

Sustainability Report 2022

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

COXIO

We set Cacco Evolutionary Purpose (EP) “Shaping the ‘Let’s Do It’ for a 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.

When the company was founded, there was little fraud in Internet transactions, and there were no fully functional fraud detection services in the world. But we believed that in the near future, there would be a wide variety and high volume of fraudulent activities in all Internet transactions, including e-commerce.

Almost a decade later, as we predicted, fraud continues to occur in any and all Internet transactions, and its method has become more complex, evolving, and expanding.

Since the release of O-PLUX in 2012, we have continued to develop it so that it can adequately respond to evolving threats, and as a result, it is currently the No. 1* installed security solution in Japan.

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 working 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.

In this Sustainability Report, we have endeavored to report to our stakeholders as comprehensively and concisely as possible, focusing on the initiatives we have undertaken from the previous year to this year. We hope this report helps you evaluate our company.

March 31, 2023

Cacco Inc.

Hiroyuki Iwai, Representative Director, President and CEO



* Based on “Survey on the number of EC sites in Japan introducing paid fraud detection services” (as of the end of May 2022) performed by TOKYO SHOKO RESEARCH, LTD.

CEO Message	Framework for Promoting Sustainability Activities	Environment	Social	Governance
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We have established a Sustainability Promotion Office.

It consists of Hiroyuki Iwai, Representative Director, President and CEO 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

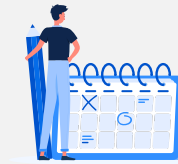
By supporting DX with our data science services, we are promoting the optimization and efficiency of production, sales, and distribution, and contributing to breaking away from the resource-intensive industrial model.

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 cost 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.

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 (March 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 41.1 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 73.1 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 FY2022.

Anti-fraud awareness campaigns



- ◆ 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

Human capital

With the spread of COVID-19, online communication has become essential to cope with the new normal and to improve operational efficiency. Under these circumstances, we have promoted initiatives based on our valued “Let’s Do It” philosophy to both streamline operations and revitalize communication, including outside of work, which is often lacking due to the online-oriented work style. These initiatives have led to the following results.

Average overtime hours (FY2022 actual)

4.2 hours

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

Percentage of employees receiving paid leave (FY2022 actual)

59.7%

* Full-time and contract employees, excluding directors.

Percentage of employees returning to work after childcare leave (to FY2022 actual)

100.0%

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

Percentage of child-rearing generation (FY2022 actual)

36.4%

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



* Ranked in the 2022 edition of “Best Workplaces in Japan” by the Great Place to Work® Institute Japan.

Percentage of males and females (FY2022 actual)

Male: 66.2%
Female: 33.8%

* Employees in all employment categories excluding directors.

Percentage of workers outside the Kanto region (FY2022 actual)

20.8%

* Employees in all employment categories excluding directors.

Percentage of female managers (FY2022 actual)

20.0%



Human capital —Shift to flexible work styles—

Revision of work system

In March 2020, core hours were abolished, and the number of telework sessions was also made unlimited, allowing for full telework.

Support to develop 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.

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 those living abroad, and training and joining programs are now online. In May 2021, we also introduced an “in-house coach system” that allows employees to take coaching from professional coaches online, providing an opportunity for personal growth even in telework.

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, and have held online lunches, online cooking classes, and even our 10th anniversary party online.

Support for women and child-rearing generation

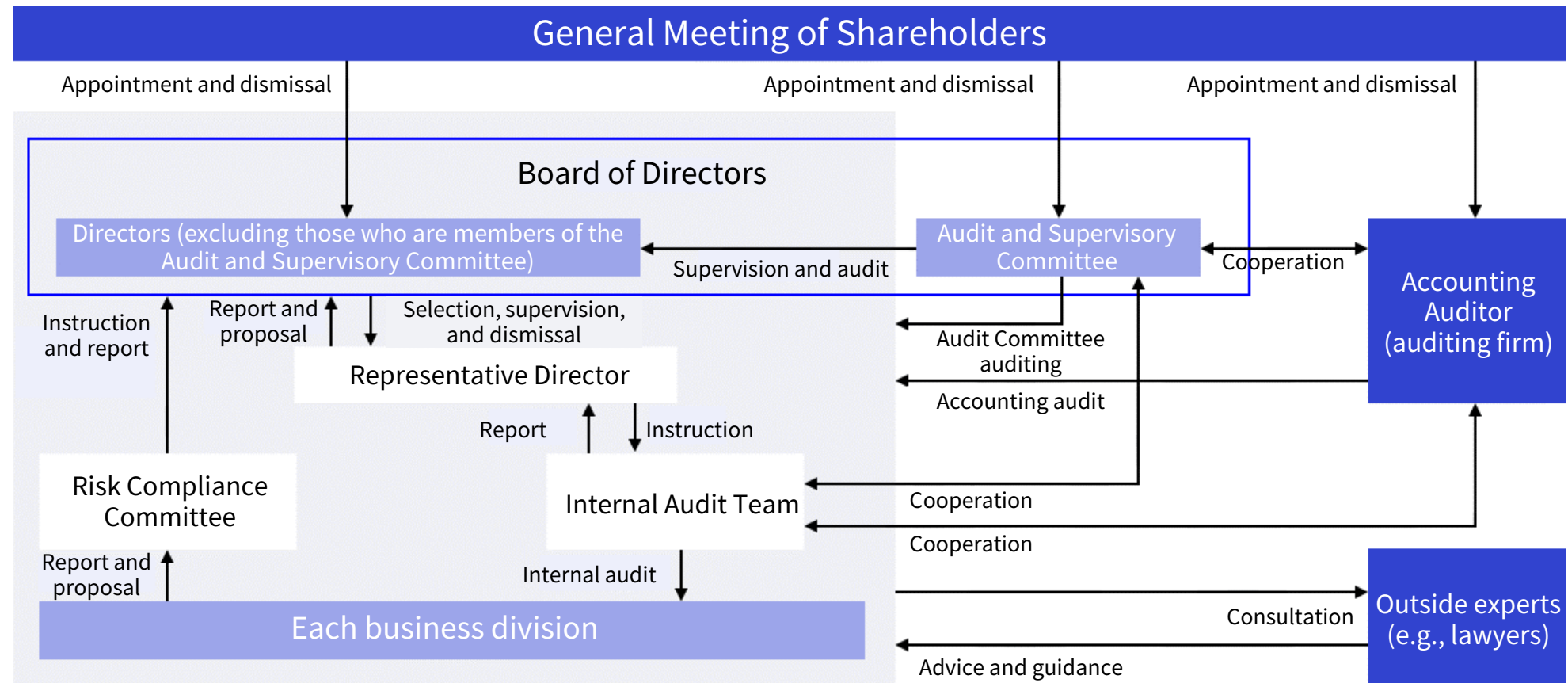
We have an environment in which employees can play an active role regardless of gender and age, and depending on the agenda, managers other than executive officers also participate in the Board of Directors meetings. In addition, 30% of all employees are of child-rearing generation, and by teleworking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

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.

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

ISO27001 (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)





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