



CSR Update Q1 2013

Building on Solid Foundations



Talking to people with disabilities, their families and support organizations, we realized early on, that the working in enterprise services (IT and staff supply), would not be of interest to everyone and also presented its own barriers to employment for some groups in the Target 20 scheme.

Creating more diverse work opportunities and work environments has therefore become very important part of our ongoing business develop. In the last two years, we have established several new businesses ventures, both within the existing business infrastructure and in addition to it.

In the first quarter of 2013, we have seen 4 key new business developments. As well as establishing 2 new subsidiaries and the opening of a new restaurant in Toyohashi, in Aichi

Prefecture. We have also established a welfare company with the support of the government which allows us to provide employment to people with more serious disabilities, and which we hope to develop in other parts of Japan.

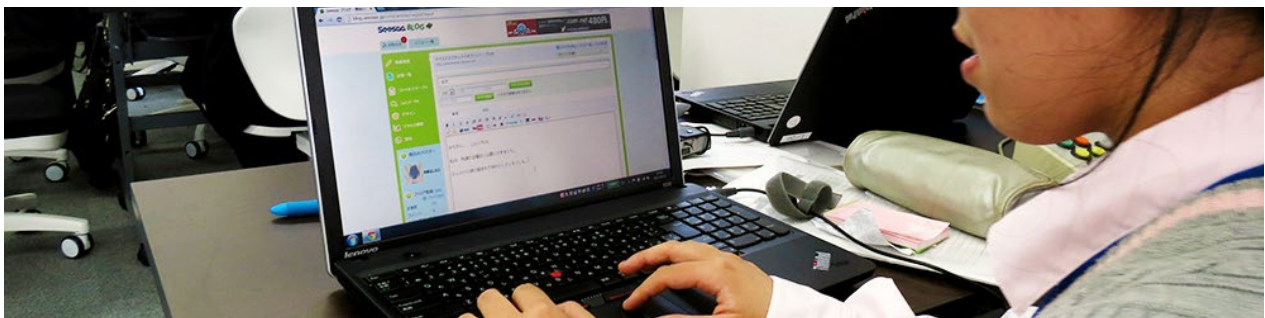
The ISFnet Group is gaining increasing recognition for its community business efforts and its forward-thinking business practices and we are becoming a true role model for other enterprises wishing to diversify their workforce, help society and offer staff a friendly and supportive work environment.

In the first quarter of this year we have lain the foundations for what will be a very exciting year for ISFnet and as always my thanks goes out to all our staff, stakeholders and supporters for their continued hard work and input.



Yuki Yoshi Watanabe
Founder and CEO of the ISFnet Group

New Business Development



Employment for People with Disabilities

The ISFnet Group has been working on creating employment for people with disabilities for over 7 years. So far, we have been very successful in employing with people mild and moderate disabilities who are able to engage in and maintain long-term employment. What we haven't been able to do is support people with more serious disabilities who need constant support and who, by the nature of their condition, are unable to maintain regular employment.

What's different about Benefit

Unlike our community-focused subsidiaries, ISFnet Life and Harmony, which are run a commercial enterprises, ISFnet Benefit is a registered public interest corporation and as such is run as a non-profit entity. Both Life and Harmony's goals are to train people and then find regular employment for

them either within the ISFnet Group or with our partners and clients, Benefit, on the other hand, only provides work to people with disabilities and members are able to stay within the organization long-term.

Working at Benefit

Based in Aoyama, Tokyo, Benefit is just 5 minutes walk from ISFnet's head office and Takumi Cafe Aotto. Because it is a very new organization, the range and variety of tasks that members can participate in is limited and Benefit primarily provides preparation, packaging and sales support for Aotto lunch boxes, in future we plan to diversify to provide support to other ISFnet operations.

Looking to the future

ISFnet Benefit can currently provide work for 20 people with severe disabilities and is already at full capacity and we have a support staff for every two people with disabilities. We hope that if this project proves successful we will be able to expand it in Tokyo and open new branches.

Hands On

Over the years we have accumulated a wealth of knowledge in all areas of employment for people with employment barriers, from recruitment and career counseling to legal registration and applying for subsidies and tax breaks. We would now like to use this know-how to help other organizations with similar goals.

Hands On is joint venture between ISFnet and La Barca a social welfare corporation and was established in March. ISFnet has a 51% stake in the company will fulfill two functions. The first is to work as a consultancy firm and a provider of support services for companies and organizations who want to establish a social enterprise or make their existing businesses more community-focused. The second function is to look for existing businesses that could be expanded and developed, and brought



into the ISFnet Group, to provide more work opportunities.

Hands On is based in Tokyo and is headed up by Koji Natsume who has been running La Barca and offering consulting services for many years. He was instrumental in our acquisitions of Aqua Vita (now ISFnet Aqua Vita) in 2012, and of the Taiyo Donut Shop (see below) and Tamago no Ie (see the back page) at the start of this year. He has now agreed to come aboard and help develop our employment goals.

CSR News



METI Award for Diversity Management

In March, ISFnet Inc was recognized as one of the top 100 companies in Japan for Diversity Management. ISFnet was one of 43 companies recognized in 2013 (100 companies will be given this status over the next 3 years). The award is given to companies that show clear innovation in the workplace and HR infrastructure and management to promote diversity, and implement policies encourage placement of staff in positions that match their skills, abilities and interests.



ISFnet's New Food Business

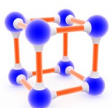
ISFnet Sunrise was established on February 1st with ISFnet's acquisition of a donut shop in Toyohashi in Aichi Prefecture. The shop manufactures its own products using special machinery which can be easily adapted to enable people with different disabilities to use it. All the shop's products are made from organic ingredients including all the toppings for the donuts which are made from raw ingredients at the shop.

Sunrise is currently working on plans to expand the current business in a number of directions in the future. This includes starting a franchise chain, opening a shop in Tokyo, the sale of donuts in ISFnet's Takumi Cafes, expanding the range of products sold to include bread, cakes and sweets and frozen food.



New Recycling Business

In February, ISFnet entered into a franchise agreement with Akira Cooperation, to open an online store to sell used children's clothes. The store, Yumemin - Eco and Kids Akira, is already open via Rakuten and we hope to open bricks and mortar shops in the future. Yumemin perfectly matches our corporate mission of Eco and Employment, and it is hoped that as the business develops it will become a source of jobs and an avenue through which we can help protect the environment.



Driving Employment Creation Nano-tasking

In order to maximize ISFnet's ability to hire people on our Target 20 Employment groups, it is very important that we understand in fine detail what our staff do on a daily basis.

This means breaking-down people's jobs into individual tasks using a system of analysis called Nano-tasking which looks at everything from core company processes to routine work like filing and copying.

By doing this, we are able to identify and categorize individual tasks according to the knowledge and skills required to do it.

Launched at the start of this year, Nano-tasking is a mammoth undertaking. The goal is to create jobs for our Target 20 groups by identifying and allocating tasks that match people's skills, experience and interests.



Our new Takumi Cafe

On February 4th, the ISFnet Group finalized the acquisition of Tamago no Ie (literally *House of Egg*) a Japanese-style omelet restaurant in Toyohashi in Aichi Prefecture. The restaurant became the fourth shop in our Takumi Cafe chain and, like the other cafes, is part of our ISFnet Harmony subsidiary.

Tamago no Ie currently does not employ any disabled people, however our goal is to change this and like our other cafes begin the employment for disabled people and other groups in ISFnet' Target 20 employment scheme.

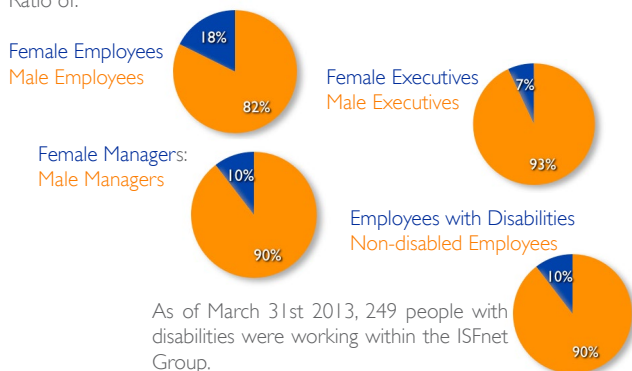


1st Quarter 2013 CSR Data

HR Data (Jan-Mar)

No. of Employees: **2,576** (as of Mar 31st)

Ratio of:

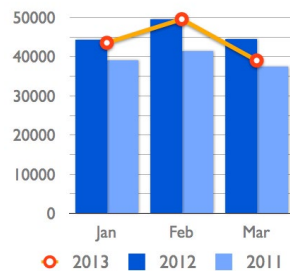


As of March 31st 2013, 249 people with disabilities were working within the ISFnet Group.

Foreign Employees in Japan: **86** (+33 from Q4 2012)

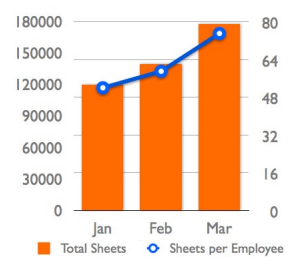
Environmental Data

Power Consumption (kwh):



These figure represent the power for use for the ISFnet Group in Japan. In the first quarter of 2013, we used on average **14.2 kwh/m²**, or **18.7 kwh/employee**.

Paper Use:



This graph shows the paper for use for the ISFnet Group in Japan. During the Q1 of 2013, we averaged **145,918 sheets/month**, or **62 sheets/person/month**.

Update Information and Contact Details

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