

Dialogue between the CEO and Outside Directors



Yoshinori Ikeda

Director (Outside Director, Independent Director)

Yoshinori Ikeda has accumulated experience in serving the National Tax Agency at important positions for many years. He has overseas experience, and he is well-versed specifically in the field of international taxation. He has sophisticated professional knowledge and expertise in the field of tax accounting. He has been in his current position since 2022.

Chie Sato

Director (Outside Director, Independent Director)

Chie Sato has abundant management experience and expertise as evidenced by her numerous books about business schools in the United States. Furthermore, she played an active role as a management strategy consultant in the Boston Consulting Group. She has been in her current position since 2017.

Akiyoshi Hiraoka

Representative Director and President CEO, CHO

Akiyoshi Hiraoka joined Nippon Univac Kaisha (now BIPROGY) in 1980. He has been in his current position since 2016.

Nalin Advani

Director (Outside Director, Independent Director)

Nalin Advani possesses global business experience mainly based on the Asia Pacific region as well as technical expertise about AI and robots after having served multiple technology companies mainly in Japan, Singapore and India in business management and investment-related roles. He has been in his current position since 2021.

Asako Osaki

Director (Outside Director, Independent Director)

Asako Osaki has extensive international experience, including work at the United Nations. She is also active as an expert on gender in various fields such as government, local government, and academia. Also, she has sophisticated professional knowledge and expertise not only in the field of gender, but also in the field of ESG/sustainability. She has been in her current position since 2023.

The Future that the BIPROGY Group Envisions

President Hiraoka and the four independent outside directors held a dialogue on issues that the BIPROGY Group should address, and the role of the Board of Directors in solving social issues and creating social value.

Looking Back at FY2022

Hiraoka Today, I would like to ask our outside directors for their candid opinions on how the Group's Board of Directors should be, how discussions are conducted, and what is needed to create further value. Ms. Osaki, you were appointed as an outside director in June 2023. First, could you share with us your opinion on the role required of outside directors?

Osaki As an outside director, I believe what I can do is provide the board with the perspectives of all kinds of stakeholders. I have worked for international organizations and am now in a position to communicate stakeholders' perceptions of issues and requests to companies through collaboration with various stakeholders, including governments, local governments, NGOs, local communities, and university students.

My specialty is gender issues. Disclosure of information on the wage gap between men and women became mandatory in 2022, requiring companies to visualize and correct their hidden indirectly discriminatory structures. I would like to identify what issues lie behind the wage gap between

men and women and contribute to closing that gap.

Hiraoka Thank you for your important perspective. Our Group values diversity. Based on the belief that the source of innovation lies in diverse values, we have incorporated the concept of "ROLES" into our personnel system and require employees to have multiple roles. We foster a culture in which people have diverse values within themselves, not limited to gender, and understand each other's values and the environment in which they are placed.

At board meetings in FY2022, the outside directors provided a great deal of advice from their respective perspectives on measures to deal with the loss of USB flash drives.

Sato We are always aware that we are only midway through our efforts regarding measures to prevent recurrence, and we must continue to deal with the situation seriously without letting the memory fade. After this incident occurred, we four independent outside directors, as a separate group, thoroughly discussed the nature of this problem and specific remedial measures. We strongly

recommended that a rigorous investigation be conducted by a third-party committee.

In response, internal directors provided detailed reports at board meetings over the past year, and met with us in several roundtable discussions. We were also provided with opportunities for individual discussions with auditors and members of the Group Internal Audit division. I feel that the management team's united and continuous discussions, not only immediately after the incident but over the course of the year, were valuable in putting in place essential measures to prevent recurrence.

Advani I agree. I believe that this incident has provided an opportunity for our Group, which is primarily engaged in IT and digital businesses, to rethink our position about how we handle information. As cyber attacks aimed at acquiring information increase, we must be aware of our responsibilities in handling information, and achieve a high level of security, so that we can guide our customers in their use of technology.

Ikeda The entire company really focused on understanding the actual situation and examining and promoting measures to prevent recurrence, including in board meeting discussions. The company is also making important

improvements for the future, such as a general review and redevelopment of rules regarding sub-contracting.

Hiraoka Currently, the use of portable media is prohibited as a general rule. But, if it must be used, a strict system is in place whereby permission is granted as a special case only after evaluating the necessity and risk and determining that appropriate safety control measures can be taken. Currently, we are striving to become a company with the world's highest level of information security and the ability to form world-class alliances with partner companies, and our employees share this goal. In the future, we will continue our activities so that we can become a company that can continuously review its operations as a matter of course, not as a special exception.

We are striving to achieve the world's highest level of information security, and our employees share this goal.

Akiyoshi Hiraoka



Current Assessments and Challenges for the BIPROGY Group

Ikeda Two years have passed since the Group's material issues were formulated. I view the goal-setting process and initiatives as very well organized, unique, and commendable. However, the overall impression of the company may be lowered because it cannot be rated highly for "Further improve corporate governance and integrity" due to the loss of USB flash drives.

For its board of directors, the company shows a clear intention to increase diversity by, for example, raising the numbers of outside directors and women directors. I feel that the executive management fully accepts and considers free and vigorous comments from diverse viewpoints.

Goal setting and initiatives for material issues are very well organized, unique, and commendable.

Yoshinori Ikeda



Advani Many companies seem to end up merely establishing their material issues and vision, but in our Group there is a constant effort to spread them throughout the entire company. In addition to disseminating information

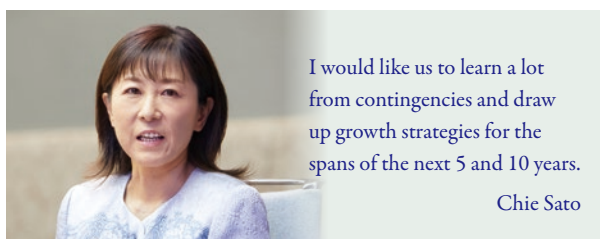
companywide, the president and the entire management team are using company-sponsored events and internal award ceremonies as opportunities for communication and listening to reactions from employees. This reassures me that high-quality communication is being continually promoted.

Sato I agree. I also believe that we are steadily achieving our numerical financial targets, which is a commendable achievement. At the financial results briefing in April 2023, President Hiraoka revised the initial plan and indicated that the Group would focus more on social DX. I think it is very important for IT companies to flexibly change their strategies according to market conditions in this way. I believe the time has come to promote strategic investments, such as a bolder M&A strategy. I would like us to learn a lot from contingencies such as the global Covid-19 pandemic and the loss of USB flash drives, and draw up growth strategies for the spans of the next 5 and 10 years.

I recognize that the key issue today is human capital management. The average age of our Group is higher than that among our competitors, and we must consider how to create opportunities for both senior and younger workers. More and more these days, reports to the Board of Directors are not made by the supervising director, but by the person or the officer directly in charge of the project. This is a good initiative from the perspective of developing management

Dialogue between the CEO and Outside Directors

talent, and it also helps outside directors understand what kind of people the company has.



Osaki There is an international trend for decisions made at international conferences such as the G7 to quickly lead to policies and laws in various countries. One example was human rights due diligence in the global supply chain two years ago. Attention to diversity, equity and inclusion (DE&I) has also been particularly strong, and the International Organization for Standardization (ISO) is

currently developing gender equality guidelines, making it important for management decisions to respond to the rapid international movement. It seems to me that our Group is identifying the necessary human resources and anticipating the future of our society to put these responses into practice with foresight and insight, as stated in its Purpose.

Hiraoka The directors on the executive side are also considering many things, but I still believe that some perspectives are missing. Before an agenda item goes to the Board of Directors, the Executive Council and each committee thoroughly deliberate its contents from different perspectives and sometimes send it back for further revision. The Board of Directors then applies further deliberation and revision from diverse perspectives, resulting in a higher quality of debated items. I believe that providing awareness will become an even more important role for outside directors in the future.

Initiatives to Develop Human Resource and Build a Talent Pipeline

Ikeda The Group has incorporated performance-linked remuneration in the non-financial aspects of executive remuneration since FY2021. The underlying concept is that directors appointed by shareholders, including outside directors, must generate medium- to long-term benefits for all stakeholders and society. This approach is consistent with sustainability management. I think it is excellent that the skill matrix of directors is disclosed and their expected functions are visualized.

Advani I concur. I feel that our Group achieves mature communication between adults. I'm proud to say that few companies of the same corporate size have assembled a diverse group of directors with such diverse backgrounds. What we need to consider in the future, however, is building a talent pipeline. The Group is proactive, and the fact that everyone attending board meetings as an observer, for example, is asked questions and asked for opinions, helps to develop the talent pipeline.



Sato The great strength of our Group is that we have gathered a body of truly serious and sincere employees. In line

with the slogan "From customer DX to social DX," I can recognize that we are making steady progress toward the realization of Vision 2030. In particular, I have the impression that our employees are very good at the E (Environmental) and S (Social) parts of ESG, which I believe is linked to the creation of various businesses that lead to solutions for issues. However, I feel that, as Director Advani said, there are challenges in building the talent pipeline and in DE&I. Although I have provided advice from the perspective of a former employee of a global company, including objective data on the levels of global standards and the dangers of highly uniform organizations, I believe that the Group's efforts are still insufficient in some areas. All four independent outside directors have studied at graduate schools abroad and have extensive global experience, so we would like to recommend initiatives and global standards of governance that go a step further than those of other Japanese companies.

Osaki I wholeheartedly agree with Director Sato about DE&I and global standards. Returning to the subject of the gender wage gap, the analysis of the factors behind it is very important, and it must be examined using a number of indicators. In the case of Japan, for example, to see where the bottlenecks for promotion lie, it is necessary to analyze indicators such as the ratio between men and women among those who use the childcare leave and shortened working hours systems, and among those receiving domestic and overseas transfers and single-person transfers. I believe that exploring and analyzing the nature of the gender gaps in our Group will also help us build our talent pipeline.

Hiraoka From your comments, I feel that there are many things that need to be addressed in terms of human resource development.

The other day, a client said to me, “All BIPROGY Group employees are aiming for the same place”. I believe this is proof that our employees are taking on the challenge of

how to create social value and balance it with economic value. In our Group, young employees in their 20s often make proposals which are followed up by veterans in their 50s, and I am proud to say that we have many employees with high followership skills. We will realize our Vision 2030 by demonstrating our capabilities as a team.

To Improve the Value Provided by the BIPROGY Group and to Achieve Sustainable Growth

Osaki The biggest sustainability threat to Japanese society is population decline. Economic activity will shrink as the working population declines, making it difficult to maintain infrastructure and social security. Part of the reason for this is still the gender gap. In rural areas, the exodus of young women to urban areas is accelerating population decline. Nationwide, the number of young women who would ideally want to work in a double-income family but in reality expect to remain unmarried (i.e., continue working while unmarried for life) is rapidly increasing.

I believe that digitalization will play a role in solving this problem. Even in rural areas it will become increasingly important to have IT skills and remote work environments that enable people to find rewarding jobs. There must also be networks and social infrastructure so workers can support each other, services to ease the burden of housework and childcare, and other perspectives to solve Japan’s sustainability issues through technology. We need to think about how we can use digital technology to close the gender gap.



Hiraoka This is exactly in line with our Group’s Purpose.

Ikeda In order for our Group to achieve sustainable growth in the future, I believe we must further promote globalization by focusing our efforts outside of Japan, including through M&A. In addition, because of the extremely fast pace of innovation in the IT industry, improving and accumulating human capital will be key. As an outside director, I will focus on providing an objective perspective and advice based on my expertise, and on ensuring discipline in processes and procedures.

Advani In talking with President Hiraoka, the word “asset” often comes up. Human resources, as well as products and

technology, are important assets for our Group, and in areas where we lack those things, we need to consider conducting mergers and acquisitions to build our assets. I believe it is time to put our balance sheet to good use. In addition, over the past few years, we have been tasked with visualizing various things, such as the skills of our human resources, but visualization is not the goal. I look forward to seeing our people using their brains and technology to improve their skills, to become human resources who can contribute to the company and society in the future. I personally hope to apply the expertise I have accumulated in my own business and other areas to the Group’s initiatives.

Sato No one can predict what will happen in the future, in say 2030 or 2050. It is important to be ready to deal with whatever the future brings, and to do so, we must objectively recognize our strengths. And I believe it is the responsibility of outside directors to convey these strengths objectively. In addition, our profitability is steadily improving, and I can see that it is time to move on to the next stage of the Group’s growth strategy. With the rapid evolution of AI, we in the IT industry must consider “what kinds of work only humans can do” before building strategies and expanding the scale of our sales. My desire is for the company to reach the next level in aspects such as sales volume, profitability, diversity of human resources, governance, and sustainability management. To that end, I will continue to contribute to the growth of our Group as an outside director member of the Board of Directors, while proactively sharing information such as outstanding examples from global companies.

Hiraoka As Drucker says, the best way to predict the future is to create it. When we formulated our Purpose, we also changed the name of our company, because we felt that in order to solve social issues and create social value, we should think borderlessly rather than globally. As stated in our Group’s corporate statement, “Foresight in sight,” we will work toward 2030 and 2050 by dreaming of the kind of world we want for the future and envisioning the society we want to create. And in our next management policies, we will aim for the next higher level, as you mentioned.

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.

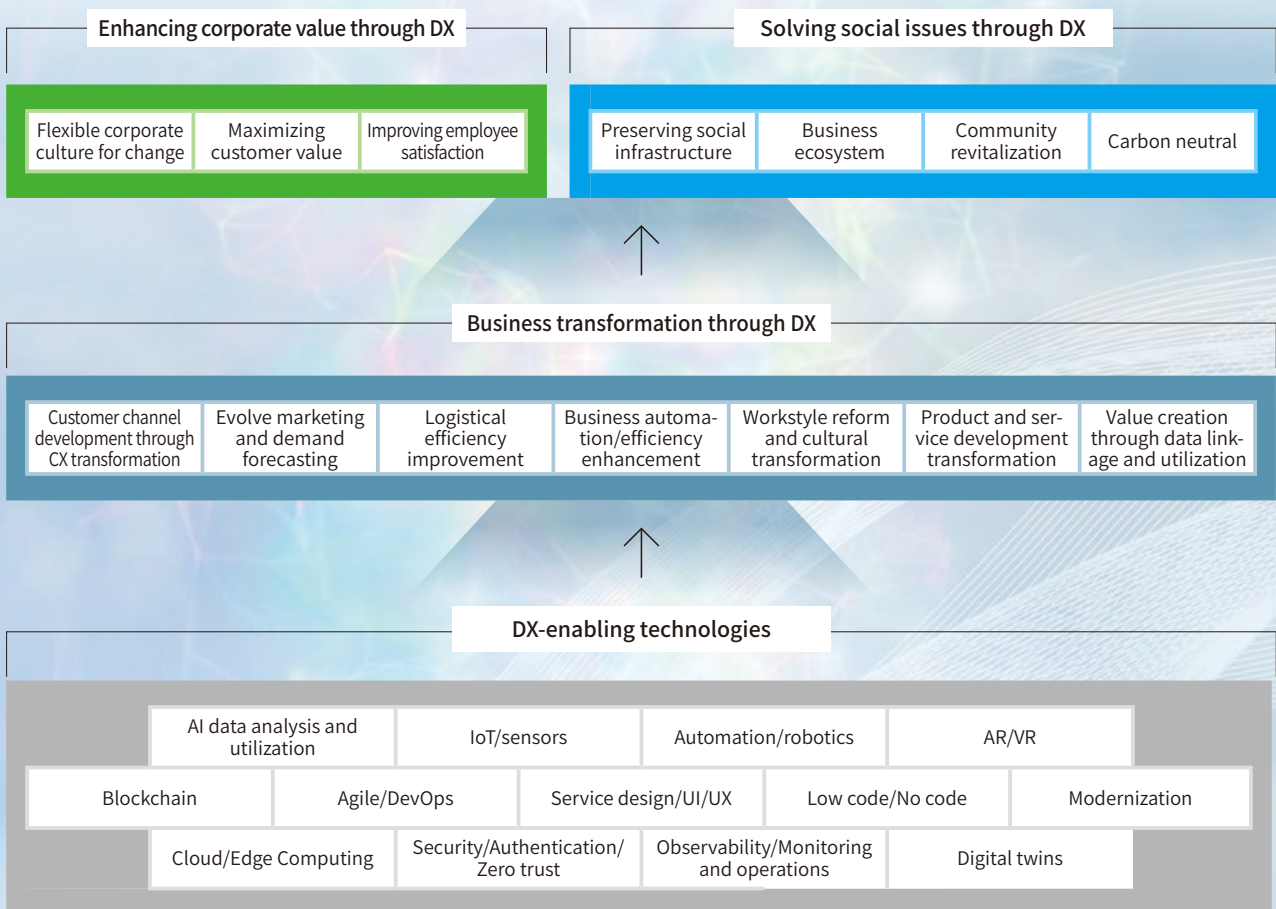
Toward the Realization of Customer DX and Social DX

Over the years, our Group has earned the trust of its customers through the provision of ICT infrastructure and system services. Today, we contribute to our clients' DX by creating new services and solutions using technologies that are evolving every day, such as cloud computing and AI. We will transform our customers' business models by combining our experience in providing system integration services to customers in various industries and sectors,

and our accumulated intellectual property, with open innovation in Japan and overseas.

Furthermore, by promoting corporate DX that contributes to the sustainable growth of our customers and accumulating best practices, we aim to realize social DX that works together with our customers and partners to solve social issues.

BIPROGY Group's Structure of DX



Utilization of Data/AI

Our Group develops and delivers various services based on the concept of “solving corporate and social issues through data analysis and AI technologies,” and aims to enhance data utilization in an era of VUCA.

In the field of generative AI, we intend to develop a differentiated business by leveraging our expertise and intellectual property in Natural Language Processing, which our Group has been working on for many years. Many companies and government agencies are considering the use of this technology due to expectations for its convenience, such as increased business efficiency and business sophistication. However, a certain level of skill is required to effectively use it, such as knowledge of generative AI and judgment of its suitability for a job. In addition, concerns and risks associated with the use of AI, such as leakage of confidential information and violation of privacy and rights, must also be addressed. In February 2020, the Group formulated the “BIPROGY Group AI Ethics Principles,” followed in April 2023 by our “Guidelines for the Business Use of ChatGPT and Other Generative AI.” We are actively working to apply generative AI to our own operations, and to deliver services to our customers.

Examples of our services

RinzaTarget

A service that supports the promotion of consumer purchases and behavioral change by using data and AI to appropriately segment consumers and provide promotional measures suitable for each segment.



Azure OpenAI Service Starter Set Plus

A service for building environments to use ChatGPT for enterprises. We use Azure OpenAI Service to accompany and support our customers in the building of secure generative AI environments, and in the creation of use cases for their generative AI.



• BIPROGY Group’s AI Ethical Guidelines (Japanese only)
https://www.biprogy.com/com/ai_ethics_principles_BIPROGY_group.pdf

Acquiring and Enhancing Advanced Technologies to Realize the Digital Commons

Our Group has positioned investment strategy as a key measure in our Management Policies (2021-2023), and we will accelerate strategic investment to utilize cutting-edge technology and create innovation on a sustainable basis. To realize the digital commons, in R&D, we are continuously investing in service development to accelerate DX based on a deep understanding of customers and their industries, research and development based on cutting-edge technologies, and service development and technology enhancement

to accelerate service-based businesses. We are also making capital investments to strengthen outsourcing services and service-based businesses. In addition, we will continue to promote investments in the human resources and internal IT we need for reforms of corporate culture and structures.

We will take the opportunity presented by our company name change to BIPROGY Inc. to establish a unique brand in the world through aggressive investment, including M&A, both in Japan and overseas.

Investment strategy set forth in Management Policies (2021-2023)

Strategic Investment	<ul style="list-style-type: none"> • Continue to invest in and collaborate with startups with innovative technologies not restricted to the ICT domain, in order to promote solutions to social issues from a medium- to long-term perspective. • Ambitiously search for and execute M&A opportunities. • Promote investments to launch co-creative new businesses*.
R&D	<ul style="list-style-type: none"> • Strengthen service development to accelerate DX based on deep understanding of the industry and customers. • Strengthen R&D based around cutting-edge technologies. • Strengthen service development and technical capabilities to accelerate service-based businesses.
Capital Investment	<ul style="list-style-type: none"> • Continuously invest in outsourcing and service-based businesses.
Structural Reform Investments	<ul style="list-style-type: none"> • Human resource reforms to acquire new capabilities. • Policies for new flexible workstyles. • In-house reforms for further digitalization of business (promotion of in-house DX).

* Formation of business and capital alliances to establish joint business entities and expand their business with an aim to build business ecosystems with external companies.

Intellectual Asset Strategy

Strategic Investment

Our Group is engaged in a variety of open innovation activities with the aim of forming and expanding business ecosystems with startups in Japan and overseas. We use a variety of channels to build connections with many startups, as well as supporting advanced technology ventures. In addition, we are actively developing human resources

with diverse professional skills through personnel exchanges with outside companies.

In the field of investment in startups, we are actively investing in areas that are having increasing social impact, such as the SDGs and wellbeing, in areas of focus, such as generative AI, and in the logistics industry, where issues such as labor shortages need to be resolved quickly.

Creating value through technology and innovation and investing in the further growth of the BIPROGY Group

Open Innovation Activities

- Formation and expansion of business ecosystems with domestic and international startups.
- Cultivation of diverse professional human resources through active exchanges with external organizations.

Startup Investment

- Investments in businesses such as start-ups: 71
Investments in funds that target diverse fields both in Japan and overseas: 31 (as of March 31, 2023)
- Strategically invest in areas of growing social impact, such as SDGs and wellbeing, as well as in areas of focus, such as generative AI.



- Form a capital and business alliance with Hacobu, Inc. to solve social issues in the logistics industry.



* "FY2022 Smart Logistics Solution Market—Current State and Outlook,"
Deloitte Tohmatsu MIC Research Institute, <https://mic-r.co.jp/mr/02560/>
(Japanese only)
Truck Reservation Reception System Service Market Share

Global Strategy

- Strengthen and expand our global business foothold in ASEAN.
- Add two companies to expand our lineup of solution offerings through collaboration between the three companies.

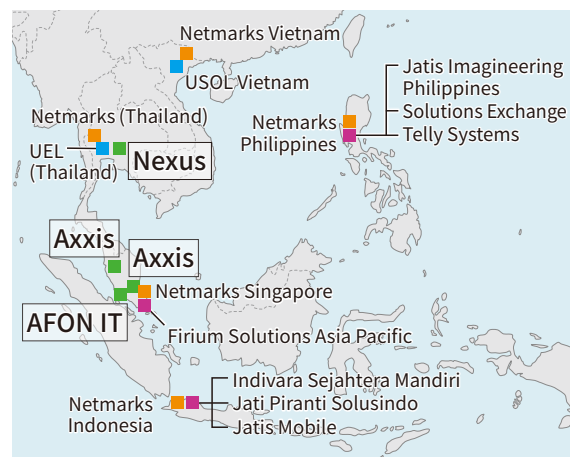
Existing company		Provide SAP solutions in Singapore and Malaysia
Two new companies		Provide SAP Solutions in Thailand
		Provide ERP solutions for SMEs in Singapore

Support local and Japanese-affiliated companies in Southeast Asia to expand their business and achieve global governance

As companies promote DX, the ERP solution market is expanding in overseas markets as well, as companies seek to improve management efficiency by centrally managing core business operations. For Japanese companies expanding overseas, visualization of management information at local sites and timely management decisions are also important issues. In 2019, we acquired Axxis, a provider of SAP solutions in Singapore and Malaysia. We also made Nexus System Resources Co., Ltd. (Thailand), a provider of ERP solutions, into a Group company in January 2023, and AFON IT Pte. Ltd. (Singapore) and its subsidiaries into consolidated subsidiaries in April 2023, thereby establishing an ERP business structure in Southeast Asia.

We will continue to further expand and strengthen our ERP solution deployment regions and product lineup, and develop a system that can provide support from both Japan and Southeast Asia. In addition, by supporting the overseas expansion and business development of Japanese companies and DX of local companies, we will create a business ecosystem that solves social issues, and establish a position as a global company that implements a digital commons in society. We also intend to grow our overseas business into one of the pillars of our Group's earnings by 2030.

Southeast Asia Business Sites



- ERP implementation consulting
- Network integration
- Software development and sales
- Systems integration and platform business

R&D and Capital Investment

Our Group invests in R&D to develop services that accelerate service-based businesses and to strengthen our technological capabilities. In order to provide attractive outsourcing services that meet market needs, we need to constantly invest in upgrading functions, creating a virtuous cycle that increases profits while we invest. With regard to capital investment, we will execute appropriate investments to respond to the expansion of outsourcing services.

R&D Investment Themes and Main Examples

Theme	Main examples
Development of services, products, etc.	<ul style="list-style-type: none"> We have developed and launched delivery of the DIVP (Driving Intelligence Validation Platform), a platform for evaluating automated driving safety, which is the result of research conducted under the Strategic Innovation Program (SIP) Phase 2 “Automated Driving (Expansion of Systems and Services)” of the Cabinet Office.
R&D of new technologies	<ul style="list-style-type: none"> Forecasting social changes and technology utilization in the future and developing a search map for cutting-edge technologies; researching technology trends and exploring business opportunities; and developing, evaluating, and operating an overall technology portfolio.
R&D of fundamental and advanced technologies	<ul style="list-style-type: none"> R&D of social system architectures that serve as blueprints for increasingly sophisticated social systems that cut across fields and industries, built on systems engineering.

Restructuring Investment

We are working on human resource reforms to acquire and develop people who will create new social value, and on work-style reform to create organizations and workplaces where diverse human resources are empowered to maximize their abilities (see “Human Resource Strategy” on pages 56-59). We are also working to expand our business ecosystem together with partners and communities by promoting both DX for customers and DX for society, as well as internal reforms (promoting internal DX) to further digitalize our business.

Promoting in-house DX

We are advancing our internal IT strategy under the leadership of the CDO (Chief Digital Officer) and CIO (Chief Information Officer). In the reorganization of system integration-type development, which has been our core business, we have established R&D functions within our Engineering Division for increasing the sophistication of traditional outsourced development, applying DX, and conducting product development. In addition, we use a variety of ICT tools (business-critical systems, cloud-first office applications, mobile-first, web conferencing systems, corporate social media, etc.) to promote communication and improve productivity, and to create work environments conducive to the creation of innovation. We are building a seamless network based on the zero trust concept, introducing cloud storage with high-security functions to make it easier to find sources of intellectual property, and promoting the computerization of internal review processes and the introduction of electronic signature services.

In addition, from FY2022 to FY2023, we are working on BPR (Business Process Reengineering) for business process improvement, BPM (Business Process Management) environment construction for ongoing business reform, and core system renewal to support data-driven management. We accelerate the modernization of conventional IT systems and the DX of core business operations by developing the foundations of the IT systems that will support our future business. Then, by using the knowledge gained there as a practical reference, we are accumulating the skills and experience to realize DX for customers and DX for society.

• Evaluation from outside the company

In June 2022, the company was selected by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan as a “Noteworthy DX Company 2022” in Digital Transformation Stock Selection (DX Stock) 2022.



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

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 (GHG) 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 net zero emission society.

BIPROGY Group environmental management

There is growing concern about threats to the foundations of survival of current and future generations as the stability of ecosystems and safe access to water is endangered for multiple reasons, including more severe weather-related disasters caused by global warming. In the international community, net zero emission initiatives to make effective use of resources and eliminate the environmental burden so as to achieve carbon neutrality by the mid-21st century are accelerating, and there is greater interest in increasing biodiversity.

With the goal of mitigating and adapting to climate change and establishing a circular economic system, we have been strengthening our environmental management. Based on our Long-Term Environmental Vision 2050 and Vision 2030, we are aiming to realize a net zero emission society by reducing GHG emissions in our business activities and contributing to the environment through the provision of services to customers and digital commons that the Group creates and participates in. In addition to initiatives centered on material issues, we are moving forward with such initiatives as cooperating with customers and partners and conducting education to raise employees' environmental awareness.

Environment management system

Having built an ISO 14001-compliant Group environmental management system, the management foundation, we are integrating it into our Environment Contribution Committee activities.

Participation in initiatives

As for realizing a net zero emission society, which we tout in our Long-Term Environmental Vision 2050, we recognize that engaging with various stakeholders is indispensable. Based on that realization, we have not only endorsed TCFD recommendations and joined RE100, but also actively participate in various partnerships and initiatives, such as GX League and Green x Digital Consortium.



Climate change initiatives

Governance Related to Climate Change

The Chief Sustainability Officer (CSO), the member of the Board of Directors who is responsible for climate-related issues, has overall responsibility for the Group's initiatives that contribute to sustainable development goals (SDGs) and the Group's sustainable management strategy. The CSO also regularly reports on the Group's sustainability activities, including response to the climate change, to the Board of Directors (2 times in FY2022), which provides an opportunity to receive supervision and instructions.

As for the Group's response to environmental issues, including climate change, related issues are deliberated and decided upon at the Sustainability Committee, the decision-making body chaired by the CSO, or its subordinate body the

Environment Contribution Committee. The Environment Contribution Committee is responsible for examining policies related to environmental contributions, designing mechanisms to promote environmental contributions, and managing and supervising the implementation status.

Long-term performance conditions, including conditions related to climate-related response, were incorporated into the executive compensation system introduced in June 2021. Long-term performance conditions KPI related to material issues include ESG indicators, such as GHG emissions reduction targets, which are material issues KPI for achieving Vision 2030. The Board of Directors decides on compensation following deliberations based on reports by the Nomination & Remuneration Committee, an advisory body.

Strategy (response to climate-related opportunities and risks)

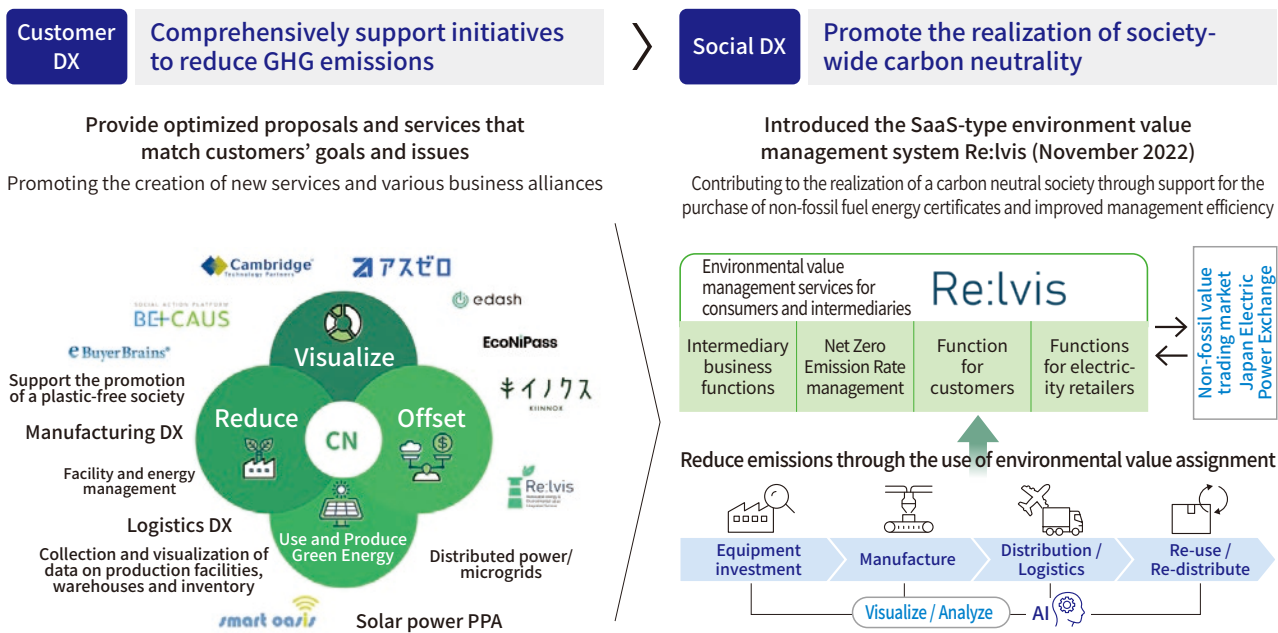
The Group believes that addressing climate change is an important management issue that affects corporate value in many ways, and recognizing that it is important to have a strategy and the flexibility to respond to changes in uncertain circumstances, we are working to mitigate climate-related risks and expand opportunities. Since 2021, we have not only promoted material issue-centered initiatives but also continued to conduct impact evaluations, which are part of the climate-related scenario analysis, based on company-wide projects as part of Environment Contribution Committee activities. In the analysis results up to now, despite the increase in business expenditures related to such activities as the development and innovation of technology to transition to decarbonization and introduction of resources to create new businesses, the impact of greater opportunities through the provision of technology and services that meet needs to solve climate-related issues

exceeds the impact of the risk of greater expenses.

We will increase the effectiveness of material issues by appropriately reflecting the results of the impact assessment into the Group's various strategies and risk management. Furthermore, we are accelerating initiatives to develop and provide new products and services that contribute to the solution of climate-related issues, such as carbon neutrality and circular economy.

In Management Policies (2021–2023), the Group is moving forward with both DX for customers and DX for society. By cultivating businesses within a larger framework that encompasses society as a whole, we aim to create business opportunities that contribute to the solution of social issues, including climate-related issues, and capture earning from those businesses. We think that it is important to disclose information reliably, make strategic investments, and further strengthen human capital to enhance technological capabilities in order to make these climate-related opportunities more sure.

Developing businesses that link DX for customers to the advancement of DX for society in order to achieve carbon neutrality



Risk Management

We have integrated climate-related risks into the Group risk management system and manage those risks. The Risk Management Committee, which provides unified management for the system, created a risk classification system, the common management foundation that makes it possible to ascertain Group risks in an integrated manner, and added climate change risk to the system. Of the

climate-related risks identified in climate change scenario analysis, 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.

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

Changes in the environment and society due to transition to carbon neutrality by 2050, which is assumed in the impact assessment based on climate change scenario analysis, and used scenario (common opportunities and risks)

- 1.5°C: Various policies and regulations related to climate change strengthened, including emission controls. Dramatic growth in markets related to solar and wind power and battery industries by 2050 as the weight of electricity in final energy consumption increases. (IEA NZE2050, RCP1.9)
- 4°C: Climate change undermines stability in the international order. Greater risk of economic crisis due to market disturbances. (RCP8.5)

Financial impact and response to climate-related opportunities and risks

	Impact on business and initiatives to expand opportunities	1.5°C 4.0°C		Potential impact on finances	Time frame*	Response to growing opportunities
		1.5°C	4.0°C			
Opportunities Products and Services	Increased demand for services that contribute to improving energy use efficiency and promoting the spread of renewable energy through the use of IT (Field 1: Energy management and renewable energy) Grid system reconstruction; introduction of EVs for use as emergency power source; provision of services that combine energy data and data from different industries, etc.	●	●	<p>Increase in revenue from the development of new products and services through R&D and technological innovation</p> <p>We will create new products and services through active development of technology that contributes to the transition to a low-carbon economy. Revenue will increase as we enter new markets and new emerging markets through this.</p> <p>Increase in revenue from the development and expansion of low-carbon products and services</p> <p>Sales opportunities will grow due to greater demand for digital low-carbon products and services.</p>	<p>Short term ~ Medium term</p>	<p>Increase in revenue opportunities in new markets and new emerging markets through development of new products and services</p> <ul style="list-style-type: none"> • Cooperate with customers, partners, and policy decision makers (business alliance, social verification) • Invest in climate-related tech companies <p>Expand low-carbon products and services</p> <ul style="list-style-type: none"> • Promote the provision of outsourcing services • Expand carbon neutral-related services
	Increased demand for services that enable enhanced efficiency and reduction of losses associated with production and consumption of goods using IT (Field 2: Circular economy) 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; provision of services that make carbon content in purchased goods visible; provision of systems that support optimal production; provision of systems that match material demand and supply forecasts for goods and materials, etc.	●	●			
	Increased demand for mechanisms that allow remote decision-making without needing to go to the site (Field 3: New reality and resilient cities) Expanded use of remote-sensing technology in agriculture; expanded introduction of BEMS accompanying increased demand for low-carbon buildings; expanded use and improved accuracy of disaster management systems, etc.	●	—			
	Increased demand for schemes for green cities using digital technologies (Field 4: Green mobility and transportation) Use of digital technology for the spread of automated driving and EVs; optimization of energy consumption on a city and region basis; provision of platform to centralize distribution and SCM information; response to the optimization of electricity use on a city and region basis using EVs, etc.	●	●			
	Increased demand for schemes utilizing digital technologies that do not rely on the movement of people (Field 5: New normal) Greater sophistication of online communication through use of AI; system development to resolve issues of access to consumer staples for vulnerable shoppers; expanded metaverse, virtual office, and hybrid work; research on new analytical techniques effective for addressing climate change; etc.	●	—			
	Increased demand for services that contribute to the promotion of companies' net-zero management (Field 6: Net-zero management) Promotion of Green Transformation (GX); expanded use of low-carbon data centers; development of solutions for introduction of carbon tax and carbon accounting; response to trend toward regionally diversified small data centers, etc.	●	●			

	Impact on business operation	1.5°C 4.0°C		Potential impact on finances	Time frame*	Risk-mitigation measures
		1.5°C	4.0°C			
Transition risk	Technology Transition to low-carbon technology	●	—	<p>Decline in revenue due to less demand for products and services</p> <p>The Group's market dominance would be undermined if we cannot ascertain customer behavior regarding low-carbon products and services and appropriately develop technologies that contribute to related technologies. This would reduce sales opportunities, and if it is not possible to absorb the investment in development, profitability would fall.</p> <p>Deterioration in access to capital</p> <p>If low-carbon oriented investors lower the Group's sustainability-related rating, and customer's evaluation of the Group as a supplier fall, revenue opportunities would decline and financing costs would increase.</p>	<p>Short term ~ Medium term</p>	<p>Conduct R&D that contributes to the development of low-carbon technology</p> <ul style="list-style-type: none"> • R&D investments • Human resource development <p>Provide services that meet changing customer demands</p> <ul style="list-style-type: none"> • Provide environmentally friendly services that contribute to climate change mitigation and adaptation • Promote customer engagement <p>Disclose reliable climate-related information</p> <ul style="list-style-type: none"> • Initiatives to implement TCFD recommendations • Promote constructive dialogue with investors <p>Conduct low-carbon business activities</p> <ul style="list-style-type: none"> • Join RE100 and promote switch to renewable energy • Promote value chain engagement
	Market Changing customer behavior	●	—			
	Reputation Stakeholders' concerns	●	—			

* Approximate time frame: short term, 1-3 years; medium term, 4-10 years

Indicators and Targets

The Group is steadily working to achieve the targets it has set, such as those related to GHG emission reductions in material issues in 2021. Most of the GHG emissions by the Group, whose core businesses are digital and ICT services, are from the use of electricity. Therefore, we joined RE100 and are moving forward with switching to renewable energy for electricity we purchase and as of FY2022, the percentage of energy purchased that is renewable energy rose to 23.4%. We are also promoting energy conservation measures based on the efficient use of offices and equipment.

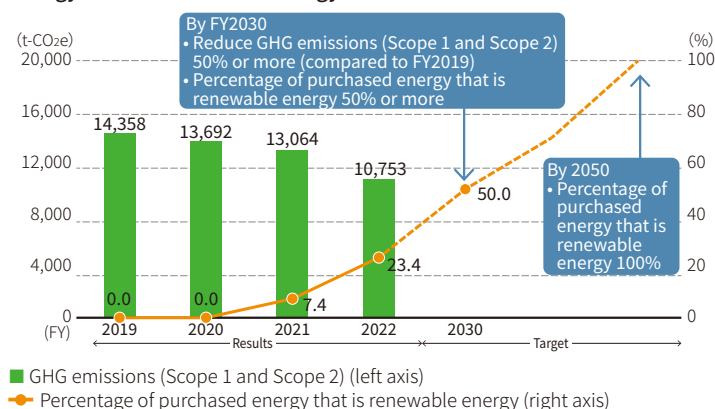
Because of these initiatives, we reduced the Group's FY2022 Scope 1 + Scope 2 (market-based) GHG emissions 25.1% compared to FY2019. Furthermore, in September 2022, we submitted a commitment letter to obtain science-based targets (SBT) certification for GHG emissions reduction targets based on Paris Accord targets.

Indicators

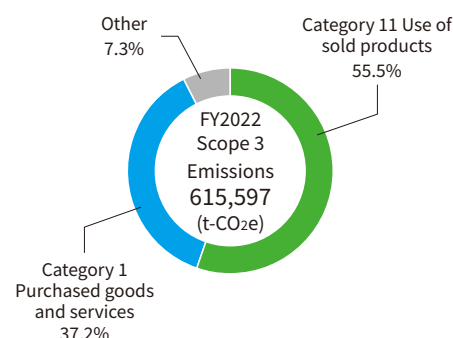
Indicators	Goals and progress
Reduction rate in GHG emissions (Scope 1 + Scope 2 (Market-based))	50% or more compared to FY2019 (FY2030) → 25.1% reduction (FY2022)
GHG emissions (Scope 3)	Set the target of "having suppliers who account for 40% of purchased goods and services (category 1) set SBT-compliant targets by 2027." (FY2022)
Percentage of purchased energy used at the Group business locations that is renewable energy	50% or more (FY2030) 100% (FY2050) → 23.4% procurement (FY2022)
Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented 100%	Identify business opportunities and risks and continue to manage identified risks through Group risk management systems
Percentage achieved for target contribution to corporate net-zero emissions*	100% or more (annually until FY2030) → 174.6% (FY2022)

* The net 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.

(Scope 1 and Scope 2) GHG Emissions and Percentage of Purchased Energy that is Renewable Energy



FY2022 GHG Emissions: Scope 3 Breakdown



Reduce GHG emissions through initiatives throughout the supply chain

To "achieve a net zero emission society," which is stated in the Long-Term Environmental Vision 2050, we consider it important to reduce GHG emissions throughout the supply chain. Because about 90% of the Group's value chain GHG emissions are Scope 3 emissions, we set "have suppliers who account for 40% of purchased goods and services (category 1) set SBT-compliant targets by 2027" as a new target and material issue KPI in 2022. We will continue to strengthen initiatives to reduce GHG emissions in procurement.

Promote green procurement

In order to reduce GHG emissions in procurement, we will continue to conduct risk assessments of suppliers and promote communication, which includes spreading awareness of Green Procurement Guidelines and BIPROGY Group Sustainability Procurement Guidelines, the Group's purchasing guidelines.



- BIPROGY Carbon Neutral (Japanese only)
https://www.biprogy.com/solution/theme/carbon_neutral.html
- Purchasing and Procurement Guidelines, etc. (Japanese only)
https://www.biprogy.com/com/about_purchase_and_procurement.html

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.

The Human Resource Strategy Required to Achieve Vision 2030

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.

Human resource strategy is one of our Group’s key policy areas. Under our Management Policies (2021-2023), which aim to move us towards our Vision 2030, we are working to implement policies for human capital management and human resource development based on the construction and operation of talent management systems and our human resource architecture, which is built around our system of ROLES. These policies will enable us to strengthen our human resource management and gain maximum value from a diverse workforce. Our major policies include strengthening the links between business strategy and human resource strategy/resource management, promoting self-directed career development and

reskilling, and securing and developing human resources who can lead key areas, such as human resources capable of DX and human resources who can become “business producers”. In addition, in order to promote our Groupwide human capital strategies, we founded the Human Capital Management Division in April 2023. The Division will be responsible for our human resource portfolio management, planning and executing the Group’s human resource strategies, contributing further to training our business leaders, reforming our working styles, developing our organization and human resources, and implementing DE&I*¹ policies.

Our policy, as we work to fulfill our Purpose, is to actively seek opportunities for dialogue with stakeholders, involving human resources from both inside and outside the company as we work strategically to develop human resources capable of generating greater value.

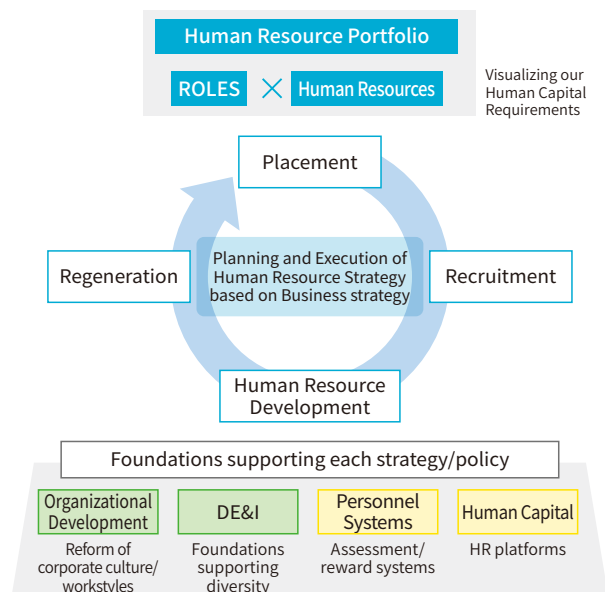
*1 DE&I stands is a concept that covers of Diversity, Equity, and Inclusion.

ROLES-based Human Capital Management

Since FY2019, we have implemented a ROLES-policy to facilitate the development of human resources capable of achieving sustained innovation through intrapersonal diversity. ROLES is our Group’s system for defining the competencies and skills required to execute a particular job. It is a core concept that captures the type, quality, and volume of human capital required to execute the various business strategies based on our overall management strategy.

Visualizing our human capital requirements through the ROLES system allows us to hire and train human resources in accordance with our management policies, generating a culture that creates continual innovation. By organizing our human resource portfolio (by division, organization, business areas, and age-group) through ROLES, we gain an objective overview of the diversity within our overall organization, which allows us to achieve effective organizational resource management in areas such as assignments, facilitating of job rotation, and the selection of individuals for further training.

Schematic showing the connection between our business strategies and human resource strategies



Utilizing Human Resource Data

Our Group is building human resource platforms designed to promote our overall human resource strategy including career development and job assignment. The system centers around a talent management system based on the centralized control of human resource data. With this platform, we will encourage “self-directed career development”, “stronger organizational capabilities” and the

“clarification and organization of human capital requirements” as we seek to achieve our Vision 2030.

By visualizing human resource data, we not only help employees take charge of their own career-building and self-development, we can also take a data-driven approach to human resource strategy decisions, including personnel placement, assignment, and training.

Hiring and Strengthening Human Resources

Promoting self-directed career development/reskilling

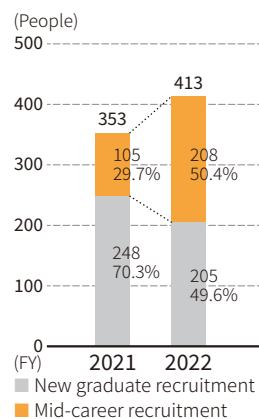
Our Group believes that we must invest continually in human capital to meet social issues that change with the times. By investing in employees’ skills, capacity development, and stronger organizational capabilities, we are working to further strengthen the capabilities of a diverse range of human resources who can achieve innovation, as well as the capabilities of those who already have a high level of technical skill. Through regular career meetings between supervisors and their subordinates, training in “career design” (divided into three age-group categories), and career consultations with qualified staff (qualified career consultants), we are working to help our employees design and develop their careers. In addition, through career development programs based on our ROLES concept, we encourage employees to acquire skills and qualifications. We also encourage reskilling through self-administered online learning.

Hiring strong human resources

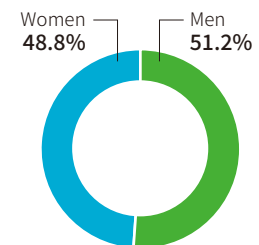
To support sustained growth and value creation within our Group, we continually seek to acquire a new talent and avoid creating a large gap in the age-group composition of our workforce. In addition to ensuring that women account for approximately half of our new graduate hires, we also hire talented individuals irrespective of nationality. Through our year-round

mid-career hires, we seek to hire a balanced range of personnel including individuals who can harness knowledge and experience existing group employees do not possess to accelerate or take the lead in new business areas, as well as individuals capable of making an immediate contribution to existing businesses, and experienced younger personnel with the potential to grow rapidly after entering the company and contribute to our business in future. In FY2022, we hired 205 new graduates, and 208 mid-career hires, the later representing a significant increase on the 105 midcareer hires in FY2021.

Ratio of New Graduates and Mid-Career Recruitment



Ratio of Men and Women Employees among New Graduates Recruitment (FY2022)



Human Resource Development

Developing business producers

Our Group refers to individuals with specialist business development knowledge who can produce a beneficial impact on society as “business producers”. We set KPI in relation to fostering “business producers” to achieve one of our “Material issues”, which is to double the number of employees with the highest maturity rank under our ROLES system between FY2021 and FY2023. Over the 13 years between FY2010 and FY2022, we have delivered our “Next Principle” training program, which aims to equip personnel with the practical skills required to generate new businesses, to a total of 405 individuals. Since FY2017, we have also been holding monthly pre-work Morning Challenge

meetings in which employees are introduced to the skills and services developed within startup companies. Each morning, between 500 and 800 employees voluntarily take part in these meetings. Since FY2023, as a spinoff of the Morning Challenge, some employees have been making use of the lunch hour for interactive dialogue sessions under the title “More Challenge”, with around 100-150 employees taking part voluntarily in each session. By creating these human resource programs and communities, we are steadily making changes to employee attitudes and behavior, changes that will lead to the creation of new businesses. We will continue to review these training programs, as we work to strengthen our training of “business producers”.

Human Resource Strategy

New products and services released in FY2022

- DiCE, a business development project
- Our “Environmental value management service”, a service supporting greater efficiency in the management of non-fossil fuel energy certificates
- “The Praise Card” app, a service supporting greater employee engagement by harnessing praise and recognition to create a cycle of the success within an organization

Verification and testing on the resolution of social issues conducted by BIPROGY during FY2022

- An AI sign language translation service that facilitates communication between deaf*² and hearing persons
- “J’s Marketplace” is a platform that supports the export of Japanese sake, bringing together sake brewers and overseas importers

*2 Deaf individuals who use sign language to communicate

Promoting DE&I (Diversity, Equity&Inclusion)

Promoting gender diversity

As one of the Group’s material issues, we have established the KPI of raising, by April 1, 2026, our percentage of management positions held by women to at least 18%. In addition, as an action plan based on Japan’s Act on Promotion of Women’s Participation and Advancement in the Workplace, we have, as a company, set targets including “doubling the FY2020 number of women managers” and “achieving a women executive percentage of 20%” by FY2025. We are working to systematically strengthen our human resource development and human resource pipeline by holding programs for women employees, at each layer of the organization, to promote self-directed career development and the formation of an executive mindset. We are also holding management programs that focus on the management of diverse human resources and building frameworks for monitoring by, and reporting to, our sustainability committee and Board of Directors in line with the management recruitment plans drawn up by each individual organization and Group company. As a result, the proportion of women executives (BIPROGY, non-consolidated) reached 20% in FY 2022, achieving this target ahead of schedule, as the number of women managers steadily continues to increase.

Support for balancing life events and career development

In addition to putting in place systems to help employees balance childcare or caregiving with their work, we also provide seminars and e-learning so that all employees can enjoy peace-of-mind over their self-directed career development. Since FY2017, we have offered all eligible employees, men or women, three-party (employee, supervisor, and diversity officer) consultations both before and after their use of childcare leave. For more than 10 years, nearly 100% of women employees entitled to take childcare leave and return to work have done so, with an increasing number of women employees balancing childcare responsibilities with management positions. In addition, the number of positive responses to the survey on our system for supporting childcare leave among men employees rose by 26% in FY2022 compared to FY2016, and the percentage of men employees taking childcare leave is continually increasing.

Promotion of dialogue on DE&I focusing on dialogue between employees working in the field

Our divisions in the field work at their own initiative, actively and voluntarily, to promote dialogue on DE&I, as we aim to create a corporate culture that ensure, employees’ psychological safety and respect and harnesses a diverse range of values and opinions. The senior management of the field departments that participate in these activities cooperate with their subordinates to engage in a variety of dialogue-based events designed to improve their own organization and the wider company. Since the start of FY2020, the number of participants in these events rose to reach a cumulative total of more than 500, as the number of events rose beyond our originally planned total of 30 events. We are still continuing with these activities, which are gaining wider traction in our field departments.



Maintaining and expanding employment of persons with disabilities

Our Group is building support structures that provide consistent support to persons with disabilities, from recruitment through to the initial period after joining the company. In 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, and it is working to expand its fields of business. In addition, in 2020, BIPROGY also launched an outdoor farm under the “Wakuwaku Farm” initiative to provide persons with disabilities with a way of maintaining physical and mental health while engaging in worthwhile farm work. A second farm opened in 2022.

Providing Workplaces that Offer Job Satisfaction

One source of company growth and competitive strength is the development of organizations and workplaces that

provide diverse human resources — people who are able to think autonomously and generate innovation —with

worthwhile work that lets them make maximum use of their capabilities. Our Group works to promote the efficient, judicious use of overtime in an effort to reduce average overtime hours, reform our workstyles and promote the management of employee health, while also striving to improve employee engagement.

Improving engagement

Since FY2013, we have conducted an engagement survey of all employees. This important initiative helps us visualize our employees' attitudes and certain organizational issues. In addition, we implement "engagement management" through a year-round PDCA cycle principally involving managers. This cycle helps to improve engagement and each of our organizations. "Engagement management" refers to the sequence of actions by which management put their vision for the organization into words at the beginning of each fiscal year, harness the results of an engagement survey in July to analyze and understand the status of their organization, develop, and execute an action plan to achieve the organizational vision, and then conduct a further post-execution survey at the end of the period. Various initiatives are also in place to support management as they run the above cycle.

BIPROGY believes that one key success factor in generating further improvements in employee engagement is to strengthen employees' affinity with the direction of the company's intended direction, including the company's Purpose and Corporate Philosophy, and the actions taken to achieve those goals. Therefore, from FY2023 onwards, we have enacted policies designed to promote awareness of our Group principles, including workshops and debate sessions, principally for executives and organization leaders.

Workstyle reforms

Under our workstyle reforms, as outlined under our Management Policies (2021-2023), we are reviewing various systems and implementing various policies with the aim of achieving "workstyle reforms that enable a diverse range of employees to achieve their maximum performance" and "workstyles that lead to the creation of new value". In April 2022, we repositioned working from home as one of our permanent working style options rather than as a temporary measure. We also introduced annual leave in hourly increments. In addition, we removed the limit on the number of times employees can work from home, allowing for fully remote work. As we strive to improve the flexibility of our workstyles, we are actively encouraging the managers of each of our organizations to let their employees choose for themselves the workstyle that leads to the greatest productivity, after considering the characteristics of their organization's work, the need for teamwork, and other factors. Further, we are taking various other steps to promote smooth communication, including

the introduction of hybrid conferencing systems that allow new communication styles, including meetings attended both by employees on site and employees at home.

• T3 (Time to think) Project

One of the workstyle reforms at our Business Service Division (Technical Division) is the T3 (Time to think) project. Under this project, employees of the division take consecutive time each week to engage in activities other than their principal work responsibilities, including the creation of new business ideas or research. One aim of this project is to promote greater working efficiency as the time for these additional activities is generated by reviewing the time spent on existing processes. These activities, which began in 2016, are now widely adopted and understood as a means of developing new ideas and improving working efficiency.

• Promoting the efficient use of overtime

We encourage employees to make efficient use of overtime and reach the goal of recording one or more months with zero overtime (defined as five hours of overtime or below). This goal is intended to provide opportunities for reflecting on and reviewing usage of time and working habits. Over the three years between FY2018 and FY2020, we set a KPI for a material issue (important sustainability issue) of having 100% of employees achieve one or more months of no overtime, and we have completely achieved that goal for three consecutive years. Since FY2021, each organization has taken the lead in continuing to ensure that employees work effectively and efficiently to reduce overtime.

Health management

The CEO of BIPROGY also serves as the Group's Chief Health Officer (CHO), working to maintain, improve, and manage employee health, and focusing on the three themes of "preventing lifestyle disease," "mental health measures," and "use of open innovation initiatives," to promote employee health by reinforcing health promotion and early detection and treatment. In particular, from the perspective of "disease prevention" and "early detection and treatment," we work to contribute actively to employee health promotion through initiatives such as treating those who are at risk of high blood pressure and reducing the total number of workdays lost for mental health reasons.

Following changes in workstyles occurring during the pandemic, we are heavily focused on monitoring the mental health of employees, especially those who have just joined the company, and in FY2023 we worked to reduce days lost to mental health issues through various initiatives including the provision of sessions with an in-house counselor for all employees who are in their first three years at the company, one on one sessions with their direct supervisor for all employees who are in their first three years at the company, and also through the encouragement of improved mental health vigilance by management, and improved self-care by employees.

Corporate Governance

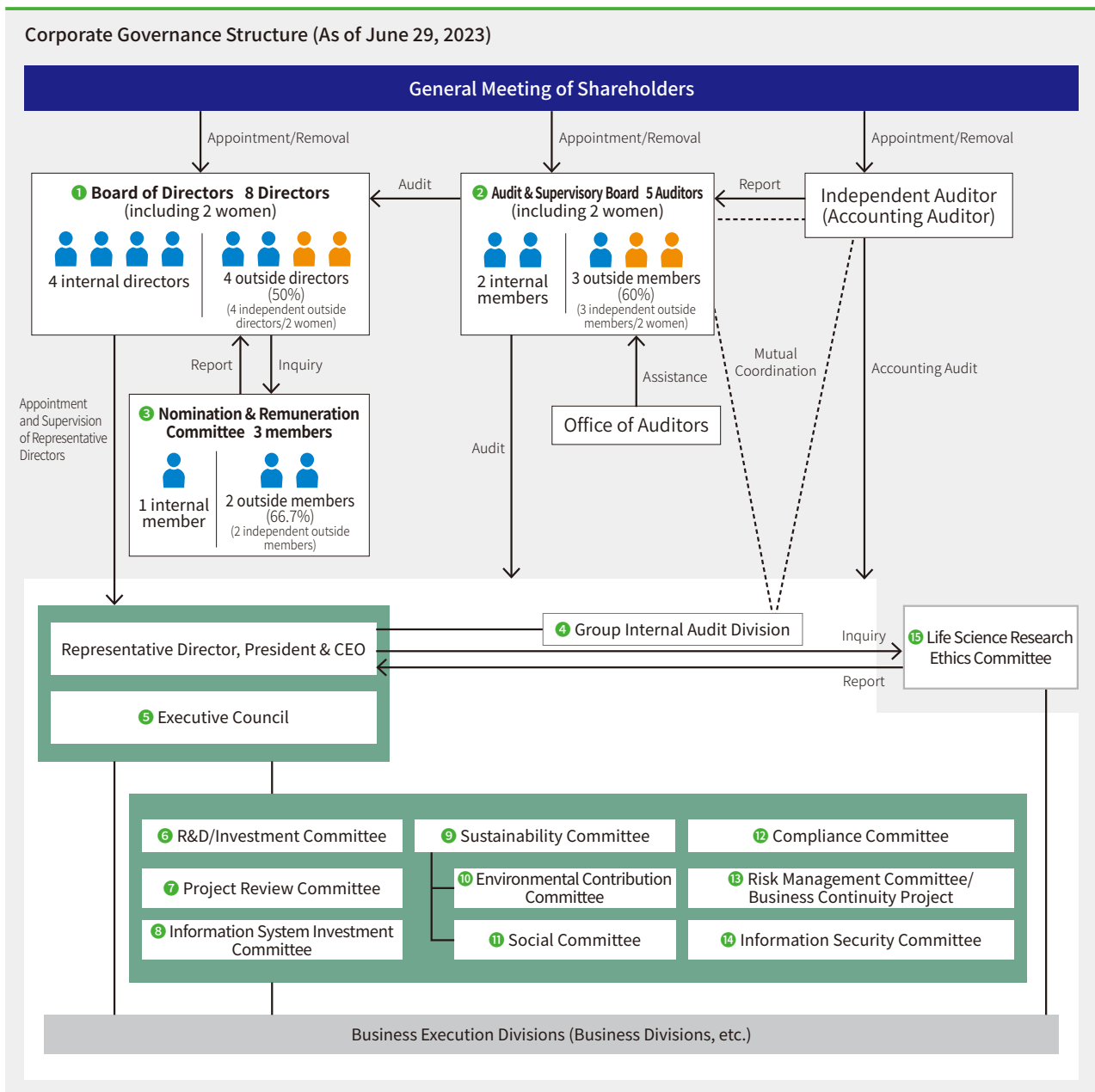
Material Issues Further improve corporate governance and integrity

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 involving supervision by a 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.



1 Board of Directors

The Board of Directors generally meets once a month. In addition to deliberation and deciding on the Company's basic management policies, important matters, etc., it supervises overall management, including execution of duties by directors and corporate officers. The term of directors is one year so as to establish a flexible management system that can respond to changes in the business environment and to clarify the management responsibilities of directors. The Board of Directors met 12 times in FY2022.

Content of main deliberations in FY2022

- State of progress in implementing Management Policies (2021–2023)
- Matters related to personnel and evaluation of directors, etc.
- State of operation of the internal control system, including the Group's risk management and compliance
- State of initiatives related to the Corporate Governance Code, including evaluation of Board of Directors effectiveness
- State of sustainability-related initiatives
- State of dialogue with investors
- State of handling of the loss of USB flash drives

2 Audit & Supervisory Board

Audit & Supervisory Board members audit the execution of duties by directors and the internal control system through their attendance of all important meetings including Board of Directors meetings, the examination of the operational and financial status, and the exercise of their rights regarding appointments and dismissal of accounting auditors and audit compensation. In order to increase the effectiveness of Audit & Supervisory Board member audits and facilitate the execution of audit functions, the Office of Auditors (1 full-time employee) aids the execution of Audit & Supervisory Board member duties. The Audit & Supervisory Board met 16 times in FY2022.

Content of main deliberations in FY2022

- State of initiatives to reinforce compliance framework
- State of initiatives to reinforce internal control system
- State of initiatives to reinforce risk management
- State of initiatives to prevent misconduct, etc., or their recurrence

3 Nomination & Remuneration Committee

This advisory committee to the Board of Directors deliberates and reports on matters pertaining to personnel and remuneration of our directors and corporate officers. The attendance of independent outside directors and the agreement of all members, including independent outside directors, are required when passing resolutions. The committee met 7 times in FY2022.

Content of main deliberations in FY2022

- Matters concerning composition of the Board of Directors and Audit & Supervisory Board and expertise and experience required of directors and Audit & Supervisory Board members (skill matrix)
 - Personnel proposals regarding director candidates and corporate officer candidates (including representative director, order of acting directors and corporate officers, performance evaluation, appropriateness of reappointment, and successor training plan, etc.)
 - Bonus payment amount
 - Issue and allotment of restricted stock
- * The results of deliberations by the Nomination & Remuneration Committee are reported and submitted to the Board of Directors.

4 Group Internal Audit Division

This independent in-house body directly under the President was established to audit the effectiveness and efficiency of internal controls through the Group. It confirms and audits the state of activities of Group committees, divisions, and Group companies. It also submits reports on internal audit plans and audit results to the Board of Directors.

5 Executive Council

The council, which is composed of corporate officers concurrently serving as directors and members appointed by the President, is a decision-making body for material matters concerning business execution and ensures efficient decision-making. Moreover, Audit & Supervisory Board members are able to attend Executive Council meetings, and full-time auditors normally attend.

Various Other Committees: Deliberate on individual management issues related to directors' execution of duties from a practical point of view

6 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 these plans and requests a review as necessary.
7 Project Review	Determines the business risks, the validity of countermeasures, and the possibility of implementation for important development and service businesses. Also evaluates actual results versus forecasts for such projects and requests a review as necessary.
8 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.
9 Sustainability	Formulates measures and policies on achieving SDGs, determines the appropriateness of overall business activities from an ESG perspective, comprehensively determines action promotion and evaluations, and requests a review as necessary.
10 Environmental Contribution	Analyzes environmental contribution-related policies, manages and monitors the design of mechanisms to promote environmental contributions and their implementation.
11 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 instructions on pending issues.
12 Compliance	Oversees compliance programs such as Group compliance education and internal reporting.
13 Risk Management/ Business Continuity Project	Addresses various risks that exert a material impact on Group management and ensures business continuity.
14 Information Security	Formulates strategies for overall Group security and personal information protection, and considers and promotes various measures based on those strategies.
15 Life Science Research Ethics	Examines the validity of human-subjects research performed by the Company from an ethical and scientific perspective through an independent organization, and requests reviews if necessary.

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. To create business ecosystems, it is important to

expand business opportunities through trust with a variety of stakeholders. Therefore, in addition to ensuring diversity of directors and Audit & Supervisory Board members, we also consider succession plans for rapid evolution a priority issue.

Changes in the corporate governance system

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

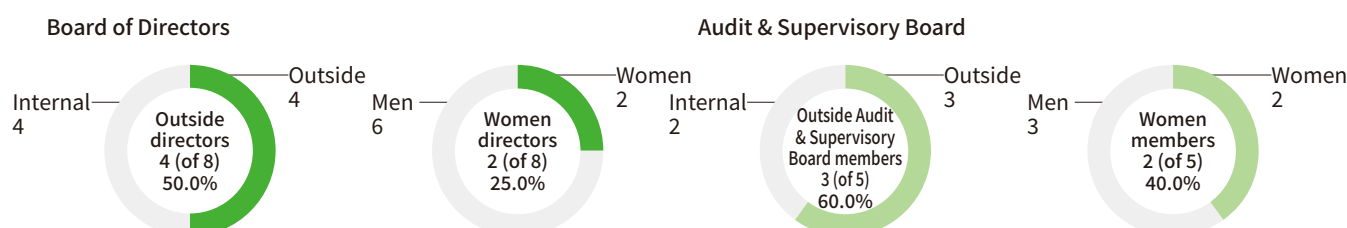
	Main Initiatives	Details/Objectives
2001	Overall Introduced corporate officer system	Separation of management supervision and execution and more efficient business execution
2004	Overall Changed the term of office of directors from two years to one year	Establishment of a flexible management structure 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 & 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
2016	Overall Revised the evaluation criteria for independence in the Evaluation Criteria for Independence of Outside Officers	Clarification of independence criteria for outside auditors
	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
	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
2018	Effectiveness Evaluated effectiveness in FY2017 (third time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
	Overall Appointed an outside director as chairperson of the Nomination & Remuneration Committee	Improve the effectiveness of the appointment, removal and remuneration system of directors and Audit & Supervisory Board members
2019	Overall Formulated the selection criteria and procedures for outside directors	Improvement of management transparency and objectivity
	Overall Increased the number of independent outside directors in the Nomination & Remuneration Committee to 2	Strengthen the independence and objectivity of the Nomination & Remuneration Committee
	Effectiveness Evaluated effectiveness in FY2019 (fifth time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
2020	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)
2021	Overall Changed the ratio of outside directors to 1:1 (4 outside directors out of 8 directors)	Improve management transparency and objectivity
	Overall Independent outside directors become majority of Nomination & Remuneration Committee members (2 outside members out of 3)	Strengthen the independence and objectivity of the Nomination & Remuneration Committee

Diversity in Directors and Audit & Supervisory Board Members

The Board of Directors' independent outside directors possess diverse backgrounds, including abundant experience and knowledge in management both in Japan and overseas, experience with venture investments and global business, advanced specialized knowledge in the fields of international taxation, gender, and ESG/sustainability. Four of the eight

directors on the Board of Directors are independent outside directors, and two of them are women. The term of directors is one year to establish a flexible management system and to clarify the responsibility of directors. In addition, in the Audit & Supervisory Board, three of the five members are independent outside members, making up the majority, and includes one attorney, and two members who are women.

Composition of the Board of Directors and Audit & Supervisory Board



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	●	●	●			
	Chie Sato				●	●	●
	Nalin Advani	●	●	●			●
	Yoshinori Ikeda				●	●	●
	Asako Osaki					●	●
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

Appointment of directors

Candidates for directors who will concurrently serve as corporate officers (hereinafter, senior management) are selected from individuals 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 outside directors are selected while taking diversity into consideration and from individuals 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 perspective. Senior management and outside director candidates are selected by the Nomination & Remuneration

Committee, composed of a majority of independent outside directors, based on selection criteria and procedures formulated by this committee. The Board of Directors then makes its decision based on that report.

Dismissal of directors

In the event that a member of senior management, including the CEO, violates laws and regulations or the articles of incorporation, commits an act of fraud, act of tort, or act of betrayal, or it is judged that they have not sufficiently served their office or fulfilled their function, the Company will remove such member from their position if it determines that the removal is justifiable based on deliberations by the Board of Directors.

Initiatives to Improve the 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.

Board of Directors Effectiveness Evaluation Process

Target	All FY2022 directors (8) and Audit & Supervisory Board members (5)		
Board of Directors Effectiveness	Step 1 : Signed survey by all directors and Audit & Supervisory Board members	Step 3 : Deliberation and evaluation by the Board of Directors	Step 4 : Formulation of action policies based on the evaluations
Evaluation Process	Step 2 : Analysis and evaluation of content by outside consultants Step 5 : Initiatives		
Evaluation Items (56 questions in total)	① Role/functions of the Board of Directors ② Progress of action policies for FY2022, which were determined after evaluating effectiveness in the previous fiscal year ③ Size and composition of the Board of Directors ④ Operation of the Board of Directors	⑤ Composition and role of the Nomination & Remuneration Committee ⑥ Operation of the Nomination & Remuneration Committee ⑦ Directors and Audit & Supervisory Board members training ⑧ Support system for outside directors	⑨ Role of and expectations for Audit & Supervisory Board members ⑩ Relationship with various stakeholders ⑪ Overall effectiveness of corporate governance system and the Board of Directors ⑫ Self-assessment ⑬ Response to the loss of USB flash drives

Results of FY2022 Evaluation and Policies for FY2023

Issues Identified in FY2021	<ul style="list-style-type: none"> (1) Need to expand prior sharing of information in order to continue to deepen discussions on themes related to the essence of management and appropriately follow up with an eye toward enhancing the effectiveness of monitoring by the Board of Directors (2) Need to conduct further discussions regarding the Group's global strategies and human resource strategies (3) Need to not only share information with outside director members more promptly and enhance the content of information in order to facilitate more active discussions at the Committee as the majority of Nomination & Remuneration Committee members are independent outside directors but also enhance the reporting of committee discussions to the Board of Directors to further enhance transparency of the Committee
Actions to Be Taken in FY2022	<ul style="list-style-type: none"> (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 resource 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 & 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.
FY2022 Evaluation	<ul style="list-style-type: none"> (1) Even though some progress was made, including expanding information sharing through training, holding meetings to exchange opinions, etc., it is necessary to further deepen substantive deliberations on themes related to the essence of management (management strategies, human resource strategies, global strategies, risk management, etc.) (2) Although progress has been made on some fronts, such as deliberations and reporting on strategies by the Board of Directors, substantive deliberations regarding global strategies should be deepened after clarifying the goal and necessity of global expansion. (3) Although many commented that progress has been made, and the Group's response was highly rated, further enhancement of the reporting of the Nomination & Remuneration Committee's deliberation to the Board of Directors is preferable.
Actions to Be Taken in FY2023	<ul style="list-style-type: none"> (1) In addition to further deepening substantive deliberations regarding not only management strategies but also human resource strategies, global strategies, risk management, and similar matters, taking into consideration management strategies, the Board of Directors will continue to expand the material necessary for that in order to generate further growth. (2) In light of the incident involving the loss of USB flash drives in June 2022, the Board of Directors will promptly share information when a major incident occurs and monitor the state of initiatives to transform the organization's culture and strengthen corporate officers and employees' compliance and risk management awareness so that this type of incident never occurs again.

Succession Plan

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).

Requirements (Qualifications/Competencies)

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

To facilitate the acquisition and strengthening of the above 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 achieved through assessments and tough assignments, in addition to sessions with internal and external management and experts.

■ 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 developments in the Japanese economy, in other words societal 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 and 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.

Management Leader Program

We have been carrying out the Management Leadership Program since 2018 with the goal of building a human resource pipeline for producing successors to senior management, seeking to generate management leaders committed to continuous transformation. As for the Management Leader: Advanced program, one element of the leadership program, a total of 30 participants have participated in the program through FY2022 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.

Since FY2022, we have moved forward with centralizing data on human resource through the introduction of a talent management system, introducing new assessments, reforming both in-house and outside training programs, and redesigning our assignment mechanisms, and aim to link this to the Group's sustainability management to strengthen the human resource pool and pipeline for candidates and build a system for more systematic and continuous generation of management personnel.

Nurturing future generations of management leaders

We hold CEO & Leaders Sessions as a place to nurture ambition to lead the Company and to share and discuss themes and issues that should be taken on from a management perspective and to connect those to action. In FY2022, 11 sessions were held, and more than 100 people participated each one.

Corporate Governance

Remuneration System

For remuneration for executive directors, the weight of 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 remuneration are paid in a ratio of 4:4:2.

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 determining director remuneration calculation methods are set through deliberations by the Nomination & Remuneration

Committee, an advisory committee of the Board of Directors, and subsequently approved by the Board of Directors.

Restricted stock remuneration tied to medium- to long-term and long-term performance

In FY2021, we introduced a remuneration system that incorporates both performance targets linked to medium- to long-term performance and long-term performance conditions that include actual response to sustainability issues such as climate change. The goal is to enhance corporate value in the medium- to long-term and strengthen the linkage between compensation and medium- to long-term and long-term performance.

Total Remuneration in FY2022 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)	297	147	109	40	5
Audit & Supervisory Board members (Excluding outside auditors)	34	34	—	—	2
Outside directors and outside auditors	73	73	—	—	8

- (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, etc. for two directors who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 28, 2022.
 7. In light of the loss of USB flash drives, Akiyoshi Hiraoka (Representative Director and President) voluntarily returned 20% of fixed remuneration (for three months), and the above amounts reflect the voluntary return.

Illustration of executive director remuneration

	Fixed		Linked to Performance		
	(a) Monthly remuneration	(b) Bonus (linked to short-term performance)	(i) tenure condition	(c) Restricted stock remuneration	
				KPI conditions	
			(ii) medium- to 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 profit attributable to owners of parent as determined by the Nomination & Remuneration Committee (for now, up to 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) medium- to 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 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 & Remuneration Committee in determining the remuneration amounts for directors and Audit & Supervisory Board members for FY2022

Board of Directors

With respect to the remuneration of directors and Audit & Supervisory Board members for FY2022, the Board of Directors resolved at its June 2022 meeting to issue and allot restricted stock remuneration, and resolved at its May 2023 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.

Nomination & Remuneration Committee

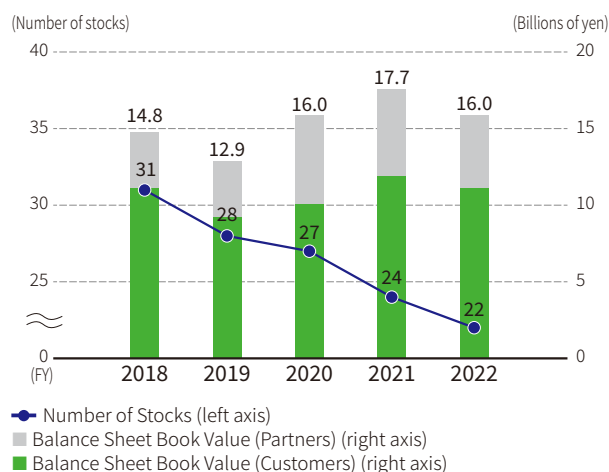
In FY2022, the Nomination & Compensation Committee held four meetings related to the remuneration of directors and Audit & Supervisory Board members, discussing the payment of performance-based bonuses and the issuance and allotment of restricted stock for FY2022.

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 partners. 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 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 FY2022 declined ¥1.7 billion from the end of the previous fiscal year, and the number of stocks held decreased by 2 stocks from the end of the previous fiscal year to 22 stocks. Going forward, we aim to reduce the total amount of strategic shareholdings on the balance sheet to less than 10% of total equity. The verification of shares held as of March 31, 2023, was conducted at the Board of Directors meeting held in June 2023. The results are as follows.

- The sustainability of the purpose for holding individual shares and the consistency with the business strategy from a medium- to long-term perspective was verified. Based on this result, the shares to be disposed of were confirmed as the significance of their holding had diminished.
- In addition to the above, the economic rationality for holding shares other than those expected to be sold off was confirmed by verifying such factors as profit from business with the issuer, etc., taking into consideration the cost of capital.

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.

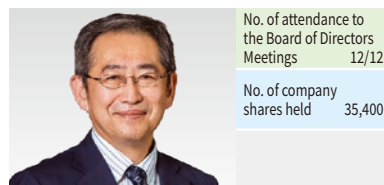


- Corporate Governance and Internal Control Principles
 - Corporate Governance Report
 - Necessary Systems to Ensure Appropriate Operations and Status of Operation of the Systems
- <https://www.biprogy.com/invest-e/com/governance.html>

Directors, Audit & Supervisory Board Members, and Corporate Officers

(As of June 29, 2023)

Directors



No. of attendance to the Board of Directors Meetings 12/12

No. of company shares held 35,400

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 12/12

No. of company shares held 19,800

Nomination & Remuneration Committee

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 12/12

No. of company shares held 11,000

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
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 12/12

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.
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.
Apr. 2023 Senior Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Education Business Division, ICT Management Office Technology, Research & Development Division, Dai Nippon Printing Co., Ltd. (present)



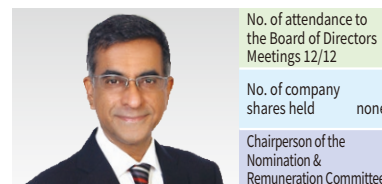
No. of attendance to the Board of Directors Meetings 12/12

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 independent as author and consultant
Apr. 2014 Member of the Committee of Certified Evaluation and Accreditation for Management and Professional Graduate Schools Member, The Japan University Accreditation Association, JUAA (public interest incorporated foundation) (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 12/12

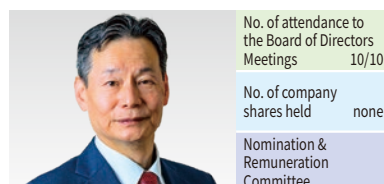
No. of company shares held none

Chairperson of the Nomination & Remuneration Committee

Nalin Advani

Outside Director, Independent Director

Apr. 1984 Venture Capitalist, Investment / Corporate Strategy Advisor (present)
Sep. 1998 Director, Chief Marketing Officer, eSOL 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)
Feb. 2023 Adjunct Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)



No. of attendance to the Board of Directors Meetings 10/10

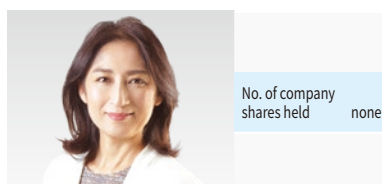
No. of company shares held none

Nomination & Remuneration Committee

Yoshinori Ikeda

Outside Director, Independent Director

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 of the Company (present)



No. of attendance to the Board of Directors Meetings 10/10


No. of company shares held none

Asako Osaki

Outside Director, Independent Director (Newly appointed)


May 1997 Masters in International Affairs (MIA) (international human rights law and human rights issues) from Columbia University
Jun. 1997 Joined the Bureau for Development Policy at the United Nations Development Programme (UNDP) New York Headquarters
Jan. 2005 Worked independently as an expert on international cooperation and gender issues (present)
Apr. 2009 Visiting Professor, School of Policy Studies, Kwansai Gakuin University (present)
Jun. 2011 Director, Specified non-profit corporation Gender Action Platform (present)
Apr. 2016 Evaluation Committee Member of the National Action Plan on Women, Peace and Security (WPS), Ministry of Foreign Affairs (present)
Apr. 2021 Expert Member, Council for Gender Equality, Cabinet Office (present)
Jan. 2022 Member of the Domestic Committee of ISO/PC337 "Guidelines for the promotion and implementation of gender equality" and an expert representing Japan in the Working Group on Gender Equality (present)
Jun. 2023 Outside Director of the Company (present)

Audit & Supervisory Board Members

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	500


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	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	600


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	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	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 P.T. 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)
Apr. 2023 Managing Director in charge of IR and Public Relations Division, Legal Affairs Department, Corporate Administration Department, Internal Auditing Division, Facility Management Promotion Department, Dai Nippon Printing Co., Ltd. (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	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	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	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
Apr. 2013 Commissioner of Certified Public Accountants and Auditing Oversight Board
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
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.
Jun. 2021 Outside Auditor of the Company (present)
Apr. 2022 ESG Economist, Asian Development Bank Institute
Apr. 2023 Provisional Member, Committee on the System of Evaluating Incorporated Administrative Agencies, Ministry of Internal Affairs and Communications (present)
Apr. 2023 Member, Publicly Traded Company Etc. Auditor Registration Review Board, The Japanese Institute of Certified Public Accountants (present)

Corporate Officers and Counselors

Kazuma Umehara Senior Corporate Officer, CFO
Atsushi Tsubouchi Corporate Officer, CIO

Takashi Sasaki Senior Corporate Officer, CDO
Shinsuke Chiba Corporate Officer

Naoshi Nagashima Senior Corporate Officer
Hideaki Sato Corporate Officer

Yuichiro Fukuda Corporate Officer
Taeko Sawakami Corporate Officer, CRMO

Takeshi Yamada Corporate Officer
Toshihiro Kobayashi Corporate Officer

Yuji Takeuchi Corporate Officer
Yoshiko Yamauchi Corporate Officer, CCO

Naoya Okuyama Corporate Officer
Nobuaki Nakatsugawa Corporate Officer

Hideki Moriguchi Corporate Officer
Hiroyuki Sato Corporate Officer

Isao Miyata Corporate Officer
Kumiko Shirai Counselor

Takashi Miyashita Corporate Officer, CISO
Susumu Ogino Counselor

Sadayuki Baba Corporate Officer

Notes: 1. Attendance at meetings of the Board of Directors and Audit & Supervisory Board is shown for meetings held between April 1, 2022 and March 31, 2023.
2. No. of attendance to the Board of Directors Meetings of Mr. Yoshinori Ikeda is for meetings held on or after June 28, 2022.

Further Improve Integrity

Material Issues

Further improve corporate governance and integrity

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

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.

Promotion of Information Security

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 determines the Group's cybersecurity strategy and protects personal information, considering and promoting policies based on the above. Additionally, the Committee works across the Group in collaboration with the Risk Management Committee to ensure that the causes of serious incidents are determined and that recurrence prevention measures are put in place. The Chief Risk Management Officer (CRMO) reports the various activities of the Information Security Committee to the Board of Directors. The 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, inspecting and reviewing policy implementa-

tion, and continually making improvements and other modifications to maintain and improve information security.

With respect to the loss of USB flash drives that occurred in June 2022, we established a third-party committee made up of external experts. We are implementing measures to prevent reoccurrence based on the investigation results and recommendations. Going forward, we will continue endeavoring to prevent the fading of that case over time, the dilution of awareness, and the reduction of measures to prevent reoccurrence to a mere formality. Recognizing that ensuring such cases never happen again and continuing to be a company group whose presence is essential to the resolution of social issues are key challenges faced by the Group, we aim to further elevate the level of information security through our initiatives.



• Loss of USB flash drives (Japanese only)

https://www.biprogy.com/com/info_security/info202206.html

Overview of Measures to Prevent Reoccurrence of Loss of USB Flash Drives

Measures to Prevent Reoccurrence	Overview
(1) Organizational security management measures	Reinforced security management measures for projects that involve access to highly confidential customer information assets. Put mechanisms and systems in place through which a newly established organization specializing in security objectively reviews and approves the appropriateness of said security management measures from the outside and comprehensively manages and monitors those measures.
(2) Physical and technical security management measures	Reinforced security management measures for portable media. Have supervisors thoroughly verify the state of use of portable media in work on consignment and internal operations.
(3) Contractor management	Reinforced the management of security management measures and the handling of personal data. Enforce compliance with laws, government regulations, and Group regulations on contractor oversight through means such as education and guidance. Verify and monitor the operational status of organizational security management measures under (1) above and internal audits.
(4) Further measures, including the fostering of awareness	Thoroughly prevent the fading of this case over time, the dilution of awareness, and the reduction of measures to prevent reoccurrence to a mere formality. Made decision to make the week in every June that contains the day on which the case occurred "Information Security Week" in order to instill the mindset and self-awareness to never let such an event happen again in all Group executives and employees. Set this week as June 19 to 23 in FY2023, issued a message from the CISO to Group executives and employees, and conducted the likes of various forms of information security and training related to the protection of personal information.

Cybersecurity Measures

As companies providing ICT services, our Group places utmost importance on cybersecurity risks, seeing the creation of new businesses resulting from digital transformation and response to cybersecurity risks as two sides of the same coin in accordance with the Cybersecurity Strategy of the Japanese Government and the Declaration of Keidanren Cyber Security Management 2.0. In recent times, companies in Japan have been incurring considerable damage from ransomware*1. Moreover, many companies in Japan have recently been affected by ransomware, with attacks on medical institutions increasing particularly, and ransomware has grown more malicious. Companies are being called upon to further reinforce their management of information in order to protect smooth socioeconomic activities and the foundations of citizens' lives. Accommodating the Amended Act of the Act on the Protection of Personal Information and addressing the issue of cross-border transfers of data are just some of the ways in which guaranteeing the

proper use of information in business is posing a challenge.

In order to continuously practice cybersecurity management in response to such challenges, the Group has determined a cybersecurity strategy and is promoting associated initiatives.

In FY2022, we provided assistance through our CSIRT*2 to customers who were afflicted by ransomware as well as newly configured ten ransomware countermeasures in our endeavors to further reinforce our response to cybersecurity risk.

Going forward, we will keep on carefully looking for the presence of any vulnerable areas from the dual aspects of people and organizations and establish omission-free measures.

*1 Illegal programs that encrypt data saved on devices to render it unusable and demand consideration for the decryption of that data.

*2 Acronym for our Computer Security Incident Response Team. A technical support team that specializes in preventing cyberattacks before they occur and responding to associated incidents.

Overview of the BIPROGY Group’s Cybersecurity Strategy

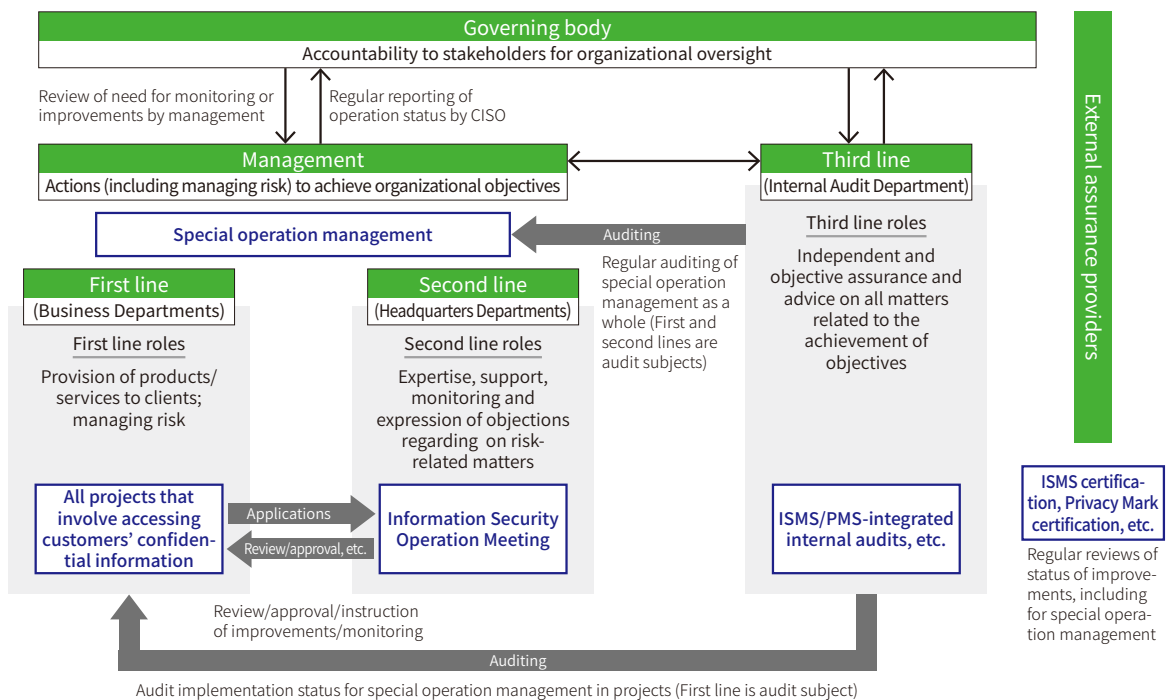
Vision	Cybersecurity Foresight Implement Digital Commons in society and provide a secure environment that befits us as a business ecosystem creator that connects diverse companies.				
Mission	Realizing cybersecurity management that befits us as a company providing value that creates a more affluent society together with our customers and partners and solving social issues as we strive for the world-highest level of information security at all times.				
Objectives	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	Human resource 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	Improve the skills, abilities, and awareness of Group executives and employees

Striving for the world-highest level of information security at all times

Ensuring cybersecurity requires us to ready ourselves against ever-evolving attacks from outside our organization and constantly elevate our ability to identify, prevent, detect, respond to and recover from risks. As ICT companies that handle customers’ valuable personal information, we endeavor to foster Group executives and employees’ awareness of the need to consistently ensure safety and reliability with respect to information security and keep on living up to customers’ trust. Moreover, we intend to strive for the world-highest level of information security at all times in our entire supply chain by responding to cyberattacks and other social issues through the surefooted promotion of preventive measures developed in view of the loss of USB flash drives and our cybersecurity strategy.

The Group has traditionally prohibited access to highly confidential customer information assets as a general rule. However, for the management of such assets that have to be accessed in order to provide adequate services to customers, we recently established a management structure that conforms with the Three Lines Model by the Institute of Internal Auditors (IIA) as a form of “special operation management.” By managing risk across all three lines in an omission-free, organizational, and continuous fashion, the Group will strive to thoroughly enforce security management measures that are not allowed to become a mere formality.

IIA’s Three Lines Model and the Positioning of Special Operation Management



Source: Prepared by BIPROGY using “The IIA’s Three Lines Model: An update of the Three Lines of Defense” by the IIA and “Reference Materials for the 25th Meeting of Council” by the Financial Services Agency as a reference

Further Improve Integrity

Corporate Ethics and Compliance

Recognizing compliance to be a top-priority issue in its execution of business, the Group determined its Group Charter of Corporate Behavior, Group Compliance Basic Regulations, and Group Code of Conduct. Our policy under these is for all executives and employees of the Group to engage in ethical activities while complying with laws, regulations, social norms, and internal rules. We have also set forth KPI and goals for material issues (See p. 24-25) and are endeavoring to enhance Group executives and employees' knowledge of and awareness of compliance. To realize that, the Group has established a Compliance Committee and is working towards promoting compliance programs under the supervision of the Chief Compliance Officer (CCO).

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 FY2022, based largely on the lessons we learned with the loss of USB flash drives, we performed a full revision of the content of our e-learning in those areas and enhanced information such as that on past cases of violations and trends in reports and consultations made over our

hotlines. In addition, we presented concrete points to bear in mind upon practicing day-to-day compliance. During "Compliance Week" in November 2022, we invited outside instructors with experience in handling impropriety at other companies to conduct lectures on the theme of blind spots that inhibit the practice of compliance. Simultaneously, we carried out activities aimed at fostering awareness of compliance, including the issuing of messages from our CCO and organizational heads. Also, in FY2023 as well, we held "Compliance Roundtables" at all Group companies as forums for members of their respective workplace to properly discuss their sentiments and awareness of issues with a view to creating an organizational climate conducive to comfortably practicing compliance.

Alongside these education and awareness activities, we have been conducting monitoring (awareness surveys) on compliance aimed at all executives and employees of the Group twice a year since FY2022 (as opposed to once a year originally) as part of our endeavors to ascertain compliance risks in greater detail.

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, we have prepared and operate a whistleblowing structure that conforms to the requirements of the amended Whistleblower Protection Act (enacted in June 2022), which helps us protect those whistleblowers. In FY2022, the above lines of communication received 27 consultations (39 in FY2021), 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.

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 FY2022

- Conducted compliance awareness survey among all Group executives and employees
Response rates of 95.6% (conducted in July 2022) and 97.4% (conducted in December 2022)
- 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 CCO and organizational heads
- Held lectures by expert
- Held Group company CCO Meetings
- Held meetings with each organizational head for the sharing of compliance cases
- Inspected proper use of software and other applications at each organization



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



Risk Management

Material Issues Further improve corporate governance and integrity
Sustainably procure and provide safe, secure products and services throughout the entire value chain

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 impropriety, 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.

Reinforcing the Risk Management System

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.

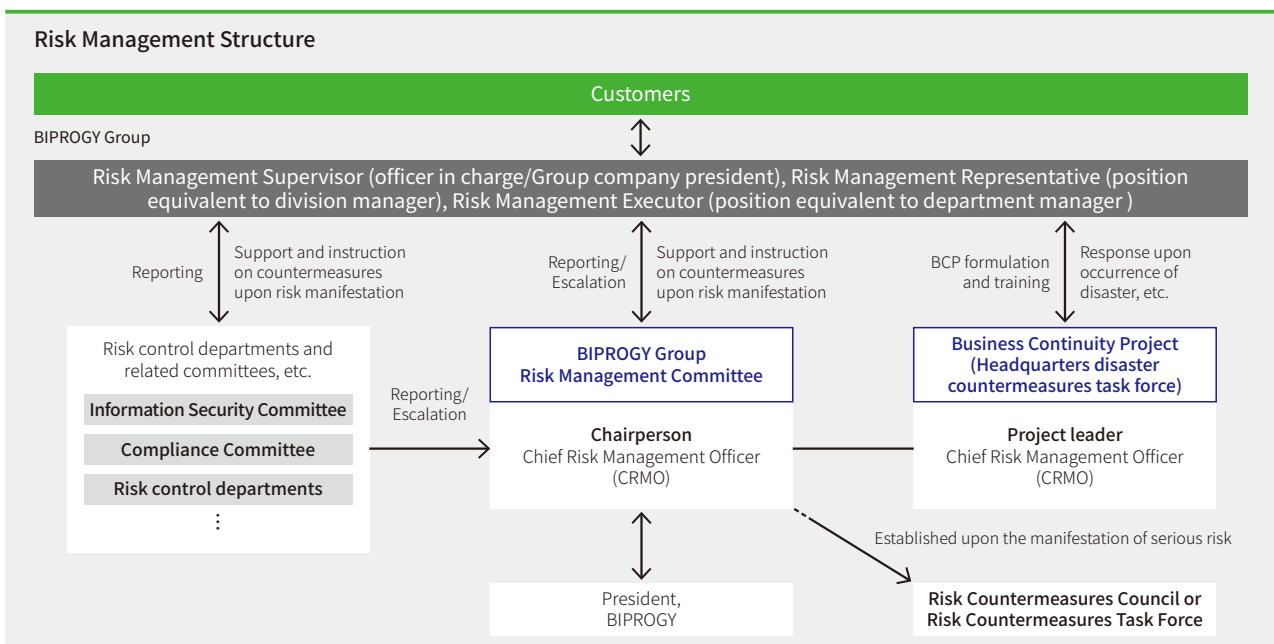
- Formulation of regulations for management of the risk of loss
- Development and implementation of systems necessary for preventing risks
- Dealing with emergencies
- Reviewing risk management items and systems
- Reporting risk management activities to the Board of Directors

In addition, we established a Risk Management Committee, chaired by the Chief Risk Management Officer (CRMO), as a body for implementing appropriate countermeasures. If a major risk materializes, the department originally impacted or the relevant committee promptly reports it to the Risk Management Committee. Depending on the severity, a Risk Countermeasures Council or a Risk

Countermeasures Task Force is set up to address the risk quickly and precisely. The person responsible for risk management in each organization takes 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.

In the medium- to long-term risk management strategy, we have set (1) enhancing risk management throughout the Group, (2) further improving the risk management abilities of Group executives and employees, and (3) improving the quality and sophistication of our risk management systems as priority issues. 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.

• Details on Our Risk Management Initiatives (Japanese only)
<https://biprogy.disclosure.site/ja/themes/113>

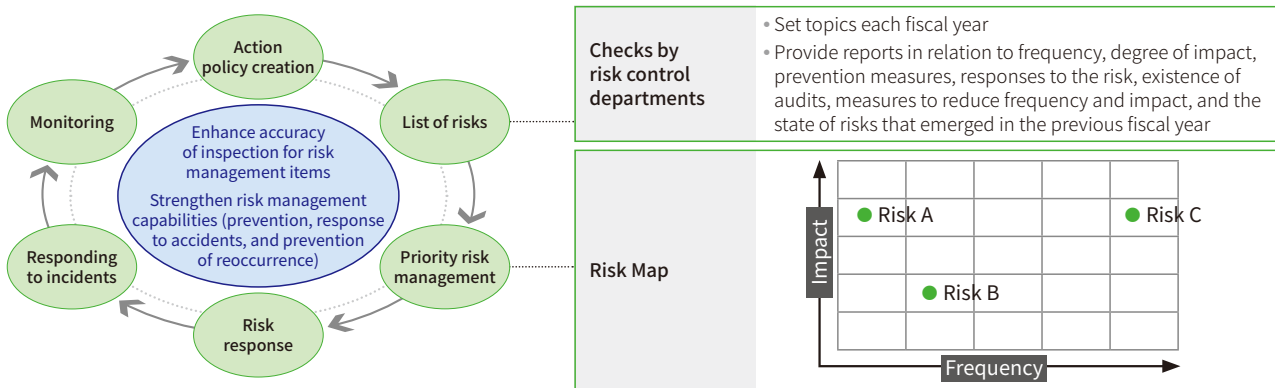


Risk Management

Ascertain Risks

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, and helps

risk control departments identify new risk management items they would not be able to identify on their own by setting themes that consider the business environment every fiscal year. 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. By identifying and monitoring risks, we review risk management policies and risk control items.



Actions Taken in FY2022

With the goal of “transitioning to all-hazards BCP,” which the Japan Business Federation recommends, the Group works to continually improve BCP/BCM. In FY2022, we formulated Resilience Reinforcement Strategy 2022, and have continued the following activities since FY2021 as we included “increasing crisis management capabilities and resilience* as a business ecosystem creator” in the vision.

- (1) Respond to COVID-19
- (2) Implement planned training to improve effectiveness of business continuity
- (3) Continually make improvements to BCP/BCM

In FY2022, we focused on initiatives to respond to (1), the greatest risk, and worked to continually improve BCP/BCM so that the Group’s critical operations are resilient to various business continuity risks, such as cyberattacks, cloud service problems, and large-scale disasters, in order to transition to all-hazards BCP. One such initiative was conducting an assessment of the Group’s BCP/BCM activities. As a result, we confirmed that improvements to BCP/BCM and the introduction of the all-hazards approach have both been launched.

* Tenacity in response to disasters and crisis that impede business continuity

As we did in FY2021, we listed risks in FY2022 and added “impact of Russia’s invasion of Ukraine” to “reviews

accompanying changes in the internal and external environment,” “changes in the environment due to COVID-19,” and “impact of physical distance, psychological distance, and casual introduction of digital technology due to new workstyles (telework).” At the same time, interviews with control divisions confirmed that preventive measures and risk response are properly being revised.

Furthermore, we identify risks that newly arise or change as the social environment shifts, such as geopolitical risks, and risks that could have a serious impact on business and force us to change the business strategy and business model. These risks will be managed as “emerging risks.”

Future initiatives

While keeping an eye on risks due to greater activity on various fronts as COVID-19 is brought under control, we will update both our response to changes in the external and internal environment and risk management system. In addition, we recognize that, for sustainability, we need to include the perspective of medium- to long-term forecasts, not only concrete preventive and response activities when events occur. We will work to improve procedures and process to identify and examine responses to emerging risks.

Toward achieving sustainable procurement

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 security incident may seriously impact society as well as the Group's customers. Moreover, it may affect the management of the Group, such as negatively impacting our social reputation or brand image. The BIPROGY Group ascertains and mitigates procurement risks in the supply chain and implements initiatives to promote sustainable procurement. We take seriously problems with the Group's contractor management, which became evident with

the loss of USB flash drives in June 2022. As we provide services to customers, we ascertained conditions by surveying all projects related to subcontracting that the Group is undertaking, and then revised and improved the contractor management system and operations and once again thoroughly provided all executives, employees, and subcontracting companies with training and guidance. In order to ensure the effectiveness of contractor management, we plan to audit the state of operations.

ESG risk management

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 broader use of our guidelines by suppliers. Our first assessment in FY2021 covered 98 major subcontracting companies and suppliers, and we surveyed the status of their ESG initiatives and conducted a risk assessment. In FY2022, we requested improvements at 49 companies that were judged to need improvement.

Going forward, we believe that further efforts are needed to increase both the expansion of companies targeted in the survey and the improvements of our effectiveness to resolve issues, and will move forward

by setting the following new KPIs and targets.

KPI	Target	FY of achievement
Percentage of suppliers targeted in the ESG risk survey*	100%	2026
Percentage of suppliers that currently adhere to or have launched improvements to material ESG risk items that the Group has set for suppliers	100%	2030

* Distribute and collect responses to self-assessment questionnaire related to compliance with sustainability procurement guidelines



• BIPROGY Group Sustainability Procurement Guidelines (Japanese only)
https://www.biprogy.com/com/pdf/Sustainability_Procurement_Guideline.pdf

Initiatives to respect human rights

Manuals and guidelines on human rights have been issued by Japanese governmental agencies and economic groups, and Japanese companies have set initiatives related to 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 set the target of 100% for “percentage of human rights-related issues at BIPROGY Group

which are being addressed” as a KPI for FY2023, and identified the following human rights issues for the Group in FY2021.

- 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

In FY2022, we implemented a variety of measures, including making the BIPROGY Group Human Rights Policy available in multiple languages and informing overseas Group companies of the Group's Human Rights Policy, requesting improvements based on a survey and evaluation of suppliers, and revising the claim handling mechanism for suppliers.