



Sustainability Report 2022

Introduction

Believing that the outcomes of our initiatives for ESG challenges elevate the sustainability of our business and improve our corporate value, we expand and advance our activities every year.

We announced that we will establish the foundations for human resources and co-creation while progressing with the reinforcement and expansion of business foundations in the three-year mid-term business plan starting from fiscal year ending June 2023.

As the initiatives for the improvement of human capital targeting our employees, on which we have especially focused so far, are directly connected to reinforcing and expanding business foundations and establishing foundations for human resources, we shall go on to develop them, aiming for a higher level. Specifically, we shall pursue "a comfortable work environment" and "decent work," striving to realize a workstyle which allows for making the best use of one's uniqueness, create an environment supporting self-directive actions for making both the company and employees grow as they challenge something new and build corporate culture of respecting each other and every employee with their diverse backgrounds such as age, origin and nationality.

In addition, from the viewpoint of co-creation with stakeholders inside and outside the company, we shall go on to promote organic cooperation within the organization by stimulating dialogue and proceeding at full tilt with co-creation among our employees and ESG initiatives addressing various social issues.

Taking into account the mentioned above, in this sustainability report we endeavored to report primarily the initiatives in which we engaged from last year until this year to our stakeholders as comprehensively and concisely as possible, in accordance with our standards of corporate conduct. We hope that it will be of any help in evaluating the company.

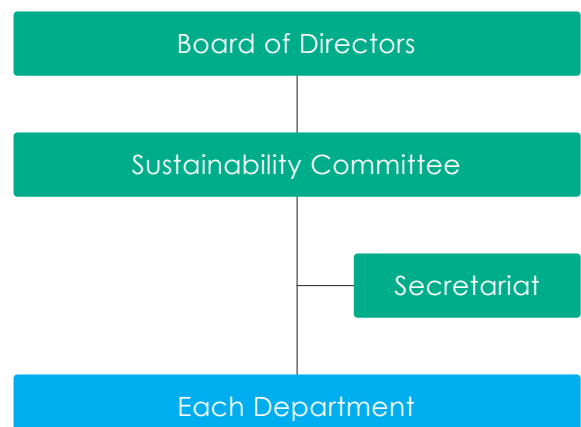
Representative Director and President Kunimitsu Sato
September 2022 Intelligent Wave Inc.

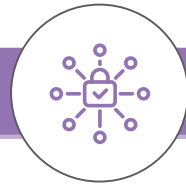
System for promoting sustainability activities

The company established a Sustainability Committee in April 2021. It is composed mainly of full-time directors and executive officers, with the Representative Director and President Kunimitsu Sato as the Committee Head.

The Sustainability Committee sets the policies concerning "contribution to the society," "creation of good corporate culture," "respect for diversity," "consideration of the global environment" and other points set out in our standards of "code of business conduct", and works as a fundamental organization for ensuring the continuity of the promotion of company-wide activities.

The Sustainability Committee held four meetings last fiscal year, reporting on activities and debating on policies.





Basic policy

Intelligent Wave is an IT service provider that supports the business reliability* of enterprises in the fields of payment, finance, security, etc.

With the management philosophy of "creating safety and convenience for the information society of the next generation," we shall contribute to the society by providing an IT infrastructure encompassing functions indispensable to the society through swift, secure, high-quality and highly convenient products and services.

* Business reliability: Continuing to elevate the reliability of clients' businesses and our business (coined words by the company)

Contribution to the cashless society

We provide an IT infrastructure supporting people involved in cashless payment. Most of the credit cards transacted in Japan are processed by systems we have provided. We are thoroughly supporting the cashless society that allows for the safe use of credit card anytime, 24 hours a day, 365 days a year, by providing systems that can instantly confirm the cardholder and situation concerning the card use and perform the authorization and payment, and systems for the prevention of fraudulent use. Furthermore, the positive economic effects from the popularization of cashless payment coupled with the effects of reducing cost for handling cash are said to be about 7 trillion yen*. Cashless payment is also friendly to the environment and has been used more often lately in terms of sanitation as well.

* Taken from the materials of the Investigative Committee on Developing the Environment for Further Promotion of Spreading Cashless Payment Among Medium- and Small-Scale Stores, Ministry of Economy, Trade and Industry

Merchants (Department stores, mass retailers, restaurants, supermarkets, etc.)



Providing package system products allowing for short-period and low-cost installation of functions required for credit card payment.

Online shopping



Including network connection and verification functions to support secure and comfortable online shopping.

Prevention of fraudulent card use



Checking credit requests in Japan and overseas in real time to prevent damage from fraudulent card transactions.

ATM

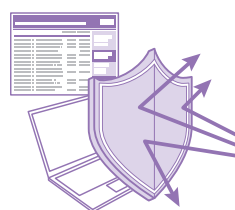


Providing applications for ATM network connection and card use verification.

Contribution to the information security society

For the sale of security products, we sell products for the prevention of leakage of corporate information developed by the company and products for cybersecurity developed by other companies, primarily by Israel corporations. We shall maintain the social infrastructure by providing and realizing the latest cybersecurity measures for the cyberspace, which evolves and diversifies on a daily basis.

Measures against cyberattacks



Preventing cyberattacks from outside the organization by malware, ransomware, etc.

Information leakage measures



Preventing information leakage by insiders by monitoring the PC devices and networks within enterprises.

Creation of Good Corporate Culture



Promotion of health-oriented management

The company has formed a system allowing for the cooperation with public health nurses and industrial physicians and promoted health-oriented management overseen by the CEO, who is responsible for health-oriented management, and was certified as an "Excellent Health and Productivity Management Corporation 2022 (Large Corporation Category)" designated by the Ministry of Economy, Trade and Industry. We newly established a Health-oriented Management Promotion Department in July 2022 and are further reinforcing the initiatives for elevating the well-being* of each of our employees, who are the most important resources of our business.



* A state of being completely fine and fully satisfied in terms of the body, mind and society

Expansion of the company's payment for medical examinations of employees

Since the previous term, the company has been covering the full costs of gynecologic examinations of women under 35 years old, which used not to be covered, and is promoting undergoing medical examinations, early discovery and early treatment of illnesses.

Health initiatives by public health nurses

In order to prevent lifestyle diseases of our employees, we are proactively engaging in healthcare guidance based on the results of medical examinations and promoting examinations of employees with abnormal test results by public health nurses. We have also set up a counter for consultation with public health nurses, allowing our employees to have a casual consultation. The public health nurses also hold meetings with new employees who require care, ill employees and employees receiving treatment.

Mental health measures

Following a stress check held once a year, we hold a meeting for managers to report the results of the group analysis in order to reinforce mental health measures. We also organize individual consultations for managers taking into account the results of the stress check as well as trainings for mental health self-care and employee care overseen by line managers.

Physical health measures

We organized an on-demand video seminar on shoulder stiffness, back pain, smoking, alcohol addiction, cancer, lessening the lack of exercise, methods to prevent eyestrain and headache, and female health. We allowed not only the employees, but also their families to participate, and made endeavors to elevate the health literacy of our employees and their families.

Introduction of an additional leave compensation program

As the monthly salary decreases in case of "injury and illness compensation" provided when taking a leave from work due to the treatment of an illness or injury unrelated to work, we took out the Group Long-Term Disability Insurance. Under this facilitation, we provide a working environment lessening the economic uncertainties of our employees and allowing them to feel reassured in continuing to work.

Standing staff canteens and breakfast services

We have arranged an environment allowing our employees to easily have a nutritionally balanced meal anytime during the day, weekends and night by introducing a standing staff canteen service offering small dishes, rice, etc. We are also offering breakfast from 8 o'clock on weekdays with the objective of elevating productivity by growing out of long working hours and night work and promoting health. These services are widely available to everybody, no matter whether they are employees or part-time workers.



Workstyle reform

In order to provide high-quality systems and services to our clients, it is vital to meticulously manage the working hours of our employees and arrange a comfortable working environment. We are aiming for holding excellent human resources and improving our mid- to long-term performance through the workstyle reform.

Meticulous management of working hours

The working hours of our employees are checked at a meeting of the senior management, and in case there is an employee whose working hours have exceeded the limit of the company, we give directions to the concerned department if necessary and strive for the improvement of our employees' work-life balance.

Telework

We have provided an environment allowing the telework of all employees and are encouraging diverse and flexible workstyles compatible with the circumstances of each employee, not only from the viewpoint of preventing the spread of COVID-19.

■ Special leave program for night work

As our systems are operating 24 hours a day, 365 days a year, work is performed at night in some instances. In case of fixed working hours during late night, special leave is granted according to the working hours and we are promoting employees to take this leave for their health.

■ Promoting employees to take paid leave

Regarding our goal for the number of days of paid leave taken, we are promoting employees to take 8 days off, more than the 5 days off designated by the law. The average usage rate for the number of days of annual paid leave granted reached 71.8% in 2020 and 74.7% in 2021, meaning that we have succeeded in creating a corporate culture allowing employees to easily take paid leave in comparison to the average rate of 56.6%* in Japan.

* Source: "General Survey on Working Conditions 2021," Ministry of Health, Labour and Welfare

Improvement of engagement

In-house communication

■ Web company newsletter (DIVERSITY WAVE)

We have been publishing "DIVERSITY WAVE," a web company newsletter, twice a month since July 2021, with the objective of introducing the rich personalities of our employees and promoting diversity. We are covering various topics in every issue, from employee contents such as the introduction of employees and divisions to features concerning the company such as event reports and health-oriented management. Lately we have also produced a radio show and are making efforts to convey the real voices of our employees. These initiatives are playing a significant role for in-house information sharing and stimulating the communication between employees.



■ Hakodate Staywork

In order to pursue "a comfortable work environment" and "decent work" for our employees and support their health and active participation, we aimed for the introduction of workation at the Hakodate branch office as a new workstyle for employees of our head office and studied the effects thereof for three months. We got feedback from the participating employees such as "I can now see things in a different light," "It was good for a change of pace" and "I was able to interact with employees in Hakodate." From now on, we shall proceed with preparations for full adoption.

■ Setting exercise equipment

In order to promote communication between employees and provide a place for employees to lessen their lack of exercise and have a short refreshing break, we have installed health equipment such as exercise balls and minigolf. We are going to keep enriching the equipment while listening to the requests from our employees.

■ Community cleanup

In order to stimulate communication between employees and contribute to the society, we proactively participate in local events. Twice a year, our employees voluntarily take part in "Community Cleanup Day," a local cleaning activity held by Chuo City, Tokyo, and clean the area surrounding the office.

Various policies to make our jobs more worthwhile

■ Cross-job

We introduced the cross-job system with the objective of training human resources who will elevate the knowledge and skills required for innovation beyond the borders of departments. Our employees can now state their wishes for in-house side work that accounts for about 20-30% of their working time.

■ Mentoring system

This is a system where all employees under 40 can talk with a mentor from a different department which they have selected, and the mentee can freely consult the mentor about their work-related worries and career path. The employees also use this system to collect information on other divisions in preparing for in-house transfer to enhance their career.

■ Crosstalk

We organize "Crosstalk" between the President and employees whenever necessary, based on the President's wish to hear about the current condition and thoughts directly from the employees and respond in case there is a new challenge.

■ Self-reporting system

This is a system for all employees at positions below a section manager to report on the work they were involved in, their wishes for transfer, change of jobs, etc. to the company every year. Through this system, the company can grasp the current situation and career aspirations of all employees, and conduct an appropriate placement of human resources and support of career development. Moreover, superiors can grasp the career aspirations of their subordinates and put this to use in their usual work guidance.

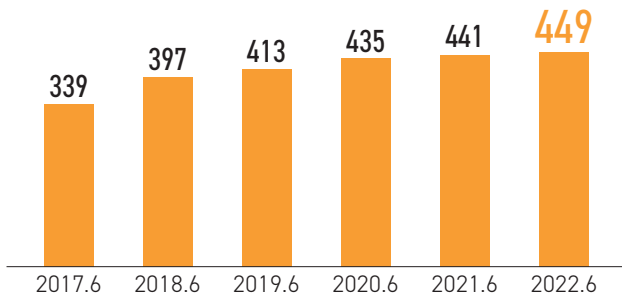
Respect for Diversity



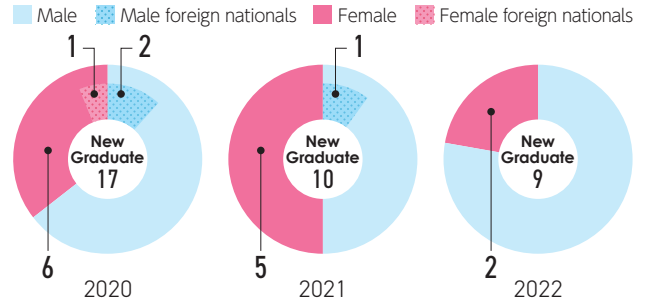
Utilization of diversity

The number of our employees has grown about 1.3 times from 5 years ago in step with the expansion of our business scale. Moreover, we are forging ahead with the recruitment of human resources with diverse values in order to utilize differences in the aspects such as sex, nationality, age and having a disability or not, and bring about additional values. Building a workplace environment and programs compatible with such diversified employees is indispensable for mid- to long-term growth.

Variation in the number of employees [persons]



Situation concerning the recruitment of new graduates



Promotion of the advancement of women

In order to promote the advancement of female employees, we are reinforcing various measures with the goal of doubling the number of female managers and advanced specialists from 11 in the term ended June 2022 to 23 by the term ending June 2025.

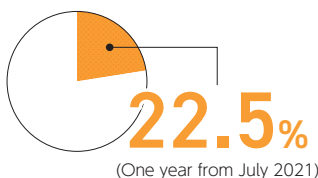
Intelligent Women's Wave (IWW)

Based on the idea that an environment allowing female employees to easily consult each other is necessary, we are continuing the "Intelligent Women's Wave" activities and striving to arrange an environment where female employees can consult each other as a mentoring system between female employees. We are supporting long-term career development and smooth return to the workplace after the childcare leave by encouraging the advice from senior employees and utilization of various in-house programs so that the female employees can image their future career development even during life events unique to women.

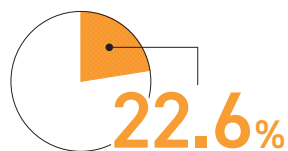
Online get-together for employees on childcare leave

We organized an online get-together for female employees on childcare leave. We supported them so that they could feel reassured preparing for the return to their workplace, providing information on the changes in the workplace environment, responding to consultations about anxieties and uncertainties concerning the return and offering advice from employees who have previously taken childcare leave, allowing them to imagine their workstyle after returning to work more concretely.

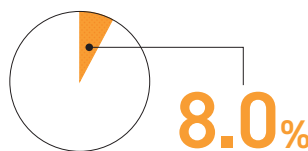
Ratio of female workers to recruited workers



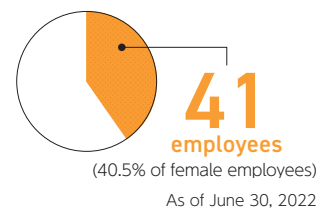
Ratio of female workers to workers



Ratio of female workers in managerial positions



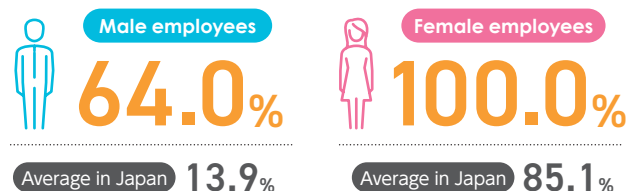
Number of participants in Intelligent Women's Wave



Supporting the work-childcare balance

In order to support life events such as childbirth and childcare, we are offering a three-day special leave available when the spouse gives birth and program for shortening working hours by up to 2 hours per day until the child reaches the initial term of junior high school. With regard to childcare leave, 100.0% of women and 14.3% of men in 2020 and 100.0% of women and 64.0% of men in 2021 took it, exceeding the averages of both women and men in Japan for successive years.

Rate of taking childcare leave



* Calculated by the company based on children born between July 1, 2021 and June 30, 2022. Information in fiscal 2021 is stated for the average in Japan. Source: "Basic Survey on Employment Equality 2021," Ministry of Health, Labour and Welfare

Initiatives to promote the advancement of disabled people inside and outside the company

■ Event for appreciating ParaArt (artworks by disabled persons)

We started to exhibit ParaArt at the main office. We are seeking the stress-relieving effects which the viewing of the ParaArt has on people, including our employees, and the stimulation of communication brought about by viewing the ParaArt. Furthermore, we are facilitating the understanding of the diversity of our employees through art and supporting the economic independence of disabled artists. We held a ParaArt viewing during the coronavirus crisis with the objective of creating an opportunity for smooth interaction between employees. New interactions arose also between employees who do not come into contact during their daily work and

there were various reactions from the participants, such as discovering differences from others and new sides of themselves through art.



■ Initiatives for enhancing awareness and facilitating understanding in the company

Aiming for a workplace environment that allows employees with disabilities to make use of their potential even more, we organized educational seminars and study sessions for workers in the departments to which the disabled are assigned. We invited lecturers from concerned institutions to obtain the basic knowledge about the characteristics of disabilities and receive explanations on appropriate consideration toward the disabled, striving to facilitate the understanding of employees with disabilities.

■ Regular meetings for the disabled

We hold meetings with the disabled by staff in charge of retaining the disabled once a month. After interviewing them on various matters including their physical conditions, we give advice to the disabled as well as the superiors and workers in the department to which they are assigned.

Employment of the elderly

■ Expansion of the scope of the advanced specialist program

We have expanded the target range of the "advanced specialist program" for assigning a position to highly specialized employees, which used to be under 60 years old, to include those above 60 years old, and we promote the employment of senior employees. Furthermore, we have also newly established a "professional program" for assigning the position of a "fellow" or "chief engineer" to employees who are extremely highly specialized (the top class in the industry and the world) and recognized to contribute to the improvement of our social value, and employees over 60 years old can be certified in this program as well.

Promotion of successful career for foreign employees

■ Providing a place and chance for a successful career utilizing international experience

We proactively promote employees of foreign nationalities including young employees to the team for advancing overseas business. They utilize the diversity born from the experience obtained overseas and different values and began new endeavors in the international business.

Addressing the Global Environment



Basic policy

Intelligent Wave's business is centered on developing systems and providing cloud services, and our business model has slighter impact on the environment than manufacturing industries that operate factories, etc. However, we recognize the response to environmental issues such as climate change countermeasures as a task in which all enterprises should be involved. We collect necessary data on risks and opportunities for gaining income, impact on our business, etc. related to climate change and progress with the analysis thereof, as our policy is to go on to disclose information of sufficient quality and quantity based on global frameworks for disclosure of information on climate changes. Furthermore, from now on we shall formulate mid- to long-term environment goals and strategies and promote concrete measures to achieve them.

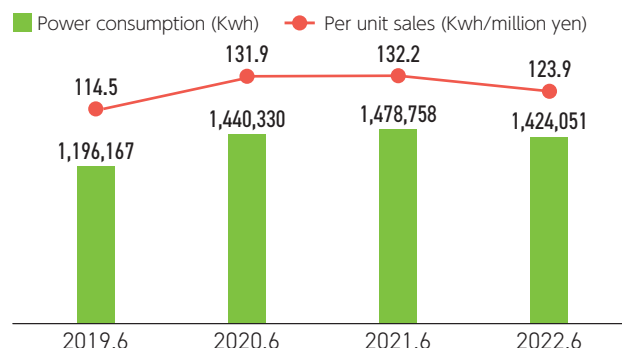
System for environmental management

Intelligent Wave views environmental issues as important management challenges and has built a system for environmental management where the President has the overall responsibility. Initiatives concerning the environment are debated mainly by the Sustainability Committee, which is a subordinate institution of the Board of Directors, and the President serves as the Head of this Committee. Moreover, the Board of Directors is responsible for supervising the initiatives related to the environment, and decisions regarding especially important points are made following the resolution of the Board of Directors.

Reasonable use of electricity and paper

As an initiative to lessen environmental burdens, we are promoting electricity conservation and limitation of paper use. While we purchased about 2,290 thousand paper sheets (converted to A4) in the term ended June 2019, we reduced the amount to 440 thousand paper sheets (down about 80%) in the term ended June 2022. Moreover, as for electricity, we are striving to reduce power consumption per one person by 1% from the previous fiscal year by gradually switching telecommunication equipment, etc. to energy-saving devices and abolishing the dress code, etc. as a measure for lessening the air-conditioning load.

Power consumption/unit sales



For the Reinforcement of Corporate Governance

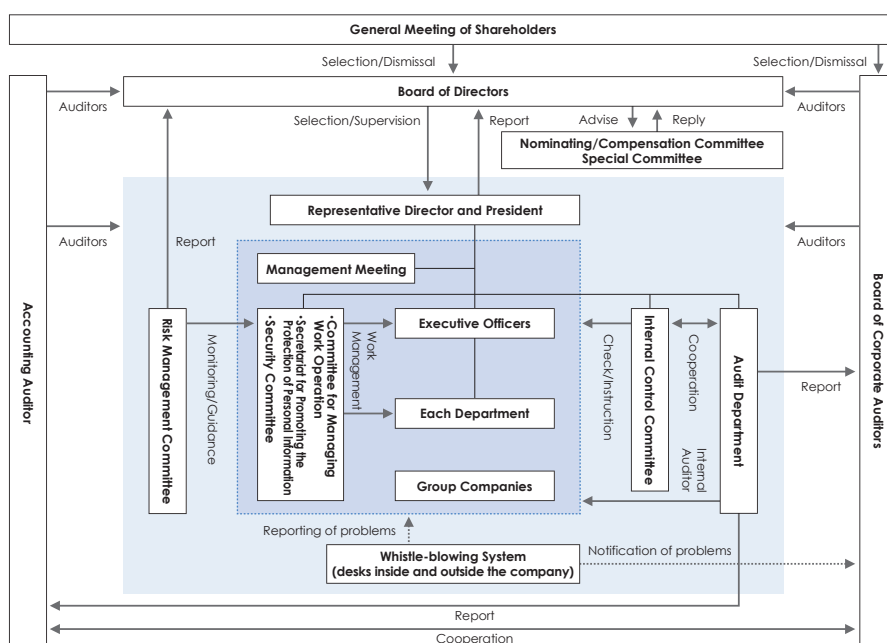


Basic policy

The company aims for further elevation of the transparency and fairness of the management and works toward the enrichment of corporate governance for maximizing our corporate value by fairly and swiftly disclosing information useful for understanding the situation of our management and business and promoting dialogue with the market.

Corporate governance system

We select independent outside directors and independent outside auditors and establish a Nominating and Compensation Committees composed primarily of these independent officers under the Board of Directors, which summarize opinions on the nomination of director and auditor candidates advised by directors and discussion regarding compensation following a debate and reports them to the Board of Directors. Establishing and operating such kind of Nominating and Compensation Committees contributes to the reinforcement of independency, objectivity and accountability of the functions of the Board of Directors concerning the nomination and compensation of directors. At the same time, we thoroughly educate our employees to elevate their awareness of compliance and are making comprehensive efforts to tighten corporate governance.



	Number of staff members	Out of these, independent outside directors	Out of these, independent outside auditors	Number of meetings	Attendance of outside directors	Attendance of outside auditors*
Board of Directors	6	2	—	19 times	100%	98%
Board of Corporate Auditors	5	—	3	19 times	—	100%

* 1 outside auditor missed 1 meeting out of 19.

Evaluation of the Board of Directors' effectiveness

We outsource a questionnaire survey targeted at all directors and auditors to an external institution in order to evaluate the overall effectiveness of the Board of Directors. It was reported to us in the survey conducted in February 2022 that the majority of directors feel that the Board of Directors is highly effective. Proceedings and Board of Directors materials have been improved since the last survey (2019) and we were recognized for carrying out appropriate proceedings. On the other hand, further enrichment of initiatives regarding sustainability challenges was sought. We have formed a responsible institution for the broad variety of challenges pertaining to sustainability and are working toward the reinforcement of the initiatives. We explain and report relevant information to the Board of Directors and are striving to enrich the Board of Directors' discussion. We are progressing with the elevation of the Board of Directors' effectiveness through such initiatives.

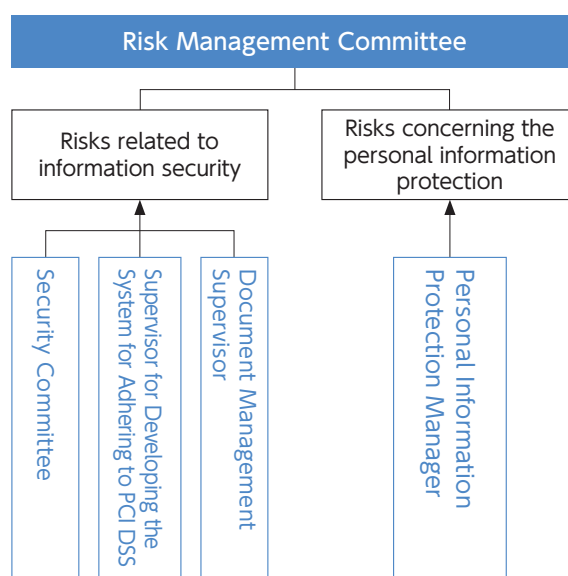
Approach to the protection of minority shareholders

With regard to transactions with Dai Nippon Printing Co., Ltd., our parent company, we decide fair and appropriate transaction terms based on a rational judgement, in the same way as those for other trade partners, and strive not to sacrifice the profit of minority shareholders. Before the transaction with our parent company, we take measures to avoid any omissions through the method of individually discussing and considering the transaction terms at a meeting of full-time directors and in-house concerned persons. In addition, we report the contents of important transactions with our parent company to the Board of Directors.

Information security system, etc.

By reliably managing information security, we shall earn greater satisfaction and trust of our customers and further ensure the continuance of our services. The risks related to information security are managed by the Security Committee, etc., while in regard to risks concerning the protection of personal information, we have set up a Secretariat for Promoting the Protection of Personal Information overseen by the Manager of the Protection of Personal Information, etc., striving to appropriately manage and handle information.

All risks are reported to the Risk Management Committee and the Risk Management Committee evaluates the comprehensiveness and validity of the risks reported by all organizational bodies and the measures for improvement, and engages in guidance and supervision when necessary. No inappropriate handling or the like occurred this fiscal year.



Personal information protection (Privacy Mark certification/JIS Q 15001:2017)

The Privacy Mark indicates that the company has developed a system for taking appropriate measures for handling personal information as a result of regular inspection by the evaluating institution. The company reasonably handles personal information (including specific personal information) in system development work where personal information such as credit card information is used, marketing activities and recruitment activities.



PCI DSS (Version 3.2.1) (Payment Card Industry Data Security Standard)

PCI DSS is the security standard of the credit card industry, formulated to handle data on credit cardholders securely. The company offers systems for network connection, fraud detection, acquiring, etc. pertaining to credit card payment as cloud services and has acquired the PCI DSS certification to securely operate the business.