

Chapter 04

ESG Management Initiatives

Policy

SAKURA internet will continue to contribute to the environment and society through business activities that support the creation of a digital-ready society, with the corporate philosophy of turning “what you want to do” into “what you can do.”

Environment

Topics Ishikari Data Center
Achieve Annual Zero CO2 Emissions

- Ishikari Data Center P.32

Our company promotes the operation of green data centers in accord with the era of cloud computing. As the digitalization of society accelerates, the electricity consumption required for data processing is also likely to increase. This section introduces our initiatives to achieve zero CO2 emissions at the large-scale Ishikari Data Center, the biggest nonmetropolitan data center in Japan, operated by our company, and with an air conditioning system that uses Hokkaido's cold outside air.

Governance

Topics
Percentage of female executives, including executive officers: 25.0%
(As of June 30, 2024)

- Basic policy / Initiatives to strengthen the governance structure P.38
- Operation of the Board of Directors, etc. / Policy on the appointment of executives / Skill matrix P.39~P.40
- Directors and executive officers P.41
- Information security initiatives P.42



Social

Topics
A New Center for the Creation of Open Innovation Established in Osaka (September)

- Stakeholder engagement chart P.31
- Implementation of human capital management P.33~P.35
 - “Five Pillars” that lead to the growth and success of human resources

Introduction to the Five Pillars established to realize human resources strategy.
 - SAKURA from a data perspective

We publish data on our company's unique features and initiatives.
 - Active participation of human resources

This section introduces our company's human resources. These are the people who actively participate with motivation while using our “SaBuLiCo” system.
- Human resource development in the field of digital technology P.36
- Open innovation P.37
- Customer relations P.37

Main Stakeholders of SAKURA internet

Through dialogue with stakeholders, we will build trusting relationships and, through business activities that respond to their demands and expectations, realize our goal of “Turning “what you want to do” into “what you can do””

	Customers and Partners	Employees	Shareholders and Investors	Local Communities	Governments Agency and Trade Association	Future Generations
Stakeholders	<ul style="list-style-type: none"> Customers of our group Sales partners Technical partners Alliance companies 	<ul style="list-style-type: none"> Employees of our group 	<ul style="list-style-type: none"> Shareholders Investors 	<ul style="list-style-type: none"> Local communities Environment 	<ul style="list-style-type: none"> Central governments Regional governments IT industry associations 	<ul style="list-style-type: none"> Young people Students Startups
Main Methods of Dialogue	<ul style="list-style-type: none"> Contact point, Customer service center Provision of service and support information via website and SNS Satisfaction survey Study sessions and various seminars Hosting of exhibitions and other events Technical support activities by engineers Dialogue through sales activities Service provision at green data centers 	<ul style="list-style-type: none"> Development of comfortable work environment and systems Fostering organizational culture that respects diversity Creating culture that emphasizes challenges and leadership Regular implementation of 1-on-1 meetings Implementation of internal communications Hosting various training programs, seminars, and briefing sessions Opportunities for communication and dialogue from management through meetings and audio media Visualization of engagement levels and physical and mental health using digital tools Establishment of various consultation and reporting hotlines 	<ul style="list-style-type: none"> Financial results briefings and investor presentations General shareholders' meeting and notice of convocation Timely disclosure (earnings reports, securities reports, and press releases) Information dissemination via website and other channels Issuance of integrated reports, shareholder newsletters, and various reports 1-on-1 meetings, small meetings, and roadshows with domestic and international institutional investors Contact point Data center tours 	<ul style="list-style-type: none"> Collaboration with local communities Sponsorship for regional companies Recruitment activities in regional areas Community contribution activities Owned media Operation of green data centers (100% renewable energy, power consumption reduction through location-based cooling systems, etc.) 	<ul style="list-style-type: none"> Activities within industry associations Speaking at various seminars and events Holding opinion exchange meetings Participation in expert panels 	<ul style="list-style-type: none"> Information dissemination through the website Internship program Company information session Collaboration and support with technical colleges and the organization of programming classes for children Organizing pitch events and similar activities Providing infrastructure for free and supporting service development Consulting activities Investment in funds and dispatch support SAKURA Cloud Certification Promoting DX of society through support for next-generation entrepreneurs
Related Capital	Social Capital Natural Capital	Human Capital Intellectual and technical capital	Financial Capital	Social Capital Natural Capital	Social Capital	Social Capital Intellectual and technical capital
Outcomes	<p>Achievement of Customer Success (CS)</p> <ul style="list-style-type: none"> Solving customer issues Creation of digital business Enhancement of customer companies' value Strengthening partnerships Creating mutual benefits through transactions and business co-creation Sustainable supply chain 	<p>Achievement of Employee Success (ES)</p> <ul style="list-style-type: none"> Attainment of comfortable work environment and job satisfaction Acquisition and retention of top talents Active engagement of diverse talents Well-being Employee Success 	<p>Continuous enhancement of corporate value</p> <ul style="list-style-type: none"> Enhancing shareholder value through timely and appropriate information disclosure and improved communication Enhancing the credibility of management Providing feedback to management for the improvement of business activities 	<p>Contribution to the realization of a decarbonized society / Regional revitalization</p> <ul style="list-style-type: none"> Contributing to the realization of a decarbonized society through the operation of green data centers and reducing power consumption Contribution to local communities and regional revitalization 	<p>Promotion of society's digitalization / Collaboration for solving social issues</p> <ul style="list-style-type: none"> Collaboration for industry development and solving societal issues Contributing to the promotion of digitalization in society 	<p>Development and creation of DX talent</p> <ul style="list-style-type: none"> Next-generation development and creation of highly skilled IT professionals Strengthening recruitment capabilities

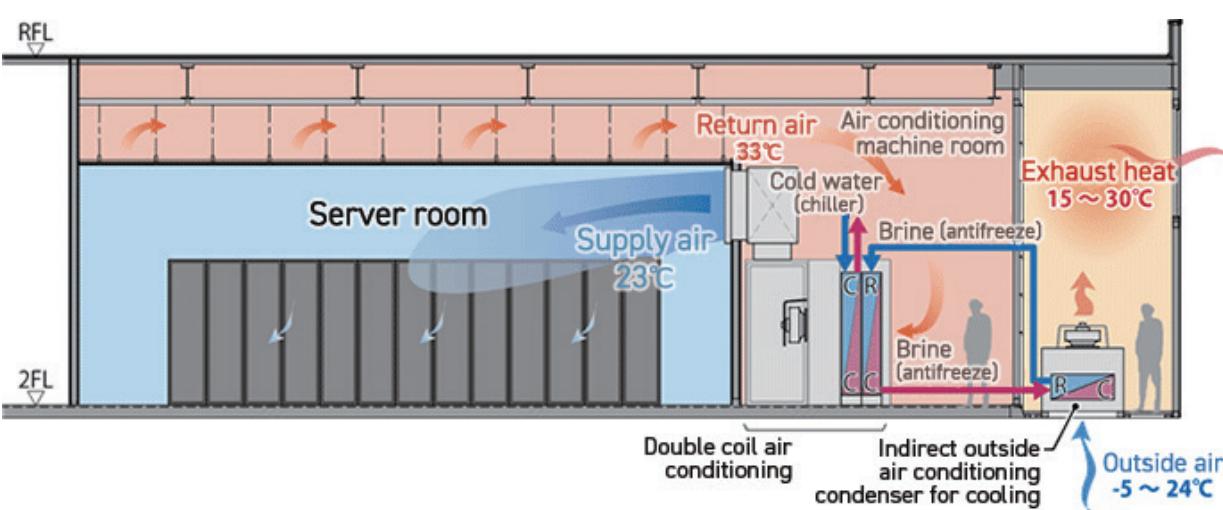
Ishikari Data Center

Achieve annual zero CO2 emissions

Aiming for green data center operations, among these initiatives, in June 2023, we changed the energy source of Ishikari Data Center to renewable energy, primarily hydroelectric power. The Ishikari Data Center has thus achieved zero annual CO2 emissions.

Significant reduction in power consumption for air-conditioning

We have not stopped at using renewable energy sources from outside to achieve zero annual CO2 emissions at the Ishikari Data Center. In addition to utilizing solar power generated by the “SAKURA internet Photovoltaic Power Station,” which was established on an adjacent site in 2015, we have adopted the “direct outside air-cooling system,” which brings the cool air of Ishikari, Hokkaido, directly into the server rooms, and the “indirect outside air-cooling system,” which cools the refrigerant circulating between outdoor units and air conditioning units using outside air. The two systems have reduced power consumption by around 40% compared to a typical urban data center.



Safety measures to keep operations running even during emergencies

Being equipped with the latest technology and security measures, our data center provides highly reliable services. A stable environment is always maintained by installing advanced cooling systems and backup power supplies. The data center is resistant to disasters such as earthquakes and fire, ensuring data security. The data center is monitored by specialized personnel 24 hours daily, allowing a quick response to any irregularity.

The entire Hokkaido region experienced a power outage for approximately 60 hours during the 2018 Hokkaido

Since establishing the Ishikari Data Center in 2011, SAKURA internet has implemented environment-conscious initiatives. As the operators of one of Japan's largest data centers, we support our customers while constantly updating ourselves using the expertise gained through trial and error.

Eastern Iburi earthquake, which recorded a maximum seismic intensity of 7. However, thanks to our emergency power supply equipment and the quick response by our on-site personnel, the data center remained operational for two and a half days before power was restored.

The experience during the earthquake has been utilized in our current disaster-response measures, such as disaster drills and reviews of stockpiles. It was clear that stockpiling is necessary for survival and to ensure hot meals and high-quality sleep to support workers countering any emergency. Based on such experience, we are reviewing our disaster manual and stockpiles to make them more realistic. We have stockpiled a five-day supply for our employees, their families, and employees of tenant companies in the building. Our stockpile even includes milk and disposable diapers for babies. This supply is to support both life and data center maintenance.



“Five Pillars” Leading to the Growth and Success of Human Resources

“Five Pillars” leading to the growth and success of human resources

- 01 Develop human resources and create a culture of mutual learning.
- 02 Mental and physical health.
- 03 Promote the active participation of diverse human resources.
- 04 Create a culture that fosters new value through challenges and leadership.
- 05 Work in a flexible style.

01 | Develop human resources and create a culture of mutual learning.

The company will work on providing opportunities for employees to learn digital literacy both within and outside the company, as well as opportunities to apply what they learn, fostering a culture of continuous learning.

To turn “what you want to do” into “what you can do,” providing opportunities and an environment to utilize the education and acquired knowledge and skills of the employees is important. Our definition of digital literacy refers to the skills outlined by the Ministry of Economy, Trade and Industry (METI) in the Digital Skill Standards. It encompasses not only IT technology but also the ability to provide value to customers, including business skills, planning etc.

03 | Promote the active participation of diverse human resources.

The company is committed to working toward creating a culture in which each employee can demonstrate their personality and desire to grow, and maximize their individual abilities based on the premise that all employees are members of a diverse group with different individual personalities.

Our definition of diversity, in addition to affecting attributes such as gender, region, or nationality, includes personality, values, and career. We believe every employee is a part of our “diversity.” Leveraging their attributes and personality to the fullest extent leads to greater value for society. This means accepting and respecting the personality of each person who takes on challenges, finding value in that personality, pursuing fairness in providing opportunities, and mutually harnessing them within the organization.

02 | Mental and physical health.

We aim to achieve well-being management through promoting safety, hygiene, and health and by fostering an organizational culture that values both mental and physical health leading to sustainable growth and success of employees and the company.

Employees should be mentally and physically healthy to feel the work is rewarding and aim for growth. We believe a healthy mind and body are the foundation for all activities. The company’s ultimate goal is to create a state (well-being management) where employees can experience happiness, the basis for which is promoting employee health.

04 | Create a culture that fosters new value through challenges and leadership.

The company will ensure that employees demonstrate leadership and take on challenges in business innovation and new ventures. We will create opportunities and environments for diverse human resources to collaborate and pursue new challenges with creative thinking, thereby delivering new value to our customers.

Since our company was born as a student venture, the startup spirit remains deeply rooted within the company. Our corporate culture is difficult to imitate and is a source of competitive advantage. By creating a business, establishing new ventures, implementing mechanisms, and cultivating a culture that enables us to provide new value to our customers, we will transform our company into one that applauds individuals who embrace challenges and take proactive action.

SAKURA internet, which provides cloud services, is a software-centric business, and our employees are responsible for maximizing the value of our company. Introduction to the Five Pillars has been established as a realistic human resources strategy.

05 | Work in a flexible style.

The company will implement various initiatives that respect the diversity of work styles, based on the ideal of providing a work-friendly environment where individual employees can pursue job satisfaction.

Our goal is to support employees in building a diverse career while also fulfilling personal life goals and striving to connect the knowledge and experience gained from both aspects to foster co-creation without being bound to the company.



SAKURA Business and Life Co-Creation (SaBuLiCo)

Our system that realizes job satisfaction and comfortable work environment is called “SaBuLiCo” (SAKURA Business and Life Co-Creation). These systems are reviewed and updated based on the frequency of use by employees to make them more user-friendly.

“Short 30” for attending seminars or other events

Employees who finish work early can leave 30 minutes earlier.

Employees who complete the work assigned for the day can leave the office at 18:00, instead of the regular “9:30 to 18:30” working hours. Note that leaving the office early does not lead to any cut in pay whatsoever.

Diverse leave system “Refresh”

This is a leave system for employees to refresh themselves mentally and physically.

In addition to the 20 days of annual paid leave, various other leave systems are available, including three days of vacation leave every year for full-time employees, anniversary leave for birthdays of family members, and special leave granted for long service and at the time of weddings and funerals.

“Flex” for personal commitments

The “Flex” arrangement adjusts work hours in increments of 10 minutes.

This system allows work hours to be adjusted in increments of 10 minutes around the core hours of “12:00 to 16:00” (the earliest hours are 7:00 to 16:00, and the latest hours are 12:00 to 21:00).

Other important measures

- Focusing on career diversity through “Career Consultation Service”
- Focusing on the diversity of personalities through “Team Building”
- Improving IT skills of all employees through “DX Journey”

“Time management” for improving motivation

Overtime is paid for 20 hours in advance.

Full-time employees are paid overtime for 20 hours in advance to improve work efficiency and encourage employees to leave the office earlier. The excess hours will be paid in one-minute increments if the overtime exceeds 20 hours.

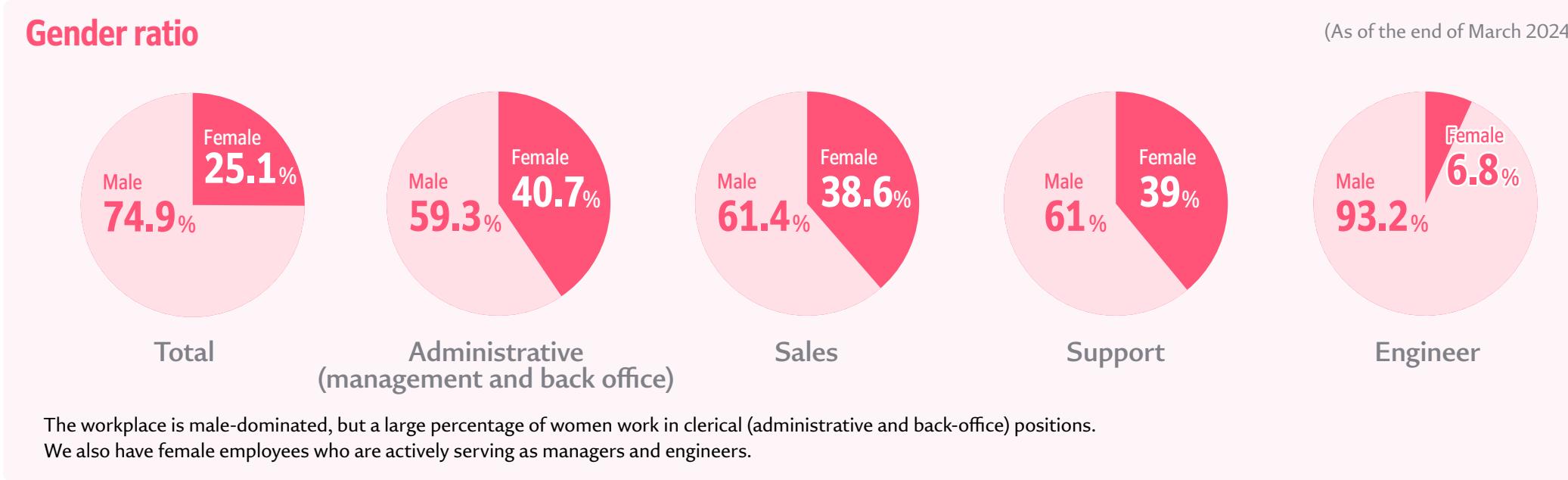
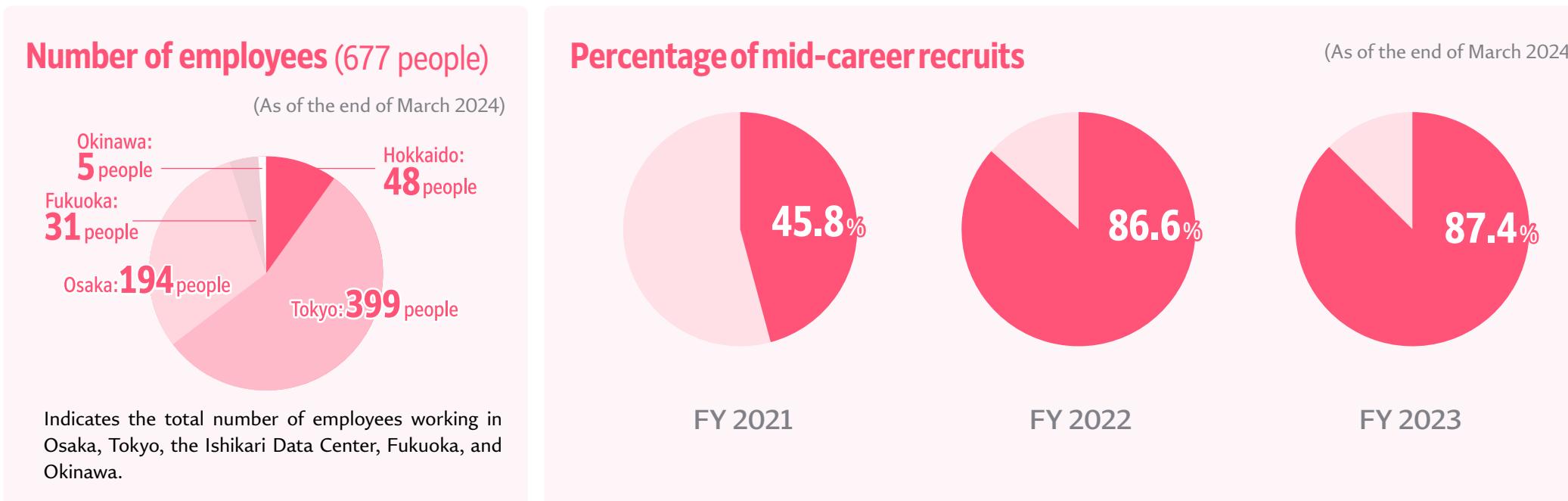
“Family Time” for dropping off and picking up children from nursery school and similar responsibilities

A flexible system of shortened working hours is offered.

A shortened working-hours system has been adopted. This system offers flexible, shortened working hours to accommodate employees who must drop off or pick up their children from nursery school or kindergarten. The system is available not only to female employees but also to male employees raising children. The system supports diverse ways of working.

SAKURA from a Data Perspective

Various data are figures for Sakura internet alone.



SAKURA internet publishes various data, including the number of employees, the ratio of male to female employees by job category, the ratio of mid-career hires, and the utilization rate of employee benefits. In 2023, we received the “Gold Certification” under the White Company Certification and the “Kurumin” certification in recognition of our achievements between April 1, 2020, and March 31, 2023, regarding childcare leave acquisition rate.

Usage rate of SaBuLiCo system

We provide a comprehensive range of benefits and in-house programs prioritizing employee lifestyles. The systems with particularly high utilization rates are shown below. (See p. 33 for details of SaBuLiCo.)

Flex utilization rate

Working hours for the day can be shifted in increments of 10 minutes.

62.2%

Teleworking execution rate

Employees can work from their homes, cafes, coworking spaces, or any other location that suits their convenience.

89.9%

(March 2024)

Maternity and childcare leave

A wide range of our employees, from executives to general employees, avail themselves of maternity and childcare leave and we encourage male employees to avail themselves of childcare leave too. Some employees have risen to leadership positions by working short hours to raise children.

Childcare leave acquisition rate (female)

100%

Childcare leave acquisition rate (male)

77.8%

Return rate after maternity or child-care leave

100%

“Kurumin” certification

Our company was granted the “Kurumin” certification by the Ministry of Health, Labour and Welfare in recognition of being a company dedicated to child-rearing support. Achievement status of the main criteria is as follows.

* Results for the period from April 1, 2020 to March 31, 2023

	SAKURA performance		“Kurumin” certification
Childcare leave acquisition rate	Male employee	Female employee	
Childcare leave acquisition rate	66%	100%	10% or more 75% or more
Average legal overtime and legal holiday working hours for full-time workers	10 hours or less (monthly)	Less than 45 hours (monthly)	

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Active Participation by Human Resources

- Interviews

U-turn to her hometown in Kagawa Prefecture after 17 years with the company

Chie Momota, Customer Reliability Department, Cloud Business Division. Joined the company in 2006.

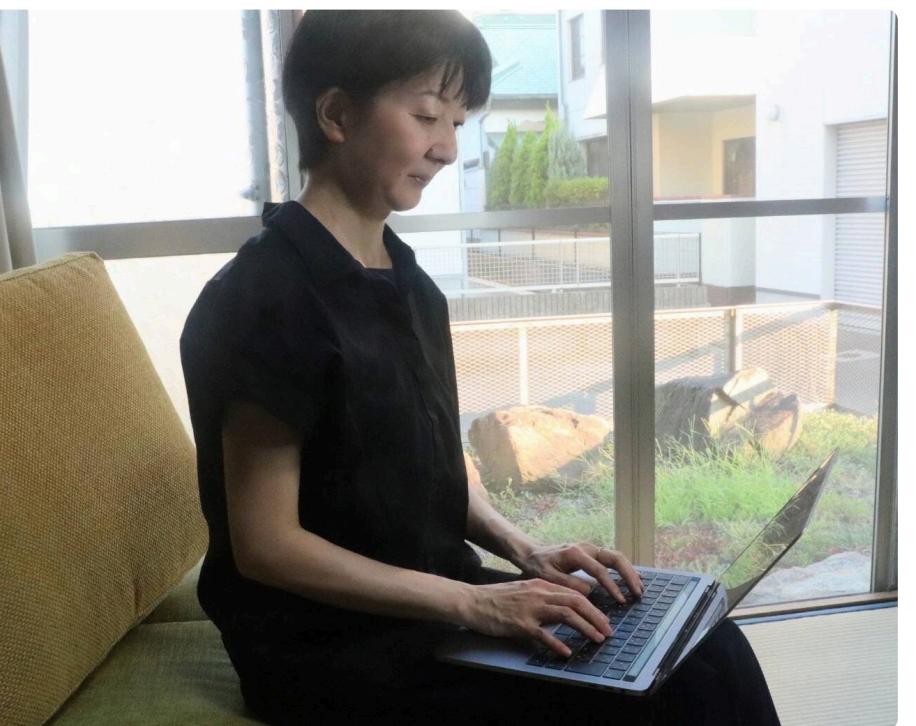
I primarily deal with customer inquiries in the Customer Reliability Department. I live in the countryside, away from the central part of Kagawa Prefecture. Until a year ago, before returning to Kagawa Prefecture where my husband and I are from, I was living in Tokyo. I wanted to return to my hometown someday. However, it was difficult for me to decide when to return due to the concern that our company might shift from remote work back to office-based work amid the global decline in the percentage of companies implementing remote work after COVID-19 was downgraded to a Category 5 infectious disease.

At that time, I happened to consult a career counselor through our in-house career consultation service who had moved from Tokyo to Fukuoka Prefecture. In a casual atmosphere, I could discuss my concern about eliminating remote work and receive advice on making the most of my existing career in the unlikely event of changing jobs, and I got gentle encouragement. My boss also supported my move, which helped me decide.

When I returned to Kagawa Prefecture, I found the area less crowded, quieter, and more livable than Tokyo. Since our company has the same pay structure no matter where you live in Japan, the burden of house rent is also reduced now compared to before.

There was another reason why I opted for a U-turn and full remote working rather than changing jobs. It was because I often saw our CEO, Tanaka, listening to the employees' opinions and conversing directly with them. I wanted to continue working in a company where employees can feel that their opinions are valued. My colleagues are kind and hospitable as well. I want to continue to contribute while working in such a company.

The other day, I was approached by the local municipality to participate in an initiative to solve local issues. I feel excited when I am asked to contribute to the local community. I feel confident that in the future I will be able to engage in work with enthusiasm while immersing myself in this environment.



My niece took this photo when she came to visit me at home

To turn “what you want to do” into “what you can do,” even for our employees, we have established a system that allows each employee to demonstrate his or her true potential using a working style that suits them best. While using this system, employees can embrace challenges, feel a sense of growth, and take on new challenges with motivation. This section introduces the working styles of our employees.

Work four days a week as a full-time employee

Taiji Tsuchiya, Platform Department, Cloud Business Division. Joined the company in 2024.

I just recently joined the company in June 2024. I work four days a week in the company and devote the rest of my time to doing side jobs that I started around five years back, including video distribution and book writing. Earlier, I used to work as a network engineer in a U.S. firm, but balancing work and side jobs later became difficult. While I was unsure whether to become a freelancer and work on a contract basis or not, I was approached by an employee of the company, an acquaintance. This is the reason why I joined the company. I explored the possibility of changing jobs, including with foreign companies. However, the working arrangement offered in the company of working four days a week as a full-time employee, which is rare for this industry anywhere in the world, was very appealing. Also, since the company promotes several extremely advanced projects, such as government cloud and GPU cloud, I thought I could do challenging and interesting work, so I decided to join the company. Although I have just joined, I have started working on identifying themes and issues based on the network design and operational work of services we provide, using my experience as a network engineer.

The job of a network engineer is very interesting. While this is true now, when I took up this job I was a novice and struggled to learn. In my side jobs, I produce content by paying attention to making the learning process smooth, even for beginners. I want many people to join in, take an interest in this work, and enjoy their work.

I work with the same approach in the company. The company is steadily building a solid track record in Japan with a wide range of its services being used by many customers. However, compared to global hyperscalers, there is still room for growth. In the future, I want to enjoy my work and continue to embrace new challenges with my colleagues while putting my experience to use so that we can be on par with the world's top companies.



Filming for the YouTube channel. (Left) Tsuchiya, our company employee

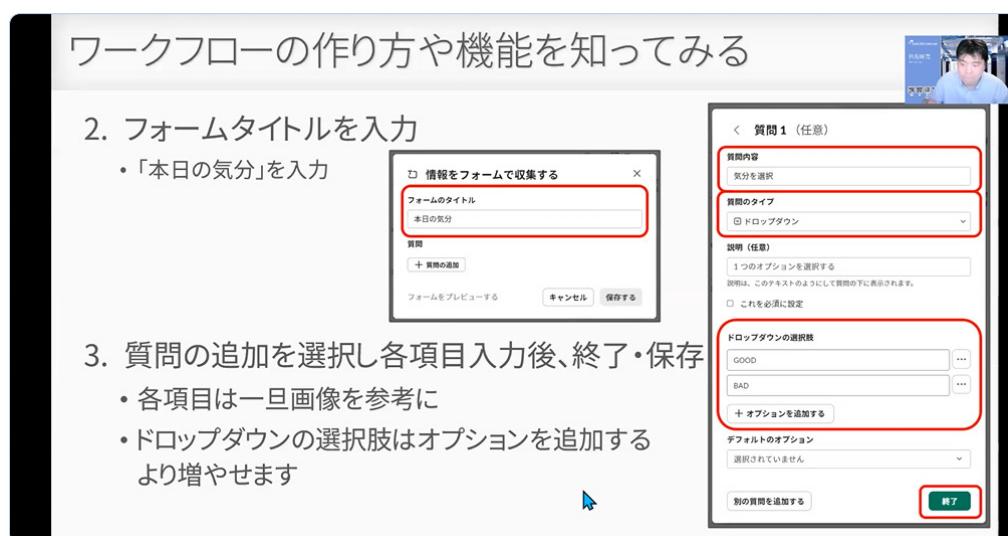
Working four days a week may or may not be applicable depending on the type of job and skills.

Opportunities to Learn In-house and Social Initiatives

In-house initiatives: Original educational program and encouragement to acquire general certifications

DX Journey

This initiative was started in 2021 to increase the number of people who can put DX into practice within the company. The aim is to help all employees acquire technical skills such as programming. Fellow employees teach their colleagues the unique curriculum of the program. The program helps employees acquire the ability to transform their day-to-day work.



Online course taught by Ryo Tanaami, Education Planning Department, ES Division

Recommendation of certification acquisition

We encourage our employees to obtain “Di-Lite”* qualifications, including Information Technology Passport Examination, Japan Data Scientist Test, and JDLA Deep Learning for GENERAL, and so far 41.4% of all employees have obtained IT Passport. (As of the end of June 2024)

Helping all employees acquire and improve their digital skills leads to optimization of operations (aiming for the ideal state of affairs, not efficiency), growth and success achieved while learning, and a wider choice of new career options. By providing opportunities for continuous learning, we encourage the transformation and growth of employees and the development of human resources by ensuring our employees can cope with environmental changes.

* The range of digital skills that should be common to all businesspeople as “users of digital technology”



Example of lecture content

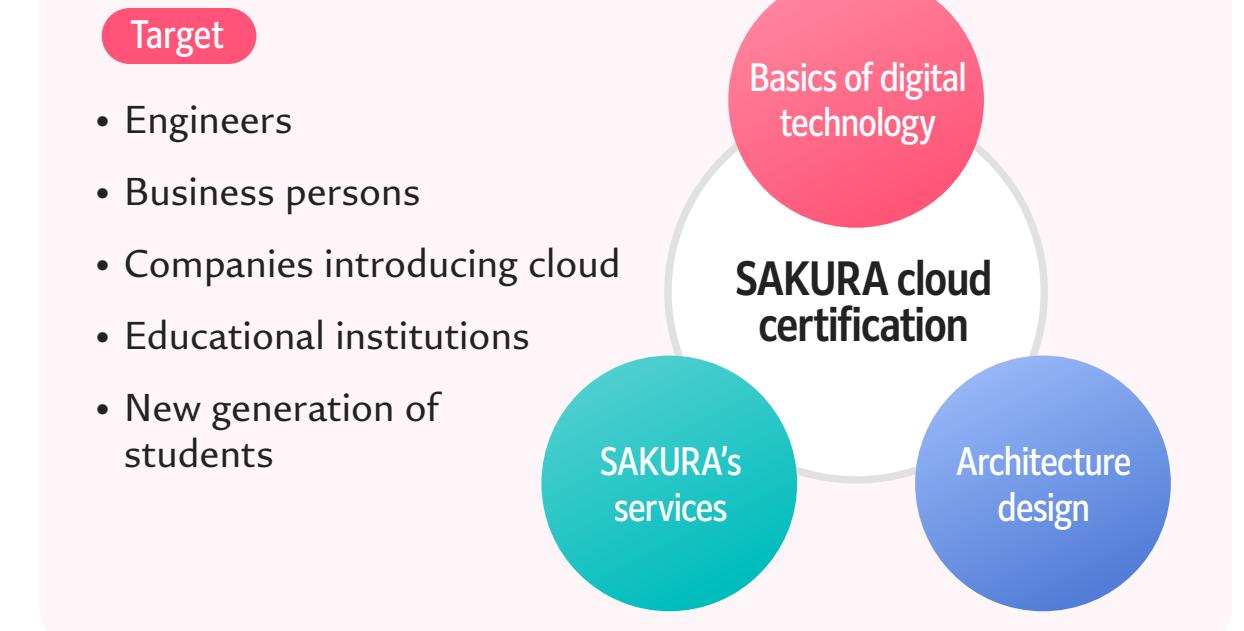
- How to Use Slack
- Introduction to Python Programming
- Computer and Programming Basics
- Basics of the Internet and a server-development environment

We are actively engaged in developing IT professionals, both internally and externally. Internally, we encourage employees to acquire general certifications and follow our program for non-engineers. Externally, we implement initiatives for various people, from children to adults, aimed at reskilling.

Social initiatives: Support for reskilling and nurturing of the next generation

“SAKURA Cloud Certification”

In this certification, one can learn about “SAKURA Cloud,” gain a wide range of knowledge of digital technology from the basics to implementation and learn the technology that can be directly applied in practice, focusing on the design of cloud architecture. The educational content is provided free of charge to allow as many people as possible to learn.



KidsVenture

“KidsVenture” is a programming class run by six IT companies to give children an opportunity to experience electronics and programming. The themes include assembling a personal computer and robot control, thus providing opportunities that allow children to feel the “fun of creation” and the “joy of learning” that will lead to the creation of the next generation of digital professionals.

KOSEN support project

By concluding a comprehensive cooperation agreement with the National Institute of Technology (KOSEN), we support the education of students at colleges of technology all across Japan to create future IT professionals. Our executive officer and employee, visiting associate professor at National Institute of Technology, Kochi College (KOCHI KOSEN), conduct visiting lectures that focus on “implementation.”



(from left) Masahito Zenbutsu, Education Planning Department of ES Division (Visiting Associate Professor at KOCHI KOSEN) / Mr. Seiichi Kishimoto, Professor of Social Design Engineering of KOCHI KOSEN (As of March 2024)

Local Revitalization and Creation of Digital Innovation

Supporting people all over Japan who take on challenges and accelerating open innovation

SAKURA internet has long focused on “digitalization,” “education,” “local revitalization,” and “support for startups,” aiming to realize a new digital society. We are accelerating our efforts to establish new ventures and develop human resources focusing on each center.



Creating Opportunities for Local Revitalization and Nurturing DX Human Resources Through Sponsorship Activities

Became the official top partner of “FC Ryukyu SAKURA”

Became the official top partner of the women's soccer team “FC Ryukyu SAKURA” at Ryukyu Football Club Co., Ltd. We also provide support for the second careers of players belonging to FC Ryukyu Sakura. Aiming at building second careers suitable for each player, we provide support for acquiring the necessary business skills without being limited to IT skills, such as organizing programming courses jointly with FC Ryukyu Sakura. The support is also aimed at solving the problem of a second career faced by players and helping nurture DX human resources in Okinawa.



“NoMaps,” an exchange forum held in Hokkaido

Every year since 2019 we have been sponsoring the “NoMaps” event held in Sapporo to contribute to the industry-government-academia co-creation and promotion of digital industry originating in Hokkaido and have supported the revitalization of entrepreneurs.

Together with Our Customers

Exchange meetings with customers

We have been organizing user events for many years to encourage interaction and learning with customers and employees rather than focusing solely on promoting our services. We will continue to hold this historic event regularly.

We plan to hold the exchange event “SAKURA Evening” in various locations across Japan, where our company's initiatives will be introduced, and our employees will get to interact with each other.

An event called “SAKURA Christmas Eve Party” has been held during the Christmas season to this day, a time to enjoy reflecting on the year together over Christmas cake.



SAKURA Christmas Eve Party, a historic event at our company

Customer service

To ensure that our 480,000 customers—from beginners on the internet to engineers—can use our services confidently, our customer service provides support with the help of active information dissemination and a fully equipped help desk for inquiries.

- Sakura Support Information
- FAQ
- Social media (X and YouTube of Marina, the official character of customer support)
- User Feedback on Sakura



Support for a wide range of customers, from beginners to advanced users

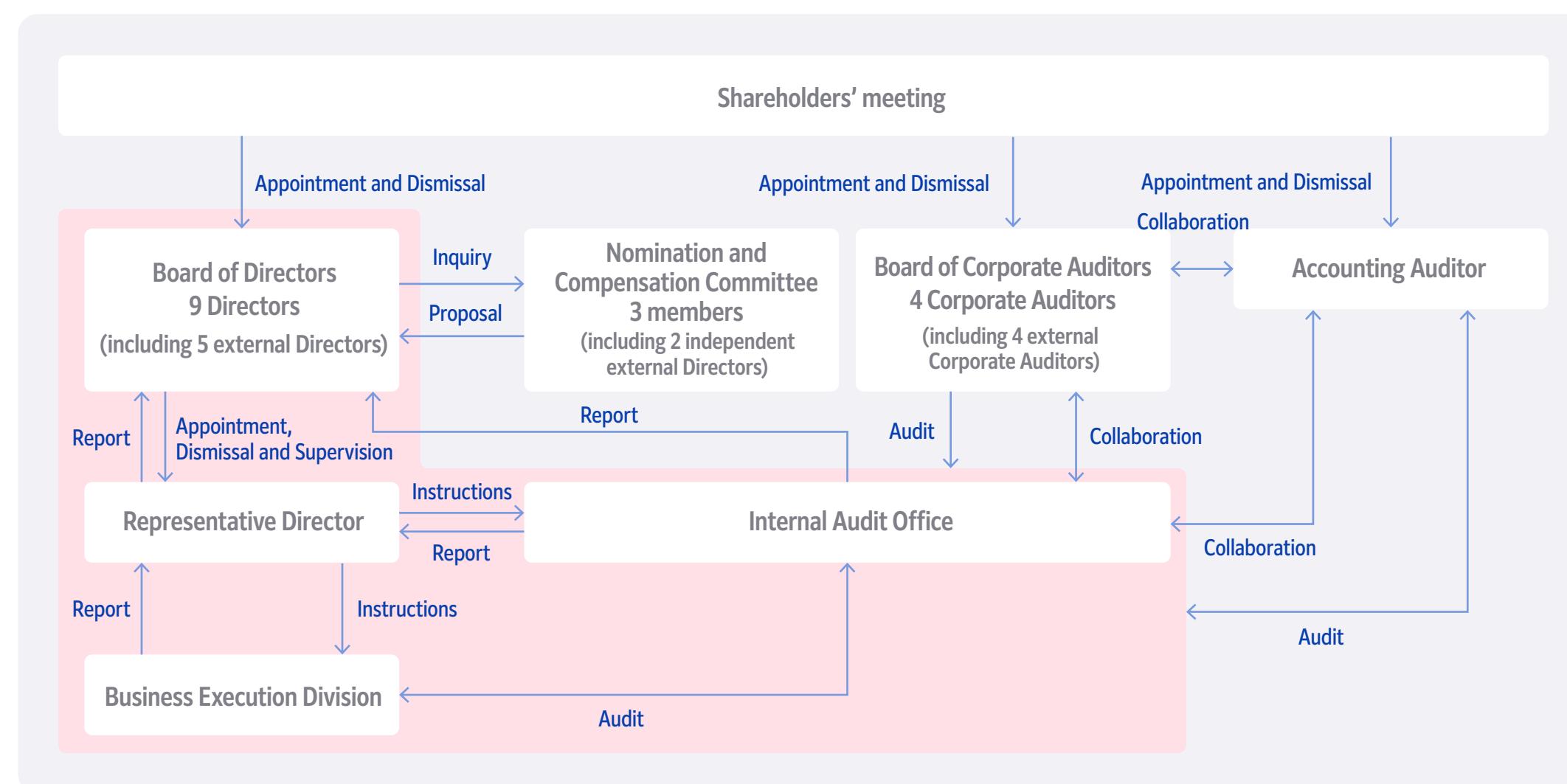
Basic Policy and Initiatives to Strengthen the Governance Structure

Key principles for corporate governance

SAKURA internet's basic approach to corporate governance is to promote the establishment of management and administrative organizations as our company expands in scale, to ensure each department's efficient and organized operation, and to enhance internal controls. From the start, we have been working based on these fundamental principles.

The internet industry in particular carries greater social responsibility than other industries as it is a business that opens communication facilities to a large number of invisible users and is established with a market for internet users worldwide. We believe establishing corporate governance in our company will serve as the management platform that enables us to fulfill our social responsibility.

The corporate governance structure of our company is shown in the diagram below.



Utilize external or independent officers and enhance corporate governance

Establishment of the Nomination and Compensation Committee and appointment of external and independent officers

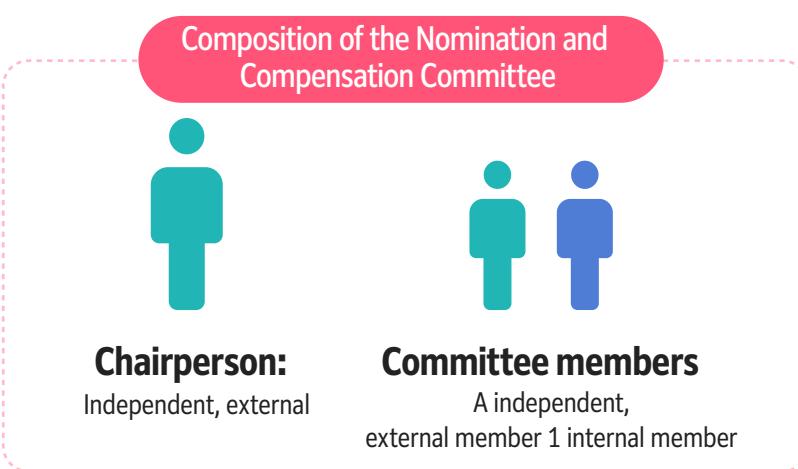
Enhance fairness, transparency, and objectivity in nomination and compensation procedures

A voluntary advisory body mainly consisting mainly of Independent External Directors

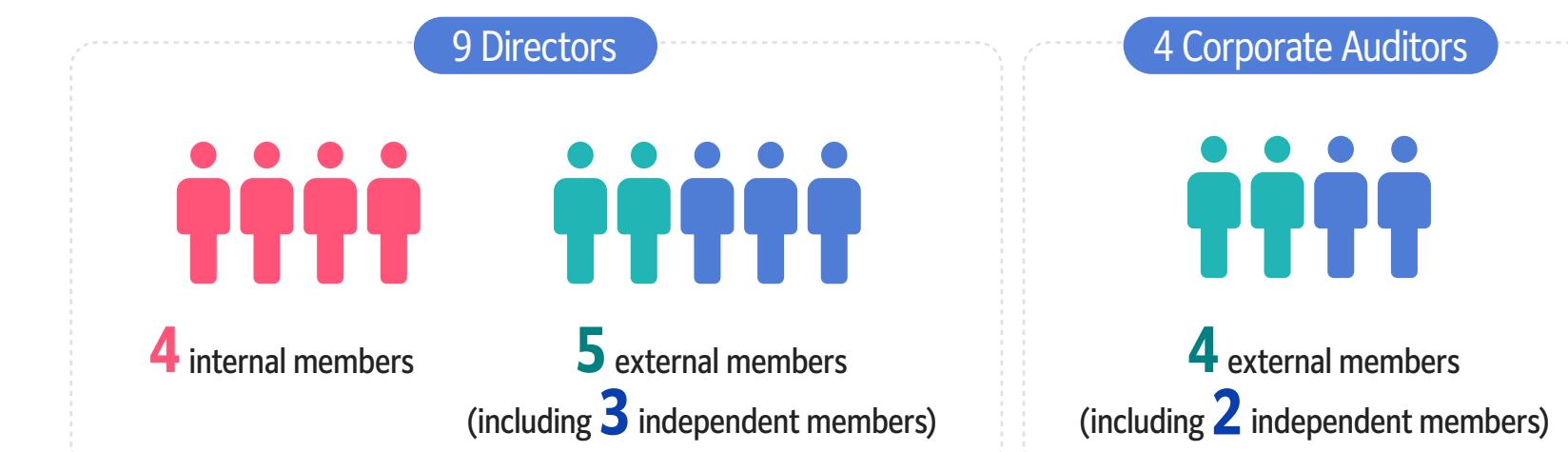
The Nomination and Compensation Committee established as a voluntary advisory body of the Board of Directors. The Chairperson is appointed from among the Independent External Directors, who make up the majority of the committee members, thereby providing greater governance than ever over the functions of the Board of Directors concerning the nomination and remuneration of Directors and Corporate Auditors.

Major role of the Nomination and Compensation Committee

- Examination of overall policy and procedures in determining compensation, etc. of management, Directors and Auditors
- Examination of draft policies regarding decisions on the details of remuneration, etc. for individual Directors to be submitted to the Board of Directors, and other matters



Percentage of external or independent officers of the Board of Directors (As of June 30, 2024)



Percentage of external officers **69%**
(Percentage of External Auditors: 100%)
Percentage of independent officers: **38%**

Operation of the Board of Directors, Policy on the Appointment of Directors, Skill Matrix

Meetings and operation status of the Board of Directors, the Board of Corporate Auditors, and the Nomination and Compensation Committee (FY2023)

Organizations	Board of Directors	Board of Corporate Auditors	Nomination and Compensation Committee
Meetings (*)	14	13	5
Average attendance	100%	100%	93%
Details of main activities	<p>Main resolution matters</p> <ul style="list-style-type: none"> Financial matters such as financial results and plans Management strategy, including investment decisions Organization and human resources <p>Main items to be reported</p> <ul style="list-style-type: none"> Financial status and execution of important duties Internal control, internal audit 	<p>Priority audit items</p> <ul style="list-style-type: none"> Progress status of the medium-term management plan Status of governance Creation of Key Audit Matters (KAMs) for management and auditing of property, plant, and equipment 	<p>Main response to inquiries from the Board of Directors</p> <ul style="list-style-type: none"> Policy for appointing, removing, and nominating Directors Nomination and remuneration of Directors for the next fiscal year

*Excluding meetings by written resolution

Policy for Appointing Directors

To enhance fairness, transparency, and objectivity of procedures and to improve corporate governance by increasing the participation of Independent External Directors in the functions of the Board of Directors concerning the nomination and remuneration of Directors and Corporate Auditors and other related matters, the company resolved to establish a voluntary Nomination and Compensation Committee at the Board of Directors meeting held on August 21, 2023.

In response to the Board of Directors' inquiry, the Nomination and Compensation Committee proposed to the Board of Directors revisions to the policies for nominating candidates for Directors and Corporate Auditors. The Board of Directors deliberated the proposal by the Nomination and Compensation Committee and resolved the policies as follows.

(1) Director appointment policy

The company determines the nomination of candidates for Directors based on a comprehensive review of the following points.

a. Management skills

- Should have ample knowledge regarding our company's business
- Should possess the qualities and abilities that will contribute to improving our company's corporate value over the medium-to-long term, based on our company's management strategy and business characteristics
- Should be able to accurately understand current trends, business environments, and market changes
- Should have an excellent ability to make analyses and decisions from an objective, company-wide standpoint
- Should be able to initiate change on their own and involve others in promoting change

- Should be able to contribute to constructive discussions and deliberations at meetings, including actively expressing their own opinions from a company-wide standpoint
- Should possess the qualities to reflect stakeholder views at Board of Directors' meetings appropriately
- Should have experience in corporate management or have held managerial positions in publicly listed companies
- Should have professional expertise in important management issues (for example, corporate management, technology, legal and compliance, finance and accounting, marketing, global)

b. Humanity

- Should comply with laws and regulations, and internal and external standards, and possess the necessary insight and fairness expected of a Director
- Should understand and practice our corporate philosophy and have integrity that our stakeholders can trust
- Should be understanding and accepting of diverse values and ways of thinking and practice behavior that respects individuality

(2) Policy for appointing Corporate Auditors

The company determines the nomination of candidates for Corporate Auditors based on a comprehensive review of the following points.

a. Management skills

- Should have ample knowledge about our company's business
- Should possess the qualities and abilities that will contribute to improving our company's corporate value over the medium-to-long term, based on our company's management strategy and business characteristics
- Should be able to accurately understand current trends, business environments, and market changes
- Should have an excellent ability to make analyses and decisions from an objective, company-wide standpoint
- Should possess the qualities to reflect stakeholder views at Board of Directors' meetings appropriately
- Should have experience in corporate management or have held managerial positions in publicly listed companies
- Should have extensive experience or knowledge of conducting audits, or should have expertise in important management issues (for example, corporate management, technology, legal and compliance, finance and accounting, marketing, global)

b. Humanity

- Should comply with laws and regulations, and internal and external standards, and possess the necessary insight and fairness expected of a Corporate Auditor
- Should understand and practice our corporate philosophy and have integrity that our stakeholders can trust
- Should be understanding and accepting of diverse values and ways of thinking and practice behavior that respects individuality

(3) Diversity and composition of the Board of Directors

- Selection of candidates for appointment as Directors and Corporate Auditors is based on their management skills and qualities, including their expert knowledge, without regard to such attributes as age, gender, or nationality.
- When forming the Board of Directors, we consider the balance of knowledge, experience, and skills of its members, ensure the diversity needed for the Board of Directors to make important management decisions and supervise business execution. We also ensure the Board of Directors is of an appropriate size to fulfill its functions best.
- To enhance the supervisory functions of the Board of Directors and ensure its objectivity, the percentage of Independent External Directors on the Board of Directors shall be at least one-third of the total number of Directors. The company shall also include individuals with management experience at other companies among the Independent External Directors, allowing them to play a more significant role in anticipating changes in the business environment and incorporating those changes in the management strategy.
- Corporate Auditors shall include persons who have requisite knowledge of finance and accounting.

Skill matrix of Directors and Corporate Auditors (as of June 30, 2024)

This matrix diagram does not represent all the skills and experience each Director and Corporate Auditor possesses.

Name	Corporate Management	Legal and Compliance	Finance and Accounting	Engineering and Technology	Customer Success and Marketing	Global
Kunihiro Tanaka	●			●		
Masataka Kawada	●		●			
Koichi Ise				●		
Akihiro Maeda	●			●		
Hiroo Hatashita	●		●			
Toshihiro Igi	●	●				
Yukie Osaka					●	
Tomomi Arakawa				●	●	●
Toshiaki Kasai		●	●			●
Yayoi Yamaguchi	●		●			●
Toshiyuki Umeki	●			●		
Hiroyuki Hasegawa	●		●			●
Tomoyuki Hirose	●					●

Directors and Executive Officers

Directors



Kunihiro Tanaka

Founder & CEO, President



Masataka Kawada

Director / CFO



Koichi Ise

Director



Akihiro Maeda

Director

Executive Officers



Masaaki Tateno

Vice President / Executive Officer



Takayuki Takahashi

Executive Officer



Takashi Shishido

Executive Officer



Yota Egusa

Executive Officer / CISO / CIO



Masatoshi Yokota

Executive Officer



Toru Sawamura

Executive Officer



Hideto Yamazaki

Executive Officer



Akira Horimoto

Executive Officer



Yohei Ueno

Executive Officer



Masako Ohsaki

Executive Officer



Mamiko Tsukada

Executive Officer



Sayuri Masaki

Executive Officer

External Directors

Hiroo Hatashita

External Director

Toshihiro Igi

External Director

Yukie Osaka

External Director

Tomomi Arakawa

External Director

Toshiaki Kasai

External Director

Yohei Ueno

Executive Officer

Masako Ohsaki

Executive Officer

Mamiko Tsukada

Executive Officer

Sayuri Masaki

Executive Officer

Corporate Auditor and External Auditors

Yayoi Yamaguchi

Full-time Auditor

Toshiyuki Umeki

External Auditor

Hiroyuki Hasegawa

External Auditor

Tomoyuki Hirose

External Auditor

Mariko Yabe

Executive Officer / Group CHRO

Jun Shimoda

Executive Officer

Sumito Ryuzaki

Executive Officer

Information Security Initiative

Information security basic policy

The SAKURA internet Group (hereinafter referred to as “the Group”) is a comprehensive IT infrastructure and platform corporate group operating with the corporate philosophy of providing various approaches through the “internet” for everyone who is connected to us.

To realize this philosophy, it is important that we uphold our corporate morals regarding information security, protect the information assets entrusted to us by our customers, and also the information assets that serve as the management resource of the Group from all threats.

We have thus established and are promoting our “Basic Information Security Policy” to resolve these challenges and further strengthen our security infrastructure by establishing and continuously improving an information security management system.

- Compliance with various laws and regulations
- Responding to environmental changes
- Protection of information assets
- Implementation of education and training
- Measures in the event of an accident

SAKURA.SIRT

SAKURA.SIRT was established in May 2015, and we joined the Nippon CSIRT Association in July of the same year.

Under the motto of “Secure the safety of customers and the Internet itself”, SAKURA.SIRT works with specialized engineers within and outside the company to understand, share, and utilize security-related information and trends.



Certifications obtained and compliance guidelines followed

ISMAP



ISMAP is a system in which the ISMAP Steering Committee evaluates and registers in advance the cloud services that meet the security requirements of the Japanese government. Cloud service providers registered with ISMAP must undergo audits by audit agencies based on auditing standards regarding the implementation of information security measures following the management standards and pass a conformance assessment by the ISMAP Steering Committee.

Registration number C21-0030-2 / Target services SAKURA Cloud / Initial registration date December 20, 2021

ISMS



We have obtained the certification standard “JIS Q 27001:2014 (ISO/IEC27001:2013)” of the Information Security Management System, an internationally recognized third-party conformity assessment system for information security, for all our offices and data centers. This standard defines standards for the handling and management of information that companies should address, and we will further improve the level of information security through continuous operation.



ISMS Cloud, Security authentication

We have obtained the “ISMS Cloud Security Certification,” a certification for information security specializing in cloud services. This service’s scope includes providing IaaS services in SAKURA Cloud, object storage services with unlimited capacity, and CDN (Web Accelerator) services for content distribution, and we will continue to expand the scope of application and provide more secure services.

PCI DSS



This system complies with “Requirement 9” and “Requirement 12” regarding physical security of the total 12 requirements of “PCI DSS” Ver. 3.2, a security standard established to handle credit card information securely. Customers aiming for PCI DSS compliance can reduce the burden of compliance with physical security requirements by using our data centers.



Privacy Marks

We recognize the importance of personal information in carrying out our internet service business by owning internet backbone and data centers and complying with laws and regulations, national guidelines, and other standards regarding protecting and handling personal information. The company conforms to the Personal Information Protection Management System for protecting personal information that complies with JIS Q 15001:2017 and has been granted the Privacy Mark.



SOC2 / SOC3

Our company has received the “SOC 2 Type 2 Report” and the “SOC 3 Report” from the audit firm, which covers the security and availability of the Data Center Common Service (*1), colocation service, and housing service provided by the Ishikari Data Center. (*2)

We disclose the “SOC2 Type2 Report” (*3) to customers currently using or considering our company’s services. The “SOC3 Report” is publicly available and can be downloaded from the following link.

https://www.sakura.ad.jp/corporate/wp-content/themes/sakura-corporate/assets/pdf/SAKURA_internet_SOC3.pdf

*1 A common service that serves as the platform for stable and secure operations of the services provided at the Ishikari Data Center

*2 An assurance report provided by an independent auditor that assesses the internal control over fiduciary services other than for financial reporting purposes following the Trust Services Principles and Criteria established by the American Institute of Certified Public Accountants (AICPA)

*3 The information made available to the public is limited. If interested, please contact our company’s sales representative or inquiry desk