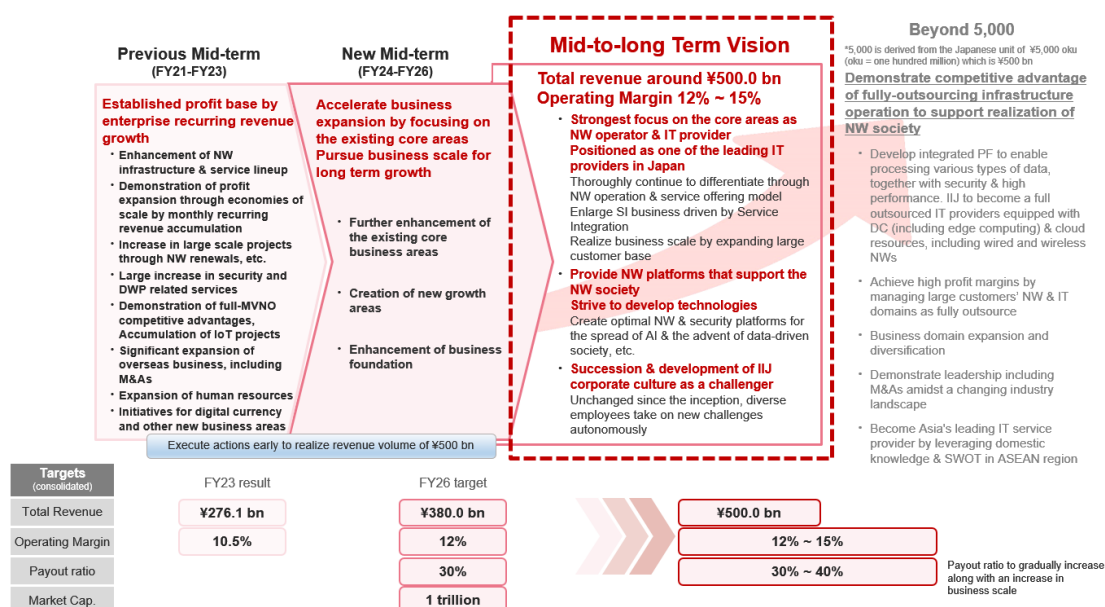
IIJ Group Mid-term Plan (FY2024-FY2026) and Mid-to-Long Term Vision

Financial targets

	Consolidated Financial Targets	FY2026
Business Expansion	Total revenue	Around JPY380 billion
Profitability	Operating Profit	Around JPY46 billion

Mid-to-Long Term Vision and the positioning of the New Mid-term Plan

In order to effectively fulfill our business philosophy, we recognize that it is highly important to continuously expand our business scale while leveraging the strengths of our group. Triggered by the COVID-19, IT utilization among Japanese private and public sectors has finally accelerated, and the market is expected to continuously expand further over the mid-to-long term. Under such recognition, we have formulated the Mid-to-Long Term Vision that includes growth to total revenue volume of JPY 500.0 billion (consolidated) as a milestone we should aim for in the mid-to-long term, as described on the next page. The New Mid-term Plan is positioned as an important growth path and process to reach toward the Mid-to-Long Term Vision over the next three years.



IIJ Group Mid-term Plan (FY2024-FY2026)

Under the New Mid-term Plan, the fundamental vision of our business remains unchanged. We are proud that we had created Internet in Japan as a communication infrastructure and environment by bringing in diverse talents who autonomously demonstrate their abilities. Based on our advanced Internet-related technology, we will develop high value-added network services, stably operate Internet-related networks and systems, and provide systems integration functions to meet the IT demands of Japanese companies. Through implementing these actions, we play our role fully and pursue our business expansion. In particular, considering our business situation such as the increase in large-scale network construction projects with multi-year contracts through Service Integration in FY2023, we will accelerate revenue growth and thereby enhance profit levels by rigorously strengthening our existing core business areas. We will also focus our efforts on new areas for the next phase of growth. We also continue to enhance our business foundation to realize these. Details and targets are as follows.

■ Further enhancement of the existing core business area:

- I. We will increase the scale of large transactions and the number of customers by advancing composite transactions further through the acquisition and execution of large-scale network construction and operation projects from customers in various industries in the form of Service Integration. We will drive revenue growth through systems integration.
- II. We will enhance profitability by realizing economies of scale through the continuous accumulation of enterprise recurring revenue such as network services, including those derived from Service Integration. We will drive profit growth through network services.
- III. In response to increasingly sophisticated and complex security demands, we will further enhance our line-up of high value-added services. We continue to differentiate ourselves through stable and high-quality network operations toward the era of DX realization. We will create platform services that support the utilization of AI and Data Lake.
- IV. We continue to optimally expand network infrastructure to support business expansion. We plan to make construction investments in the third site of the Shiroi Data Center to accommodate our service equipment in the future.

■ Creation for new growth area:

- I. Commercialization towards realizing a data-driven society: We will consider and begin to create a business model that expands the service area of data analysis and distribution, which was initiated during the previous Mid-term Plan, actively generates meaningful data to society, and establishes and operates an information circulation system that enables to function smoothly for multiple purposes.
- II. Spread of digital currency (DCJPY) in Japan: We aim for the state of digital currency business currently being developed by DeCurret DCP Inc., to begin spreading in Japan as practical projects, with further market growth expected.

■ Enhancement of operation and business foundation:

- I. We continue to strengthen and expand human resource recruitment and focus on developing next-generation management resources who lead our organization and businesses.
- II. We will respond properly to external factors such as rising labor costs and other costs including passing cost rises onto selling prices.
- III. We continue to pursue M&A opportunities, primarily to acquire additional human resources necessary for business growth.
- IV. We continue to address management with an emphasis on sustainability and strengthening governance in line with our business growth, which we have already been promoting since before. We plan to introduce an executive remuneration system that is linked to the achievement of the New Mid-term Plan, and further share the enhancement of corporate value with shareholders.
- V. As projects become larger, we aim to improve the sophistication of business and project management methods, especially in systems integration. We carry out appropriate capital allocation and balance sheet management in response to investments in large-scale data center and an increase in working capital.

– Capital Allocation

Capital allocation (FY24-FY26, 3 years in total)				
Cash in	Cash out		Overview	
Cash generated from business approx. ¥134.0 bn ^(*) (*) post-tax, pre-depreciation Debt Up to approx. ¥65.0 bn	Investment: approx. ¥90.0 bn		Shiroi DC 3rd site construction <ul style="list-style-type: none"> Start the construction within the new Mid-term plan period, but the schedule is undetermined First site: CAPEX approx. ¥8.3 bn, No. of racks: approx. 700, started operating from May 2019 Second site: CAPEX approx. ¥12.8 bn (plan), No. of racks: approx. 1,100, started operating from Jul. 2023 Strategic Investment <ul style="list-style-type: none"> Specific investment details have not fixed and will be discussed going forward Increase in working capital & lease obligations <ul style="list-style-type: none"> Increase in work in process, prepayments, etc. due to an increase in large scale multi-year SI projects The impact of increased working capital should gradually be reduced due to the constant revenue recognition of large scale projects M&As <ul style="list-style-type: none"> M&As to be conducted in sequence with borrowing capacity Maintain debt/equity ratio & financial discipline, Up to ¥70.0 bn of additional debt could be implemented for M&As 	
	Ordinal NW infrastructure, etc. approx. ¥51.0 bn Stable with economies of scale	Shiroi DC 3rd Site construction approx. ¥30.0 bn Mainly for own services		Strategic investment for new growth areas
	Along with an increase in large complex project Increase in working capital and lease obligation			Approx. ¥13.0 bn
	Payout ratio 30% Dividend			Approx. ¥24.0 bn
	Scheduled repayment of long term borrowing			Approx. ¥1.5 bn
M&As		up to ¥70.0 bn		



(*) As for the result of "IIJ Group Mid-term Plan (FY2021-FY2023)," please refer to "[IIJ Group Mid-term Plan \(FY2024-FY2026\)](#)" and [Mid-to-Long Term Vision 1. Result of the previous Mid-term Plan](#)

Financial Strategy

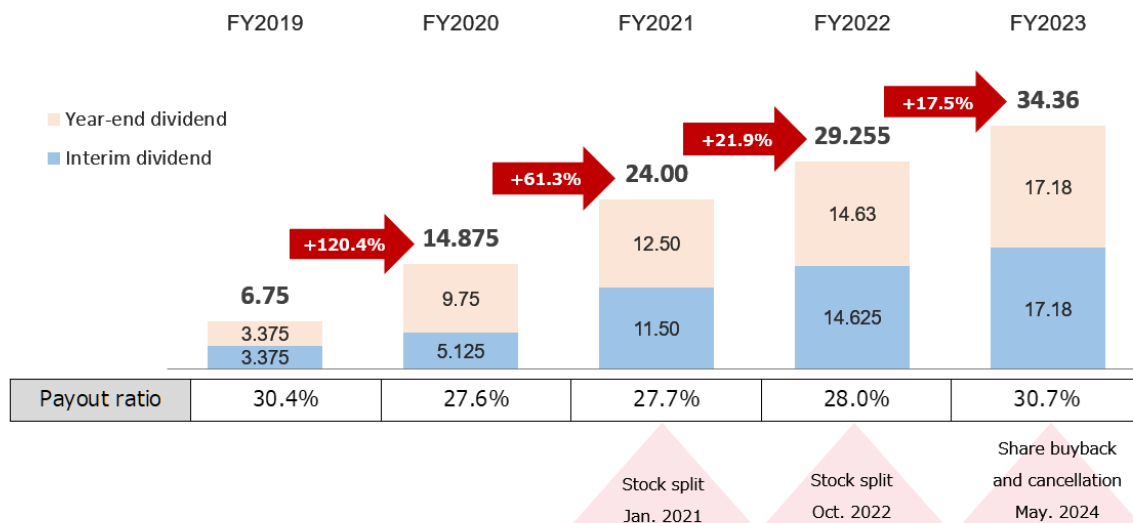
Basic Policy on Shareholder Returns

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, IIJ 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, IIJ 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. IIJ 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.

During the FY2024-FY2026 mid-term plan, we set the dividend payout ratio target as 30% based on our capital allocation plan which considers an increase in capital investment for further business growth and working capital along with an increase in the acquisition of large-scale projects. As for the details, please refer to "[IIJ Group Mid-term Plan \(FY2024-FY2026\) and Mid-to-Long Term Vision](#)," which was disclosed on May 10, 2024.

Dividend Per Share

(As of March 2024)



Approach to Investment

— Business Investment

IIJ 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 IIJ Group also considers operating income and operating margin to be important indicators, which are linked to ROE. In addition, IIJ Group calculates WACC as an indicator of cost of capital, which is informed well within the company and used for the decision of business investment. 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

IJJ 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, after IJJ Group had increased its capital ordinary investment level prior to FY2017, IJJ Group has continued to invest at that level, excluding construction of data centers, since then. Although IJJ Group has been continuously expanding network infrastructure and actively developing services, in recent years its investment and depreciation costs have remained stable in balance. IJJ Group expects such a situation to continue for the foreseeable future.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenues (¥ bn)	1,578	1,762	1,924	2,045	2,130	2,263	2,527	2,761
	Stronger demands for enterprise network services							
● Operating margin	3.3%	3.8%	3.1%	4.0%	6.7%	10.4%	10.8%	10.5%
■ Operating profit (¥ bn)	51	68	60	82	142	235	272	290
CAPEX (¥ bn)	165	207	151	152	152	161	208	225
	Large CAPEX increase due to aggressive business investment			CAPEX & its depreciation almost same volume				
<i>NW services</i>	126	94	94	96	88	91	100	132
<i>Cloud</i>	36	79	19	26	28	23	20	15
<i>Shirai DC</i>	-	12	21	20	15	15	54	55
<i>SI, others</i>	3	23	17	10	20	32	34	23
CAPEX-related depreciation and amortization (¥ bn)	109	121	139	144	145	151	153	156
	Cost stabilizing							
Number of employees	3,104	3,203	3,353	3,583	3,805	4,147	4,451	4,803

– M&As

Although organic growth has been a core driver of IJJ Group's business, in the past, IJJ Group has executed M&As and PMI (post-merger integration process) such as IJJ Global Solutions Inc. (acquired the domestic network business from AT&T in 2010), which provides WAN services, IJJ Protech Inc. (M&A in 2014), which acquires and supplies engineers, PTC SYSTEM (S) PTE LTD (M&A in 2021), which is a leading local system integrator in Singapore, and PTC SYSTEMS SDN.BHD(M&A in 2023), which is a local system integrator in Malaysia. These companies have been demonstrating the effects of collaboration within IJJ Group. IJJ Group considers that securing resources is important to realize further growth in the future.

Therefore, IJJ Group shall continue to pursue M&A opportunities.

– Strategic shareholdings

Considering the Company's business strategies, relationships with its business partners, and cost of capital thoroughly, the Company might hold shares of listed companies as strategic shareholdings in some cases if the Company believes such shareholdings enhance its corporate value and bring profit to its shareholder. Regarding strategic shareholdings, the Company sold all shares of two stocks in FY2017 and a part of one stock in FY2019. The Company held four stocks, the fair value of which was ¥7.83 billion on the balance sheet, as of March 31, 2023. The Company confirms whether the margins generated from ongoing transactions and dividends received, with each investee as strategic shareholding, exceed its cost of capital on an annual basis, and evaluates and decides the propriety of the strategic shareholdings based on historical records and future prospects in business transactions and business contribution in terms of its cost of capital. Regarding the exercise of voting rights for strategic shareholdings, the Company comprehensively reviews management policies and business situations as well as the contents of proposed subjects to be resolved at general meetings of those companies. The Company exercises voting rights from the viewpoint that its voting leads to an improvement of those companies' corporate value in the medium- to long-term.

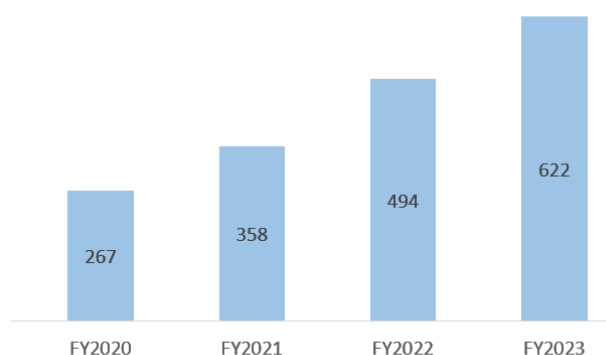
Communication with Capital Markets

IIJ 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 order to disclose information on IIJ Group in an appropriate, timely, and fair manner, IIJ 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, IIJ Group recognizes the importance of addressing ESG issues through its business activities in order to achieve long-term sustainable growth of IIJ Group and society. IIJ 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.

- [QAs from earnings release meetings and others](#)

The number of IR meetings



Overview of Corporate Governance

Overview of corporate governance

IIJ 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.

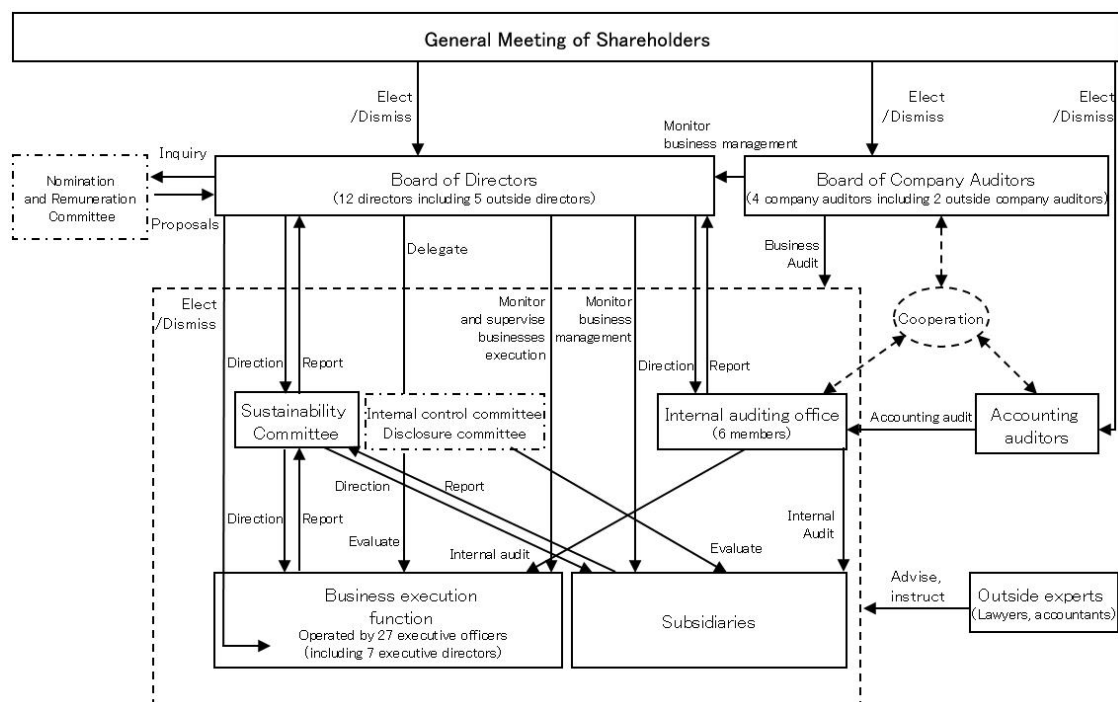
- **To provide meaningful opportunities for growth to our employees (a place where human resources with diversified talents and values can play an active role)**

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.

IIJ 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 IIJ Group's corporate governance system is as follow.

Overview of the Corporate Governance System



- [Corporate Governance Report \(Updated on June 28, 2024\) \[1.33MB\]](#)
- [Articles of Incorporation\[292KB\]](#)

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

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.

(*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.

➤ [Bribery Prevention Regulations \[19MB\]](#) 

Initiatives for Bribery Prevention

IIJ Group has the code of conduct that prohibits bribery in the course of our domestic or overseas business activities whether directly or indirectly such as providing money, other valuable things or services to persons who belong to an organization corresponding in substance to a government agency of Japan or a foreign country for the purpose of obtaining wrongful gains and other activities prohibited as bribery under the laws of each countries. Any officers or employees who violate the code of conduct shall be subject to disciplinary action in accordance with the employment regulations.

Internal controls have been established for the entire IIJ Group in order to prevent bribery. IIJ Group also notifies its officers and employees of the code of conduct and provides them with educational training on anti-bribery. In addition, a hotline for consultation has been established at its head office. Any violation of the code of conduct shall be subject to the whistleblowers hotline system for the entire IIJ Group.

As for the fiscal year ended March 31, 2024, there was no disciplinary action taken for the violation of the code of conduct regarding bribery.

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 31,2024

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

Board of Directors

IIJ's Board of Directors consists of 12 directors, including five independent outside directors. The profiles of the independent outside directors are as follows.

(As of the end of June 2024)

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 IIJ borrows from, and its parent company of Mizuho Financial Group, Inc. It has been more than ten years since he had left those roles in 2014 and he is currently a Special 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

IIJ has adopted and operated a system that is a company with the Board of Company Auditors defined in the Companies Act of Japan. When IIJ 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 IIJ 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

IIJ has four company auditors, two of whom are independent company auditors. The profiles of the independent company auditors are as follows.

(As of the end of June 2024)

Name	Year of appointment	Profiles
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.
Kunmiko Aso	2024	Ms. Aso 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 full-time director is responsible for identifying and evaluating risks, and taking countermeasures against them in their business operations. Moreover, IIJ 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, IIJ has set up and implemented the "Business Continuity Plan."

Sustainability promotion system

Regarding sustainability promotion, IIJ 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 IIJ's Board of Directors. IIJ's initiatives for sustainability are disclosed on "[Sustainability](#)". In addition, IIJ's climate-related disclosures based on the TCFD recommendations and human capital are disclosed on "[Information Disclosure based on the TCFD Recommendations](#)" and "[Human Capital](#)," respectively.

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

(As of June 28, 2024)

Name	Position/ Responsibility	Independent Director	Top Management	IT Expertise	Sales	Technology, R&D	Global	Finance and Accounting	Governance
Koichi Suzuki	Member of the Board, Representative Director Chairman		○	○		○	○		○
Eijiro Katsu	Member of the Board, Representative Director President		○	○			○		○
Satoshi Murabayashi	Member of the Board Executive Vice President		○	○		○			○
Yasuhiko Taniwaki	Member of the Board Executive Vice President			○		○	○		○
Koichi Kitamura	Member of the Board Senior Managing Executive Officer			○	○		○		
Akihisa Watai	Member of the Board Senior Managing Executive Officer			○			○	○	○
Junichi Shimagami	Member of the Board Senior Managing Executive Officer			○		○			
Takashi Tsukamoto	Member of the Board	●	○				○	○	○
Kazuo Tsukuda	Member of the Board	●	○			○	○		○
Yoichiro Iwama	Member of the Board	●	○				○	○	○
Atsushi Okamoto	Member of the Board	●	○				○		○
Kaori Tonosu	Member of the Board	●		○		○			○

Term of office of directors

The term of office for directors at IJJ is one year. IJJ was founded in 1992, and several full-time directors, who have joined IJJ during its foundation period, tend to be in office for a long time. At this point in time, considering IJJ's business is still in growth stage, IJJ 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 IJJ such as the founder Mr. Koichi Suzuki, and directors who are brought outside IJJ 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	Member of the Board, Representative Director Chairman	1992	Co-CEO
Eijiro Katsu	Member of the Board, Representative Director President	2013	Co-CEO & COO
Satoshi Murabayashi	Member of the Board	2021	Corporate Management; in charge of Corporate Planning Division; President and Chairman of Data Governance Council
Yasuhiko Taniwaki	Member of the Board	2022	Corporate Management; in charge of Administrative Division
Koichi Kitamura	Member of the Board	2021	Business Unit Director
Akihisa Watai	Member of the Board	2004	CFO; Division Director of Finance Division
Junichi Shimagami	Member of the Board	2007	CTO; Technology Unit Director

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
FY2023	Total 12 times <ul style="list-style-type: none"> Attendance of all directors: Nine times Absence of directors: Mr. Tsukuda twice, Mr. Iwama once 	64 times
FY2022	Total 12 times <ul style="list-style-type: none"> Attendance of all directors : 10 times Absence of directors : Mr. Murabayashi once, Mr. Tsukamoto once 	35 times
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

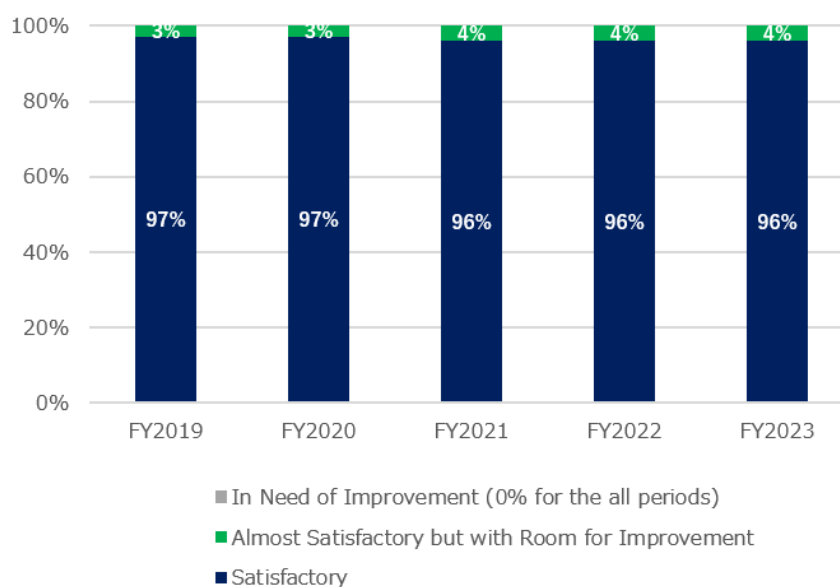
In addition to the meeting of the Board of Directors, as a means of communication between the independent outside directors and the business execution departments, the managers of the current business departments report on the status of their business to the independent outside directors in a timely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

Year	Number of business briefings session	Main contents
FY2023	Nine times	Sales strategy, cloud services, network services, IoT services, status of formulation of next mid-term plan, MVNO services, security services, data center, human resource status
FY2022	Nine times	Global business, cloud services, network services, IIJ Group's mid-term growth vision, IoT services, MVNO services, security services, data center, status of climate change-related initiatives, human resource status
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

Evaluation of the Board of Directors

IIJ 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	
FY2023	<ul style="list-style-type: none"> Improvement of management methods for large projects, etc.
FY2022	<ul style="list-style-type: none"> Making the "IIJ Board of Directors Dashboard," an information sharing tool including outside directors, to provide timely information and improve environment for risk-taking Expanding information sharing about the status of dialogue with investors
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. IIJ 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, IIJ 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, IIJ 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
FY2023	Total 13 times • Attendance of all auditors: 12 times • Absence of auditors: Mr. Michishita once	Total 84 subjects • Subjects for approval: 20 subjects • Subjects for reporting: 64 subjects
FY2022	Total 14 times • Attendance of all auditors: 13 times • Absence of auditors: Mr. Michishita once	Total 79 subjects • Subjects for approval: 18 subjects • Subjects for reporting: 61 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

Year	Number of meetings of the Board of Directors /Attendance
FY2023	Total 12 times • Attendance of all auditors: 11 times • Absence of auditors: Mr. Michishita once
FY2022	Total 12 times • Attendance of all auditors: 11 times • Absence of auditors: Mr. Michishita once
FY2021	Total 12 times • Attendance of all auditors: 12 times • Absence of auditors: None

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 IIJ 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
FY2023	<ul style="list-style-type: none">• Exchanges of opinions with representative directors: 6 times• Interviews with directors, executive officers, managers of departments, etc.:122 times• Interviews with directors etc. of subsidiaries and equity method investees: 141times• Exchanges of opinions with the Internal Auditing Office: 37 times• Exchanges of opinions with the accounting auditor: 77 times
FY2022	<ul style="list-style-type: none">• Exchanges of opinions with representative directors: 5 times• Interviews with directors, executive officers, managers of departments, etc.:132 times• Interviews with directors etc. of subsidiaries and equity method investees: 181times• Exchanges of opinions with the Internal Auditing Office: 61 times• Exchanges of opinions with the accounting auditor: 72 times
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

Operation of whistleblowers hotline system

IIJ 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. IIJ 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 JPY100 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 IIJ's business performance. Therefore, their remuneration is fixed remuneration (cash remuneration).

Year	Number of company auditors	Aggregate amount of remuneration for company auditors
FY2023	4	JPY32 million (Outside company auditors JPY17 million)

Operation of the Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee

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

Member of the Board, Representative Director & Chairman	Member of the Board, Representative Director & President	Member of the Board, 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
FY2023	Once	<ul style="list-style-type: none"> • Appointments of directors for FY2023 and the status of the director's skill matrix • Fixed remuneration for each director for FY2023 • Directors' performance bonus policy for FY2022 and a performance bonus for each director • Remuneration System for Directors after FY2024 including proposed introduction of mid- to long-term performance-linked remuneration
FY2022	Once	<ul style="list-style-type: none"> • Appointments of directors for FY2023 and the status of the director's skill matrix • Fixed remuneration for each director for FY2023 • Directors' performance bonus policy for FY2022 and a performance bonus for each director
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

Design of Remuneration for Directors

Basic policy of remuneration for directors

IIJ Group recognizes that its target business markets are continuously expanding and IIJ 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, IIJ 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. Remuneration for part-time directors and Outside Directors who have supervisory functions is only comprised of a fixed base remuneration (cash remuneration) based on their roles and responsibilities.

IIJ's Remuneration system for Directors

In June 2024, the previous director remuneration system (*) shall be renewed to establish a new director remuneration system consisting of a fixed base remuneration (cash remuneration), remuneration that is conditional on tenure as a substitute for stock compensation-type stock options (I . restricted stock remuneration), performance-linked remuneration for a single fiscal year (II . restricted stock remuneration) and performance-linked remuneration for the medium- to long-term (III . restricted stock remuneration). Along with this, it was also resolved that the maximum amount of monetary remuneration for Directors were JPY600 million or less per year, including the maximum aggregate amount of JPY50 million or less per year for Outside Directors, the maximum amount of remuneration for restricted stock remuneration shall be no JPY700 million or less per year, and the maximum number of shares to be allotted as restricted stock remuneration shall be 140,000 shares or less per year.

(*) Previous director remuneration system (excluding part-time and outside directors)

- Fixed base remuneration: cash remuneration
- Non-monetary remuneration: stock compensation-type stock options as an alternative to the previous payment of retirement
- Performance-linked remuneration for a single fiscal year: restricted stock remuneration

Contents of restricted stock remuneration

– (I) Remuneration that is conditional on tenure (restricted stock remuneration)

Remuneration that is conditional on tenure is a system which is not linked to performance. Under the system, IIJ shall grant to an Eligible Director, depending on the position held by the Director, restricted stock, in relation to which the Transfer Restriction will be removed on the condition that the Eligible Director has served in a position such as a Director of IIJ for a certain period of time.

– (II) Performance-linked remuneration for a single fiscal year (restricted stock remuneration)

Performance-linked remuneration for a single fiscal year is a performance-based restricted stock remuneration system, under which IIJ grants to an Eligible Director restricted stock after the end of a certain period of time (in principle, one (1) fiscal year) in accordance with the degree of achievement of performance targets and improvement in performance over such period. Performance indicators were year over year growth rate and target achievement rate of consolidated revenue and consolidated operating profit, as indices relating to business growth and improvement in corporate value. These indicators are multiplied by the respective factors to calculate the payment rate for the base remuneration, and the number of shares to be delivered is calculated using the calculation method, based on the stock price at the beginning of the evaluation period, etc.

- (Ⅲ) Performance-linked remuneration for the medium- to long-term (restricted stock remuneration)

Performance-linked remuneration for the medium- to long-term is a performance-based restricted stock remuneration system in accordance with the degree of achievement of performance targets and improvement in performance in each fiscal year during the relevant period, the length of such period being the same as that of the Mid-term Plan (hereinafter referred to as the "Fiscal Year Subject to Evaluation"). IJ grants to an Eligible Director restricted stock after the end of the Fiscal Year Subject to Evaluation. Number of shares to be delivered is calculated for each Fiscal Year Subject to Evaluation, using the calculation method, based on payment rate for the base remuneration, the share price at the beginning of the period of the Mid-term Plan, etc.

The following indicators are used to evaluate the degree of achievement of the Mid-term Plan and to calculate the payment rate.

- <Fiscal Years Subject to Evaluation excluding final fiscal year>

The consolidated revenue (30%), consolidated operating profit (30%), engagement index (15%), and performance contribution regarding responsible business (25%).

- <Final fiscal year>

The consolidated revenue (30%), consolidated operating profit (30%), engagement index (15%), and performance contribution regarding responsible business (25%), as well as ROE (a requirement for maximizing the payment rate), market value (a requirement for maximizing the payment rate), and ESG management index (a requirement for maximizing the payment rate).

Number of shares to be delivered

Under the New Director Remuneration System, the respective number of shares to be delivered for single-year performance-linked remuneration and medium- to long-term performance-linked remuneration shall be calculated based on the following formulas.

Number of shares to be delivered = base remuneration × payment rate ÷ base stock price

The base remuneration shall be determined after consultation with the Nomination and Remuneration Committee, with the target amount being four months of the monthly fixed remuneration. The payment shall be 0% to 100% (in the case of the final fiscal year of the medium- to long-term performance-linked remuneration, 0% to 125%) based on the aforementioned indices and other factors. The base stock price will be the closing price of IJ's shares of common stock on the Tokyo Stock Exchange on the business day immediately preceding the first day of the relevant period (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day). However, if the market price at the time of delivery is an amount which is more than twice the base share price, the number of shares to be delivered shall be the number of shares calculated using the above formula, and then multiplied by twice the base stock price and divided by the market price at the time of delivery.

Acquisition for nil consideration (clawback) and additional grants based on status of achievement of targets

If, in the final fiscal year of the Mid-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates decline significantly, IJ shall, based on the report of the Nomination and Remuneration Committee, acquire part of the restricted shares already delivered as performance-linked remuneration for the medium- to long-term for nil consideration (clawback). In addition, if, in the final fiscal year of the Mid-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates are significantly elevated, IJ may, based on the report of the Nomination and Remuneration Committee, make certain additional grants with respect to the number of shares to be granted that is calculated in the final year as performance-linked remuneration for the medium- to long-term.

Allocation of compensation to full-time directors

- Without performance-linked remuneration

Fixed remuneration: Cash 86%	Fixed remuneration (conditional on tenure): RS Approx. 1 to 2 months 14%
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- With performance-linked remuneration

Fixed remuneration: Cash 52%	Fixed remuneration (conditional on tenure): RS Approx. 1 to 2 months 9%	Performance-linked remuneration for a single fiscal year: RS Approx. 0-4 months 17%	Performance-linked remuneration for the mid- to-long term: RS Approx. 0-5 months 22%
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(*The percentages (%) stated in the above table are estimated figures to be paid in the case where the fixed remuneration (conditional on tenure) is equivalent to two (2) months' remuneration, the performance-linked remuneration for a single fiscal year is equivalent to four (4) months' remuneration, and the performance-linked remuneration for the mid-to-long term is equivalent to five (5) months' remuneration (maximum amount).

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
FY2023	Nine full-time directors, JPY62 million	Nine full-time directors, JPY51 million

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.

- [IJJ Group Mid-term Plan \(FY2024-FY2026\) and Mid-to-Long Term Vision](#)
- [Approach to Investment](#)

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

IIJ 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 by position (Leadership program and management program)
- Expertise and skills development programs (Sales training program, technical training program, and IIJ'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

IJ 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
FY2023	<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: 37 times
FY2022	<ul style="list-style-type: none">• Attendance at the meeting of Board of Company Auditors: 14 times out of 14 times• Exchange of opinions with company auditors: 61 times
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

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 on the operation status of the internal control system related to data governance from departments in charge of services, 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

Background of investment by NTT Group and KDDI

As of this document's filing date, NTT and NTT Communications together hold 20,387,000 shares of IIJ's common stock and 11.5% of the voting rights and KDDI also holds 20,387,000 shares of IIJ's common stock and the voting rights of 11.5%. The two groups are equally ranked as IIJ's largest shareholders. IIJ Group procures telecommunication lines and others from both NTT Group and KDDI and competes against them mainly in network services.

With regards to NTT and NTT Communications, there were the participation of NTT in IIJ's third-party allotment of shares to enhance our capital structure in January 1996, establishment of INTERNET MULTIFEED CO. with NTT in September 1997 (later, the shareholder changed to NTT Communications due to reorganization of NTT Group), and IIJ's third-party allotment of shares mainly to NTT and NTT Communications, in September 2003 in order to offset the financial losses due to commencement of corporate reorganization proceedings of Crosswave, our former equity method investee. As of March 31, 2023, the shareholding percentage of our common stock by NTT and NTT Communications together was 25.9% and NTT was our "other related company."

With regards to KDDI, they participated in IIJ's third-party allotment of shares to enhance our capital structure in June 1994. As of March 31, 2023, the shareholding percentage of our common stock held by KDDI was 0.9%.

As a response to the NTT's intent of partially selling IIJ's common stock, on May 18, 2023, KDDI purchased 18,707,000 shares of IIJ's common stock from NTT with capital and business alliance agreement between IIJ and KDDI. On May 19, 2023, IIJ purchased its treasury stock through off-auction own share repurchase trading (ToSTNeT-3) of the Tokyo Stock Exchange and NTT sold 3,928,500 shares of IIJ's common stock. In addition to the above mentioned transaction, NTT executed additional sales. As a result, the two groups' number of shares held and the shareholding percentage became as mentioned above and NTT is no longer our "other related company" and our related party under International Financial Reporting Standards (IFRS).

Business relationships with NTT Group and KDDI

In order to provide Internet connectivity services and others, we use services provided by NTT Group and KDDI for a significant portion of access circuits, domestic and international backbone circuits, WAN lines, mobile interconnectivity and facility, data center facilities and other services. The business relationships with NTT Group and KDDI are within the ordinary course of business and there is no special arrangement due to their shareholdings.

NTT Group and KDDI provide services that compete with our services such as Internet connectivity services which include mobile services, WAN services, outsourcing services which include security-related services and systems integration. Although there is competition to a certain extent among IIJ and the two groups in some projects, there are no special arrangements due to their shareholdings, and IIJ Group operates its business independently.

For the fiscal year ended March 31, 2024, our revenue from NTT and NTT Communication and KDDI were JPY0.3 billion and JPY0.3 billion, respectively.

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 Chief Executive Officer ("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
- April 2024 Member of the Board, Representative Director, Chairman 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 (※)

7,403,589



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 Chief Operating Officer ("COO") of IIJ
- April 2021 President, Representative Director and Co-CEO & COO of IIJ
- April 2024 Member of the Board, Representative Director, President and Co-CEO & COO of IIJ (current position)

▪ Number of Shares Owned (※)

210,795



Satoshi Murabayashi

Date of birth: November 8, 1958

- **Career & current positions in and outside IIJ**
 - 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 IIJ
 - April 2022 President and Representative Director of DeCurret Holdings Inc. (current position)
 - April 2024 Member of the Board, Executive Vice President of IIJ (current position)

- **Important concurrent posts**
 - President and Representative Director of DeCurret Holdings, Inc.

- **Number of Shares Owned (※)**

5,819



Yasuhiko Taniwaki

Date of birth: September 11, 1960

- **Career & current positions in and outside IIJ**
 - 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 IIJ
 - June 2022 Executive Vice President and Director of IIJ
 - April 2024 Member of the Board, Executive Vice President of IIJ (current position)

- **Number of Shares Owned (※)**

2,617



 **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
- April 2024 Member of the Board, Senior Managing Executive Officer and Business Unit Director of IIJ (current position)

▪ **Number of Shares Owned (※)**

10,798



 **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 ("CFO") 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
- April 2024 Member of the Board, Senior Managing Executive Officer and CFO of IIJ (current position)

▪ **Number of Shares Owned (※)**

68,157



Junichi Shimagami

Date of birth: April 17, 1967

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

- 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 Chief Technology Officer ("CTO") of IIJ
- June 2015 Director and CTO of IIJ
- April 2016 Technology Unit Director of IIJ (current position)
- June 2020 Managing Director and CTO of IIJ
- April 2024 Member of the Board, Senior Managing Executive Officer and CTO of IIJ (current position)

▪ **Number of Shares Owned (※)**

51,557



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
- June 2017 Member of the Board of IIJ (current position)
- July 2023 Senior Advisor of Mizuho Financial Group, Inc. (current position)

▪ **Number of Shares Owned (※)**

12,300



Kazuo Tsukuda

Date of birth: September 1, 1943

Outside

Independent

▪ Career & current positions in and outside IIJ

- 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 Member of the Board of IIJ (current position)
- June 2021 Honorary Advisor of Mitsubishi Heavy Industries, Ltd.

▪ Number of Shares Owned (※)

2,700



Yoichiro Iwama

Date of birth: September 15, 1943

Outside

Independent

▪ Career & current positions in and outside IIJ

- 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 Member of the Board of IIJ (current position)

▪ Important concurrent posts

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

▪ Number of Shares Owned (※)

2,400



 **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 Member of the Board of IIJ (current position)

▪ **Number of Shares Owned (※)**

1,300

 **Atsushi Okamoto**

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 JAPAN POST INSURANCE Co., Ltd. (current position)
- June 2022 Member of the Board of IIJ (current position)

▪ **Number of Shares Owned (※)**

200

(*) The number of shares owned as of March 31, 2024.

Outside Director Interview



As a member of "Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code," Mr. Yoichiro Iwama had contributed to revising "Japan's Corporate Governance Code" and others. He has deep insights in corporate governance and has provided valuable advice and supervision to IIJ's management. We spoke with him about IIJ's governance structure and the challenges it faces in achieving medium- and long-term growth.

- Q1 : What are your thoughts on the IIJ's governance of Board of Directors?

Our governance is well ensured by various discussions based on multiple perspectives between full-time directors who are familiar with IT industry, especially Internet, and diverse independent outside directors.

As a company with abundant potential for sustainable growth, we always pay attention to what our governance should be, make a thorough effort to recognize each business risk and disclose to stakeholders including investors, and keep in mind to ensure effective governance.

The independent outside directors' opinions, including the evaluation of effectiveness of the Board of Directors, are actively incorporated and communication between company auditors and outside directors is active as appropriate. Therefore, I believe we always make an effort to enhance our governance.

- Q2 : What is your assessment of IIJ's business growth and execution status?

We continue to realize strong growth based on our highly competitive technological foundation.

While setting up ambitious targets, the importance of strengthening our response to changes in the business structure is growing as we see an increase in large-scale projects for enterprise clients, and we are working on establishing an appropriate and effective project management system.

As for the execution status, under the leadership of the top management, full-time directors in charge of technology, sales and administration are appropriately fulfilling their respective roles and driving business growth.

I also consider that investor interests have been growing along with our growth, and we are actively engaged in investor relations activities. I believe that the importance of high-quality dialogue with institutional investors, especially long-term investors, will continue to grow even stronger.

- Q3 : What are your thoughts on the mid- to long-term challenges of IIJ?

The growth trend is strengthening with the increase in the number of large-scale projects. On the other hand, many of these projects are provided in the form of "Service Integration," in which systems integration is provided with network services that are mainly developed in-house. Therefore, as the project process become longer durations and more complex, the high-quality project management is necessary and we need to strengthen our monitoring in cooperation with the executive department and the Board of Directors.

I recognize that we are taking appropriate measures for business sustainability. This is an issue that must be continuously addressed, and the Board of Directors should appropriately supervise this issue including verification of its effectiveness.

Mr. Yoichiro Iwama, IIJ's Outside Director Career & current positions in and outside IIJ

- 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 Member of the Board of IIJ (current position)

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](#)

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.

 <p>Material Issue 1</p>	 <p>Material Issue 2</p>	 <p>Material Issue 3</p>
<p>Lead network infrastructure advancement with technological innovations and contribute to solving various social issues</p> <p>Themes we work on</p> <ul style="list-style-type: none"> - Bringing innovation - Solving social issues through our business - Our response to climate change <p>➤ Information Disclosure based on the TCFD Recommendations</p>	<p>Provide safe and robust Internet services that support social infrastructure</p> <p>Themes we work on</p> <ul style="list-style-type: none"> - Enhancing network resilience - Maintaining security and privacy 	<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>Themes we work on</p> <ul style="list-style-type: none"> - Promoting diversity - Developing human resources - Safe working environment and work-life balance

How we identified material issues

IIJ 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), IIJ Member of the Board, Senior Managing Executive Officer and CFO, Akihisa Watai (center), and IIJ Senior Managing Executive Officer and CIO, 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 IIJ 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://lrqa-sus.co.jp/csr/principal-consultant/> (Japanese text only) 

Contributing to SDGs




IIJ 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, IIJ 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 IIJ, 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.

SUSTAINABLE DEVELOPMENT GOALS



IIJ'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</p> <p> 7.2, 7.3 Spread renewable energy and improve energy efficiency</p> <p> 8.2, 8.4, 8.10 Suppress resource consumption and expand financial access to drive economic growth</p> <p> 9.5 Expand open innovation</p> <p> 13.1 Enhance adaptability to natural disasters from climate change</p>
 <p>Provide safe and robust Internet services that support social infrastructures</p>	<p> 9.1 Develop sustainable and robust regional and cross-border infrastructures</p> <p> 11.a, 11.b Enhance cooperation between urban and rural areas and support disaster risk management structures</p> <p> 16 All Promote a peaceful and inclusive society</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> 5.b Apply ICT technologies to promote empowerment of women</p> <p> 8.5 Promote equal employment and a better work environment</p>

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



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 will continue to lead in the evolution of network infrastructure, implementing initiatives in Internet-related technological development and eliminating time and space constraints. This will enhance convenience and streamline operations.

The world has each year stepped up its initiatives to address climate change. In the IT industry, great attention is being focused on the reduction of electricity consumption.

To realize carbon neutrality, IJ will promote the saving of energy and the use of renewable energy sources mainly for the electricity consumed at its own data center facilities.

➤ 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 offer Internet services that are solutions to social issues such as the decrease of the working population, the enhancement of productivity and the promotion of health and welfare.

➤ Our response to climate change

We shall implement initiatives to achieve carbon neutrality through energy saving and the use of renewable energy at data centers and other facilities and promote contributions to the environment with Internet-related services, for example, by reducing CO₂ emissions from the transport of people and cargo and conserving 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

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.

In addition, IIJ successfully realized the domestic production and cost reduction of a 5G core network, the core technology for 5G cell phone networks as a result of the joint development of open-source software development for local 5G/6G mobile systems in collaboration with NEDO (The New Energy and Industrial Technology Development Organization), the University of Tokyo, APRESIA and Fujitsu.

We believe our continued research and development activities will facilitate the spread of local 5G telecommunications in various industrial fields.

In a joint research and development project regarding 5G data off-loading using the Passpoint, the next-generation public wireless LAN technology, conducted by Kyoto University, Tohoku University and other institutions, we offer mobile network as a full MVNO and provide SIMs, eSIMs and technological support.

(*) 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.

Initiatives relating to AI

AI technologies including generative AI are increasingly used in many different areas and it is expected that they will continue to evolve as the technologies facilitating the development of society and industries. A service that uses AI technologies must have a platform for continuously and stably executing an enormous amount of computing tasks. Power consumption increases in proportion to the number of computing tasks, so increasing power consumption efficiency is one of the most important issues in the enhancement of the computing capabilities of an AI service platform. Solving this issue requires that the computing performance of AI accelerators (arithmetic processing) per unit of electricity be improved and the power supply density of data center infrastructure be increased. IIJ is working on the research and development of an ultra-high-efficiency AI computing platform in collaboration with Preferred Networks, Inc. and the Japan Advanced Institute of Science and Technology (JAIST).



- [PFN, IIJ and JAIST have started the joint research and development of an ultra-high-efficiency AI computing platform](#) (Japanese text only)

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. IIJ 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.

Additionally, we proactively engage in the development of our own software and tools based on open source software to improve convenience and working environments, such as releasing access control functions to be used in combination with the web server software NGINX and software that permits the efficient sharing and management of documents.

- [NetBSD](#) 
- [OpenBSD](#) 
- [IIJ Offers Free LDAP Authentication Module for NGINX, the World's No. 1 Web Server Software](#)
- [IIJ independently develops the document sharing application that allows users to set access authority varying by document and makes it available to the public gratuitously as open source software](#) (Japanese text only)

Releasing technological information

- IIR (Internet Infrastructure Review), IJ Engineers Blog

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](#)
- [IJ Engineers Blog](#) (Japanese text only)



- IJ Tech channel, IJ Technical Seminar - ITS

IJ Tech Channel on YouTube shares a broad range of technological information, mainly about developments and operations of the IJ Group.

We also hold the IJ Technical Seminar - ITS technological event to interact with external engineers.



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

IJ 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, IJ 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 \(JEITA\)](#) 



Solving social issues through our business

Towards the realization of a data-driven society

The government and companies work to utilize data to identify solutions to many different social issues face by Japan today, such as the aging population, declining birthrate, decreasing population, shortage of resources for healthcare and nursing care and poor food self-sufficiency, as well as the shift to a circular economy, the promotion of decarbonization and other issues that are being addressed globally. However, we still have a long way to go before we are able to use data beyond the framework of an organization, such as the government or a company, or beyond the framework of an industry.

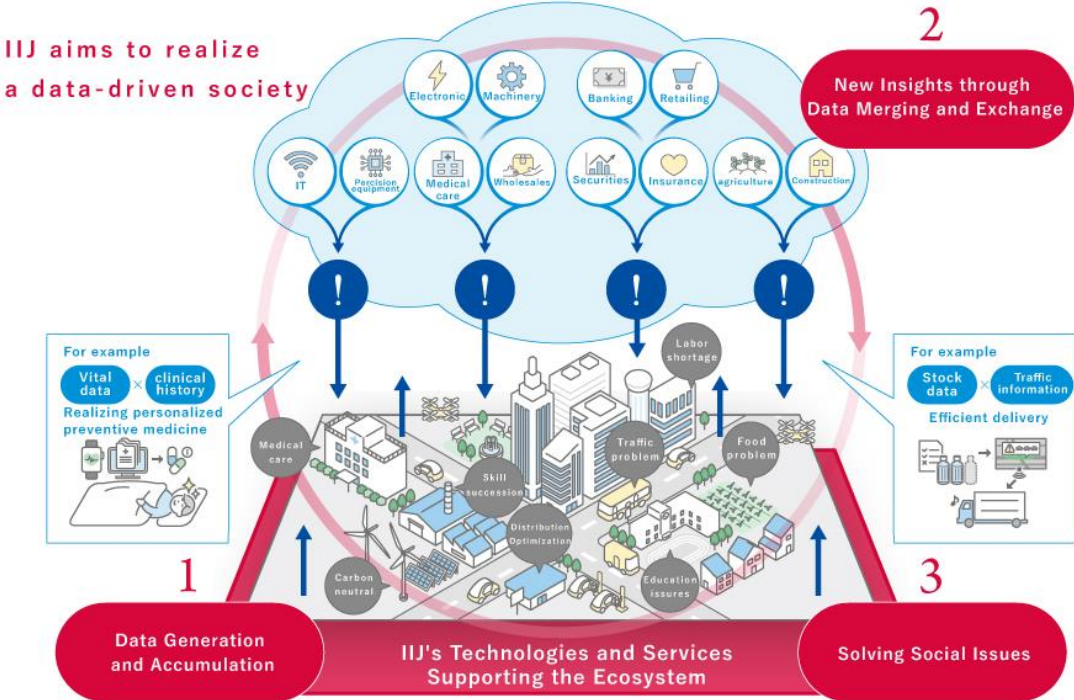
In consideration of this, IJJ pursues the realization of a data-driven society where diverse data circulates safely and in more advanced ways and extensive social issues can be solved leveraging the cross-disciplinary use of organizations and industries.

➤ **Data-driven society**

- A society where the data generated and accumulated through social activities safely circulates while protecting the rights of the people who generate the data, and problems are solved based on the insights obtained from the utilization of the data.
- A society where many stakeholders use data for many purposes and the many different problems which have been hard to solve can be solved in a cross-disciplinary and sustained manner beyond the borders between companies, industries and countries.

In a data-driven society, the active use of ICT will advance in a cross-disciplinary manner and it will have benefits such as flying mobility solutions, autopilot, the complete digitalization of contracts and payments, advanced and uncrewed anti-disaster measures and personalized and advanced healthcare and education services. This will increase expectations for the achievement of a society and an economy that enables prosperity to be shared in many different ways.

IJJ has led the development of the Internet to connect all kinds of things, and similarly, it will build an ecosystem where data can smoothly circulate on a network. We will also generate useful data independently while utilizing the circulating data in our businesses to play a role in organically connecting society. By doing so, IJJ will lead the development of a data-driven society and seek to ensure that more advanced and extensive social issues will be solved in the future as we work on our business operations.



The enhancement of productivity

Always the one to adopt cutting-edge technologies, IIJ 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, IIJ 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.

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, IIJ develops specialized industrial IoT platforms for Japanese manufacturers.

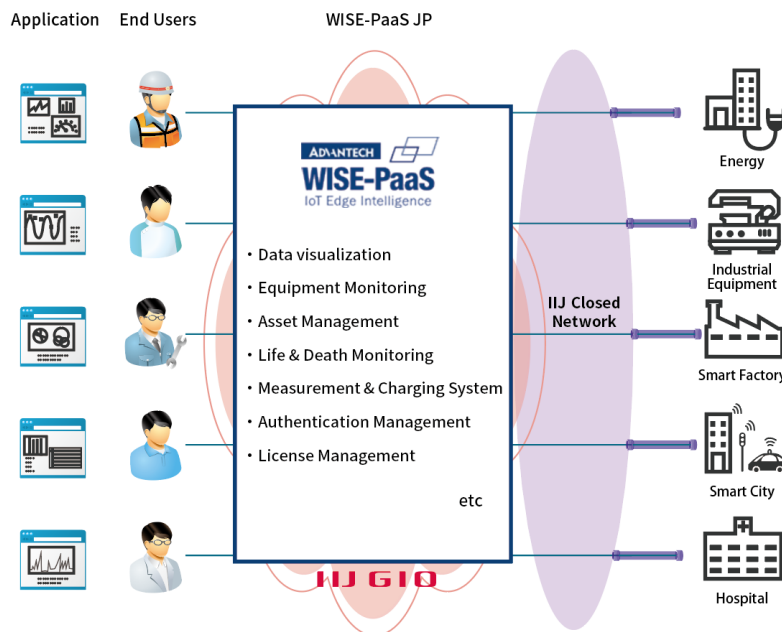
These platforms enable data collection from all types of industrial machines and sensors to the cloud for remote equipment monitoring and production number visualization, without depending on manufacturer.

In one example of the introduction of IoT, we improved quality and productivity by incorporating industrial computers with mobile communication capabilities into a production line at the automobile plant and constructing a cloud computing structure capable of collecting equipment operation data and visualizing and analyzing measurement data.

We provide solutions for sites where food control measures need to be employed, such as the sites of manufacturers, storage facilities, and retailers, to enable them to collect temperature data, monitor and report food safety issues at low cost. In line with the Hazard Analysis Critical Control Point (HACCP) food safety management system, the temperatures of refrigerators and freezers where food is stored are recorded automatically, saving time and avoiding errors that may occur in the temperature control.

The solution has been registered as one of the IT tools to be funded by IT Introduction Subsidy 2022, the subsidizing system that SMEs and small enterprises can use for the introduction of IT tools.

- [IIJ Industrial IoT Secure Remote Management/Factory](#)
- [IIJ Industrial IoT Secure Remote Management/Machinery](#)
- [IIJ LoRaWAN® Solution for HACCP Temperature Management](#)
- [IIJ builds IoT system for new production line at Toyota Motor Hokkaido](#)
- [SINSEI FISH, INC., a tuna processing and distribution company, uses IIJ's IoT solution to control the temperature of freezers](#) (Japanese text only)
- [IIJ was selected as an IT Introduction Subsidy 2022 support provider](#) (Japanese text only)



IIJ offers office IT solutions which integrates companies' on-premises (own-operated) servers to IIJ'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.

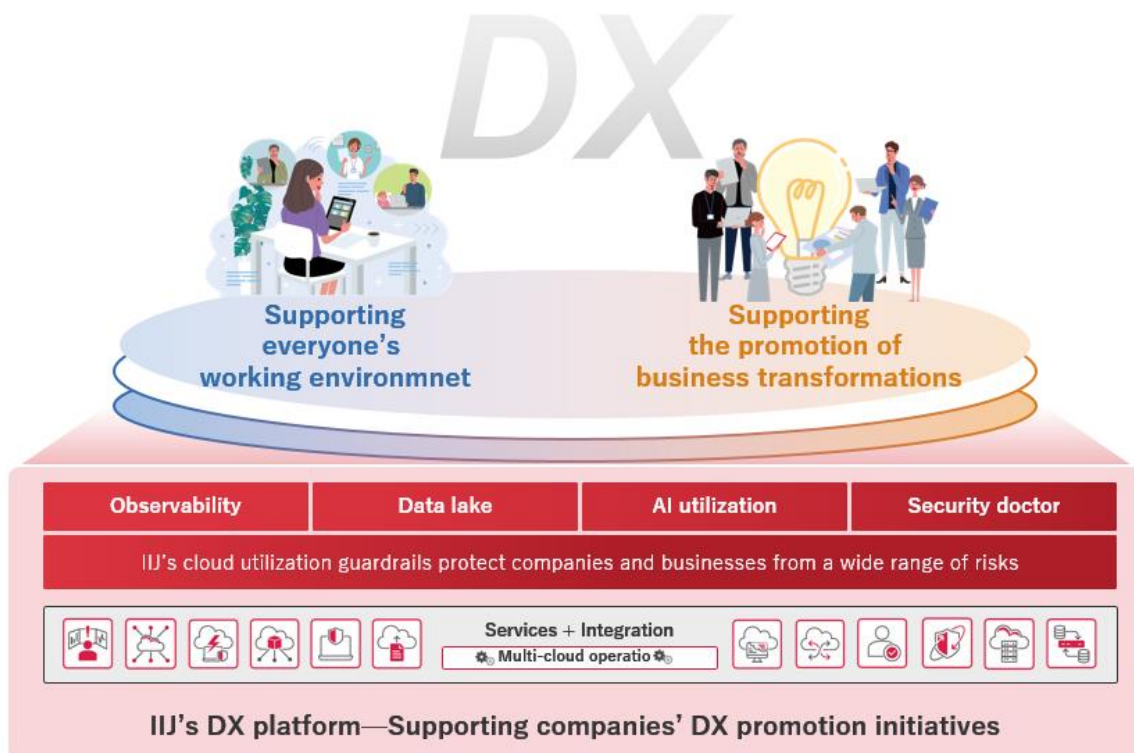
Meanwhile, as work environments shift to digital workplaces, stable high-volume and high-speed telecommunications will be essential as well as stronger security measures against malware (*1) and information leaks. IIJ offers solution services and DX platforms to comfortably and safely use different cloud services that enable the use of different devices in different places.

These solutions reduce the workload of system operators and contribute to improving productivity. Furthermore, IIJ also offers SaaS (*2)-based IIJ 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.

- [Guardrails for Cloud Utilization for Successful DX](#) (Japanese text only)
- [IIJ's Digital Work Place](#) (Japanese text only)
- [IIJ Omnibus Service](#)
- [IIJ Unified Operation Management Service \(UOM\)](#)



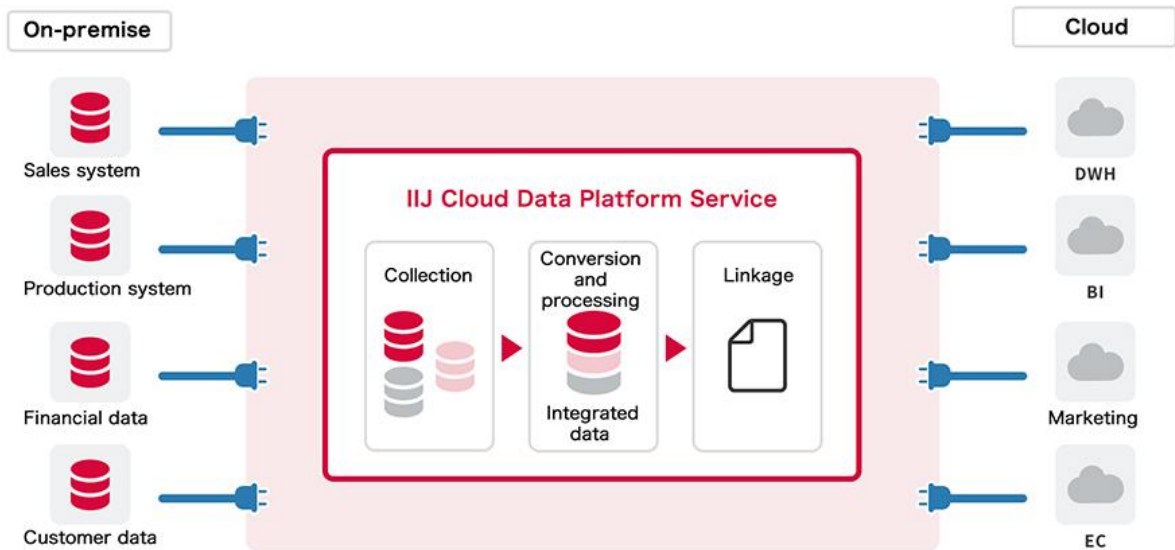
Support data utilization and linkage

Society as a whole is promoting data utilization, including the digital transformation of businesses, digital government, and the smart city concept. There is a need to link and utilize data distributed across many different places including on-premises infrastructure and multiple cloud computing services.

Making the best use of our knowledge of cloud operations and our track record in system integration, IIJ offers the IIJ Cloud Data Platform Service that enables data linkage between on-premises and the cloud.

We support data utilization and the promotion of the digital transformation of businesses by providing services that achieve secure, low-cost inter-system data linkage.

- [IIJ Launches IIJ Cloud Data Platform Service to Facilitate On-Premise and Multi-Cloud Data Integration](#)
- [IIJ is entrusted with the research and development of a technology to automate the protection and circulation of data in a multi-cloud environment as part of the Key and Advanced Technology R&D through Cross Community Collaboration Program](#) (Japanese text only)



Making device setups and operations more efficient

IIJ 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, IIJ developed SMF (SEIL Management Framework), which centrally manages SEIL, the router series IIJ had developed, to help users develop and operate networks freely. Further updated and with patents both from Japan and the United States, SMF is now widely used in IIJ's services, including the IIJ Multi Product Controller Service, which allows centralized management of network devices, and contributes to improved operational efficiency.

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.

- [IIJ Multi-Product Controller Service](#)



Supporting children, the elderly and the socially vulnerable

Using IT and network technologies, IIJ is currently addressing issues such as the rise in demand for in-home care, support for people's livelihoods, watching over people who need assistance and expanding nursing and medical care in local communities. IIJ also provides services and solutions to solve issues related to children's use of IT, such as problems and deficiencies in the network environments in the digitalization of children's education and the protection against Internet threats. Through these business activities, IIJ takes initiatives to bridge the digital divide and/or increase access to communications for underserved populations such as children, the elderly, people with disabilities and low-income households.

Digital platform enabling specialists to cooperate to support people in need of care and assistance (IIJ Electronic Contact/Communication Note Service)

IIJ engages in collaborative research with Nagoya University Hospital and, since 2017, has provided the IIJ Electronic Contact/Communication Note Service which is a platform that enables professionals involved in in-home care and healthcare to cooperate. The goal of the service is to facilitate the government's project for community-based integrated care.

Various professionals collaborate on the platform, streamlining activities beyond the conventional borders of jobs and ensuring that information about people in need of nursing care is rapidly and smoothly shared to provide more fulfilling support.

Currently, A result of the government's continued use of the platform is that it has expanded into other welfare areas, such as supporting victims of disasters, enabling emergency services to cooperate in the event of a disaster and supporting mothers and children who support children in need of medical care and young carers.

Efforts to provide the socially vulnerable with information and support services using smartphones and tablets are increasing. However, many patients and elderly people who need in-home care find it difficult to operate ICT devices. IIJ Electronic Contact/Communication Note resolves the digital divide by using ICT to connect the families and professionals protecting the lives of these patients and elderly people. We will continue to develop services and expand and improve functionality to achieve a sustainable society where no one is left behind.

- [What is the ICT platform" Electronic Contact/Communication Note" that realizes information coordination for regional medical care in preparation for a super-aging society?](#) (Japanese text only)
- [IIJ Electronic Contact/Communication Note Service](#) (Japanese text only)
- [National IIJ Electronic Contact/Communication Note Promotion Meeting](#) (Japanese text only)
- [The IIJ Denshi@Renrakucho \(electronic communication notebook\) Service has been functionally expanded to reinforce the service which watches over the elderly and other people and facilitates disaster preparedness in cooperation with the municipal emergency reporting system](#) (Japanese text only)

Using ICT to watch over children and the elderly

An increase in the number of double-income households, a decline in community awareness and other environmental changes pose difficulties in people's efforts to watch over their children. This problem leads to greater use of GPS devices to watch over children and keep track of where they are and their behavior history. IIJ provides the manufacturer of the devices with a mobile communication service. A typical example is the introduction of IIJ's SoftSIM to GPS BoT, a robot for watching over children provided by Bsize Inc. It supports a function that automatically sends notices to parents on occasions such as when their child arrives at the school or significantly deviates from their route to school.



As the number of elderly people living alone is increasing remarkably, the needs for a service enabling people to watch over their elderly parents remotely is growing as well. To meet these needs, IIJ and Chubu Electric Power established necolico LLC which develops and provides products enabling people to watch over their family members by monitoring the opening and closing of refrigerators and robots that are capable of facilitating voice and text communication. IIJ offers an ICT-based environment that enables all family members to feel secure in their lives by unfailingly watching over their children and the elderly.

- [IIJ provides SoftSIM for use in GPS BoT, an AI robot manufactured by Bsize to watch over children](#) (Japanese text only)
- [necolico](#) (Japanese text only)

Building a network environment for students' online classes (IIJ GIGA School Solution)

The Ministry of Education, Culture, Sports, Science and Technology runs the GIGA School Program proposing a device for every student and the construction of a high-speed network environment. Based on this program, we provide safe and easy to use network environments to municipal governments and boards of education around the country.

Related efforts have progressed nationwide, and in March 2021, every elementary and junior high school student had a device. However, quite a few classrooms have insufficiently enjoyed the effects and advantages of ICT-based education due to insufficiencies in the development of a network environment which results in slow communications and poor connectivity. To "ensure smooth communications integrating everything from devices to the cloud," one of the requirements of the GIGA School Program, we will solve problems within schools and provide optimal network environments to realize new forms of learning.



- [IIJ GIGA School Solution](#) (Japanese text only)
- [Example introduction of IIJ GIGA School Solutions](#) (Japanese text only)
- [Example of the solution's introduction by the Yokohama City municipal government](#) (Japanese text only)
- [IIJ Provides Guaranteed Bandwidth Internet Access Environment to 248 Tokyo Metropolitan Schools](#)
- [IIJ won a bid for a Project for Educational Information Network "CABINET" from Chiba City Board of Education](#)
- [IIJ restructures the Internet connection environments of all 85 prefectural schools in Okinawa](#) (Japanese text only)

Consumer mobile service package designed to protect children from Internet threats and harmful sites (IIJmio Mimamori Pack)

The optional Mimamori Pack is available for IIJmio, IIJ's mobile service for individuals. It enables children to feel secure about using smartphones. We provide environments that enable children to feel safe and secure using the Internet. This involves security measures such as malicious app countermeasures, web threat countermeasures, and usage restrictions by parents, and the service provides filtering features to block sites that are unfit for viewing by children.



- [IIJmio Mimamori Pack](#) (Japanese text only)

Contributing to the growth of global infrastructure for information communications

The global economy and industries have benefitted and grown significantly because of the ubiquity of the Internet, however, the digital divide is a problem that has emerged. This is the widening gap between the group that is capable of using Internet and the group that is not. IIJ seeks to resolve the digital divide and contribute to the development of a sustainable society by building communications infrastructure around the world using its technologies that have supported Japanese network infrastructure.



Supporting the development of communications infrastructure in Uzbekistan

In Uzbekistan, the expansion and improvement of information communications infrastructure is under way to meet the rapidly growing demand for data communications amid the digitalization of different industries. The country is pursuing the improvement of the quality of communications and solutions to social issues such as the digital divide between urban and rural areas. Against this backdrop, IIJ has started a project in 2023 for the development of communications infrastructure in collaboration with Toyota Tsusho Corporation, NEC Corporation and NTT Communications Corporation with the goal of building and improving data centers and communications infrastructure for mission-critical communications systems to significantly improve the communications environment in the country. IIJ will continue to contribute to the development of sustainable infrastructure for information communications in Uzbekistan by, for example, providing self-developed, energy-saving, high-quality, high-efficiency modular container-type data center "co-IZmo/I," developing a cloud platform and training employees of Uzbektelecom, the national telecommunications carrier, in charge of data center operations.

- [co-IZmo/I](#)
- [Toyota Tsusho, IIJ, NEC, and NTT Com Sign Contract with Uzbektelecom for Telecommunications Infrastructure Development Project](#)

Laos Energy Efficient Datacenter Project

We helped build a data center as a part of the mission-critical infrastructure for IT strategies in Laos.

- [Joint Crediting Mechanism: Energy-saving data center project in Laos](#)

IoT efforts in Southeast Asia

In collaboration with Murata Manufacturing Co., Ltd., IIJ developed Crossborder Co-DataBiz Platform, a one-stop global IoT data service platform to provide the support necessary for data businesses. The platform is offered in Southeast Asia. For example, the platform was introduced in Thailand for use as the foundation of the service centralizing the results of pre- and post-driving alcohol breathalyzer measurements in the cloud. In Indonesia, the platform is used for an AI-based system detecting road damage from images from cameras installed in vehicles to support road maintenance and management.

- [Murata and IIJ to launch a new IoT data service, "Crossborder Co-DataBiz Platform"](#)
- [IIJ Signs MoU with Murata Manufacturing Co., Ltd., and Indonesian Partners Including the National Research and Innovation Agency, for R&D Cooperation in the IoT Field Centering on Transportation](#)

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. IIJ is contributing to developing regional economy by driving IT application and usage, including local 5G.

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, IIJ opened Matsue Data Center Park ("Matsue DCP") in 2011, a data center for cloud computing. Through Matsue DCP, IIJ contributes to bolstering local industries and creating employment, and supports career education for high school students through site tours.

➤ [Matsue Data Center Park](#)



Industry-government-academia collaborative development of local 5G technologies and support for community networks

5G is next-generation communication technology that enable ultra-high speed, ultra-low latency, multiple simultaneous connections. Local 5G is a 5G network installed by municipal governments, businesses and other organizations to use in specific areas. IIJ supports the development of regional networks by participating in local 5G-related technology development projects and similar activities.

➤ [Consortium of Japan partners successfully promote domestic production and cost reduction for 5G core technology, the basis for next-generation communication standards](#)

Support for agriculture

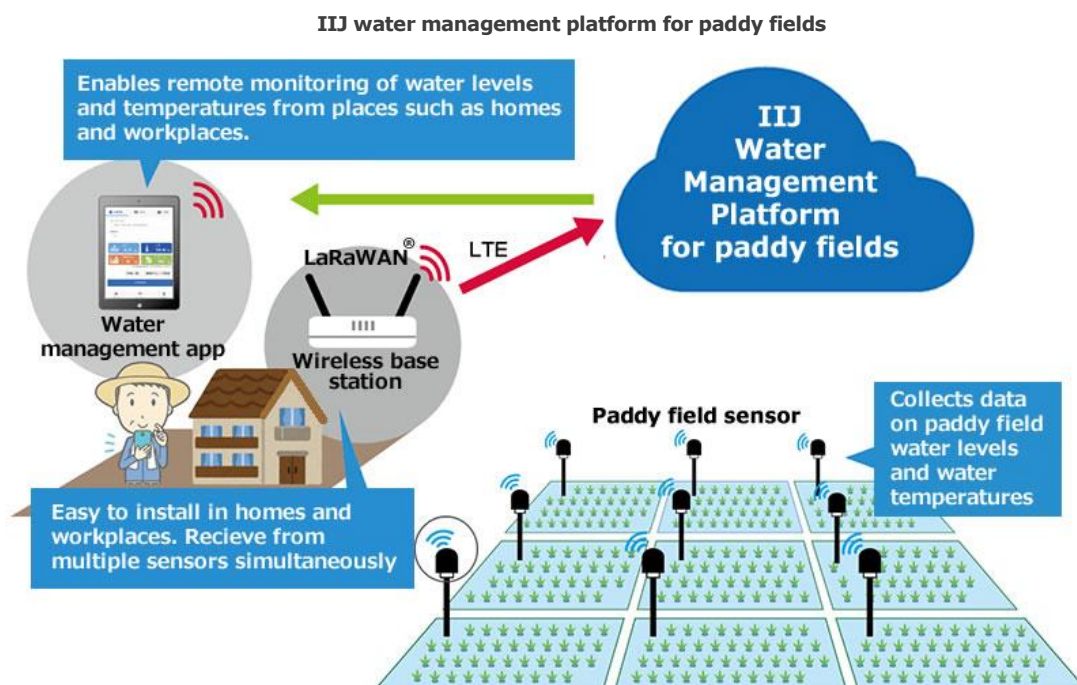
While the super aging society raised the average age of agricultural workers in Japan to over 65, the growing operational scale is urging agricultural work to become more efficient and labor saving. Meanwhile efforts to spread ICT-based "smart agriculture" are growing rapidly across Japan. IIJ is also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

Promoting agricultural work-style reform with IoT

In 2017, IIJ started developing an ICT water management system to reduce the labor required in the management of the water in paddy fields and has succeeded in development of a less expensive sensor for use in paddy fields. As farmers age and more farmland across wider areas becomes abandoned by retiring farmers, the burdens on farmers are increasing, which has posed major challenges. The ICT water management system makes it possible to stay updated on the condition of paddy fields and control water volume using a smartphone in your home or workplace. This significantly reduces the labor necessary in water management.

In 2022, IIJ also developed a mechanism for calculating the growth of crops in paddy fields based on data from sensors in the field and for automating water management in accordance with the calculations of the growth of crops (patented in 2024, patent number 7425846). In 2024, an implementation experiment was conducted to increase tangerine yields by gathering, visualizing and analyzing, on the cloud, the data obtained from soil water sensors and weather sensors. In this way, we contribute to increasing crop yields and enhancing their quality while facilitating people's passing down water management technologies by visualizing and quantifying operations using IoT technologies, which conventionally relied on cultivation calendars and operator's experience. Using IoT technologies to visualize and quantify operations that had conventionally relied on a cultivation calendar and farmers' experience will contribute to the preservation of water management technologies, in addition to the increase in yields and improvement in quality.

- Supporting "work-style reform" for rice farmers IoT will change the future of agriculture in Japan (Japanese text only)
- IIJ's water management service in paddy field (Japanese text only)
- IIJ develops technology to automate water management in paddy fields based on the growth quotient (Japanese text only)
- IIJ starts the implementation and verification testing of smart agriculture for increasing tangerine yields in Ehime (Japanese text only)
-



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](#) 

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. In July 2024, a digital currency for environmental value, in the form of digital tokens, will be made available for transactions and settlements.



- [DeCurret Holdings, Inc.](#) 
- [Jointly Promoting the Digital Assets of Environmental Value and Digital Currency Settlement, with the Aim of Launching Service in July 2024](#) 

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 commercial Internet service provider in Japan, IJ has created the Internet infrastructure in Japan and has been providing Internet connectivity services. 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 the IJ Group is required to reduce greenhouse gas emissions and realize the carbon neutrality of data centers where a large amount of electricity is consumed.

Additionally, to make its data center a reference model for carbon neutral data centers, IJ will pursue diverse initiatives by increasing renewable energy as a percentage of its total energy use toward 2030 and setting targets for increasing energy efficiency. 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.

➤ [Initiatives for carbon neutrality at IJ data centers](#)

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](#)

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.

IIJ 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.

Initiatives at Matsue Data Center Park

In 2011, IIJ 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.



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.

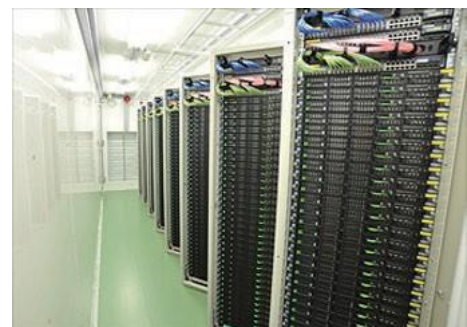
In addition, IIJ made a joint proposal with Matsue City as a private sector provider of data center when applying for the Ministry of the Environment's Decarbonization Leading Areas, and Matsue City was selected as a Decarbonization Leading Areas in April 2023.

➤ [Matsue Data Center Park](#)

— 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.



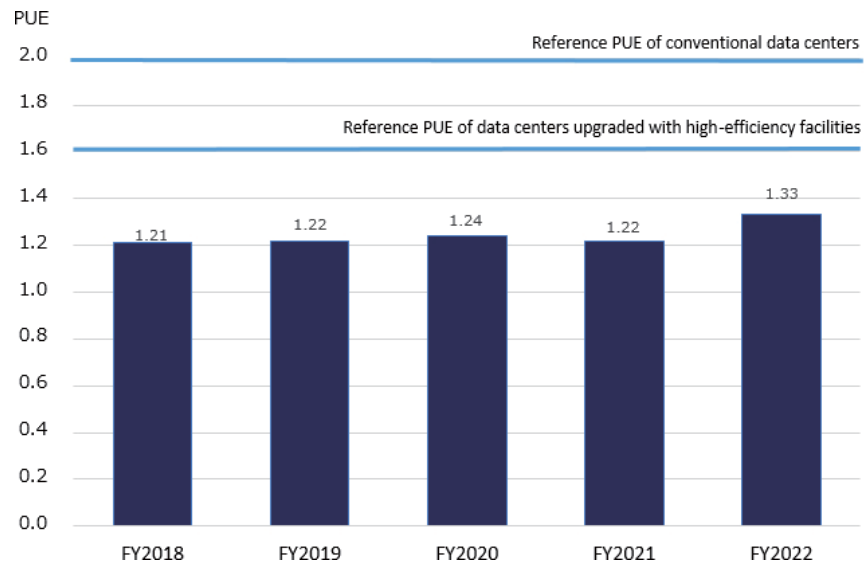
➤ [IZmo IT modules](#)

➤ [Improved cooling efficiency and equipment density \(Patented\)](#)

— 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 1.3 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, IIJ foresees it spreading to a wide range of regions.

➤ [co-IZmo/I](#)

co-IZmo/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 SG, 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.

- [the air-conditioning modules](#) (Energy-saving initiatives-outside-air cooling, bus ducts, three-phase four-wire UPS)
- [Shiroi Data Center Campus](#)

Shiroi Data Center Campus



■ 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.

- [lithium-ion storage batteries](#)

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



Estimated reduction in electricity consumption achieved with system cloud IJ GIO

In 2009, IJ launched IJ GIO, cloud service, and has provided many corporate customers with this service. IJ GIO uses energy- efficient data centers, including Shiroi DCC and 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 99,000 MWh of electricity per year, estimated to be an approximately 40% reduction (amount of electricity consumed by about 15,000 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 4,175 kWh of electricity annually based on the "FY2021 Statistical Survey of CO2 Emissions from the Household Sector" by the Ministry of the Environment of Japan

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 IJ, 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](#)

Initiatives through products and services

— 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 IJ Group provides companies with a "digital workplace," a comfortable and productive digital space.

The VPN service IJ Flex Mobility Service, with its low latency and stable connections, prevents communication interruptions even in places with unstable mobile connections. This service is just a sample of IJ offers to increase productivity and enhance corporate value.

IJ 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.

— 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. IJ 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.

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

Utilization of renewable energy

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

Initiatives at Matsue Data Center Park

In February 2022, Matsue DCP began using electricity virtually derived from renewable energy (renewables)(*1) at Site 1. In March 2023, the photovoltaic power generation panels installed on the rooftop of the administrative building on the premises of DCP began operating. The installed capacity of the photovoltaic power generation panels is nearly 7% of electricity used in the Matsue DCP server building. Annual power generation is estimated to be nearly 340 MWh. Currently, Site 2 has also completed its introduction of renewables-derived electricity. As a result of these efforts, 100% of the electricity used by Matsue DCP is from renewables.

Moreover, the electricity to be introduced this time uses FIT non-fossil certificate with tracking (*2) and meets RE100 (*3).

(*1) Electricity that is regarded as substantially 100% renewable electricity 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.

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

Initiatives at Shiroy Data Center Campus

The Shiroy Data Center Campus is building a facility for an on-site megasite solar power generation system and it procures electricity from off-site power generation facilities. In April 2023, it became a member of Japan Electric Power Exchange's non-fossil value transactions which made it possible to purchase and mediate FIT non-fossil certificates.(*). By doing so, the Campus provides renewables-derived electricity using FIT non-fossil certificates to customers upon request. Efforts such as these to realize carbon neutrality will continue.

(*) A certificate of environmental value of non-fossil electric power that is purchased through the FIT (feed-in tariff) system

The solar system at Shiroy Data Center Campus



➤ [IJ Starts Operation from July of the Shiroy Data Center Campus's Second Phase Building](#)

Provide safe and robust Internet services that support social infrastructure



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.

➤ **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**

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

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, IJ 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

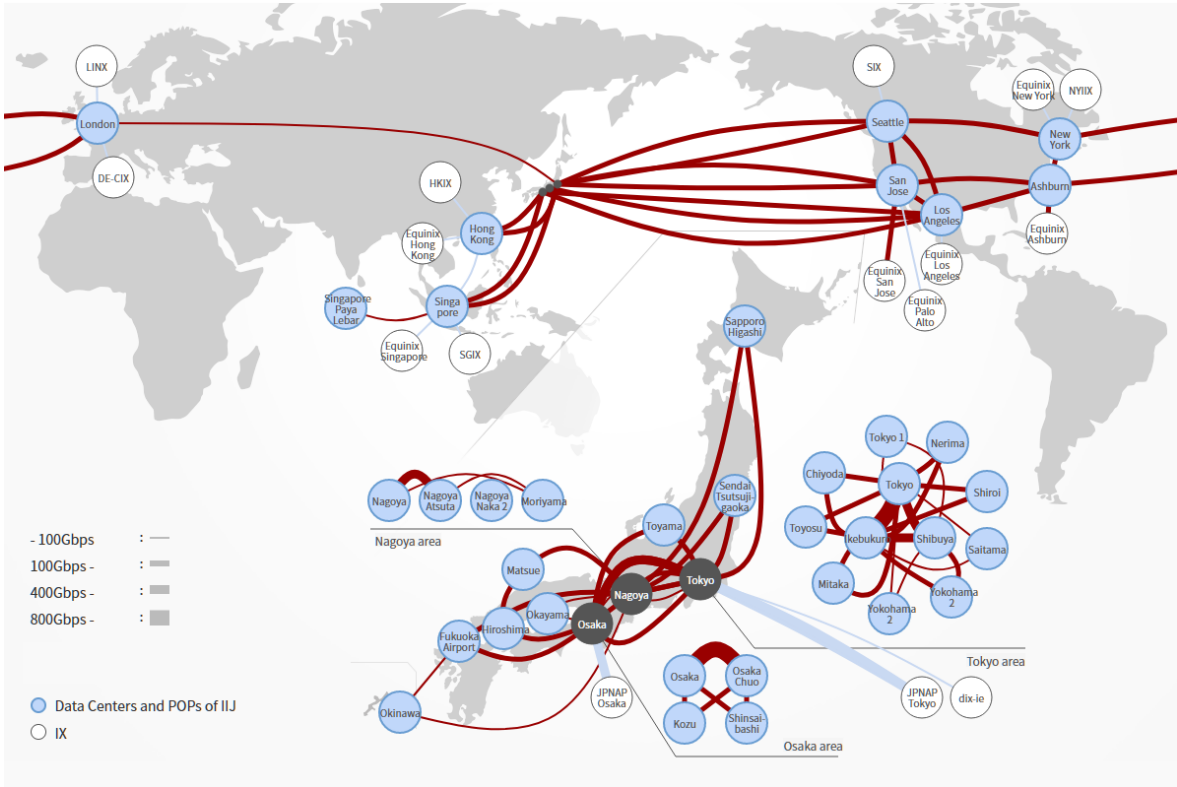
IJ's backbone network comprises many network operation centers located in major areas in Japan, and the centers are connected with large-capacity high-speed digital lines. In addition to Japan, IJ also operates in Asia, North America, and Europe. And by interconnecting with major overseas ISPs, we have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

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

as of Mar 2024



Responding to disasters

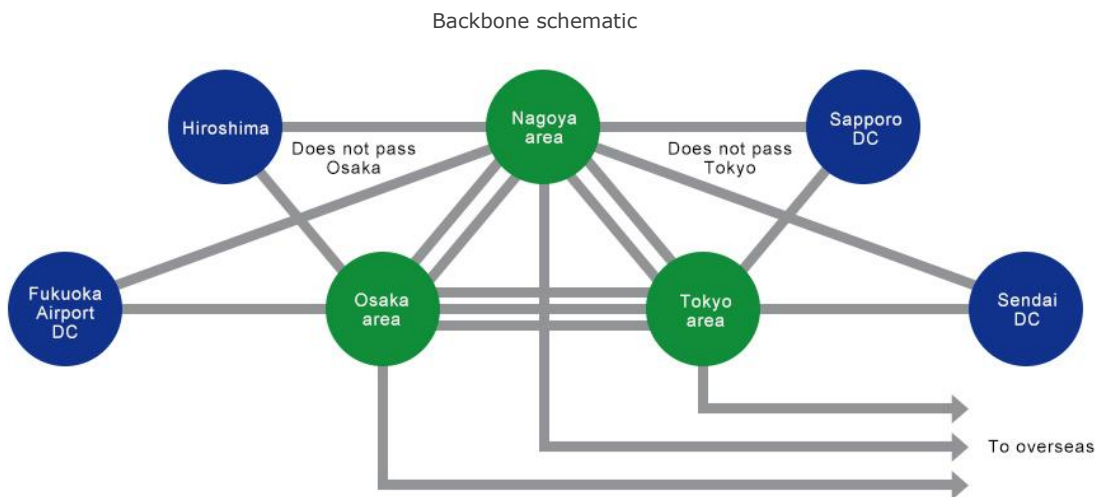
IIJ has focused on disaster preparedness to ensure we can continue to provide services to customers if a disaster or other unexpected event strikes. Furthermore, applying the lessons learned from the Great East Japan Earthquake of 2011, we formulated a three-year plan to review IIJ's business continuity 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, IIJ 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.



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, IIJ 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.

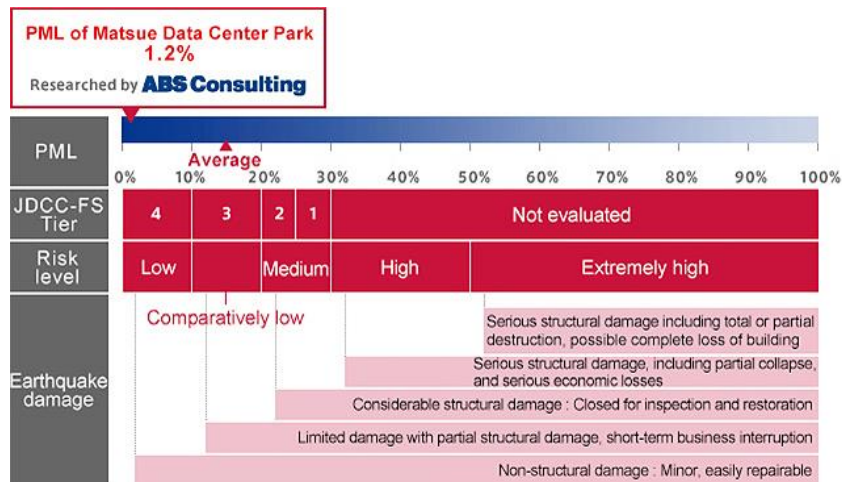
These measures allow the backbone network to remain functional even in the event of a major disaster.

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 Shiroi 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.

- [lithium-ion storage batteries](#)



Technological development in preparation against emergencies

In recent years, natural disasters have occurred more frequently and are growing more intense in Japan. The probability that a large-scale earthquake will occur is estimated to be high in the future, and an unprecedented rise in disaster risks has been identified. The national government's disaster preparedness policy sets forth a policy of developing national, regional and economic systems to enable the country to recover quickly in the event of a disaster (the enhancement of national resilience). In line with the government's encouragement of public safety LTE (PS-LTE), we offer the IJ Public Safety Mobile Service which is not susceptible to the impact of equipment congestion caused by general users and is compatible with multicarrier communication and wired emergency telephones.

Recently, mobile telephone network outages lasting hours have occurred across the country. They have affected the use of IoT devices and electronic payment terminals using mobile telephone networks, as well as users of the affected carrier. It is necessary to deploy technology to secure telecommunications during failures as well as disasters. IJ has developed multi-profile SIMs that enable a single SIM card to access multiple mobile telephone networks. In this way, we help secure Internet telecommunications, an increasingly important component of the social infrastructure.

- [IJ To Launch "IJ Public Safety Mobile Service" for Public Agencies](#)
- [IJ Develops Multi-Profile SIM That Enables to Connect to Multiple Cellular Networks](#)

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.

Maintaining security and privacy

The security that IJJ 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, IJJ 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, a brand that collectively refers to IJJ's security initiatives, 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, IJJ 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.

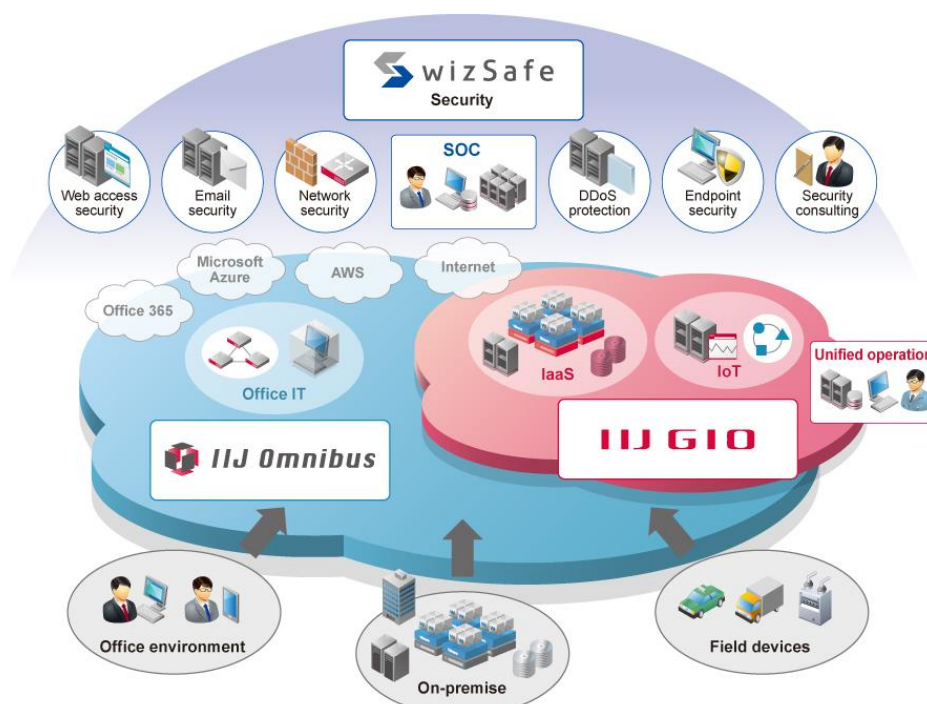
➤ IJJ's Security Brand "wizSafe"



High quality security service

IJJ 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.



■ Security Operations Center (SOC) that protects customers networks

IIJ 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](#)
- [IIJ 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 Privacy Compliance Solution](#)
- [The portal site for the privacy protection regulations in abroad \(BizRis\)](#) (Japanese text only)
- [The Story of Our Battle to Meet Privacy Protection Regulations, a cartoon series, wins Cyber Security Excellence Award](#) (Japanese text only)

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 \(IIR\)"](#)
- [Security Diary](#) □



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 \(CSIRT\)](#) □



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.

- [Cyber investigator training support](#)

Providing a training course at the international conference

IIJ's security engineer team has served as lecturers at Black Hat USA.

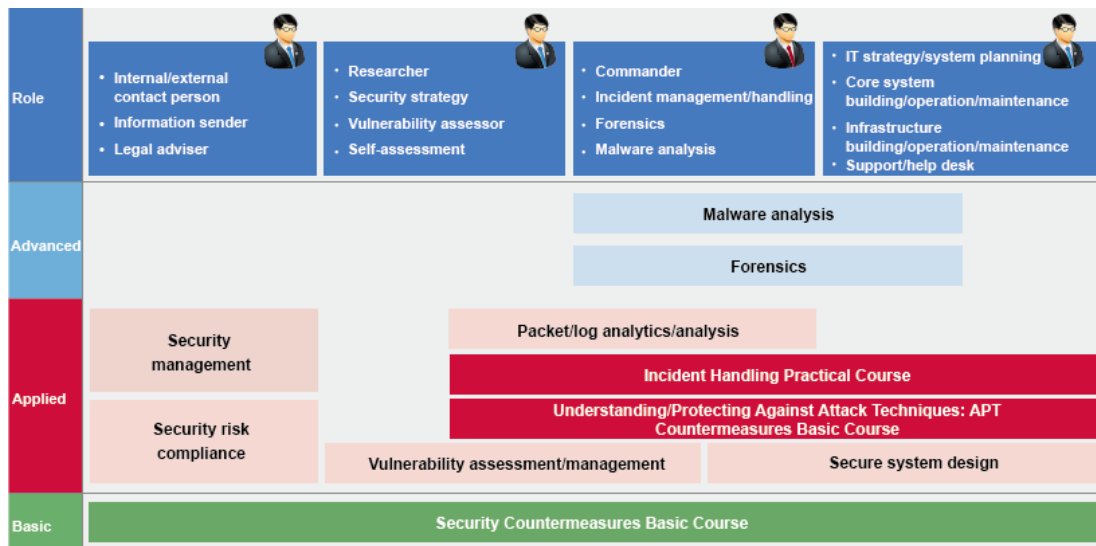
- [Provision of training courses at Black Hat USA, an international conference](#)

■ IIJ Security Training School, Security Education Program

Engineers specializing in security pass on their advanced knowledge and skills, based on findings from their jobs which usually entail operating a security service and addressing sudden incidents while keeping an eye on the latest trends of cyberthreats. Mainly targeting security personnel of corporate information system divisions and personnel from CSIRT divisions, IIJ provides an extensive program encompassing basic and practical knowledge and supports the development of security specialists, who are in seriously short supply.

Some courses in the educational program are certified as special courses for registered information security specialists, which is positioned by the Minister of Economy, Trade and Industry as a specific course organized by private businesses and similar.

➤ IIJ Security Training School



IIJ's information security governance

Information security management structure

We recognize information security governance 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.

- [Basic Information Security Policy](#)
- [The international security standard for cloud services \(ISO/IEC 27017:2015\)](#) (Japanese text only)

Countermeasures against cyberattacks

IIJ 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, IJ quickly submitted our Binding Corporate Rules (BCR), which comprises documentation on information management rules unified across the IJ Group, to the relevant supervising authority in the UK in October 2016. And IJ 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.

- [IJ's Binding Corporate Rules \(BCR\) Approved](#)

Certification under APEC Cross-Border Privacy Rules (CBPR) System

The APEC CBPR certification is a system that certifies compliance with the Asia Pacific Economic Cooperation (APEC) Privacy principles in connection with cross-border personal information protection. APEC CBPR certification enables IJ to be recognized as an organization protecting personal information appropriately and allows the customers using our cloud computing services and other IJ services to transfer personal data smoothly with legal security in the APEC region (participants in CBPR: United States, Canada, Mexico, South Korea, Taiwan, Singapore, the Philippines, Australia and Japan).

- [IJ Acquires APEC CBPR Certification](#)

ISMS certification

In April 2007, IJ 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](#)

Acquiring the privacy mark

IJ 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](#)

The Information System Security Management and Assessment Program (ISMAMP)

ISMAMP 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.

IJ has various cloud services registered with ISMAP, including "IJ GIO Infrastructure P2".

- [IJ's services meet the government's security requirements](#) (Japanese text only)

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



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 which promotes diversity and encourages our employees to demonstrate their talents to the best of their ability to create new technologies and value, and continue to generate growth.

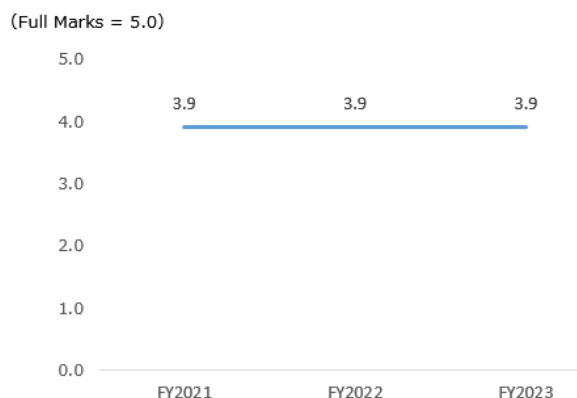
IIJ has a culture of respecting individuality that has remained unchanged since its foundation. This is a culture that encourages our people to create opportunities to share information and values to design something new. Our management philosophy also declares that "We aim to offer a working environment where people who aggressively take on technical innovation and contribute to society, and can demonstrate their abilities autonomously with pride and reward."

Under this philosophy, IIJ supports our employees' career development by respecting the opinions and feelings of our diverse employees and by improving the environment in which all employees are able to take on challenges and work at their liberty to achieve the things they envision while displaying their capabilities. Moreover, IIJ establishes secure environments that enable employees to ensure their own mental and physical wellness and work in peace and that promote healthier work-life balances. In this way, IIJ will further increase its engagement with its employees.

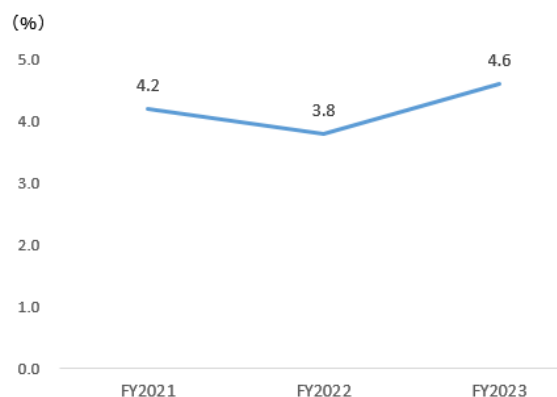
For IIJ Group's business, "the Internet-related technologies cultivated since our founding," "the diverse range of services that meet customer needs," and "the customer base of approximately 15,000 companies" are important intellectual property, and the human resources that support these assets are the source of our competitiveness. 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.

IIJ (non-consolidated basis) Employee Survey - Overall Satisfaction



IIJ (non-consolidated basis) turnover rate



According to the annual employee awareness survey, IIJ has maintained overall employee satisfaction at a high level. IIJ has kept its turnover rate low. It is lower than the industry average of around 10% (according to a survey on employment trends in the information and communications industry by the Ministry of Health, Labour and Welfare).

➤ **Promoting Diversity**

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.

➤ **Safe working environment and work-life balance**

We provide a work environment that protects mental and physical well-being and helps employees to achieve work and family balance.

Ensuring diversity in the promotion of core human resources

Policy for ensuring diversity

As one of the business philosophy, 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

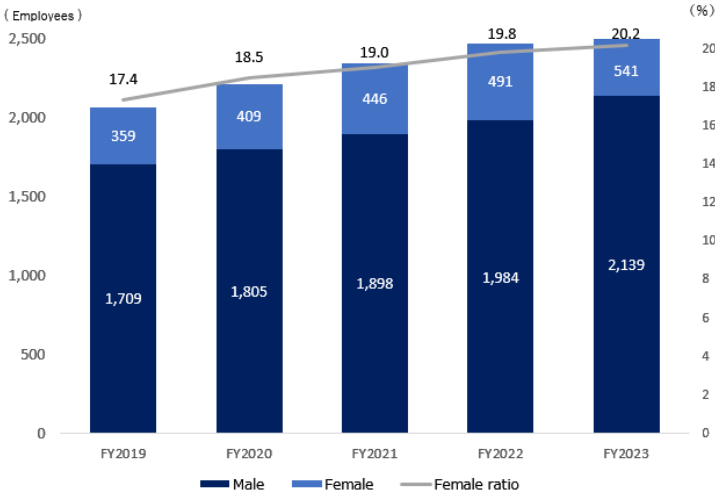
As of April 2024, approximately 70% of the total employees in IIJ Group belonged to in technology and service departments, and most of them were recruited from universities and other educational backgrounds in science and engineering where the ratio of female was low. In addition, IIJ was founded in 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 the diversity of core human resources etc.

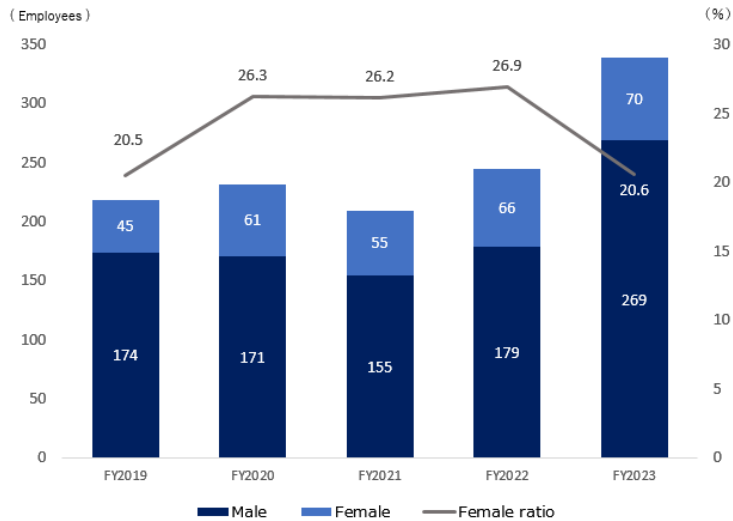
Female employees

As IIJ's ratio of female hires including mid-careers and new graduates has been increasing in recent years, the ratio of female managers is expected to increase along with the increase in the ratio of female employees. As of April 2024, IIJ's ratio of female managers was 7.5%, and therefore IIJ has brought forward its FY2027 target of 8% or more by one year to FY2026.

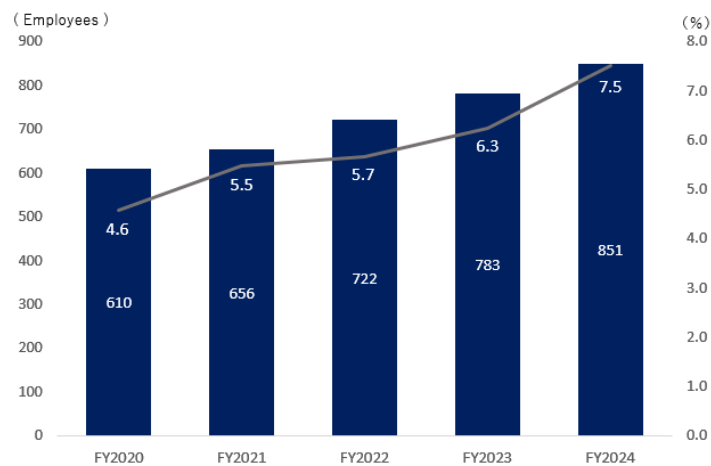
IIJ (non-consolidated basis) Number of employees (By gender)



IIJ (non-consolidated basis) Number of hired employees (By gender)



IIJ (non-consolidated basis) Number of managerial positions and ratio of females in managerial positions



Mid-career hires

The ratio of mid-career hires in management positions of IIJ group was approximately 70% as of April 2024, owing partly to the characteristic of human resource structure. The IIJ 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 IIJ 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 IIJ Group's business philosophy, IIJ Group continues to hire employees irrespective of nationality, etc. IIJ 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.

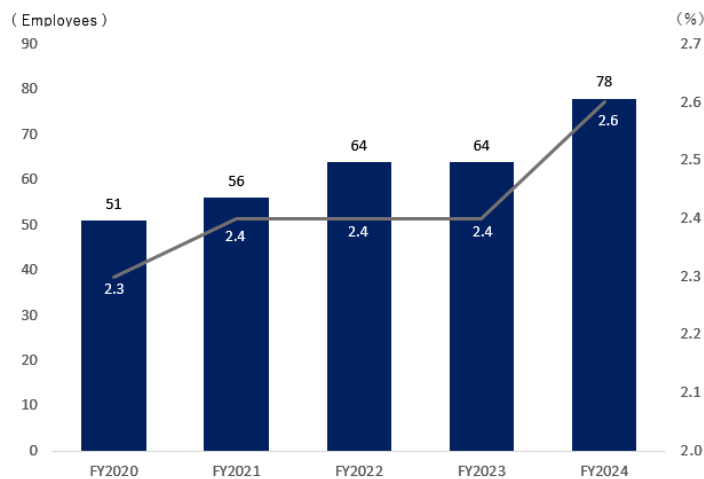
Employing people with disabilities

IJJ 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. As of April 2024, 29 employees of IJJ Group in Sapporo and 5 employees in Matsue are working under this system.

As of June 2024, the employment rate for people with disabilities was 2.6%, achieving the statutory employment rate. We continue to work to further promote employment.

IJJ (non-consolidated basis) Number and employment rate of employees with disabilities



(※) One full-time worker with severe disabilities is counted as 2 persons.

(※) On June 1st of each business year

➤ [Twork Helps Staff with Disabilities Work from Home](#)

Reemployment system for retired employees

IJJ 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.

Developing human resources

In line with the IIJ Group's business philosophy, its human resource development policy is not affected by differences of employees' gender and nationality etc. The IIJ 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, IIJ 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. IIJ Group also provides specific training programs by departments for the purpose of acquiring expertise. The employees have held many voluntary workshops and created opportunities to exchange information beyond the personnel development and training programs provided by the company. They have worked to develop in a corporate culture that enables employees to develop their skills and capabilities in a self-motivated setting with the support of the company. In terms of career development, the IIJ Group has a career reporting system and other support mechanisms which enable the Group's employees to take on new roles and accumulate experience. In addition, the IIJ Group conducts an employee awareness survey and stress checks on a regular basis to evaluate and improve its systems and operations.

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 1on1	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 Finance and Accounting training Harassment prevention training Mental health training Security training Career training			
	Expertise and skills development ※ Applicable for all employee groups Sales training (business negotiation skills training, etc.) Technical training (project management training, etc.) e-Learning Skills assesment			
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Developing human resources through on-the-job training

Human resource development is primarily based on on-the-job training (OJT) through assigned duties, which is supplemented by layer-specific trainings based on the employees' grades and roles, and department-specific trainings for the purpose of acquiring expertise and skills. IJJ Group believes that providing job opportunities such as the construction and operation of Internet backbone, which is one of the largest in Japan, and in-house development and operation of innovative services, attracts and motivates aspiring engineers. As sales staff need to have technical knowledge relating to networks and systems, IJJ provides basic technical trainings, IJJ service understanding trainings, and service comprehension tests to help them learn and retain such knowledge, which complement OJT through sales activities. There are seminars held by sales departments to share top performers' sales approaches and successful proposals, which support many of sales staff with liberal arts backgrounds to perform well.

IJJ's new graduates are educated on their duties by managers. In addition, they set capability development goals with non-supervisory superiors who have taken an OJT trainer training, which takes into account their individual characteristics and preferences, and receive advice and support throughout an entire year to enable them to independently perform their duties in the early stages of careers. Since FY2018, approximately 100 employees have newly taken the OJT trainer training each year, and the number of experienced trainers has exceeded 700 in total. IJJ believes that the increase in these trained employees will lead to an enhancement in the company-wide OJT level.

Human resources development that encourages self-motivated personnel

Creating a corporate culture of taking on challenges and self-improvement

IJJ improves employee skills through training programs and offers opportunities for each employee to take on challenges they would like to pursue and increase their own personal development.

Tech Challenge	<p>This system encourages employees to create concepts for new technologies and services that can contribute to a future society and the company to support the materialization of these concepts. The company invites ideas contributing to development of a better society in progressive and undeveloped fields related to ICT technology. If ideas are adopted, the originators are able to engage in themes to develop their ideas for a year, temporarily leaving their current job.</p> <p>Additionally, the company will provide them with people to support their efforts, an environment for verifying technologies, and the money necessary for development.</p>
I-fusion	<p>Through this program, IJJ helps employees realize their ideas about businesses, services, merchandise and business processes. This program aims to nurture the seeds of innovation for the future. IJJ accepts diverse proposals from all departments and provides comprehensive support including the collection of information, planning of business models, internal reviews, the establishment of project teams for implementation, the provision of human resources and allotment of time for the implementation of projects.</p>
IJJ Business Innovation Camp	<p>This is a workshop program for the creation of ideas that may lead to new services or businesses through a three-month groupwork project with participants working on themes given to them by the departments within the group that are their clients. Each group consists of around five members. They are required to develop ideas and solve issues based on design thinking. The program enables participants to innovate, develop the ability to create new business models, and construct a network with members of other departments within the company.</p>

Employees' voluntary initiatives to take on challenges

Technology unit training for new employees	<p>The IJJ Technology Unit provides on-the-job training 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.</p> <p>This program run across departments and is open to mid-career employees as well as employees outside the Technology Unit.</p>
IJJ Bootcamp	<p>The IJJ 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 most up-to-date information and technology and practical information and technology.</p> <p>Employees also voluntarily hold workshops such as the Training to Make Work Easier and How to Create Teams that Generate Innovation workshops to increase their motivation, and run workshops on the latest technologies and topics of interest to them, and participation across departments is also welcome.</p>
Technical workshop	<p>This business matching initiative connects engineers wanting to make products while trying out new technologies with internal business challenges. The goals of the initiative are to improve practical technological capabilities through experimentation in cooperation with the employees involved and to develop ideas for solutions to challenges for the development of more valuable products and services.</p>
Osechi Study Session	<p>This cross-sectoral workshop has continued for over ten years, handling many different themes not limited to only technological departments — like osechi which are a group of traditional Japanese New Year's foods. It gives employees opportunities to present and discuss diverse themes including new technologies and methodologies. Participants can share practical technological information such as the results of assessments that have been actually used in services and development.</p>

Human resources system

IJJ 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. IJJ supports the career development of its employees and their success in their roles by offering expert position pursuing the demonstration of capabilities in specialized domains and by implementing personnel measures such as right-person-in-the-right-place talent deployment based on IJJ's talent management system.

The Role and Grade System	<p>Roles and grades are determined according to the expected role of the employee, irrespective of year and age.</p>
Evaluation System	<p>Not only the results (performance), but also the processes (role behavior) are evaluated to support success and growth of each and every employee.</p>
Compensation System	<p>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).</p>

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.

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.

Select Job

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

This system allows employees to participate in interesting jobs in other departments. They can work at these jobs for about 20% of their prescribed working hours for half of the year. This system aims to promote employee growth and autonomous career development, leading to self-fulfillment through the establishment of an environment that enables employees to have diverse experiences.

Global talent development system

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

IJ also has a system for mid-career 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.

Safe working environment and work-life balance

IIJ recognizes that our employees are an important asset and the foundation for sound business activities. IIJ is committed to promoting health management that supports the physical and mental health of employees, and strive to create an environment in which each employee can continue to work safely and with peace of mind while increasing their motivation and energy. Additionally, IIJ establishes an environment that helps employees achieve a healthy work-life balance.

Promoting health management

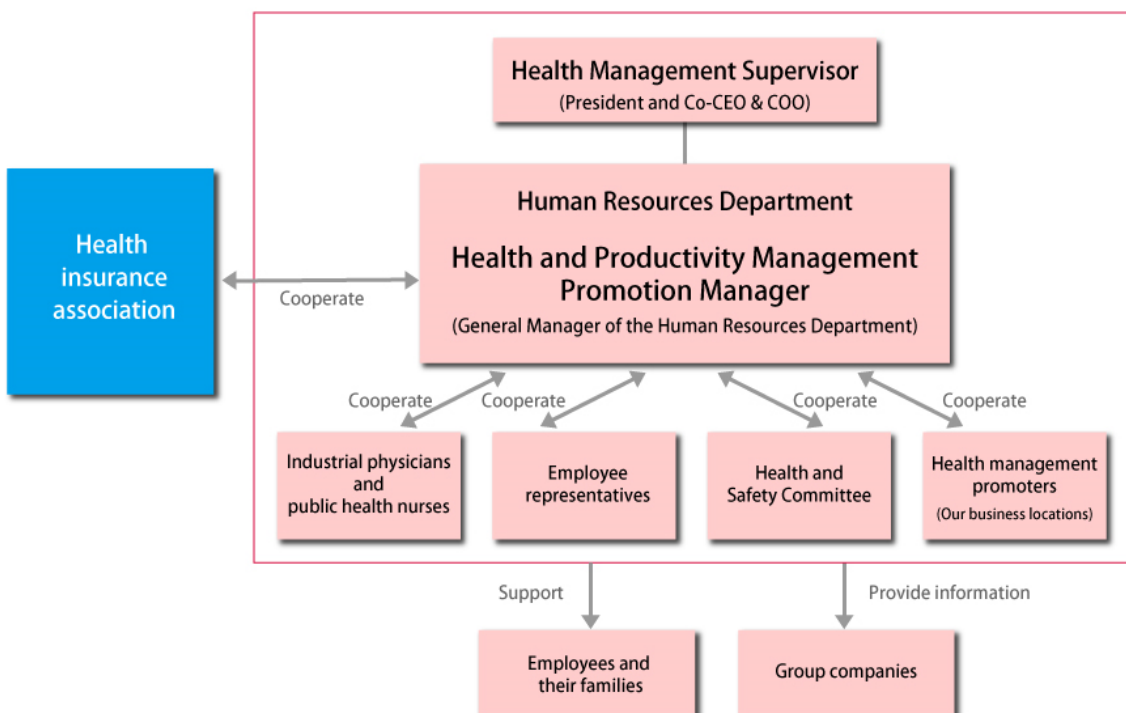
Management message

Mental and physical health is necessary for IIJ employees with a wide variety of talents to be highly motivated to work and to feel fulfilled. Supporting each employee's health results in the growth of IIJ as a business and to our being able to continuing to take the initiative in the domain of internet technologies. Our business philosophy states, "provide meaningful opportunities for growth to our employees," and IIJ considers the management of employees' health from a managerial perspective and strategically implements it.

Eijiro Katsu
President and Co-CEO & COO

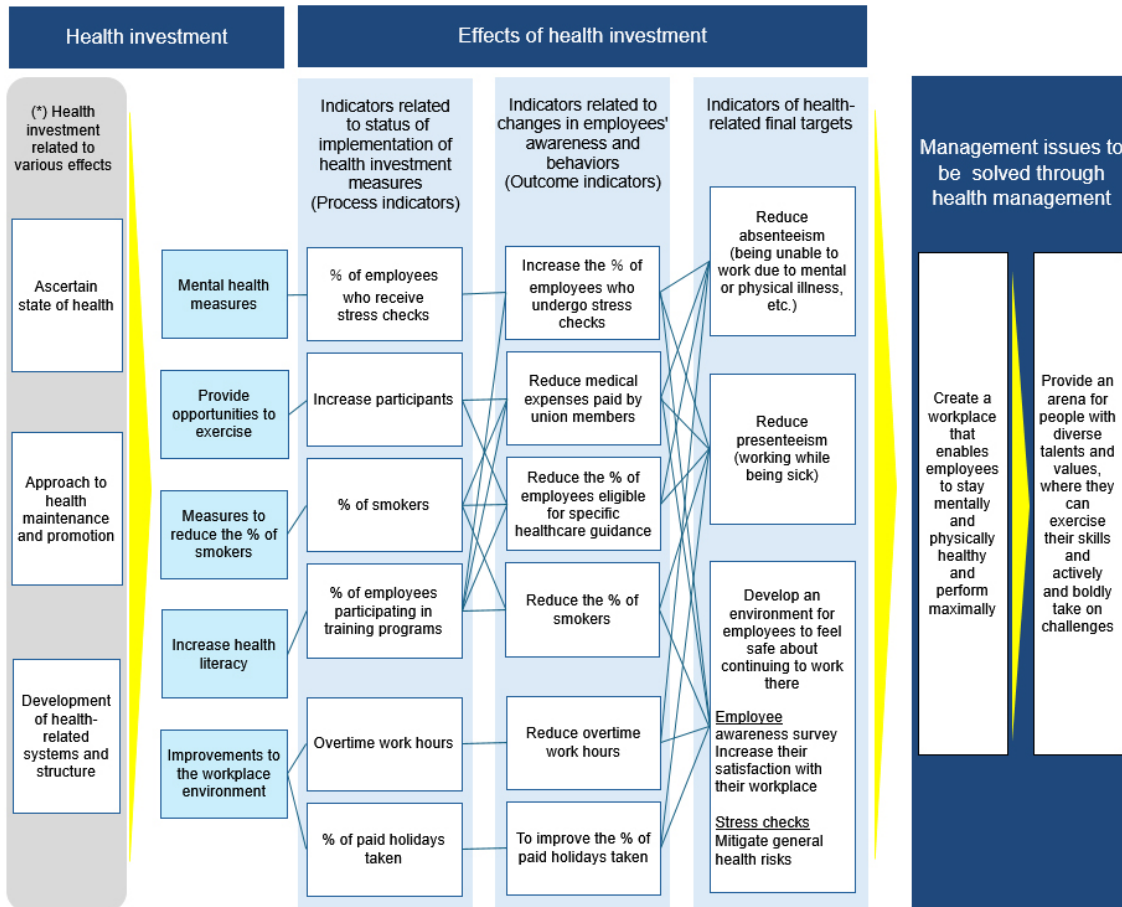
Structure for the promotion of health management

Guided by the Health Management Supervisor and led by the Human Resources Department, all of IIJ works together to promote health management in cooperation with industrial physicians, public health nurses, employee representatives, the Health and Safety Committee and the health management promoters of our business locations.



Health management strategy

Our efforts are based on this strategy diagram that visualizes the process from investing in health (initiatives and indexes) to the management issues that should be solved through health management and their resolution.



Initiatives for physical well-being and mental health

— Initiatives for physical well-being

Our employees are provided with free health checkups, a comprehensive medical checkup (once a year), and flu vaccinations to maintain their personal health. Employees 35 years old and older may receive a checkup to prevent lifestyle-related diseases while employees may receive a comprehensive medical examination when they are 35 years old and 40 years old or older. Special paid leave may be taken on the days when these examinations occur. If employees work a night shift an average of four times or more per month in the most recent six months, they are required to take a medical checkup twice a year. Our industrial physicians check the results of all checkups and, on an individual basis, follow-up with employees who require treatment. These follow-ups may take the form of, for example, recommending that an employee visit a medical institution or conducting a health guidance interview. Also, a smartphone app for recording the results of checkups, health condition and other related data has been introduced in an effort to further promote employee health.

In addition, each business site is equipped with rest spaces and AEDs, and they feature an environment where employees can regularly consult with industrial physicians and public health nurses.

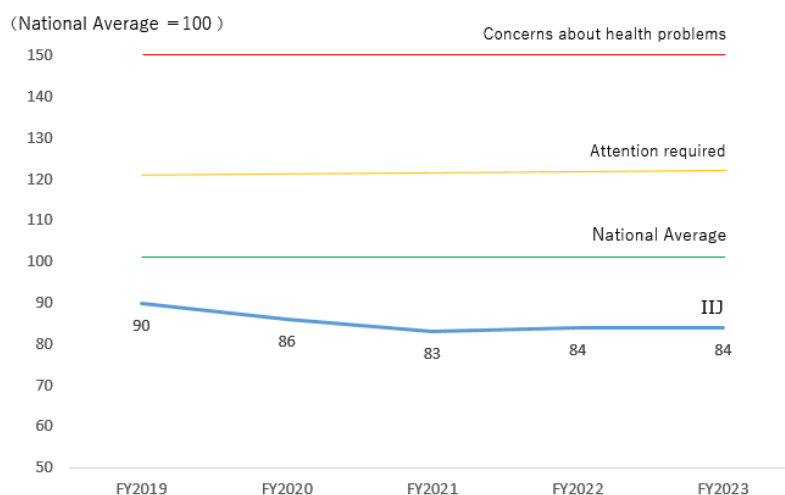
- Mental health initiatives

The Mental Health Development Plan has been formulated and communicated to employees. Based on the plan, we conduct annual stress checks in compliance with the Industrial Safety and Health Act. If an employee is deemed as being highly stressed and interview-based guidance is necessary, the employee may talk with an industrial physician upon request. The results of stress screenings are shared at the Stress Check Group Analysis Results Report Meeting for general manager or higher, where they take steps to improve the work environment.

Furthermore, IIJ has introduced interviews with industrial physicians and public health nurses and counseling by outside counselors to create an easy environment to seek advice.

As part of mental healthcare, we offer programs such as mental health training (line care and self-care) and communication training (anger management, assertions) helpful to development of good personal relations.

IIJ (non-consolidated basis) Stress Check - Overall Health Risk



Controlling work hours and promotion of paid leave

IIJ has made a policy on working hours management and has been promoting efforts to comply with the Labor Standards Act and to ensure appropriate working hours. IIJ constantly monitors the working hours of its employees through measures such as advance application for overtime work and the preparation of overtime status reports for departments. If overtime hours exceed a certain level, the human resource department alerts concerned departments, conducts hearings with them, and arranges interviews with industrial physicians for those who work more than a certain level of hours. In addition to annual paid leave, anniversary leave and other forms of special leave are given to employees so that they can feel refreshed both mentally and physically. IIJ ensures that employees take at least five days of annual paid leaves, not including special ones.

- Average overtime per month

	FY2019	FY2020	FY2021	FY2022	FY2023
Average overtime per month	21.3	24.7	28.1	27.7	26.2

- Number of days and percentage of paid leaves taken

	FY2019	FY2020	FY2021	FY2022	FY2023
Average number of paid leaves taken per year (days)	13.2	10.2	11.3	12.6	13.1

Annual average acquisition rate (%)	75.6	58.5	64.4	71.0	75.0
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Promoting communication

We have an in-house chat tool, an information sharing tool and other tools to stimulate communication between employees. It is recommended that managerial-level employees talk with their subordinates one-on-one, to encourage dialogue within departments. We also support club activities where employees interact with one another while feeling refreshed both mentally and physically.

The on-the-job training program for new employees and the onboarding program for employees hired mid-career increase opportunities to communicate with our new colleagues joining the company and also help to ease their psychological insecurity before and after entering the company. Additionally, Family Day is held to enable our employees' families to participate, and we put a lot of effort into energizing interactions with the people who support our colleagues.

- [Developing human resources through on-the-job training](#)
- [Family Day](#)

Helping employees balance medical treatment and work

Industrial physicians interview employees undergoing outpatient care to stay up to date on their recovery. In this way, we exercise the consideration necessary so that such employees can balance work and medical care by, for example, working shorter hours. An employee who cannot take paid leave because they took a long leave due to an injury or disease unrelated to their work may take special paid leave under the personal injury and illness return leave system, so that the employee can feel secure continuing with work. We recommend that employees buy insurance covering the three major diseases, cancer, acute myocardial infarction and stroke and group long term disability (GLTD) insurance to indemnify them against the loss of income when they take leave due to an injury or illness unrelated to work, and provide them with support to prepare for illness- and injury-related risks to their lives.

Support for employees returning to work

An employee returning to work after taking leave is interviewed by an industrial physician and a public health nurse. We will exercise the consideration necessary for facilitating an employee's return to work by, for example, allowing them to work shorter hours when necessary.

Respect for human rights

IIJ is committed to ensure that human rights are always protected in its corporate activities.

We promote a range of activities for employees in line with the principles of the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Initiatives for prevention of harassment

Since FY2017, IIJ has implemented a system to prevent harassment, and periodically provides harassment prevention training for managers and general employees at each level. The Human Resources Department provides a consultation service for issues related to harassment. It reviews recurrence prevention measures and other measures regularly and continuously implements improvements.

Achievement of a healthy work-life balance

IIJ respects the life stages and values of each employee and moves forward with initiatives for achieving a healthy work-life balance to enable our employees to demonstrate their full potential.

As for working environment, IIJ Group operates a variety of support systems for illness, childcare and nursing care that enable employees to balance work and family life, including the Childcare and Nursing Care Leave Systems, and the Private Injury and Illness Return Leave System. Additionally, IIJ operates the Flextime System, Shift Work System, Shorter Working Hours System, Remote Work System, and other systems to meet the needs of the characteristics of their specific job and their individual situation.

Promoting diverse working styles

– Diverse working hours (Flextime and discretionary work systems)

System	Overview
Flextime	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 Flextime System" until their child enters the sixth grade. Employees who are nursing family members may use the "Nursing Flextime 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, and hot desking)

IIJ Group expanded its remote work system, which we introduced as part of our working-style reforms, to apply the system companywide as a measure to prevent the spread of the COVID-19 infection as the virus became a pandemic in 2020. By enabling employees to work from home to a certain degree even after the number of new infections began to decrease, IIJ is enabling work patterns that allow employees to leverage the advantages of working from home while ensuring the smooth execution of business based on face-to-face communication.

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

In addition, IIJ Group introduced a hot desking system in its workplaces, establishing a seamless working environment while stimulating internal communication.

Diverse support systems catering to people in different life stages

Childcare support systems

In addition to legally mandated maternity and childcare leave, IIJ has established a system that goes beyond these, including special leave for spouses and childcare flextime, 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. In 2024, IIJ received Kurumin certification, awarded to companies that support childcare, from the Ministry of Health, Labour and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children. Our goal is maintaining a 10% or greater utilization rate of the childcare leave system for male and a 90% or greater utilization rate for female employees.

IIJ (non-consolidated basis) Ratio of employees using the childcare leave system and ratio of employees returning to work after childcare leave system (Male/ Female)

		FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of employees using the childcare leave system (%)	Male	14.7	26.4	24.6	33.3	53.5
	Female	100.0	100.0	100.0	100.0	100.0
Ratio of employees returning to work after childcare leave system (%)	Male	100.0	100.0	92.9	100.0	100.0
	Female	100.0	100.0	100.0	100.0	93.3

Helping employees balance fertility treatment and work

To support employees receiving fertility treatment, we ease work regulations as much as necessary so that the employees can feel secure about continuing to work with IIJ. For example, employees are encouraged to use childbirth support leave (special leave), flextime, telecommuting and other options.

Support for employees returning to work

IIJ 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 IIJ and the childcare business. As of March 2024, we have signed contracts with 16 service providers (33 facilities in 6 prefectures).

Family Day

IIJ holds Family Day and invites the employees' families who support them every day to participate. The goal of the initiative is, through interaction with participants, to help them gain a deeper understanding of the company and work and create a workplace that facilitates work and respects employees' families. The event consists of visits to offices, a work experience opportunity, a quiz competition about the company, the interaction of participants in groups and other activities.



Nursing care support system

To prevent the loss of employees due to nursing care, IIJ 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.

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

IIJ 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, IIJ Global Solutions Inc., an IIJ 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.

Support for employees' asset formation

IIJ Group has a system to help employees accumulate assets through a shareholding association within the group, an employee savings scheme, regular financial seminars, and other initiatives. The Human Resources Department provides an asset formation consultation service.

IIJ Group's contributions to society

IIJ Group is committed to solve social issues through its business activities based on the philosophy of realizing a society in which people with diverse abilities and values can play an active role, and by leveraging the technologies that have led and supported the Internet in Japan. In addition, we will contribute to the realization of a sustainable society in which people can lead vibrant lives through initiatives that transcend the framework of our business activities.

Contributing to the future network society

Founded as the first full-scale Internet Service Provider in Japan, IIJ has been leading the Internet in Japan with its high-level technological expertise. We contribute to the development of the Internet industry as a whole through industry-government-academia cooperation, including our participation in technological communities in Japan and overseas. In addition, we are supporting the continued development of a networked society by pushing forward with the development of next-generation engineers leveraging the knowledge we have gained through our operation of the technologies and services that we have developed ourselves.

Development of network engineers at IIJ Academy

The Internet and network services have become ubiquitous. They have become essential parts of social and business infrastructure, and it is important that problems and shutdowns never occur. Further, access to a high-quality, highly reliable network is a fundamental condition for the continued utilization of increasingly diverse information processing technologies. However, the shortage of engineers supporting the stable operation of these network systems has been a major issue. In response, IIJ launched the IIJ Academy to develop network engineers as a project commemorating the 30th anniversary of our founding. The goal of IIJ Academy is the development of IT personnel with advanced skills who will support the foundation of the future networked society and the IT industry by providing opportunities to learn practical knowledge and skills based on the knowledge of Internet service development and operation that IIJ has cultivated since its founding.



➤ [IIJ Academy](#) (Japanese text only)

Helping students learn about the Internet and IT

In many different forms, IIJ supports the education of students aiming to increase their understanding of the Internet and IT. In 2024, we started an educational program geared for junior high and high school students in partnership with Nikkei Inc. To create a new learning experience, we will provide classes and educational content on the history of the Internet and the IT-based resolution of social issues.

Leveraging IIJ's knowledge in smart agriculture in the IoT business, it sent an employee to Miyagi Tome General Industrial High School to hold a class for students of the high school's Agricultural Department on the management of rice paddies' water levels using IoT sensors and the acquired data. The class included lectures and the exchange of opinions.



- [The NIKKEI online edition for Education](#) (Japanese text only)
- [IIJ employee visits Miyagi Tome General Industrial High School to teach a class on smart agriculture](#) (Japanese text only)
- [Support for learning visit activities](#) (Japanese text only)

APNIC's activities for developing the Internet in the Asia Pacific region

To support the popularization and development of the Internet in each region of the world, we implement initiatives beyond the framework of corporate activities. A typical example is the activities of Yoshinobu Matsuzaki from IIJ who is an Executive Council (EC) member of the Asia Pacific Network Information Centre (APNIC). APNIC Executive Council (EC) serves as the governing board of APNIC. Through his activities as an EC member of the APNIC, he contributes to stable operation of the Internet in the Asia-Pacific region.



- [Mr. Yoshinobu Matsuzaki, a member of JPNIC Board of Trustees, re-elected as an APNIC EC- JPNIC](#)  (Japanese text only)

Disclosure of technological information useful to IT engineers

We share knowledge and the latest technological information gained every day by IIJ engineers through service development and operations sites with internal and external engineers. We promote the vitalization of the Internet technology community by actively disseminating information through IIJ Technical Seminars, which we began in 2003, as well as via owned media, such as Internet Infrastructure Review, a technical report journal, the IIJ Engineers Blog, technology blog and the IIJ Tech Channel, a channel on YouTube.



- [IIJ Technical Seminar](#) (Japanese text only)
- [Internet Infrastructure Review](#)
- [IIJ Engineers Blog](#)  (Japanese text only)
- [IIJ Tech Channel](#)  (Japanese text only)

Contribution to the safety and security of the Internet

While the spread of the Internet has made life and society more convenient, it has also led to problems that threaten companies and individuals, such as cyberattacks and the infringement of privacy using Internet technologies. At IIJ, we develop and train human resources and engage in awareness-raising activities based on the communication of information about security by capitalizing on our knowledge of the development and operation of the security services that we have been cultivating for many years. The goal of these activities is the establishment of a safe, secure Internet society.

Cyber investigator training support

The police in Japan have adopted a system under which engineers, including private business operators with advanced specialized knowledge about information and telecommunications technologies, are appointed as Cyber Security Advisors. The goal of this system is to improve knowledge in the area of cyber security. At present, Mamoru Saito from the Advanced Security Division of IIJ has been commissioned by the Kanto Regional Police Bureau, the Hyogo Prefectural Police, the Shimane Prefectural Police, and the Hokkaido Prefectural Police to be their advisor. He supports their cyber security measures by lecturing and training them from an expert perspective.

In addition, we train police officers in charge of cyber security measures at our Security Operation Center (SOC). IIJ SOC has established a unique training program for the development of security analysts. At IIJ SOC, police officers receive training and become involved in the operations of SOC. Thus, we help them acquire knowledge that is useful in their investigation of cyber-related crimes.




- [IIJ Security Chief appointed Security Advisor to Kanto Regional Police Bureau](#) (Japanese text only)
- [Hokkaido Prefectural Police commissions IIJ Security Chief to serve as Hokkaido Prefectural Police Cyber Technical Advisor](#) (Japanese text only)
- [IIJ supports Hokkaido Prefectural Police in Developing Cyber Investigators](#) (Japanese text only)
- [Shimane Prefectural Police commissions IIJ Security Chief to serve as Shimane Prefectural Police Cybercrime Technical Advisor](#) (Japanese text only)
- [IIJ supports Shimane Prefectural Police in Developing Cyber Investigators](#) (Japanese text only)
- [Hyogo Prefectural Police commissions IIJ Security Chief to serve as Hyogo Prefectural Police Cyber Security Advisor](#) (Japanese text only)
- [IIJ supports Hyogo Prefectural Police in Developing Cyber Investigators](#) (Japanese text only)

Provision of training courses at Black Hat USA, an international conference

Since 2018, members of IIJ's security engineer team have been lecturing at Black Hat USA. First held in 1997, Black Hat USA is one of the most prestigious and time-proven security conferences in the world. Our engineers are the first Japanese people to be selected to teach training lectures at this conference. They teach comprehensive exercise-based classes on the handling of incidents and other topics to security engineers from all over the world.



- [IIJ security engineers selected to teach a course at Black Hat USA 2019, an international security conference](#) (Japanese text only)
- [IIJ security engineers become the first Japanese people to provide training at Black Hat USA 2018, an international security conference](#)  (Japanese text only)

Letters of gratitude presented to our security engineers

Hiroshi Suzuki from the Advanced Security Division was presented letters of gratitude from the Japan Computer Emergency Response Team Coordination Center (JPCERT/CC),(*) a general incorporated association, in recognition of their contribution to activities in the cyber security industry.



(*) JPCERT/CC is a general incorporated association that receives reports on computer security incidents in Japan, including hacking and denial of service attacks via the Internet, supports the handling of these incidents, finds out how they occurred, analyzes the tactics used, considers and advises people on measures to prevent their recurrence and provides other support from a technical perspective with the goal of mitigating the damage cyberattacks do in Japan.

- [Hiroshi Suzuki, Advanced Security Division:](#)
Recognized for his achievements as a Program Selection Committee member of the Japan Security Analyst Conference, a conference for sharing information to improve the skills of security analysts in Japan (Japanese text only)

Contribution to activities protecting privacy

IIJ has joined the Japan DPO(*) Association as a board member to support the privacy data protection activities of Japanese companies by leveraging IIJ's knowledge of privacy protection legislation around the world, including Europe's General Data Protection Regulation (GDPR).



In addition, as a training provider certified by the Japan DPO Association, IIJ has established the IIJ Privacy Training, a DPO Association certified education program to develop privacy protection personnel, from December 13, 2022.

(*) DPO: Data Protection Officer. DPO are officers responsible for data protection. The GDPR requires that companies fulfilling certain requirements have a DPO.

- [Japan DPO Association](#)  (Japanese text only)

IIJ has continued to help promote culture and arts and contribute to local communities through classical music for many years. These activities include the co-sponsorship of Spring Festival in Tokyo, which is held every year mainly in Ueno, and the hosting of Twilight Concert in Otemachi, Tokyo. We also work to distribute high-quality videos and music, including the live streaming of 4K video and high-resolution audio content using the latest streaming technologies to deliver improved music experiences to more people than ever before.

Co-sponsorship and video streaming support for Spring Festival in Tokyo

Spring Festival in Tokyo, which is co-sponsored by IIJ, is one of the largest classical music festivals in Japan. It is held at Ueno Park every spring. It was first held in 2005 as Tokyo Opera-no Mori (Tokyo Opera Forest) to showcase new opera productions from Japan for the world. In 2009, when it was held for the fifth time, the event was renamed Spring Festival in Tokyo. The festival includes many concerts held at the Tokyo Bunka Kaikan, including the Wagner Series, orchestral performances, and performances by artists who are active in Japan and other countries. It also includes the Museum Concerts held at art and other museums. In addition to supporting this music festival together with local shops and many companies, IIJ also supports content distribution on video viewing site and the system operation of ticket sales sites.



- [Spring Festival in Tokyo](#) □
- [IIJ Supports Spring Festival in Tokyo.](#)
- [IIJ Supports the Live Streaming of Spring Festival in Tokyo 2023](#) (Japanese text only)

Twilight Concert

First held in 2008, Twilight Concert is a free concert hosted by IIJ in cooperation with Sumitomo Mitsui Banking Corporation and Spring Festival in Tokyo. Performances are held in the Otemachi business district under the theme of evening music, providing calming moments at the end of busy days.



- [TWILIGHT CONCERT](#) (Japanese text only)

Support for the Digital Concert Hall of the Berliner Philharmoniker Orchestra

IIJ has a sponsorship agreement with Berlin Phil Media as a streaming partner and supports the company's "Digital Concert Hall," a video distributing service for the Berliner Philharmoniker Orchestra. This portal provides approx. 50 regular performances every year, both live and on demand.



- [Berliner Philharmoniker Streaming Partner](#)

IIJ Chairman Koichi Suzuki selected as a Person of Cultural Merit for his activities supporting music

The Person of Cultural Merit is an honor that is granted to people who have made outstanding contributions to the advancement and development of Japanese culture in Japan. IIJ's Representative Director Suzuki has been striving to promote culture and arts for many years as the Executive Committee President of Spring Festival in Tokyo. He has also been working hard to promote support for cultural and art activities as a part of corporate social contributions. In recognition of these and other activities, he was granted the honor in 2020.



- [IIJ's Representative Director Koichi Suzuki is selected to be a Person of Cultural Merit for fiscal 2020](#)
(Japanese text only)

Contributing to building a society where anyone can play an active role with a smile

IIJ supports athletes engaged in activities hoping to be selected to compete in the Paralympics. We also support people facing a wide range of difficulties in society by co-sponsoring charity sports events and giving aid to people affected by disasters.

Support for the activities of wheelchair fencing athlete Takaaki Sasajima

IIJ has been supporting Takaaki Sasajima, a wheelchair fencing athlete who balances work and competition since 2016. After joined IJ as a new graduate, Sasajima was confined to a wheelchair due to a snowboarding accident, but he discovered wheelchair fencing after participating in an athlete discovery program sponsored by the Tokyo Metropolitan Government. He was chosen to be a member of Japan's national team only one year after he became a wheelchair fencing athlete. As a member of the national development squad, he participates in tournaments in many countries, aiming to be selected to participate in the Paralympics.

While many athletes devote themselves solely to competition, Sasajima is engaged in work in the Corporate Communications Department, including the editing of our PR magazine. He is also proactive involved in activities other than work and competition, including lecturing at schools and municipal governments across Japan about his experience as a parasports athlete and holding sessions to enable people to experience wheelchair fencing.



- [Profile of Takaaki Sasajima \(Japanese text only\)](#)
- [ROAD to PARIS: Takaaki Sasajima, a Parasports Athlete from IIJ](#) (Japanese text only)

Communication support for disaster-affected people and support for phone calls in conflict areas

IIJmio, IIJ's mobile and fiber optic Internet connection services for consumers, provides customers affected by disasters, such as earthquakes and typhoons, with extra data and other preferential treatment. IIJ also supports customers who need to communicate with people in overseas areas affected by serious disaster or conflict. This support includes free international phone calls to enable customers to collect information and confirm people's safety without worrying about the cost.



- [Free International Phone Calls to Ukraine to Be Offered to Subscribers to IIJmio Hikari Denwa, a Fiber Optic Telephone Service](#) (Japanese text only)
- [Free International Phone Calls to Turkey to Be Offered to Subscribers to IIJmio Hikari Denwa, a Fiber Optic Telephone Service](#) (Japanese text only)

Contributing to the development of an environment for affordable services by popularizing MVNOs

Mobile services have become an essential part of the infrastructure of people's lives and economic and social activities, with the number of mobile devices in use having exceeded one per person. IIJ has been driving the development of an environment that makes mobile services available to more people by providing services with lower prices and higher customer satisfaction than ever before in its IIJmio, a Mobile Virtual Network Operator (MVNO) service for private customers.



Futoshi Sasaki from the MVNO Division of IIJ has been in charge of the planning and development of services and negotiations with mobile carriers since the early days of MVNO. He has also been active as a member and observer of related organizations as a representative of the MVNO industry. In 2023, he was awarded the 68th Maejima Hisoka Encouragement Awards in recognition of his contribution to the development of an environment for low-cost services through the spread of MVNOs and activation of competition in the mobile market through these activities.

- [Encouragement award granted during the 68th Maejima Hisoka Awards in recognition of Sasaki's contributions to the spread of MVNOs in Japan, etc.](#) (Japanese text only)

Shioya Recreation Club

IIJ has supported the Shioya Recreation Club (SRC), an incorporated non-profit organization, since 2017. The SRC provides track and field classes that anyone can attend together, transcending the boundaries between people with and without disabilities.



Children with disabilities do not have many opportunities to play or participate in sports together with their siblings. Wanting to enable people to do what they are not able to do, SRC provides track and field classes and recreational events, where both people with and without disabilities can participate together. At present, the SRC has approx. 90 members, ranging from elementary school children to working members of society (with 70% of them being people with disabilities). Members include athletes engaged in activities with the goal of participating in the Paralympics. The activities of the SRC are expected to continue to develop.

- [Shioya Recreation Club, an incorporated non-profit organization](#) □ (Japanese text only)

Charity golf tournament hosted by PTC

PTC System (S) Pte. Ltd. (PTC) in Singapore, an IIJ Group company, hosts a charity golf tournament each year, having started in 2014. The charity golf tournament is aimed at supporting Metta School, a special-needs school in Singapore. This school provides self-reliance support for students who were diagnosed with mild disabilities or autism.



IIJ Kids the Internet Q&A

IIJ publishes a website where children and their guardians can together deepen their understanding of the mechanism of the Internet and the right ways of using it, including safe, secure ways of using smartphones.

- [IIJ Kids the Internet Q&A](#) (Japanese text only)



Co-sponsoring NIPPON IT Charity EKIDEN

IIJ is co-sponsoring "NIPPON IT Charity EKIDEN" which was planned to support socially vulnerable, non-working people, reflecting the increasing number of people distressed with depression or withdrawal, mainly in the IT industry.

- [We participated in NIPPON IT Charity EKIDEN held in 2022.](#) (Japanese text only)



Information disclosure based on the TCFD Recommendations

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

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

Governance and Risk Management

IIJ believes that the fulfilment and implementation of corporate governance play an important role both in putting its management philosophy into practice and continuously enhancing its corporate value. IIJ has established and operated a corporate governance system to ensure these fulfillments. Under [the corporate governance system](#), the Sustainability Committee, chaired by the president, has been established as an organization under the direct control of management to deal with the increasing importance of responding to sustainability-related risks and opportunities in recent years such as climate change, and to promote company-wide initiatives across the entire company. With regard to climate change related issues, IIJ continues to engage in the relevant initiatives in accordance with the "[Policy for Environmental Initiatives](#)," and also identifies, assesses and manages climate change related risks and opportunities from diverse perspectives by cross-sectional members from corporate planning, technology, finance, public relations, human resources and other departments. The initiatives of the Sustainability Committee are regularly reported to the Board of Directors, and risks identified by the Sustainability Committee that could have material impacts on the business are integrally managed together with other business risks, which are continuously identified, assessed and managed by the Board of Directors.

Activities of the Sustainability Committee

(As of the end of June 2024)

Committee meetings	Four times (2023.07-2024.06)
Report to the Board of Directors	Once

In addition to the above initiatives, IIJ has established and operated an environmental management system that covers the business activities of the data center department, and has obtained international environmental management system certification (ISO 14001: 2015), which is designed to minimize the impact of corporate and other activities on the environment.

Strategy

The TCFD recommends that analyses include the 2°C or lower scenario, which is based on the Paris Agreement's targets. IIJ selected the 2°C or lower scenario for its "Scenario Analysis" in line with the 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.

In the first year of the "Scenario Analysis" (FY2021), the analysis was conducted only for IIJ, and from FY2022 onwards, the major subsidiaries IIJ Global Solutions (IIJGS) and IIJ Engineering (IIJEG) have been included in the analysis in consideration of their business scale and the impact of climate change on their operations.

The table below shows the risks and opportunities related to climate change identified by IIJ, IIJGS and IIJEG that could have material impacts on their businesses, measures to address them, and impacts on their businesses, strategies and others. As for physical risks such as increased occurrence of typhoons and floods, prolonged high temperatures, and sea level rise, IIJ 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 IIJ 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. IIJGS mainly provides network services such as WAN, and its risks and opportunities related to climate change are common to those related to IIJ's network services. IIJEG mainly provides data center services and others to IIJ, and the risks and opportunities related to climate change are common to those related to

	Events	Risks and Opportunities	Measures	Time Horizon (*)	Business Impacts of the 2°C or Lower Scenarios
P h y s i c a l r i s k s / o p p o r t u n i t i e s	Increase in extreme weather events such as typhoons and floods, and climate changes such as prolonged high temperatures	Applicable companies: IIJ, IIJEG		Long-term	Low
		<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> <ul style="list-style-type: none"> · Increasing demand for services that are highly resilient to natural disasters and climate changes 	<p>- Measures</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 		
T r a n s i t i o n r i s k s / o p p o r t u n i t i e	Stricter laws and regulations on decarbonization and energy conservation	Applicable companies: IIJ, IIJEG		Mid- to Long-term	High
		<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 	<p>- Measures</p> <ul style="list-style-type: none"> · Formulation of a policy for greenhouse gas reduction initiatives at IIJ's own data centers, and efforts to achieve targets for renewable energy usage and energy conservation (Refer to "Metrics and Targets" for progress) 		
	Increasing demand for low-carbon emission services	<p>- Risk</p> <ul style="list-style-type: none"> · Risk of inability to provide services to meet the demand due to unavailability of renewable energy procurement or failure to achieve energy conservation <p>- Opportunity</p> <ul style="list-style-type: none"> · Increasing demand for data center services that use renewable energy and energy-saving technologies, as well as low-carbon emission 	<ul style="list-style-type: none"> · Diversification of renewable energy procurement measures such as the installation of photovoltaic panels in own data centers, direct procurement of non-fossil fuel certificates · Offering services utilizing non-fossil fuel certificates, technology development for reducing the energy consumption of AI processing infrastructure (a publicly 	Mid- to Long-term	Medium

S		services that use them	funded project by the Ministry of Economy, Trade and Industry and NEDO), provision of container-type data centers, demonstration experiments of micro data centers in Iceland using 100% renewable energy, and others		
		Applicable companies: IJ, IJGS, IJEG			
		<ul style="list-style-type: none"> - Opportunity · 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 	<ul style="list-style-type: none"> - Measures · Continuous execution of current strategy including development and provision of cloud, IoT, and other services 	Short- to Long- term	Medium
	Increasing social demand for environmental responsibility	Applicable companies: IJ			
	<ul style="list-style-type: none"> - Risk · 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 	<ul style="list-style-type: none"> - Measures · 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

Metrics and Targets

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 consume about 80% of all electricity consumption, by "usage of renewable energy(*1)" and "improvement of energy conservation".

The targets for each of initiatives, and FY2023 results, are as follows.

Measures	Targets	FY2023 results
Usage of renewable energy	The target is to increase the renewable energy usage rate of data centers (Scope 1 and 2(*2)) to 85% in FY2030.	50% (Matsue data center has continued to achieve 100% renewable energy utilization)
Improvement of energy conservation	The target is to keep the PUE (*3) of the data center at or below the industry's highest level (*4) until FY2030 through continuous technological innovation.	Matsue data center: 1.33 Shiroi data center: 1.31 (Continued to achieve industry's highest level PUE of 1.4 or lower).

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

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

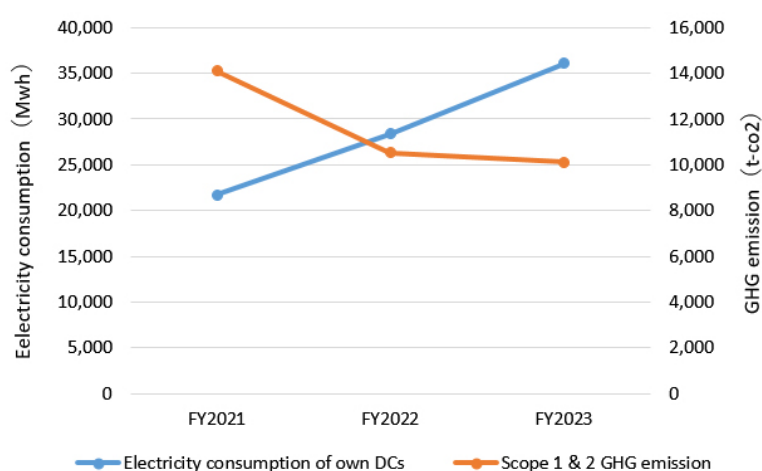
(*4) Industry's Highest Level PUE: PUE 1.4 or lower (As of March 31, 2024, the Agency for Natural Resources and Energy has set a benchmark index and target level of PUE as 1.4 or lower in the data center sector, and operators that achieve this are considered excellent energy conservation operators.)

Results of initiatives

Track record of initiatives in IIJ's own data centers.

IIJ's electricity consumption at its own data centers in FY2023 increased by 27% year-on-year mainly due to the expansion of its business scale and increased utilization of its own data centers associated with the consolidation of data centers leased from other companies, though, Scope 1 and 2 greenhouse gas emissions (own emissions) decreased by 4% year-on-year mainly due to initiatives such as continuously achieving 100% renewable energy utilization at the Matsue Data Center and procuring non-fossil fuel certificates.

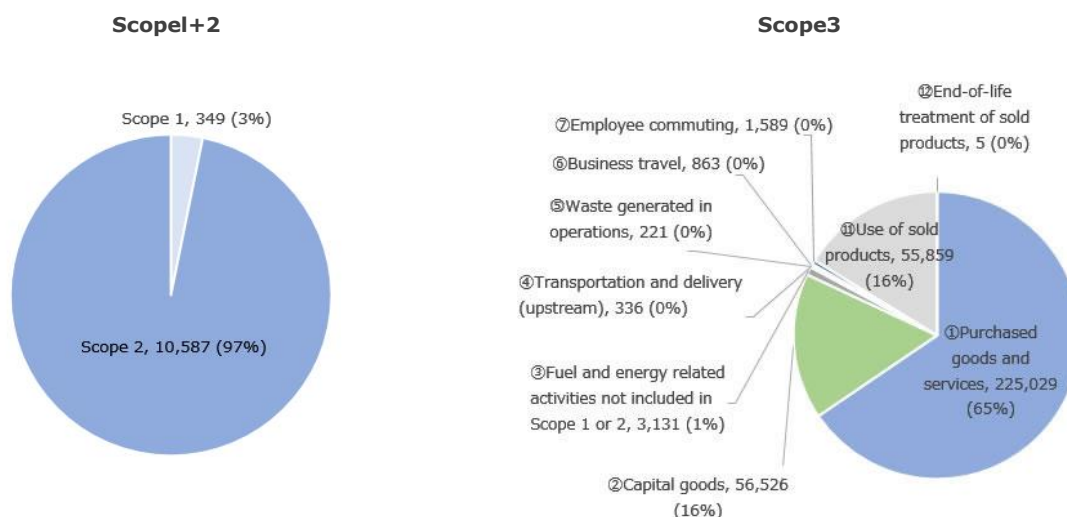
IIJ Electricity consumption of own DCs and Scope 1 & 2 GHG emission (Non-consolidated basis)



Actual Greenhouse Gas Emissions

IJJ Group has expanded the scope of data collection for its greenhouse gas emissions calculation from IJJ (non-consolidated basis) to include its major subsidiaries IJGS and IJEG from FY2023. These companies accounted for 90% of the consolidated revenues. In Scope 1 and 2, which calculate IJJ's own emissions, the Scope 2 emissions, which recognize the electricity consumption of its own data centers, account for 96% 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.

FY2023 Results (Unit: t-CO₂) Scope of data collection: IJJ, IJGS, IJEG



Breakdown of Greenhouse Gas Emissions for FY2023

	IJJ	IJGS/EG	total
Scope1	340	8	349
Scope2	9,759	828	10,587
Scope3	300,466	43,093	343,559

IJJ (Non-consolidated basis) historical results (Unit: t-CO₂)

	FY2021	FY2022	FY2023
Scope1	269	381	340
Scope2	13,819	10,129	9,759
Scope3	234,687	255,608	323,724

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

Sustainability targets

IJ has set the following sustainability targets.

Materiality	Measures		Sustainability targets		
			Targets	FY2023 results	Reference
Lead network infrastructure advancement with technological innovations and contribute to solving various social issues	Our response to climate change	Usage of renewable energy (*1)	To increase the renewable energy usage rate of data centers (Scope 1 and 2(*2)) to 85% in FY2030	50% (Matsue data center has continued to achieve 100% renewable energy utilization)	Information Disclosure based on the TCFD Recommendations
		Improvement of energy conservation	To keep the PUE (*3) of the data center at or below the industry's highest level (*4) until FY2030 through continuous technological innovation	<ul style="list-style-type: none"> •Matsue data center: 1.33 •Shiroi data center: 1.36 (Continued to achieve industry's highest level PUE of 1.4 or lower). 	
Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges	Human Resource Development		The results of the annual employee awareness survey on "Challenge," "Self-Growth," and "Managers' Support" (*5) among young employees continue to remain in the upper three-point range or higher.	<ul style="list-style-type: none"> •Challenge 3.9 •Self-Growth 4.0 •Managers' Support 4.3 	Policy for Human Resource Development
	Promoting diversity		FY2026 target of 8% or more (The target for FY2027 was brought forward by one year)	6.5% (Achieved FY2024 target of 6% or more ahead of schedule)	Ratio of females in managerial positions
	Promotion of diverse workstyle and work-life balance		Maintaining a 10% or greater utilization rate of the childcare leave system for male and a 90% or greater utilization rate for female employees	<ul style="list-style-type: none"> •Male 53.5% •Female 100.0% 	Promotion of diverse workstyle and work-life balance

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

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

(*4) Industry's Highest Level PUE: PUE 1.4 or lower (As of March 31, 2024, 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.)

(*5) The Employee Survey is an annual engagement survey (approximately 50 questions), and each item is rated on a five-point scale of 1 (disagree), 2 (somewhat disagree), 3 (neutral), 4 (somewhat agree), and 5 (agree). "Challenge," "Self-Growth," and "Managers' Support" are the results of questions that include the following elements.

Challenge: Support for taking on new challenges, acceptance of new ideas and proposals, culture that encourages employees to take on re-challenges, etc.

Self-Growth: Sense of growth in current job, growth support system, etc.

Managers' support: Advice from managers and superiors, satisfaction with managers, etc.

■ Corporate Profile

Corporate Outline

As of Marvh 31, 2024

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 25,562 million
Number of Employees	4,750 (consolidated basis) 2,680 (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, KDDI 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])

FY2023

Revenues	JPY276.0 billion
Operating Profit	JPY29.0 billion
Profit attributable to owners of the parent	JPY19.8 billion

Management Team

As of June 28, 2024

Board Members / Company Auditors

Member of the Board, Representative Director	Koichi Suzuki; Eijiro Katsu
Member of the Board	Satoshi Murabayashi; Yasuhiko Taniwaki; Koichi Kitamura; Akihisa Watai; Junichi Shimagami; 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	Masayoshi Tobita; Masako Tanaka; Takashi Michishita (part time) (*2); Aso Kumiko (part time) (*2)

(*1) All part-time directors are independent outside directors. (*2) Outside statutory auditors

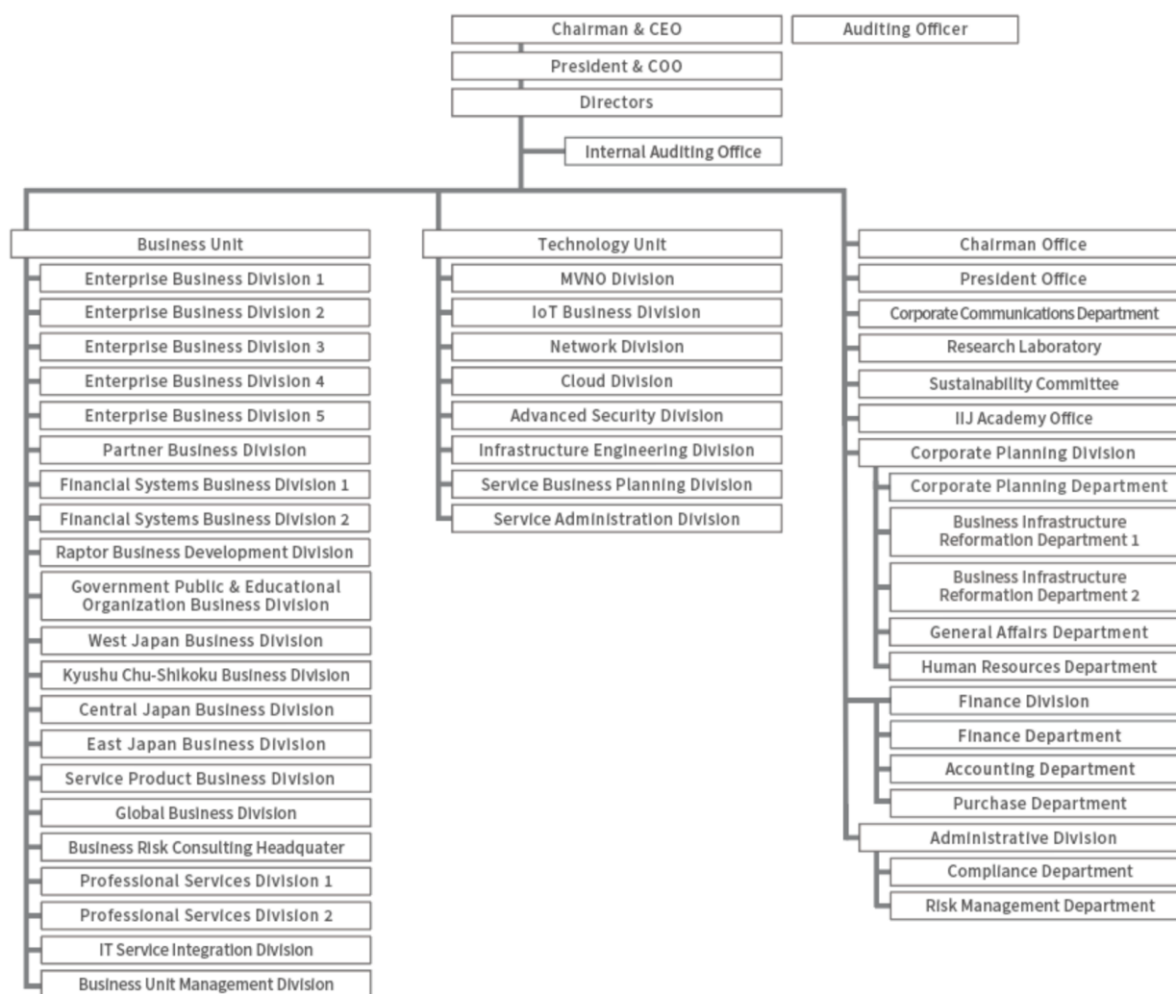
Executive members

Chairman	Koichi Suzuki (Co-CEO)
President	Eijiro Katsu (Co-CEO & COO)
Executive Vice President	Satoshi Murabayashi; Yasuhiko Taniwaki
Senior Managing Executive Officer	Koichi Kitamura; Akihisa Watai (CFO); Junichi Shimagami (CTO); Tadashi Kawashima; Naoshi Yoneyama (CIO)
Managing Executive Officer	Makoto Ajisaka; Yoshikazu Yamai; Koichi Maruyama; Masakazu Tachikui; Seiji Okita; Akira Sumiya (CISO, CRO, CPO (※3)); Takenori Onishi; Shigeo Yabuki; Ken Araki; Hajime Shironouchi
Executive Officer	Masami Kawamata; Takahiro Ide; Naoshi Someya; Takahiko Hiyama; Kaori Kawakami; Hiroo Shirasaki; Takeshi Hatano; Mamoru Saito

(※3) CISO: Chief Information Security Officer, CRO: Chief Risk Officer, CPO: Chief Privacy Officer

Organization Chart

As of April 1, 2024



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	Hakataion 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
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 JP Bldg. 16F, 2-62, Matsubara, Hiroshima-shi, Hiroshima 732-0822, Japan Phone: +81-82-568-2080 Fax: +81-82-568-2088
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 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@ij-engineering.co.jp URL: <https://www.ij-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@ijglobal.co.jp URL: <https://www.ijglobal.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@ij-protech.co.jp URL: <https://ij-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@ij-america.com URL: <https://www.ijamerica.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.ij.com URL: <https://uk.ij.com/>



IIJ Global

IIJ Global Solutions Singapore Pte. Ltd.

Provides quality Internet services, network and systems construction, operation and maintenance, and cloud services in Singapore

8 Burn Road #07-08 Trivex Singapore 369977

Tel : +65-6773-6903 E-mail : sales@ap.ij.com URL : <https://www.ij.ad.jp/global/singapore/>



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

Phone: +65-6282-0255 E-mail: sales@ptcsys.com URL: <https://ptcsys.com/>



IIJ Global Solutions China Inc.

Provides network and systems construction, operation and maintenance, and cloud services in China Shanghai, China Room 4202-4203, Huaihai International Plaza, No. Middle Huaihai

Road, Xuhui District, Shanghai, China

Phone: +86-21-8026-1899 E-mail: gschina-sales@ijgschina.com URL: <https://cn.ij.com/cn>

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 URL: <https://www.mfeed.ad.jp/en/>



JOC DN 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/en/>



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/> (*)

(*) Only in Japanese language

■ Corporate History

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

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 IJ'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 IJ4U, 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 IJmio consumer-level Internet service

■ 2001.11

Started IPv6/IPv4 dual stack service

First in Japan

■ 2003.2

Developed IJ 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 IJ Mobile telecommunications service

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

1992

IJ 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. (IJ)

■ 1994.2

Registered as Special Type II telecommunication business

■ 1995.1

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

■ 1995.11

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

■ 1996.3

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

■ 1996.11

Established IJ Technology Inc. (merged with IJ 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 IJ 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: IJJI) (Delisted in 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

■ 2022.9

Launched newly developed SASE service, "IJ Secure Access Service"

2024

■ 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

■ 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)

■ 2022.9

Acquires APEC CBPR Certification as a cloud service provider (IaaS)

■ 2022.12

30th anniversary of IJ founding
Established IJ Academy

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

