

Necessary Systems to Ensure Appropriate Operations and Status of Operation of the Systems

1. Systems to Ensure the Performance of Duties of Directors and Employees Complies with Laws and Regulations, and the Articles of Incorporation	
Basic Framework for Heightening Compliance Awareness	<p>(1) Establish a person responsible overseeing compliance and other necessary organizations then conduct the following:</p> <ul style="list-style-type: none"> • Formulate compliance-related regulations • Provide compliance education to officers and employees • Establish and operate a whistleblower hotline and thoroughly protect whistleblowers • Respond to problems when they occur • Report to the Board of Directors on the status of its activities <p>(2) Take appropriate disciplinary action against offenders based on disciplinary rules and regulations.</p> <p>(3) The Internal Auditing Division shall audit the status of the compliance system and promotion of activities of the Company and each Group company (hereinafter “the Group”) and, as necessary, point out areas and proposals for improvements.</p>
Appropriate Financial Report	Create a framework for proper financial reporting in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations.
Action against Anti-social Forces	Based on the policy of non-retention of relationships and eliminating the supportive behavior, the Company promotes internal awareness of this policy and the corresponding divisions, as well as cooperation with relevant external organizations.
Election of Outside Directors	To strengthen the supervisory function on the execution of duties by Directors, multiple Outside Directors shall be appointed.
Audit by Auditors	Auditors shall audit the status of compliance with laws, regulations, the Articles of Incorporation, etc. in the execution of duties by Directors.
Overview of the operational status of the above systems	
<p><Basic Framework for Heightening Compliance Awareness></p> <ul style="list-style-type: none"> • The BIPROGY Group has established a Compliance Committee headed by the Chief Compliance Officer (CCO) as the chairperson and has made efforts to help the officers and employees of the Group increase knowledge and heighten awareness of compliance by proactively deploying compliance programs for the entire group through this Committee. <p>Furthermore, the Group set up, internally and externally, direct reporting and consulting routes (‘hotlines’) to the Compliance Committee Secretariat and auditors which can be used anonymously or under registration, and it has taken strict measures to prevent hotline users from suffering any form of disadvantage. The Group has made immediate and appropriate responses in the event of receiving whistleblowing reports and detecting compliance violations through imposing strict sanctions against offenders and taking preventive measures against recurrence based on the identification of the true cause.</p> <ul style="list-style-type: none"> • The Group has held online meetings for managers responsible for compliance promotion to provide feedback on the compliance awareness surveys, shared recent compliance cases in the Group, and exchanged opinions on points to keep in mind in order to prevent compliance violations. • In light of the USB flash drives loss incident, each Group company held a dialogue meeting (Compliance Roundtables) to frankly share issues and thoughts on compliance practices on an organization-by-organization basis. In addition, to improve the organizational culture, we also progress with an organizational culture examination 	

project with the support and advice of outside experts to analyze the current situation and issues and to clarify the measures to be taken in the future.

These activities are reported to the Executive Council and the Board of Directors.

<Appropriate Financial Report>

- The Group established its 'Basic Policy for Appropriate Financial Reporting of the BIPROGY Group' in order to ensure the accuracy and credibility of its financial reporting, and has made appropriate financial reports pursuant to the policy.

<Action against Anti-social Forces>

- The Group has a strong willingness to refuse transactions with anti-social forces and for that purpose developed business partner screening systems and cooperation with external institutions, and developed and is operating a system for blocking relationships when a business partner is found to be an anti-social force.

<Election of Outside Directors>

- The Company elects four (4) Outside Directors that constitute more than one third of all directors in order to strengthen the supervisory function of the Board of Directors. Also, to appropriately fulfill the roles and functions of Outside Directors and Outside Auditors, in the fiscal year 2023, the Company has conducted exchanges of views between the officers of the Group company (UNIADDEX) and Non-executive Directors and Auditors, exchanges of views with female officers and female heads of departments, training on trends of sustainability information disclosure in Japan and overseas, trends of cutting-edge technologies, etc., and other activities.

<Audit by Auditors>

- The Company has audits performed by its corporate auditors from the viewpoints of its key audit items that were decided based on the corporate auditor's audit results in the fiscal year 2022 and changes in the internal and external environments in the fiscal year 2023.

2. Systems to Store and Control Information related to Duties Performed by Directors

Information Management Systems	<p>(1) Information related to the execution of duties by Directors shall be stored and managed appropriately based on laws and regulations and internal rules stipulating document management.</p> <p>(2) Directors and Auditors may inspect this information at any time upon request.</p>
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Overview of the operational status of the above systems

- The Company established its internal rules for information management such as the rules for storing and managing documents and the manuals for handling confidential information in order to manage information storage periods and locations and so forth.
- Information on the execution of duties by directors is appropriately stored and managed. The Company has developed and implemented systems to enable information to be provided at any time in response to requests from directors and auditors.

3. Regulations and Systems related to Management of Risk of Loss

Risk Management System	<p>(1) Establish a person responsible overseeing risk management and other necessary organizations then conduct the following:</p> <ul style="list-style-type: none"> • Formulate rules for loss risk management • Develop and operate mechanisms necessary to prevent the occurrence of risks • Response to emergencies • Review of risk management items and systems • Report to the Board of Directors on the status of its activities
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	(2) The Internal Auditing Division shall audit the status of the Company's risk management system and the promotion of its activities and, as necessary, point out areas and proposals for improvements.
Overview of the operational status of the above systems	
	<ul style="list-style-type: none"> Through establishing a Risk Management Committee headed by the Chief Risk Management Officer (CRMO) as the chairperson, pursuant to internal rules, the Company has managed group-wide risks in a centralized manner, has reviewed risk management items as appropriate, taking measures to deal with risks that may have significant impacts on business management. The Company has identified as key measures for the mid-and long-term risk management strategies: strengthening group-wide risk management capabilities and improving risk management capabilities of group officers and employees. The Project Review Committee and the R&D Investment Committee, in which the management-level personnel participate, review the risks of critical projects. The Information Security Committee, chaired by the Chief Information Security Officer (CISO), has been established, which formulates cyber security strategies and implements the appropriate management of information assets. The Company has developed systems and plans that enable it to ensure business continuity smoothly and seamlessly in an emergency through a 'Business Continuity Project (BCP)' working group headed by a CRMO. The CRMO reports to the Executive Council and the Board of Directors on activities performed by the Risk Management Committee, the Information Security Committee, and the Business Continuity Project (BCP). In the fiscal year 2023, the Company began new initiatives to strengthen risk management functions. As part of the initiatives, the Company has held monthly risk review meetings to confirm and discuss the impact on and risk recognition of the Company based on external environmental changes and current themes. In light of the drastically changing external environment surrounding the Group, the Company performed risk listing in the fiscal year 2023 including not only reviewing existing risk management items but also interviewing heads of risk control departments and representatives of Group companies to identify potential emerging risks that may be changed into risks in the future. The Company maintains the task force established in response to the USB flash drives loss incident and headed by the CEO to implement permanent measures to prevent recurrence. Furthermore, as a mid-and long-term cyber security strategies, the Company is promoting priority measures consisting of: thorough compliance with security rules; promotion of appropriate information handling operations; and prevention of inadequate implementation of security requirements that could make us a target of cyber attacks. With these measures, the Company aims to keep the world's highest level of information security.

4. Systems to Ensure Efficient Execution of Duties by Directors	
Separation of Management Supervision and Execution of Delegation of Authority	<p>To ensure the proper execution of duties in a prompt and efficient manner, the following items shall be performed.</p> <ul style="list-style-type: none"> Introduction of a system of Corporate Officers (for shikkoyakuin and gyomu-shikkoyakuin). Enhance the efficiency and appropriateness of decision-making through the establishment of the Executive Council, committees, etc. Develop an authorization system and appropriate delegation of authority in accordance with the importance of each case Formulate a management plan and confirm the status of its progress with the Board of Directors

Overview of the operational status of the above systems	
	<ul style="list-style-type: none"> The Company has adopted the Corporate Officer System (compose of Corporate Officers etc., concurrently serving as Director) in order to separate management supervision from management execution and to execute business promptly. The Company has established the Executive Council (consisting of Senior Corporate Officers and other higher-level personnel) as a decision-making body for deciding important matters in business execution. The Company established various specialized advisory committees in order to help the Company deliberate individual management issues from a practical point of view. The Company has further promoted the efforts to work on SDGs management and ESG management for the entire Group under the involvement of the Sustainability Committee, the Social Committee, and the Environmental Contribution Committee, which were newly established in the fiscal year 2020. The Company has reported activity status thereof to the Executive Council and the Board of Directors. The Company operates a decision system (pursuant to rules about items subject to managerial decision and decision levels) to make decisions on matters beyond the authority of a head of a department. The Board of Directors regularly reports and discusses the status of progress of the Management Policies (2021-2023) for the three years from the fiscal year 2021, as well as the status of formulation of the next Management Policies (2024-2026).

5. Necessary Systems to Ensure Appropriate Operations in the Company and the Group Companies	
Framework for Group Company Management	<p>To ensure the appropriateness of the operations of the Company and each Group company and to enhance the corporate value of the Group, conduct the following:</p> <ul style="list-style-type: none"> Establish a department in charge of each Group Company Develop rules on the responsibilities of the divisions in charge, etc. Appropriate management of and support for its Group Companies by exercising legal or contractual rights as an investor
Group Compliance Systems	<p>(1) Establish a person in charge of compliance at each Group company, and these persons in charge shall collaborate with each other to conduct activities.</p> <p>(2) Establish a whistleblower hotline that can be utilized by each Group Company.</p>
Internal Audit for the Company and the Group Companies	The Internal Auditing Division shall audit the status of controls in the execution of operations of the Company and each Group Company and, as necessary, point out areas and proposals for improvements.
Overview of the operational status of the above systems	
<p><Framework for Group Company Management></p> <ul style="list-style-type: none"> The Company has made attempts to improve the efficiency of its business management and unify its management philosophies among the Company and its Group Companies through a department assigned to help the Company supervise each group company pursuant to the regulations for managing affiliated companies. A manager for the supervising department of each Group Company has created and maintained appropriate consolidated management systems with the help of seconded executives and in cooperation with related back-office departments, and has developed and operated internal control systems and managed risks. In addition, the Company conducts education and trainings every year for newly appointed seconded executives and managers for the supervising departments of each Group company to make efforts to 	

improve the effectiveness of Group company management. The Company also checks the status of development of internal control systems at major Group companies through said managers.

- Under new working styles, such as hybrid work, it has become difficult to detect signs of compliance violations due to the decrease in face-to-face communication opportunities. The Company has developed and is operating an internal control system that makes it difficult for fraud to occur, including segregation of duties, and the Company regularly monitors its operation status through audits by Auditors of Group Companies and audits by the Group Internal Audit Division, thereby detecting problems at an early stage and continuously improving the internal control system.

<Group Compliance Systems>

- The Company has established a hotline that can be used by officers and employees of the group including seconded personnel and dispatched workers, and has implemented compliance programs for the entire group. The Company established a dedicated hotline and began operation at its subsidiary in Vietnam in the fiscal year 2019. The Company is striving to detect compliance risks more frequently by conducting compliance awareness surveys to twice a year. In addition, the Group has made efforts to increase compliance awareness among the entire group partly by enabling CCOs of the Group companies to share compliance cases and measures to prevent recurrence at CCO Meetings.
- In addition to periodic messages from the CCO, the Company implements a variety of initiatives, including the enhancement of related internal rules and guidebooks, as well as education, training, and awareness-raising for officers and employees of the Group, to ensure that they have firm awareness of compliance.
- When violations of laws and regulations or internal rules are revealed at each group company, the Company promptly takes corrective measures and measures to prevent recurrence. The Company also verifies that those measures are functioning properly and take additional corrective actions as necessary.

<Internal Audit for the Company and the Group Companies>

- Based on internal audit plans, the Company conducts audits of its major subsidiaries, points out areas for improvements, and reports on audits at the Executive Council and the Board of Directors.

6. Matters related to Employees Assigned to Assist Auditors, the Independence of Such Employees from Directors, and Ensuring the Effectiveness of Auditors' Directions to Such Employees

Auditor Assistance Systems	<ol style="list-style-type: none"> (1) Establish an organization to assist in auditing duties under the direction and orders of Auditors and assign full-time employees to the organization. (2) Any personnel changes of employees assisting in Auditor duties shall require the consent of the Audit & Supervisory Board.
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Overview of the operational status of the above systems

- The Company has established the Auditor's Office as a body to help auditors perform duties. It has assigned employees dedicated to the Office with the consent of the Audit & Supervisory Board.

7. Systems pertaining to Reports to Auditors and Systems to Ensure Effective Audit Performances by Auditors	
Systems pertaining to Reports to Auditors (Audit & Supervisory Board)	<ol style="list-style-type: none"> (1) Directors shall immediately report to the Audit & Supervisory Board if there is a risk of significant damage to the Company in the course of the performance of their duties. (2) The Group shall establish a whistleblower system and a mechanism to protect whistleblowers so that the officers and employees of the Group may report compliance issues directly to the Company's Auditors.
Other Systems to Ensure Effective Auditing by Auditors	<ol style="list-style-type: none"> (1) Auditors may attend and express their opinions at meetings of the Company's Board of Directors, Executive Council, and other important meetings. Documents and other information requested by Auditors shall also be immediately provided. (2) Auditors shall be able to receive reports, including those concerning matters concerning Group Companies, from officers and employees on a regular or as-needed basis. (3) Auditors and the Audit & Supervisory Board shall work closely with the Internal Auditing Division and the Accounting Auditor to conduct effective audits. (4) Auditors shall work with the auditors of each Group Company to ensure that the management of Group Companies and Group audits are conducted effectively. (5) The Company shall bear the expenses incurred by Auditors in the performance of their duties.
Overview of the operational status of the above systems	
<p><Systems pertaining to Reports to Auditors (Audit & Supervisory Board)></p> <ul style="list-style-type: none"> • The Audit & Supervisory Board collects an "Execution Confirmation" document from each director. In the event that a fact that may significantly damage the Company is detected, the Board confirms with each director as to whether the fact was reported to the auditors (Audit & Supervisory Board) immediately. • The Audit & Supervisory Board has established an auditor hotline as a direct reporting and consulting route to auditors. In light of the Whistleblower Protection Act, the Board has strengthened the whistleblower protection system and has also prohibited practices that may disadvantage hotline users. <p><Other Systems to Ensure Effective Auditing by Auditors></p> <ul style="list-style-type: none"> • Auditors participate in important meetings mainly of the Board of Directors and the Executive Council. The Company has material documents such as documents for requesting managerial decisions sent over to the auditors. • Auditors have conducted interviews with the President & CEO as well as other directors and key employees as needed. • The Audit & Supervisory Board meets quarterly with the Accounting Auditor and the Internal Audit Division to exchange views about risk management situations and key audit items as well as confirm results of reviews by certified public accountants and the Auditing Oversight Board. • Full-time auditors share information and exchange views as needed with the Group Internal Audit Division. • Auditors audit the group companies on site visits as needed, and hear regular reports from the auditors of key group companies once a quarter in order to check the status of management and control in Group Companies. 	

(Reference) Organizational Chart for Corporate Governance and Internal Control (current as of April 1, 2024)

