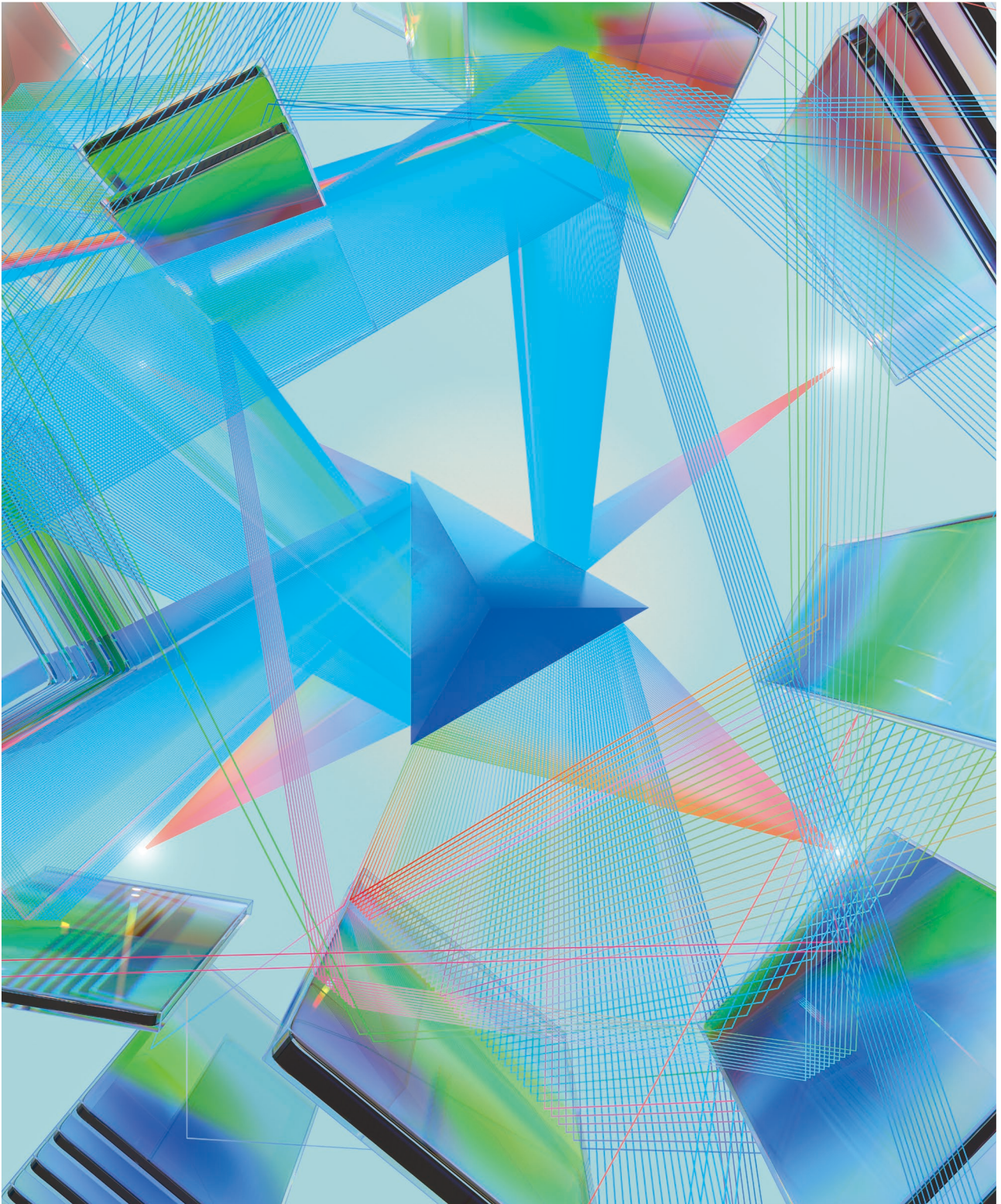


BIPROGY Group



Foresight in sight



BIPROGY Group
Integrated Report 2022

For the Year Ended March 31, 2022

On April 1st, 2022, we changed our company name from Nihon Unisys, Ltd. to BIPROGY Inc.



We aim to transform into a company that creates social value by building a corporate brand that is unique in the world and by working to solve social problems with borderless ideas.



Together we can write the story of a sustainable world.

At BIPROGY, we light the way into the unknown.

We aim to be a beacon of light that continually adapts to an ever-changing world, seeking brilliance in diversity, guided by its infinite possibilities.

Our mission is to be more than a mere provider of IT services and systems and come up with solutions that help conserve our single most valuable shared resource, the most important thing we leave behind for future generations: our planet. We're here to create a world where we can live in harmony with the earth and build a society that lets each individual shine.

With our communities of Digital Commons, we unlock the potential of technology, transcending boundaries and bringing together a spectrum of individuals, united in their ambition to make the world a better place.

We make tangible the assets hidden throughout society, and turn insights from discovery into solutions, producing innovative resources to be shared by all.

In doing so, we create value for society while generating new markets that move economies.

In energy management that means using the power of digital to visualize and control energy sources and market equilibrium, empowering people to choose renewable energy sources and greener modes of mobility to make better choices that found better ways of living.

If we can shift mindsets and influence the behavior of clients, consumers, and businesses to make a lasting impact, we can light the path towards solutions for even the most pressing issues facing our planet.

Because the future is still bright.

The more we come together, the brighter it can be.

Together we can write the story of a sustainable world.

BIPROGY is an acronym coined from the first letters of blue, indigo, purple, red, orange, green, and yellow, the seven colors visible when light is refracted and reflected. BIPROGY illustrates a world where the colors of light mix beyond any bounds. It also means that we will be a hands-on company that combines light and makes the seven colors shine to illuminate new paths in a chaotic society by mixing the colors of light of various business partners and various individuals, and change the value we provide in response to changes in society and environments, just as the colors of light change in response to changes in circumstances.

Concept of Integrated Report 2022

Over the more than sixty years since providing Japan's first commercial computers, the BIPROGY Group has contributed to the formation and development of Japan's domestic information service industry by offering ICT services and building systems that support society and industry. In addition, in order to realize a sustainable society as represented by the Sustainable Development Goals (SDGs), we serve as the core of business ecosystems that links companies spanning sectors and business models, collaborating with customers and partner companies to create new value for a more affluent society and to resolve issues it faces. The BIPROGY Group Integrated Report 2022 is the first integrated report produced under our new company name. In this report, we explain the value creation process of the Group that aims to create social value and generate sustainable growth through efforts for our Vision 2030 and Management Policies (2021-2023) and based on our Purpose.

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Editorial Policy

This report aims to communicate the BIPROGY Group's medium- to long-term initiatives to improve corporate value to a wide range of stakeholders, including shareholders and investors. It is also intended to further their understanding of our process for creating both social and economic value. The Integrated Report 2022 presents both financial and non-financial information about matters of great importance in the Group's value creation process. A broader range of detailed information is also available on our website.

Information Disclosure

Corporate Data
<https://www.biprogy.com/e/>

- Company information
- Solutions
- Case studies and more.

Information for Investors and Shareholders
<https://pr.biprogy.com/invest-e/>

- Integrated Reports
- Securities Reports
- Financial Statements and Supplementary Materials
- Financial results briefing materials
- Corporate Governance Reports and more.

Sustainability Information
<https://www.biprogy.com/sustainability/>
 (Japanese only)

- Sustainability Reports
https://pr.biprogy.com/invest-e/ir/pdf/sustainability_rpt2021_e.pdf
 and more.

Scope of the Report

In principle, the scope of the report consists of BIPROGY and the companies of the BIPROGY Group (consolidated subsidiaries and non-consolidated subsidiaries), and it is individually noted when the scope differs.

Period of the Report

In this report, fiscal year (FY) refers to the period beginning April 1 and ending March 31 the following year. In principle, this report covers FY2021 (April 1, 2021 to March 31, 2022), with activities during past fiscal years and conditions following FY2022 also reported as necessary.

The Company adopted International Financial Reporting Standards (IFRS) for fiscal 2021 and after, but for fiscal 2020 and before, financial information is based on Japanese accounting standards, J-GAAP.

Referenced Guidelines

- International Integrated Reporting Framework from the International Integrated Reporting Council
- Sustainability Reporting Standards from the Global Reporting Initiative (GRI)
- ISO 26000, JIS Z 26000
- Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry of Japan

Issued

November 2022

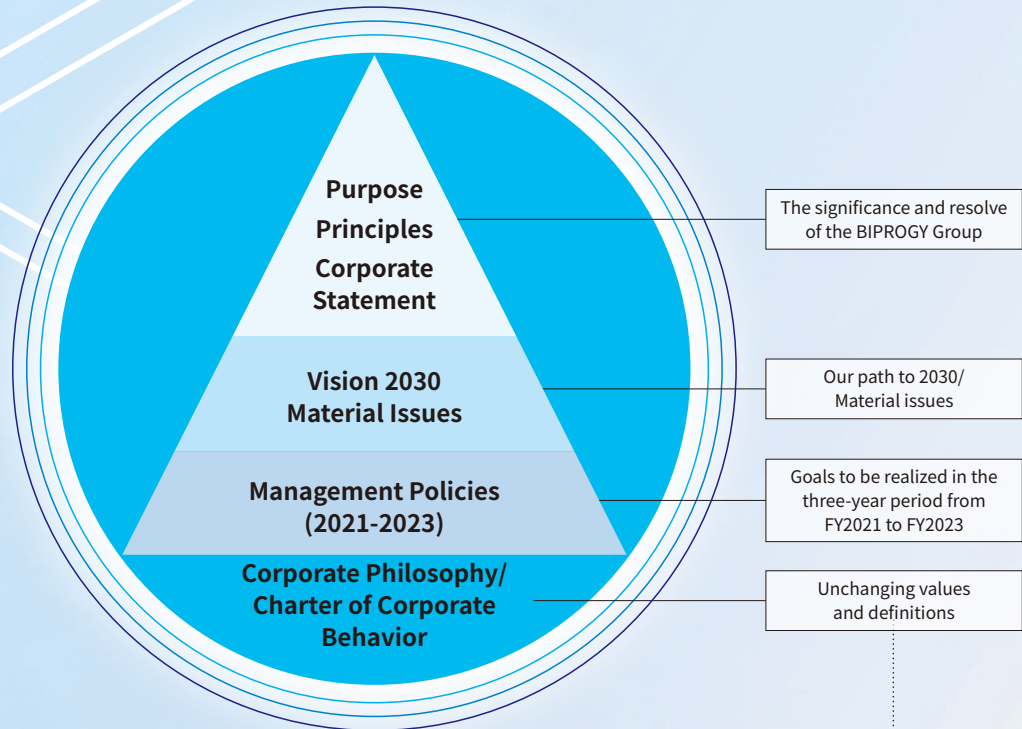


Notes Concerning Forward-Looking Statements

Statements in this report that refer to current plans, projections or strategies of BIPROGY Inc. or the BIPROGY Group, other than historical facts, represent forward-looking statements made based on judgments and assumptions in accordance with the information currently available. Please note that actual results may differ from the forecasts due to fluctuations in risks and uncertainties and changes in economic conditions, and the Group makes no guarantee of the reliability of such forecasts. This information is also subject to change without notice. The purpose of this report is to provide information for use as a reference in making investment decisions, and it has not been prepared to solicit investment. BIPROGY Inc. assumes no liability for any damages resulting from the use of this report.

Our Vision for the BIPROGY Group

The BIPROGY Group has defined its social role to be fulfilled in its Purpose (our raison d'être), established its Principles and Vision 2030, and is committed to a management policy consistent with these. With our Corporate Philosophy and Charter of Corporate Behavior as the basis of all our activities, the entire Group will be aligned in striving for sustainable growth.



Corporate Philosophy/Charter of Corporate Behavior

Corporate Philosophy

Our Mission

Work with all people to contribute to creating a society that is friendly to people and the environment

Our Vision

Be a group that strives to be sensitive to the expectations and needs of society and that thinks through how ICT can contribute to meet them

Our Values

1. Pursuit of High Quality and High Technology

Always have the latest knowledge that is useful for society while improving our skills

2. Respect for Individuals and Importance of Teamwork

Identify each other's good points, encourage each other to improve those good points and harness the strengths of each person

3. Attractive Company for Society, Customers, Shareholders and Employees

Listen sincerely to our stakeholders to improve our corporate value

BIPROGY Group Charter of Corporate Behavior

We will meet our responsibilities towards society and the environment to protect the future of our children.

1. Act with coexistence of people and the environment as the highest priority
2. Always act according to the principles of social responsibility
3. Sincerely work on the core subjects and issues of social responsibility

* Principles of social responsibility

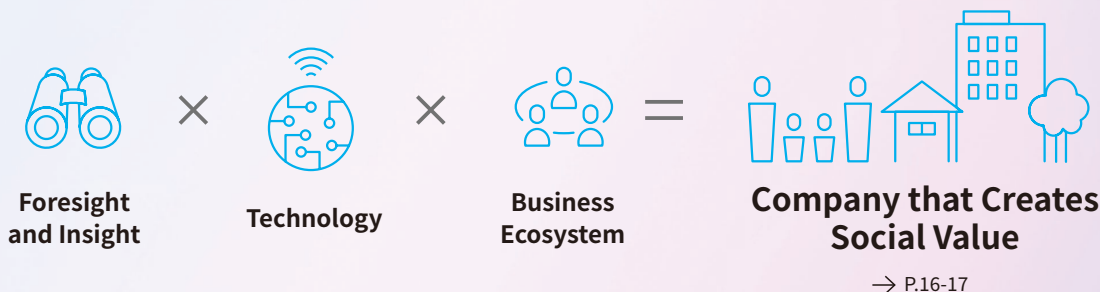
The seven key principles of ISO 26000, the international guidance relating to social responsibility: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.

* Core subjects and issues of social responsibility

The seven core subjects of ISO 26000, the international guidance relating to social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development, and relevant issues related to each of the core subjects.

Purpose ... The Unique Characteristics and Management Resolve of the BIPROGY Group → P.18-19

Create a sustainable society using foresight and insight to unlock the full potential of technology.



Principles ... Principles and Creeds

Principles

- Social Inclusion and Respect for Human Rights
- Acceptance and Acquisition of Diversity
- Self-improvement and Greater Discretion
- Transparent Corporate Activities and Healthy Corporate Culture
- Sincere Performance

Creeds

- Sincere and Passionate Actions as a Good Member of Society
- Efforts to Hand Down Well-being to the Next Generation
- Create Value by Forming Business Ecosystems
- Pursue High Quality, High Technology and High-level Skills
- Create Social Value and Achieve Sustained Growth

Corporate Statement ... Simple Slogans Spreading Ideas Consistently

Foresight in sight

“Foresight” consists of foreseeing and understanding industry changes, customer needs, and future social issues, and “in sight” has the double meaning of being able to see and understand things combined with the meaning of “insight.”

Vision 2030 ... Our Path to 2030 → P.18-19

We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily.

BIPROGY Group's Digital Commons Concept

Digital Commons are communities where it is possible to create both social and economic value in solving social issues by using the power of digital technology to make it possible to widely use privately owned assets (assets owned by companies, organizations, and individuals) and surplus assets (assets with low utilization rates) that already exist in society as shared assets with low additional costs.

Material Issues ... Material Issues and Guiding Indicators → P.22-25

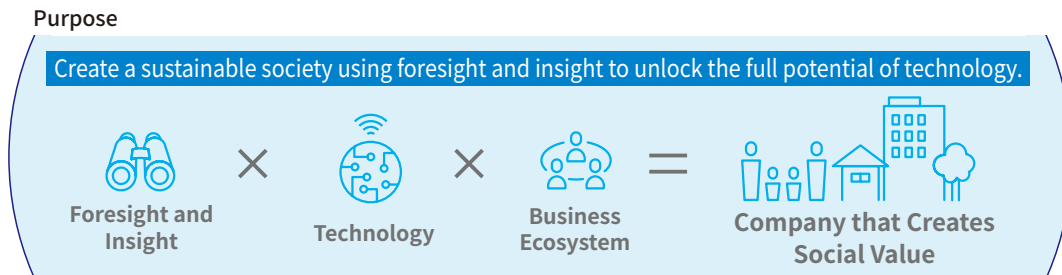
- Create schemes to solve issues by leveraging the power of digital and business ecosystems
- Sustainably procure and provide safe and secure products and services throughout the entire value chain
- Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions
- Develop and strengthen human resources to create a new future and promote diversity and inclusion
- Further improve corporate governance and integrity

Management Policies (2021-2023) → P.26-33

Promote both customer DX and social DX, cultivate businesses within a larger framework that encompasses society as a whole, and work with partners and communities to expand the business ecosystem and realize Vision 2030.

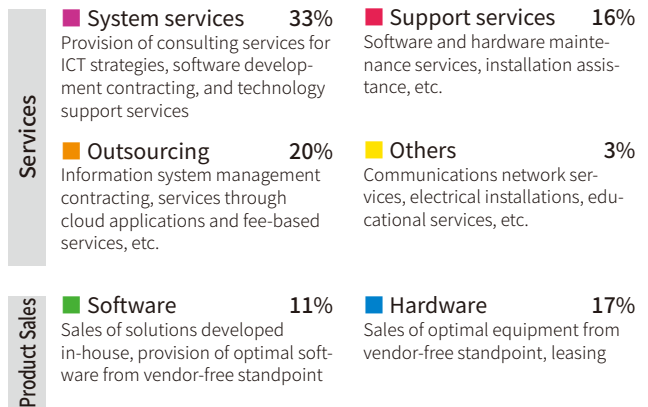
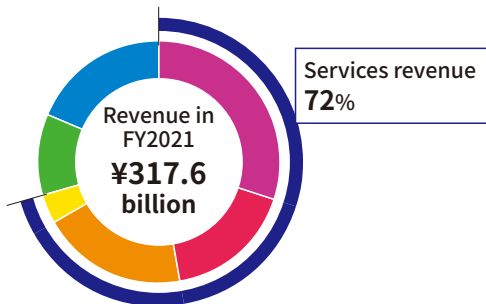
Overview of the BIPROGY Group

The BIPROGY Group pioneered today's information society by delivering Japan's first commercial computers, and for more than 60 years since then, we have solved customer issues and built systems that support society and industry as a system integrator. With this experience and track record as our backbone, we have combined our foresight and insight into social change, technology centered on ICT, and the business ecosystem we have formed with various partners to not only provide ICT services, but also to create new value that enriches society and to achieve a sustainable society.



Services Provided

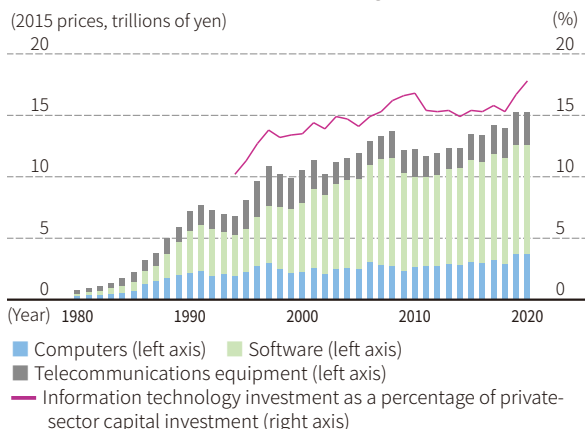
The BIPROGY Group provides consistent ICT solution services that begin with the identification of customer management issues and culminate in their solutions.



The BIPROGY Group's Market Environment

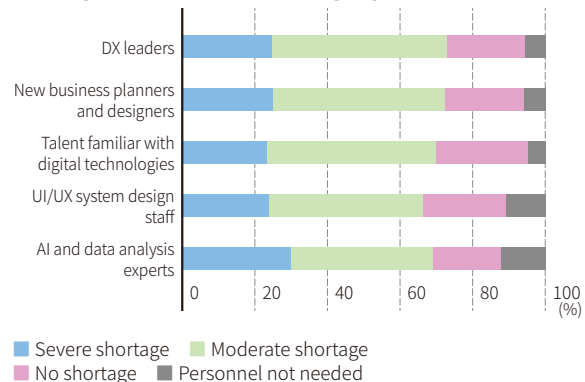
With the major changes in society and values due to the COVID-19 pandemic and the rapid progress of digital transformation, the use of ICT has become an indispensable part of corporate growth strategies. Though customer needs for ICT services are becoming more sophisticated and diversified, companies are facing a shortage of human resources to promote DX. The BIPROGY Group becomes a partner in our customers' DX promotion, working with them to solve their management issues.

Investment in Information Technology in Japan



Source: Survey on Economic Analysis of ICT in 2021 (2022), Ministry of Internal Affairs and Communications

Shortage of Talent for Advancing Digital Transformation



Source: Research Survey on the Impact of Digital Transformation on the Economy (2021), Ministry of Internal Affairs and Communications

BIPROGY Group's Strengths— Implementation Capabilities Backed by Integrity, the Power to Get Things Done

Relationships with Customers and Partners in Various Industries

With a broad customer base in the financial, manufacturing, distribution, government, and public sectors, we provide IT solutions based on IT strategy consulting, as well as integrated services as far as operation management and maintenance support.

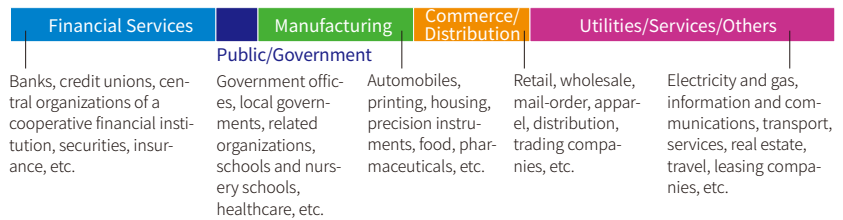
Customers in Broad Types and Categories of Businesses

Number of Customers*¹
More than **5,000** companies

*1 Total of BIPROGY and UNIADDEX

Customer Base in a Wide Range of Fields

Breakdown of Sales by Market (FY2021)



Capabilities for Enabling Successful System Implementation

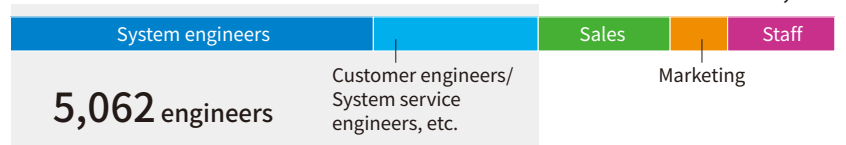
We are involved in everything from development to post-completion evaluation and improvement, and our solid knowledge and technical capabilities enable us to help shape our customers' ideals into reality.

Providing systems, including mission-critical systems that move society

Extensive **track record**

Engineers Back Our Technological Capabilities

Composition of Employees (as of March 31, 2022)



Capabilities for Enabling One-Stop Vendor-Free Support

We provide an optimal ICT environment to solve our customers' issues by providing one-stop support capabilities from a vendor-free standpoint that is not limited to our own hardware or software.

Various manufacturers' products

×

Development partners
More than **450** companies

Locations

Japan

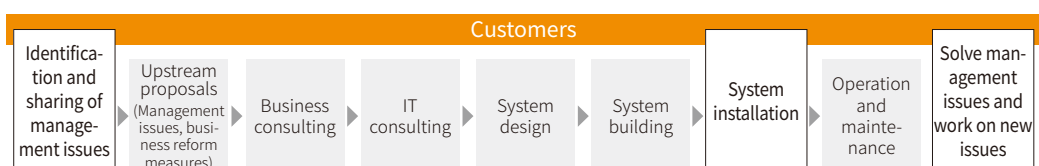
Nationwide network

Overseas

8 countries*²

*2 (As of March 31, 2022) U.S., China, Indonesia, Thailand, Singapore, the Philippines, Malaysia, Vietnam

One-Stop Services



Capabilities for Designing and Delivering New Services

In order to solve various issues for companies and society, we are aggressively investing with a focus on open innovation and developing human resources capable of designing new services.

No. of news releases
(FY2021) **109**

Total investments*³
(FY2021) **¥19.9 billion**
Other Investments in human capital ¥2.6 billion

*3 Total of R&D expenses, capital expenditures and strategic investments

Initiatives to Spur Innovation

Personnel Strategy	Strategic Investment	R&D
The Group is promoting personnel reforms with the aim of becoming a highly autonomous corporate organization with a culture capable of transforming society.	The BIPROGY Group is continuing and expanding investments and M&A, including global investments in partners with cutting-edge technologies and expertise, as well as investments in startups and funds.	The BIPROGY Group is enhancing its R&D capabilities in priority areas and cutting-edge technologies, and accelerating open innovation with the objective of creating new services.



Akiyoshi Hiraoka

Representative Director,
President & CEO, CHO

Towards a One-of-a-kind Company that Contributes to a Sustainable Society

The initial fiscal year of the Management Policies (2021-2023) ended with higher revenue and higher profits. Fiscal 2022 marks the first year since we announced our new company name of BIPROGY.

The entire BIPROGY Group is working diligently to contribute to a sustainable society by creating a mechanism to promote digital commons (shared assets of society) through our business to enable everyone to live happily.

Loss of USB Flash Drives

In June 2022, we discovered that USB flash drives containing personal information of residents of Amagasaki City had been lost. I would like to personally apologize to the residents of Amagasaki, the City of Amagasaki and other parties concerned for any inconvenience and worry this incident may have caused. As a company that handles the important information of stakeholders, we fully recognize this as a serious incident that should never have occurred. The entire BIPROGY Group, all executives, and employees, deeply regret this incident. Under our risk management system, we set up an emergency task force that I headed up as CEO to identify areas that require improvement and transform the mindsets of our entire executive management team and workforce in an effort to restore people's trust.

There are three principles of information security countermeasures; namely, (1) Do not access customers' information assets, (2) Do not use portable media, and (3) Do not take information out of restricted areas. Previously, we have put into place a system for promoting information security and provided regular training to employees. Despite these best efforts, this incident occurred. We will

take this opportunity to refamiliarize ourselves with the importance of basic principles and practices, and ensure that all employees are reminded of the above three principles. Going forward, in the event that we must breach these principles due to the customer's situation, we will strive to provide the applicable services only after putting into place special operations with defined procedures and systems to secure robust information security.

Furthermore, to ensure that these security management countermeasures maintain their substance, we have established an emergency countermeasure requiring weekly monitoring covering information security and adherence to contracts. We will once again review and make improvements within the Group in response to issues of contractor management that have become vividly clear from this incident. The path going forward will never be an easy one. In the future, we will provide the world with robust information security services commensurate with a company that has overcome this incident, and strive to restore the trust placed in us so that our customers can say "The BIPROGY Group is an information security professional."

Internal and External Responses to Company Name Change

In May 2021, we announced to the world our name change to BIPROGY Inc. effective April 1, 2022, and also communicated this internally at the same time. Customers have voiced that "this is a good company name expressing the Group's intention to innovate based on diversity and shine a light on the future," indicating they support our efforts to achieve the targets set out in our Purpose. Through dia-

logue among executive management and employees, we have deepened employee understanding of the hopes and ideas behind the name BIPROGY. In the future, as the name suggests, the new BIPROGY will be a company that illuminates new paths in society, provides value in response to changes in society and the environment, and promotes initiatives to realize sustainable value creation.

Looking Back on the First Fiscal Year of the Management Policies (2021-2023)

Fiscal 2021 was the first fiscal year of the Management Policies (2021-2023). In fiscal 2021, we achieved solid results in terms of consolidated business performance, including increased revenue, operating profit, adjusted operating profit, and net profit year on year, leading to higher revenue and profits.

Fiscal 2021 was also the second year of the COVID-19 pandemic, making it a year in which various ideas were created in terms of work style and social living. In this context, the word digitalization garnered attention. While customers

in some industries were cautious or postponed investments for digitalization due to the pandemic and other factors, digital transformation (DX) harnessing digital technology to transform business models, customer relationships, work styles, and corporate culture attracted a great deal of attention. The Management Policies (2021-2023) was formulated from the desire to promote DX and provide a mechanism that is useful to customers and society in the form of DX services. Looking back on the first fiscal year, I feel that we made powerful strides in the field of

CEO Message

DX amid revenue growth in “for customer” (customer DX), which promotes DX for customers, “corporate DX” leading to “for society,” which solves social issues, and “service-based type (business creation type)” outsourcing. By combining our solutions with intellectual property obtained through customers’ DX and assets owned by customers, we hope to create a developed form of a business ecosystem.

In a turbulent society where it is increasingly difficult to predict the future, and where social issues arise one after another under various restrictions, I believe that we have taken the first step to spread DX for the world by creating a “digital commons (shared assets of society)” that resolves these issues using the power of digital technology.

Developing a Business Ecosystem and Digital Commons

Gaining Insights from Our Business Ecosystem Initiatives

We conceived the idea of a business ecosystem around eight years ago. At the time, we recognized that it would soon become difficult for a single company alone to compete against the major IT firms known as GAFA*. Applying the term ecosystem to business, we can create competitive advantages by combining strengths across business and industry lines. As we moved ahead with these activities, we found that a business ecosystem has the potential to not only provide competitive advantages but also resolve social issues otherwise impossible by a single company or single entity. By combining this with digitalization, the concept of business ecosystem was born.

For example, even for sharing services, the power of digital technology can be used to match owners and users, ensuring reliable returns and collection of user fees, resulting in a full-fledged standalone service. Sharing services represent a zero marginal cost model because no new

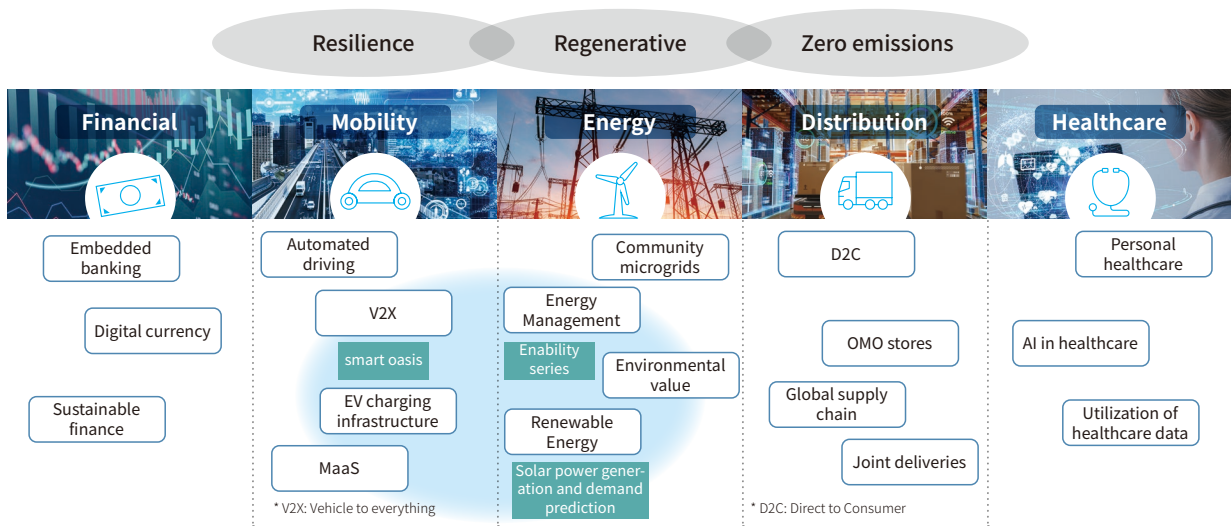
investment is needed since resources with low utilization rates are used. There are still many low utilization rate assets, including in the natural environment such as solar power. For environmental issues, digital technology can be used to add evidence and raise people’s awareness. As a result, we identified a new material issue “Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions.” We arrived at the digital commons concept from the desire to create share assets (commons) for society commensurate with a digital era using a zero marginal cost model.

* A collective term used to refer to major American IT firms Google (currently Alphabet), Amazon, Facebook (currently Meta), and Apple.

Realizing the Effects of Digitalization

Japan has yet to fully realize the effects of digitalization because of its vertically split corporate organizations and barriers caused by relationships between independent gov-

Creating new markets for three social impacts by combining business assets cross-functionally across industries as a provider of digital commons seeking to build a sustainable society



ernment officers. In Australia, for example, prior to the COVID-19 pandemic, to use public transportation, people had to purchase a prepaid card and load it using cash. Today, riders can simply touch their credit card at the ticket gate to pay for their fare, making public transportation nearly cashless. Although e-money services are increasing gradually in Japan, in rural areas, people are still unsure of which e-money or payment method is accepted.

Looking at Japan's industrial structure, there are barriers within the supply chain that diminish the effects digitalization. If digitalization is approached in a manner that enables seamless sharing by capitalizing on the power of digital technology for the entire value chain; not just supply chains, the effects of digitalization can be fully realized and transformed into commons for society.

As an example, we established a new company to visualize

the distribution route of domestic timber. Based on this, the new company is creating workspaces with office furniture made exclusively from domestic timber. Currently, wood prices remain elevated, with some calling it a "wood shock," but domestic pulpwood has a very low price. Nevertheless, prices are hiked along the way of distribution and processing, ultimately resulting in prices that are higher than the same pulpwood sourced from outside Japan. Visualizing these processes using digitalization reveals where the bottlenecks exist. Ensuring the distribution of domestic timber at the right price also results in the protection of domestic forest resources and water resources. We are now working to create a successful business model, although we are still waiting for a major breakthrough.



Human Resources Required to Achieve Our Vision and Their Development

ROLES Initiative for Generating Diversity within Individuals

To tackle these challenges, we require a mechanism to use innovation throughout the world to transform not only IT, but also to make society a better place. No matter how long the path to success may be, it is important to overcome challenges through repeated mistakes. I have experienced a number of failures during the course of my career. The key to overcoming these failures is diversity. If surrounded by people that only have a single perspective for viewing the world, failure will end in admonishment and nothing more. However, diversity inside the company will help to spread the importance of learning from mistakes and there will be people around you to support and assist along the way. If a certain direction proves to be wrong, the first step to success may be simply changing directions. Diversity within an individual will allow that individual to embrace the diverse values of others, respect them, and transform themselves to align with such values.

We have embedded the concept behind the ROLES initiative into our personnel system and use the term ROLES to refer to the many roles that employees play. This is based on the belief that the root of diversity in an organization or company begins with fostering diversity within individuals, or intrapersonal diversity. The term ROLES has finally taken root within the Company, which has led to the belief that much can be learned from mistakes. In turn, this has shown us the path to our ideal image of human resource development. We have already presented a sample of ROLES to employees who are now registering their preferred individ-

ual roles within our database as A ROLE and B ROLE and so on. We have started the ROLES initiative as a mechanism where this database is used to set individual targets and create operational plans. We also allow for new ROLES to be created. I sincerely look forward to these efforts to create new forms of diversity.

Succession Planning

We are actively assigning talented human resources to other companies outside the Group to gain experience. We need to make the Group an attractive place where this talent will want to return to after their assignment. We have a Nomination and Remuneration Committee, so rather than just appointing someone by the CEO, I feel it necessary to develop human resources, based on a succession plan, suited to top management positions with a vision for how exactly the company will provide value to society.

Therefore, we establish venues for sharing our future vision on a regular basis and disseminate it not only internally but also to prestigious universities. This is because I want to increase the level of discussions held with academic professionals. Toward this end, we are implementing a management leadership development program for fostering executive leadership candidates of the future. Behind the scenes there are many officers and employees willing to help out, so we prefer that a management leader emerges who gets really excited about our vision. Internally, I hear that members thinking about the next stage are voluntarily setting up various task forces and holding study sessions, which is very encouraging. I would prefer candidates from

CEO Message

the inside the company so that we do not have to call in management from outside, but I cannot predict how the world will change in the future or what kind of industry

restructuring will take place, so I will not completely deny this option.

Operation of the Board of Directors

To bring greater diversity to the Board of Directors, we appoint various individuals as Outside Director and Audit & Supervisory Board member based not only on their attributes, but also their experience and values. Currently, half of our eight directors are independent outside directors. Eventually, I hope to have outside directors and independent officers compose a majority of Board members. Once diversity is secured, we can upgrade discussions at Board of Directors meetings by pointing out areas from a different perspective that tend to fall into the trap from an internal perspective alone. Even now, outside officers are actively speaking up at board meetings, and it is not uncommon for a proposal to be rejected and then re-proposed with a

major change the next time. This makes for a very good atmosphere. Therefore, Board meetings tend to run on the long side, but going forward we plan to continue this approach.

The Company's outside directors not only attend Board meetings, but they also actively seek out information required for management and communicate with various employees. At times, when an employee is facing difficulties, outside directors can assist the situation with their own information and networks, building a positive relationship. In terms of motivation, employees receive a positive influence from them.

The Future Shape of the BIPROGY Group

We want to make the BIPROGY Group a one-of-a-kind corporate group that is judged not by its sales or business scale, but rather on its contributions to a sustainable society. To this end, we will work to create innovation based on the "four strengths" of building good relationships with customers and partners in various industries, the ability to provide one-stop services by combining various technologies, the ability to follow through, and the ability to design and realize new services. In addition, we will work to ensure

that stakeholders understand that our strides toward achieving our Purpose and our efforts to become a provider of digital commons and build a better society are progressing step by step, and that we can work together.

As indicated in Vision 2030, we will continue working toward the realization of a sustainable society by developing the Digital Commons which is a platform that helps create a society where everyone can live happily.

From Business Ecosystems to Digital Commons

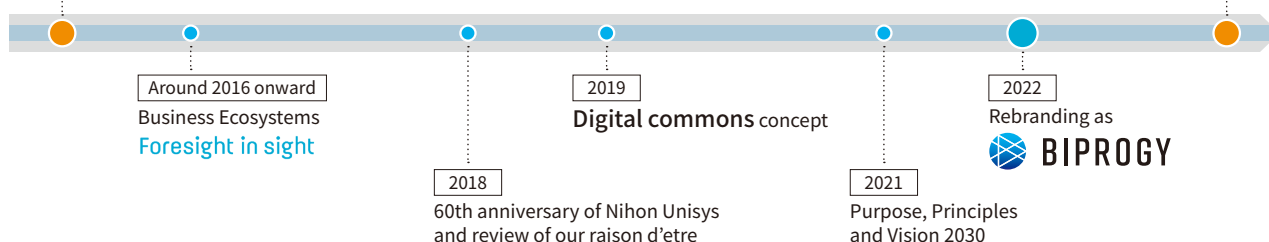
Business ecosystems strengthen relationships between the Group and customers and partners and realize solutions to social issues through collaboration that transcends industry boundaries. The BIPROGY Group is looking beyond this to become a contributor to the digital commons that aims to create a sustainable society through the ongoing creation of both social and economic value.

SDGs adopted by the UN

September 2015

Target year of the SDGs

2030



Regarding the Loss of USB Flash Drives

As of September 30, 2022

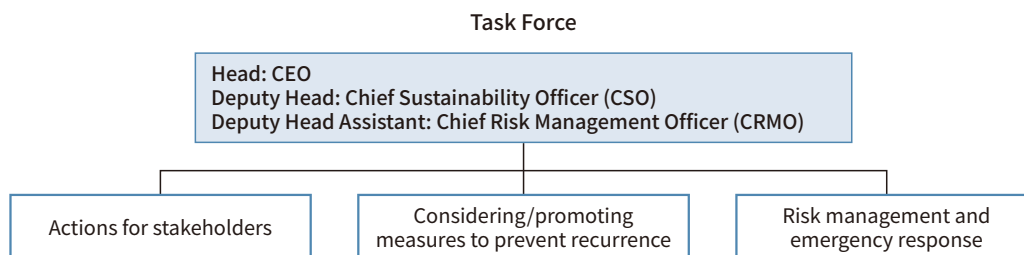
On June 21, 2022, a serious incident occurred in which an employee of one of our second-tier subcontracting companies lost USB flash drives containing encrypted personal data in connection with temporary special benefit payments to resident-tax-exempt households, a project we had received from Amagasaki City. The flash drives were found on June 24, 2022. We are presently investigating the facts of the incident (including whether or not personal information was leaked) and examining the analysis of the root cause of the incident in cooperation with the relevant organizations. The Group's business performance may be affected by reputational risk, such as the deterioration of the Group's social

credibility and brand image, as well as by various actions taken in relation to this incident and future claims for damages (including in the event that personal information is confirmed to have been leaked). We take the occurrence of this incident very seriously, and will do our utmost to prevent recurrence of similar incidents and restore confidence in the Group by improving the information management system and its operation throughout the Group, reviewing and improving the management of our contractors, and reemphasizing education and guidance for all executives and employees, and subcontracting companies of the Group (including second-tier subcontracting companies).

Establishment of Task Force

In accordance with the Company's risk management system, a task force headed by the CEO was established on June 26, 2022 to centrally implement action taken for stakeholders, prevent recurrence, manage risks, and provide emergency response. In addition, a third-party investigation committee consisting of outside experts was established on July 1, 2022

and commissioned to objectively verify the actual state of affairs and analyze the cause of the incident and any dealings similar to the one that caused the incident, as well as to make recommendations for remedial measures. The Group will act in good faith, fully cooperating with the investigation and verification by the third-party investigation committee.



Measures for Information Security and Sub-Subcontracting to Prevent Recurrence

So far, in the interest of information security, the Group has conducted emergency inspections of confidential customer information, access to a production environment, and portable media use, identified problems and issues, and implemented emergency corrective measures. At present, we conduct weekly monitoring to ensure that the emergency corrective measures are properly implemented. In addition, we have conducted security education with all employees to ensure that they understand our security policy, regulations, and particularly dangerous security risks that could lead to serious incidents. Furthermore, after confirming what issues were present through our emergency countermeasures, we decided to implement the following measures in sequence as permanent measures to prevent recurrence.

- Rigorously instilling action based on the three principles of information security: (1) Do not access customers' information assets, (2) Do not use portable media, and (3) Do not take information out of restricted areas. For tasks that unavoidably conflict with the above depending on the customer's situation, the

responsible party applies for and registers for security clearance as a special case with a specialized information security organization established within the Company. The task is managed and monitored accordingly.

- Providing continuous education on information security.

We have also conducted a comprehensive review of sub-subcontracting and implemented the following tentative measures to prevent recurrence, as well as weekly monitoring.

- Established a new position, the Sub-Subcontracting Administration Manager, responsible for management and control of subcontracting companies within the each organization.
- Obtain evidence of compliance with sub-subcontracting terms in the contract with the customer before placing orders with a subcontracting company.

In addition to the above measures, the Group will promptly consider and implement measures to prevent recurrence based on the recommendations of the third-party investigation committee in the event that such recommendations are made.

History of Innovation

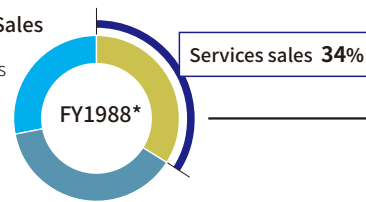
Since its establishment in 1958, the dawn of the computer age, the BIPROGY Group has supported the development of Japan's information society by meeting the needs of the time. Furthermore, we will accelerate our efforts to solve social issues and transform ourselves into a company that creates social value.

- ◆ 1947
Yoshizawa Kiki, the predecessor to Nippon Remington Univac Kaisha, Ltd., established
- ◆ 1958
Nippon Remington Univac Kaisha, Ltd. (currently BIPROGY Inc.) established
- ◆ 1971
Nippon Univac Kaisha, Ltd. listed on the first section of the Tokyo Stock Exchange
- ◆ 1977
Nippon Univac Kaisha, Ltd. changed its name to Nippon Univac Kaisha, Ltd.
- ◆ 1988
Nippon Univac Kaisha, Ltd. and Burroughs Corporation merged to establish Nihon Unisys, Ltd.
- ◆ 1997
Total infrastructure service subsidiary UNIADEX, Ltd. established

◆ Capital alliance

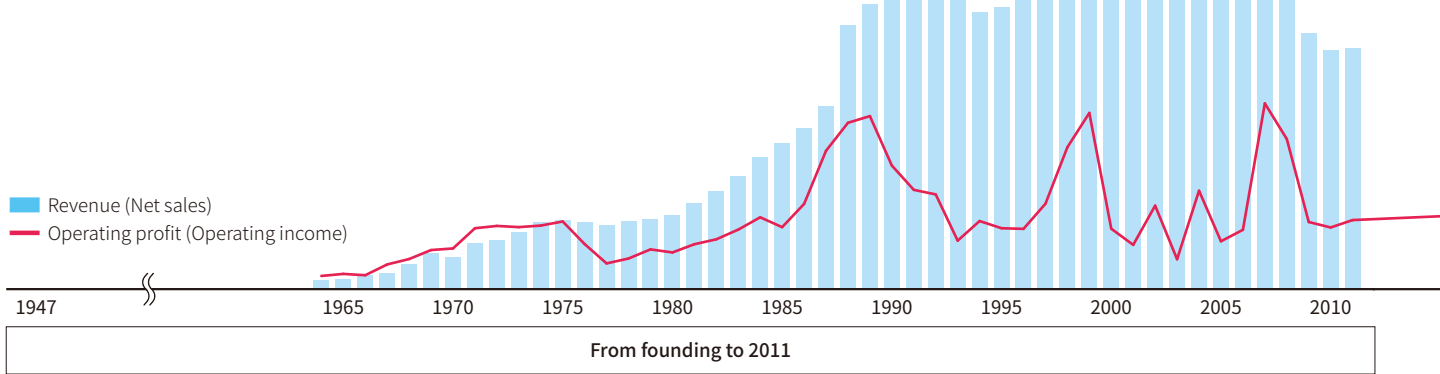
Composition of Net Sales

- Maintenance services and software, etc.
- Sales of computer (hardware)
- Rental for computer (hardware)



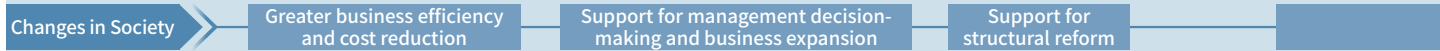
* Nihon Unisys non-consolidated

Revenue and Operating Profit Since our Founding



◆ Business

- ◆ 1955
Installed Japan's first commercial computers at Tokyo Stock Exchange, Inc. and Nomura Securities Co., Ltd.
- ◆ 1967
Launched Japan's first online banking process
- ◆ 1977
Launched FAST software for financial institutions
- ◆ 1991
Launched the integrated CAD/CAM system CADCEUS
- ◆ 2007
Introduced core-banking system BankVision, the world's first "full-banking" system based on the Windows platform



Support of customers' business expansion and structural reform through the formation of Japan's information society and the construction of diverse systems

The high rate of economic growth experienced upon entering the 1950s led to expanded corporate demand for business streamlining and cost reductions. Yoshizawa Kiki, the predecessor of BIPROGY Inc., installed Japan's first commercial computers for major securities firms and financial institutions, and then went on to operate a series of large-scale online systems powered by mainframe computers, contributing to the formation of the information society in Japan that continues to this day. Subsequently, amid the trend toward streamlining and rationalization of management, the company responded to its customers' adoption of business outsourcing and open systems, and contributed to their business expansion and business structure reforms by utilizing its extensive business knowledge.

BIPROGY's Response



◆ **2012**
Capital alliance with Dai Nippon Printing Co., Ltd. to strengthen business foundation for expansion in new markets

◆ **2017**
Canal Ventures, Ltd., a venture capital company, established

◆ **2020**
Established Emellience Partners Inc. for co-creative business generation

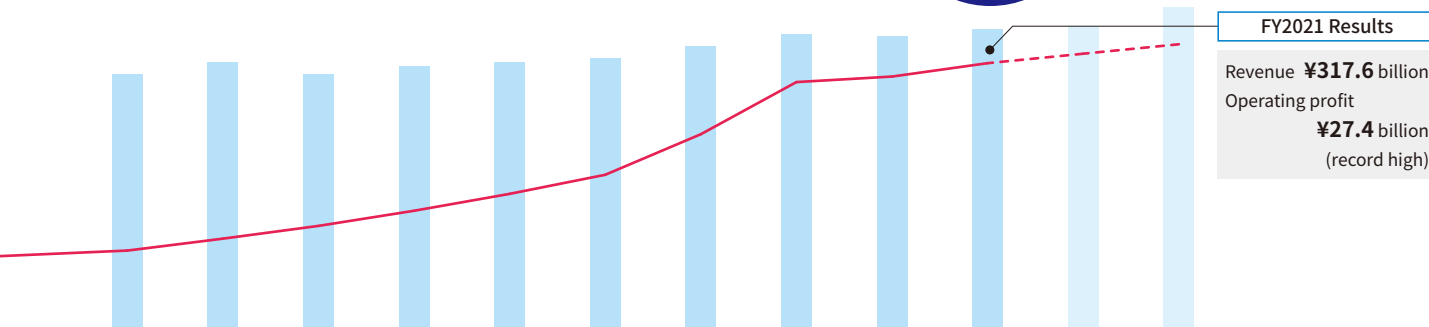
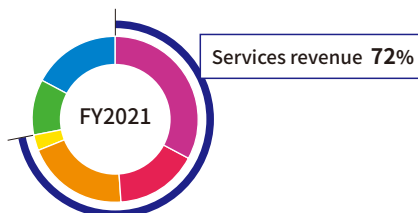
2022
Changed the corporate name from Nihon Unisys, Ltd. to BIPROGY Inc.

◆ **2017-2018**
Established Canal Payment Service, Ltd., a payment- and settlement-related business subsidiary, and formed a business and capital alliance with JCB Co., Ltd. and CARDNET

◆ **2021**
Established Green Digital & Innovation Inc.

Changes in portfolio

- System services
- Support services
- Outsourcing
- Others
- Software
- Hardware



FY2021 Results
Revenue **¥317.6 billion**
Operating profit **¥27.4 billion**
(record high)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Mid-Term Management Plan			Mid-Term Management Plan Innovative Challenge Plan			Mid-Term Management Plan Foresight in sight 2020		Management Policies (2021-2023)	

* International Financial Reporting Standards (IFRS) applied starting FY2021

◆ **2009**
Started providing the smart oasis charging infrastructure system for electric vehicles
Started providing Zero-Accident Program DR service to help reduce automobile accidents and promote safe and energy-efficient driving

◆ **2021**
Launched Japan's first public cloud full banking system

◆ **2013**
Began operation of the world's first open technology-based domestic airline passenger system

◆ **2017**
Start of Resonatex open API platform service

◆ **2020**
Launch of AI-Order Foresight, a cloud-based automatic order service based on AI demand forecasts

◆ **2022**
Launched Omni-Base for DIGITAL' ATELIER, a service-use type commerce business platform

Business innovation/
business creation

Resolution of
social issues

Creation of business ecosystems to solve social issues and transform into a company that creates social value

The 2000s saw operations becoming ever-more efficient owing to ICT, sparking the creation of new businesses and new lifestyles that utilize ICT. In addition, the advancement of digital technology has been lowering the barriers between business types and categories in a variety of industries. The BIPROGY Group will resolve the issues faced by society and develop digital commons, society's shared assets, into systems that promote the creation of a society that everyone can live happily in through business ecosystems that link customers and partners in different sectors who possesses diverse strengths by leveraging the experience and achievements we have been acquired through ICT.

Building a sustainable society



Value Creation Process

By expanding business ecosystems that span across sectors and business models and leveraging its accumulated strengths to solve the problems of society, the BIPROGY Group aims to create a sustainable society through the creation of social and economic value.

Corporate Philosophy

Our Mission

Work with all people to contribute to creating a society that is friendly to people and the environment

Material Issues

→ P.22-25

- Create schemes to solve issues through the use of digital technology and business ecosystems

- Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions

Sources of Competitive Advantages

(Inputs) Data as of FY2021 or March 31, 2022



Social and relationship capital

- Customer base spanning a broad range of sectors and industries

Customers	More than 5,000 companies
-----------	---------------------------
- Relationships built on trust Japan BIPROGY Users Association members About 520 companies
- Development partners More than 450 companies



Human capital

- Human resources able to take the initiative to grasp social issues and take action
- Diverse human resources able to innovate

No. of employees	8,068
Investment in human capital	¥2.6 billion
Ratio of management positions held by women	8.1%
New hires (new graduates + mid-career)	353
- Human resources able to implement systems

No. of engineers	5,062
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Financial capital

- A financial base supporting new service creation and responding to business environment changes

Equity attributable to owners of parent	¥128.9 billion
Free cash flows	¥18.5 billion



Intellectual capital

- Business knowledge and technical skills cultivated over a history of more than 60 years
- Obtained DX Certification
- Open innovation through collaboration with venture firms and startups
- Investments to create new services Investments*1 ¥19.9 billion



Natural capital

- Decarbonizing business activities

Energy consumption	7,836kl
Percentage of purchased energy used at the Group business locations that is renewable energy	7.4%



Manufactured capital

- Quality assurance for products and services
 - Quality control via ISBP*2
- Transparent and fair processes

Group compliance awareness survey response rate	97.1%
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- Nationwide service network in Japan, service locations in eight foreign countries
- Effective BCP structure

*1 Total of R&D expenses, capital expenditures and strategic investments

*2 ISBP (Information Services Business Process): The Group's standard business process, summarizing the work required for system development in order to provide high-quality systems.

Strengths

→ P.5

Relationships with customers and partners in various Industries

Capabilities for enabling successful system implementation

Capabilities for enabling one-stop vendor-free support

Capabilities for designing and delivering new services

BIPROGY Group's Businesses

→ P.16-17

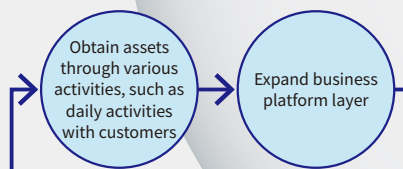


Providing services that contribute to the efficiency and evolution of corporate operations

Traditional systems integration

The value creation cycle in business activities

Implementation Capabilities



Creation of Services

(Outputs)

→ P.70-71

System services	33%
Support services	16%
Outsourcing	20%
Others	3%
Software	11%
Hardware	17%

(Negative output)

GHG emissions (Scope 1 + Scope 2 (Market-based)) 13,064t-CO₂e

Management Foundation

Supporting Transformation → P.42-69

Intellectual Asset Strategy

→ P.42-43

Human Resource Strategy

→ P.44-48

Changes in Society

Rapid shift to a digital society

Changes in society's expectations and demands for companies in order to create a sustainable society

Business environment in which it is difficult to read the future

Vision 2030

Realizing a Sustainable Society

→ P.18-19



Purpose

Create a sustainable society using foresight and insight to unlock the full potential of technology.

- Sustainably procure and provide safe and secure products and services throughout the entire value chain
- Develop and strengthen human resources to create a new future and promote diversity and inclusion
- Further improve corporate governance and integrity

Foresight in sight → P.3

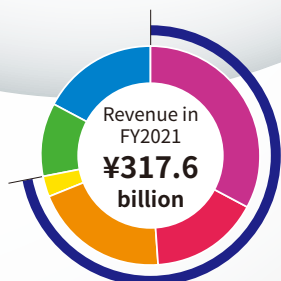
With foresight and insight, the BIPROGY Group provides solutions and services with optimized ICT environments tailored to each customer, while also creating new business models and business ecosystems

Promoting efforts to achieve Vision 2030



Encouraging the formation of business ecosystems

Backed by Integrity, the Power to Get Things Done



Services revenue 72%

Environment → P.49-51	Value Chain Management → P.52-53	Corporate Governance → P.54-65	Risk Management → P.66-69
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Earning the trust of our customers and society, we pursue a virtuous cycle of sustainable growth by latching onto more business opportunities.

Social and Economic Value Created (Outcomes) Data as of FY2021 or March 31, 2022

Social and relationship capital

- Contribute to the sustainability of society by providing businesses that solve social issues
 - Create business ecosystems by building relationships of trust with diverse stakeholders
 - Provide safe and secure products and services in compliance with laws, regulations, and social norms
- Percentage of main suppliers for which an ESG risk assessment has been made: 100%

Human capital

- Produce innovative human resources that contribute to solving social issues
 - Improve profitability by increasing labor productivity
 - Contribute to the creation of a fulfilling society that is physically and mentally healthy and that accepts and utilizes individual diversity
- Operating profit per employee: ¥3.39 million, +10.3% (vs. FY2020)

Financial capital

- High capital efficiency: ROE 17.0%
- High shareholder returns: TSR*3 over past five years 226.0% (+17.7% annualized)
- Solid financial base: Issuer rating*4 A-; Ratio of equity attributable to owners of parent to total assets 48.0%

Intellectual capital

- Creation of new services: No. of news releases 109
- Cumulative number of investments in venture capital funds and real-tech venture firms that aim to solve social problems: About 30 funds, more than 60 venture firms

Natural capital

- Provide environmental contribution services: Zero emissions initiative target achievement rate through providing environmental contribution products/services 132.9%
- Reduce the environmental burden of the value chain: Reduction rate of GHG emissions (Scope 1 + Scope 2 (Market-based), vs. FY2019) 9.0%; Reduction rate in Scope 3 GHG emissions (business travel and employee commuting) supply chain GHG emissions (vs. FY2019) 62.5%

Manufactured capital

- Reliable operation of services: Online uptime rate 99.999%

*3 Market price based on TSR indexed with closing price on March 31, 2017 (100).
*4 Rating & Investment Information (R&I)

Value Creation of the BIPROGY Group

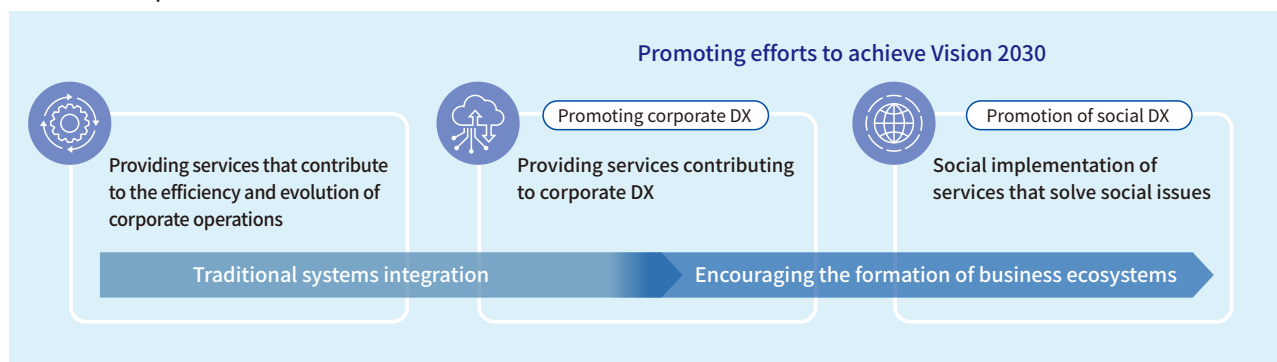
Becoming a Company that Creates Social Value Leading to a Promising Future

By providing ICT infrastructure and system services for many years, the BIPROGY Group has earned the trust of its customers. Today, we contribute to the digital transformation (DX) of our customers by creating new services and solutions using technologies that are evolving every day, such as cloud computing and AI. In the future, we will leverage our experience in providing system integration services to a wide range of customers and our accumulated intellectual assets to further strengthen open innovation-driven combinations between various industries, sectors, and overseas best practices, achieving transformation for our customers' business models.

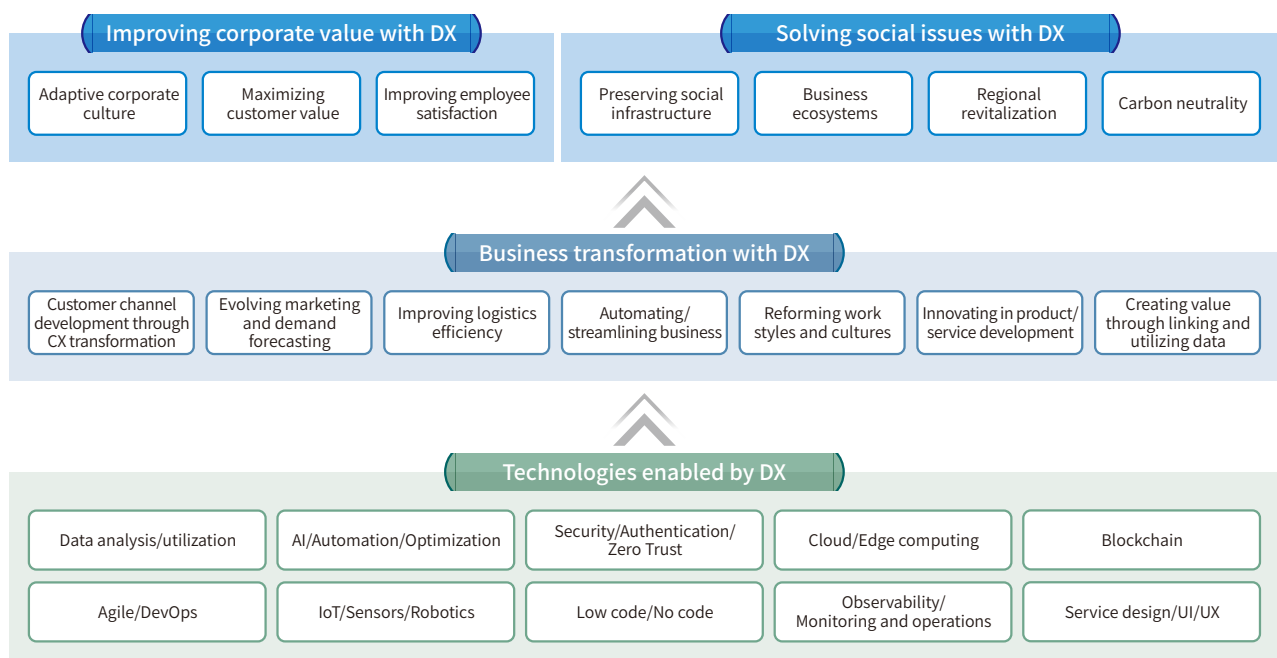
The BIPROGY Group sees DX as an initiative to transform

business processes, business models, and social systems through digital technologies, thereby contributing to continuous improvement of corporate value and resolution of social issues. The Group supports our customers' promotion of DX in order to respond flexibly and promptly to changing business environments and needs, and contributes not only to solving our customers' business issues but also to solving social issues. Furthermore, we are working to expand business ecosystems in collaboration with our customers and partners by combining services and value created in diverse industries, sectors, and markets across the board, including services that help solve the social issues outlined in the SDGs.

BIPROGY Group's Businesses



The BIPROGY Group's Conceptualization of the DX Structure



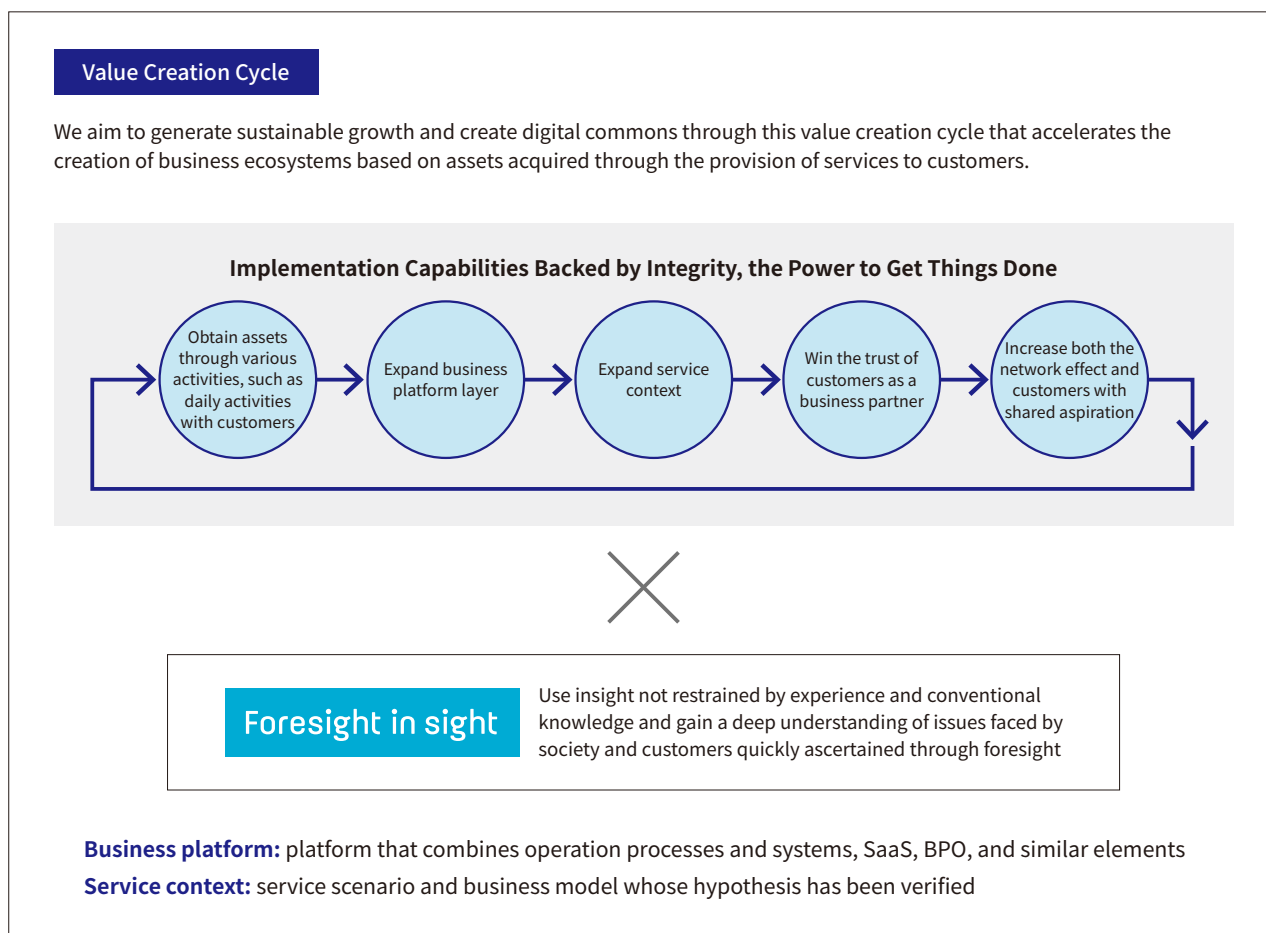
From Business Ecosystems to Digital Commons

The Group has earnestly collaborated with customers in all industries to solve their problems, which has made it possible for us to accumulate experience and knowledge based on our familiarity with their operations. By stitching together in a patchwork fashion the knowledge we have acquired while working with customers, solutions we have independently developed, open innovation, and various assets we have obtained through the pursuit of knowledge and other companies' products and reworking knowledge obtained from customers into an optimal form, we will work to expand our unique, flexible business platform layer (see Intellectual Asset Strategy on page 42). At the same time, we would like to increase, in the long term, service contexts that are appealing for customers by generalizing the experience and knowledge from individual projects into a form applicable to multiple customers and compiling that into a library. Furthermore, we will be able to quickly launch services that rivals cannot imitate and win the trust of customers as a business partner by keeping our eyes open both inside and outside the company and creating a system that makes it possible to provide the optimal com-

bination of services for customers. Increasing the number of customers who trust us will accelerate the creation of business ecosystems that link many different customers and give birth to novel practices among customers in new sectors. As these cases grow, it will lead to greater trust from society, a stronger network effect within business ecosystems, more customers who share our ambitions, and solutions to a larger number of issues faced by society.

The Group intends to create and provide business ecosystems and platforms that solve social issues as digital commons, the shared assets of society, and to develop these into mechanisms that promote the creation of a society where everyone can live happily (see Promoting DX for Customers and DX for Society on page 30).

The BIPROGY Group's foresight and insight and implementation capabilities backed by integrity (the power to get things done), which are fundamental to our strengths, will enable us to achieve sustainable value creation by implementing a value creation cycle that accelerates the creation of business ecosystems.



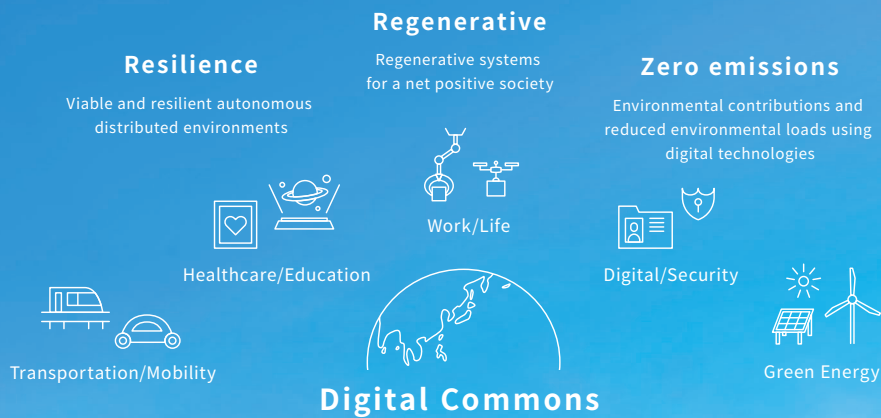
Purpose

Create a sustainable society using foresight and insight to unlock the full potential of technology.



Vision2030

We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily.



Solving Social Issues by Forming Communities Capable of Creating both Social and Economic Value

At the BIPROGY Group, we define our Purpose as, in addition to fusing our foresight and insight regarding social change, technology centered on ICT, and formation of business ecosystems with various business partners, not only providing ICT services but accelerating our efforts so far to create new value that makes current society richer and to solve the issues faced by society, and transforming the Company into one that creates social value. Furthermore, Vision 2030 describes the Group's roles and *raison d'être*, as well as our ideals and commitment to undertake long-term activities to prepare for the year 2030. In addition, based on Vision 2030, we have formulated material issues from the important issues and indicators that the Group should address (see page 22).

The Digital Commons mentioned in our Vision 2030 represent our work to strive for communities where it is possible to create both social and economic value in solving social issues by using the power of digital technology to make it possible to widely use privately owned assets (assets owned by companies, organizations, and individuals) and surplus assets (assets with low utilization rates) that already exist in society as shared assets with low additional costs. By promoting businesses using the three social impacts of resilience (viable and resilient autonomous distributed environments), regenerative (regenerative systems for a net positive society), and zero emissions (environmental contributions and reduced environmental loads using digital technologies) as guideposts, our Group intends to create

digital commons, shared assets of society, and link this to the creation of a society where everyone can live happily.

Resilience refers to society's capacity to recover quickly from sudden crises and environmental changes such as disasters and pandemics. For example, if disaster algorithms can be analyzed by visualizing various changes in the natural environment before, during, and after a disaster using sensors and radar, it will be possible to make predictions and take rapid emergency response measures. In addition, if digital technology can be used to save labor in the maintenance and inspection of large infrastructures, it will help build a resilient social infrastructure.

Regenerative refers to the use of digital technology to regenerate existing systems into new systems capable of solving problems. Examples include replacing tasks previously performed by human labor with AI to improve efficiency.

By zero emissions we mean aiming for societal systems such as a resource-recycling social system that does not produce any waste. To create systems that positively contribute to the environment and reduce the environmental impact using digital technologies, regenerative systems are also necessary, and to ensure the continuity of companies and to maintain the lives of ordinary citizens no matter what kind of crisis occurs requires resiliency.

Vision 2030 thus expresses our stance of contributing to the three interrelated social impacts from the perspectives of various sectors, industries, and markets together with our business ecosystem partners.

Toward our Desired Future

Under our Purpose and Vision 2030, the Group has established its Management Policies (2021-2023), which is designed to take the Group to the next stage of sustainable enhancement of its overall corporate value, from two perspectives. Here, we are working to create social value through the expansion of business ecosystems, based on the two perspectives of For Customers, promoting customer DX, and For Society, promoting social DX. In For Customers, we aim to pursue DX that leads to sustained growth for our customers by strengthening value creation capabilities and generating social value. In For Society, we aim to solve social issues by leveraging our relationships with customers and partners in a wide range of industries, together with best practices, to realize business concepts that are optimized for all of society and the world.

To date, the Group has sought to solve social issues by strengthening relationships with customers and partners

and creating business ecosystems through collaboration that transcends industry and sector boundaries. In a business ecosystem, a number of partners work together to build competitive advantages a single company cannot achieve on its own. However, as only a certain set of partners participate in this, there is a sort of exclusivity to the advantage. A digital commons, on the other hand, is a community where everyone can openly use and share knowledge. We aim to grow into becoming a hands-on company with the power to create social change. This will be achieved by generating sustainable growth through a value creation cycle that accelerates the creation of business ecosystems based on assets acquired through the provision of services to customers. Furthermore, the BIPROGY Group is looking beyond this to 2030, becoming a contributor to the digital commons creating a sustainable society through the ongoing creation of both social and economic value.

Sustainability Management

Stance Toward Sustainability Management and Sustainability

The BIPROGY Group has declared its Corporate Philosophy as “work with all people to contribute to creating a society that is friendly to people and the environment,” and has defined its Purpose as “creating a sustainable society using foresight and insight to unlock the full potential of technology.” To realize this, we are earnestly working to solve various social issues based on corporate activities that focus on environmental, social, and governance perspectives. By creating value through contributions to the development of a sustainable society, we aim to establish a sustainable growth cycle for the Group and become a

sustainable corporate group.

To this end, we will work to introduce digital commons into society, each member possessing a long-term perspective and ambition, and fusing our experience with and knowledge of solving issues faced by society with a network of people who possess the same ambition and digital technology based on our many years of experience. By doing this, we will strive to create both social and economic value and pursue mutual sustainability for the environment, society, and the Group.

Sustainability Promotion System

We have established a system to promote these efforts based on the idea that it is important to strengthen management and governance within efforts to tackle sustainability-related issues across the entire Group. We have established not only the Sustainability Committee, a decision-making body chaired by the Chief Sustainability Officer (CSO), who has overall responsibility for initiatives that contribute to SDGs and the sustainability management strategy, but also an Environment Contribution Committee and Social Committee as subordinate organizations for the respective field. Material issues concerning efforts to solve problems related to the environment and sustainability of

society are deliberated and reported on by the Executive Council and various committees.

The Board of Directors also receives reports from each committee and organization on the status of their main activities, including their actions on sustainability-related issues, and deliberates and makes decisions regarding these based on multiple perspectives. In FY2021, the Board deliberated topics such as the revision of Material Issues, environmental management, and human resource strategy.

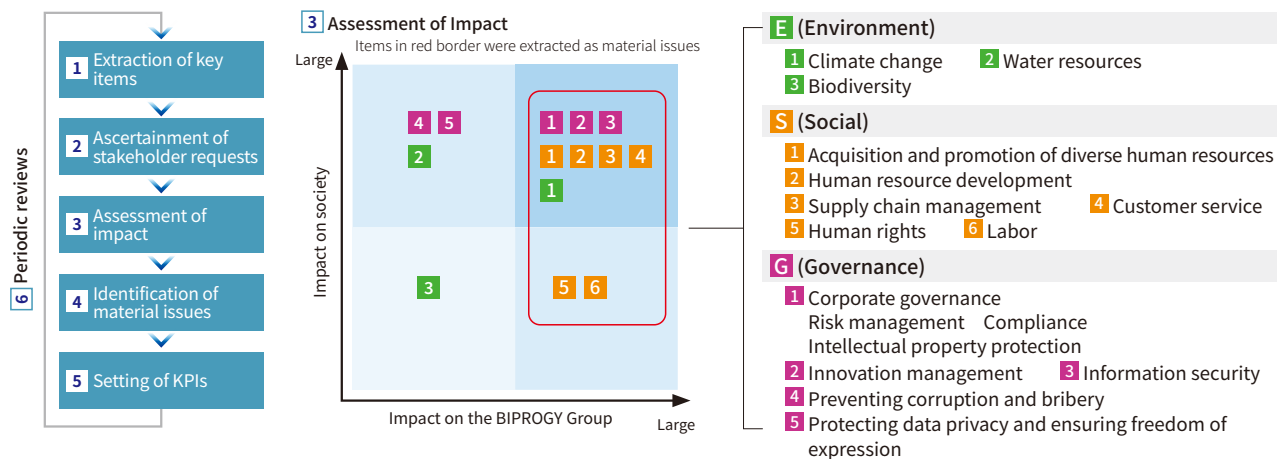


Formulation of Material Issues

In order to integrate the Group’s sustainability initiatives into its management to achieve Vision 2030, our material issues were revised in FY2021 to ensure its alignment to our management’s long-term vision. In accordance, we

have introduced restricted stock remuneration linked to medium- and long-term performance, including the achievement of material issues, in our director remuneration system.

Process of Determining and Updating Material Issues



CSO Message

Continuing to think about what we can and should do to achieve sustainability, and acting accordingly

Koji Katsuya

Director, Executive Corporate Officer,
Chief Sustainability Officer (CSO)/
Chairman of the Sustainability
Committee



I deeply apologize to the residents of Amagasaki, the city of Amagasaki, and all other parties concerned for any inconvenience and concern caused by the loss of flash drives containing personal information that occurred in Amagasaki City in June 2022. Having positioned the assurance of information security and the protection of personal information as our issues to focus on, the Group has performed the maintenance and operation of information management and has provided training and guidance to all of our Group employees and officers as well as to subcontracting companies. We take the occurrence of this incident very seriously, and will strive to prevent a recurrence by thoroughly reviewing and improving the management system and its operation, and by re-enforcing our efforts in training and guidance to all employees, officers, and subcontracting companies. In addition, the Group established a third-party investigation committee in July 2022, and is fully and sincerely cooperating with its investigations. As soon as we receive the report from the third-party investigation committee, we will take action to prevent recurrence based on the results.

Looking back on our efforts since I assumed the position of CSO and Sustainability Committee Chairman in April 2021, the Sustainability Committee held a series of discussions on what sustainability issues the Group should address and how to do so, defined the key issues to be addressed to realize Vision 2030 in the next 10 years as new material issues, and set KPIs and targets. We absolutely must achieve these targets by 2030, the completion date for the SDGs, in order to create a society in which everyone can live happily and for the sustainable growth of the Group. We assess the degree of target achievement every year, and link the results to executive compensation, so I myself together with the entire management team are working to do our utmost to achieve these targets.

Human resources have always been the driving force of our business, and the new BIPROGY Group is no different. Based on the belief that the Group will not grow without the expansion of business-producing human resources and the progression of diversity and inclusion, we are promoting the visualization of human resources, the development of a talent management system, and the reform of the personnel system, centered on ROLES. Being selected for the first time as a Nadeshiko Brand in FY2021 is a result of this approach, and we will continue to focus on building human capital to realize sustainable growth, linking our management strategy with our human capital strategy and working quickly.

On the other hand, on the environmental side, we calculated Scope 3 greenhouse gas emissions and analyzed climate change scenarios to identify business opportunities and risks. As environmental business opportunities continue to expand, new businesses are emerging, such as KIINNOX, which promotes the utilization and distribution of Japanese timber. We intend to increasingly expand our digital contribution to the environment in order to realize a zero-emission society.

Other examples include BE+CAUS, a social action platform that supports ongoing social contribution by communicating SDG plans made with retailers and manufacturers to consumers, and the development from customer DX to social DX. In this way, we are making steady progress toward the realization of Vision 2030. Against this background, what is most important is that each and every executive and employee continues to think what they can and should do to realize sustainability, and acts accordingly. As CSO, I will do my utmost to further raise awareness and change the behavior of our officers and employees, as well as to stimulate discussion at the Board of Directors meetings.

Material Issues

Since FY2021, the BIPROGY Group had worked to realize Vision 2030 by defining new material issues based on key items identified given social demands and their impact on society and the Group.

Material Issues		Risks and Opportunities		
Material Issues	Company's ideals and goals	Business and Other Risks		
Material issues for achieving business growth	<p>Create schemes to solve issues through the use of digital technology and business ecosystems</p> <p>Related key items</p> <p>1 1 4 2</p>	<p>We will help to build a regenerative, resilient society of net zero emissions by creating communities with customers and partner companies in a wide range of industries who share our ambition.</p>	Business Environment	Impact from COVID-19
	<p>Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions</p> <p>Related key items</p> <p>1 4 2</p>	<p>We seek to provide services that promote carbon neutrality and a circular economy while cooperating widely to build a carbon-free world. We also aim to help reduce greenhouse gas emissions by reducing the environmental impact of our business activities.</p>		Impact of economic trends and the market environment
Material issues for supporting business growth	<p>Sustainably procure and provide safe and secure products and services throughout the entire value chain</p> <p>Related key items</p> <p>1 3 5 6 3</p>	<p>We will construct and maintain a value chain that respects human rights and, has a lower environmental impact, and procure and provide safe and secure products and services.</p>	Business Activities	Procurement
	<p>Develop and strengthen human resources to create a new future and promote diversity and inclusion</p> <p>Related key items</p> <p>1 2 6 2</p>	<p>We must become a company that recognizes and accepts individual diversity, expertise, and values to continue creating innovation to achieve our future. To this end, we will support our human resources and build a more open corporate culture.</p>		Intellectual property rights
	<p>Further improve corporate governance and integrity</p> <p>Related key items</p> <p>1 3</p>	<p>We will construct and operate a corporate governance system that makes transparent, fair, quick, and bold decision-making possible.</p>		Project management
		<p>As a group that can provide social value and ICT services as trustworthy, sustainable social infrastructure, we will comply with both domestic and overseas laws and regulations, act in line with social norms based on high ethics, and conduct sound, transparent business activities.</p>		System failure
			Others	Information security
				Human resources
				Investment
				Compliance
				Natural disasters, infectious diseases, and other events

Key Items Identified in Formulating Material Issues (Items with a Red Border were Identified as Material Issues)

<p>E (Environment)</p> <ul style="list-style-type: none"> 1 Climate change 2 Water resources 3 Biodiversity 	<p>S (Social)</p> <ul style="list-style-type: none"> 1 Acquisition and promotion of diverse human resources 2 Human resource development 3 Supply chain management 	<ul style="list-style-type: none"> 4 Customer service 5 Human rights 6 Labor 	<p>G (Governance)</p> <ul style="list-style-type: none"> 1 Corporate governance Risk management Compliance Intellectual property protection 	<ul style="list-style-type: none"> 2 Innovation management 3 Information security 4 Preventing corruption and bribery 5 Protecting data privacy and ensuring freedom of expression
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Threats	Opportunities
<ul style="list-style-type: none"> • Threats to the health and safety of our employees • A prolonged outbreak causes: • Curbs on information system investment based on customer business conditions • Delays in sales activities, especially for new customers • Product procurement delays due to impacts on the supply chain 3 • Impact on ability to secure key system development personnel at partner companies, including those offshore 3 • Delay in development operations and decline in quality of provided services because of temporary closure of development bases or other reasons 	<ul style="list-style-type: none"> • Provide services that resolve issues related to business continuity at customers • Contribute to society's sustainability by providing businesses that solve the issues faced by society • Strengthen relationships with business partners • Improve social credibility
<ul style="list-style-type: none"> • Curbs on corporate investments in information systems, changes in investment strategies • Intensifying competition due to entrants from other industries • Supply-side constraints, including higher raw material prices and volatility in the financial and capital markets, due to tensions in Ukraine • Growing environmental awareness and rapid changes in social consciousness, such as climate change countermeasures amid the spread of ESG, and the strengthening of global environmental regulations in response to the growth and changes 1 • Changes in various government policies, such as disaster countermeasures 	<ul style="list-style-type: none"> • Create business opportunities that contribute to the solution of issues faced by society and capture profits in created markets 2 • Create business ecosystems and expand business opportunities by establishing trust with a wide range of stakeholders 2
<ul style="list-style-type: none"> • Impact on the purchase of the Group's products due to changes in the business strategy of or deterioration in management at suppliers 3 • Occurrence of serious failures due to service malfunctions, security incidents, etc. 3 • Declining social credibility and brand image 	<ul style="list-style-type: none"> • Increase profit opportunities by strengthening trust with suppliers and capturing quality partner companies and thus reinforcing relationship capital 3 4 • Reduce business risks related to issues such as human rights and environmental burden throughout the value chain 3 4
<ul style="list-style-type: none"> • Infringement of intellectual property rights by third parties 1 • Expenses associated with disputes over intellectual property rights 1 • Possibility of not being able to obtain necessary licenses and no longer being able to provide certain products and services 1 • Not being able to use the intellectual property that partner companies expected to be able to use through tie-ups 1 	<ul style="list-style-type: none"> • Increase profit opportunities by capturing quality partner companies • Improve social credibility • Expand business by generating innovation
<ul style="list-style-type: none"> • Delay in deliveries and cost overruns due to increasing complexity of customer requirements and project complexity • Increased safety and security risks due to diversification of products and services 3 	<ul style="list-style-type: none"> • Secure a stable revenue base as productivity increases and cost overruns decrease • Increase profit opportunities by strengthening trust with customers/suppliers 4 →P.52-53 • Provide secure services and platforms to customers 3 →P.69
<ul style="list-style-type: none"> • Serious failures due to system malfunctions, cyberattacks, or other problems 3 • Declining social credibility and brand image • Compensation for damages 	
<ul style="list-style-type: none"> • Leaks of confidential customer information or personal information 3 • Cyberattacks 3 	
<ul style="list-style-type: none"> • Intensifying competition for IT personnel 1 • Securing human resources with technical capabilities, the ability to continuously innovate and adapt to diversifying social issues and customer needs 1 2 	<ul style="list-style-type: none"> • Expand business by generating innovation 1 2 • Contribute to the creation of employment opportunities for diverse human resources 1 2 • Contribute to the creation of a society that is physically and mentally healthy, is accepting of individual diversity, and offers work satisfaction 1 • Provide high-value-added services that make use of advanced skills • Ensure competitive advantages →P.5
<ul style="list-style-type: none"> • Insufficient return on investment • Inconsistency with business partners' management strategies • Business growth below initial expectations 	<ul style="list-style-type: none"> • Expand business by generating innovation 2 • Develop high-value-added human resources with the ability to assess where and how much to invest • Increase return on investment • Ensure competitive advantages →P.5
<ul style="list-style-type: none"> • Personnel and labor issues 5 6 1 4 • Decline in the trust of society, need to pay compensation for damages, or review of business with important suppliers due to serious compliance violations such as inadequate handling of data 1 5 	<ul style="list-style-type: none"> • Improve social credibility • Contribute to the solution of issues faced by society and the economic growth of society through transparent and fair processes
<ul style="list-style-type: none"> • Catastrophic damage from natural disasters, such as earthquakes, or terrorism • Restrictions on providing services or other business activities due to an outbreak of infectious disease, etc. ⇒Business and Other Risks (Impact from COVID-19) 	<ul style="list-style-type: none"> • Contribute to society's sustainability by providing businesses that solve the issues faced by society 1 2 3

Social change






Main changes in society we are aware of

<p>Rapid shift to a digital society</p>	<p>Acceleration of Digital Transformation</p> <p>Society 5.0: A Super-Smart Society*</p>
<p>Changes in expectations and demands of companies regarding creating a sustainable society</p>	<p>Expectation of resolving social issues through business</p> <p>Spread of ESG and Sustainability</p>
<p>Business environment in which it is difficult to predict the future</p>	<p>Increased uncertainties</p> <p>Intensifying competition due to entrants from other industries</p>

*A new society in which IoT, AI, big data and other new technologies are incorporated into every industry and every facet of social life to create innovation that resolves social issues in ways that meet individual needs

Material Issues

Material Issues, Overview and Progress

	Material Issues	Create social value	Create economic value	KPIs and targets (when achieved)
Material issues for achieving business growth	<p>Create schemes to solve issues through the use of digital technology and business ecosystems</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> Contribute to society's sustainability by providing businesses that solve the issues faced by society 	<ul style="list-style-type: none"> Create business opportunities that contribute to the solution of issues faced by society and capture profits in created markets 	<p>Create/expand businesses that solve the issues faced by society and that look to optimize society and the world</p> <ul style="list-style-type: none"> 200% or more of such projects compared to FY2020 (FY2023)
	<p>Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> Contribute to the early realization of a de-carbonized society by providing environmentally friendly services that promote carbon neutrality and a circular economy Help to reduce environmental impact by reinforcing initiatives to reduce carbon emissions from business activities, such as procuring renewable energy 	<ul style="list-style-type: none"> Increase profit from services that contribute to the environment Restrain costs by reducing business risks due to climate change 	<p>Percentage achieved for target contribution to corporate net-zero emissions through customer use of environmentally friendly products and services: 100% or more (annually until FY2030)</p> <p>Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented: 100% (annually until FY2030)</p> <p>Percentage of purchased energy used at the Group business locations that is renewable energy: 50% or more (FY2030)</p> <p>Reduction rate in GHG emissions (Scope 1 + Scope 2): 50% or more compared to FY2019 (FY2030)</p>
	<p>Sustainably procure and provide safe and secure products and services throughout the entire value chain</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> Contribute to the stability and maintenance of IT infrastructure that supports societal activities by providing safe and secure products and services that comply with various laws, regulations, and social norms Contribute to the spread of ethical consumption and help build a sustainable society by providing products and services that take into consideration the environment and society 	<ul style="list-style-type: none"> Increase profit opportunities by strengthening trust with customers/suppliers and engaging with high-quality partner companies and thus reinforcing relationship capital Reduce business risks related to issues such as human rights and environmental impact throughout the value chain 	<p>Disclose information on Scope 3 GHG emissions (transportation and distribution, business travel, commuting, waste) and set related targets (FY2022)</p> <p>Reduction rate in Scope 3 GHG emissions (business travel and employee commuting): 50% or more compared to FY2019 (FY2021)</p> <p>Percentage of human rights-related issues at BIPROGY Group which are being addressed: 100% (FY2023)</p> <p>Percentage of main suppliers for which an ESG risk assessment has been made: 100% (FY2021)</p> <p>Initiate actions, such as requests for improvements made to main suppliers, on 100% of FY2021 risk assessment results (FY2022)</p>
Material issues for supporting business growth	<p>Develop and strengthen human resources to create a new future and promote diversity and inclusion</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> Help solve social issues by continuously producing innovative, talented workers Create employment opportunities for diverse human resources Contribute to the creation of a society that is physically and mentally healthy, is accepting of individual diversity, and offers work satisfaction 	<ul style="list-style-type: none"> Expand business by generating innovation Increase profitability by raising labor productivity 	<p>Number of business producers who possess expertise in business creation 2x compared to FY2021 (FY2023)</p> <p>Ratio of management positions held by women: 18% or more (as of April 1, 2026)</p> <p>Ratio of employees with disabilities: 0.1% or more greater than the legally required percentage (annually)</p> <p>Weighted average score of work style related items in the engagement survey: at least equal to FY2019-FY2020 average score (3.36) (FY2023)</p> <p>Percentage of workers with risk of high blood pressure who have received treatment at a clinic or life-style guidance by public health nurse: 100% of workers with stage 2 or 3 high blood pressure (FY2023)</p> <p>Total number of lost days of work for mental health reasons: -5% compared to FY2019-FY2020 average (FY2023)</p> <p>Number of executives and employees participating in social contribution activities: 20% increase compared to FY2020 (FY2023)</p>
	<p>Further improve corporate governance and integrity</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> Help to solve issues faced by society and the economic growth of society through transparent and fair processes Contribute to the empowerment of all people, regardless of age, sex, handicap status, race, ethnicity, origin, religion, economic position, etc. Help to build a society in which workers can experience job satisfaction by ensuring equal opportunities through the elimination of discriminatory practices, creation and operation of appropriate related rules, promotion of appropriate behavior, and similar activities 	<ul style="list-style-type: none"> Create business ecosystems and expand business opportunities by establishing trust with a wide range of stakeholders Generate sustainable improvements in corporate value Reduce business risks related to scandals, etc. 	<p>Actions for each year set in the evaluation of Board of Directors effectiveness are undertaken (each year)</p> <p>Improvement and upgrade in the compliance program</p> <p>Spread of awareness of integrity among Group executives and employees</p> <p>Compliance incident trends</p> <p>Number of serious security incidents: 0 (each year)</p>

* The zero emission achievement rate is the sales of environmentally friendly products and services multiplied by the GHG reduction contribution coefficient and divided by the total Scope 1 and 2 emissions of the BIPROGY Group.

FY2021 results and future initiatives

112.2%	Defined businesses that solve social issues, established a monitoring mechanism, and organized data aggregation and mechanisms. Through FY2023, the number of such projects within the outsourcing business will be monitored in accordance with the Management Policies (2021-2023). In addition, we are developing an index to measure the value provided by social solution-oriented businesses with an optimized approach to the society and the globe.
132.9%	Established calculation logic and an internal management mechanism for the zero emission achievement rate* monitoring index, and visualized the Group's amount of contribution to greenhouse gas reductions for customers and society. We will continue to strive to reduce GHG emissions in our business activities and expand our provision of environmentally friendly products and services.
100%	A Group-wide project was undertaken to identify climate change-related business opportunities and risks and assess their impact, and then integrate the identified climate change risks into the Group's risk management system. Going forward, we will continue to review opportunities and risks, as well as respond to risks.
7.4%	We began purchasing renewable energy in FY2021. We converted 7.4% of our energy purchases to renewable energy, and are on track to achieve our target. Going forward, we will continue to actively take advantage of renewable energy supply and demand.
9.0%	As a result of promoting energy conservation measures by promoting telework and efficient use of offices and equipment, in addition to switching to renewable energy sources for purchased electricity, we reduced energy consumption by 9.0% compared to the base year. We will continue similar efforts to reduce emissions going forward.
We put the collection/aggregation rules in a statutory form and calculated Scope 3 emissions from FY2021. We disclosed calculated values after obtaining an independent third-party assurance statement, and are progressing as planned. In the future, we will set Scope 3 emission reduction targets.	
62.50%	Achieved target.
17%	Conducted human rights risk assessments for all Group companies. Issues to address were identified from the results of the risk assessments. In FY2022, we will explore countermeasures to address identified issues and initiate these countermeasures in a phased manner.
100%	Conducted surveys and risk assessments on ESG initiatives for 98 of BIPROGY and UNIADDEX's top suppliers by transaction value (main suppliers). In FY2022, we will take actions (issue improvement requests) to main suppliers based on the risk assessments conducted. Improvements will be made to increase effectiveness, including a review of assessment methods.
—	
24	Strengthened mid-career recruitment and conducted human resource development in parallel. Conducted e-learning and seminars related to business producers. Also conducted business creation hands-on sessions and assisted practical workshops. It will become necessary to consider and implement mechanisms with greater effectiveness, such as promoting work assignments and creating a pipeline of human resources.
9.27% (As of April 1, 2022)	We established a broad plan to appointing organizational heads at each company to achieve targets. Obtained independent third-party assurance statements for calculated values to improve monitoring reliability. Reference: 8.10% (as of March 31, 2022)
2.62%	Achieved the employment target of 2.4% (0.1% above the FY2021 legally required level of 2.3%) or higher by promoting measures to employ people with disabilities, activities of our special-purpose subsidiary, and promoting employment at Group companies. Obtained independent third-party assurance for calculated values to improve monitoring reliability.
3.43	We developed and are utilizing a personnel system in conjunction with the expansion of telework due to the COVID-19 pandemic. On the other hand, new issues, such as insufficient communication, have begun to emerge due to prolonged telework, and we are considering and implementing countermeasures in phases.
Stage 2 0% (Action to launch from FY2022) Stage 3 100%	Provided interviews with occupational physicians, health guidance, and medication at clinics for those with stage 3 high blood pressure. In addition, to foster employees' awareness of health management, we disseminated information, provided e-learning and events, utilized health tech, and established health and safety management regulations. Going forward, we will consider applying incentives and health and safety management regulations to further link employees' health management to practical action.
Approximately -9%	Reviewed our health portal and established new health and safety management regulations, and to encourage people to utilize counseling we increased awareness of our consulting desk through e-learning. Studied the introduction of the use of external return to work programs, external employee assistance programs (EAP), and survey tools. We are preparing for the introduction of external return to work programs. Going forward, we will work to reduce the number of lost work days and consider and implement measures with an eye to preventing lost work.
+39%	Expanded planning of social contribution activities that are easy to participate in even amid the COVID-19 pandemic, such as online exchanges with donation recipients.
We implemented the following initiatives in accordance with our action policy. <ul style="list-style-type: none"> • Provided outside officers with training on trends in technology and innovation, etc. and improved information on proposals to the Board of Directors to further deepen their understanding of the Group. • Held active discussions on themes related to the essence of management, such as growth strategies, sustainability, and corporate culture reform, as specified in Vision 2030 and Management Policies (2021-2023). • Made a majority of members of the Nomination and Remuneration Committee outside directors from FY2022 and once again appointed an outside director as its chair to strengthen the committee's independence. 	
We released multiple messages from the CCO and organization heads, reviewed the implementation plan for the awareness survey, reviewed related rules and regulations, such as the BIPROGY Group Code of Conduct, and provided support and information for new initiatives by organization heads to promote compliance in their own organizations. We also held a compliance week again for Group executives and employees, and held a web-based lecture on psychological safety, which was attended by a much higher percentage of employees than in previous years. The results of the compliance awareness survey and the engagement survey indicated a certain degree of the spread of awareness of integrity.	
We recognize that the increase in the number of disciplinary actions in FY2021 and the extent of the disciplinary actions are an issue, and we will continue to implement ongoing education and awareness-raising activities to ensure compliance and thoroughness.	
0	We systematically implemented security strategies, focusing on the implementation of a cybersecurity (CSEC) response platform and worked with all relevant departments and organizations within the Group to implement various measures. In addition, we had a third-party cybersecurity assessment as a basis for considering priority measures over the next three years. Each cybersecurity incident is handled by our Computer Security Incident Response Team (CSIRT), and is addressed before it becomes a serious matter.

Management Policies (2021-2023)

Review of Past Mid-Term Management Plans

	Mid-Term Management Plan FY2012–FY2014	Mid-Term Management Plan FY2015–FY2017 Innovative Challenge Plan	Mid-Term Management Plan FY2018–FY2020 Foresight in sight 2020
Vision	Corporate Transformation for Sustainable Growth	Business Model Transformation	Become a sustainable company and achieve a sustainable growth cycle predicated on resolving, through business activities in our priority areas, social issues in the context of customer issues.
	FY2014	FY2017	FY2020
KPIs	Operating Margin 4.1%	Operating Margin 5.7%	Operating Margin 8.6%
	Net Sales ¥269.2 billion	Net Sales ¥287.0 billion (Net sales in the areas of digital innovation and life innovation) (¥27.0 billion)	Net Sales ¥309.7 billion (Net Sales in Priority Areas) (¥68.4 billion)
	ROE 9.7%	ROE 12.4%	ROE 13.4%
	Dividend Payout Ratio 26.0%	Dividend Payout Ratio 33.6%	Dividend Payout Ratio 41.1%
Strategies and Key Outcomes	<p>Added the ability to design and implement new services to our existing strengths</p> <ul style="list-style-type: none"> • Took a social perspective to create business ecosystems that link different industries • Collaboration with Dai Nippon Printing Co., Ltd., which has strengths in the content field • Provided payment/settlement platforms as a service business entity • Strengthened financial condition 	<p>Took on challenges in new business areas and strengthened our foundation for further growth</p> <ul style="list-style-type: none"> • Increased profit and number of potential new businesses by expanding business in the digital and life innovation fields • Increased profitability by concentrating on fields of strengths, such as business ICT platforms, and improving labor productivity • Promoted a change in skill sets in line with business model transformation • Proactively promoted investments in business partners in Japan and overseas as well as Fund of Funds (FoF) 	<p>Acquired assets to transform the Group into one that creates social value by expanding business in priority areas</p> <ul style="list-style-type: none"> • Built a foundation for the direction that should be promoted in the next management policies through initiatives in the core fields of neo-banks, digital acceleration, smart towns, and asset guardian • Reviewed human resources and roles in business execution, cultivated relationships with customers, and contribute to greater customer value • Strengthened platform provision capabilities through measures to integrate technology throughout the Group, increase productivity, and increase efficiency • Implemented measures on various fronts, including corporate culture reforms that promote challenges and reforms in awareness regarding diversity • Proactively implemented initiatives that foster open innovation and acquired knowledge through investments that target new business creation
	Acquired strengths		
Issues	<p>Strategies</p> <ul style="list-style-type: none"> • Address business model transformation through global and cross-industry collaboration, etc. 	<p>Strategies</p> <ul style="list-style-type: none"> • Further expand businesses in the areas of digital innovation and life innovation and reinforce initiatives in the various strategies 	<p>Strategies</p> <ul style="list-style-type: none"> • Accumulate experience in the field of business creation and make use of related intellectual assets and resources • Create intellectual assets to accelerate the development and provision of platforms and enhance verification of combined technologies • Manage the investment portfolio to further increase benefits of knowledge acquired through investments
	<p>Business Environment</p> <ul style="list-style-type: none"> • Address major changes in the social environment resulting from expansion of digitalization and the emergence of new consumers • Creation of a new business platform to address the spread of the cloud and usage-based services 	<p>Business Environment</p> <ul style="list-style-type: none"> • Address the decline in system integration needs due to the emergence of business-related ICT services • Address the risk that a delay in responding to the digital shift will impede growth • Address the risk of hardware and software market contraction due to commoditization • Address the aging workforce and mismatched skills • Address the risk of a slowdown in growth of Japan's ICT market 	<p>Business Environment</p> <ul style="list-style-type: none"> • Restrained investments by some customers and stagnation of inbound and sharing-related businesses due to the COVID-19 pandemic • Aiming to advance corporate culture reforms and human resource development, we strengthened efforts to spread and adopt the concept of ROLES that take into consideration intrapersonal diversity
	Weaknesses to overcome		

Current Management Policies and Long-term Vision

Management Policies

FY2021-FY2023

Concept to Achieve a Sustainable Society

(IFRS*1)	Actual for FY2021	Targets for FY2023
Adjusted Operating Margin*2	8.4%	10% or higher
Revenue	¥317.6 billion	¥340.0 billion
Outsourcing Business*3	¥63.4 billion	¥100.0 billion
ROE	17.0%	Approx. 15%
Dividend Payout Ratio	41.7%	Approx. 40%

*1 International Financial Reporting Standards (IFRS) applied starting FY2021

*2 Adjusted Operating Profit: Revenue minus cost of sales and SG&A expenses

*3 System outsourcing as well as service businesses where BIPROGY Group is the provider

Basic Policy

BIPROGY Group will achieve the Vision 2030 plan by pursuing digital transformation (DX) for both customers and society, developing its business through a large framework that encompasses all of society, and working with partners and the community to expand business ecosystems

For Customers

Pursue DX that leads to sustained growth for customers by strengthening value creation capabilities and generating social value

For Society

Use relationships with customers and partners in a wide range of industries, together with best practices, to realize business concepts that benefit all of society and the world

Corporate Culture Reforms Pursue cultural reforms to strengthen value creation capabilities and achieve the Vision 2030 plan

Investment Strategy Accelerate strategic investment on leading-edge technologies aiming for the sustainable innovation

Vision 2030

2030

We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily.

Material Issues category

Material Issues

Material Issues for achieving business growth

Create schemes to solve issues through the use of digital technology and business ecosystems

Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions

Material Issues for supporting business growth

Sustainably procure and provide safe and secure products and services throughout the entire value chain

Develop and strengthen human resources to create a new future and promote diversity & inclusion

Further improve corporate governance and integrity

Fiscal 2021 Initiatives

For Customers/For Society

Promote initiatives to create future growth drivers

→ P.28-33

Corporate Culture Reforms

There are a growing number of employees who take on the challenge of creating both social value and economic value as well as their coworkers and organizations that support them → P.44-48

Investment Strategy

Invigorating initiatives to create new businesses by melding the Group assets with startup companies we invest in → P.34-37 P.42-43

Material Issues for achieving business growth

- Developing an index to measure the value provided by social-oriented businesses with an optimized approach to the society and the globe
- Promote visualization of the degree to which products and services contribute to the environment → P.20-25

Material Issues for supporting business growth

- [E] Identify business risks and opportunities using climate change scenario analysis, and evaluate impact
- [S] Be selected as Nadeshiko Brand, listed company that is outstanding in terms of contributions by women (FY2021)
- [G] Evaluate new Material Issues KPI on a four-point scale based on ESG indicators and reflect in director remuneration → P.20-25

What Our Management Policies (2021–2023) Aim to Achieve

Based on the two ideas of “for customers,” promoting DX for customers that contributes to their sustainable growth, and “for society,” promoting DX for society that helps solve the issues faced by society in collaboration with partners, we will expand the business ecosystem for solving those issues and link that to realizing Vision 2030.

Key Points of Management Policies (2021–2023)

Based on our Purpose and Vision 2030, the BIPROGY Group formulated Management Policies (2021–2023), which started in 2021, in order to reach the next stage of creating economic value and generating sustainable growth in the Group’s overall corporate value through the pursuit of social value creation. Because changes in the time and technological evolution are occurring at a faster pace as we live in a VUCA* era, it is difficult to foresee the future, and it is no longer possible to fully respond to developments by creating strategies based on plans, implementing those strategies, and then revising those strategies. Therefore, we are working to achieve our future vision as each Group employee self-reliably makes decisions and acts based on those management policies and using our Purpose as a guideline. We have set “for customers,” promoting DX for customers that contributes to their sustainable growth, and “for society,” promoting DX for society that helps solve the issues faced by society in collaboration with partners, as the basic policies within Management Policies (2021–2023). By accumulating the best practices of customers’ DX and promoting DX for society, we will expand the business ecosystem within the massive framework of society in collaboration with customers and partners.

In addition to knowledge obtained by providing system integration services and solutions to a wide range of business types and industries, the Group possesses business concept realization and engineering capabilities that combine best practices. Leveraging the trust of customers in a wide range of industries that form the business ecosystem and relationships with partners that are not dependent on a particular relationship as strengths, we create social value. To move forward with “for customers” and “for society,” which are stipulated in basic policies, and expand the business ecosystem, we will use our implementation capabilities acquired over the years to increase the speed of business while becoming even more agile. Thus, we will jointly create value with customers in this business ecosystem, and both our customers and we will transform ourselves. We also aim to contribute to society by combining the various services that we have evaluated and verified for the market, including proof of concept (PoC) method, and then moving to the implementation stage.

* VUCA is an acronym formed from the words “volatility,” “uncertainty,” “complexity,” and “ambiguity” to describe a situation when it is difficult to forecast the future social environment.



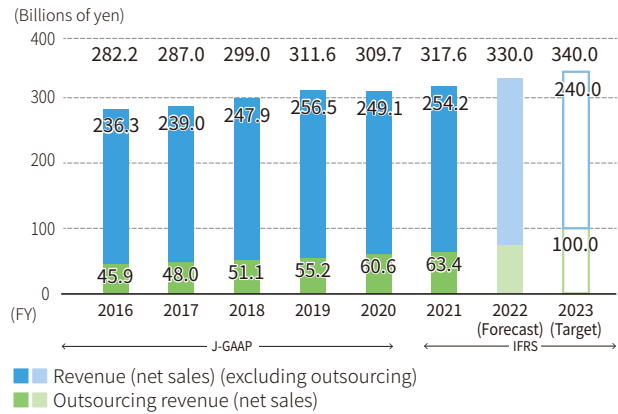
Outsourcing as Growth Driver

In Management Policies (2021–2023), we position the outsourcing business, which boasts a high marginal profit ratio and contributes to the establishment of a stable profit foundation, as the engine of growth for the Group and set a numerical target of increasing outsourcing revenue to ¥100.0 billion by FY2023, the final fiscal year of the Policies. The Group’s outsourcing business covers several services, including entrusted operation services for customer operation systems, services that contribute to customers’ digital transformation, and services to resolve the issues faced by society in collaboration with customers and partners. In addition to reinforcing our stable profit foundation through new projects and developing outsourcing services that leverage the knowledge and know-how we have obtained through the provision of services to customers, we aim to further increase profitability and create social value by accelerating efforts to create and expand our services that solve issues faced by society.

Main Types of Outsourcing Services

The Group’s outsourcing services include the following services. In fiscal 2021, revenue from corporate DX type outsourcing, a field that links “for customers,” which promotes customer DX, and “for society,” which solves the issues

Outsourcing Revenue



faced by society, and service-based type (business creation type) outsourcing rose dramatically. For “corporate DX type,” we are steadily increasing sales of platform services for promoting DX of financial institution customers and revitalizing local communities, and for “service-based type (business creation type),” we are steadily moving forward with services for introducing platform services for EC.

	Entrusted operation type	Corporate DX type	Service-based type (business creation type)
Distinguishing characteristics	Entrusted operation services for individual customers	Outsourcing services that are more evolved entrusted operation services due to digital transformation and are provided in a new form	Outsourcing services provided as a business by the Group alone or by the Group in partnership with customers
Value provided	Increasing the efficiency and sophistication of customer business	Transform customer companies and establish competitive advantage for the business	Move toward providing and operating digital commons to build a better society and solve issues faced by society
Proxy service	<ul style="list-style-type: none"> Overall IT outsourcing and business outsourcing services BankVision, an open core-banking system (on-premises type) SBI21, a core-banking system for regional financial institutions 	<ul style="list-style-type: none"> BankVision on Azure, a public cloudbased full-banking system OptBAE, a use-type core-banking system for regional financial institutions AI-Order Foresight, an automatic order system based on AI demand forecasts Enability CIS, an electricity retailing cloud solutions 	<ul style="list-style-type: none"> SaaS-type EC/OMO solution DIGITAL' ATELIER Zero-Accident Program DR, a communication-type drive recorder Electronic value cards business smart oasis, a mobility service platform Storage service platform Saigai Net, a chronology-type crisis management information sharing system
FY2021 Revenue	¥49.8 billion	¥7.4 billion	¥6.2 billion

Promoting DX for Customers and DX for Society

Growth Drivers

DX in Distribution Sector

Expanding Outsourcing Services and Implementing DX

The BIPROGY Group has developed numerous core systems that the activities of companies are based on. We have integrated this knowledge and know-how into solution packages that have been used for customers' businesses for many years. Our outsourcing services, which were developed based on these solutions and offered to customers, have been used by numerous operation types of customers in various industries as mission-critical or core systems in recent years, which has resulted in steady growth for the business. One leading example of this is Omni-Base for DIGITAL' ATELIER,*¹ a service-based commerce business platform system, which continues to be used as an OMO*² support-type DX system. Another is the AI automatic order service AI-Order Foresight,*³ which the number of companies using as a key service in store operation DX is steadily growing. The speed of the services that leverage the flexibility of the cloud and make it possible to gradually expand the scope of automation from a small-scale operation and is suited for management in an era of VUCA. This system has won high praise from customers.

DX for Society that Solves Social Problems through Accumulation of Providing Services on DX for Customers

As for solutions to the social problem of a declining working population, there has been an increase in the number

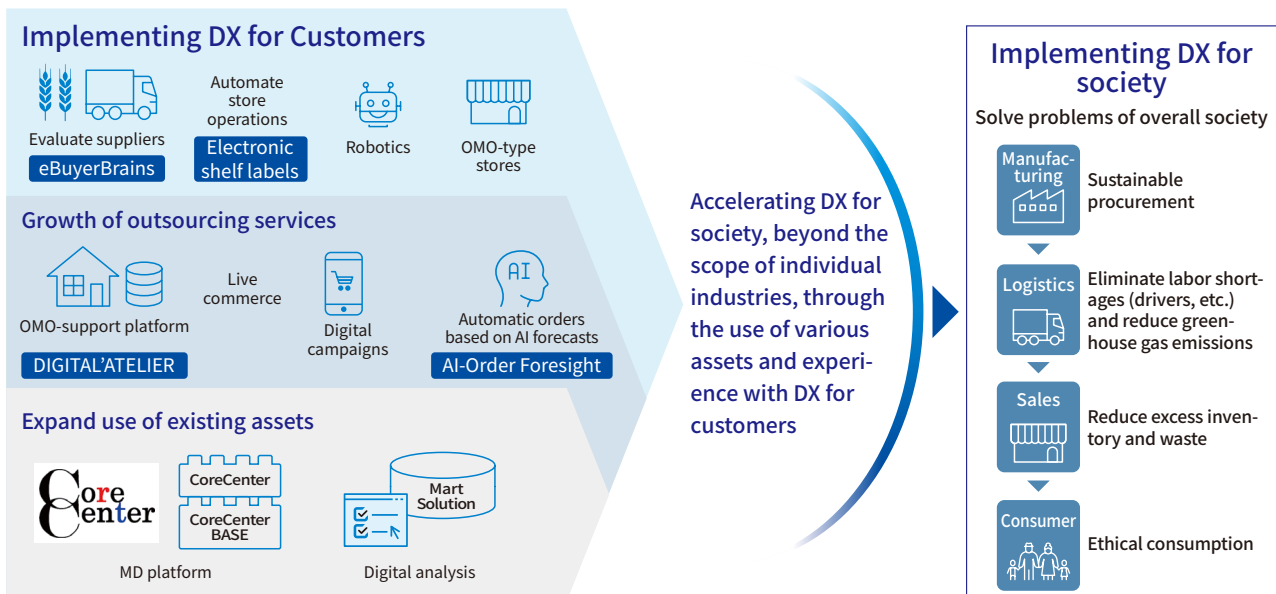
of inquiries regarding not only electronic shelf labels for store operation DX but also eBuyerBrains, a solution that supports sustainable procurement as the trend toward evaluating the whole supply chain in terms of issues such as labor, human rights, and the environment. The Group's initiatives to solve social problems through services and AI technology that cover a wider range of fields are beyond the scope of a single industry and extend to the whole value chain and overall supply chain. For example, order plans for stores obtained from AI automatic orders not only reduce excess stock and deadstock but also lead to more efficient shipping and zero emissions if that data is shared with wholesalers and delivery companies. Furthermore, if it becomes possible to reflect real-time consumer buying trends in production plans, it will be possible to reduce losses at the time of production and procurement. Making use of this experience with DX for customers and various assets will accelerate the DX for society that solves problems for the whole of society, beyond the scope of individual industries.

The Group will continue to create a mechanism for a sustainable society through its digital capabilities.

*¹ A service-provision-type integrated solution that offers all the functions necessary to operate an EC mail-order store and supports the realization of OMO commerce measures, such as inventory centralization and customer integration.

*² Online Merges with Offline

*³ A cloud-based AI automatic order service that automatically decides on product order volume for retail stores based on factors such as actual sales, sales promotion information, and weather forecasts.



DX in Financial Sector

Launched Operation of Core-Banking System Service for Regional Banks

Possessing the capabilities necessary to build core-banking systems in Japan, the Group considers its finance-related business a major strength and supports not only DX of regional financial institutions but also the development and revitalization of regional economies, which is also the mission of regional banks. Since the latter half of the 1990s, we have worked to develop an open core-banking system, the core of banking operations, and launched operation of the Windows-based core-banking system BankVision in 2007. As of March 31, 2022, our banking systems, at ten financial institutions, are operating steadily, and two financial institutions are moving forward with introducing the system. The Hokkoku Bank, Ltd., transitioned to BankVision on Azure, the first public cloud full banking system in Japan, and launched operation in May 2021. In addition, we launched operation of OptBAE, a use-type core-banking system service for regional financial institutions, particularly shinkin banks, in January 2022.

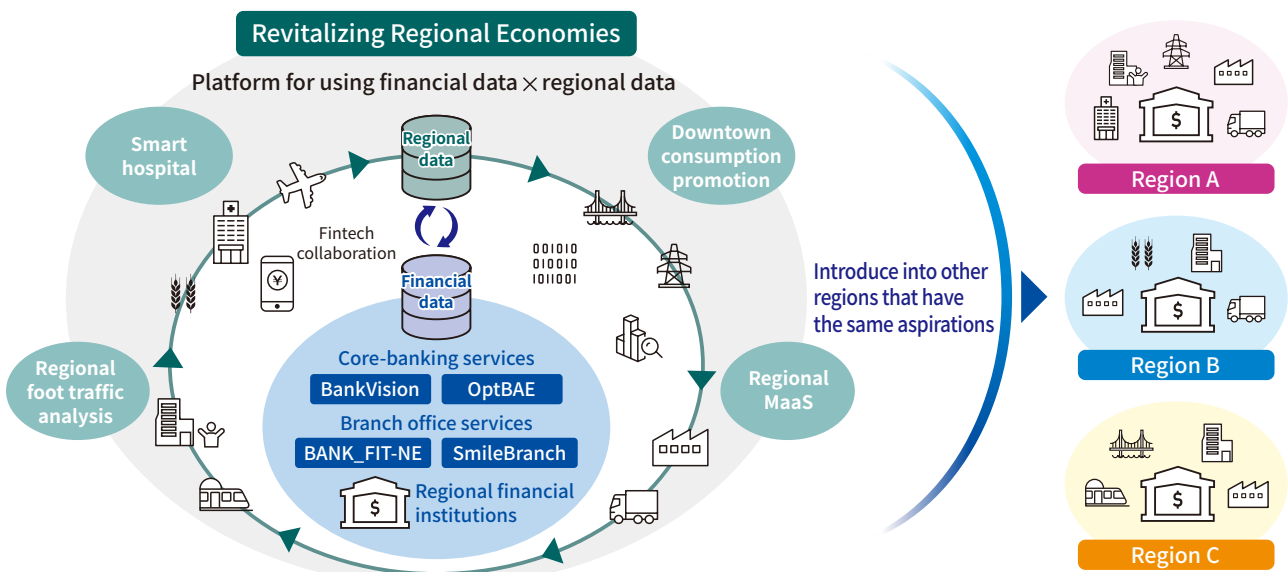
We provide various outsourcing services, particularly for core financial operations, and many leading regional financial institutions in the industry use these services. There has also been an increase in the number of new inquiries regarding these services.

Invigorating Regional Economies through Expansion of DX in Financial Sector

Through such products as BANK_FIT-NE^{*4} and Smile-Branch^{*5} which promote reforms at branch offices, we provide services that lead to greater efficiency of clerical operations and stronger relations with customers and support the DX of regional financial institutions. Unlike previous core-banking systems, BankVision on Azure makes it easy to connect to the outside world because it runs on the public cloud Azure. With this service, it is also possible to quickly and inexpensively release open APIs in a secure environment and capture leading services and data from entities such as Fintech companies. As a result, data-driven mechanisms for cloud-based collection, aggregation, analysis, and use, can be created, leading to a DX of financial services that effectively leverages data obtained from customer experience for new services. The activities of the Group are actively working for regional revitalization, and the regional financial institutions that implement these initiatives have been positively received, which have resulted in the flow from “for customers” to “for society,” and generated the accumulation of regional data and use of that data to reinvigorate the local economy. We will develop and reinvigorate the economies of regions with the same aspirations by introducing into those regions mechanisms for sharing data generated from these activities and running through the improvement loop.

^{*4} Next generation branch office system first in Japan with innovative functions such as recommendation for centralized office-work operation functions and sales activities functions.

^{*5} Branch office counter operation support system



Promoting DX for Customers and DX for Society

Implementing Vision 2030

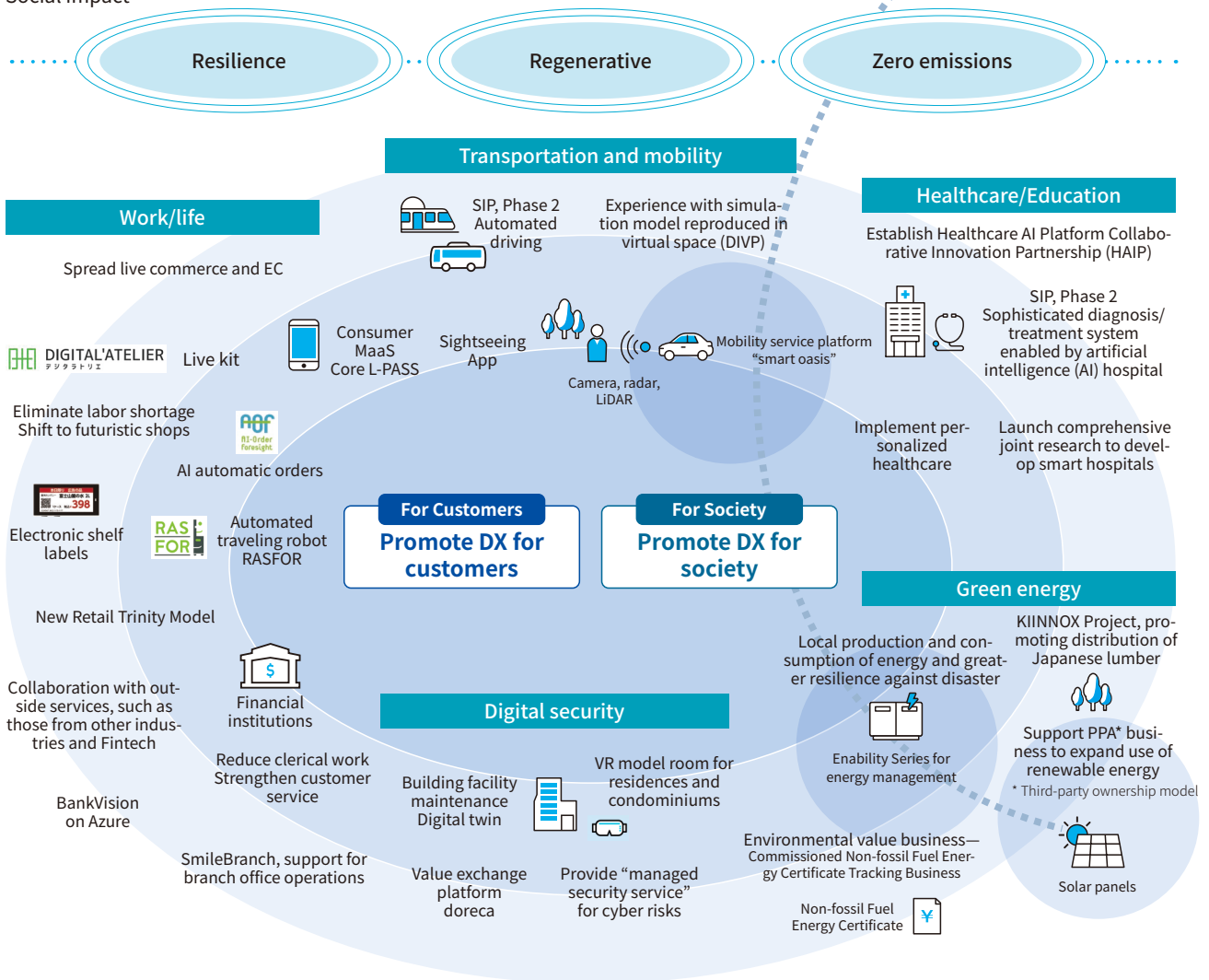
Based on our Purpose, Vision 2030 sets the direction in which the Group should move as 2030 approaches. To create a sustainable society, we are moving forward with Management Policies (2021-2023) using the three social impacts of resilience (viable and resilient self-reliant distributed environment), regenerative (regenerative systems for a net positive society), and zero emissions (environmental contributions and reduced environmental loads using digital technology) as our guideposts. It is our opinion that by doing so, we will create a digital commons (shared assets of society) and want to link that to the creation of social systems so that all people can live happily.

For example, in terms of energy management, using the power of digital technology, we can make visible and control energy sources and demand-supply balance, which will make it possible for consumers themselves to select electricity from natural energy sources and mobility with a light environmental load and incorporate that into their lives. It is our opinion that the social impact of people and organizations will contribute to solutions to such environmental problems as global warming.

For Medium- to Long-Term Growth

In addition to initiatives related to both DX for customers and DX for society, we are promoting activities that link those to achieving Vision 2030.

Social impact



Digital Commons Example Based on Green Energy Management

Mobility Service Platform “smart oasis”

Our “smart oasis” is a mobility service platform for creating safe, pleasant, next-generation mobility systems, through which we now offer two system services. We launched the “smart oasis for charging,” an EVs and PHVs* charging infrastructure service, in 2009, and then expanded the service into “smart oasis for Carsharing,” a carsharing service in preparation for an EV era that was launched in 2017. As the spread of EVs and introduction of mobility as a service (MaaS) accelerates, we will not only provide MaaS platforms to transportation service business operators and other entities but also create innovative, next-generation mobility services that offer safe, pleasant mobility through the use of AI and big-data technology.

* EV: electric vehicles; PHV: plug-in hybrid vehicles



Enability Series Contributes to Smooth Business Operation for Energy Business Operators

The Enability Series is a cloud-based retail power solution that offers a customer management and fee calculation system for power businesses that brings together our knowledge of system construction acquired within the power industry over many years.

Consisting of Enability CIS, Enability Order, Enability Portal, Enability EMS, and Enability Billing, the series offers all the required functions for retail power business as a “one-stop” service, from handling switching requests to fee calculation, billing, payment collection, and energy use controls and visualization. Considering factors such as market trends and changes in government policies and various systems, we will continue to move forward with expanding functions, including low-voltage post-FIT power purchases and non-fossil energy certificate management.



Supporting PPA Businesses to Expand Use of Renewable Power

The solar power PPA (power purchase agreement) model, which makes it possible for companies to introduce solar power generation systems without the burden of initial costs, such as equipment, is drawing the attention of companies. In collaboration with SENKO Co., Ltd., and F Bit Communications Corp., we are working to build a scheme to maximize the use of renewable energy based on a solar power PPA model*. Our support for this business takes the form of not only a service for retail businesses that forecasts excess solar power using AI but also measurements of generated electricity used to calculate the PPA-model fee.

* Solar power PPA model is a form of service in which the owner of a facility provides space in their facility, such as rooftop, for free to a PPA business operator that installs solar power generation equipment in that space. The PPA business operator owns and manages the solar power generation equipment and sells the generated power to the facility owner.



SENKO's Gifu-Hashima PD Center, introduced solar power generation equipment based on PPA and opened in May 2021

KIINNOX Project

In 2021, we launched the KIINNOX Project, which promotes the distribution and use of Japanese lumber through co-creation with companies in various fields. The main theme of this project is “sustainable distribution of Japanese lumber.” We launched a test Lumber Distribution Platform Service for lumber industry DX in Gifu Prefecture in February 2022 and joined an office furniture and interior business in June 2022. Through various projects related to Japanese lumber distribution supply chain and demand creation, we are aiming to solve forest problems, reinvigorate local economies, and provide mental and physical health as well as rich lives.

* KIINNOX is a coined word that combines “ki,” the Japanese word for “wood,” “inno” from “innovation,” and “x,” which represents multiplication and the possibility for the unknown.

キイノクス
KIINNOX



CFO Message



Accelerating our shift toward service businesses while transforming employee mindsets through activities instilling the meaning of our company name change and our Purpose

Kazuma Umehara

Senior Corporate Officer and CFO

Review of FY2021 Performance

FY2021 was the first year not only of our Management Policies (2021-2023), but also of our application of the International Financial Reporting Standards (IFRS). Revenue increased ¥9.2 billion year on year to ¥317.6 billion as a result of strong sales in system services and outsourcing services. Adjusted operating profit refers to revenue less cost of sales and selling, general and administrative expenses. We now use this as a performance management indicator after adopting IFRS accounting standards. Adjusted operating profit was ¥26.7 billion, up ¥1.5 billion year on year and exceeded our announced forecast due to an increase in revenue as well as improved profitability. Among the quantitative targets in our current Management Policies, the most important indicator is adjusted operating margin, where we target 10% or higher. In FY2021, we

achieved steady improvement in this margin to 8.4%, up 0.2 percentage points year on year.

Total equity increased by ¥16.7 billion from the end of the previous year to ¥130.7 billion, and net cash amounted to ¥6.9 billion with net interest-bearing debt decreasing by ¥8.0 billion from the end of the previous year. Financial soundness also improved further, including the ratio of equity attributable to owners of parent to total assets improving by 3.8 percentage points to 48.0%. As for capital efficiency, ROE improved by 1.5 percentage points to 17%, exceeding the quantitative target of 15% set in the current Management Policies for the second year in a row. This was a result of improved net profit due to higher operating profit and higher financial income.

Initiatives to Expand Profits in the Management Policies (2021-2023)

Under the Management Policies (2021-2023), we have positioned outsourcing services as a growth driver for the Group, which will lead to customer DX contributing to the sustainable growth of our customers, and social DX to solve social issues together with customers and partners in various industries and sectors. Here, we have set a numerical target of increasing outsourcing revenue to ¥100 billion by

FY2023, the final year that the policies apply. In the current business environment, system services are performing well due to brisk IT investments for DX, and we intend to expand outsourcing services, which have a high marginal profit ratio and which contribute to establishing a stable revenue base, with the goal of an adjusted operating margin of 10% or more. Although we expect to incur expenses from FY2022

to FY2023 related to internal core system renewal, we hope to achieve our numerical targets for the final fiscal year by further improving our gross profit margin.

Outsourcing Services

Outsourcing services can be classified into three types: entrusted operations, corporate DX, and service-based (business creation). Of these, corporate DX in particular has shown strong growth on the immediate term. Although the business creation type of services has not yet reached a significant scale in terms of sales revenue, we are certainly seeing its seeds take root. As we enter FY2022, orders and the number of projects for system services are expanding and include a number of projects that will lead to outsourcing services in the future. By accelerating our shift toward service businesses while transforming employee mindsets through activities instilling the meaning of our new company name change and our Purpose, we will aim to achieve our numerical targets.

Investment Strategies Leading to Business Growth

Strategic Investment

In new areas, we have established a new company that provides a platform for lumber distribution, a company that provides a platform for safety evaluation of automated driving, and others, while accelerating efforts to actively co-create businesses with customers and partners in order to expand business in DX areas. In order to discover the seeds of new businesses, we will continue to invest in and collaborate with start-up firms and venture capital firms who possess innovative technologies, without being limited to the ICT domain, from a medium- to long-term perspective. Also, if M&A opportunities arise, we will be proactive in pur-

suing them, while exercising financial discipline and being selective. In order to realize Vision 2030, our investment focus is on the areas that will create our three defined social impacts, as well as areas where we can demonstrate our digital and technical abilities, such as transportation and mobility, healthcare and education, and green energy. From a global perspective, though our scale here is not expansive, we are exploring M&A opportunities for investments, mainly among Southeast Asian companies.

R&D Expenses and Capital Expenditures

As intangible assets will become increasingly important in enhancing corporate value going forward, the Group is also working to develop services and strengthen its technological capabilities to accelerate its service-based business. It is important that we make R&D expenses in order to achieve this. Since this area has a direct correlation with medium- to long-term growth, we plan to increase our investments here in FY2022. In addition, in order to provide attractive outsourcing services that meet market needs, it is necessary that we constantly invest in upgrading functions, creating a virtuous cycle that grows revenues while making investments. With regard to capital expenditures, we will execute appropriate investments in response to the expansion of outsourcing services.

Structural Reform Investments

We plan to update our internal core systems from FY2022 into FY2023. Although this will result in a temporary cost burden and have downward pressure on business performance, our plan is to update these systems during the period of the current Management Policies in order to further promote real-time management and data-driven management.

Furthermore, the previous mid-term management plan focused on transformation of ideas and skill sets as an

Targets and Progress in the Management Policies (2021-2023)

	FY2020* ¹	FY2021	(vs. FY2020)	FY2023 target
Adjusted Operating Margin* ²	8.2%	8.4%	+0.2%	10% or higher
Revenue	¥308.4 billion	¥317.6 billion	+3.0%	¥340.0 billion
Outsourcing Business* ³	¥59.5 billion	¥63.4 billion	+6.5%	¥100.0 billion
ROE	15.5%	17.0%	+1.5%	Approx. 15%
Dividend Payout Ratio	42.2%	41.7%	-0.6%	Approx. 40%

*1 Figures based on the International Financial Reporting Standards (IFRS)

*2 Adjusted operating profit: revenue minus cost of sales and SG&A expenses.

*3 System outsourcing as well as service businesses where BIPROGY Group is the provider.

CFO Message

investment in human capital, including reskilling and other skill changes. Our current personnel system identifies skills and competencies, visualizes the abilities and skills each person possesses, and then has the person hold multiple roles (via the ROLES initiative) to foster diversity within individuals (intrapersonal diversity). By doing so, we seek to transform the thinking and skills of each individual, leading to the generation of innovation.

In order to further expand the business ecosystem, our

policy is also to focus on developing “business producers,” human resources capable of creating social impact on their own and who have expertise in business creation. Here, we have set a KPI to double the number of business producers by FY2023 versus FY2021 levels. Going forward, we will increase our pool of talent in this area, including through recruitment of mid-career hires.

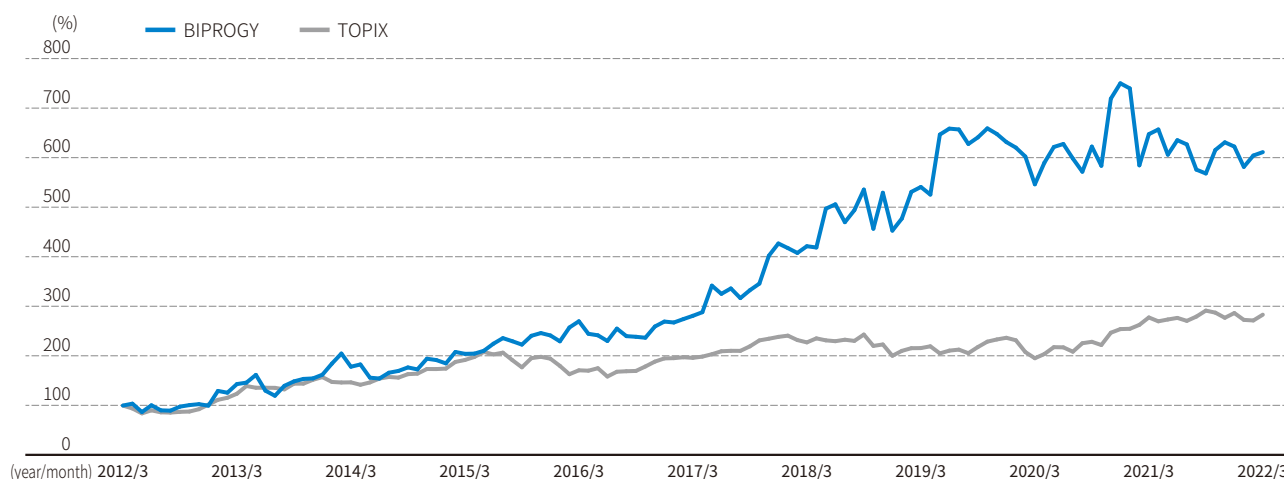
Investment Performance

(Billions of yen)

		Mid-Term Management Plan (FY2018–FY2020) Foresight in sight 2020				Management Policies (2021–2023) (FY2021–FY2023)
		FY2018	FY2019	FY2020	Total for three FYs	FY2021
Strategic investment		3.0	4.2	2.5	9.7	3.9
Investment in developing services	R&D expenses	4.0	4.5	5.0	13.5	4.1
	Capital expenditures	8.2	10.3	12.0	30.5	11.9
Total		15.1	19.0	19.5	53.7	19.9
Investment in Human Capital		3.5	3.4	3.1	10.0	2.6

* The International Financial Reporting Standards (IFRS) have been applied as of FY2021. Figures for FY2020 and earlier are based on Japanese generally accepted accounting practices (J-GAAP).

Total Shareholder Return (TSR)



	1 year	3 years		5 years		10 years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
BIPROGY	+93.8%	+113.9%	+4.4%	+226.0%	+17.7%	+611.2%	+19.8%
TOPIX	+102.0%	+131.2%	+9.5%	+144.3%	+7.6%	+283.3%	+11.0%

* Total Shareholder Return (TSR): Total return on investment that combines capital gains and dividends.

* TSR is calculated with the cumulative dividend amount and share price fluctuation for BIPROGY, and the share price index, including dividends, for TOPIX.

* Market price based on TSR indexed with closing price on March 31, 2012, 100. (holding period: until March 31, 2022)

Toward the Realization of Vision 2030

It is important that we reliably provide social value and ICT services as trustworthy, sustainable social infrastructure for our customers. To this end, we will promote both customer DX and social DX, expand business ecosystems to solve social issues together with partners and communities, and create a digital commons to realize our Vision 2030 and transform ourselves into a company that creates social value.

As one initiative toward this end, we have begun incorporating achievement rates for ESG indicators and other KPIs to be reflected in a portion of performance-linked director

remuneration as of FY2021. In our material issues, we have also defined our vision for ourself and our social and economic value to create in each of five areas, and set KPIs and targets for each of these, conducting monitoring and evaluation each year. This series of processes is also an important initiative in promoting sustainability management.

The world is shifting toward verifying and disclosing the causal and correlative relationships between corporate value and non-financial capital, and we are following this trend with great interest.

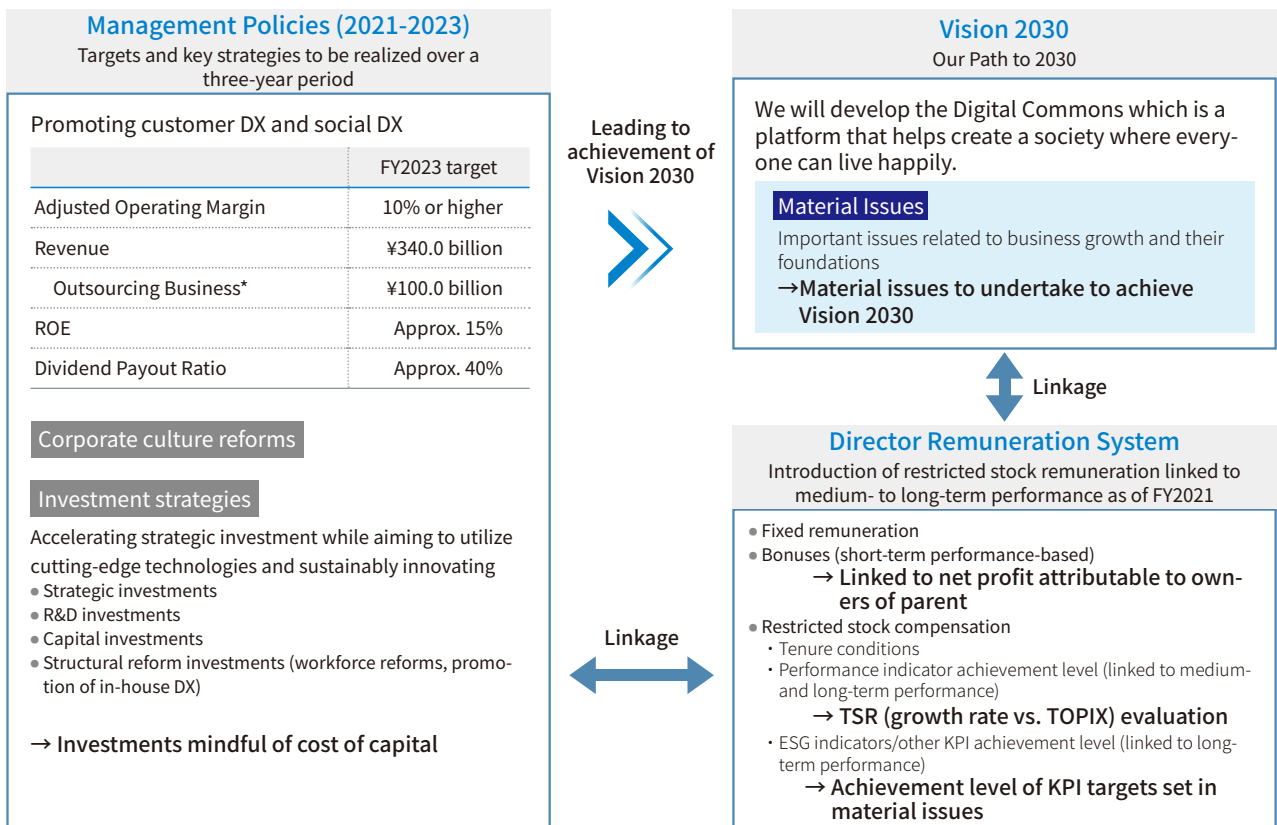
On Shareholder Returns

In the Management Policies (2021–2023), we adopted a policy of aiming to achieve a consolidated dividend payout ratio of 40%, with dividends fundamentally linked to performance. In FY2021, we paid ¥85 per share (consolidated dividend payout ratio of 41.7%) including a commemorative dividend. We will continue our efforts to realize further shareholder returns, taking into consideration not only the expansion of earnings, but also the balance between the

business environment and our investments. TSR over the past 10 years has remained steady as shown in the preceding graph, and we will continue to implement appropriate financial and capital policies to ensure that TSR exceeds the cost of shareholders' equity.

I hope for your continued strong support as we look ahead to further growth of the Group.

Initiatives to Enhance Corporate Value

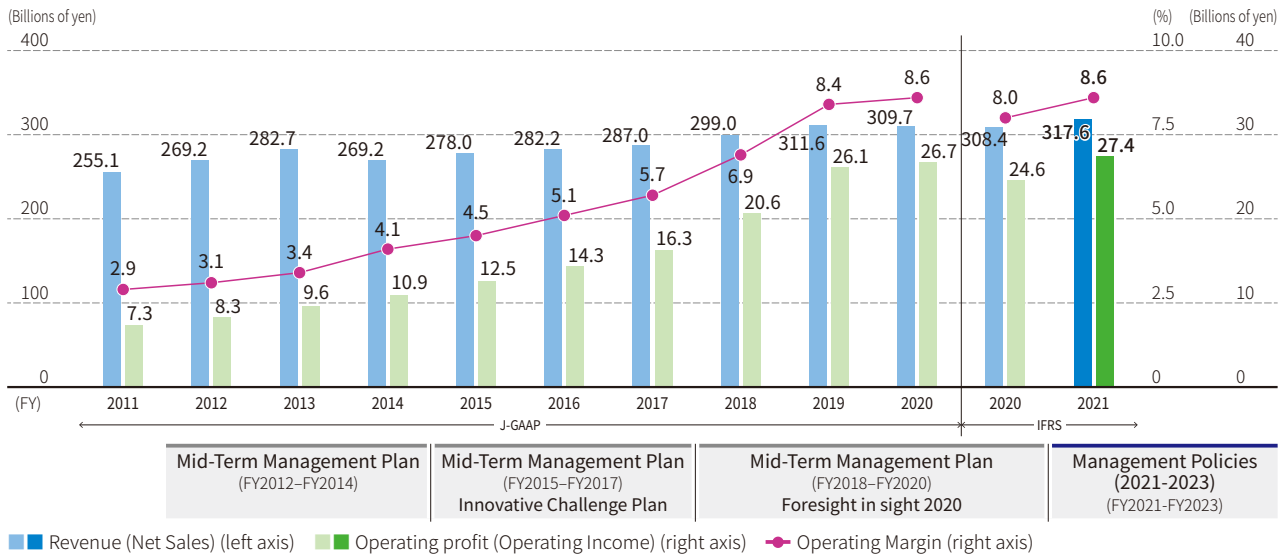


Financial Highlights

(BIPROGY, Inc. and Consolidated Subsidiaries)

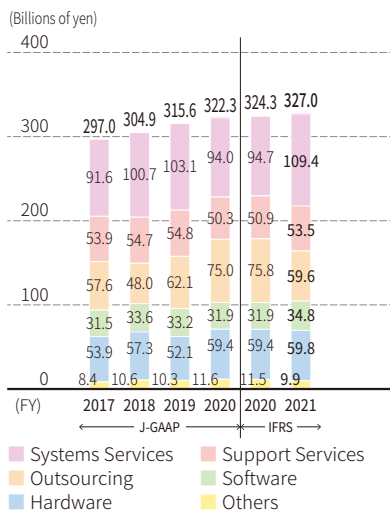
* The International Financial Reporting Standards (IFRS) have been applied as of FY2021. Financial figures for FY2020 are presented in accordance with IFRS in addition to the existing Japanese generally accepted accounting principles (J-GAAP).

Revenue (Net Sales)/Operating Profit (Operating Income)/Operating Margin



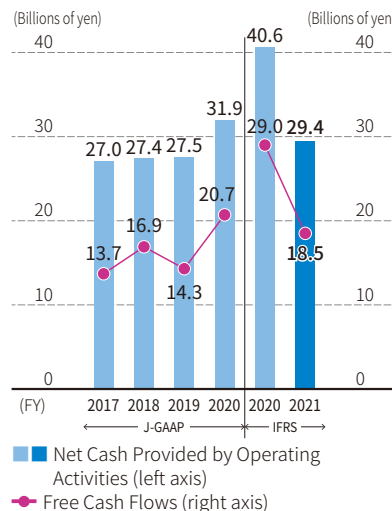
In previous mid-term management plan periods, we worked to strengthen our management foundation by reviewing our cost structure, enhancing risk management and our financial condition, and working to transform our business model, leading to further improvements in profitability. In FY2021, the first year of the Management Policies (2021-2023), we transitioned to the IFRS accounting standards. As for performance in FY2021, revenue increased from growth primarily in DX-related projects within system services. In addition, outsourcing revenue, which we aim to expand as a growth driver under our Management Policies, steadily increased, resulting in higher revenue. Operating profit increased despite an increase in SG&A expenses, due to higher profits due to higher sales, as well as to improved profitability.

Orders by Segment



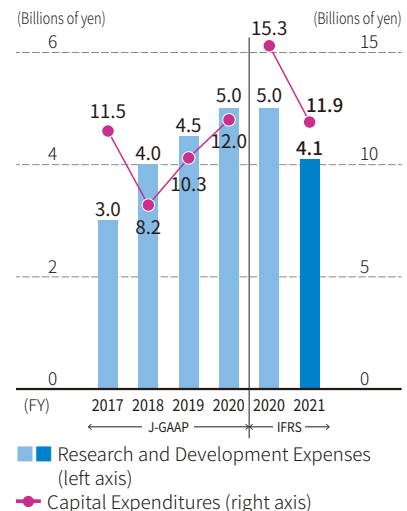
Orders in FY2021 continued to increase due to maintaining a high level of orders for system services, mainly DX projects, while outsourcing orders decreased due to the recording of several large projects in the previous fiscal year.

Net Cash Provided by Operating Activities & Free Cash Flows



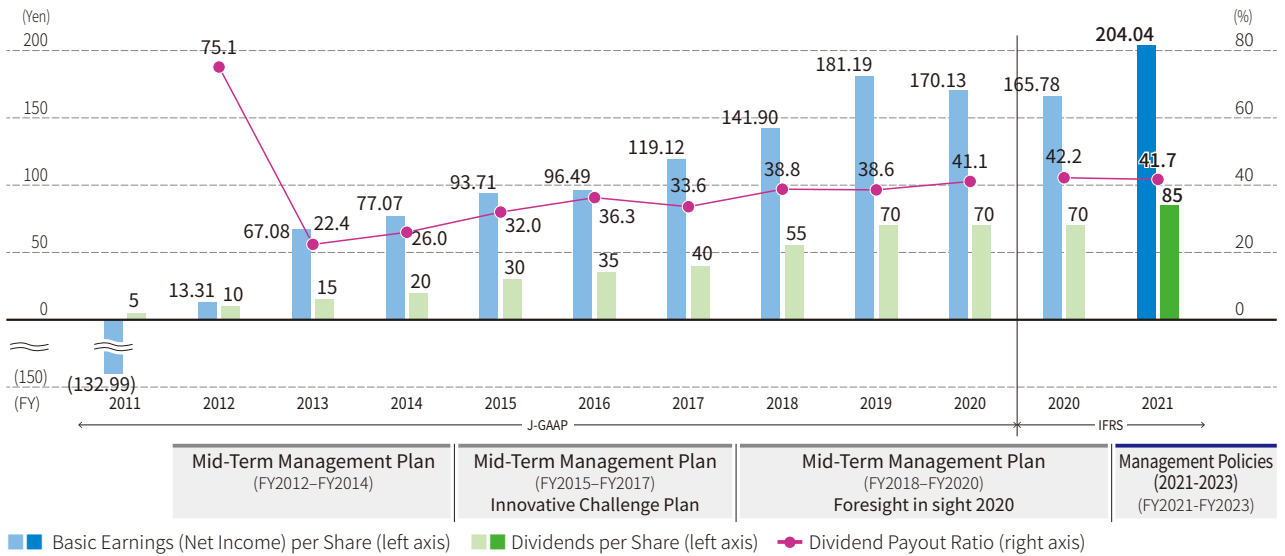
We are generating stable cash flow thanks to improving profitability. We will use this to continue to invest in start-up firms and other companies that possess cutting-edge technology and knowledge that will lead to innovation, and accelerate business expansion toward the realization of Vision 2030.

Research and Development Expenses & Capital Expenditures



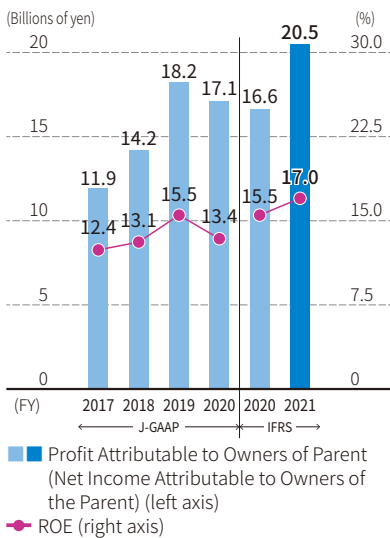
In our Management Policies (2021-2023), we position investment as a critical measure, and plan to accelerate strategic investment while aiming to utilize cutting-edge technologies and sustainably innovate. Under the Management Policies (2021-2023), we will strengthen R&D to develop services that accelerate DX, utilize cutting-edge technologies, and create new services.

Basic Earnings (Net Income) per Share/Dividends per Share/Dividend Payout Ratio



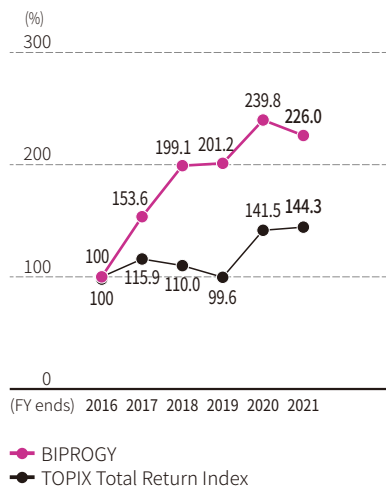
Although net profit was weak from FY2011 to FY2012, profits steadily improved due to several initiatives to transform our business models, improve productivity, and eliminate unprofitable projects during the mid-term management plan starting in FY2012. The annual dividend for FY2021 was ¥85 per share, consisting of an ordinary dividend of ¥75 and a commemorative dividend of ¥10 in conjunction with the company name change, resulting in a consolidated dividend payout ratio of 41.7%, almost the same level as in the previous fiscal year. In the Management Policies (2021-2023), our policy is to aim for a consolidated dividend payout ratio of 40%, and we strive for stable and continuous profit distribution based on our basic policy of paying dividends in accordance with performance.

Profit Attributable to Owners of Parent (Net Income Attributable to Owners of the Parent)/ROE



Net profit for FY2021 increased mainly due to higher operating profit and higher finance income. The Management Policies (2021-2023) call for a target ROE of 15%, and the ROE for FY2021 was 17.0% due to the increase in net profit.

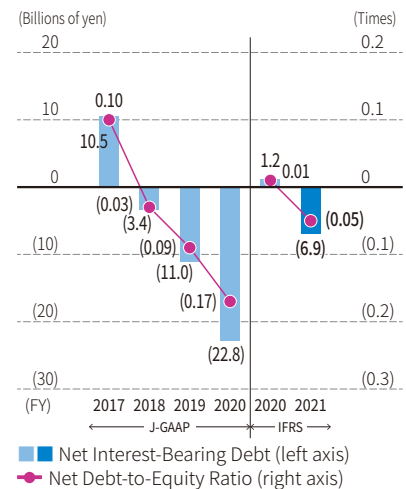
Total Shareholder Return (TSR)



The total shareholder return (TSR) for FY2021 was significantly higher than the TOPIX total return index. Stock prices have been on a stable upward trend for the past five years due to strong earnings.

* Market price based on TSR indexed with closing price on March 31, 2017 (100).

Net Interest-Bearing Debt & Net Debt-to-Equity Ratio

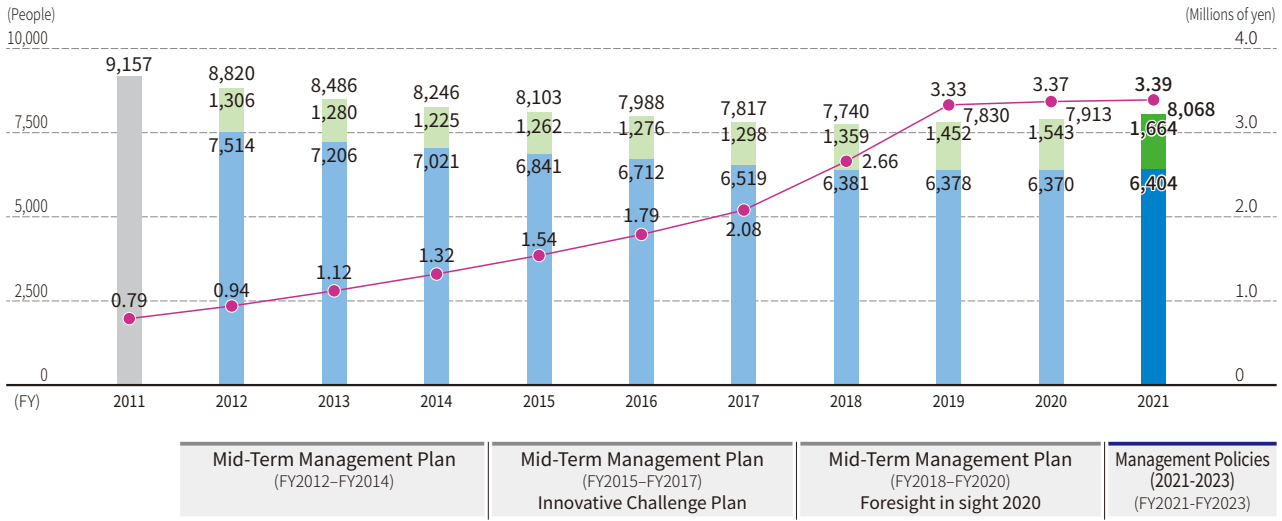


As a result of ongoing improvements to our financial condition, achieved mainly by reducing interest-bearing debt, the net debt-to-equity ratio has improved to -0.05 times in FY2021.

Non-Financial Highlights

(BIPROGY, Inc. and Consolidated Subsidiaries)

Number of Employees (by Gender) & Operating Profit (Operating Income) per Employee

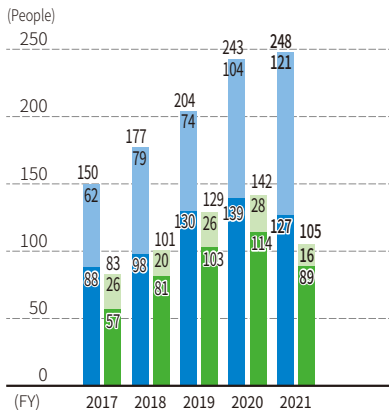


■ Number of Male Employees (left axis) ■ Number of Female Employees (left axis) ● Operating Profit (Income) per Employee (right axis)

Since the Mid-Term Management Plan (FY2012–FY2014), we have been focusing on reforming our personnel system and human resource development as a priority issue, and implemented various measures such as dealing with promoting work style reforms and improving productivity. Until now, the number of employees has continued to decrease for several reasons including the retirement of baby boom generation employees, but we are conducting recruiting activities and implementing human resource development measures from a medium- to long-term perspective in an effort to secure and train diverse human resources who are able to think self-reliantly and generate innovation. As a result, operating profit per employee has been steadily increasing even as the decreasing number of employees began to increase again in FY2019.

(Note) Up to and including FY2020, our reporting was in accordance with generally accepted accounting principles in Japan (J-GAAP), while the International Financial Reporting Standards (IFRS) have been applied since FY2021.

Number of People Hired*¹



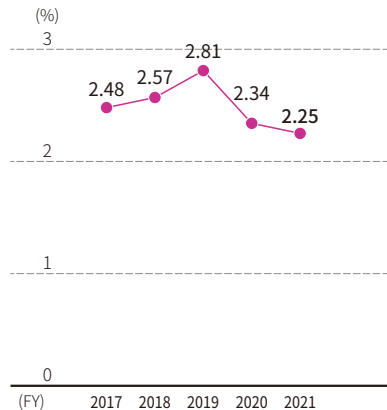
■ New University Graduates (Male)
 ■ New University Graduates (Female)
 ■ Mid-Career Hires (Male)
 ■ Mid-Career Hires (Female)

In addition to recruiting new university graduates from a medium- to long-term perspective, we actively recruit mid-career human resources in new fields or with specific skills who will be work-ready. In FY2021, we once again actively recruited new graduates and mid-career workers, and the number of new female graduates hired has remained high.

(Scope of Calculation)

*1 BIPROGY Inc., its consolidated subsidiaries in Japan, and Cambridge Technology Partners Inc. up to and including FY2020. BIPROGY Inc. and eight other companies in FY2021
 *2 BIPROGY Inc. and UNIADDEX, Ltd.

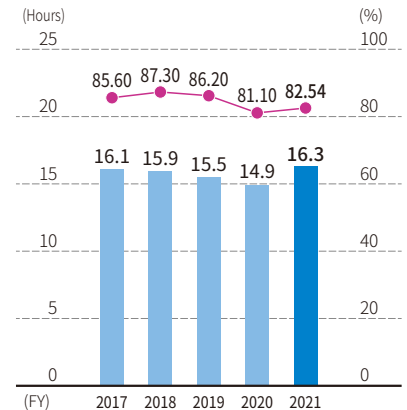
Employee Turnover Rate*²



We continue to promote numerous efforts, including those to create a good workplace environment, proactively promote young employees, and improve employee engagement. Our employee turnover rate is well below the industry average (9.1%*).

* Source: Ministry of Health, Labour and Welfare, Survey on Employment Trends 2021 information and communications industry employee turnover rate

Average Monthly Overtime Hours Worked per Employee*² & Paid Leave Utilization Rate*²

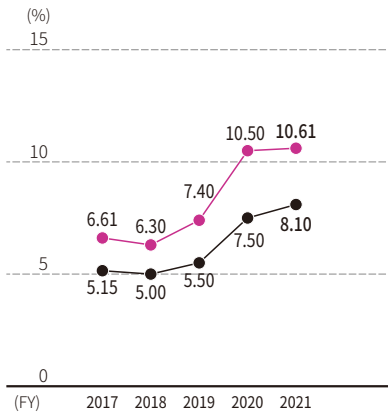


■ Average Monthly Overtime Hours Worked per Employee (left axis)
 ● Paid Leave Utilization Rate (right axis)

We have been striving to reduce average overtime hours by promoting flexibility in overtime activities and other measures. In FY2021, we once again reached our paid leave utilization target rate of at least 80%. We are also continuing to implement work style reforms and health management.

Material Issues-Related Major KPIs → Pages 22-25, "Material Issues"

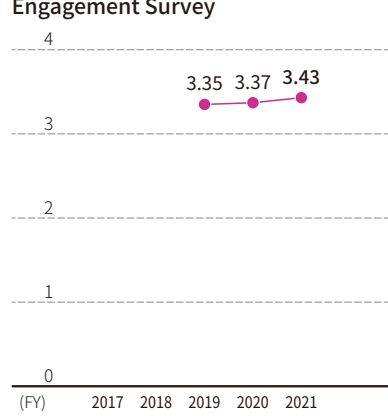
Ratio of Management Positions Held by Women



◆ Ratio of Management Positions Held by Women (Non-Consolidated)
● Ratio of Management Positions Held by Women (Consolidated)³

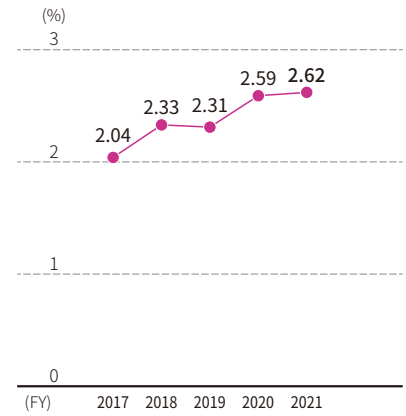
We promote the active participation of women as a core measure for increasing diversity. In FY2021, the ratio of management positions held by women (consolidated) was 8.10%. We are working to a promotion plan to achieve our material issue target of 18% or higher (as of April 1, 2026).

Weighted Average Score of Work Style-Related Items in the Engagement Survey



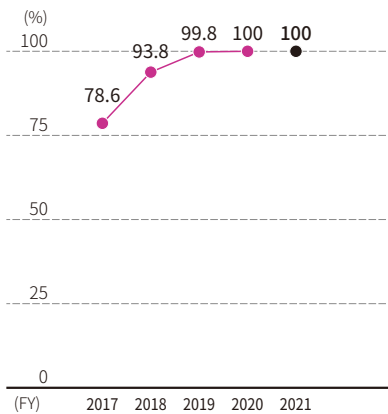
In FY2021, the score was 3.43, which is higher than the base score of 3.36 (the average for FY2019 and FY2020) in our material issue KPI. This is the second consecutive year that the score has increased due to the impact of telework becoming more common and other factors. We will continue to analyze and address this area so that our employees can better experience the evolution of work styles.

Ratio of Employees with Disabilities⁴



The Group has set a target of increasing the ratio of employees with disabilities to at least 0.1% above the legally required level, and has achieved this target for the past five years. Through measures to strengthen support for people with disabilities and the organizations that host them, we are promoting the creation of a comfortable work environment for people facing any personal circumstances.

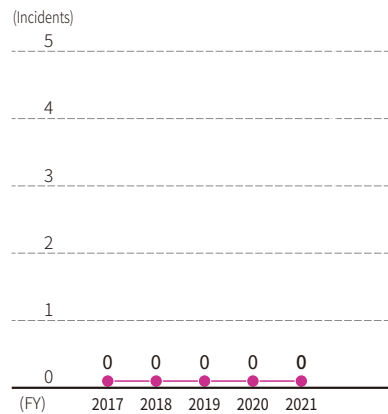
Percentage of Main Suppliers for which an ESG Risk Assessment has been made/Level of Understanding of the Procurement and Transaction Guidelines



◆ Level of Understanding of the Procurement and Transaction Guidelines
● Percentage of Main Suppliers Surveyed by ESG Risk Assessments

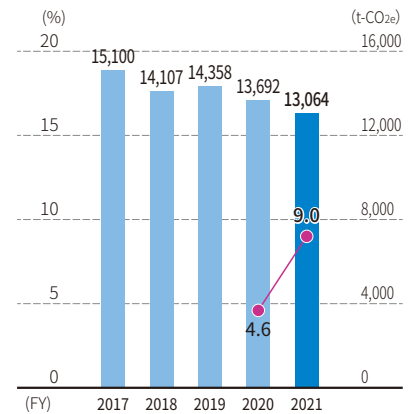
Assessments were conducted with major suppliers as to their level of understanding of our Procurement and Transaction Guidelines until FY2020 and as to the implementation rate of ESG risk assessments from FY2021. In order to make ESG risk assessments effective, we will consider and implement effective countermeasures against risks.

Number of serious Security Incidents⁵



We are actively working to reduce security incidents by introducing mechanisms to ensure security in a telework-oriented work environment.

Reduction rate in GHG Emissions/Scope 1 + Scope 2 (Market-based) Total Emissions⁶



◆ Reduction rate in GHG Emissions (vs. FY2019) (left axis)
■ Scope 1 + Scope 2 total emissions (right axis)

In addition to increasing purchase of electricity derived from renewable energy sources, we are reducing greenhouse gas emissions by promoting telework, saving office space, switching to high-efficiency equipment, and taking other energy-saving measures.

³ BIPROGY Inc. and UNIADDEX, Ltd. up to and including FY2020. BIPROGY Inc. and six other companies in FY2021

⁴ BIPROGY Inc. and UNIADDEX, Ltd. up to and including FY2019. BIPROGY Inc. and six other companies from FY2020

⁵ BIPROGY Inc. and its wholly-owned consolidated subsidiaries in Japan up to and including FY2020. BIPROGY Inc. and its consolidated subsidiaries in FY2021

⁶ BIPROGY Inc. and 10 other companies and two organizations (main bases in Japan) from FY2017 to FY2019. BIPROGY Inc. and 12 other companies and two organizations (main bases in Japan) in FY2020. BIPROGY Inc. and 24 companies (main bases in Japan and overseas) in the scope of consolidation excluding investment limited partnerships in FY2021.

Intellectual Asset Strategy

Material Issues

Create schemes to solve issues through the use of digital technology and business ecosystems

The BIPROGY Group has worked to bring the Digital Commons to the world by combining its track record and expertise in solving social issues with a network of like-minded people, plus digital technologies founded on many years' experience. By doing this, we hope to create both social and economic value and pursue sustainability for the environment, society, and the BIPROGY Group as a whole.

Acquiring and enhancing advanced technologies to achieve the Digital Commons

In our Management Policies (2021-2023), we position investment strategy as a critical measure, and will accelerate strategic investment while aiming to utilize cutting-edge technologies and sustainably innovate. In our research and development efforts to achieve the Digital Commons, we are developing services that accelerate digital transformation (DX) based on a deep understanding of various industries and our customers, carrying out research and development centered on cutting-edge technologies, and making ongoing investments in service development and technological capability enhancement to accelerate service-based businesses.

Since moving to Silicon Valley in 2006, Group company BIPROGY USA, Inc. has been engaged in research activities on business and technology in North America and other parts of the world, as well as exploration of business ideas and products.

Intellectual asset investment strategy in the Management Policies (2021-2023)

Strategic investment

- Continue investment in and alliance with startups with innovative technologies, in various industries including ICT, in order to pursue solutions to social issues from a longer-term perspective.
- Actively seek out and realize M&A opportunities.
- Promote investments in co-creating new businesses with partners*.

* Refers to the establishment of joint ventures to form business ecosystems with external companies, as well as business and capital alliances for the purpose of business expansion.

R&D

- Accelerate DX based on an in-depth understanding of customers and industries, and promote the development of various services
- Strengthen R&D centered on leading-edge technologies.
- Enhance service development and technical capabilities to accelerate service businesses.

Strategic investment

In startup investment and corporate venture capital (CVC), we will continue to take broad-based action toward the search for knowledge deeply penetrating the startup field through a hands-on approach for generating co-creative businesses. By doing this, we will vigorously work to both acquire channels and knowledge, and accumulate experience through practical application.

Startup investments and CVC

Through startup investment and CVC with a focus on medium- to long-term open innovation, we are working to develop and maintain channels with startups and venture capital (VC), collect and disseminate information on upcoming trends foreseen by startup businesses, and acquire knowledge related to fund management through CVC operation.

Overview of CVC funds

Fund	Canal Ventures Collaboration Fund 1 Investment Limited Partnership	Canal Ventures Collaboration Fund 2 Investment Limited Partnership
Established	June, 2017	April, 2020
Total fund size (Maximum)	¥ 5 billion	¥ 5 billion
Number of companies receiving investment (as of March 31, 2022)	24	11



Please refer to the website for more details about investees.

Canal Ventures, Ltd. (Japanese only)
<https://www.canal-v.com>

Co-creative businesses creation

Through Emellence Partners Inc., a strategic project company, we are engaged in co-creating businesses with clients and partner companies in cutting-edge DX areas, establishing and operating business entities, and providing various services such as consulting.

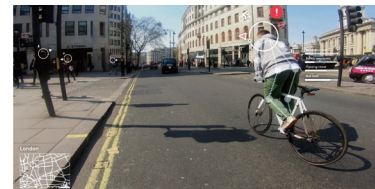
Achievements in co-creative businesses creation (news release dates)

- February 2021:**
 Invested in EAGLYS Inc., which provides inter-company data linkage and remote AI analysis solutions to realize a society that can safely utilize all types of data
- November 2021:**
 Invested in Humanising Autonomy Ltd., which provides its Behavior AI platform, a highly-accurate behavior prediction platform toward the realization of a society in which humans, robots, machines, vehicles, etc. can coexist safely
- May 2022:**
 - Invested in INGAGE Inc., which provides the Re:lation customer service cloud platform
 - Invested in LINKWIZ, Inc., which develops smart industrial robots
 - Invested in ACALL Inc., which provides the Workstyle OS that accelerates new ways of working

Case study

Invested in Humanising Autonomy, a U.K.-based computer vision AI company

Group company Emellence Partners invested in Humanising Autonomy Ltd., a UK start-up company developing computer vision AI (moving image recognition AI), as a joint lead investor with London-based Beacon Capital LLP. Humanising Autonomy's moving image recognition AI is capable of identifying and reducing the risk of contact between a person and machine or vehicle using a mechanism combining a monocular camera and AI. We have used this overseas to establish collaborations with Mercedes-Benz Group AG, Transport for London in the United Kingdom, the AISIN Technical Center of America, and others. In Japan, demonstration tests and commercial projects are underway in a wide range of fields, including not only with automobile-related companies but also in the areas of transportation, smart cities, construction, and property and liability insurance. Behavior AI, a behavioral prediction AI which adds elements of behavioral psychology to AI development in the field of computer vision, is designed to resolve issues through application to highly accurate prediction of human behavior, a task once thought unreasonably difficult. Through Emellence Partners' capital contribution to a company with advanced technologies and co-creation of businesses, the Group will work to explore and commercialize business opportunities in Japan in both the automobile domain, such as automated driving and advanced driver assistance systems (ADAS), and the non-automobile domain, such as smart infrastructure and smart cities, to realize a society where humans, robots, machines, and vehicles can coexist safely.



Highly accurate prediction of a bicyclist's intended direction



Greater safety in the coexistence of vehicles and people through analysis from on-board and fixed cameras

Research and development

We have established the Management Policies (2021-2023) from two perspectives. The first is For Customers, promoting customer DX to contribute to their sustainable growth, and the second is For Society, promoting social DX to solve

social issues together with customers and partners in various industries and sectors. Under this policy, we are engaged in research and development activities to create new businesses and provide new services.

Case study

Commercializing DIVP, a platform for assessing safety of self-driving vehicles, through automated driving research by SIP

Since 2018, BIPROGY has been participating in the Cabinet Office of Japan's Strategic Innovation Promotion Program (SIP) Phase Two - Automated Driving (Expansion of Systems and Services) - Development of Methodology for the Evaluation Environment for Automated Driving in Virtual Space (SIP automated driving). To achieve safe and smooth automated driving, the DIVP consortium, consisting of 12 institutions across industry and academia, has been working to build a validation platform (Driving Intelligence Validation Platform, or DIVP) in a virtual space featuring simulation models (driving environment, radio propagation, and sensors) that are highly consistent with actual phenomena in order to validate safety evaluations under various traffic environments.

Through these activities, the Group established a new company, V-Drive Technologies Inc., in July 2022, and began offering DIVP in September 2022, a platform for automated driving safety evaluation (DIVP product) commercialized based on research results from SIP automated driving. Through the provision of the DIVP product, we support the establishment of a safety evaluation infrastructure for automated driving in the efficient development of automated driving systems and the fostering of their social acceptance, aiming for a society in which all people may enjoy mobility in a safe and secure way.

Human Resource Strategy

Material Issues

Develop and strengthen human resources to create a new future and promote diversity and inclusion

The BIPROGY Group considers human resources to be an important corporate asset and the driving force for the Group’s sustainable growth and for improvement in its corporate value over the medium to long term. The Group strives to create workplaces and environments where employees with diverse values and backgrounds can maximize their individual abilities, and is steadily transforming itself into a company that creates social value by reforming its human resources and corporate culture to enable it to continuously generate innovation.

Developing Human Resources

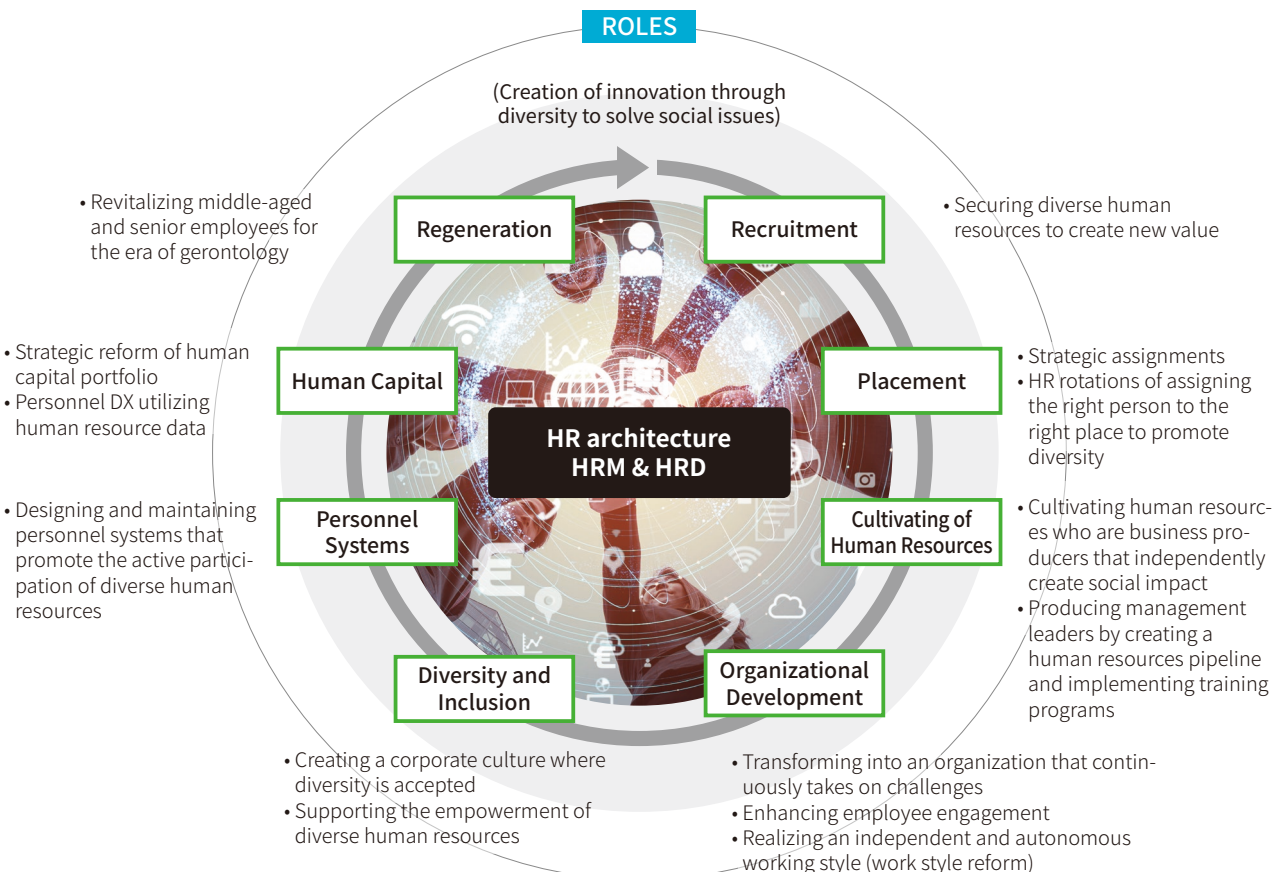
To solve social issues with a combination of foresight, insight, technology, and business ecosystems, the BIPROGY Group needs human resources who can create new social value together by involving customers and partners and sharing our vision and values.

We have been working on our human resource strategy as a key measure. During the period of the mid-term management plan “Foresight in sight 2020” from FY2018 to FY2020, we have been working on initiatives focused on: transformation of ideas and skill sets; penetration of vision

and strategies; and creation of innovation. Specifically, we have been conducting human resource development programs that encourage employees to create new businesses on their own, personnel evaluations that stress challenges taken on by employees, work style reforms, and the penetration of a culture of diversity and inclusion (D&I).

Under Vision 2030, we aim to develop human resources capable of creating new value together with our business ecosystem partners in order to realize a sustainable society through the creation of and contribution to digital com-

Human Capital Cycles Centered on ROLES



What ROLES Means to Us

Standing for “roles in business execution,” ROLES defines the roles played in business execution (jobs)—and the skills and competencies required to fulfill those roles—and is a concept for visualizing the type, quality, and quantity of human capital. By utilizing ROLES as a shared foundation for human capital management, we visualize intrapersonal diversity, which is the diversity cultivated within individuals. Moreover, by organizing ROLES in the form of a human resource portfolio (by department, organization, business area, age group, etc.), we are able to objectively grasp the diversity of the entire organization and work with the various business divisions and expand the capabilities of the organization through assignments, rotations, and other activities. We will link this to the creation of innovation that solves the problems faced by society and aim to increase profitability through business expansion and greater labor productivity by running through the human capital cycle centered on ROLES and thus transforming how each employee thinks and acts and expanding skills.

mons. To this end, we are building and operating a talent management system and promoting human resource management (HRM) and human resource development (HRD) measures based on our HR architecture centered on ROLES. Here, we are promoting key measures to strengthen the links between business strategy and human resource strategy, promote self-reliable career and reskilling, and secure and develop human resources who can lead key areas, such as DX human resources and business producer human resources. At the same time, we are reforming our

personnel system and remuneration system to encourage our diverse human resources reach their full potential.

The accumulation of these efforts has led to the creation of numerous new businesses. With our Purpose as our guiding principle, we will continue to strategically develop human resources who can interact autonomously and independently, and who have the ability to create greater value by involving not only the employees around them but also people outside our organization.

People as Assets

Promoting Self-Reliable Career and Reskilling

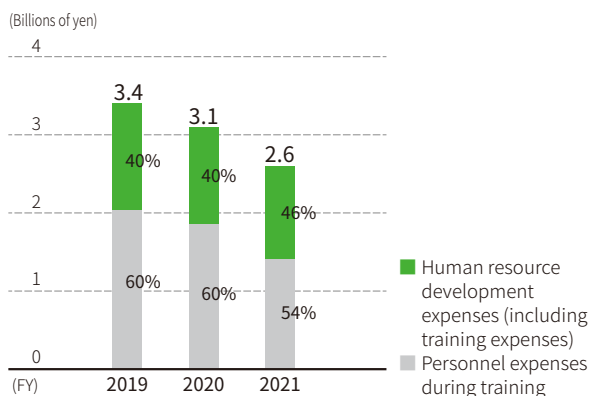
The BIPROGY Group considers continuous investment in human capital as indispensable for solving social issues that change with the times. Therefore, we invest in developing the skills and abilities of employees and strengthening organizational capabilities to further enhance the capabilities of our diverse human resources who generate innovation and are capable of system implementation. In FY2021, our investment amount was lower due to the use of online training and other methods. However, the number of annual training hours per employee, which had been decreasing in FY2020 due to the COVID-19 pandemic, once

again began to grow, from 56 to 58 hours year on year (see ESG Data on page 76). Looking ahead, we will continue to promote self-reliable career and reskilling for our employees.

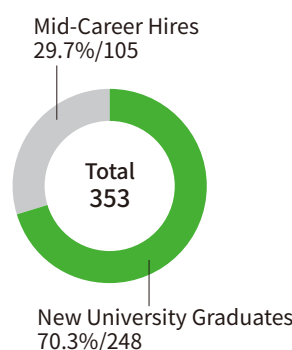
Acquisition of Human Resources

To support the BIPROGY Group’s sustained growth and value enhancement, we aim to continue to secure human capital so as not to allow significant gaps in the composition of our workforce by age group. Approximately 50% of new university graduates hired by the Group are women, and we recruit excellent human resources regardless of nationality. In our year-round mid-career recruitment, we recruit

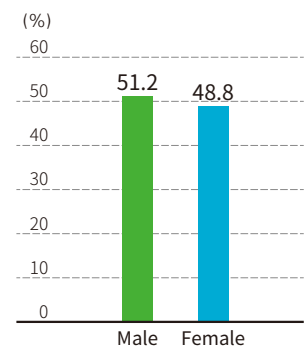
The BIPROGY Group Investment in Human Capital



Ratio of New University Graduates and Mid-Career Hires (FY2021)



Ratio of Male and Female Employees among New University Graduates Hired (FY2021)



Human Resource Strategy

mid-career human resources who have knowledge and experience that our Group employees do not possess, who can drive and accelerate new business areas in this field. Furthermore, we recruit young people with great potential, who have work experience and offer significant growth and future contribution after joining us.

Human Resource Development

■ Developing business producers

To further expand our business ecosystems, we need human resources with expertise in business creation who can independently create social impact. We define this kind of human resources as “business producers,” and we have set KPIs for their development under our new material issues. The Next Principal program has been implemented continuously since FY2010, with a total of about 397 employees participating in the program from FY2010 to FY2022 (17 participated in FY2022). Additionally, we have held “ide-

athon” and “hackathons” continuously since FY2019 by inviting client companies and cooperating companies, and are dispatching employees externally. This includes overseas dispatch, study at domestic universities, and field work experience. Further, we are planning and implementing a product owner development program to promote service businesses.

■ Nurturing future generations of management leaders

In order to nurture management leaders who have the purpose and will to create change at their company and who are committed to its ongoing transformation, we hold CEO & Leaders Sessions as a place to share and discuss themes and issues that should be taken on from a management perspective and to connect these into actions. Regarding the development of management human resources, we are creating a human resource pipeline and implementing programs to continuously produce management leaders under our succession plan (see page 59).

Empowering Diverse Human Resources

The BIPROGY Group aims to create a corporate culture in which each individual can enhance their own individual diversity, respect each other’s individuality, and demonstrate their own individuality and imagination. To strengthen D&I, we have set KPIs (ratio of management positions held by women and ratio of employees with disabilities) and targets, and are promoting the following measures. Over the past six years, there has been steady growth not only in the ratio of female employees, but also ratio of management positions held by women and the ratio of employees with disabilities.

Empowering Women in the Workforce

In this material issue, we have set a KPI of increasing the ratio of management positions held by women to 18% or more as of April 1, 2026, and have established a plan for promotion to organizational heads, including within Group companies. Furthermore, we have established a monitoring and reporting mechanism at the Sustainability Committee and the Board of Directors to strengthen the formation of a human resource pipeline. In our action plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life, we have set two non-consolidated goals by FY2025: to double the number of female managers versus FY2020, and to increase the ratio of female executives to 20%. Furthermore, we are targeting a ratio of female directors of 25%. We also actively participate in external initiatives, such as endorsing the Women’s Empowerment Principles (WEPs), joining the Nikkei Women Empowerment Consortium, and endorsing the Keidanren’s challenge initiatives for 30% of executives to be women by 2030.

Dual Top-down and Bottom-up D&I Promotion

We are expanding activities aimed at making D&I self-propelled through proactive efforts by employees in non-administrative departments through dialogue. A sponsor team consisting of executives and organization heads supports activities among non-administrative departments, aiming to create a movement driving D&I.

At the same time, we are promoting D&I from both a top-down and bottom-up perspective by providing opportunities for discussion of diversity issues and initiatives at the Board of Directors and at meetings where management leaders gather.

Training Program that Encourages Employee Awareness and Behavioral Reform

- Diversity management training
- Diversity development program for women
- Diversity e-learning for all Group employees

Supporting Career Building and Balancing Work with Life Events

The rate of female employees taking childcare leave and returning to work after childcare leave has been almost 100% for more than 10 years. The rate of male employees taking childcare leave*¹ and the average number of days taken*² have also been continuously increasing. In addition, we provide information and seminars for balancing work with nursing care and childcare, and held three-way interviews (employee, supervisor, and diversity promotion

staff) before and after childcare leave. We have designed and implemented systems to ensure that employees who are restricted due to life events are evaluated appropriately according to their abilities without being disadvantaged in promotion and appointment to new roles.

*1 FY2021: 38.7% (BIPROGY non-consolidated)

*2 FY2021: 103 days (BIPROGY non-consolidated)

Measures for Understanding and Supporting LGBT Employees

In addition to clearly stating our policies on sexual minorities in the Group Compliance Basic Policy and Human Rights Policy, we are expanding our support in personnel systems such as making HR systems related to spouses and their families applicable to same-sex partners. In addition, we implemented e-learning available to all Group employees and measures to further understanding such as distrib-

uting LGBT handbooks and ally stickers to be worn by those who understand and support LGBT employees.

Maintaining and Increasing Employment of People with Disabilities

The BIPROGY Group has established a system that provides consistent support for employees with disabilities, from recruitment to post-employment follow-up. In February 2018, BIPROGY Challenged Inc. was established to provide employment for people with disabilities by allowing them to work completely from home, primarily handling web accessibility inspections using ICT. In August 2020, we also opened the Wakuwaku Farm, an outdoor farm with the aim of encouraging people with disabilities to maintain their physical and mental health and engage in worthwhile farm work.

Providing Workplaces that Offer Job Satisfaction

Creating an organization and workplaces with job satisfaction and where diverse human resources who can think autonomously and create innovation can maximize their abilities is a source of growth and competitiveness. The BIPROGY Group has been striving to reduce average overtime hours by promoting overtime flexibility and other measures, implementing work style and health management reforms and striving to increase employee motivation (see ESG Data on page 76).

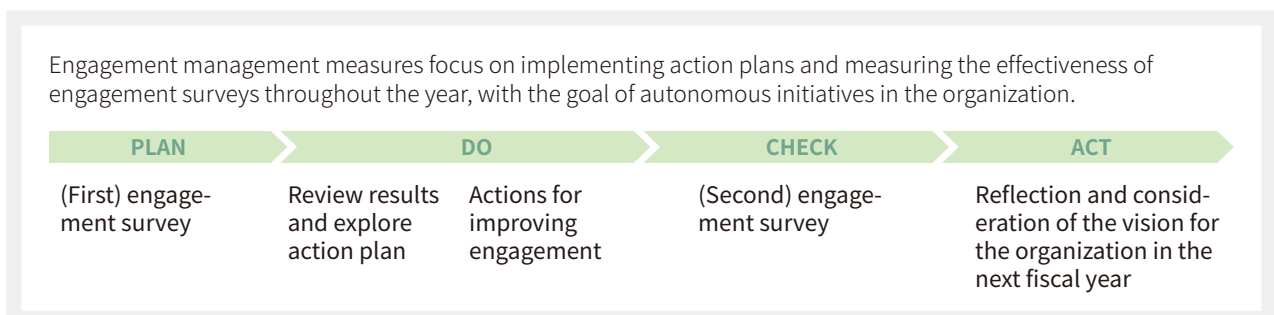
Improving Engagement

As an important initiative to visualize employee attitudes and organizational issues, we have been conducting regular engagement surveys since FY2013 for all Group employees. The results of the survey are analyzed by the management team and others, and based on the analysis results and advice from an external consultant, the person in charge of each department sets and promotes an action plan for the issues of their own organization, and uses it to

grow as an organization. From FY2021, we have also added measures to support the initiatives of each organization.

Through the practice of Your Time, a one-on-one dialogue between superiors and subordinates, we are working to deepen communication even in telework-oriented operations. We have also been implementing various measures for managers such as workshops that include Your Time briefing sessions, provision of guidelines and tools, and workshops to share concerns, with the aim of improving and supporting the skills (coaching, teaching, feedback) needed to effectively implement Your Time. In our personnel evaluation system, in addition to the perspectives of adherence to and implementation of our corporate philosophy and compliance, we also evaluate behavior from the perspectives of self-development, self-reliance orientation, challenge, teamwork and information dissemination, and the ability to change the way we work, in a multifaceted effort to ensure that our employees have a high level of awareness.

Overview of Engagement Management Measures



Human Resource Strategy

■ Work style reforms

Through the work style reforms in the Management Policies (2021-2023), we aim to realize work styles in which employees can continue to produce results while flexibly responding to changes in their own lifestyles and social environments. The work style reforms adopt five indicators: (1) place of work, (2) time of work, (3) working environment, (4) job satisfaction, and (5) ease of work. The first step of the reforms involves increasing the degree of freedom and flexibility of time of work and starting to normalize teleworking for place of work.

Having formulated rules so that work is done properly when teleworking, we have set 30% of employees working from the office as a tentative target. While aiming to increase the productivity of individuals and teams in the teleworking environment, we are striving to ensure flexibility in our working styles, such as making it possible to leave temporarily to visit the doctor, etc., during work hours and to use accumulated annual leave from previous years such as when needing to take time off for childcare, nursing care, or when showing symptoms or suspected of contracting COVID-19.

■ Health management

Within the Group, the CEO serves as the chief health officer (CHO) and works to maintain, improve, and manage the health of employees. Based on the three themes of “preventing lifestyle disease,” “mental health measures,” and “use of open innovation initiatives,” we are working to help employees live healthier lives by reinforcing health promotion and early detection and treatment. In particular, from a “prevention” and “early detection and treatment” perspective, we want to actively contribute to employee health promotion through such initiatives as treating those who are at risk of high blood pressure and reducing total number of lost days of work for mental health reasons.



See the Company's website listed below for details.

<https://biprogy.disclosure.site/ja/themes/107>

Promoting DX



In our Management Policies (2021–2023), we tout not only expanding the business ecosystem in collaboration with partners and the community by moving forward with DX for customers and DX for society, but also implementing internal reforms to further digitalize business (promotion of in-house DX). These measures involve implementing the internal IT strategy under the leadership of the chief digital officer (CDO) and chief information officer (CIO).

When making improvements to the system integration type development, which has been our core business, we added functions for increasing the sophistication of and applying DX to traditional outsourced development and conducting product development-related R&D to the Engineering Division. We are also promoting communication and improving productivity while also aiming to develop a work environment that leads to innovation through the utilization of various ICT tools (business backbone systems, cloud-first office applications, mobile-first, web conferencing systems, corporate SNS, etc.). We built a seamless network based on the zero trust concept and adopted highly secure cloud storage to make it easier to find intellectual property. In addition, we are promoting the digitization of our in-house inspection and verification processes and are introducing electronic signature services. In December 2021, we obtained DX Certification based on the related system created by the Ministry of Economy, Trade and Industry (METI). In June 2022, we were also selected by METI, the Tokyo Stock Exchange, and the Information-technology Promotion Agency as a “Noteworthy DX Company 2022,” within the Digital Transformation Stock (DX Stock) 2022 system.

BPR and Internal Core System Renewal

We are now working on BPR (Business Process Reengineering) for business process improvement, establishing BPM (Business Process Management) environment for continuous business reform, and renewal of the internal core system to support data-driven management. We will accelerate the modernization of our existing IT systems and DX of our core operations by building a foundation for our own IT systems that supports current and future business. Using that acquired knowledge as practical reference, we are accumulating the skills and experience to implement DX for customers and DX for society.

Environment

Material Issues

Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions

The BIPROGY Group contributes to the environment through digital technology. We promote collaboration and cooperation in the transition to a low-carbon society through providing services that facilitate carbon neutrality and the circular economy, and through the digital commons that the Group has built and in which it participates. At the same time, we are strengthening measures to reduce greenhouse gas emissions in order to reduce the environmental impact of our business activities. Through these efforts, we aim to contribute to the early realization of a zero-emission society.

BIPROGY Group environmental management

There is growing concern about threats to the foundations of survival of current and future generations, such as the intensification of weather-related disasters and destruction of ecosystems caused by global warming. In the international community, zero-emission initiatives toward achieving carbon neutrality by mid-21st-century are accelerating, aiming for effective use of resources and zero impact on the global environment.

Under these circumstances, the Group recognizes our responsibility to address environmental issues for future generations. We have been strengthening our environmental management under our Long-Term Environmental Vision 2050 and Vision 2030, which set forth our aspirations and direction toward the realization of a zero-emission society. We are also promoting measures such as collaboration through participation in initiatives and partnerships such as RE100 and TCFD, and education to raise environmental awareness among employees. Against this backdrop, we have been strengthening measures to visualize

our environmental contribution and reduce our environmental impact as part of our material issues efforts since 2021, and have newly obtained calculations of our greenhouse gas emissions (Scope 1, 2, and 3) in accordance with the GHG Protocol, along with third-party assurance.

Furthermore, in FY2022, in order to further strengthen the Group's environmental management, we integrated the operation of the Group's environmental management system in accordance with ISO 14001, which serves as the basis for management, into the activities of the Environment Contribution Committee, which is responsible for examining the policies for environmental contribution, designing mechanisms to promote environmental contribution, and managing and supervising the implementation status.



Climate change initiatives

Governance Related to Climate Change

The Chief Sustainability Officer (CSO) is responsible for climate-related issues on our Board of Directors and also has overall responsibility for initiatives that contribute to SDGs and the sustainability management strategy.

In addition, the Group's response to climate change and other environmental issues is discussed and decided by the Sustainability Committee, a decision-making body chaired by the CSO, or by its subordinate body the Environmental Contribution Committee. From within the activities of these committees, the CSO reports important management matters and annual activity results and progress to the Executive Council and the Board of Directors, in accordance with the Company's corporate governance system. The main

matters reported since 2021 include progress on qualitative and quantitative targets for various material issues measures, including addressing climate-related issues, with oversight received based on advice and guidance.

Long-term performance conditions are incorporated into the executive compensation system introduced in June 2021 to provide incentives to meet climate-related targets, etc. Long-term performance KPI conditions for FY2021 include ESG indicators, such as greenhouse gas emissions reduction targets, which are material issues KPIs.

- P.22-25 Material Issues
- P.54 Corporate Governance Structure
- P.60 Remuneration System

Environment

Strategy

The Group believes that addressing climate change is an important management issue that affects corporate value in many ways, and that it is important to have a strategy and the flexibility to respond to changes in uncertain circumstances. We also recognize that services in the digital domain, which is the Group's primary business, will play a key role in solving environmental issues in the future, and represent a growth opportunity that will contribute to the enhancement of the Group's corporate value. Based on this recognition, we aim to maximize our creation of three social impacts of zero emissions, regenerative, and resilience, set forth as indicators for implementing Vision 2030, and to enhance our corporate value over the medium to long term.

Since FY2021, in addition to promoting material issues -centered efforts, we have continued to identify business opportunities and risks, and assess their impact through climate-related scenario analysis in a cross-company project as part of the activities of the Environment Contribution Committee. The FY2022 assessment reaffirmed the importance of strategic investment and information disclosure in maximizing the Group's climate-related business opportunities and reducing risks, as well as strengthening our ability to create business and technologies that solve social issues, focusing on identified environmental contribution areas.

By appropriately reflecting the results of these assessments in our business strategies, we will enhance the effectiveness of material issues and accelerate our efforts to develop and provide new products and services that contribute to solving climate-related issues, such as carbon neutrality and circular economy, with the aim of increasing profits through contributing to the realization of a zero-emission society. At the same time, we will seek to limit future increases in carbon emission-related costs by strengthening measures to reduce greenhouse gas emissions, including the procurement of renewable energy, and enhancing our low-carbon efforts in our own business activities.

→ P.18-19 **Vison 2030**

→ P.22-25 **Material Issues**

Risk Management

The Group has integrated climate-related risks into the Group risk management system. Climate change risk was added to the risk classification system, a common management platform that enables the Risk Management Committee, which oversees this system, to centrally identify risks for the entire Group. Of the climate-related risks

identified in the extraction of business opportunities and risks (impact assessment) based on the climate change scenario analysis conducted in FY2021, items that were evaluated to be of high importance to the Group's business were registered as subject to management. The Group's risk management structure and processes are clearly detailed in Risk Management Committee and Business Continuity Project Regulations and other related regulations, and are widely disseminated within the Group via the intranet and other means.

→ P.66-69 **Risk Management**

Indicators and Targets

The Group is steadily advancing its efforts to achieve the goals established as material issues in 2021, including the reduction of greenhouse gas emissions.

The Group is centered on IT services, so most of our greenhouse gas emissions arise from the use of electricity. Accordingly, we have joined RE100 and are switching to renewable energy sources for the electricity we purchase, and as of the end of FY2021, our renewable energy procurement rate was 7.4%. In addition, we are promoting energy conservation measures through efficient use of offices, equipment, etc. As a result of these efforts, the Group's Scope 1 and 2 (Market-based) greenhouse gas emissions in FY2021 were reduced by 9.0% from FY2019.

Indicators	Goals and progress
Reduction rate in GHG emissions (Scope 1 + Scope 2 (Market-based))	50% or more compared to FY2019 (FY2030) → 9.0% reduction (FY2021)
Percentage of purchased energy used at the Group business locations that is renewable energy	50% or more (FY2030) → 7.4% procurement (FY2021)
Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented	100% (annually until FY2030) → 100% (FY2021) Integration of extracted risks into the Group risk management system
Percentage achieved for target contribution to corporate net-zero emissions through customer use of environmentally friendly products and services	100% or more (annually until FY2030) → 132.9% (FY2021)

→ P.22-25 **Material Issues**

→ P.75-77 **ESG Data**

Identification of business opportunities and risks through climate change scenario analysis (impact assessment)

Based on the following different scenarios, we have assessed the impact of various aspects of the Group's climate-related business opportunities and risks, and have identified items that have a high likelihood of occurrence or importance.

Scenario	Assumed environmental and social changes in 2050 based on each scenario
1.5 °C scenario (RCP 1.9) Optimistic scenario in which the transition to a decarbonized society progresses	<ul style="list-style-type: none"> • Various policies and regulations related to climate change strengthened, including emission controls • Circular economy established through advances in technologies that contribute to the environment (more efficient use of energy and resources) • Environmental destruction reduced through various regulations, financial policies, innovations, etc.
4 °C scenario (RCP 8.5) Most pessimistic scenario in which the transition to a decarbonized society does not progress	<ul style="list-style-type: none"> • World population exposed to flood risk increases by 5.8 times (compared to 1976-2005) • Decrease in habitable land area • Regulations and controls strengthened due to scarcity of energy, resources, etc. • Risk of economic crisis increased due to instability of the global order and market turmoil caused by the effects of climate change

Climate-related business opportunities and risks (impact assessment)

Area	Impact and specific examples	Impact assessment		Financial impact
		1.5°C	4°C	
Energy Management & Renewable Energy	Increased demand for services that contribute to improving energy use efficiency and promoting the spread of renewable energy through the use of IT <ul style="list-style-type: none"> • Reconstruction of grid system • Increased introduction of EVs for emergency power supply • Promotion of data utilization, etc. 	Significant	Moderate	Increase in revenues by expanding opportunities through proposing and offering products and services in line with the expansion of the market size in each area
Circular Economy	Increased demand for services that enable enhanced efficiency and reduction of losses associated with production and consumption of goods using IT <ul style="list-style-type: none"> • Spread of supply-demand forecasting and traceability systems based on AI • Expanded use of shared systems by financial institutions • Promotion of shared use of facilities and means of distribution, etc. 			
New Reality, Resilient Cities	Increased demand for services that contribute to the creation of mechanisms that allow remote decision-making without needing to go to the site and to resilient urban development <ul style="list-style-type: none"> • Expanded use of remote-sensing technology in agriculture • Expanded introduction of BEMS consequent on increased demand for low-carbon buildings • Expanded use and improvement in accuracy of disaster management systems, etc. 			
Green Mobility and Transport	Increased demand for services that enable the creation of systems for green cities using digital technologies <ul style="list-style-type: none"> • Use of digital technology for the spread of automated driving and EV vehicles • Optimization of energy consumption in units of cities and regions, etc. 			
New Normal	Increased demand for services that enable the creation schemes utilizing digital technologies that do not rely on the movement of people <ul style="list-style-type: none"> • Sophistication of online communication through use of AI • System development to resolve issues of access to consumer staples for vulnerable shoppers • Research on new analytical techniques effective in addressing climate change • Spread of disaster management systems and improvement of their accuracy, etc. 			
Net Zero Management	Increased demand for services that assist companies promote net-zero management <ul style="list-style-type: none"> • Promotion of Green Transformation (GX) • Expanded use of low-carbon data centers • Development of solutions for introduction of carbon tax and carbon accounting, etc. 			

Climate-related Risks	Impact on business operations in the process of transition to a decarbonized society	Impact assessment		Financial impact
		1.5°C	4°C	
Technology	Decline in technological and service development capacity due to delayed response to advances in decarbonization-related technologies	Negligible	Negligible	Decrease in revenues due to declining technological superiority in the market
Market and Reputation	Decline in corporate reputation due to failure to provide services and disclose information appropriately to meet the changing needs of low-carbon oriented customers, investors, etc.	Negligible	Negligible	Decrease in revenues due to lower corporate reputation/increase in financing costs

Value Chain Management

Material Issues

Sustainably procure and provide safe and secure products and services throughout the entire value chain

Supply chain breakdowns due to ESG risks such as human rights and the environment may affect our customers, society, and the management of the BIPROGY Group. We attempt to understand the current situation, manage targets, conduct risk assessments, and communicate (information disclosure and dialogue) for building and maintaining a supply chain that respects human rights and considers the environmental impact, and for procuring and providing safe and secure products and services.

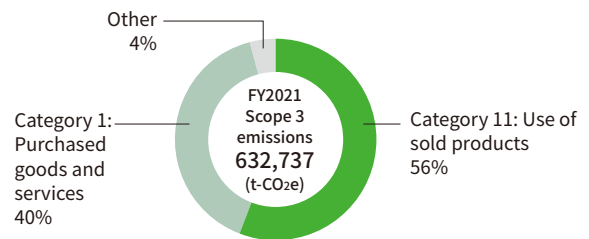
Building an environmentally conscious supply chain

Reducing Scope 3 greenhouse gas emissions

The Group believes that reducing greenhouse gas (GHG) emissions throughout the entire value chain is important in order to achieve the zero-emission society set forth in its Long-Term Environmental Vision 2050. Therefore, we have set and are working toward reduction targets as material issues KPIs. Our progress in these is as follows.

- For our target of reducing Scope 3 GHG emissions (business travel and employee commuting) by 50% or more in FY2021 compared to FY2019, the target was achieved with a reduction rate of 62.5% due to the promotion of telecommuting and other measures.
- For our target of disclosing information and setting targets for Scope 3 GHG emissions (upstream transportation and distribution, business travel, commuting, and waste) by FY2022, in FY2021, we began calculating Scope 3 emissions in accordance with the GHG Protocol, and obtained and disclosed a third-party assurance statement regarding environmental data. Scope 3 targets are to be set by the end of FY2022.

FY2021 GHG emissions: Scope 3 breakdown



Promotion of green procurement

The Group procures hardware, software, and services from suppliers in Japan and overseas. In procurement, we procure products and services with low environmental impact from suppliers that promote environmental conservation in accordance with the Green Procurement Guidelines. We will continue to conduct periodic surveys of our suppliers regarding their environmentally friendly business activities, and promote the procurement and provision of products and services with low environmental impact in cooperation with our suppliers.

Human rights initiatives

Conducting human rights due diligence

In recent years, manuals and guidelines on human rights have been issued by Japanese associated institutions and economic groups, and Japanese companies have set initiatives for the respect of human rights as an essential management issue. The Group supports international norms such as the Universal Declaration of Human Rights and the ILO Core Labour Standards, and recognizes respect for human rights as an important element of its corporate activities.

At the BIPROGY Group, we conduct human rights due diligence to reduce business risks related to human rights throughout the value chain. In June 2020, we published the BIPROGY Group Human Rights Policy based on the Guiding Principles on Business and Human Rights. In material issues,

we have set a KPI to achieve 100% in FY2023 for the percentage of BIPROGY Group companies that have launched efforts to address human rights issues. In FY2021, we identified and assessed the current status of human rights risks related to our business for the entire BIPROGY Group. We have been steadily implementing measures to address the Group's shared human rights issues, which are listed below.

BIPROGY Group Shared Human Rights Issues

- Rigorous dissemination of human rights policy
- Responsible procurement and management thereof
- Conducting stakeholder engagement
- Establishing a mechanism for handling external complaints
- Initiatives for freedom of expression
- Initiatives for ethical/responsible marketing

ESG Risk Assessment

An issue such as suspension of procurement or supply of a product or service, or a serious incident or failure due to a problem with a service or a security incident, may seriously impact society as well as customers of the Group. Moreover, it may affect the management of the Group such as negatively impacting our social reputation or brand image.

The BIPROGY Group has established the BIPROGY Group Purchasing Guidelines to realize fair and transparent purchasing transactions with our business partners, including subcontracting companies and suppliers and to ensure that procurement takes human rights and the environment into consideration. We have also conducted an annual survey of our major subcontracting companies and suppliers to ascertain their understanding of these purchasing guidelines, in the hope that they will understand the Group's approach and initiatives and act in concert with us.

Furthermore, in April 2021, we formulated the BIPROGY Group Sustainability Procurement Guidelines in response to recent growing social demand for procurement that is conscious of human rights and the environment. We also launched ESG risk assessments and promoted the permeation of our guidelines. Our first assessment in FY2021 covered 98 major subcontracting companies and suppliers, surveying the status of their ESG initiatives and conducting risk assessments. Here, we achieved our single-year material issue target of 100% of assessments implemented. In FY2022, we will continue to take actions (improvement requests) to major suppli-

ers based on the risk assessment conducted in FY2021.

Going forward, we believe that further efforts are needed to increase the effectiveness of our efforts to reduce ESG risks. Through constant improvement, including in our processes, we aim to build a long-term relationship of trust with society throughout the supply chain and realize a sustainable society that is in harmony with the environment and local communities.

Overview of the FY2021 ESG risk assessment survey

- Companies surveyed: 98
- Ratio of risk assessments implemented: 100%
- Survey content
 - Formulation of human rights policy and conducting due diligence
 - Respect for human rights (forced labor, child labor, freedom of association and the right to collective bargaining, discrimination, working hours, wages, harassment)
 - Ensuring health and safety
 - Formulating environmental policy and establishing management systems
 - Managing resources
 - Securing biodiversity
 - Climate change
 - Environmental pollution countermeasures
 - Compliance
 - Preventing corruption
 - Information security
 - Conflict minerals
 - Privacy
 - Supply chain management

Formulating and enforcing AI ethics principles

In recent years, computing architectures created to handle vast amounts of digital data and AI technologies that learn from accumulated data and perform recognition and inference have begun to contribute significantly to improving the quality of people's lives. This is also a key technology that will contribute to solving many issues, such as health and well-being and climate change, which are addressed in the United Nations Sustainable Development Goals (SDGs), a commitment to leave no one behind on this planet. While

AI technology has the power to enrich and transform our society, it also has the potential to negatively impact society by undermining individual privacy, diversity, and fairness unless it is used, operated, and managed appropriately. In recognition of the positive and negative impacts of AI on people, the Group has formulated and implemented the AI Ethics Principles to appropriately address the ethical, legal and social issues (ELSI) that arise with the rapid development of science and technology.



Please see our website for more details.

- BIPROGY Group Human Rights Policy
https://www.biprogy.com/e/about/human_rights_policy.html
- BIPROGY Group Sustainability Procurement Guidelines (Japanese only)
https://www.biprogy.com/com/pdf/Sustainability_Procurement_Guideline.pdf
- BIPROGY Group AI Ethics Principles
https://www.biprogy.com/e/com/e_2022_ai_ethics_principles_BIPROGY_group.pdf

Corporate Governance

Material Issues

Further improve corporate governance

A mechanism of corporate governance that enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable to the BIPROGY Group’s continuous growth and increase in medium- to-long-term corporate value. The Company shall create, maintain, and ceaselessly improve this mechanism.

Furthermore, in order to contribute to society as an enterprise resolving social issues, the Company stipulates as part of its corporate philosophy, “Listen sincerely to our stakeholders to improve our corporate value” in order to create relationships of trust with all stakeholders, and shall proceed with its business activities in accordance with this principle.

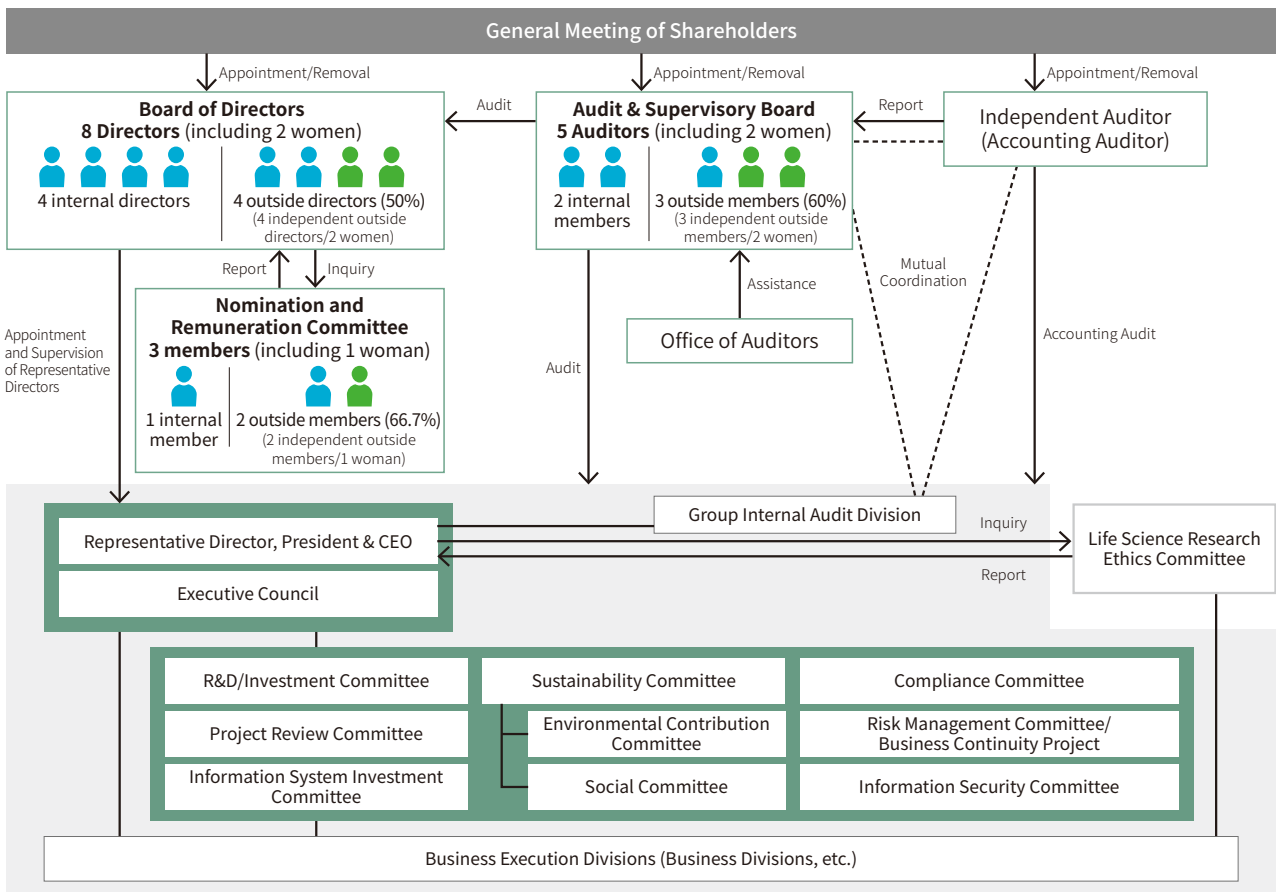
Corporate Governance Structure

BIPROGY has determined that an audit system that includes supervision by the Board of Directors that includes outside directors and auditing by outside auditors is effective for monitoring management, and thus has adopted an Audit & Supervisory Board structure.

Given the decision-making speed required in light of the changing market environment, the Company aims to make

decisions that combine a broader perspective with objectivity and transparency as well as to ensure the effectiveness of supervisory functions related to the execution of duties. It accomplishes this by utilizing internal directors who are well-versed in the state of the Company and its industry and appointing persons with extensive business experience and expertise as outside directors.

Corporate Governance Structure (As of June 29, 2022)



Nomination and Remuneration Committee

This advisory committee to the Board of Directors that deliberates and reports on matters pertaining to personnel and remuneration of our executives. Two of the three committee members are independent outside directors, and one of them serves as chairperson. The attendance of independent outside directors and the agreement of all members, including independent outside directors, are required when making resolutions.

Executive Council

The Executive Council is a decision-making body that determines important matters of business execution. Members include corporate officers who concurrently serve as directors, and meetings are held weekly, in principle.

Various Other Committees:

Deliberate on Individual Management Issues Related to Directors' Execution of Duties from a Practical Point of View

R&D/Investment	Deliberates on the advisability of plans for businesses, products and services based on the Group's priority areas, and decides whether to invest in such plans. Also evaluates actual results versus forecasts for such plans and requests a review as necessary.
Project Review	Determines the business risks and appropriate countermeasures for important development and service businesses, and decides whether to implement such countermeasures. Also evaluates actual results versus forecasts for such projects and requests a review as necessary.
Information System Investment	Deliberates on the advisability of cost, effectiveness, applied technologies and other matters for the Group's own system development and operation and decides whether to invest in such systems. Also evaluates actual results versus forecasts for such plans and requests a review as necessary.
Sustainability	Formulates measures and policies on achieving the Group's SDG-related targets, determines the appropriateness of overall business activities from an ESG perspective, comprehensively determines action promotion and evaluations, and requests a review as necessary.
Environmental Contribution	Manages and monitors investigations of environmental contribution-related policies as well as the design and implementation of mechanisms to promote environmental contributions.
Social	Consideration of policies on social fields, design of mechanisms to promote a social response and the management and supervision of the status of implementation, as well as other endeavors including corrective action on issues of concern.
Compliance	Oversees compliance programs such as Group compliance education and internal reporting.
Risk Management/ Business Continuity Project	Addresses various risks that exert a material impact on Group management and ensures business continuity.
Information Security	Formulates strategies for overall Group security and personal information protection, and considers and promotes various measures based on those strategies.
Life Science Research Ethics	Examines the validity of human-subjects research performed by the Company and requests review by an independent organization from an ethical and scientific perspective, as necessary.

Procedures for Appointing and Dismissing Directors

Candidates for directors who will concurrently serve as corporate officers (hereinafter, senior management) are selected among those who are highly motivated and have a strong sense of ethics as well as possess knowledge and experience to enable them to precisely and effectively manage the Company. In addition, candidates for directors from outside the Company are selected by taking diversity into consideration among those who possess abundant management experience and specialized knowledge, and are able to provide advice on and supervision of general management from an external, objective and professional per-

spective. Senior management and outside director candidates are selected by the Nomination and Remuneration Committee of which half are external outside directors, based on selection criteria and procedures formulated by this committee. Then, based on the committee's recommended candidates, the Board of Directors appoints the senior management and outside directors.

The CEO and other members of senior management shall be dismissed if deemed appropriate after deliberations by the Board of Directors in the event of violating the legal regulations and/or the article of incorporation, engaging in dishonest, inappropriate and/or disloyal actions or not sufficiently performing their roles and functions.

Corporate Governance

Initiatives to Enhance Corporate Governance

The BIPROGY Group ceaselessly improves on initiatives for enhancing corporate governance as a mechanism for implementing transparent, fair, prompt, and decisive decision making.

Overall Overall Corporate Governance
 Diversity Diversity in Directors and Audit & Supervisory Board Members
 Succession Succession Plan
 Effectiveness Evaluation of Effectiveness of the Board of Directors
 Remuneration Remuneration System

	Main Initiatives	Details/Objectives
2001	Overall Introduced corporate officer system	Separation of management supervision and execution and more efficient business execution
2004	Overall Changed the term of office of directors from two years to one year	Establishment of a flexible management structure and clarification of directors' responsibilities
2012	Remuneration Introduced performance-based remuneration system for directors (excluding outside directors) and corporate officers	Increase in motivation to contribute to improving business results and corporate value
2013	Overall Changed the ratio of outside directors to at least one-third (3 outside directors out of 9)	Improvement of management transparency and objectivity
	Overall Established Corporate Governance and Internal Control Principles	Clarification of basic approach to corporate governance and internal control and its structure/management policy
	Overall Revised the regulations of the Board of Directors, etc.	Revision of agenda standards at Board of Directors meetings
2015	Overall Established Nomination and Remuneration Committee	To obtain the involvement and advice of an outside independent director on the appointment, removal and remuneration of directors and Audit & Supervisory Board members
	Diversity Increased the number of women serving as outside directors by 1 (outside directors became 4 from 3)	Strengthening of diverse viewpoints
	Overall Established Evaluation Criteria for Independence of Outside Directors	Clarification of the Company's standards for independence
	Overall Revised the evaluation criteria for independence in the Evaluation Criteria for Independence of Outside Officers	Clarification of independence criteria for outside auditors
2016	Succession Formulated a senior management succession plan including the CEO	Sustainable growth
	Effectiveness Started evaluation of the effectiveness of the Board of Directors	Improve the functioning of the Board of Directors
	Remuneration Introduced performance-linked bonuses	Increase in motivation to contribute to improving business results and corporate value
2018	Succession Launched the Management Leader Program Expanded the scope of the senior management succession plan	Selection and cultivation of candidates for senior management, including the CEO
	Effectiveness Evaluated effectiveness in FY2017 (third time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
2019	Overall Appointed an outside director as chairperson of the Nomination and Remuneration Committee	Improve the effectiveness of the appointment, removal and remuneration system of directors and Audit & Supervisory Board members
	Overall Formulated the selection criteria and procedures for outside directors	Improvement of management transparency and objectivity
2020	Overall Increased the number of independent outside directors in the Nomination and Remuneration Committee to 2	Strengthen the independence and objectivity of the Nomination and Remuneration Committee
	Effectiveness Evaluated effectiveness in FY2019 (fifth time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
2021	Remuneration Revise director remuneration system (introduce restricted-stock-as-remuneration system)	Raise desire to contribute to greater medium- to long-term performance and corporate value
	Overall Increase the number of outside directors and disclose skill matrix	Select directors and Audit & Supervisory Board members who possess a wide range of knowledge and experience to realize Vision 2030 and implement Management Policies (2021–2023)
	Overall Changed the ratio of outside directors to 1:1 (4 outside directors out of 8 directors)	Improve management transparency and objectivity
2022	Overall Independent outside directors become majority of Nomination and Remuneration Committee members (2 outside members out of 3)	Strengthen the independence and objectivity of the Nomination and Remuneration Committee

Further Enhancing the Governance Structure

In order for the BIPROGY Group to transform itself into an enterprise that creates social value, it is essential to establish and operate a corporate governance system that enables transparent, fair, prompt, and decisive decision-making. In creating a business ecosystem, it is important to expand business opportunities by building relationships of trust with diverse stakeholders. Therefore, we consider ensuring diversity among directors and Audit & Supervisory Board members, as well as conducting succession planning in the interest of rapid evolution, as priority matters for our focus. Furthermore, in order to promote such a structure, we are working to further enhance our governance system by focusing our efforts on improving the director remuneration system to increase corporate value.

Diversity in Directors and Audit & Supervisory Board Members

BIPROGY appoints directors and Audit & Supervisory Board members who possess a wide range of knowledge and

experience necessary to realize Vision 2030 and implement Management Policies (2021–2023).

As for the Board of Directors, four of the eight directors are independent outside directors who possess experience providing various types of support for SDG-driven integrated management, abundant experience with and knowledge of management both in and outside Japan, and diverse backgrounds, including experience with venture investments and global business, as well as in international taxation. Independent outside directors make up 50% of the set number of directors, and two of them are women. The term of directors is one year to establish a flexible management system that can respond to changes in the business environment and to clarify the responsibility of directors.

For the Audit & Supervisory Board, three of the five members are independent outside members, including one attorney, and two of the members are women.

Skill Matrix

■ Independent outside officers

	Business management experience at other companies	Industry knowledge	Technology/ R&D	Finance/ Accounting	Legal/Risk management	ESG/ Sustainability*	Global business
Directors	Akiyoshi Hiraoka	●	●	●	●	●	
	Noboru Saito		●	●	●	●	●
	Koji Katsuya		●	●	●	●	
	Takahito Kanazawa	●	●	●			
	Ayako Sonoda	●			●	●	
	Chie Sato				●	●	●
	Nalin Advani	●	●	●			●
	Yoshinori Ikeda				●	●	●
Audit & Supervisory Board members	Yuji Teranishi		●	●	●	●	
	Masaya Oishi	●	●	●	●	●	
	Hirofumi Hashimoto	●		●	●	●	●
	Harumi Kojo			●	●		●
	Keiko Mizuguchi				●	●	●

* S of ESG (environmental, social, governance) includes human resource strategy, diversity and inclusion, etc.

Reasons for selecting items in the skill matrix

Business management experience at other companies	Appropriate advice and supervision by outside directors who have management experience and achievements at other companies are effective in order to enable the management to transform the Company into a company that creates social value by making appropriate and prompt business judgements pursuant to the Management Policies (2021-2023) in the midst of the rapidly changing business environment.
Industry knowledge	A wealth of knowledge about the information service industry such as ICT and DX is essential for the Company in order to promote DX for its customers and society as stipulated in the Management Policies (2021-2023) and expand business ecosystems together with customers and partners.
Technology/ R&D	As technology evolves rapidly, a wealth of knowledge and expertise about technologies and research including advanced technology is essential for the Company in order to promote DX for its customers and society as stipulated in the Management Policies (2021-2023) and expand business ecosystems together with customers and partners.
Finance/ Accounting	The Company needs directors well versed in finance and accounting in order to achieve transparent and correct financial reporting, strong financial foundation, strategic investments for sustained enhancement of corporate value and capital policy with consideration to appropriate shareholders returns.
Legal/ Risk management	Risk management that enables appropriate and prompt responses to deal with diversified and complicated risks as well as strengthening corporate governance are indispensable in order to enable a medium-to long-term increase in corporate value. The Company needs a wealth of knowledge about these issues.
ESG/ Sustainability	The Company needs a wealth of experience and expertise about efforts on climate change, workforce strategies, and promotions for ESG/sustainability issues such as diversity and inclusion in order to create a sustainable society as it aims under the Management Policies (2021-2023).
Global business	Borderless perspectives are indispensable in order to expand business ecosystems together with customers and partners. Thus, the Company needs a wealth of knowledge about global business.

Corporate Governance

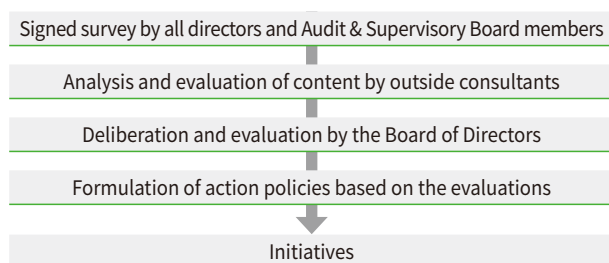
Evaluation of Effectiveness of the Board of Directors

To continuously improve corporate value, BIPROGY considers it important for the Board of Directors to enhance governance by fully deploying its functions. Every year since FY2016, the Company has analyzed and evaluated the effectiveness of the Board of Directors in the previous fiscal year and worked to improve its functionality.

In FY2021, actions were taken to respond to issues pointed out in the FY2020 evaluation of the effectiveness of the Board of Directors, which included expanding and accelerating the sharing of information with outside officers, expanding discussions to ensure that the Board of Directors can fulfill its function to monitor issues related to the essence of management to the greatest extent possible, and working to reinforce the independence of the Nomination and Remuneration Commit-

tee. Based these evaluation results, in FY2022, we will continue to expand information sharing with outside officers in advance and strengthen the effectiveness of the Board of Directors' monitoring through appropriate follow-ups in order to deepen discussions on themes related to the essence of management, such as human resource strategy and sustainability. The Board of Directors will also discuss the Group's global strategies and effectively monitor the progress of our plans. In addition, in order to facilitate more active discussions at the Nomination and Remuneration Committee, we are working to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.

Board of Directors Effectiveness Evaluation Process (FY2021)



Evaluation Items (48 questions in total)	
① Role/functions of directors	⑦ Officer training
② Progress of action policies for FY2021, which were determined after evaluating effectiveness in the previous fiscal year	⑧ Support system for independent outside directors
③ Size and composition of the Board of Directors	⑨ Role of and expectations for Audit & Supervisory Board members
④ Operation of the Board of Directors	⑩ Relationship with various stakeholders
⑤ Composition and role of the Nomination and Remuneration Committee	⑪ Overall effectiveness of corporate governance structure and the Board of Directors
⑥ Operation of the Nomination and Remuneration Committee	⑫ Self-assessment

Results of FY2021 Evaluation and Policies for FY2022

Though evaluations were generally strong, the following feedback was received.	
FY2020 Evaluation	(1) In order to further vitalize discussions at the Board of Directors, it is necessary to ensure sufficient time for members to consider proposals by making efforts to share information ahead of meetings, and to provide extensive follow-up reports on proposals submitted to the Board of Directors. (2) In implementing management policies, it is important that specific growth strategies are formulated, that these are incorporated into methodologies, that they are disseminated internally, and that human resources are properly trained. Furthermore, progress in these areas must be discussed and monitored by the Board of Directors.
Actions Taken in FY2021, Progress, and Evaluation Results	(1) To further deepen outside officers' understanding of the Group, we will expand information sharing on trends in industries, markets, technologies, and innovation, and expedite information sharing regarding proposals to the Board of Directors. Certain progress has been made, and we will continue to work on further improving and speeding up the sharing of information. In addition, the Board of Directors will be fully briefed on industry and market trends so that they are aware of the challenges facing the Company and can deepen discussions at the Board of Directors meetings. (2) In order for the Board of Directors to be able to maximize its monitoring function, more active discussions will be held on themes related to the essence of management, such as growth strategies, sustainability, and corporate culture reform, as specified in Vision 2030 and Management Policies (2021-2023). Though it is evaluated for the considerable degree of active discussion on some topics, including discussions at forums outside of the Board of Directors meetings, there are some topics that require further discussion, such as the internal penetration of the Vision, and we will continue to deepen our discussions on these topics. (3) To strengthen the independence of the Nomination and Remuneration Committee, a majority of its members shall be independent outside directors. Two outside directors and one internal director were appointed as committee members, giving outside directors majority membership. Furthermore, an outside director was named chair of the Committee.
Evaluations were generally high, and we confirmed that further improvements are being made, including progress in efforts related to the FY2021 response policy. On the other hand, the following items were identified as issues that need to be addressed to further improve the effectiveness of the Board of Directors.	(1) In order to strengthen the effectiveness of monitoring by the Board of Directors, it is necessary to continue to provide more information in advance and to follow up appropriately in order to deepen discussions on themes related to the essence of management. (2) Further discussion on Group/global strategies and human resource strategies is needed. (3) With the majority of the members of the Nomination and Remuneration Committee being independent outside directors, it is necessary to share information to the Committee's outside director members more promptly and to enhance the content of this information in order to facilitate more active discussions. It is also necessary to enhance the reporting of committee discussions to the Board of Directors to further improve the transparency of the Nomination and Remuneration Committee.
Actions to be Taken in FY2022	Considering the above evaluation results, it was decided to strive toward further enhancement of the BIPROGY governance system through the following initiatives in FY2022. (1) Continue to enhance the effectiveness of monitoring by the Board of Directors by expanding the prior sharing of information to deepen discussions on themes related to the essence of management, such as human capital strategy and sustainability, and by following up appropriately. (2) Discuss Group and global strategies and effectively monitor the progress of plans. (3) With the majority of the members of the Nomination and Remuneration Committee being outside directors, in order to facilitate more active discussions at the Committee, work to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.

Succession Plan

To ensure transparency in the selection process of BIPROGY's senior management, including the CEO, the Nomination and Remuneration Committee, chaired by an independent outside director, deliberates on succession plans for senior management and reports to the Board of Directors. In addition to integrity, a critical quality demanded of the CEO, the plan defines seven important competencies, including foresight and insight. We believe that the degree to which each requirement is demonstrated will vary depending on the business environment (whether the Company is in a period of transition/transformation, or one of extension and expansion).

To facilitate the acquisition and strengthening of the following competencies, we plan and implement the Management Leader Program and visualize and monitor candidate talent to strengthen the pipeline of management leader candidates responsible for the future of the Group. This is to be achieved through assessments and tough assignments, in addition to sessions with internal and external management and experts.

Requirements (Qualifications/Competencies)

1	Foresight
2	Insight
3	Determination
4	Innovation
5	Passion
6	Execution
7	Diversity and Inclusion

Ability to Create New Value

Foresight refers to the ability to foresee the future of the BIPROGY Group, promote a vision with great aspirations and make a commitment to the future. Insight refers to the ability to understand global trends and changes, identify Japanese and worldwide economic swings, and perceive essential value in everything. Determination refers to the ability to decide on a direction with unwavering conviction despite unpredictable conditions and with an awareness of the risks involved.

Ability to Improve

Innovation refers to the power to improve, leaving precedent and custom behind to ambitiously carve out a new path undeterred by difficulties. Passion refers to the ability to gain the cooperation, trust and encouragement from those around you while passionately engaging in all

endeavors and communicating extensively. This also refers to such attributes as a high sensitivity toward information and receiving capabilities, as well as the ability to convey objectives in the direction of realizing dreams, goals to be achieved, and solving problems.

Staying Power

Execution refers to the ability to steadfastly stay the course to achieve results by setting lofty goals companies should strive for and displaying leadership. Diversity & Inclusion refers to the ability to interact with a wide array of people whether inside or outside the Company, recognizing the values of people with various standpoints without stereotyping and pigeonholing them. This also refers to the ability to build proactive relationships based on an understanding of ideas from various corporate and cultural perspectives.

About the Management Leadership Program

We have been carrying out the Management Leadership Program since 2018 with the goal of building a human capital pipeline for producing successors to senior management, seeking to generate management leaders committed to continuous transformation. In the Management Leader: Advanced program, one element of the leadership program, 10 participants in the first year (FY2019) participated in order to acquire the necessary perspective, perception, and viewpoints for management leader candidates through dialogue sessions with directors and experts from inside and outside the company. In FY2021, the second year of the program, 21 participants participated with the aim of acquiring competencies through sessions with internal and external managers. In the Selective Nomination Program, a five-month workshop was held in FY2021, inviting external facilitators to help participants acquire a vision, skills, and competencies necessary to lead the Group as management leaders in the future through mutual dialogue.

In FY2022, we are working to centralize data on human capital in order to strengthen the human capital pool and pipeline for candidates and build a system for more systematic and continuous generation of management personnel. Furthermore, by visualizing human capital and harnessing data thanks to the introduction of a new talent management system, we will redesign our mechanisms for assessment, assignment and cultivation, aiming to link this to the Group's sustainability management.

Remuneration System

In the remuneration system introduced in FY2021, the weight of the performance-based bonus and stock remuneration was increased and, if performance targets are fully met, the fixed remuneration, performance-based bonus (linked to profit attributable to owners of parent), and stock

Corporate Governance

remuneration are paid in a ratio of 4:4:2.

No changes have been made to remuneration for non-executive directors, such as outside directors. Non-executive directors are paid only a fixed monthly salary that is not linked to performance to guarantee effective advising and

monitoring of management. Policies for determination of director remuneration calculation methods are determined through deliberation by Nomination and Remuneration Committee, an advisory committee of the Board of Directors, and subsequent approval by the Board of Directors.

Total Remuneration in FY2021 for Directors and Audit & Supervisory Board Members with Subtotals for Each Type of Remuneration and Numbers of Recipients

Classification	Total Remuneration Paid (Millions of yen)	Remuneration Paid by Type (Millions of yen)			Recipients
		(a) Fixed Remuneration	(b) Bonuses	(c) Stock Remuneration	
Directors (Excluding outside directors)	330	180	126	24	6
Audit & Supervisory Board members (Excluding outside auditors)	34	34	—	—	2
Outside directors and outside auditors	71	71	—	—	9

(Notes) 1. One non-executive director is not eligible for bonus and stock remuneration.
 2. Auditors and outside directors are not eligible for bonus and stock remuneration.
 3. Amounts listed are rounded down to the nearest million yen.
 4. The stock remuneration figures in the table above indicate the amounts recorded as costs for the fiscal year under review in the costs about restricted stock as remuneration granted to four executive directors.
 5. The officer retirement benefit plan was cancelled as of June 30, 2006 as resolved at a meeting of Board of Directors convened on April 28, 2006.
 6. The table above includes remunerations for one director and two Audit & Supervisory Board members who retired at the conclusion of the 77th Ordinary General Meeting of shareholders held on June 25, 2021.

Illustration of executive director remuneration

	Fixed		Linked to performance		
	(a) Monthly remuneration	(b) Bonus (linked to short-term performance)	(c) Restricted stock remuneration		
			(i) tenure condition	KPI conditions	
			(ii) mid-long term performance target	(iii) ESG targets (linked to long-term performance)	
Composition Ratio	4	4	1	1/3	2/3

(a) fixed remuneration (a monthly remuneration)

The monthly remuneration for directors shall be no more than ¥35 million, and for Audit & Supervisory Board members no more than ¥8 million.

(b) Bonus (linked to short-term performance)

The total annual amount of bonuses for executive directors shall be no more than ¥400 million, and is determined by the Board of Directors in accordance with a standard amount by position and a standard coefficient based on net income attributable to owners of the parent as determined by the Nomination and Remuneration Committee. However, if the net income attributable to owners of the parent is a loss (negative), no bonus shall be paid, whereas if this net income is less than ¥5 billion, only the standard amount by position shall be paid. If the net income is ¥5 billion or more, the standard amount by position shall be paid plus an amount calculated according to the standard coefficient determined by the Nomination and Remuneration Committee. For the time being, the standard coefficient is not to exceed 0.5%. In FY2021, the actual amount of net income attributable to owners of the parent was ¥20.4 billion. Therefore, remuneration is calculated based on the standard amount by position and the standard coefficient of 0.5%.

(c) Restricted stock remuneration

The Company has adopted a restricted stock remuneration plan for executive directors, which incorporates three requirements and indicators: (i) tenure condition, (ii) mid-long term performance target (total shareholder return (TSR) growth rate versus TOPIX), and (iii) ESG targets (see pages 24-25). These are paid at a ratio of 3:1:2, respectively.

The tenure conditions in (i) are designed to have executive directors share awareness and value with shareholders through share ownership. The performance indicator in (ii) is linked to medium- to long-term business performance, a comparative measure versus TOPIX of the degree to which we have independently increased our corporate value independently of overall market influence. The ESG indicators in (iii) function as guideposts to the realization of important issues that we are taking action on. The total annual amount of monetary claims for restricted stock remuneration shall be no more than ¥200 million yen per year (the total annual number of shares of common stock to be issued or disposed of in exchange for this compensation is limited to 66,000).

Activities of the Board of Directors and the Nomination and Remuneration Committee in determining director remuneration amounts for FY2021

Board of Directors

With respect to director remuneration for FY2021, the Board of Directors resolved at its June 2021 meeting to issue and allot restricted stock remuneration, and resolved at its May 2022 meeting to pay performance-linked bonuses to directors and Audit & Supervisory Board members. Fixed remuneration was paid in accordance with the resolution passed at the May 2021 meeting of the Board of Directors.

eration was paid in accordance with the resolution passed at the May 2021 meeting of the Board of Directors.

Nomination and Remuneration Committee

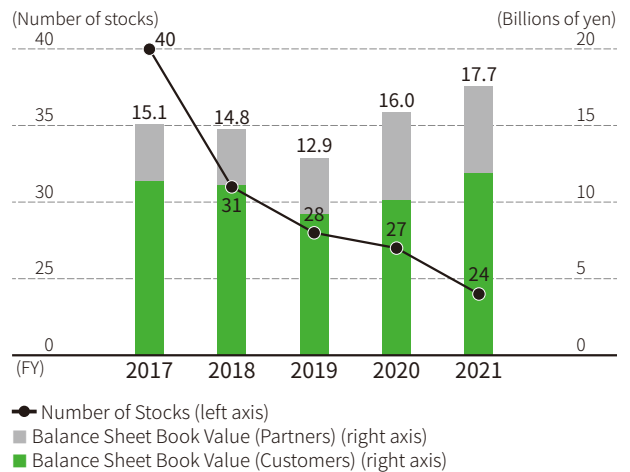
In FY2021, the Nomination and Compensation Committee held six meetings related to director remuneration, discussing the payment of performance-based bonuses and the issuance and allotment of restricted stock for FY2021.

Cross-Shareholdings

BIPROGY may strategically hold shares of partners if it is deemed that this would contribute to greater corporate value for the Company, such as resulting in a stronger profit basis by maintaining or strengthening the relationship with the partner. The determination to acquire stock is made pursuant to its internal regulations. As for the subsequent holding of the shares, the Board of Directors verifies whether it is appropriate to do so each year, and we are working to reduce such holdings. As a result, the total amount of listed stocks on the balance sheet at the end of FY2021 increased from the end of the previous fiscal year due to an increase in the market value of some stocks, but the number of stocks held decreased by 3 stocks from the end of the previous fiscal year to 24 stocks. Going forward, we aim to reduce the total amount of strategic shareholdings on the balance sheet to less than 10% of total capital. As for the shares of listed companies held, the Board of Directors verifies if it is appropriate to hold those shares by considering several factors, including sustainability of the purpose for holding individual shares, consistency of holding individual shares with the business strategy, and profit from

business with the issuer of the shares. If the counterparty of strategic shareholdings who holds BIPROGY shares indicates a desire to dispose of the shares they hold, BIPROGY will appropriately respond to the sale without trying to prevent the sale.

Number of Stocks Held by BIPROGY for Non-pure Investment Purposes and Total Value on Balance Sheet (listed companies)



Policy Regarding Constructive Dialogue with Shareholders and Other Investors

In addition to disclosing information to its shareholders and other investors at a suitable time and in an appropriate manner, the BIPROGY Group engages in proactive investor relations and shareholder relations activities, led by its CEO, CFO and the executive in charge of corporate governance promotion, in the belief that repeatedly engaging in

mutual dialogue leads to the fair assessment of its value. The Group places great significance on the opinions of its shareholders and other investors and reports these opinions to its management and the Board of Directors in a timely manner. These opinions are then used in making improvements to the Company's overall management.

Status of Response to Corporate Governance Code

All areas are addressed. See the Company's website listed to the right for details on corporate governance and internal control.



- Corporate Governance and Internal Control Principles
- Corporate Governance Report
- <https://pr.biprogy.com/invest-e/com/governance.html>

Messages from the Outside Directors



Ayako Sonoda

Director (Outside Director and Independent Director)

A renewed awareness of Purpose is essential throughout the supply chain. Restoring trust through fostering employees who are truly valuable to society is a top priority.

As an outside director, I feel a great responsibility to our customers and all other related parties, as well as society at large, for the inconvenience and concern caused by the recent incident in which USB flash drives were lost in Amagasaki City.

Resulting from a weak sense of responsibility and thoughtless behavior for a company that handles personal information, the incident was the joint responsibility of the entire Group and revealed that our Principles and creeds have not sufficiently spread within the company and among our suppliers. The fact that integrity was not fully shared with our partner companies is a lack of crisis awareness on the part of us directors, and is a major point of regret.

However, the USB flash drives were found, and I feel that the response was very appropriate because outside directors were informed and consulted with immediately after the incident was discovered and top management held a press conference to issue a sincere apology and promptly disclosed information. The Board of Directors also held frank and lengthy discussions about how to respond to worst-case scenarios and regain the confidence of society. In particular, after multiple discussions at Board of Directors meetings, a third-party investigation committee was promptly established to objectively investigate and verify the actual situation and analyze the causes, and to put in place a system to implement remedial measures, and we will also cooperate with the analysis and investigation moving forward.

We must take this incident, which occurred just as the new BIPROGY was born, as an opportunity to evolve and ensure thorough management of the supply chain, in addition to Group employees in the future. Of course, due diligence must also be firmly executed, along with disclosure of information not only on security but also social ESGs, such as the environment, human rights, and gender. Developing human resources that are truly valuable to society and restoring trust in our company, based on a renewed awareness of our Purpose are also urgent tasks. As One BIPROGY, we consider it a top priority to lay a firm foundation for creating a sustainable future, and we are committed to achieving this goal.



Chie Sato

Director (Outside Director and Independent Director)

The role of outside directors is increasingly important in the face of global uncertainty.

First of all, I would like to sincerely apologize to the residents of Amagasaki City and parties concerned for the inconvenience and concern caused by the loss of USB flash drives that occurred in June 2022.

As one of the Company's outside directors, I deeply regret that we were unable to prevent such an incident.

A third-party investigation committee is currently conducting an investigation and the outside directors will thoroughly discuss what can be done to prevent such an incident from happening again, and strive to further strengthen governance.

As we go forward, global uncertainty will only increase, and company managers will find it even more difficult to steer the company. In such conditions, I believe that the role of outside directors will become increasingly important. Drawing on the expertise we have gained at major global companies and management consulting firms, the Board of Directors will continue to make various recommendations on strengthening governance, managing risk, promoting women and young people, developing human resource, growth strategies, and other issues.



Nalin Advani
 Director (Outside Director and Independent Director)

A focus on collaboration with venture companies and promotion of global business for future growth.

Contributing to the development of the next generation of leaders.

The BIPROGY Group includes Canal Ventures, Ltd., a venture investment company that aims to create new value and business together with operating companies by investing in leading startups, and Emellence Partners Inc., which aims to co-create business with customers and partners in the cutting-edge area of DX.

We expect not only the success of our investments, but also the creation of platforms that will contribute significantly to the future growth of the Group, which will lead to the creation of one or two more pillars of revenue.

In addition, for the past several years, we have been actively expanding not only in the Japanese market but also overseas through our Group companies, which is an important initiative to respond to the globalization of the market and also to acquire and improve new technologies and skills. Currently, our focus is on the U.S. and Southeast Asia, but we believe the time has come to further expand the scope of our activities. I would like to use the perspectives I have gained through my global business experience to discuss the direction that the Group should take, and make recommendations to ensure that we take solid steps in the right direction.

Our Group has excellent human resources, all of whom share the achievements, knowledge, and aspirations for solving social issues. I hope to contribute to the development of human resources through active discussions and other activities so that the next generation of highly-diverse leaders will emerge from this community.

I would like to apologize for the inconvenience and concern caused to the residents of Amagasaki City and parties concerned by the loss of USB flash drives. I have reflected deeply on the need to review our governance system. Based on the recommendations of the third-party investigation committee, we will do our utmost to prevent a recurrence.



Yoshinori Ikeda
 Director (Outside Director and Independent Director)

Contributing to increasing the value we create and provide and, as a for-profit company, ensuring that our philosophy is linked to increased profitability.

I was appointed as an outside director upon approval at the General Meeting of Shareholders on June 28, 2022. It is a great honor and a humbling experience to work with our employees, business partners, and other such people.

I have attended several meetings of the Board of Directors and have been strongly impressed by the diversity of viewpoints reflected, including those of outside directors, and by the heated, frank discussions.

Under the leadership of the president, we have set our Purpose to transform ourselves into a company that creates social value, and our direction to realize a sustainable society through the creation of a “digital commons.” Furthermore, since FY2021, we have been using a remuneration system for directors that reflects ESG indicators and other factors. These are extremely creative and ambitious efforts that require us to ask how we can contribute to society in the context of the relationship between society and the Company, and between the Company and its employees, in response to the demands of the times.


I too hope to contribute to increasing these types of value that the Group creates and provides in the future for the benefit of our shareholders and other stakeholders. Furthermore, as a for-profit corporation, it is highly desirable to ensure that this superior philosophy is linked to increased profitability.

Although it might be a small contribution, but I will do what I can to follow in the footsteps of my predecessors and fellow directors with their wealth of experience, and actively speak up when it is in the best interest of the Company.

Corporate Governance


Directors, Audit & Supervisory Board Members, and Corporate Officers (As of June 29, 2022)

Directors

	No. of attendance to the Board of Directors Meetings	11/11
	No. of company shares held	27,500

Akiyoshi Hiraoka
Representative Director, President, Chief Executive Officer (CEO), Chief Health Officer (CHO)

Apr. 1980 Joined the Company
Apr. 2002 General Manager of Business Aggregation Department of the Company
Jun. 2002 Corporate Officer of the Company
Jun. 2005 Director, Senior Corporate Officer of the Company
Apr. 2007 Director, Superior Senior Corporate Officer of the Company
Jun. 2007 Superior Senior Corporate Officer of the Company
Apr. 2011 Executive Corporate Officer of the Company
Jun. 2011 Representative Director, Executive Corporate Officer of the Company
Apr. 2016 Representative Director, President & CEO of the Company (present)

	No. of attendance to the Board of Directors Meetings	11/11
	No. of company shares held	14,100


Noboru Saito
Representative Director, Executive Corporate Officer, Chief Marketing Officer (CMO)

Apr. 1986 Joined the Company
Apr. 2004 General Manager of Industry & Commerce 2 Department of the Company
Apr. 2009 General Manager of Industry & Commerce Department of the Company
Apr. 2010 General Manager of Industry & Commerce 2 Department of the Company
Apr. 2012 General Manager of Business Services Department of the Company
Apr. 2013 Corporate Officer of the Company
Apr. 2016 Senior Corporate Officer of the Company
Jun. 2016 Director, Senior Corporate Officer of the Company
Apr. 2020 Representative Director, Executive Corporate Officer of the Company (present)
Jun. 2022 Outside Director, Seiko Group Corporation (present)

	No. of attendance to the Board of Directors Meetings	11/11
	No. of company shares held	6,984


Koji Katsuya
Director, Executive Corporate Officer, Chief Sustainability Officer (CSO)

Jan. 1985 Joined the Company
Jul. 2007 Senior Project Manager of S-BITS Project, Software & Services Department of the Company
Apr. 2011 General Manager, Financial 3 Department of the Company
Apr. 2012 Deputy Division Manager of Financial Business Division and General Manager, Financial 3 Department of the Company
Apr. 2014 Corporate Officer, General Manager of Corporate Planning Department of the Company
Apr. 2016 Senior Corporate Officer of the Company
Jun. 2016 Director, Senior Corporate Officer of the Company
Apr. 2021 Director, Executive Corporate Officer of the Company (present)

	No. of attendance to the Board of Directors Meetings	9/9
	No. of company shares held	none


Takahito Kanazawa
Director

Dec. 1998 General Manager of Digital & Information Network Systems Department, Tokyo Sales & Business Planning Division Digital & Information Network Systems Department, Business Form & Securities Printing Operations, Dai Nippon Printing Co., Ltd.
Apr. 2007 General Manager of System Development Division, Information Processing Solutions Operations System Development Division, Dai Nippon Printing Co., Ltd.
Oct. 2008 General Manager of Production Division, Information Processing Solutions Operations Production Division, Dai Nippon Printing Co., Ltd.
Oct. 2012 General Manager of BPO Development Division, Information Solution Operations BPO Development Division, Dai Nippon Printing Co., Ltd.
Oct. 2016 Deputy General Manager of BPO Center, Information Innovation Operations BPO Center, Dai Nippon Printing Co., Ltd.
Apr. 2017 Representative Director, President, DNP Data Techno Co., Ltd.
Apr. 2018 General Manager of Information Systems Division, Dai Nippon Printing Co., Ltd.
Jul. 2018 General Manager of ICT Business Development Division, Advanced Business Center, Dai Nippon Printing Co., Ltd.
Jun. 2019 Corporate Officer, General Manager of ICT Business Development Division, Advanced Business Center, Dai Nippon Printing Co., Ltd.
Apr. 2020 Corporate Officer, in charge of Information Systems Division and General Manager of ICT Business Development Division, Advanced Business Center, Dai Nippon Printing Co., Ltd.
Apr. 2021 Corporate Officer, in charge of ICT Business Development Division, Advanced Business Center and Information Systems Division, Dai Nippon Printing Co., Ltd.
Jun. 2021 Director of the Company (present)
Oct. 2021 Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Dai Nippon Printing Co., Ltd.
Jun. 2022 Senior Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Dai Nippon Printing Co., Ltd. (present)

	No. of attendance to the Board of Directors Meetings	11/11
	No. of company shares held	none


Ayako Sonoda
Outside Director, Independent Director

Aug. 1988 Established Cre-en Incorporated and assumed position of Representative Director. (present)
Oct. 2003 Secretary-General, Sustainability Forum Japan (Specified Nonprofit Corporation) (present)
Jun. 2004 Director, Japan Sustainability Investment Forum (Specified Nonprofit Corporation) (present)
Jun. 2015 Outside Director of the Company (present)
Feb. 2017 Representative Director, Mirai RITA Foundation (Public Interest Incorporated Foundation) (present)

	No. of attendance to the Board of Directors Meetings	11/11
	No. of company shares held	none


Chie Sato
Outside Director, Independent Director

Apr. 1992 Joined Japan Broadcasting Corporation (NHK)
May 2001 Graduated from Columbia Business School
Aug. 2001 Joined the Boston Consulting Group
Jun. 2003 Joined the Walt Disney Company (Japan) Ltd.
Jan. 2012 Became an independent author and consultant
Apr. 2014 Member of the Professional Graduate Business School Certified Evaluation and Accreditation Committee, The Japan University Accreditation Association (present)
Apr. 2016 Tokyo Broadcasting System Television (TBS) Program Practice Council Member (present)
Jun. 2017 Outside Director of the Company (present)

	No. of attendance to the Board of Directors Meetings	9/9
	No. of company shares held	none

Nalin Advani
Outside Director, Independent Director

Apr. 1984 Venture Capitalist, Investment / Corporate Strategy Advisor (present)
Sep. 1998 Director, Chief Marketing Officer, eSOI Co., Ltd.
Jan. 2007 President, Barco Co., Ltd. (Japan) (Retired in Jul. 2011)
Aug. 2009 Managing Director, Barco Electronic Systems Pvt Ltd. (India) (Retired in Aug. 2011)
Jan. 2010 Graduated from the UCLA Anderson and NUS (National University of Singapore) Business School
Sep. 2011 Vice President, Asia Pacific, Barco Pte Ltd. (Retired in Dec. 2015)
Aug. 2013 Guest Lecturer, National University of Singapore Business School (present)
Nov. 2015 Co-Founder, KPISOFT Inc (entomo pte ltd of the present) (present)
Feb. 2016 CEO Asia Pacific & Japan, Grey Orange Pte. Ltd. (Retired in Mar. 2019)
Jun. 2021 Outside Director of the Company (present)

	No. of company shares held	none
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Yoshinori Ikeda
Outside Director, Independent Director (Newly appointed)

Apr. 1985 Joined the National Tax Agency JAPAN
Jul. 1992 District Director, the Seto Taxation Office, Hiroshima Regional Taxation Bureau
Jul. 1995 Harvard Law School (Obtained Master of Laws in Jun. 1996)
Jul. 2004 Visiting Researcher, Georgetown University Law Center (Retired in Jun. 2005)
Jul. 2008 Director, Office of Mutual Agreement Procedures of the National Tax Agency Assistant Regional Commissioner (Planning and Administration), Nagoya Regional Taxation Bureau Director, International Operations Division of the National Tax Agency Director, Large Enterprise Examination Division of the National Tax Agency Regional Commissioner, Okinawa Regional Taxation Bureau
Oct. 2020 General Manager, International Tax Division, Hongo Tsuji Tax & Consulting
Nov. 2020 Admitted as Certified Public Tax Accountant
Apr. 2021 Lecturer at Graduate School of Global Business, Meiji University
Apr. 2022 Professor at Graduate School of Global Business, Meiji University (present)
Advisor, Hongo Tsuji Tax & Consulting (present)
Jun. 2022 Outside Director, Independent Director of the Company (present)

Audit & Supervisory Board Members



No. of attendance to the Board of Directors Meetings	11/11
No. of attendance to the Audit & Supervisory Board Meetings	15/15
No. of company shares held	300

Yuji Teranishi
Full-Time Auditor

Apr. 1986 Joined the Company
Apr. 2008 Manager, J-SOX Promotion sec., J-SOX Project of the Company
Apr. 2011 Manager, J-SOX sec., Internal Audit of the Company
Apr. 2012 Manager, Group Internal Control sec., Corporate Planning Department of the Company
Apr. 2015 Manager, Group Internal Control sec., Business Management Department of the Company
Apr. 2016 General Manager, Accounting Department of the Company
Apr. 2018 General Manager, Business Accounting Department of the Company
Jun. 2020 Auditor of the Company (present)



No. of attendance to the Board of Directors Meetings	9/9
No. of attendance to the Audit & Supervisory Board Meetings	11/11
No. of company shares held	200

Masaya Oishi
Full-Time Auditor, Outside Auditor, Independent Officer

Apr. 1983 Joined The Norinchukin Bank
Jul. 2011 General Manager, System Planning Division, The Norinchukin Bank
Jun. 2013 Member of Audit & Supervisory Board, The Norinchukin Bank
Jun. 2015 Managing Executive Officer, Deputy Head of Asset Management Unit, Mizuho Financial Group, Inc. (Retired in Mar. 2021)
Managing Director and Managing Executive Officer, in charge of JA Sales Dept. of Markets & Products Division and Corporate Investment Services & Retail Business Division, Mizuho Securities Co., Ltd. (Retired in Mar. 2021)
Jun. 2021 Outside Auditor of the Company (present)



No. of attendance to the Board of Directors Meetings	11/11
No. of attendance to the Audit & Supervisory Board Meetings	15/15
No. of company shares held	none

Hirofumi Hashimoto
Auditor

Jan. 1992 Manager of Control Section, Planning & Control Department, Business Form & Securities Printing Operations, Dai Nippon Printing Co., Ltd.
Jan. 1997 PT. DNP Indonesia
Apr. 2002 General Manager of Planning & Control Department, Commercial Planning Operations, Dai Nippon Printing Co., Ltd.
Apr. 2007 General Manager of Dynamic Advanced Communication Division, Commercial Planning Operations, Dai Nippon Printing Co., Ltd.
Nov. 2009 General Manager of Strategic Business Planning Department, Dai Nippon Printing Co., Ltd.
Jun. 2015 Corporate Officer, General Manager of Strategic Business Planning Department, Dai Nippon Printing Co., Ltd.
Oct. 2017 Corporate Officer, General Manager of Strategic Business Planning & Development Division, Dai Nippon Printing Co., Ltd.
Apr. 2018 Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Dai Nippon Printing Co., Ltd.
Jun. 2018 Auditor of the Company (present)
Senior Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Dai Nippon Printing Co., Ltd.
May 2019 Senior Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Sanaicho Sales Division, Dai Nippon Printing Co., Ltd.
Jun. 2020 Managing Director, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Sanaicho Sales Division, Dai Nippon Printing Co., Ltd. (Present)



No. of attendance to the Board of Directors Meetings	11/11
No. of attendance to the Audit & Supervisory Board Meetings	15/15
No. of company shares held	none

Harumi Kojo
Outside Auditor, Independent Officer

Apr. 1976 Admitted as an attorney-at-law in Japan (bengoshi)
Jun. 1983 LL.M at the University of Virginia School of Law, Master of Laws
Apr. 2001 Served as judge in the Tokyo High Court Intellectual Property Division
Oct. 2005 Joined Sakai Mimura Law Office (name at the time)
Jan. 2015 Established Sakurazaka Law Offices (as Partner) (present)
Jun. 2017 Outside Auditor of the Company (present)
Jul. 2021 Auditor, Organization for Cross-regional Coordination of Transmission Operators, JAPAN (present)



No. of attendance to the Board of Directors Meetings	9/9
No. of attendance to the Audit & Supervisory Board Meetings	11/11
No. of company shares held	none

Keiko Mizuguchi
Outside Auditor, Independent Officer

Apr. 1986 Joined JP Morgan Chase Bank, N.A., Tokyo Branch (name at present)
Apr. 1995 Associate Director, Standard & Poor's International Ratings, Ltd.
Apr. 1998 Director, Chuo Aoyama Pricewaterhouse Cooper
Nov. 2000 Director, UBS Warburg Japan, Ltd.
May 2002 Senior Credit Analyst, Prudential Investment Management Japan, Inc.
Apr. 2003 Senior Analyst, Chuo Aoyama Pricewaterhouse Cooper
Apr. 2005 Chief Analyst, Japan Credit Rating Agency, Ltd.
Apr. 2008 General Manager of Rating Planning Department, and Chief Analyst, Japan Credit Rating Agency, Ltd.
Feb. 2013 Member of Business Accounting Council / Member of Audit Standard Committee of Business Accounting Council (present)
Apr. 2013 Commissioner of Certified Public Accountants and Auditing Oversight Board (present)
Jun. 2013 Member of Technical Committee: Insurance Contracts (From June 2013), Member of Technical Committee: Financial Instruments (From May 2015), and Member of Technical Committee: Disclosure (From April 2017) of Accounting Standards Board of Japan (Retired in Mar. 2022)
Jul. 2015 Member of Working Group on Development of Infrastructure to Vitalize the Corporate Bond Market, The Japan Securities Dealers Association (Retired in Mar. 2022)
Apr. 2017 Counselor and Chief Analyst, Japan Credit Rating Agency, Ltd.
Jan. 2020 Counselor in charge of Research and Planning, Japan Credit Rating Agency, Ltd. (Retired in Mar. 2022)
Jun. 2021 Outside Auditor of the Company (present)
Apr. 2022 ESG Economist, Asian Development Bank Institute (present)

Corporate Officers

Kazuma Umehara Senior Corporate Officer	Takashi Miyashita Corporate Officer
Yasuhide Hatta Senior Corporate Officer	Susumu Ogino Corporate Officer
Takashi Sasaki Senior Corporate Officer	Sadayuki Baba Corporate Officer
Yuichiro Fukuda Corporate Officer	Takeshi Takai Corporate Officer
Kumiko Shirai Corporate Officer	Atsushi Tsubouchi Corporate Officer
Naoshi Nagashima Corporate Officer	Shinsuke Chiba Corporate Officer
Yuji Takeuchi Corporate Officer	Hideaki Sato Corporate Officer
Naoya Okuyama Corporate Officer	Taeko Sawakami Corporate Officer
Hideki Moriguchi Corporate Officer	Toshihiro Kobayashi Corporate Officer
Isao Miyata Corporate Officer	Yoshiko Yamauchi Corporate Officer

Note: As part of its development of human resources that advocates a spirit of challenge, as of April 1, 2018 the Company has introduced a system in which corporate officers retain the status of employee separate from its traditional delegation-type corporate officer system to proactively increase opportunities for the appointment of young employees.

Notes: 1. Attendance at meetings of the Board of Directors and Audit & Supervisory Board is shown for meetings held between April 1, 2021 and March 31, 2022.
2. No. of attendance to the Board of Directors Meetings of Mr. Takahito Kanazawa and Mr. Nalin Advani are for meetings held on or after June 25, 2021.
3. No. of attendance to the Board of Directors Meetings and the Audit & Supervisory Board Meetings of Mr. Masaya Oishi and Ms. Keiko Mizuguchi are for meetings held on or after June 25, 2021.

Risk Management

Material Issues

Further improve corporate governance

The business environment is becoming more diverse and complex every day, with risks to business activities including increasingly severe, large-scale natural disasters, the risk of scandals, and information security threats, as well as changes in the international geopolitical environment and the emergence of new infectious diseases. The BIPROGY Group considers risk management, which works to predict potential events and avoid or reduce loss, to be an important foundation for the resolution of social issues and value creation.

Basic Risk Management Policy/Systems

With reference to the ISO 31000 international standard for risk management, the BIPROGY Group has an officer responsible for risk management, organizations as required, and works on the actions below.

- Formulation of regulations for management of the risk of loss
- Development and implementation of systems necessary for preventing risks
- Dealing with emergencies
- Reviewing risk management items and systems
- Reporting risk management activities to the Board of Directors

In addition, as an organization for implementing appropriate countermeasures, we established a Risk Management Committee chaired by the Chief Risk Management Officer (CRMO). If a major risk materializes, the department most directly impacted or the relevant committee will promptly report it to the Risk Management Committee. Depending on the severity, a Risk Countermeasures Council or a Risk Countermeasures Task Force will be set up to address the risk quickly and precisely. The person responsible for risk management in each organization will take on the role and responsibility of managing that organization's risk. Should a major risk materialize, we have systems that

allow all employees to work together to minimize damage and ensure business continuation.

Under our medium- to long-term risk management strategy, our core policies are “enhancing risk management throughout the Group,” “further improving the risk management abilities of Group executives and employees,” and “improving the quality and sophistication of our risk management systems.” To make firm progress in implementing these policies, we run a PDCA cycle throughout the year, identifying and monitoring risks to propose improvements based on any new issues that emerge and raise risk awareness among all employees through education on risk.

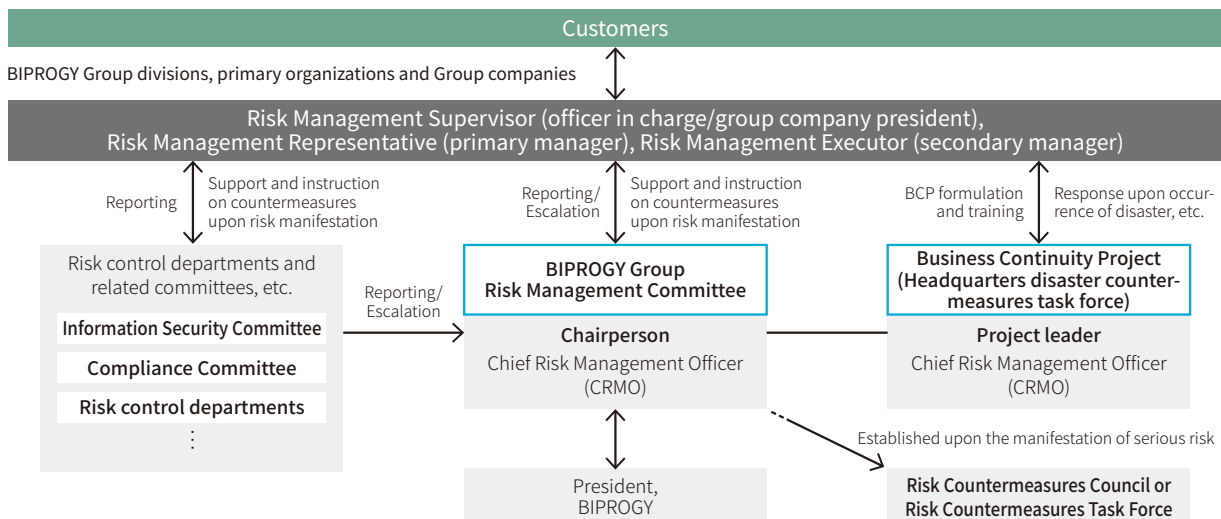
As of the end of September 2022, we have established Risk Countermeasures Task Forces for COVID-19 and for the loss of USB flash drives containing personal data in Amagasaki City. Each Task Force has centralized responsibility for the related risk management and emergency response (see “Regarding the Loss of USB Flash Drives” on p.11).



See the Company's website for details on our Risk Management initiatives (Japanese only).

<https://biprogy.disclosure.site/ja/themes/113>

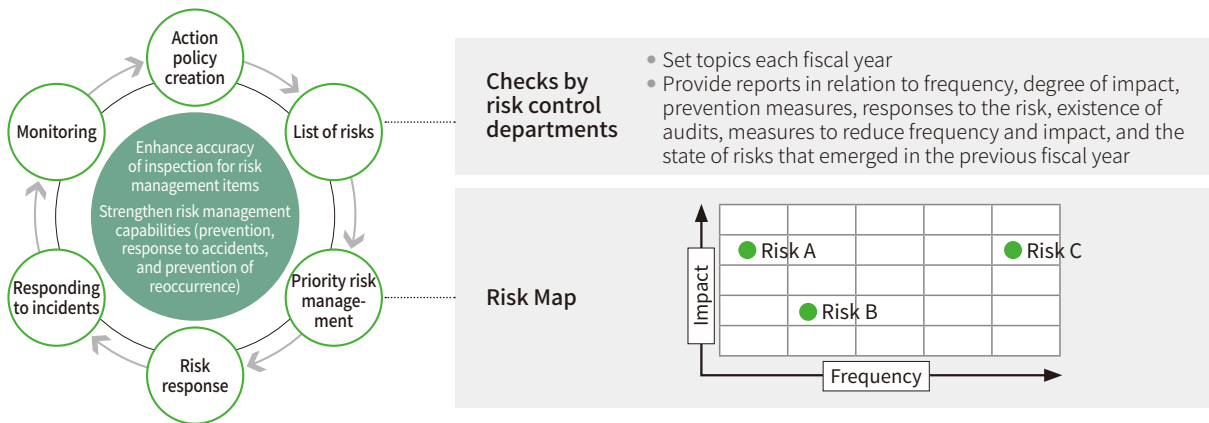
Risk Management Structure



Identifying Risks and Improving Risk Management

Our Group has a risk classification system as a platform for comprehensively identifying and jointly managing the risks faced by the Group. Currently, risk management items are classified into about 130 categories such as information control risks, system development risks, and natural disaster and accident risks. The Risk Management Committee directs risk control departments every fiscal year to take stock of risk management items, under setting themes

related to the business environments every fiscal year so as to help risk control departments identify new risk management items they would not be able to identify on their own. The Risk Management Committee then uses a Risk Map to categorize the size of the impact of each risk, identifying risks that require focused attention. Through the identification and monitoring of risks, risk management policies and risk control items are subject to continual review.



Actions Taken in FY2021

As in FY2020, FY2021 risk management initiatives were focused on two issues—“enhancing risk management throughout the Group” and “further improving the risk management abilities of Group executives and employees.” Due to the growing number of COVID-19 infections, the Group took responses including the transition to a work system in which telework became the standard work style for all Group employees. We also identified all the risk items that reflected the impacts caused by three factors resulting from the new work style (telework) in FY2021, those factors being (1) physical distance (2) psychological distance and (3) casual introduction of digital technology. We continued to review the related risk management items.

Examples of impact

The possibility of compliance risks resulting from decreased management supervision; risk of problems such as harassment occurring as a result of miscommunication caused by daily lack of communication

Countermeasures

Thorough implementation of the Group Code of Conduct. Developing a sense of “moral leadership” among executives and managers

Examples of impact

Limitations on our response in the event of problems with company systems, disasters, accidents or other emergencies

Countermeasures

Changes in workflow practices in a telework environment. Reconfirm systems and methods for making contact in emergency situations, under the assumption that initial responses will need time in transit to work

Further, in order to ensure that there are no omissions or duplications in the risk management of the Group as a whole, we began working on the creation of a model that

will make it possible to see who is responsible for which risk management role throughout the Group. We also reviewed the risk management items.

As for the second issue — “further improving risk management abilities of Group executives and employees” — education and training including crisis management for executives, group company executives and managers was provided to a total of 190 people. Further, we began discussions with a view to starting risk management education for all employees during FY2022.

In terms of other risk countermeasures, we not only provided opportunities, in the Business Service Operations department, to learn from case studies of risk involving other companies, we also, as part of our Business Continuation Plan project (BCP project), introduced measures for preventing infections during training for the Tokyo 2020 Olympics / Paralympics and during a CSIRT* response. Under our policies for activities in FY2022, we, in addition to continuing with the two core policies above, plan to review newly emerged risks including geopolitical risk and the risk of electricity supply shortages following the dramatic changes in the external environment caused by the Russian attack on Ukraine. Through these activities, we are working to continually “improving the quality and sophistication of our risk management systems” even after FY2021.

* CSIRT is an abbreviation of Computer Security Incident Response Team, a team of technical experts specializing in preventing cyber attacks in advance and responding to any incidents that occur.

Material Issues

Further improve integrity

As a company that can provide social value and ICT services as trustworthy, sustainable social infrastructure, we adhere to both domestic and overseas laws and regulations and recognize that acting in line with social norms based on strong ethics and conducting sound, transparent business activities is vital not only in terms of risk management but also for building trust with a wide range of stakeholders, and for solving issues faced by society.

Promoting Compliance

BIPROGY Group has established a Compliance Committee chaired by our Chief Compliance Officer (CCO), and we are actively rolling out our compliance program across the whole company, while also determining KPIs and goals with regard to material issues (see p.24-25) and working to improve knowledge and awareness of compliance among Group executives and employees. Companies have a social responsibility to implement compliance. If an incident were to occur, our Group would lose trust, and we know that lost trust is hard to regain.

Our Group recognizes compliance as the most important part of our issues, and we have drawn up a Group Charter of Corporate Behavior, Group Compliance Basic Regulations, and Group Code of Conduct, ensuring thorough awareness and knowledge of these documents within the Group, while also working actively to promote compliance through a system centered on the Chief Compliance Officer (CCO) in order to prevent misconduct by executives and employees.

Details of Compliance Program (Structures for promoting compliance)

- Establish and promote awareness of policies and regulations
- Organizing and running systems for promoting compliance
- Establishing and running reporting and consultation routes (whistleblower system)
- Education and training activities
- Implementing awareness surveys and other monitoring activities
- Other policies for the promotion of compliance

Main Measures Implemented in FY2021

- Conducted compliance awareness survey among all Group executives and employees
- Conducted e-learning for all Group executives and employees
- Conducted various types of compliance training seminars
- Established and held a compliance week
 - Issued messages from the CCO and managers, held seminars by experts, and held Group Company CCO Meetings
- Held an intellectual property week (inspection of proper use of software, and other applications at each organization)

Compliance Education and Awareness Activities

In addition to ensuring thorough awareness of the Group Code of Conduct, which provides a concrete code of conduct for all Group executives and employees, we hold various training meetings and harness various intranet/e-learning-based training systems in order to continually implement education and training activities, and promote the adoption and thorough understanding of compliance.

In FY2021, we achieved a 100% participation rate for our compliance-focused training, which was provided via e-learning to all executives and employees (also 100% in FY2020).

Review of Compliance and Identification of Issues

Previously, we carried out a Group Compliance Awareness Survey once every two years to measure the degree of compliance awareness within the company, but we have now started implementing a pulse survey, which is carried out repeatedly at shorter intervals. From FY2022, we will conduct the survey twice annually to identify compliance-related issues, as we seek to achieve improvements. The response rate for the FY2021 survey was 97.1% (98.3% in FY2020).

Whistleblower System

Our Group has set up a hotline to the Compliance Committee office and a hotline to company auditors. These hotlines both serve as direct internal lines of communication for whistleblower reports. We also have an external whistleblower line that facilitates contact via a third party (Integrex Inc.). In addition, to ensure that anyone (a whistleblower) filing a report or engaging in consultation is not disadvantaged, company rules require every effort to protect the whistleblower. In FY2021, the above lines of communication received 39 consultations (32 in FY2020), all of which were handled appropriately. While the number of consultations increased, not all of the consultations involved compliance violations, and we take these calls as evidence that employees feel comfortable accessing the hotline.

Information Security Systems

Our Group’s information security systems are comprised of the Information Security Committee, which is chaired by the Chief Information Security Officer (CISO) and the organizations under the committee, as well as the persons responsible for information security within each organization. The Information Security Committee promotes the Group’s information security strategy and the protection of personal information, considering and promoting policies based on the above. In addition, the Committee works across the Group with the Risk Management Committee to ensure that serious incidents are investigated and that recurrence prevention measures are put in place. The CRMO reports the activities of the Information Security Committee to the Board of Directors. During FY2021, the

number of serious security incidents, a metric of material issues, was zero.

Persons responsible for information security in each organization hold centralized responsibility for each organization’s respective information security issues, ensuring thorough awareness of the rules within the organization, introducing and managing policies, confirming and reviewing policy implementation, and continually making modifications to maintain and improve information security.

On June 21, 2022, after the loss of USB flash drives, a task force was established and an emergency inspection of information security countermeasures was conducted to identify issues and take emergency corrective measures (see p.11).

We will continue working to improve information security.

Cybersecurity Measures

As companies providing ICT services, our Group companies place utmost importance on cybersecurity risks, seeing the creation of new businesses resulting from digital transformation and cybersecurity risks as two sides of the same coin.

In order to continually implement cybersecurity-based management, our Group has formulated an cybersecurity strategy, establishing a cybersecurity strategy project under the Information Security Committee so as to unite all related departments and organizations within the Group, in an organization-wide system. Further, we have established and operate a computer security incident response team (CSIRT; a team of technical experts specializing in preventing cyber attacks in advance and responding to any incidents that occur), and also an internal Group Security Operation Center (SOC), which monitors and analyzes threats such as threats to servers.

We are now implementing various policies including (1) strengthening the computer security incident response team (CSIRT) that responds to emergencies, (2) conducting assessments in line with the cybersecurity framework established by the U.S. National Institute of Standards and

Technology (NIST) and then implementing priority measures according to risks based on assessment results, (3) creating a cybersecurity response infrastructure and shifting to a zero trust model (4) reinforcing crisis response abilities through education and training, and (5) working with a specialist cybersecurity vendor to provide cybersecurity training (computer-based training).

In FY2021, we conducted an assessment to clarify our maturity level, and identified three core areas for our basic security policy over the next three years. These areas are “implementing cybersecurity policies for the increasingly diverse business environment”, “improving our response to security threats that could cause major incidents” and “providing ongoing security measures that fully take into account the whole system life cycle.”



See the website for details (Japanese only).

- Group Compliance Basic Regulations
<https://biprogy.disclosure.site/ja/themes/115>
- BIPROGY Group Code of Conduct
https://www.biprogy.com/com/corporate_code_of_conduct.pdf
- Information Security Initiatives
<https://biprogy.disclosure.site/ja/themes/114>

Overview of Cybersecurity Strategy

Vision	Cyber Security Foresight Provide a proactive and secure environment to grow into a business ecosystem creator that connects diverse companies			
Mission	Realizing the cybersecurity required to be a corporate group solving social issues through socially beneficial services capable of creating a more affluent society together with customers and partners			
Objectives	<ol style="list-style-type: none"> 1. Provide secure platforms for customers and partners as a basis for business ecosystems 2. Maintain and improve the management quality of the Group so that it is chosen by customers and partners with peace of mind 3. Establish secure environments in which each employee can protect information assets and collaborate with various people on site 			
Measures	System measures		Visualization measures	Organizational and process measures
	Customer systems and services Provide highly secure services and platforms	Internal systems Continuously provide a safe environment	Disclose and share information	Build systems that are not vulnerable to cyberattacks
				Human resource measures Improve the skills, abilities and awareness of Group officers and employees

Business Results Summary

(BIPROGY Inc. and its consolidated subsidiaries)

* The International Financial Reporting Standards (IFRS) have been applied since FY2021, and figures for FY2020 have been reclassified from Japanese Generally Accepted Accounting Principles (J-GAAP) to IFRS.

Summary of FY2021 Results

Revenue ¥317.6 billion Forecast ¥320.0 billion (Fell short) Year-on-year change +¥9.2 billion (+3.0%) ↑	Operating profit ¥27.4 billion Forecast ¥26.0 billion (Achieved) Year-on-year change +¥2.8 billion (+11.4%) ↑	
Profit attributable to owners of parent ¥20.5 billion Forecast ¥17.5 billion (Achieved) Year-on-year change +¥3.9 billion (+23.1%) ↑	Operating margin 8.6% Forecast 8.1% (Achieved) Year-on-year change +0.7% ↑	ROE 17.0% Year-on-year change +1.5% ↑

Revenue

In addition to the expansion of DX-related projects in system services, steady growth in the outsourcing business, including platform services for e-commerce operators and financial institutions, led to an increase in revenue.

Operating profit

Selling, general and administrative expenses increased as a result of rising sales support expenses for generating new projects and investments in building up in-house technology for cybersecurity response, etc. Despite this, gross profit increased mainly due to higher sales in system services and outsourcing services, among other factors. Adjusted operating profit*, which the Group uses as a performance management indicator, increased ¥1.5 billion to ¥26.7 billion (up 5.9% year on year).

* Adjusted operating profit: sales revenue minus cost of sales and SG&A expenses.

Profit attributable to owners of parent

As a result of increased operating profit and financial income, profit attributable to owners of parent increased ¥3.9 billion to ¥20.5 billion (up 23.1% year on year).

Financial Condition

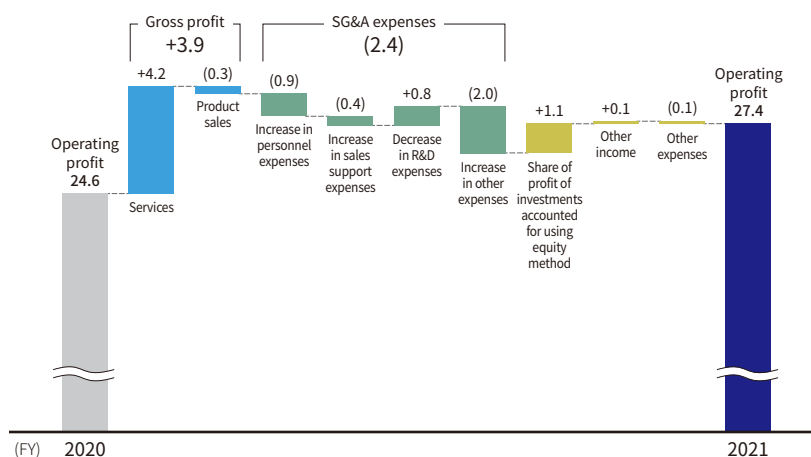
Mainly due to an increase in trade and other receivables, as well as in other financial assets, total assets increased ¥14.6 billion from the end of the previous fiscal year to ¥268.6 billion. Total liabilities decreased ¥2.1 billion to ¥138.0 billion due to a decrease in lease liabilities and others, despite an increase in trade and other payables and contract liabilities. Total equity amounted to ¥130.7 billion, and the ratio of equity attributable to owners of parent rose 3.8 percentage points to 48.0%.

Cash flows

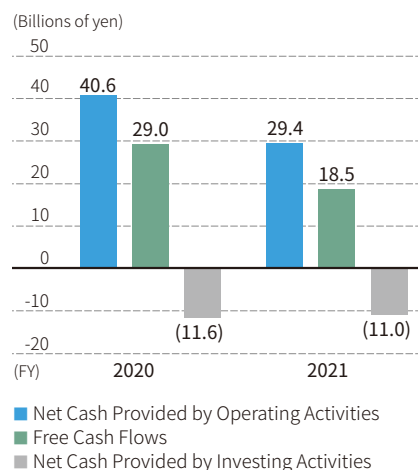
Free cash flows were ¥18.5 billion, a year-on-year decrease of ¥10.5 billion, due to a decrease in cash flows from operating activities resulting from a decrease in proceeds from collection of accounts receivable and an increase in expenditures for acquisition of inventories.

Major expenditures in investing activities included ¥1.6 billion for the purchase of property, plant and equipment such as computers for sales, ¥7.4 billion for the purchase of intangible assets, mainly investments in software for outsourcing, and ¥3.9 billion for the purchase of investment securities, mainly for fund investments and a CVC fund management subsidiary of the Company.

Analysis of Changes in Operating Profit (Billions of yen)



Cash flows



Conditions by Segment

		FY2021 Results			Future Direction	
Services	System Services	In addition to strong sales of DX projects for financial institutions, retailers, and public services, the development of a full banking system progressed as planned, resulting in higher sales and profit. Order volume also showed steady demand for DX-related projects			➤	Continue to focus on providing highly profitable services centered on DX-related businesses, mainly in the area of strengthening customer touchpoints and operation reform
	Billions of yen	2020	2021			
	Revenue	94.1	103.1	↑		
	Gross profit	28.9	32.6	↑		
	Gross profit margin	30.7%	31.6%	↑		
	Support Services	Sales and profit decreased due to a decrease in installation support				
	Billions of yen	2020	2021			
	Revenue	53.3	51.5	↓		
	Gross profit	16.6	16.2	↓		
	Gross profit margin	31.1%	31.5%	↑		
Outsourcing	Sales and profit were higher due to a steady increase in platform services for e-commerce operators and financial institutions, as well as steady growth in installation services for launch and operation services after launch					
Billions of yen	2020	2021				
Revenue	59.5	63.4	↑			
Gross profit	16.3	17.3	↑			
Gross profit margin	27.3%	27.3%	↓			
Others	—					
Billions of yen	2020	2021				
Revenue	11.6	10.3	↓			
Gross profit	2.5	2.3	↓			
Gross profit margin	21.2%	22.0%	↑			
Product sales	Software	Despite higher sales, segment profit was down due to the accounting recognition and other factors of high profit-margin software in the previous fiscal year			➤	Expand earnings by promoting sales of software that contributes to customers' DX, such as customer touchpoint front-end domain solutions
	Billions of yen	2020	2021			
	Revenue	32.3	34.1	↑		
	Gross profit	6.4	5.3	↓		
	Gross profit margin	19.7%	15.4%	↓		
	Hardware	Segment profit was higher due to the booking of high-margin projects, despite a decrease in sales resulting from the absence of large projects related to the GIGA school program from the previous fiscal year				
Billions of yen	2020	2021				
Revenue	57.5	55.2	↓			
Gross profit	8.6	9.5	↑			
Gross profit margin	15.0%	17.2%	↑			
Total						
Billions of yen	2020	2021				
Revenue	308.4	317.6	↑			
Gross profit	79.2	83.1	↑			
Gross profit margin	25.7%	26.2%	↑			

FY2022 Outlook

In FY2022, we plan a 3.9% year-on-year increase in revenue to ¥330.0 billion, as customers' appetite for DX investment remains strong and we work to further expand our outsourcing business. For profits, while SG&A expenses are expected to increase due to the renewal of internal core systems, operating profit is projected to increase 5.7% to ¥29.0 billion due to the expected expansion of service businesses and improvement in profitability.

FY2022 Consolidated Results Outlook

(% are year-on-year changes)

Revenue	Adjusted operating profit	Operating profit	Profit attributable to owners of parent
¥330.0 billion	¥29.0 billion	¥29.0 billion	¥20.0 billion
3.9%	8.7%	5.7%	(2.4%)

Consolidated Financial Statements

BIPROGY, Inc. and Consolidated Subsidiaries

Consolidated Statements of Financial Position

Millions of Yen

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)		FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets			Liabilities and equity		
Current assets			Liabilities		
Cash and cash equivalents	46,281	48,703	Current liabilities		
Trade and other receivables	73,003	80,249	Trade and other payables	27,859	29,771
Contract assets	4,552	6,467	Contract liabilities	18,038	19,959
Inventories	7,091	9,550	Borrowings	4,317	6,275
Other financial assets	600	666	Lease liabilities	8,571	8,033
Other current assets	11,744	12,419	Other financial liabilities	2,787	2,203
Total current assets	143,273	158,056	Income taxes payable	5,118	6,039
Non-current assets			Provisions	559	161
Property, plant and equipment	13,332	11,479	Other current liabilities	23,833	25,704
Right-of-use assets	24,571	19,888	Total current liabilities	91,086	98,148
Goodwill	1,873	1,589	Non-current liabilities		
Intangible assets	21,201	21,722	Borrowings	17,012	14,575
Investments accounted for using equity method	1,617	2,855	Lease liabilities	17,540	12,967
Other financial assets	35,929	42,293	Other financial liabilities	503	389
Deferred tax assets	5,586	3,222	Retirement benefit liability	12,558	9,945
Retirement benefit asset	1,414	1,623	Provisions	1,284	1,652
Other non-current assets	5,235	5,916	Deferred tax liabilities	18	262
Total non-current assets	110,761	110,590	Other non-current liabilities	44	30
Total assets	254,035	268,647	Total non-current liabilities	48,962	39,823
			Total liabilities	140,048	137,972
			Equity		
			Share capital	5,483	5,483
			Capital surplus	14,901	14,944
			Treasury shares	(13,475)	(13,400)
			Other components of equity	6,618	8,290
			Retained earnings	98,744	113,599
			Total equity attributable to owners of parent	112,271	128,917
			Non-controlling interests	1,715	1,757
			Total equity	113,986	130,674
			Total liabilities and equity	254,035	268,647

Consolidated Statements of Profit or Loss and Comprehensive Income

Millions of Yen

Consolidated Statements of Profit or Loss	FY2020 (Fiscal year ended March 31, 2021)	FY2021 (Fiscal year ended March 31, 2022)
Revenue	308,426	317,600
Cost of sales	229,209	234,462
Gross profit	79,217	83,138
Selling, general and administrative expenses	54,023	56,466
Share of profit (loss) of investments accounted for using equity method	(231)	915
Other income	197	251
Other expenses	534	413
Operating profit	24,624	27,425
Finance income	514	2,324
Finance costs	415	173
Profit before tax	24,723	29,575
Income tax expense	7,956	8,915
Profit	16,767	20,660
Profit attributable to		
Owners of parent	16,639	20,490
Non-controlling interests	127	169
Profit	16,767	20,660

Millions of Yen

Consolidated Statements of Comprehensive Income	FY2020 (Fiscal year ended March 31, 2021)	FY2021 (Fiscal year ended March 31, 2022)
Profit	16,767	20,660
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,924	1,968
Remeasurements of defined benefit plans	(1,688)	1,003
Share of other comprehensive income of investments accounted for using equity method	(0)	2
Total of items that will not be reclassified to profit or loss	234	2,975
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(39)	145
Total of items that may be reclassified to profit or loss	(39)	145
Other comprehensive income, net of tax	194	3,120
Comprehensive income	16,961	23,780
Comprehensive income attributable to		
Owners of parent	16,840	23,595
Non-controlling interests	121	185
Comprehensive income	16,961	23,780

Consolidated Financial Statements

BIPROGY, Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Millions of Yen

	FY2020 (Fiscal year ended March 31, 2021)	FY2021 (Fiscal year ended March 31, 2022)
Cash flows from operating activities		
Profit before tax	24,723	29,575
Depreciation and amortization	17,578	16,692
Impairment losses	465	324
Interest and dividend income	(344)	(348)
Interest expenses	166	160
Share of loss (profit) of investments accounted for using equity method	231	(915)
Decrease (increase) in trade and other receivables	624	(7,303)
Decrease (increase) in contract assets	1,202	(1,914)
Decrease (increase) in inventories	1,315	(2,459)
Increase (decrease) in trade and other payables	2,859	1,946
Increase (decrease) in contract liabilities	(859)	1,927
Increase or decrease in retirement benefit asset or liability	(290)	(1,022)
Other	(392)	(69)
Subtotal	47,282	36,593
Interest and dividends received	356	350
Interest paid	(167)	(160)
Income taxes paid	(6,904)	(7,348)
Net cash provided by (used in) operating activities	40,567	29,435
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,825)	(1,624)
Proceeds from sale of property, plant and equipment	1	0
Purchase of intangible assets	(8,140)	(7,441)
Purchase of investment securities	(1,928)	(3,866)
Proceeds from sale of investment securities	589	1,308
Proceeds from acquisition of subsidiaries	146	-
Decrease due to losses on control of subsidiaries	-	(480)
Purchase of investments accounted for using equity method	(352)	-
Proceeds from sale of investments accounted for using equity method	972	-
Other	(46)	1,146
Net cash provided by (used in) investing activities	(11,583)	(10,957)
Cash flows from financing activities		
Proceeds from long-term borrowings	5,612	3,837
Repayments of long-term borrowings	(5,617)	(4,317)
Repayments of lease liabilities	(8,816)	(8,800)
Dividends paid	(7,275)	(7,026)
Dividends paid to non-controlling interests	(117)	(110)
Other	(88)	299
Net cash provided by (used in) financing activities	(16,301)	(16,118)
Effect of exchange rate changes on cash and cash equivalents	(16)	62
Net increase (decrease) in cash and cash equivalents	12,666	2,421
Cash and cash equivalents at beginning of period	33,615	46,281
Cash and cash equivalents at end of period	46,281	48,703

ESG Data

E Environment

KPIs in bold relate to Material Issues (p. 22-25)

Material Issues

Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions
Sustainably procure and provide safe and secure products and services throughout the entire value chain

Environmental Contribution Committee

Main initiatives in FY2021

- KPIs and targets for material issues were set and promotion strengthened.
- Raised interim RE100 targets and started procurement of electricity from renewable energy sources (at some sites).
- Promoted visualization of environmental contribution, calculated Scope 3 and considered initiatives to be taken through the supply chain.
- Assessed the impact of business opportunities and risks from the climate change scenario analysis project
- Integrated climate change risks into the Group risk management system

	(FY)	2017	2018	2019	2020	2021
Energy consumption (kL) ¹		7,927	7,613	7,855	7,425	7,836
Purchased electricity (kWh)		—	—	—	—	27,229,042
Purchased electricity from renewable energy sources (included in the above purchased electricity) (kWh)		—	—	—	—	2,025,840
Percentage of energy purchased that is renewable energy (%)		—	—	—	0	7.4
Greenhouse gas emissions ^{1, 2}						
Scope 1 GHG emissions (t-CO ₂ e)		0	0	0	218	1,470
Scope 2 GHG emissions (Location-based) (t-CO ₂ e)		—	—	—	—	13,442
Scope 2 GHG emissions (Market-based) (t-CO ₂ e)		15,100	14,107	14,358	13,475	11,593
Scope 1 + Scope 2 (Market-based) total emissions (t-CO₂e)¹		15,100	14,107	14,358	13,692	13,064
Scope 3 GHG emissions (t-CO ₂ e) ³		—	—	—	—	632,737
Category 1 Purchased goods and services		—	—	—	—	251,490
Category 2 Capital goods		—	—	—	—	20,684
Category 3 Fuel and energy related activities not included in Scope 1 or Scope 2		—	—	—	—	2,276
Category 4 Upstream transportation and distribution		—	—	—	—	1,785
Category 5 Waste generated in operations		—	—	—	—	31
Category 6 Business travel		—	—	—	—	2,570
Category 7 Employee commuting		—	—	—	—	1,028
Category 11 Use of products sold		—	—	—	—	352,767
Category 12 End-of-life treatment of sold products		—	—	—	—	105
Paper used (million sheets) ⁴		19.15	17.46	15.11	7.25	—
Paper used (kg) ⁴		—	—	—	—	25,696
Waste emissions (t) ⁴		580	455	426	213	649
Water used (million m ³) ⁵		—	—	—	0.013	0.049

Scope of calculation

1 For FY2017 to FY2019, BIPROGY Inc. and 10 other companies and two other organizations (major offices in Japan); for FY2020, BIPROGY Inc. and 12 other companies and 2 other organizations (major offices in Japan); for FY2021, BIPROGY Inc. and 24 other consolidated companies excluding limited partnerships for investment projects (major offices in Japan and abroad).

2 From FY2021, calculated in accordance with the GHG Protocol; Scope 2 location-based and market-based are from the definitions in the GHG Protocol Scope 2 Guidance 2015.

3 Scope 3 emissions have been calculated since FY2021; of the 15 categories in Scope 3, Category 8 is included in Scope 1 and 2, Category 9 in Category 1, and Category 13 in Category 11. Note that categories 10, 14 and 15 have no business activities covered.

Scope of aggregation: 24 consolidated companies (major Japan and overseas offices) excluding BIPROGY Inc. and other investment limited partnerships.

4 For FY2017 to FY2020, BIPROGY Inc. and 12 other companies and 2 other organizations (major offices in Japan); for FY2021, twenty-four consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships.

5 For FY2020, head office of BIPROGY Inc.; for FY2021, 24 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships.

S Social

KPIs in bold relate to Material Issues (p. 22-25)

Material Issues

Develop and strengthen human resources to create a new future and promote diversity and inclusion
Sustainably procure and provide safe and secure products and services throughout the entire value chain

Social Committee

Main initiatives in FY2021

- KPIs and targets for material issues were set and started initiatives.
- Conducted risk assessments of the Group's companies and major suppliers, and promoted responses to human rights issues, etc.
- Endorsed Business for Marriage Equality*.

* Campaign to make companies that support marriage equality (legalization of same-sex marriage) visible. Jointly run by Public Interest Association of Marriage For All Japan - Freedom Of Marriage For All, NPO LLAN (Lawyers Network for LGBT and Allies) and certified NPO Nijjiro Diversity.

	(FY)	2017	2018	2019	2020	2021
Employment, diversity, and working hours						
Consolidated number of employees		7,817	7,740	7,830	7,913	8,068
Japan		7,620	7,525	7,523	7,615	7,720
Asia		197	215	304	293	336
Americas		0	0	3	5	12
Europe		0	0	0	0	0
Average years of service (years) ⁶		20.4	21.0	21.0	21.0	21.0
Male		20.9	21.4	21.7	21.7	21.8
Female		18.2	18.6	18.4	18.1	17.8
Paid leave utilization rate (%) ⁷		85.60	87.30	86.20	81.10	82.54
Ratio of employees with disabilities (%)⁸		2.04	2.33	2.31	2.59	2.62
Ratio of management positions held by women (%)⁹		5.15	5.00	5.50	7.50	8.10
Ratio of female employees (%)		16.6	17.6	18.5	19.5	20.6
Number of people employed (new college graduates) ¹⁰		150	177	204	243	248
Male		88	98	130	139	127
Female		62	79	74	104	121
Employee turnover rate (%) ⁷		2.48	2.57	2.81	2.34	2.25
Average monthly overtime hours worked per employee (hours/month) ⁷		16.1	15.9	15.5	14.9	16.3
Weighted average score of work style related items in the engagement survey¹¹		—	—	3.35	3.37	3.43
Work-life balance						
Percentage of employees returning to work after childcare leave (%) ⁷		97	99	97	99	98
Number of employees taking paid leave for nursing care ⁷		463	477	488	296	501
Development of Human Capital						
Capital investment in people (billion yen) ⁷		3.3	3.5	3.4	3.1	2.6
Annual training hours per employee (hours) ⁷		63.8	62.7	62.9	56.1	58.1
Value chain						
Percentage of main suppliers for which an ESG risk assessment has been made (%)		—	—	—	—	100
Suppliers' understanding of the BIPROGY Group Procurement and Transaction Guidelines (%) ⁷		78.6	93.8	99.8	100	—
Online uptime rate (%) ⁷		—	99.992	99.997	99.996	99.999
Number of occupational accidents ¹²		12	3	6	5	12

Scope of calculation

6 BIPROGY Inc. on a non-consolidated basis.

7 BIPROGY Inc. and Uniadex Ltd.

8 Before FY2019: BIPROGY Inc. and Uniadex Ltd.; after FY2020: BIPROGY Inc. and 6 other companies.

9 Before FY2020: BIPROGY Inc. and Uniadex Ltd.; in FY2021: BIPROGY Inc. and 6 other companies

10 Before FY2020: BIPROGY Inc., consolidated subsidiaries in Japan and Cambridge Technology Partners Inc.; in FY2021: BIPROGY Inc. and 8 other companies

11 The standard score of the KPIs for the new material issues is the average of the scores for FY2019 and FY2020 (3.36).

12 BIPROGY Inc., Uniadex Ltd., and UEL Corporation.

G Governance

KPIs in bold relate to Material Issues (p. 22-25)

Material Issues

Further improve corporate governance and integrity

(FY)	2017	2018	2019	2020	2021
Board of Directors ratio of independent outside directors (%)	33.3	33.3	37.5	44.4	50.0
Audit & Supervisory Board ratio of independent outside auditors (%)	60.0	60.0	60.0	60.0	60.0
Dividend payout ratio (%) ¹³	33.6	38.8	38.6	41.1	41.7
ROE (%) ¹³	12.4	13.1	15.5	13.4	17.0
Number of serious security incidents¹⁴	0	0	0	0	0

Scope of calculation

¹³ International Financial Reporting Standards (IFRS) have been applied since FY2021; figures for FY2020 and earlier are based on Japanese GAAP.

¹⁴ Before FY2020: BIPROGY Inc. and BIPROGY's 100%-owned consolidated subsidiaries in Japan; in FY2021: BIPROGY Inc. and its consolidated subsidiaries.

Participation in International Initiatives, Acquisition of Third-Party Certifications

- UN Global Compact
- Women's Empowerment Principles (WEPIs)
- Task Force on Climate-related Financial Disclosures (TCFD)
- RE100
- ISO 14001
- ISO/IEC 27001:2013, JIS Q 27001:2014
- ISO 9001
- Privacy Mark certification
- DX Certification



External Evaluations

- Noteworthy DX Company 2022
- FY2020 New Diversity Management Selection 100 Prime
- FY2019 Advanced Corporation Awards for the Promotion of Active Participation of Women, Minister of State for Gender Equality Award
- FY2021 Nadeshiko Brand
- Platinum Kurumin certification
- Eruboshi certification
- Ikumen Company Award 2018 Grand Prize, Work-Life Balance Support Category
- PRIDE Index 2021: Gold rating
- Award of Excellence, Working Women Empowerment Awards
- 2022 Certified Health & Productivity Management Outstanding Organization Recognition Program White 500
- Top Hundred Telework Pioneer Award from the Minister for Internal Affairs and Communications etc.

Inclusion in ESG Indexes



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)



S&P/JPX Carbon Efficient Index



See our website for more details on our sustainability.

<https://www.biprogy.com/sustainability/> (Japanese only)

THE INCLUSION OF BIPROGY Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF BIPROGY Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that BIPROGY Inc. has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index as a result of independent research. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.

11-Year Financial Summary

(BIPROGY Inc. and Consolidated Subsidiaries)

(Millions of yen)	J-GAAP*	Mid-Term Management Plan (FY2012–FY2014)			Mid-Term Management Plan (FY2015–FY2017)	
		FY2011	FY2012	FY2013	FY2014	FY2015
Fiscal Year						
Net sales	¥255,123	¥269,170	¥282,691	¥269,155	¥278,039	¥282,249
System services	71,658	72,335	79,437	83,404	89,829	89,608
Support services	52,902	51,335	49,142	55,246	55,362	54,074
Outsourcing	31,943	32,356	35,336	38,646	40,497	45,927
Netmarks services	21,982	21,758	26,487	–	–	–
Software	23,328	30,763	31,338	30,728	30,003	29,733
Hardware	44,582	51,828	51,658	51,337	53,874	54,099
Others	8,728	8,795	9,293	9,794	8,474	8,808
Gross profit	63,562	63,545	63,611	63,442	64,610	66,728
Operating income	7,311	8,311	9,575	10,925	12,525	14,315
Net income attributable to owners of the parent	(12,499)	1,251	6,305	7,246	8,920	10,261
Capital expenditures	11,559	12,352	8,573	14,191	11,631	14,781
Depreciation and amortization	12,155	10,440	10,321	9,821	9,488	9,315
Research and development costs	4,913	4,861	4,660	4,337	4,036	3,454
Net cash provided by (used in) operating activities	13,430	18,448	11,889	18,037	10,990	29,922
Net cash provided by (used in) investing activities	(10,642)	(11,443)	(8,289)	(10,548)	(10,566)	(15,906)
Free cash flows	2,788	7,004	3,600	7,489	424	14,015
Net cash provided by (used in) financing activities	(5,947)	(8,985)	(151)	(12,887)	(8,185)	(11,757)
Orders	267,894	259,551	309,790	263,478	279,415	281,394
Fiscal Year-End						
Total assets	¥190,084	¥197,780	¥202,468	¥199,772	¥193,095	¥192,694
Total equity	63,223	67,917	76,017	81,976	91,214	90,773
Net interest-bearing debts	46,906	40,858	38,473	33,665	22,020	21,003
Shareholders' equity	61,923	66,505	74,796	81,021	90,374	89,918
Per Share Information						
Basic net income per share (Yen)	¥ (132.99)	¥ 13.31	¥ 67.08	¥ 77.07	¥ 93.71	¥ 96.49
Net assets per share (Yen)	658.90	707.57	795.61	861.53	847.51	896.39
Cash dividends per share (Yen)	5.00	10.00	15.00	20.00	30.00	35.00
Other Information						
Dividend payout ratio (%)	–	75.1	22.4	26.0	32.0	36.3
Operating margin (%)	2.9	3.1	3.4	4.1	4.5	5.1
Return on equity (ROE) (%)	(18.2)	1.9	8.9	9.7	10.5	11.4
Equity ratio (%)	32.6	33.6	36.9	40.6	46.8	46.7
Net debt-to-equity ratio (Times)	0.76	0.61	0.51	0.42	0.24	0.23
Operating income per employee	0.79	0.94	1.12	1.32	1.54	1.79

* Some reclassifications have been made in order to present the domestically issued consolidated financial statements (based on J-GAAP) in a form that is more familiar to readers outside Japan, and the financial statements have been audited by an accounting auditor. For some items, figures that have undergone an audit are provided.


Mid-Term Management Plan (FY2018-FY2020)				Management Policies (FY2021-FY2023)		
FY2017	FY2018	FY2019	FY2020	IFRS	FY2020	FY2021
				(Millions of yen)		
				Fiscal Year		
¥286,977	¥299,030	¥311,554	¥309,686	Revenue	¥308,426	¥317,600
90,509	95,973	102,919	93,572	System services	94,147	103,101
52,822	53,579	55,023	53,038	Support services	53,264	51,537
48,017	51,148	55,184	60,595	Outsourcing	59,547	63,437
-	-	-	-	Software	32,341	34,089
33,103	33,877	33,943	33,287	Hardware	57,490	55,158
54,098	54,677	55,098	57,647	Others	11,635	10,275
8,428	9,776	9,387	11,547	Gross profit	79,217	83,138
68,803	73,170	79,800	81,080	Operating profit	24,624	27,425
16,333	20,623	26,140	26,725	Profit attributable to owners of parent	16,639	20,490
11,949	14,238	18,183	17,077	Capital expenditures	15,294	11,884
11,473	8,183	10,337	12,039	Depreciation and amortization	17,578	16,692
10,363	11,653	11,161	10,999	Research and development expenses	4,952	4,121
2,998	3,959	4,513	4,952	Net cash provided by (used in) operating activities	40,567	29,435
26,955	27,439	27,539	31,934	Net cash provided by (used in) investing activities	(11,583)	(10,957)
(13,227)	(10,586)	(13,259)	(11,207)	Free cash flows	28,983	18,477
13,728	16,852	14,280	20,726	Net cash provided by (used in) financing activities	(16,301)	(16,118)
(12,977)	(8,227)	(8,202)	(8,178)	Orders	324,285	326,961
296,956	304,874	315,626	322,268			
				Fiscal Year-End		
¥197,279	¥211,422	¥214,976	¥231,981	Total assets	¥254,035	¥268,647
104,674	116,616	122,598	136,887	Total equity	113,986	130,674
10,529	(3,375)	(11,020)	(22,815)	Net interest-bearing debts	1,150	(6,862)
103,001	114,638	120,473	134,632	Equity attributable to owners of parent	112,271	128,917
				Per Share Information		
¥ 119.12	¥ 141.90	¥ 181.19	¥ 170.13	Basic earnings per share (Yen)	¥ 165.78	¥ 204.04
1,026.72	1,142.41	1,200.32	1,341.04	Diluted earnings per share (Yen)	165.18	203.38
40.00	55.00	70.00	70.00	Equity attributable to owners of parent per share (Yen)	1,118.31	1,283.45
				Dividends per share (Yen)	70.00	85.00
				Other Information		
33.6	38.8	38.6	41.1	Dividend payout ratio (%)	42.2	41.7
5.7	6.9	8.4	8.6	Operating margin (%)	8.0	8.6
12.4	13.1	15.5	13.4	Return on Equity attributable to owners of parent (ROE) (%)	15.5	17.0
52.2	54.2	56.0	58.0	Ratio of equity attributable to owners of parent to total assets (%)	44.2	48.0
0.10	(0.03)	(0.09)	(0.17)	Net debt-to-equity ratio (Times)	0.01	(0.05)
2.08	2.66	3.33	3.37	Operating profit per employee	3.08	3.39

FAQ

Q What was the aim of changing the company name from Nihon Unisys, Ltd. to BIPROGY Inc.?

A Our aim is to build a corporate brand that is unique in the world.

In April 2022, we changed our company name from Nihon Unisys, Ltd. to BIPROGY Inc., renewing our corporate brand in order to become a company that creates social value as stated in our Purpose. BIPROGY is an acronym coined from the first letters of blue, indigo, purple, red, orange, green, and yellow, the seven colors visible when light is refracted and reflected. This carries two meanings: that we will illuminate new paths in a chaotic society by mixing the colors of light of various business partners and individuals, and that we will change the value we provide in response to changes in society and environments, just as the colors of light change in response to changes in circumstances. By building a unique brand creating social value from a global perspective, we will reach out to a diverse range of people, form business ecosystems, and work toward the achievement of a sustainable society.

Q Please tell me about BIPROGY's main subsidiary  UNIADEX (UNIADEX, Ltd.).

A UNIADEX, Ltd. is a company that aims to provide excellent service exceeding customer expectations as a trusty advisor for total optimization of ICT environments.

The company plays an important role in the BIPROGY Group's vendor-free and one-stop support capabilities, and has particular strengths in handling highly complex networks. It seeks to be an excellent service company that can provide optimal services in a flexible manner as an ICT infrastructure specialist and as a trusty advisor to our customers. We believe that with the shift to multi-cloud environments, networks will become more sophisticated and enhanced security will be required, leading to greater market needs. Looking ahead, we will achieve growth by harnessing our core strengths in networks.

Q Please tell me about your relationship with your major shareholder, Dai Nippon Printing Co., Ltd.

A We are strengthening our collaboration to expand synergies by leveraging the expertise and technological capabilities of both companies.

Since forming a capital and business alliance with Dai Nippon Printing Co., Ltd. (DNP) in 2012, we have promoted sales collaboration, new market development, and expansion of the service business base. We are steadily generating greater and greater results in this business collaboration utilizing both companies' strengths. Going forward, we will continue to enhance synergies between the two companies by providing the DNP Group with the expertise that we at the BIPROGY Group have cultivated to date. These synergistic effects include the launch of new businesses through collaboration, support for the digital transformation of both groups' customers, and quality control processes and IT human resource development programs.

Q Tell me about your relationship with Unisys Corporation.

A We are Unisys Corporation's exclusive distributor in Japan, with exclusive rights to sell its products there.

Although the capital relationship with Unisys Corporation was terminated in 2006, we continue to be an important business partner of Unisys Corporation as their exclusive distributor in Japan. We maintain information exchanges and engineering collaboration systems to provide services to Unisys Corporation product users in Japan. This relationship remains unchanged after our trade name change to BIPROGY Inc. in April 2022.

Glossary

Term	Explanation
BIPROGY Users Association	The BIPROGY Users Association is comprised of BIPROGY Group users. Established in 1953, it has the longest history of any IT-related user association in Japan. Research activities by BIPROGY Users Association members and BIPROGY Group employees providing them with advisory support are not only spread amongst association members but also widely publicized through regular symposiums and association newsletters.
Business Ecosystems	A registered trademark of BIPROGY Inc., Business Ecosystems are systems in which multiple companies and organizations form partnerships to create businesses that solve social issues, and coexist and co-prosper beyond the boundaries of industries and business sectors by utilizing their respective technologies and strengths.
Core-banking system	Core-banking system refers to the system that performs core business processing such as deposits, loans, and exchange among the business systems of financial institutions.
Corporate Venture Capital (CVC)	CVC is an investment by a business company in a venture company, etc. for the purpose of acquiring ideas and technologies that contribute to the creation of new businesses, or an organization that engages in such investment activities.
Digital Commons	Digital Commons are communities where it is possible to create both social and economic value in solving social issues by using digital technology to make it possible to widely use privately owned assets (assets owned by companies, organizations, and individuals) and surplus assets (assets with low utilization rates) that already exist in society as shared assets with low additional costs.
Digital Transformation (DX)	Digital transformation refers to not only transforming products, services, and business models based on the needs of customers and society but also transforming operations themselves, the organization, processes, and corporate culture and climate and establishing a competitive advantage by using data and digital technology to respond to rapid changes in the business environment.
Intrapersonal diversity	Intrapersonal diversity is the idea that having a diversity of experiences in one person has the same effect as diversity.
Mobility as a Service (MaaS)	MaaS is a new concept of mobility that seamlessly connects all modes of transportation other than the private car as a single service by utilizing information and communication technology, regardless of the operator. As the shift from “ownership” to “use” of cars continues, the trend toward mobility as a service is accelerating.
Open API (Application Programming Interface)	An API refers to a set of instructions and functions that can be used when developing software for a specific platform, and is an interface that enables the use of external services. Open APIs enable secure data linkage between, for example, banks and external businesses.
Open innovation	Open innovation refers to the creation of innovative business models, products, and services by combining technologies, ideas, and resources not only from within a company but also from outside companies and organizations.
Proof of Concept (PoC)	PoC is a verification aimed at demonstrating the usefulness and feasibility of a service idea or concept.
Public cloud	A public cloud is a service that provides cloud computing, including servers, storage, databases, and software, to an unspecified number of users, including companies and individuals, via the Internet.
SaaS	SaaS (Software as a Service) is a form of software distribution in which only the functions of the software that the user needs are made available as a service.
Security incident	Security incident is an incident or accident that poses a security threat. It includes malware infection, unauthorized access, and leakage of confidential information.
Social implementation	Taking services and mechanisms utilizing digital elements and technologies that lead to solving social issues and making them widely available to society.
System integration	System integration is an IT service of developing, operating, and maintaining information systems for companies and other entities.
Talent management system	A centralized management mechanism converting employee information, such as basic information, abilities, skills, and experience, into data. By analyzing data and linking it to strategic human capital development and human capital allocation, these mechanisms are said to be effective in improving productivity, management efficiency, and the ability to execute business strategies.
Vendor-free	Vendor-free refers to the ability to provide services that optimally combine products from a variety of manufacturers, without having to stick to a specific manufacturer.
VUCA	A term coined from the first letters of volatility, uncertainty, complexity, and ambiguity. Refers to a state of unpredictability regarding the future of social environments.
Zero emission	Zero emission refers to reducing to zero the amount of waste generated from production activities that undergoes final disposal. In a broader sense, it refers to a resource-recycling social system that does not produce any waste by effectively using waste as raw materials.

Third-party Assurance

The following data is certified by a third-party assurance institution for the purpose of enhancing the reliability of reported data.

Social Data (FY2021)

- Ratio of employees with disabilities (%)
- Employee turnover rate (%)
- Ratio of management positions held by women (%)

Environmental Data (FY2021)

- Amount of Scope 1 GHG emissions (t-CO₂e)
- Amount of Scope 2 GHG emissions (t-CO₂e), Location-based and Market-based
- Amount of Scope 3 GHG emissions (t-CO₂e) Categories 1-15
- Amount of water used (m³)

LRQA

LRQA Independent Assurance Statement Relating to BIPROGY Group's Social Data for the fiscal year 2021

This Assurance Statement has been prepared for BIPROGY Inc. in accordance with our contract.

Terms of Engagement
LRQA Limited (LRQA) was commissioned by BIPROGY Inc.¹ (the Organisation) to provide independent assurance of BIPROGY Group's social data to be disclosed in BIPROGY Group Integrated Report 2022, etc. ("the Report") for the fiscal year 2021 (from 01/04/2021 to 31/03/2022) against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is based on current best practice and is in accordance with ISAE 3000 (Revised).

Our assurance engagement covered the operations and activities of BIPROGY Group² and specifically the following requirements:

- verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets;
- evaluating the accuracy and reliability of the selected datasets listed below:
 - Ratio of employees with disabilities
 - Employee turnover rate
 - Ratio of management positions held by women

Our assurance engagement excluded the data and information of the Organisation's suppliers, contractors and any third-parties mentioned in the Report.

LRQA's responsibility is only to the Organisation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Organisation's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Opinion
Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Organisation has not, in all material respects:

- met the requirements of the criteria listed above; and
- disclosed accurate and reliable performance data and information on social data as summarized in below Table 1.

The opinion expressed is formed on the basis of a limited level of assurance³ and at the materiality of the professional judgement of the verifier.

Social data	Amount
Ratio of employees with disabilities	2.62%
Employee turnover rate	2.55%
Ratio of management positions held by women	As of 31/03/2022: 10.61% As of 01/04/2022: 10.61%
BIPROGY Group - total of 7 companies	3.10% 3.27%

¹ Nihon Unieys, Ltd. changed the corporate name to BIPROGY Inc. from 01/04/2022.
² Ratio of employees with disabilities and Ratio of management positions held by women are calculated for BIPROGY Inc. and 6 group companies. Employee turnover rate is calculated for BIPROGY Inc. and 1 group company.
³ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Page 1 of 2

LRQA

LRQA Independent Assurance Statement Relating to BIPROGY Group's Greenhouse Gas Emission Inventory and Environmental Data for the fiscal year 2021

This Assurance Statement has been prepared for BIPROGY Inc. in accordance with our contract.

Terms of Engagement
LRQA Limited (LRQA) was commissioned by Nihon Unieys, Ltd.¹ (the Organisation) to provide independent assurance of BIPROGY Group's greenhouse gas (GHG) emissions inventory, and on its environmental data ("the Report") for the fiscal year 2021 (from 01/04/2021 to 31/03/2022) against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure refers to ISO 14064-3:2019 for GHG emissions, is based on current best practice and is in accordance with ISAE 3000 (Revised).

Our assurance engagement covered the operations and activities of BIPROGY Group's 25 companies and specifically the following requirements:

- verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets;
- evaluating the accuracy and reliability of the selected datasets listed below:
 - Amount of Scope 1 GHG emissions (t-CO₂e)¹;
 - Amount of Scope 2 GHG emissions (t-CO₂e), Location-based and Market-based;
 - Amount of Scope 3 GHG emissions (t-CO₂e) Categories¹ 1-15;
 - Amount of water used (m³);
 - Amount of waste emissions (kg); and
 - Amount of paper used (kg)

Our assurance engagement excluded the data and information of the Organisation's suppliers, contractors and any third-parties mentioned in the Report. The Organisation's GHG Emissions Inventory excludes GHG emissions from operations and activities of BIPROGY Group at tenant facilities for which data could not be collected. These GHG emissions excluded from the calculation are relatively small to the total GHG emissions of the Organisation.

LRQA's responsibility is only to the Organisation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Organisation's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Opinion
Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Organisation has not, in all material respects:

- met the requirements of the criteria listed above; and
- disclosed accurate and reliable performance data and information on GHG emissions and key environmental data as summarized in Tables 1 and 2 in the Annex.

The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.

¹ Nihon Unieys, Ltd. changed the corporate name to BIPROGY Inc. from 01/04/2022.
² Scope 1 and 2 GHG emissions are as defined in the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard.
³ GHG quantification uses emission factors and is subject to inherent uncertainty.
⁴ The categories of Scope 3 GHG emissions are as defined in the Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Table 5.3.
⁵ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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LRQA

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing relevant employees of the Organization responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.


Further observation and finding, made during the assurance engagement, is:

- the Organisation should continue to make appropriate information disclosure and continual improvement of the procedures for data calculation.

LRQA's Standards, Competence and Independence
LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification is the only work undertaken by LRQA for the Organisation and as such does not compromise our independence or impartiality.

Signed:  Dated: 3 August 2022

Michiaki Chiba
LRQA Lead Verifier
On behalf of LRQA Limited
Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku
Yokohama 220-6010, Japan
LRQA reference: YKA00001035_1C

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LRQA

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- conducting a remote assessment on the Head Office Building in Toyosu, Tokyo and Izu Executive Center;
- interviewing relevant employees of the organization responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.

Further observation and findings, made during the assurance engagement, are:

- the Organisation should strengthen collecting the current information of emission sources at the sites and data of the group companies including the sites outside Japan;
- the Organisation should also make efforts to continual improvement of the procedures for data calculation and information disclosure, and strengthening of the internal data checks.

LRQA's Standards, Competence and Independence
LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification is the only work undertaken by LRQA for the Organisation and as such does not compromise our independence or impartiality.

Signed:  Dated: 22 June 2022


Michiaki Chiba
LRQA Lead Verifier
On behalf of LRQA Limited
Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku
Yokohama 220-6010, Japan
LRQA reference: YKA00001035_1B

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Statement of Responsibility

- Amount of waste emissions (kg)
- Amount of paper used (kg)



Annex

Table 1. Summary of BIPROGY Group's GHG Emissions Inventory for fiscal year 2021

Scope of GHG emissions	tCO ₂ e
Scope 1 GHG emissions	1,470
Scope 2 GHG emissions (Location-based)	13,442
Scope 2 GHG emissions (Market-based)	11,593
Scope 3 GHG emissions	632,737
Category 1 Purchased Goods and Services	251,490
Category 2 Capital Goods	70,684
Category 3 Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	2,276
Category 4 Upstream Transportation and Distribution	1,785
Category 5 Waste Generated in Operations	31
Category 6 Business Travel	2,570
Category 7 Employee Commuting	1,028
Category 11 Use of Sold Products	352,767
Category 12 End-of-life Treatment of Sold Products	105

Note 1: Scope 2, Location-based and Scope 2, Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015.
 Note 2: Out of Scope 3 GHG emissions, Category 8 is included in Scopes 1&2, Category 9 is included in Category 1 and Category 13 is included in Category 11. And there is no activity subject to Categories 10, 14 and 15.

Table 2. Summary of BIPROGY Group's Environmental Data for fiscal year 2021

Environmental data	Amount
Water used	49,477 m ³
Waste emissions	649,802 kg
Paper used	25,698 kg

Table 3. Summary of BIPROGY Group's Energy Consumption Data for fiscal year 2021

Item	Amount
Purchased electricity	27,229,042 kWh
Purchased electricity from renewable energy sources (included in the above purchased electricity)	2,025,940 kWh
City gas	578,424 m ³
Heavy Fuel Oil A	0.88 kL
Gasoline	80 kL
LPG	404 m ³
Hot water	155,701 MJ
Cold water	1,999,799 MJ
Steam	168,199 MJ

This integrated report is the first to be issued under the new company name after the company name changed from Nihon Unisys, Ltd. to BIPROGY Inc. in April 2022. In May 2021, the BIPROGY Group announced a new Purpose to transform itself into a company aiming to create social value. This report introduces our initiatives in the areas of material issues and Management Policies (2021-2023) toward the realization of Vision 2030, our long-term vision.

It was prepared in cooperation with many associated departments for the purpose of communicating our Group's value creation in an easy-to-understand manner, and was issued after discussion and approval by the Sustainability Committee and the Executive Council. In addition, we have newly obtained certification by a third-party assurance institution for material non-financial information in an effort to improve the reliability of our reporting content. As the officer in charge of the Finance Department, the department responsible for preparing integrated reports, I declare that the process for preparing these reports is proper and legitimate.

We hope that this report will help our stakeholders better understand our Group's medium- and long-term growth and the enhancement of our corporate value, and we will continue to make efforts to further enhance information disclosure and deepen dialogue with our stakeholders. We look forward to your continued support.

Kazuma Umehara
Senior Corporate Officer and CFO



Independent Assurance Statement

- Social Data
https://sustainability-cms-biprogy-s3.s3.amazonaws.com/pdf/IAS_social_en.pdf
- Environmental Data
https://sustainability-cms-biprogy-s3.s3.amazonaws.com/pdf/IAS_environment_en.pdf

Corporate Information

(As of March 31, 2022)

Corporate Data

Company Name	BIPROGY Inc.	Independent Auditor	Deloitte Touche Tohmatsu LLC
Established	March 29, 1958	Business Offices	Corporate Headquarters: 1-1-1 Toyosu, Koto-ku, Tokyo 135-8560, Japan
Paid-in Capital	¥5,483.17 million		Regional Headquarters: Kansai (Osaka), Chubu (Nagoya), and Kyushu (Fukuoka)
Description of Business	Services business including cloud computing and outsourcing; computer and network system sales/rentals; software development and sales; system-related services		Regional Offices: Hokkaido (Sapporo), Tohoku (Sendai), Niigata (Niigata), Hokuriku (Kanazawa), Shizuoka (Shizuoka), and Chugoku (Hiroshima)
Number of Employees	8,068 (consolidated)		Other Locations: Sapporo Techno-Center, and Izu Executive Center

Overview of the BIPROGY Group

Business Process	Company Name
	BIPROGY Inc. ¹
Marketing, Business Development and Consulting	UEL Corporation UEL (Thailand) Co., Ltd. Cambridge Technology Partners, Ltd. Cambridge Technology Partners Inc. AFAS Inc. Canal Globe, Ltd. Axxis Consulting (S) Pte. Ltd. Axxis Technologies (S) Pte. Ltd. Axxis Consulting (M) Sdn. Bhd. Canal Ventures, Ltd. Canal Ventures Collaboration Fund 1 Investment Limited Partnership Canal Ventures Collaboration Fund 2 Investment Limited Partnership Emellence Partners, Inc. Air Trust Corp. Tech Viewing, Ltd. Green Digital & Innovation Inc.
Total Infrastructure Services	UNIADDEX, Ltd. Netmarks Information Technology (Shanghai) Co., Ltd. S&I Co., Ltd.
System Services	USOL VIETNAM Co., Ltd. International Systems Development Co., Ltd. G&U System Service, Ltd. UNIAID Co., Ltd. BIPROGY Challenged Inc. ²
Outsourcing	TRADE Vision, Ltd.
Group Services	BIPROGY USA, Inc. ³

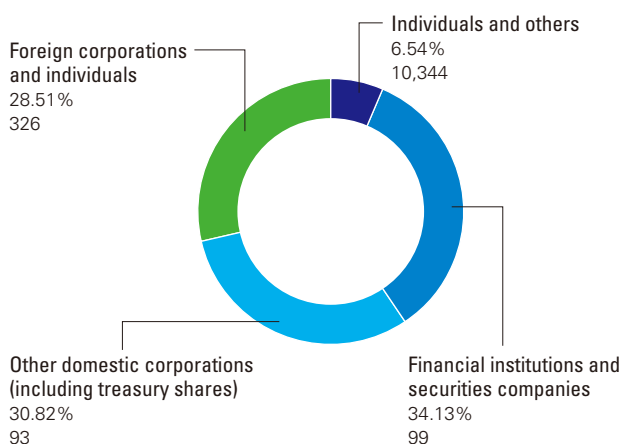
(Notes) Company names were changed on April 1, 2022. Former company names are as follows:

1. Nihon Unisys, Ltd.
2. NUL Accessibility, Ltd.
3. NUL System Services Corporation

Stock Information

Number of shares issued	109,663,524 shares
Number of shareholders	10,862 shareholders

Classification of Shareholders



Principal Shareholders

Name	Number of shares held (Thousands of shares)	Holding ratio (%)
Dai Nippon Printing Co., Ltd.	20,727	20.63
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,812	13.75
Custody Bank of Japan, Ltd. (Trust Account)	11,902	11.84
Mitsui & Co., Ltd.	2,448	2.43
THE BANK OF NEW YORK MELLON 140044	2,359	2.34
The Norinchukin Bank	2,326	2.31
Nihon Unisys Employee Stock Ownership Plan*	1,522	1.51
GOVERNMENT OF NORWAY	1,327	1.32
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,271	1.26
STATE STREET BANK AND TRUST COMPANY 505223	1,265	1.26

(Notes)

- Number of shares less than one thousand has been omitted.
- The Company retains 9,217,006 treasury shares without voting rights. Thus, they are excluded from the major shareholder list above.
- The ratios are calculated by deducting treasury shares and expressed by rounding down to two decimal places.

* The organization name was changed to BIPROGY Employees' Shareholding Society on April 1, 2022.

External Evaluations

FY2020 New Diversity Management Selection 100 Prime (Ministry of Economy, Trade and Industry)

FY2019 Advanced Corporation Awards for the Promotion of Active Participation of Women, Minister of State for Gender Equality Award

FY2021 Nadeshiko Brand (Ministry of Economy, Trade and Industry; Tokyo Stock Exchange)

Platinum Kurumin certification (Minister of Health, Labour and Welfare)

Eruboshi certification (Minister of Health, Labour and Welfare)

Ikumen Company Award 2018 Grand Prize, Work-Life Balance Support Category (Minister of Health, Labour and Welfare)

Pride Index 2021 Gold rating (work with Pride)

2022 Certified Health & Productivity Management Outstanding Organization Recognition Program White 500 (Ministry of Economy, Trade and Industry; Nippon Kenko Kaigi)

Top Hundred Telework Pioneer Award from the Minister for Internal Affairs and Communications (Ministry of Internal Affairs and Communications)

Noteworthy DX Company 2022 (Ministry of Economy, Trade and Industry, Tokyo Stock Exchange, Information-technology Promotion Agency)

BIPROGY Inc.

1-1-1 Toyosu, Koto-ku, Tokyo 135-8560, Japan

Finance Department

<https://www.biprogy.com/e/>

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We welcome feedback on its contents.