
Sustainability Report 2023

COXIO

We set Cacco Evolutionary Purpose (EP) “Shaping the ‘Let’s Do It’ to be the next game changer” as our management vision and have been helping companies solve problems and take on new challenges. EP embodies our hope to contribute to the development of the Japanese economy by supporting people and companies that are taking on the challenge of making the world a better place.

Developed countries have been facing many social issues, including widening economic disparities, the issues of unemployment and non-regular employment, gender inequality, exploitation of immigrant workers, and poor mental health. In particular, Japan has problems of men's lower participation in childcare, lagging utilization of digital technologies, stagnant labor productivity, absence of a rising average salary, and others. In addition, developing countries have also been confronting problems regarding the labor environment, such as the lack of adequate attention to occupational health and safety as well as inadequate guarantees of workers' human rights.

We believe that in order to realize a sustainable society, it is inevitable that we must engage in social and corporate activities that ensure a comfortable and motivating work environment, including the protection of workers' human rights and fair pay for labor.

We hope to help create a workplace where everyone can work on tasks that they truly want to tackle and work with a

sense of satisfaction by attaining a work style that is free from time and place, spreading a flat and open organizational culture through invigorated communications and offering wide-ranging solutions to support business.

We will continue to enhance to a higher level of the human capital of our employees, which are directly related to strengthening and expanding our business foundation and establishing our human resource base.

Specifically, we will strive to pursue a comfortable and motivating work environment that supports unique way of working and autonomous actions for employees to take on new challenges and grow as a company and as individuals, and to foster an organizational culture that respects each and every employee with diverse backgrounds in terms of age, origin, nationality, and other characteristics.

We are committed to such value creation to enrich the lives of workers and enhance corporate competitiveness. We will continue to pursue not only economic benefits but also the meaning of our existence and our corporate value, and do business in ways that spur corporate growth and lead to realizing a more sustainable society.

March 29, 2024
Cacco Inc.

Hiroyuki Iwai, Representative Director, President



We have established a Sustainability Promotion Office.

It consists of Hiroyuki Iwai, Representative Director, President as the Director General, and the Directors and Executive Officers as the main members of the promotion team.

The Sustainability Promotion Office establishes policies related to other practices based on our management vision “Shaping the ‘Let’s Do It’ for a next game changer” and acts as the core organization to ensure continuity in the promotion of sustainability activities throughout the company.



Support in breaking away from the resource-intensive industrial model by promoting DX

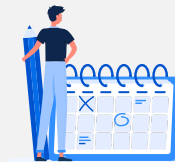
By supporting DX with our data science services, we are promoting the optimization and efficiency of production, sales, and distribution, and contributing to breaking away from the resource-intensive industrial model.

Sales forecast for an apparel brand with annual sales of 70 billion yen



- ◆ Provided a service that calculates projected future number of sales by product based on actual sales.
- ◆ Calculated the decision-making factors for product planning, production quantity, and order quantity decisions.

Optimized production planning for a wall material manufacturer with annual sales of 119 billion yen



- ◆ Created production plans for 1,700 products and 12 production lanes.
 - No overtime operation for each lane
 - No production below the minimum lot size for each product
 - Only certain lanes can produce each product
- Under the above constraints, we maximized production volume and planned a production sequence that minimized losses, contributing to an annual cost reduction of 130 million yen.

Optimized call center staffing



- ◆ Established automatic prediction of demand on a daily and hourly basis for the following month and generated a staffing plan to satisfy multiple constraints such as management indicators, employee work preferences, and working conditions, contributing to reduce annual costs of 60 million yen in a call center.

Optimized production planning for a stationery manufacturer with annual sales of 5.5 billion yen



- ◆ Prepared production plans for organizers and calendars that must be produced in sufficient quantities at certain times of the year and sold out during the sales season, based on demand forecasts.
- ◆ Developed an inventory planning algorithm to minimize opportunity loss due to shortages in standard products sold throughout the year. The above activities contributed to a 70% reduction in sales opportunity loss.



Efforts to Reduce CO₂ Emissions

We strive to reduce CO₂ emissions by using a cloud service platform “Amazon Web Services (AWS)” as the IT infrastructure for our business activities. Compared with an on-premises environment where we would manage and operate data on our own, the use of the AWS server can reduce CO₂ emissions by 77%*¹ and can also indicate the amount of reduced emissions.

	2021	2022	2023
(1) Reduction achieved by purchasing renewable energies	4.9 MTCO ₂ e* ²	5.6 MTCO ₂ e	10.3 MTCO ₂ e
(2) Reduction achieved by improving the efficiency of infrastructures	3.9 MTCO ₂ e	2.8 MTCO ₂ e	0.0 MTCO ₂ e
Total amount of CO ₂ emissions reduced by (1) and (2)	8.8 MTCO ₂ e	8.4 MTCO ₂ e	10.3 MTCO ₂ e



In 2023, **we reduced** CO₂ emissions by the amount equivalent to the one absorbed by **approximately 730** Japanese cedar trees in a year.*³



*¹ Amazon Japan G.K.'s press release “[Identified Effects of Japanese Companies' Transition to the Cloud on the Reduction of CO₂ Emissions](#)” in August 2021
 *² MTCO₂e: We use the unit of metric tons of carbon dioxide equivalent (MTCO₂e), the industry's standard measurement. It is a unit indicating the amount of greenhouse gas emissions and calculated by converting the amount of emissions into carbon dioxide equivalents in light of the type of the greenhouse gas. One MTCO₂e equals one ton of carbon dioxide (CO₂) emissions that will lead to global warming.
 *³ Conversions are based on the assumption that one 50-year old Japanese cedar tree absorbs approximately 14 kg of CO₂ emissions a year (Forest Research Institute of Okayama Prefecture)

Build a secure infrastructure for EC and online transactions

Our fraud detection services detect fraudulent activities such as spoofing and unauthorized access for credit cards, and contribute to building a secure infrastructure for EC, online transactions, and cashless payments.

Credit card fraud prevention



- ◆ According to the “Amount of Damage Caused by Unauthorized Credit Card Use (December 2023)” released by Japan Consumer Credit Association, the “damage caused by theft of numbers” where credit card numbers or other information are stolen for unauthorized use reached the record high amount of 43.6 billion yen in FY2022. On the other hand, our fraudulent order detection service O-PLUX detects in advance credit card fraud and other fraudulent orders worth 68.0 billion yen,* including malicious resale and refusal of cash on delivery.

* Calculated from the total value of the orders that were judged NG by O-PLUX in FY2023.

Anti-fraud awareness-raising activities



- ◆ Conducted awareness-raising activities by communicating fraudulent damage schemes and trends through broad collaboration with related ministries and industry organizations.

Our member organizations:

- Public Interest Incorporated Association, Japan Direct Marketing Association (JADMA)
- General Incorporated Association, Japan Consumer Credit Association
- General Incorporated Association, Safer Internet Association
- General Incorporated Association, Digital Risk Association
- General Incorporated Association, Fintech Association of Japan
- General Incorporated Association, Cyber Security Alliance
- Council of Anti-Phishing Japan

Build a secure infrastructure for EC and online transactions

O-MOTION, our unauthorized access detection service, has received an Advanced Technology Award at the 17th ASPIC Cloud Award 2023.

At the 17th ASPIC Cloud Award 2023 held in November 2023, O-MOTION, our unauthorized access detection service, received an Advanced Technology Award in the category of ASPs/SaaS specialized in a particular society/industry. This was in recognition of its unique and high-level technology supported by patents and its contribution to the resolution of recent social issues, such as information leakage, unauthorized access, and phishing.

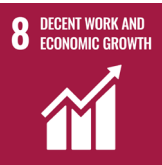
Hosted by the Japan Cloud Industry Association (ASPIC)

URL: <https://www.aspicjapan.org/index.html>



<Japan Cloud Industry Association (ASPIC)>

Since its foundation in 1999 at the dawn of cloud services, it has been engaged in activities to establish cloud services as a social infrastructure and improve Japan's industrial competitiveness as the only association in the industry for over 20 years. "Japan Cloud Industry Association" is short for the General Incorporated Association for ASP, SaaS, AI, IoT Cloud Industry.



Support for Corporate Initiatives and Sustainable Economic Activities

Hosting seminars/giving lectures at seminars and in the media

Monthly Consumer Credit, a specialist journal for the credit card industry

In a Monthly Consumer Credit journal, which looks at consumer credit markets including credit cards and consumer loans from a comprehensive perspective, we discussed the subject “Outlook and Future Challenges of the BNPL Market: Discussions from the Perspective of the Sophistication of Credit Models” and discussed the BNPL (Buy Now, Pay Later) market, such as the differences between overseas and Japan, changes experienced by the industry, and challenges in offering credit.

Joint seminar with the legal industry

In connection with the revision of the Act against Unjustifiable Premiums and Misleading Representations, which came into effect in October 2023 and adds stealth marketing as a misleading representation prohibited by the Act (regulations on stealth marketing), a lawyer from Authense Law Firm, a specialist in the issue, explained its impacts on business operators, illegal acts, and troubles involving fraudulent orders. Cacco held a seminar on trends of fraud methods and effective countermeasures.

Lecture at a seminar held by the Cyber Security Alliance

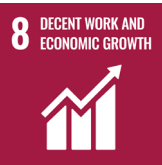
Mr. Keiichi Yamashita from the Information-technology Promotion Agency, Japan explained security measures to be ensured by EC operators based on the “Security Guidelines for Building and Operating EC Sites,” and experts gave a comprehensive review of basic countermeasures for business operators to take.

Lecture at a study meeting hosted by the Japan Consumer Credit Association

We gave a lecture on various issues facing systems related to credit transactions as well as an explanation on and current challenges of and the need for DMARC, a sender domain authentication technology, as a countermeasure against those issues.

Lecture at Kyoto Startup Challenge, a program to help people establish businesses

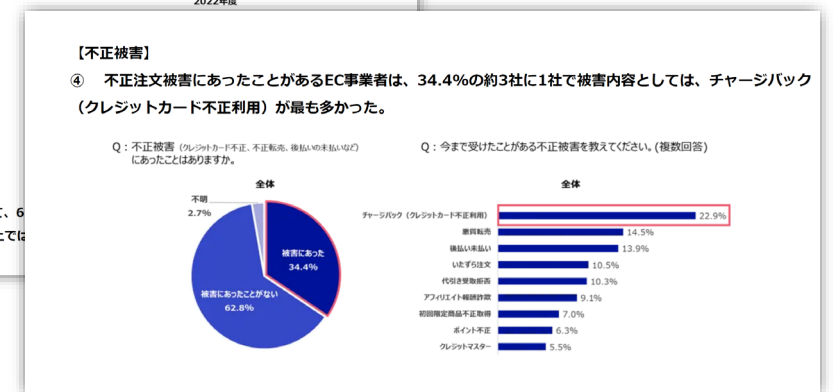
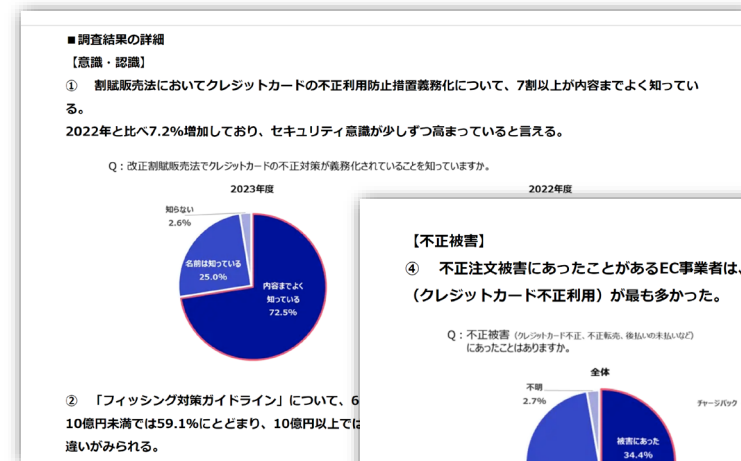
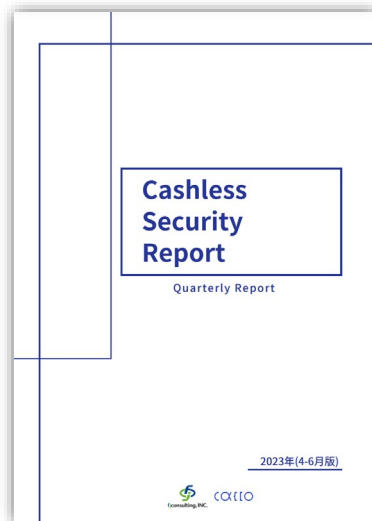
Mr. Iwai, our representative, gave a lecture at Kyoto Startup Challenge, a program to support people in starting a business. The program offers opportunities to learn knowledge and receive support necessary for starting up a business and for business growth during the period immediately after establishment.



Build a secure infrastructure for EC and online transactions

Anti-fraud awareness-raising through the issuance of Cashless Security Reports and fact-finding surveys on EC business operators

We help to prevent business operators from suffering fraud damage by informing merchants of trends in frauds and the latest fraud methods as topics.



<Cashless Security Reports>

2023 edition: <https://frauddetection.cacco.co.jp/media/data/11204/>

<Fact-finding surveys on EC business operators>

2023 edition: <https://prtmes.jp/main/html/rd/p/000000120.000009799.html>

2022 edition: <https://prtmes.jp/main/html/rd/p/000000084.000009799.html>

2021 edition: <https://prtmes.jp/main/html/rd/p/000000071.000009799.html>



Human capital

With a view to realizing flexible workstyles and improving operational efficiency in a fully remote work environment, we have launched endeavors to streamline operations based on our valued “Let’s Do It” philosophy. We have promoted initiatives to revitalize both on-the job and off-the job communication, which is often lacking due to the online work style. These initiatives have led to the following results.

Average overtime hours
(FY2023 actual)

4.3 hours

* Full-time and contract employees, excluding directors and managers.

Percentage of employees receiving paid leave
(FY2023 actual)

70.7%

* Full-time and contract employees, excluding directors.

Percentage of employees returning to work after childcare leave
(to FY2023 actual)

100.0%

* Full-time and contract employees, excluding directors and managers.

Percentage of child-rearing generation
(to FY2023 actual)

37.5%

* Percentage of full-time and contract employees, excluding directors, with dependent children (up to compulsory education generation) and nondependent children.

Percentage of males and females
(FY2023 actual)

Male: **62.8%**

Female: **37.2%**

* Employees in all employment categories excluding directors.

Percentage of workers outside the Kanto region
(FY2023 actual)

17.4%

* Employees in all employment categories excluding directors.

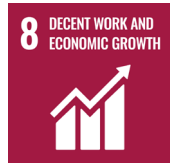
Percentage of female managers
(FY2023 actual)

22.2%

* Full-time and contract employees, excluding directors.



* Ranked in the 2023 edition of “Best Workplaces in Japan” by the Great Place to Work® Institute Japan.



Human capital —Shift to flexible work styles—

Revision of work system

In March 2020, we transitioned into a fully flexible work hours system, and the number of telework sessions was also made unlimited. As a result, our employees telework in principle.

Promote recruitment and education based on telework

As a result of the full teleworking availability, we are now able to accept students from all over Japan as well as student interns living abroad, and training and joining programs are now online.

Promote office DX

Although the transition to full telework has been made, work that involves commuting to the office has not been reduced to zero. We are continuing our initiatives to streamline our office with DX, utilizing call receptionist services and electronic contracting services to reduce the amount of work that requires commuting to the office as much as possible.

Support to develop the telework environment

For all employees (including contract employees, interns, and part-time workers), we began providing a telework allowance from September 2020 to partially cover the cost of telecommunications, utilities, and other equipment necessary for telework. Furthermore, under the system that allows our employees to live anywhere in Japan while working remotely from home, our employees can work regardless of work locations.

Activate online communication

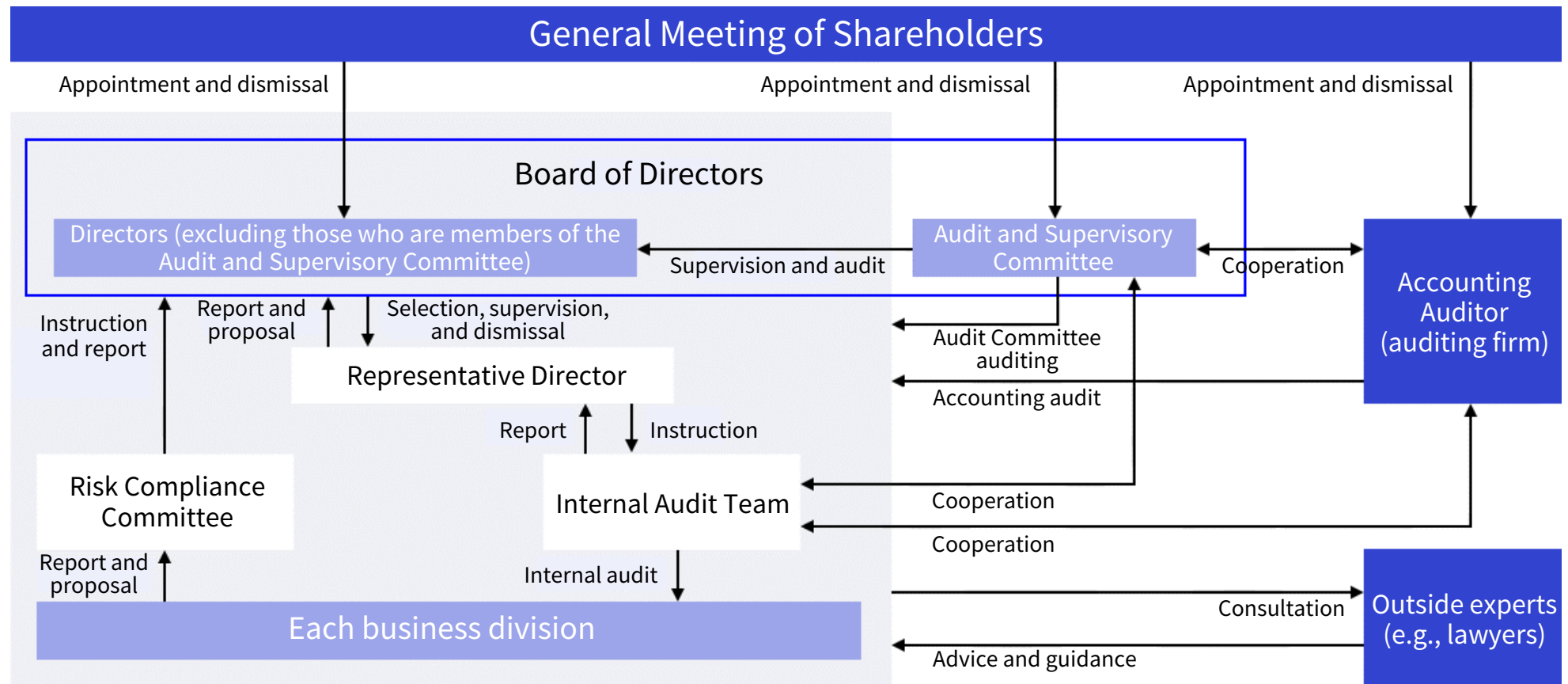
In principle, regular meetings of each department and monthly all-employee meetings are now online. Amid concerns about the lack of communication due to the shift to online working, we regularly provide opportunities for cross-departmental interaction, including club activities and lunch meetings among our representative and employees, in which they can participate both online and in-person.

Support for women and the child-rearing generation

With female managers accounting for 28.5% of the entire managers, we have an environment in which employees can play an active role regardless of gender and age, and depending on the agenda, managers other than executive officers also participate in the Board of Directors meetings. In addition, 30% of all employees are of the child-rearing generation, and the entire company has been striving to create an environment where they are able to work while balancing urgent family matters and school events by teleworking and dividing duties appropriately.

Strengthen corporate governance and compliance systems

We believe that it is essential for sustainable growth to improve management efficiency and at the same time, to enhance the soundness, transparency and compliance of management to fulfil the trust of society. We are committed to strengthening corporate governance on a daily basis based on the recognition that the results of such efforts will enhance corporate value and lead to the return of profits to various stakeholders, including shareholders, creditors, and employees.



Strengthen corporate governance and compliance systems

We recognize that the appropriate protection of all information assets handled in the planning, development, operation, maintenance, and sales of IT systems is one of the most important management issues for building lasting relationships of trust with our customers, and therefore we will act in consideration of information security based on the following information security policy.

Thorough information security system

ISO 27001 (Information Security Management System) certification

We have acquired both ISO/IEC 27001:2013 certification, an international standard for ISMS (Information Security Management System), and JIS Q 27001:2014 certification, a domestic standard. We recognize that the appropriate protection of all information assets handled in the planning, development, operation, maintenance, and sales of IT systems is one of the most important management issues in building lasting relationships of trust with our customers, and therefore we will act in consideration of information security.

ISMS (Information Security Management System)
ISO/IEC 27001:2013 JIS Q 27001:2014 Registration number: IA120255



Acquired Privacy Mark certification

We have obtained Privacy Mark certification from General Incorporated Foundation Japan Information Processing and Development Center (JIPDEC) as of January 6, 2015.

Privacy Mark certifies that its holder has a system in place to take appropriate protection measures for personal information and is compliant with JIS standards (JIS Q 15001) regarding personal information.

Privacy Mark® 10824248 (05)





Shaping the “Let’s Do It”
for a next game changer