

**BIPROGY Group**

# **Sustainability Report** **2022**

Foresight in sight

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## CEO Message



## Building a One-of-a-Kind Company That Contributes to a Sustainable World

**Akiyoshi Hiraoka**  
**Representative Director,**  
**President & CEO, CHO**

### Loss of USB Flash Drives

In June 2022, we discovered that USB flash drives containing the personal information of a resident of Amagasaki City had been lost by an employee of one of our second-tier subcontracting companies. I would like to personally apologize to the residents of Amagasaki, the City of Amagasaki and other parties concerned for any inconvenience and worry this incident may have caused. As a company that handles the important information of stakeholders, we fully recognize this was a serious incident that never should have occurred. The entire BIPROGY Group, all executives, and employees, deeply regret this incident, and we are addressing it thoroughly. Under our risk management system, we set up an emergency task force, which I headed myself, to identify areas that require improvement and transform the mindsets of our entire executive management team and workforce. We are committed to regaining trust from all concerned.

We have always followed three basic principles when it comes to information security countermeasures: (1) do not access customers' information assets; (2) do not use portable media; and (3) do not take information out of restricted areas. Previously, we had put in place a system for ensuring information security and provided regular training to employees. Despite these best efforts, this incident occurred. We are taking this opportunity to refamiliarize our entire team with the importance of these basic principles and practices, and to remind all employees of the principles. Going forward, in the event that we must breach these principles due to a customer's situation, we will strive to provide the applicable services only after putting into place special operations with defined procedures and systems to secure robust information security.

Furthermore, to ensure that these security management countermeasures maintain their substance, we have established an emergency countermeasure requiring weekly monitoring covering information security and adherence to contracts. We will once again review and make improvements within the Group in response to the issues of contractor management that have become vividly clear from this incident. In the future, we will provide the world with robust information security services befitting a company that has learned the hard lessons from this incident, and strive to restore the trust placed in us so that all of our customers can say, "BIPROGY is a team of true information security professionals."

## Internal and External Responses to Company Name Change

In May 2021, we announced to the world that we would change our name to BIPROGY Inc. effective April 1, 2022, and we communicated this internally at the same time. Customers have shared support for the change, saying that it is a good company name which expresses the Group's commitment to diversity-driven innovation and its aspiration to shine a light on the future. We are grateful our customers understand the intentions we set out in our Purpose. We have also fostered employee understanding of the hopes and ideas behind the name BIPROGY by promoting dialogue among executive management and employees. In the future, as the name suggests, the new BIPROGY will be a company that illuminates new paths in society, provides value in response to changes in society and the environment, and promotes initiatives to deliver sustainable value creation.

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

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

Fiscal 2021 was also the second year of the COVID-19 pandemic, and various new ideas emerged about work style and how to live together in society. In this context, the concept of digitalization garnered attention. While customers in some industries were cautious or postponed investments in digitalization due to the pandemic and other factors, digital transformation (DX) harnessing digital technology to drive change in business models, customer relationships, work styles, and corporate culture attracted a great deal of attention. We had formulated our Management Policies (2021-2023) focusing on the approaches of "For Customers" (where we support customers with DX) and "For Society" (where we leverage DX to address social issues), in the aspiration to pursue DX and provide DX services useful to customers and the broader society. Looking back on the first fiscal year, revenue growth clearly showed that we made powerful strides in the outsourcing business, where we implemented our "For Customers" and "For Society" approaches, such as in "corporate DX" and "service-based" outsourcing (where we seek to drive business creation). By combining our solutions with intellectual property obtained during customers' DX and assets owned by customers, we hope to create a highly developed business ecosystem. In a turbulent world where it is increasingly difficult to predict the future, and where social issues seem to arise one after another in response to various constraints, I believe that we have taken the first step to supporting global DX by creating a "digital commons" as a shared social asset and platform for resolving issues using the power of digital technology.

## Developing a Business Ecosystem and Digital Commons

### Gaining Insights from Our Business Ecosystem Initiatives

We started to focus on the business ecosystem concept around eight years ago. At the time, we recognized that it would soon become difficult for a single company alone to compete against the major IT firms known as GAFA.<sup>1</sup> Applying the term ecosystem to business, we knew we could create competitive

advantages by combining strengths across business and industry lines. As we moved ahead with these activities, we found that a business ecosystem has the potential not only to provide competitive advantages, but also to resolve social issues that a single company or entity could never solve alone. Combine these advantages with the power of digitalization, and you have our business ecosystem concept. For example, even for sharing services, the power of digital technology can be used to match owners and users, ensuring reliable returns and collection of user fees, resulting in a full-fledged standalone service. Sharing services represent a zero marginal cost model because no new investment is needed, as resources with low utilization rates are used. There are still many assets with low utilization rates, including in the natural environment such as solar power. For environmental issues, digital technology can be used to add evidence and raise people's awareness. As a result, we identified a new material issue "Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions." We arrived at the digital commons concept by acting on the desire to create share assets (commons) for society commensurate with a digital era using a zero marginal cost model.

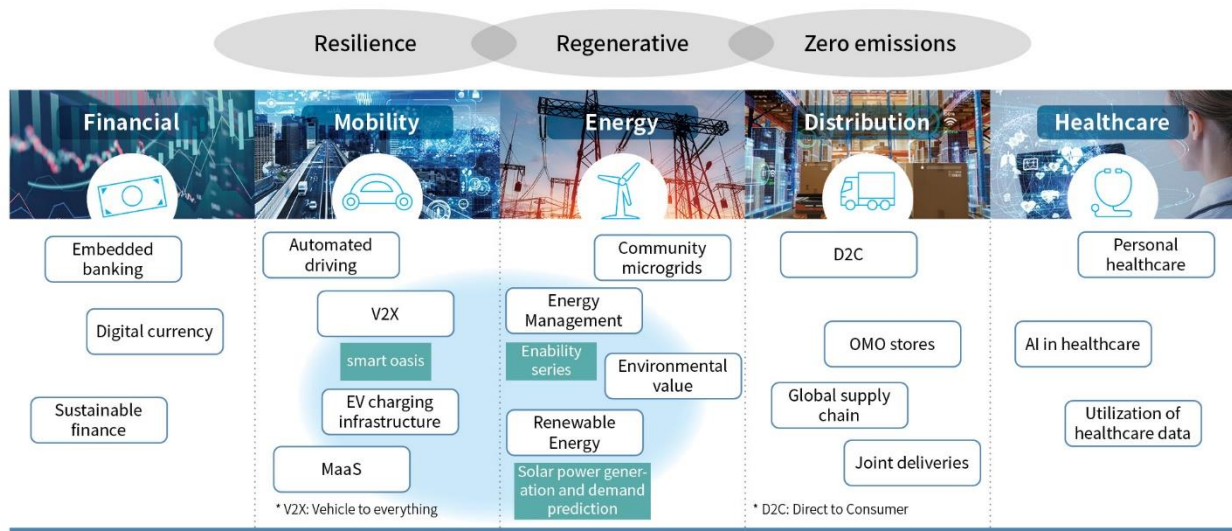
1. A collective term used to refer to the major IT firms in the US: Google (now Alphabet), Amazon, Facebook (now Meta), and Apple.

### **Leveraging the Effects of Digitalization**

Japan has yet to take full advantage of the effects of digitalization because of its vertically split corporate organizations and the barriers between its relatively independent government offices. In Australia, for example, prior to the COVID-19 pandemic, to use public transportation, people had to purchase a prepaid card and load it using cash. Today, riders can simply touch their credit card at the ticket gate to pay for their fare, making public transportation nearly cashless. Although e-money services are spreading gradually in Japan, in rural areas, people are still unsure of what payment methods are accepted.

Looking at Japan's industrial structure, there are barriers within the supply chain that diminish the effects of digitalization. If digitalization is approached in a manner that enables seamless sharing by capitalizing on the power of digital technology for the entire value chain; not just supply chains, its effects can be leveraged to shape a digital commons for society. As an example, we established a new company that uses data to chart and clarify the distribution channels of domestic timber in real time. The company is now creating workspaces with office furniture made exclusively from domestic timber. Currently, wood prices remain elevated, but domestic pulpwood has a very low price. Nevertheless, prices are hiked along the way during distribution and processing, ultimately resulting in higher costs than the same pulpwood sourced from outside Japan. Visualizing these processes using digitalization reveals where the bottlenecks exist. Ensuring the distribution of domestic timber at the right price also results in the protection of domestic forest resources and water resources. We are now working to create a successful business model that will drive new innovation.

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



## Securing and Developing Human Resources Who Can Deliver on Our Vision

### ROLES Initiative for Generating Diversity within Individuals

To tackle the challenges humanity faces today, the world needs global innovation to transform not only IT, but also to make human societies more functional and just. No matter how long the path to success may be, challenges can be overcome if there is a willingness to embrace mistakes. I have experienced a number of failures during the course of my career. The key to overcoming failures is diversity. If surrounded by people that only have a single perspective on the world, failure will end in admonishment and nothing more. By contrast, diversity inside a company helps to build a culture of learning from mistakes, especially when everyone knows there are people nearby to support and assist along the way. If a certain direction proves to be wrong, the first step to success may be simply changing directions. Diversity within an individual will allow that individual to relate to the diverse values of others, respect them, and respond appropriately and collaboratively in their own unique way.

These are the concepts behind our ROLES initiative. We have embedded them into our personnel system, and the name ROLES refers to the many roles that employees play. This is based on the belief that the root of diversity in an organization or company begins with fostering diversity within individuals, or intrapersonal diversity. The term ROLES has finally taken root within the Group, which has led to the belief that much can be learned from mistakes. In turn, this has shown us the path to our ideal image of human resource development. We have already presented a sample of ROLES to employees who are now registering their preferred individual roles within our database as A role and B role and so on. The ROLES initiative is a mechanism that allows this database to be used to set individual targets and create operational plans. We also allow for new ROLES to be created. I sincerely look forward to seeing these efforts foster new forms of diversity.

## **Succession Planning**

We are actively seconding talented human resources to other companies outside the Group to gain experience. We need to make the Group an attractive place where talented people will want to return after these experiences. We have a Nomination and Remuneration Committee, so rather than just the CEO appointing someone, we seek to develop human resources, based on a succession plan, who are suited to top management positions and have a vision for how exactly the company will provide value to society.

This is why we establish venues for sharing our future vision on a regular basis and disseminate it not only internally but also to prestigious universities. We want to increase the level of discussions held with academic professionals. Toward this end, we are implementing a management leadership development program for fostering the executive leadership candidates of the future. Behind the scenes, there are many officers and employees willing to help out, so we prefer that a management leader emerges who gets really excited about our vision. Internally, I hear that members thinking about the next stage are voluntarily setting up various task forces and holding study sessions, which is very encouraging. I would prefer candidates from the inside the company so that we do not have to call in management from outside, but I cannot predict how the world will change in the future or what kind of industry restructuring will take place, so I cannot completely rule out this option.

## **Operation of the Board of Directors**

To bring greater diversity to the Board of Directors, we appoint various individuals to serve in the roles of Outside Director and Audit & Supervisory Board member, based not only on their attributes, but also their experience and values. Currently, half of our eight directors are independent outside directors. Eventually, I hope to have outside directors and independent officers comprise a majority of Board members. Once diversity is secured, we can upgrade discussions at Board of Directors meetings by pointing out areas from a different perspective that tend to fall into the trap of being seen exclusively from an internal perspective. Even now, outside directors are actively speaking up at board meetings, and it is not uncommon for a proposal to be rejected and then re-proposed with a major change at the next meeting. This makes for a very good atmosphere. This means Board meetings tend to run on the long side, but the time invested is worth the returns, and we will continue this approach.

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

## **The Future Form of the BIPROGY Group**

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



will also work to ensure that stakeholders understand the steady steps we are making toward our Purpose and make it clear to them how they can participate in our efforts to build a digital commons and make the world a better place.

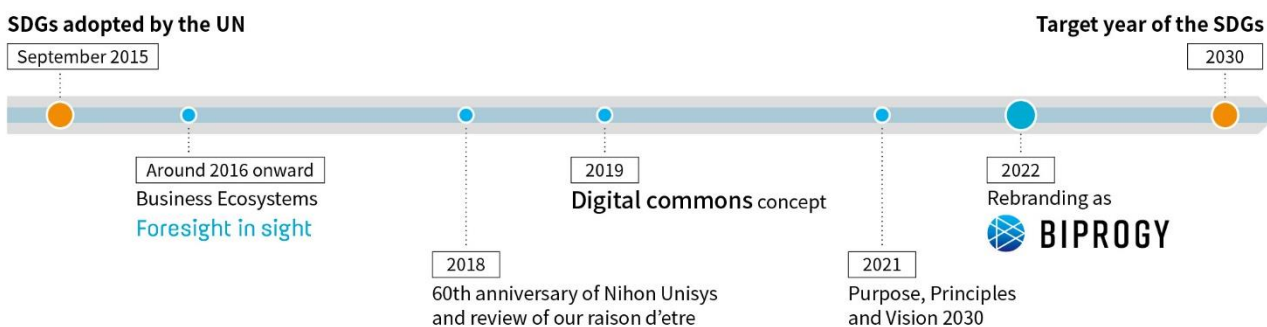
As indicated in our Vision 2030, we will continue working to build a sustainable world by developing a digital commons to serve as a platform supporting human societies where everyone can lead a happy life.

## From a Business Ecosystem to a Digital Commons

The business ecosystem we are building strengthens relationships between the BIPROGY Group and our customers and partners and helps to create solutions to social issues by facilitating collaboration across industry boundaries. Going even further, the BIPROGY Group aims to help shape a digital commons for the globe that continuously creates both social and economic value to build a sustainable world.

### From Business Ecosystems to Digital Commons

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



## **Corporate Philosophy and BIPROGY Group Charter of Corporate Behavior, Purpose, and Principles**

### **Corporate Philosophy**

#### **Our Mission**

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

#### **Our Vision**

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

#### **Our Values**

1. Pursuit of High Quality and High Technology  
Always have the latest knowledge that is useful for society while improving our skills
2. Respect for Individuals and Importance of Teamwork  
Identify each other's good points, encourage each other to improve those good points and harness the strengths of each person
3. Attractive Company for Society, Customers, Shareholders and Employees  
Listen sincerely to our stakeholders to improve our corporate value

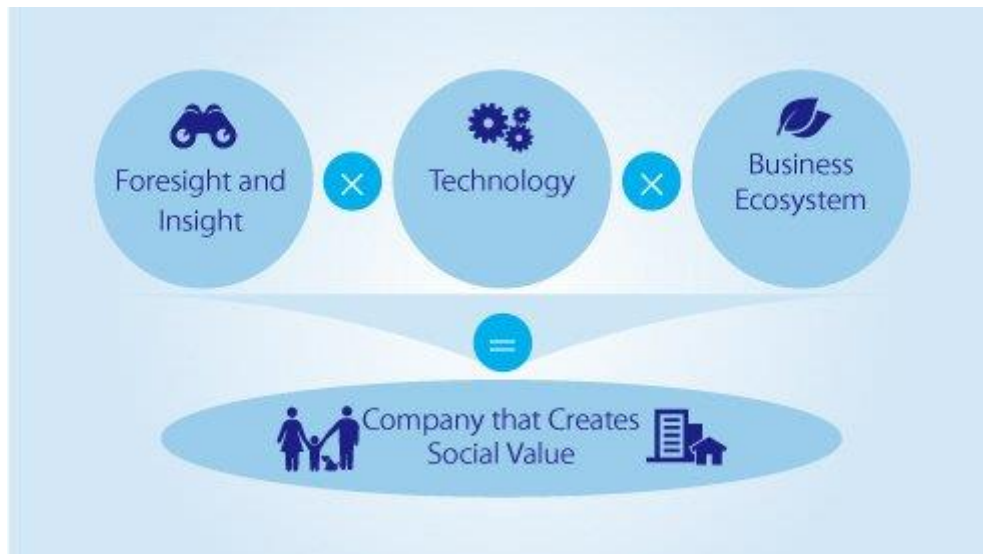
### **BIPROGY Group Charter of Corporate Behavior**

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

1. Act with coexistence of people and the environment as the highest priority
2. Always act according to the principles of social responsibility<sup>1</sup>
3. Sincerely work on the core subjects and issues of social responsibility<sup>2</sup>
  1. Principles of social responsibility  
The seven key principles of ISO 26000, the international guidance relating to social responsibility: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.
  2. Core subjects and issues of social responsibility  
The seven core subjects of ISO 26000, the international guidance relating to social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development, and relevant issues related to each of the core subjects.

## Purpose

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



Also see p. 1, CEO Message

## Principles

### ■ Social Inclusion and Respect for Human Rights

Respect vulnerable people such as children, the elderly, and those with disabilities with the aim of achieving respect for human rights and gender equality.

### ■ Acceptance and Acquisition of Diversity

Accept and respect diversity and strive to create value by improving one's own inner diversity.

### ■ Self-improvement and Greater Discretion

Be sensitive to the expectations and requests of society and actively create a better society.

### ■ Transparent Corporate Activities and Healthy Corporate Culture

The company should engage in corporate activities that are transparent to society and strive to maintain and improve a healthy corporate culture.

### ■ Sincere Performance

Listen sincerely to the voice of stakeholders, follow socially accepted good concepts and conscience, and follow the Principles and Creeds.

## Creeds

### ■ Sincere and Passionate Actions as a Good Member of Society

Act sincerely and passionately for co-existence and co-prosperity with society and the environment and achieve the management philosophy as a good member of society.

### ■ Efforts to Hand Down Well-being to the Next Generation

Work actively to build a sustainable society to hand down our blessings from nature and a happy life to the next generation.

■ **Create Value by Forming Business Ecosystems**

Study society carefully, consider the relationships in solving multiple social issues, and gather stakeholders, knowledge, and resources and work to create value.

■ **Pursue High Quality, High Technology and High-level Skills**

Pursue high-level skills for providing high quality and high technology services.

■ **Create Social Value and Achieve Sustained Growth**

Achieve sustainable growth of the Group by pursuing the creation of social value by making decisions according to changes in society and following through on the decisions.

## **Vision 2030**

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

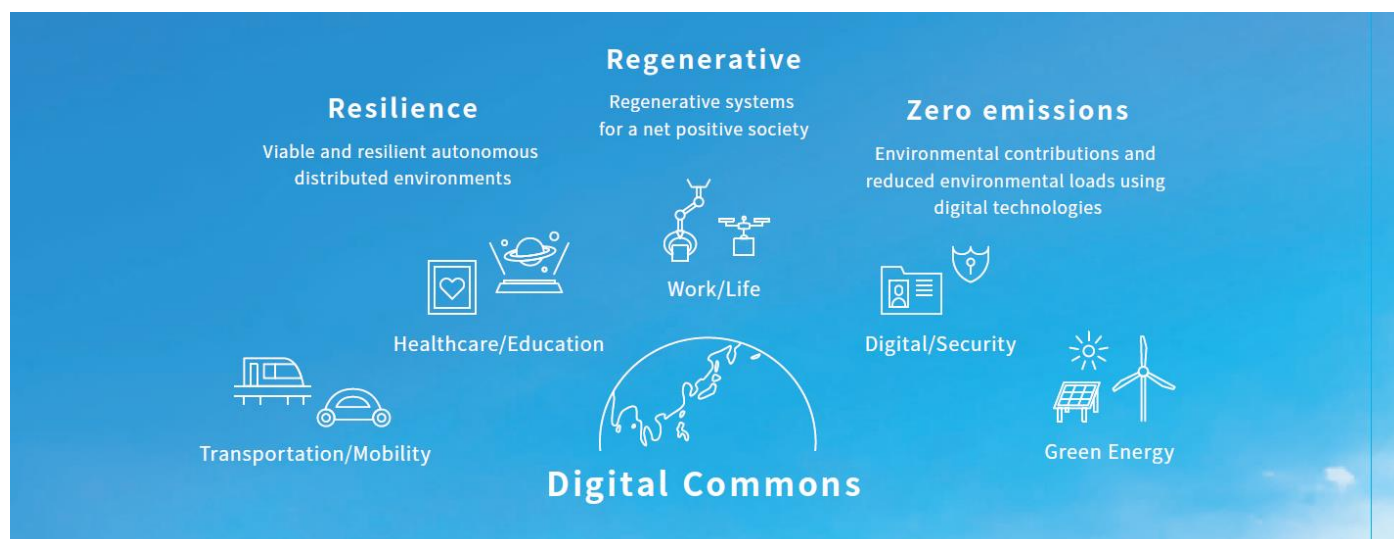
### **Building a Sustainable World**

Vision 2030 defines the direction for the BIPROGY Group, looking ahead 10 years into the future. Based on aspiration and empathy, we are seeking to create a business ecosystem and platform that can bring together various services, products, companies, and users, to help build a sustainable world by making the most of the potential of technology. We intend to provide this ecosystem and platform as a digital commons to be used as a shared asset for the world. Our digital and technological capabilities will be the key to achieving this goal. Guided by the three social impacts we intend to deliver — resilience, regenerative systems, and zero emissions — we will advance our business and work with our business ecosystem partners to contribute to society from the perspectives of various industries, business sectors, and markets. In this way, we hope to create new value and markets.

The BIPROGY Group is pursuing all-out transformation to create social value. We will accomplish this by accelerating our efforts to create new value that enriches society as well as our initiatives to solve social issues, going far beyond the mere provision of ICT services. As we do so, we will combine foresight and insight as we fuel social changes, leverage ICT-based technology, and form business ecosystems with various business partners.

### **BIPROGY Group's Digital Commons Concept**

The digital commons the BIPROGY Group aims to build is a community where both social and economic value can be created by solving social issues using the power of digital technology. It uniquely enables privately owned assets (assets owned by companies, organizations, and individuals) and surplus assets (assets with low utilization rates) which already exist in society to be widely used as shared assets with low additional costs.



## Creating Social Value

The BIPROGY Group possesses not only knowledge gained through the provision of system integration services and solutions in a wide range of sectors and industries that make up society, but also business conceptualization and engineering capabilities developed by integrating best practices. We leverage these strengths on the firm foundation of our relationships of trust with the customers in many industries in our business ecosystem and our partner relationships that do not depend on specific relationships. The result is new value for society.

## Asset-Based Approach to Social Impacts

To move forward with our efforts “for customers” (customer DX) and “for society” (social DX), set out in our in the Management Policies (2021-2023), and expand our business ecosystem, we are using the implementation capabilities we have acquired over the years to accelerate business processes while becoming even more agile. By doing so, we will jointly create value with customers in this business ecosystem, and both our customers and our own Group will benefit from transformation. We also aim to contribute to society by combining the various services that we have evaluated and verified for the market, using the proof of concept (PoC) and other methods, and then moving to the implementation stage.

The world has reached a major turning point, and there are strong expectations for companies to leverage their businesses to solve social issues by working with various stakeholders. Companies must take the initiative in helping to build a sustainable world for the future. We believe that the trend of growth markets driven by the creation of social value will become even more pronounced in the future. The BIPROGY Group aims to firmly position itself in this market and continuously create social value. We have acquired the assets we need in this endeavor in various ways, including in the course of our day-to-day activities serving our customers. We believe that we can establish a unique position by making the most of these assets, generating new markets by pursuing our three social impacts, and then providing the Group’s unique services in those markets.

## Committed to Sustainability Management and Sustainability

### CSO Message



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

**Koji Katsuya**

**Director, Executive Corporate Officer,  
Chief Sustainability Officer (CSO), and  
Chairman, Sustainability Committee**

Since I assumed the position of CSO and Sustainability Committee Chairman in April 2021, the Sustainability Committee has held a series of discussions on what sustainability issues the Group should address and how we should do so, defined the key issues for achieving Vision 2030 in the next 10 years as new material issues, and set KPIs and targets. We are totally determined to achieve these targets by 2030, the completion date for the SDGs, as we seek to build a world where everyone can lead a happy life and ensure the continued growth of the Group. We assess progress on our targets every year, and we link the results to executive compensation to incentivize the entire management team to do its utmost to achieve them.

Human resources have always been the driving force of our business, and the new BIPROGY Group is no different. Based on the belief that the Group will not grow without the expansion of business-producing human resources and the progression of diversity and inclusion, we are pursuing the visualization of human resources, the development of a talent management system, and the reform of the personnel system, focusing on our ROLES initiative. One recognition of this approach was our selection as a Nadeshiko Brand<sup>1</sup> in fiscal 2021. We will continue to focus on building human capital to drive continuous growth, linking our management strategy with our human capital strategy and moving forward quickly.

In the environmental sphere, we have calculated Scope 3 greenhouse gas emissions and analyzed climate change scenarios to identify business opportunities and risks. As environmental business opportunities continue to expand, we are creating new businesses, such as KIINNOX, which promotes the utilization and distribution of Japanese timber. We intend to keep expanding our digital contributions to the environment in order to build a world of net-zero emissions.

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

1. Also see p. 26, [Selected as a Nadeshiko Brand](#)

## Approach to Sustainability Management and Sustainability

The BIPROGY Group's corporate philosophy is "Work with all people to contribute to creating a society that is friendly to people and the environment," and its Purpose is "Create a sustainable society using foresight and insight to unlock the full potential of technology." To realize both, we are earnestly working to solve various social issues by focusing our corporate activities on environmental, social, and governance performance. As we create value by contributing to the development of a sustainable world, we aim to establish a sustainable growth cycle for the Group.

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

## Sustainability Implementation System

We have established a system to implement these efforts based on the idea that it is important to strengthen management and governance as part of our efforts to tackle sustainability-related issues across the entire Group. We have established not only the Sustainability Committee, a decision-making body chaired by the CSO, who has overall responsibility for our efforts to contribute to the SDGs and our sustainability management strategy, but also the Environmental Contribution Committee and the Social Committee, which are sub-committees with a specific focus. Material issues concerning efforts to solve problems related to the environment and sustainability of society are deliberated and reported on by the Executive Council and various committees.

The Board of Directors also receives reports from all committees and organizations on the status of their main activities, including their actions on sustainability-related issues, and deliberates and makes decisions regarding them, based on multiple perspectives. In fiscal 2021, the Board deliberated upon topics such as the revision of material issues, environmental management, and human resource strategy.

[Also see p. 108, Corporate Governance Structure](#)

## Education to Build a Corporate Culture Committed to Sustainability

The BIPROGY Group provides employees with a variety of opportunities to gain a deeper understanding of sustainability issues. The aim is for every person to obtain a greater awareness of what society expects and demands and be equipped to uphold the practices of good corporate citizenship.

In addition to sustainability-related e-learning programs<sup>1</sup> for Group executives and employees, messages from management for Group employees posted on our intranet also address sustainability at times.

1. In fiscal 2021, we conducted sustainability training on 11 topics, with an average participation rate of 98.8%.

## Management Policy Meetings

As part of our efforts to promote the new management direction announced in fiscal 2021 and ensure this approach is fully embraced in our corporate culture, we held a series of online nationwide discussions among management and Group employees to increase understanding of and encourage dialogue about our Vision 2030, Management Policies (2021-2023), and the Group's sustainability management.

## e-Learning

The topics covered are as follows.

- Internal control
- Export control
- Environmental contribution
- BCP
- Compliance
- Information security
- Diversity promotion
- Web accessibility
- Human rights initiatives
- Mental health measures in the workplace
- Transactions with subcontractors

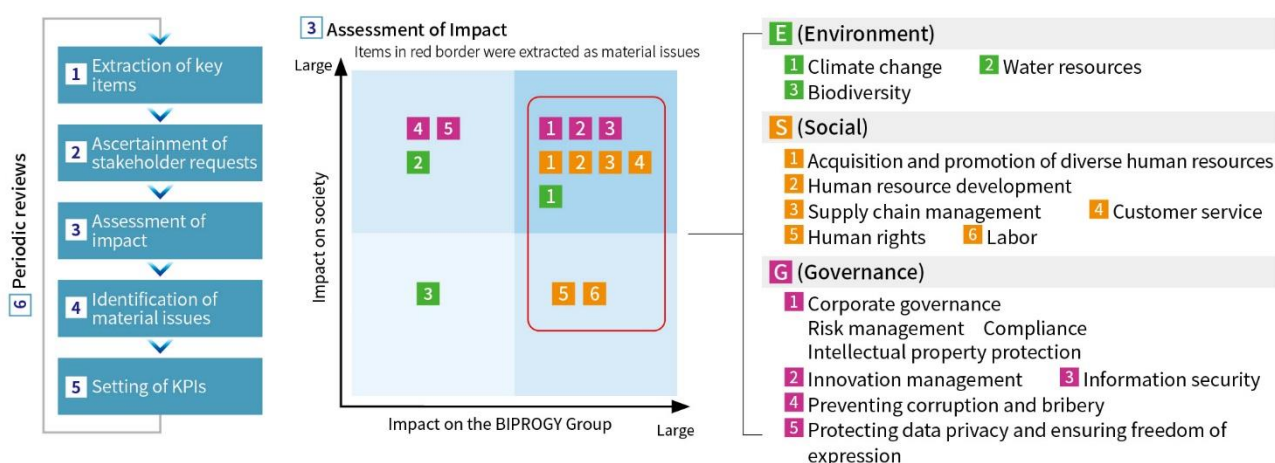
## Material Issues

### Formulation of Material Issues

Since fiscal 2021, the BIPROGY Group had worked to achieve Vision 2030 by defining new material issues based on key items identified given social demands and their impact on society and the Group.

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

#### Process of Determining and Updating Material Issues





## Fiscal 2021 Results and Future Initiatives

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

### BIPROGY Group ideals and goals

We will help to build a regenerative, resilient world of net-zero emissions by creating communities with customers and partner companies in a wide range of industries who share our ambition.

### Related SDGs



### Create social value

- Contribute to society's sustainability by providing businesses that solve the issues faced by society
- Accelerate the resolution of social issues, focusing on our five target areas

### Create economic value

- Create business opportunities that contribute to the solution of issues faced by society and capture profits in created markets

KPIs and targets (when achieved)		FY2021 results	Future initiatives
Create/expand businesses that solve the issues faced by society and consider optimization for society and the world	Create/expand businesses that solve the issues faced by society and consider optimization for society and the world 200% or more of such projects compared to FY2020 (FY2023)	112.2%	Defined businesses that solve social issues, established a monitoring mechanism, and organized data aggregation and mechanisms. Through FY2023, the number of such projects within the outsourcing business will be monitored in accordance with the Management Policies (2021-2023). In addition, we are developing an index to measure the value provided by social solution-oriented businesses with an optimized approach to society and the world.
	Focus on businesses that solve social issues in the five areas of digital security, green energy, work/life, transportation and mobility, and healthcare/education as the core of our business (FY2023)		

## 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

### BIPROGY Group ideals and goals

We seek to provide services that promote carbon neutrality and a circular economy while cooperating widely to build a carbon-free world. We also aim to help reduce greenhouse gas emissions by reducing the environmental impact of our business activities.

### Related SDGs



### Create social value

- Contribute to the early realization of a decarbonized society by providing environmentally friendly services that promote carbon neutrality and a circular economy
- Help to reduce environmental impact by reinforcing initiatives to reduce carbon emissions from business activities, such as procuring renewable energy

### Create economic value

- Increase profit from services that contribute to the environment
- Restrain costs by reducing business risks due to climate change

KPIs and targets (when achieved)	FY2021 results	Future initiatives
Percentage achieved for target contribution to corporate net-zero emissions through customer use of environmentally friendly products and services: 100% or more (annually until FY2030)	132.9%	Established calculation logic and an internal management mechanism for the zero emission achievement rate <sup>1</sup> monitoring index, and visualized the Group's amount of contribution to greenhouse gas reductions for customers and society. We will continue to strive to reduce GHG emissions in our business activities and expand our provision of environmentally friendly products and services.
Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented: 100% (annually until FY2030)	100%	A Group-wide project was undertaken to identify climate change-related business opportunities and risks and assess their impact, and then integrate the identified climate change risks into the Group's risk management system. Going forward, we will continue to review opportunities and risks, as well as respond to risks.
Percentage of purchased energy used at the Group business locations that is renewable energy: 50% or more (FY2030)	7.4%	We began purchasing renewable energy in FY2021. We converted 7.4% of our energy purchases to renewable energy, and are on track to achieve our target. Going forward, we will continue to actively take advantage of renewable energy supply and demand.

Reduction rate in GHG emissions (Scope 1 + Scope 2): 50% or more compared to FY2019 (FY2030)	9.0%	As a result of pursuing energy conservation measures by promoting telework and efficient use of offices and equipment, in addition to switching to renewable energy sources for purchased electricity, we reduced energy consumption by 9.0% compared to the base year. We will continue similar efforts to reduce emissions going forward.
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1. The zero emission achievement rate is the sales of environmentally friendly products and services multiplied by the GHG reduction contribution coefficient and divided by the total Scope 1 and 2 emissions of the BIPROGY Group.

Also see p. 30, [Working to Achieve the Long-Term Environmental Vision 2050](#), and p. 36, [Climate Change](#)

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

### BIPROGY Group ideals and goals

We will construct and maintain a value chain that respects human rights and has a lower environmental impact, and procure and provide safe, secure products and services.

### Related SDGs



### Create social value

- Contribute to the stability and maintenance of IT infrastructure that supports societal activities by providing safe, secure products and services that comply with various laws, regulations, and social norms
- Contribute to the spread of ethical consumption and help build a sustainable society by providing products and services that take into consideration the environment and society

### Create economic value

- Increase profit opportunities by strengthening trust with customers/ subcontractors and suppliers and engaging with high-quality partner companies and thus reinforcing relationship capital
- Reduce business risks related to issues such as human rights and environmental impact throughout the value chain

KPIs and targets (when achieved)	FY2021 results	Future initiatives
Disclose information on Scope 3 GHG emissions (transportation and distribution, business travel, commuting, waste) and set related targets (FY2022)	We put the collection/aggregation rules in a statutory form and calculated Scope 3 emissions from FY2021. We disclosed calculated values after obtaining an independent third-party assurance statement, and are progressing as planned. In the future, we will set Scope 3 emission reduction targets.	

Reduction rate in Scope 3 GHG emissions (business travel and employee commuting): 50% or more compared to FY2019 (FY2021)	62.50%	Achieved target.
Percentage of human rights-related issues at BIPROGY Group which are being addressed: 100% (FY2023)	17%	Conducted human rights risk assessments for all Group companies. Issues to address were identified from the results of the risk assessments. In FY2022, we will explore countermeasures to address identified issues and initiate these countermeasures in a phased manner.
Percentage of main suppliers for which an ESG risk assessment has been made: 100% (FY2021)	100%	Conducted surveys and risk assessments on ESG initiatives for 98 of BIPROGY and UNIADDEX's major subcontractors and suppliers by transaction value. In FY2022, we will take actions (issue improvement requests) for major subcontractors and suppliers based on the risk assessments conducted.
Initiate actions, such as requests for improvements made to major subcontractors and suppliers, on 100% of FY2021 risk assessment results (FY2022)	—	Improvements will be made to increase effectiveness, including a review of assessment methods.

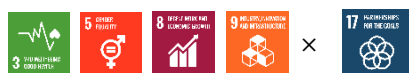
Also see p. 30, [Working to Achieve the Long-Term Environmental Vision 2050](#), p. 59, [Human Rights](#), and p. 95, [Social Responsibility Across the Value Chain](#)

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

### BIPROGY Group ideals and goals

We must recognize and accept individual diversity, expertise, and values to continue creating the innovation needed for future success. To this end, we will support our human resources and build a more open corporate culture.

### Related SDGs



### Create social value

- Help solve social issues by continuously producing innovative, talented workers
- Create employment opportunities for diverse human resources
- Foster workplaces where people are physically and mentally healthy, accepting of individual diversity, and enjoy work satisfaction

### Create economic value

- Expand business by generating innovation
- Increase profitability by raising labor productivity

KPIs and targets (when achieved)	FY2021 results	Future initiatives
Number of business producers who possess expertise in business creation: 2x compared to FY2021 (FY2023)	24	Strengthened mid-career recruitment and conducted human resource development in parallel. Conducted e-learning and seminars related to business producers. Also conducted business creation hands-on sessions and assisted practical workshops. It will become necessary to consider and implement mechanisms with greater effectiveness, such as promoting work assignments and creating a pipeline of human resources.
Percentage of management positions held by women: 18% or more (as of April 1, 2026)	9.27% (As of April 1, 2022)	We established a broad plan to appointing organizational heads at each company to achieve targets. Obtained independent third-party assurance statements for calculated values to improve monitoring reliability. Reference: 8.10% (as of March 31, 2022)
Percentage of employees with disabilities: 0.1% or more greater than the legally required percentage (annually)	2.62%	Achieved the employment target of 2.4% (0.1% above the FY2021 legally required level of 2.3%) or higher by promoting measures to employ people with disabilities, activities of our special-purpose subsidiary, and promoting employment at Group companies. Obtained independent third-party assurance for calculated values to improve monitoring reliability.
Weighted average score of work style related items in the engagement survey: at least equal to FY2019–FY2020 average score (3.36) (FY2023)	3.43	We developed and are utilizing a personnel system in conjunction with the expansion of telework due to the COVID-19 pandemic. On the other hand, new issues, such as insufficient communication, have begun to emerge due to prolonged telework, and we are considering and implementing countermeasures in phases.
Percentage of workers with risk of high blood pressure who have received treatment at a clinic or lifestyle guidance by public health nurse: 100% of workers with stage 2 or 3 high blood pressure (FY2023)	Stage 2: 0% (Action to launch from FY2022) Stage 3: 100%	Provided interviews with occupational physicians, health guidance, and medication at clinics for those with stage 3 high blood pressure. In addition, to foster employees' awareness of health management, we disseminated information, provided e-learning and events, utilized health tech, and established health and safety management regulations. Going forward, we will consider applying incentives and health and safety management regulations to further link employees' health management to practical action.
Total number of lost days of work for mental health reasons: -5% compared to FY2019–FY2020 average (FY2023)	Approximately -9%	Reviewed our health portal and established new health and safety management regulations, and to encourage people to utilize counseling we increased awareness of our consulting desk through e-learning. Studied the introduction of the use of external return-to-work programs, external employee assistance programs

		(EAP), and survey tools. We are preparing for the introduction of external return to work programs. Going forward, we will work to reduce the number of lost work days and consider and implement measures with an eye to preventing lost work.
Number of executives and employees participating in social contribution activities: 20% increase compared to FY2020 (FY2023)	+39%	Expanded planning of social contribution activities that are easy to participate in even amid the COVID-19 pandemic, such as online exchanges with donation recipients.

Also see p. 59, Human Rights, and p. 64, Human Resource and Labor Management

## Further improve corporate governance and integrity

### BIPROGY Group ideals and goals

We will construct and operate a corporate governance system that makes transparent, fair, quick, and bold decision-making possible. As a group that can provide social value and ICT services ready to serve as trustworthy, sustainable social infrastructure, we will comply with both domestic and overseas laws and regulations, act in line with social norms based on high ethics, and conduct sound, transparent business activities.

### Related SDGs



### Create social value

- Help to solve issues faced by society and the economic growth of society through transparent and fair processes
- Contribute to the empowerment of all people, regardless of age, sex, handicap status, race, ethnicity, origin, religion, economic position, etc.
- Help to build a society in which workers can experience job satisfaction by ensuring equal opportunities through the elimination of discriminatory practices, creation and operation of appropriate related rules, promotion of appropriate behavior, and similar activities

### Create economic value

- Create business ecosystems and expand business opportunities by establishing trust with a wide range of stakeholders
- Generate sustainable improvements in corporate value
- Reduce business risks related to scandals, etc.

KPIs and targets (when achieved)	FY2021 results	Future initiatives
Actions for each year set in the evaluation of Board of Directors effectiveness are undertaken (each year)	<p>We implemented the following initiatives in accordance with our action policy.</p> <ul style="list-style-type: none"> <li>• Provided outside officers with training on trends in technology and innovation, etc., and improved information on proposals to the Board of Directors to further deepen their understanding of the Group.</li> <li>• Held active discussions on themes related to the essence of management, such as growth strategies, sustainability, and corporate culture reform, as specified in Vision 2030 and Management Policies (2021-2023).</li> <li>• Made a majority of members of the Nomination and Remuneration Committee outside directors from FY2022 and once again appointed an outside director as its chair to strengthen the committee's independence.</li> </ul>	
Improvement and upgrade in the compliance program	<p>We released multiple messages from the CCO and organization heads, reviewed the implementation plan for the awareness survey, reviewed related rules and regulations, such as the BIPROGY Group Code of Conduct, and provided support and information for new initiatives by organization heads to promote compliance in their own organizations. We also held a compliance week again for Group executives and employees, and held a web-based lecture on psychological safety, which was attended by a much higher percentage of employees than in previous years.</p>	
Spread of awareness of integrity among Group executives and employees	<p>The results of the compliance awareness survey and the engagement survey indicated a certain degree of the spread of awareness of integrity.</p>	
Compliance incident trends	<p>We recognize that the increase in the number of disciplinary actions in FY2021 and the extent of the disciplinary actions are an issue, and we will continue to implement ongoing education and awareness-raising activities to ensure compliance and thoroughness.</p>	
Number of serious security incidents: 0 (each year)	0	<p>We systematically implemented security strategies, focusing on the implementation of a cybersecurity (CSEC) response platform and worked with all relevant departments and organizations within the Group to implement various measures. In addition, we had a third-party cybersecurity assessment as a basis for considering priority measures over the next three years. Each cybersecurity incident is handled by our Computer Security Incident Response Team (CSIRT), and is addressed before it becomes a serious matter.</p>

Also see p. 108, Corporate Governance, p. 143, Compliance, and p. 135, Information Security

## Participation in International Initiatives

The customers and business partners with whom the BIPROGY Group collaborates are expanding globally, and so is the Group's business. The BIPROGY Group will enhance its social responsiveness by supporting

international sustainability initiatives and referencing the appropriate guidelines. We will always strive to earn the trust and meet the expectations of our stakeholders by practicing sustainability management, because we see sustainability initiatives as a common language for sharing vision with all those who wish to solve social issues.

## UN Global Compact

In March 2014, the BIPROGY Group became a signatory of the United Nations Global Compact (UNGC) in response to the global expansion of operations at its customers and partners into new business regions. We are also a member of Global Compact Network Japan (GCNJ), the Japanese local network of the UNGC. In fiscal 2021, we participated in the following GCNJ working groups:

- Environmental Management
- Circular Economy
- Human Rights Due Diligence
- Human Rights Education
- Women's Empowerment Principles (WEPIs)
- Supply Chain
- SDGs
- ESG
- Creating Shared Value (CSV)
- Reporting

We will continue our efforts to observe the Global Compact's ten basic principles on human rights, labour, environment, and anti-corruption.

- Global Compact Network Japan (GCNJ) >  
<http://ungcjin.org/>



### The Ten Principles of the UN Global Compact

The UNGC is a voluntary initiative encouraging companies to act as good corporate citizens by demonstrating responsible and creative leadership, while participating in the creation of a global framework for ensuring sustainable growth.

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;



Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Sustainable Development Goals (SDGs)

As a “company that creates social value” as stated in our Purpose, the BIPROGY Group aims to achieve a sustainable society under Vision 2030, which defines the direction we should take toward the year 2030.

Through various initiatives centered on material issues, we will contribute to the achievement of the SDGs, an agenda for 2030 shared by the world, and pursue mutual sustainability for society and the BIPROGY Group.



- Integrated Report 2022 > <https://pr.biprogy.com/invest-e/ir/ar.html>
- Material Issues  
Also see p. 13, Material Issues
- Vision 2030 Management Policies (2021-2023) >  
[https://www.biprogy.com/e/about/management\\_policy.html](https://www.biprogy.com/e/about/management_policy.html)

## Participation in Other International Initiatives

We participate in and endorse the following international initiatives in the areas of human rights, labor, and environment, which are among the four areas that comprise the ten principles of the UNGC.

## Human rights and labor

- Signed the WEPs (2020)

Also see p. 74, Empowering Women in the Workforce

## Environment

- Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (April 2020)

Also see p. 36, Basic Approach to Climate Change

- Joined RE100 (July 2020)

Also see p. 47, Promoting the Use of Renewable Energy and Joining RE100

## Dialogue with Stakeholders

The BIPROGY Group recognizes that continuous, active communication with stakeholders is essential for the Group to continue to enjoy the trust of both our customers and the broader society and continue to be regarded as an indispensable member of society.

We always work to understand the demands, expectations, interests, and assessments of our stakeholders and incorporate them into our corporate activities so that we can help solve the challenges that society faces.

Stakeholders		Major Methods of Communication	Reference
<b>Customers</b>	We provide comprehensive services, from analysis of management issues to their resolution. Communicating with our customers allows us to deliver systems that meet customer needs, increase satisfaction, and build even greater trust.	Solution proposals Customer service (call centers, website, operator) Customer forums and seminars Customer satisfaction surveys BIPROGY Users Association activities	Website: <a href="https://www.biprogy.com/e/">https://www.biprogy.com/e/</a> Digital media: BIPROGY TERASU <a href="https://terasu.biprogy.com/">https://terasu.biprogy.com/</a> (Available in Japanese only)
<b>Employees and Their Families</b>	We respect the diversity and individuality of our employees and work to increase motivation by building a safe, supportive work environment where employees can demonstrate their full potential, communicate well within the Group, and enjoy a variety of different work styles. In human resource development, as we strive to remain a “company worth working for,” we fairly and impartially evaluate and	Group intranet Social network services (including Office 365® Yammer Enterprise open communication channels for executives and employees across all departments and job categories) In-house magazine (web portal) Employee engagement surveys Labor-management council Nationwide discussions (meetings for direct dialogue between management and employees) Roundtable discussions, information-sharing meetings,	Also see p. 71, Enhancing Organizational Capabilities and Providing Management Support for Organization Heads

	leverage the talent of our employees in accordance with their abilities and achievements. We also work to improve communication with the family members who support our employees to earn their understanding and approval.	online community spaces (childcare, childcare leave, etc.) Employee and family events Social contribution programs Note: Office 365 is a trademark or registered trademark in the U.S. and other countries of the Microsoft Corporation.	
<b>Shareholders and Investors</b>	In order to earn the understanding and trust of our shareholders and investors, we disclose appropriate information in a fair and timely manner, actively engage in dialogue, and strive to practice highly transparent management.	General Meeting of Shareholders <a href="https://pr.biprogy.com/invest-e/stock/meeting.html">https://pr.biprogy.com/invest-e/stock/meeting.html</a> IR Meeting Presentation <a href="https://pr.biprogy.com/invest-e/ir/pr.html">https://pr.biprogy.com/invest-e/ir/pr.html</a> Business briefings and small group meetings Meetings with individual investors Posts on IR website: <a href="https://pr.biprogy.com/invest-e/index.html">https://pr.biprogy.com/invest-e/index.html</a>	IR materials Integrated Report <a href="https://pr.biprogy.com/invest-e/ir/ar.html">https://pr.biprogy.com/invest-e/ir/ar.html</a> Shareholder Newsletter <a href="https://pr.biprogy.com/invest-j/ir/br.html">https://pr.biprogy.com/invest-j/ir/br.html</a> (Available in Japanese only)  Disclosure Financial Report <a href="https://pr.biprogy.com/invest-e/financial/statement.html">https://pr.biprogy.com/invest-e/financial/statement.html</a>  Annual Securities Report <a href="https://pr.biprogy.com/invest-j/ir/sr.html">https://pr.biprogy.com/invest-j/ir/sr.html</a> (Available in Japanese only)
<b>Business Partners</b>	In our business partnerships, we strive to build fair and equitable relationships with subcontractors and suppliers when constructing systems and providing services, while working to share awareness of sustainability and create and deliver new value.	Web portal for subcontractors Briefings for subcontractors on information-based product creation contracts and service contracts Periodicals Surveys on environmental protection, respect of human rights, and other sustainability initiatives	Also see p. 97, Quality Assurance
<b>Local Communities</b>	Our social contribution activities emphasize communication with local communities. We also focus on building partnerships with non-profit and non-governmental organizations that offer expertise in special areas as we strive to	Social contribution programs based on collaboration with NPOs and NGOs Participation in local events Charity concerts Regular consultation with local governments and neighboring companies Social contribution club: Uni-	Also see p. 99, Social Contribution Activities

	prosper together with all of society.	Heart	
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## Organizational Membership

The BIPROGY Group seeks to contribute to the development of Japan's industrial economy and digital society. One way we do this is by serving as a member of a variety of external organizations. Through these memberships, we strive to identify issues requiring a common effort, share information, and reflect what we learn in our business activities.

### Main memberships

- Japan Business Federation (Keidanren)
- Japan Electronics and Information Technology Industries Association (JEITA)
- Japan Users Association of Information Systems (JUAS)
- Japan Cybersecurity Innovation Committee (JCIC)

## External Evaluations

Environmental, social, and governance performance is the foundation for sustainable growth. Based on corporate activities that take these perspectives into account, the BIPROGY Group is determined to help solve various social issues. The Group aims to enhance its corporate value by creating value as it contributes to the development of a sustainable world. The Group has received external recognition for various initiatives.

### Inclusion in Major ESG Investment Indexes

- Inclusion in the FTSE Blossom Japan Sector Relative Index  
This index is developed by FTSE Russell and is used by Japan's Government Pension Investment Fund (GPIF). The index reflects the performance of Japanese companies that excel in environmental, social, and governance (ESG) initiatives relative to their peers in their respective sectors. BIPROGY was included in the index when it was first established in 2022.
- Inclusion in the MSCI Japan ESG Select Leaders Index  
This index is developed by MSCI and used by the Government Pension Investment Fund (GPIF). It includes companies with high ESG ratings from each industry among the top 500 Japanese stocks by market capitalization. BIPROGY has been included since 2018.
- Inclusion in the MSCI Japan Empowering Women Index (WIN)  
This index is developed by MSCI and used by the Government Pension Investment Fund (GPIF). It includes companies with high multidimensional gender diversity scores from each industry among the top 500 Japanese stocks by market capitalization. BIPROGY has been included since 2017.

- Inclusion in the S&P/JPX Carbon Efficient Index

This index is developed by S&P Dow Jones Indices and used by the Government Pension Investment Fund (GPIF). The index gives a higher investment weight to companies with high carbon efficiency (low greenhouse gas emissions/sales) among those in the same industry sector, based on carbon emissions data, and to companies that disclose information on greenhouse gas emissions. BIPROGY has been included since 2018.

- Selected as a Nadeshiko Brand

The Nadeshiko Brands is a system under which Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select and introduce listed companies that are outstanding in terms of encouraging women's success in the workplace.

BIPROGY had been selected as a Semi-Nadeshiko Brand for three consecutive years since fiscal 2018, and in fiscal 2021, it was selected as a Nadeshiko Brand for the first time.



- Included among the Noteworthy DX Companies 2022 in the selection of DX Stocks

The Digital Transformation Stocks (DX Stocks) is a system under which Japan's METI, in collaboration with the TSE and the Information-Technology Promotion Agency, Japan, selects "companies that are engaged in DX, a fundamental transformation of business models and other aspects of their operations based on digital technology, leading to new growth and enhanced competitiveness."

BIPROGY has been included among the Noteworthy DX Companies 2022 as a company that is implementing noteworthy initiatives.



## Third-Party Evaluation

- Certified as 2022 Health & Productivity Management Outstanding Organization

The Health & Productivity Management Outstanding Organizations Recognition Program is a system under which Japan's METI recognizes corporations that implement especially outstanding health and productivity management based on their efforts to address local health issues and their initiatives to promote health as advocated by the Nippon Kenko Kaigi (Japan Health Council). BIPROGY and its group company UNIADDEX have been certified in the large corporation category since 2017.



- Platinum Kurumin certification

This is a system under which Japan's Minister of Health, Labour and Welfare certifies companies that engage in high-level initiatives based on the Act on Advancement of Measures to Support Raising Next-Generation Children as "companies that support child-rearing." In 2019, BIPROGY acquired Platinum Kurumin certification, a higher level of certification than the Kurumin certification it had previously received.



- Eruboshi certification

This is a system under which Japan's Minister of Health, Labor and Welfare certifies companies making excellent efforts to promote women's active involvement based on the Act on Promotion of Women's Participation and Advancement in the Workplace. In 2017, BIPROGY received the third level of certification, the highest level, for meeting the criteria for all evaluation items.



## Third-Party Certification (Management Systems, Etc.)

- Quality Management System (ISO 9001) Certification

ISO 9001 is an international standard for quality management systems. BIPROGY has obtained this certification for the design and development of packaged software and provision of services (maintenance of delivered products) for government and municipal offices.

[Also see p. 98, Acquiring Quality Management System \(ISO9001\) Certification](#)

- Information Security Management System (ISO/IEC 27001:2013 / JIS Q 27001:2014) Certification

ISO 27001 is an international standard for information security management systems (ISMS). BIPROGY has obtained this certification to ensure confidence in and the safety of information security and to live up to the trust of its customers.

[Also see p. 139, Acquisition of ISMS \(ISO/IEC27001: 2013 / JIS Q 27001: 2014\) Certifications](#)

- PrivacyMark Certification

For the purpose of appropriate management of personal information, BIPROGY has received the PrivacyMark certification, which is a conformity certification for personal information protection management systems.

[Also see p. 142, Obtaining PrivacyMark](#)

- Environmental Management System (ISO 14001) Certification  
ISO 14001 is an international standard for environmental management systems. BIPROGY has obtained this certification in order to comply with laws, regulations, and other requirements related to environmental conservation and to promote environmentally friendly business activities.

Also see p. 33, [Environmental Management](#)

## Awards, Etc.

- Diversity Management Selection 100 Prime  
BIPROGY has been selected by Japan's METI as a winner of the Diversity Management Selection 100 Prime, a program recognizing companies that had been selected in the past under the New Diversity Management Selection 100 program and then gone on to leverage the capabilities of diverse human resources to create value over the medium to long term while further evolving best practices. BIPROGY had been selected under the New Diversity Management Selection 100 program in fiscal 2018.



- Gold Rating in the PRIDE Index 2022  
In the PRIDE Index 2022 formulated by "work with Pride," a voluntary organization that aims to create workplaces where LGBTQ+ and other sexual minorities can work comfortably beyond the framework of companies and other organizations, BIPROGY was awarded the highest rank of Gold, as it had in 2021.



- FY2019 Leading Companies Where Women Shine: Minister of State for Gender Equality Award  
In the FY2019 Awards for Leading Companies Where Women Shine, presented by Japan's Gender Equality Bureau Cabinet Office, BIPROGY received the Minister of State for Gender Equality Award as a company that has made particularly significant contributions to gender equality.



- Telework Pioneer 100: Japan's Minister of Internal Affairs and Communications Award

Among the Telework Pioneer 100 companies and other organizations announced by Japan's Ministry of Internal Affairs and Communications (MIC), BIPROGY received the Minister of Internal Affairs and Communications Award in 2018, recognizing it as a company making outstanding efforts that other companies should emulate.



- Ikumen Company Award 2018 Grand Prize, Work-Life Balance Support Category  
The Ikumen Company Award 2018 Work-Life Balance Support Category, sponsored by Japan's Ministry of Health, Labour and Welfare, recognized companies that improve their business operations to promote the balancing of childcare and work for their male employees. BIPROGY received the Grand Prize, the highest award.



- Award of Excellence, 2nd Working Women Empowerment Awards  
At the 2nd Working Women Empowerment Awards sponsored by the Working Women Empowerment Committee of the Japan Productivity Center, BIPROGY received the Award of Excellence as a company making outstanding efforts to link the activities of women to organizational productivity improvement.
- Encouragement Award, Environmental Human Resources Development Corporate Awards 2018  
Japan's Ministry of the Environment sponsored this award to recognize companies that are making efforts to develop their own employees into environmental human resources. BIPROGY received the Encouragement Award.
- AAA Website, FY2021 All Japanese Listed Companies' Website Ranking  
The Group's corporate website was selected as an AAA Website in terms of ease of understanding, ease of use, and amount of information in the overall ranking category of the FY2021 All Japanese Listed Companies' Website Ranking, sponsored by Nikko Investor Relations Co., Ltd.
- Ranked No. 4 in the Best Companies to Work For by the Great Place to Work Institute (GPTW) Japan (2021) in the Medium-Sized Company Category (Cambridge Technology Partners)  
This survey is sponsored by the Great Place to Work® Institute, a professional organization that conducts surveys and analyses of job satisfaction and announces companies and organizations recognized as meeting certain standards in leading media outlets in approximately 60 countries around the world.



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## Long-Term Environmental Vision 2050

In July 2020, the BIPROGY Group formulated and published the BIPROGY Group Long-Term Environmental Vision 2050. Guided by this vision, the Group will fulfill its social responsibility as a company by working with its customers and partners to resolve social issues, in a bid to secure further growth.

### BIPROGY Group Long-Term Environmental Vision 2050



**The BIPROGY Group aims for a zero emissions society by building frameworks and shared assets for society with digital platforms.**

For many years, we have contributed to the advancement of an information-based society along with progress in digital technologies.

We have also endeavored to solve social issues that a single company cannot solve on its own. To this end, the BIPROGY Group is keen to create a digital commons as a platform of digital technologies for sharing assets with society, through communities where services, products and experiences are matched up with people who strive to solve social issues, including environmental problems.

By having various people and companies across sectors and business models take advantage of the digital commons we provide, we intend to facilitate environmental contributions across a broader spectrum of society, where higher awareness of the environment in society leads to more action.

As a result, we are confident that we can take one step closer to realizing zero emissions in society.

In July 2020, the BIPROGY Group formulated and published the BIPROGY Group Long-Term Environmental Vision 2050. Guided by this vision, the Group will fulfill its social responsibility as a company by working with its customers and partners to resolve social issues, in a bid to secure further growth. Through its business activities, the Group's contributions to the environment go beyond reducing its own CO<sub>2</sub> emissions to encompass all of its stakeholders involved in the creation of business ecosystems and digital commons. The BIPROGY Group's target is to help build a world with net-zero emissions.

### Working to Achieve the Long-Term Environmental Vision 2050

Decarbonization has become a focus of the international community since the Paris Agreement was concluded at the end of 2015, and changes in the market environment are accelerating due to the tightening of regulations on greenhouse gas emissions. Expectations are rising for companies to create technologies and innovations that help solve issues such as the effects of climate change, which are becoming increasingly serious year by year. Under these circumstances, the Group considers mitigating and adapting to climate change and helping to establish a circular economic system as urgent issues to be tackled to help build a sustainable world. Simply put, these are our responsibilities to future generations. Accordingly, we have strengthened our environmental management by formulating the BIPROGY Group Long-Term Environmental Vision 2050, joining RE100,<sup>1</sup> an international environmental initiative, and expressing our support for the Task Force on Climate-related Financial Disclosures (TCFD)<sup>2</sup> framework.

Further, in 2021, we redefined our material issues in conjunction with the launch of Vision 2030,

which aims to create value based on three social impacts, including zero emissions. We will contribute to the environment using digital technologies and work to reduce environmental impact. We are striving to build a world with net-zero emissions through our efforts to build and participate in a digital commons—as set out in our Long-Term Environmental Vision 2050. We also aim to help achieve the goals of the Paris Agreement for 2050.

1. RE100 is an initiative led by the Climate Group in partnership with CDP and is also operated as part of the We Mean Business Coalition. In Japan, the Japan Climate Leaders Partnership (JCLP) has been supporting the participation and activities of Japanese companies as an official regional partner of RE100 since 2017.

2. The Task Force on Climate-related Financial Disclosures (TCFD), created to help address the risks of financial instability due to climate change, is composed mainly of financial institutions in Europe and the United States. It was established in 2015 at the request of the Financial Stability Board (FSB) following instructions from the G20 Finance Ministers and Central Bank Governor Meeting. In 2017, the TCFD Final Report was released. It recommended that financial institutions (institutional investors, banks, and insurance firms) and business companies use scenarios to analyze the potential impact (risks and opportunities) of climate change on business management. Based on this, institutions and companies are also asked to devise and implement appropriate climate change response measures and strategies, and to disclose this information to financial institutions and other stakeholders.

[Also see p. 1, CEO Message, and p. 9, Vision 2030](#)

## Material Issues in the Environmental Area

We have identified our material issues as we look to achieve the goal of helping to build a sustainable world, which is set out in our Vision 2030. Shown below are the material issues we identified in the environmental area. We have set KPIs and targets since fiscal 2021 and are moving ahead with initiatives to achieve them.

### **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**

To address this material issue, the Group strives to contribute to lower greenhouse gas emissions by decreasing the environmental impact associated with its business activities and providing services that can facilitate carbon-neutral and circular economies. A key element of our approach is promoting collaboration and cooperation to help build a carbon-free world. The Group is committed to creating value for society by providing environmentally friendly services that support carbon neutrality and circular economies while helping to build a carbon-free world by the earliest possible date. We also seek to create value by reducing carbon emissions in the Group's business activities, and we are enhancing efforts such as procuring renewable energy in order to reduce our environmental impact. All said, by expanding revenues from services that promote environmental conservation while curbing costs through the mitigation of business risks stemming from climate change, we are confident that we can create economic value for the Group.

Using this approach, in fiscal 2021, we expanded initiatives to help customers and society more accurately monitor the extent of greenhouse gas reduction efforts based on an improved calculation method for the zero-emissions achievement rate.<sup>1</sup> We also provided more environmentally friendly products and services to reduce greenhouse gas emissions from business activities. Moreover, we

identified business risks and opportunities related to climate change through group-wide projects, and conducted impact assessments. We used the resulting opportunities to improve our own business activities and incorporated the identified risks into the Group's risk management system.

Here are the results of these efforts during fiscal 2021. With a goal of achieving a renewable electricity procurement rate of 50% or more by fiscal 2030, we were able to switch 7.4% of our electricity consumption to power from renewable sources. In fiscal 2021, we also reduced our GHG emissions (Scopes 1 and 2) by 9.0% compared to the base year of fiscal 2019 by adopting energy-saving measures such as promoting telework and making more efficient use of offices and equipment. We are aiming for an emissions reduction of 50% or more by fiscal 2030.

1. Zero emission achievement rate = (Sales of environmentally friendly products and services × GHG reduction contribution coefficient) ÷ (BIPROGY Group's Scope 1 & 2 emissions)

Please refer to Material Issues on page 13 of the Sustainability section (Refer here for an overall picture of the Group's material issues.)

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

Our efforts to address this material issue involve building and maintaining a value chain that respects human rights and reduces environmental impact, while procuring and providing safe, secure products and services.

The Group is committed to creating value for society by helping maintain stable IT infrastructure that can support human activities, and by providing safe, secure products and services that comply with relevant laws and public expectations. By also ensuring that our products and services are environmentally and socially conscious, we aim to help build a sustainable world rooted in ethical consumption. We will create economic value for the Group by expanding profit opportunities based on the enhancement of trust-based relationships with customers, suppliers and outstanding business partners. We will generate additional value by reducing business risks throughout the value chain, such as those related to human rights and environmental impact.

Working across the Group's value chain in line with our Green Procurement Guidelines, we have been carrying out questionnaires and striving to procure products and services with a low environmental impact by closely coordinating with business partners. In April 2021, we established and released the new BIPROGY Group Sustainability Procurement Guidelines. These guidelines set out policies that the Group is committed to following, and we would also like our subcontractors and suppliers to understand and put them into practice to maximize our joint contribution in the environmental area.

Accordingly, in fiscal 2021, we calculated the Scope 3 emissions of our supply chain, obtained an independent assurance statement from a third party, and publicly shared the information. Going forward, we will set targets for lowering Scope 3 emissions and continuously strive to achieve reductions. We also conducted surveys and risk assessments concerning the status of ESG initiatives at our major suppliers. In the immediate future, we will strive to mitigate risks by making improvement requests to major suppliers based on the risk assessments conducted.

BIPROGY Group Sustainability Procurement Guidelines (Available in Japanese only) >

[https://www.biprogy.com/com/about\\_purchase\\_and\\_procurement.html](https://www.biprogy.com/com/about_purchase_and_procurement.html)

Also see p. 95, Social Responsibility Across the Value Chain

As described above, the Group's effort to help build a world with net-zero emissions aims not only to reduce GHG emissions from our own business activities, but also to make broad contributions to the

environment through our business to benefit our customers and the broader society.

## Environmental Management

In order to help build a world with net-zero emissions, we strive to specify the intended impact of the broad range of environmental contributions we hope to offer society by providing services and working to build and participate in the broader digital commons. We have set up an environmental management system, in which our Environmental Contribution Committee takes the central role, and we use it to ensure our environmental initiatives are on track to achieve our Long-Term Environmental Vision 2050 and Vision 2030.

### Management System

The Environmental Contribution Committee, which focuses exclusively on environmental contributions, was established under the Sustainability Committee, a decision-making body formed in 2020.

The Environmental Contribution Committee considers policies on how the Group should address environmental contribution, designs mechanisms to promote it, and monitors the implementation status of initiatives. The Environmental Contribution Committee reports to the Sustainability Committee on the matters it discusses and the status of activities. Meanwhile, the Sustainability Committee discusses and makes decisions on important matters discussed by the Environmental Contribution Committee that would have a substantial impact on the Group's earnings and business strategy. The status of the Sustainability Committee's activities is reported regularly to the Board of Directors.

In addition, an annual internal environmental audit is conducted by the Internal Audit Department, which reports directly to the company president. The aim is to check whether the Environmental Contribution Committee is performing its activity management role appropriately.

### Overview of the Environmental Contribution Committee

Purpose of establishment	Consider policies for addressing environmental contribution, manage and oversee design of mechanisms to promote it
Main members (fiscal 2021)	Chair: Corporate officer (in charge of management and planning, environment and risk) Committee members: Persons in charge in each business department and persons in charge of management and planning, financial affairs, and environment and risk organizations (general manager/manager class)
Date of establishment	October 2020
Frequency of meetings (results)	In principle, three times a year (set by Rules for Administration of Environmental Contribution Committee) (Fiscal 2021: Nine times)
Main activities/achievements (Fiscal 2021–First Half of Fiscal 2022)	<ul style="list-style-type: none"> <li>Set KPIs and targets for material issues and enhanced environmental contribution efforts</li> <li>Raised the RE100 interim target and started using electricity generated from renewable energy (some offices)</li> <li>Promoted environmental performance monitoring (created a system to visualize data related to environmental contribution)</li> <li>Conducted ESG risk assessments concerning major suppliers</li> </ul>



	<ul style="list-style-type: none"> <li>• Investigated calculation of Scope 3 emissions and initiatives spanning the supply chain</li> <li>• Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project, and integrated climate change risks into the Group's risk management system</li> <li>• Evaluated business opportunities and impacts using climate change scenario analysis (Part 2)</li> </ul>
Main reports to Sustainability Committee (Fiscal 2021)	<ul style="list-style-type: none"> <li>• Fiscal 2021 action policies and plan</li> <li>• KPIs and 2030 targets for material issues in the environmental area</li> <li>• Report on business opportunities and risks identified (impact assessment) using climate change scenario analysis and dissemination to public</li> <li>• Fiscal 2021 activity report</li> </ul>

Also see p. 108, [Corporate Governance Structure](#)

## BIPROGY Group Environmental Policies

The BIPROGY Group pursues environmental conservation activities across its business while effectively using resources and energy, addressing climate change, and giving full consideration to biodiversity.

### BIPROGY Group Environmental Policies

#### Basic Philosophy

As a corporate group that works with customers and partners to solve social issues by providing value that helps build a better world for everyone, we will continue to address environmental concerns across all of our business activities.

#### Basic Policies

We have become the core of a business ecosystem that spans sectors and business models linking various companies, and we contribute to sustainable development and preserve the environment.

1. We build environmental management systems and work to continuously improve environment conservation activities.
2. We comply with laws and regulations on environmental conservation and other requirements to which the Group has consented.
3. We pursue environmental conservation activities while effectively using resources and energy, addressing climate change, and giving full consideration to biodiversity, based on our business activities.
  - (1) We pursue green procurement in business activities.
  - (2) We strive to provide products and services that improve productivity and conserve energy in customers' business activities, in ways that are technologically and economically feasible.
  - (3) In our offices, we strive to reduce electricity use, adopt paperless practices, sort waste and recycle.
4. We contribute to the popularization of power generation from natural energy sources to help reduce society's environmental impact.
5. We proactively offer employees educational opportunities to ensure that everyone recognizes the importance of environment conservation.

6. We share these policies widely with everyone who works in or for the organization and with the general public.

Akiyoshi Hiraoka  
Representative Director and President  
BIPROGY Inc.

## Environmental Education

The BIPROGY Group provides e-learning on environmental issues to all employees every year.

In the program for fiscal 2021, we introduced four main themes. The first was six KPIs to help address the company's two material issues related to environmental contribution, and the relation of these KPIs to employees' own work activities. The second was the business opportunities and risks related to climate change which had been formulated by the Environmental Contribution Committee in line with the TCFD framework. The third was enhancing governance by integrating our environmental management systems with the activities of the Environmental Contribution Committee. The fourth was obtaining third-party assurance to ensure the reliability of the company's environmental data. The program was designed to promote reform of the corporate culture and individually motivate employees to contribute to the environment, as the Group works to achieve its goal of helping to resolve social issues, under its "For Society" approach, which is one of the basic themes of its Management Policies (2021-2023). By sharing a deeper understanding of these four themes throughout the Group, we aim to raise awareness of the Group's environmental contributions, which will, in turn, change people's actions.

We also asked the participants to reflect on their own involvement with the business and environmental contributions via a questionnaire. This provided an opportunity for them to appreciate environmental contribution as a personal issue, as well.

## Legal Compliance

The BIPROGY Group confirms revisions to environmental regulations and compliance status every year. There were no legal or other violations in fiscal 2021.

### List of main applicable laws and regulations

- Act on the Rational Use of Energy
- Act on Promotion of Global Warming Countermeasures
- Environmental ordinances to ensure the health and safety of Tokyo residents
- Waste Management and Public Cleansing Law
- Act on Rational Use and Proper Management of Fluorocarbons
- Fire Service Act
- Home Appliance Recycling Act

## Environmental Management System

The BIPROGY Group has introduced an environmental management system that complies with ISO 14001 in order to ensure compliance with the various laws and regulations related to environmental conservation and pursue environmentally friendly business activities. On April 1, 2022, we began integrating our environmental management system into the activities of the Environmental Contribution Committee, and



we will continue to make ongoing improvements. The aim is to enhance governance regarding the promotion and execution of environmental contribution activities throughout the entire Group.

- Certification organization: Bureau Veritas Japan
- First certification date: April 9, 2003
- Certification date: April 1, 2021
- Certification number: 4612233
- Certification scope: BIPROGY Inc.

UNIADEX, Ltd.

UEL Corporation

TRADEVISION, Ltd.

International Systems Development Co., Ltd.

ISO 14001 Certificate (copy)



## Internal Environment Audit

The BIPROGY Group conducts an internal environment audit every year to confirm the operational status of its environmental management system as well as its effectiveness and appropriateness. The results are then reported to the person in charge of environmental management. The results of the internal environment audit in fiscal 2021 revealed no items out of compliance.

## Climate Change

### Basic Approach to Climate Change

Climate change is having an increasingly dramatic impact on the planet, as demonstrated by the growing severity of climate disasters. In Japan, energy and climate change measures are changing significantly, with the Carbon Neutral Declaration in October 2021 and Japan's new GHG reduction targets for 2030, declared in April 2021. In addition, in capital markets around the world, sustainable finance is taking off rapidly, and companies are being asked to take specific action to deliver on the Paris Agreement and help build a carbon-free world, as well as to disclose related information.

Responding to these expectations and demands from the international community and Japanese society, as well, in April 2020 the BIPROGY Group expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the Group also participates in the TCFD Consortium. In addition, in July 2020 we formulated the BIPROGY Group Long-Term Environmental Vision 2050 and joined RE100.

We recognize that services in the IT and digital fields—the Group's main business—will play an important role in addressing environment issues such as climate change, and we see this as an opportunity for medium- and long-term growth. We are integrating our capacity to design and achieve new services, one of the Group's strengths, with the technology and expertise that we have amassed thus far. This way we can build and provide the various services that help people mitigate and adapt to climate change—essential for our customers and the broader society—as shared assets and mechanisms that leverage digital technology to benefit society. We are confident that this approach will position the Group to help build a world with net-zero emissions, as described in our Long-Term Environmental Vision 2050.

The Group will continue to work to raise medium- and long-term corporate value by reinforcing

initiatives to mitigate and adapt to climate change, pursuing appropriate information disclosure, and actively cooperating with customers and partners.



### Key Initiatives to Address Climate Change

Fiscal year	Key initiatives
Fiscal 2020	<ul style="list-style-type: none"> <li>Expressed support for TCFD</li> <li>Established Long-Term Environmental Vision 2050</li> <li>Joined RE100</li> <li>Established Sustainability Committee and formed the Environmental Contribution Committee under it</li> <li>Started activities for working groups by theme, such as presenting the degree of environmental contribution in an easy-to-understand manner, under the Environmental Contribution Committee</li> </ul>
Fiscal 2021	<ul style="list-style-type: none"> <li>Started procuring some electricity from renewable energy sources (business sites in Japan)</li> <li>Participated in the Japan Partnership for Circular Economy launched by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and Keidanren (Japan Business Federation).</li> <li>Identified material issues and established KPIs and targets (set new target new targets for GHG emissions reduction, started measuring Scope 3 emissions, and set reduction targets for Scope 3 emissions)</li> <li>Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project</li> <li>Integrated climate-related risks into the Group's risk management system</li> <li>Announced support for the initiatives of The Climate Group (UK) and the Clean Energy Demand Initiative of the US government</li> <li>Registered projects with Keidanren's Challenge Zero initiative</li> <li>Announced support for the Ministry of the Environment's Leading Tenant Action Policy</li> <li>Announced support for the GX League Basic Concept promoted by the Ministry of Economy, Trade and Industry</li> </ul>
Fiscal 2022 (first half)	<ul style="list-style-type: none"> <li>Calculated and disclosed Scope 3 emissions</li> <li>Obtained third-party assurance statement for environment-related data (Scope 1, 2, and 3 emissions, water consumption, etc.)</li> <li>Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project (Part 2)</li> </ul>

### Governance Related to Climate Change

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

management strategy.

In addition, the Group's response to climate change and other environmental issues is discussed and decided by the Sustainability Committee, a decision-making body chaired by the CSO, or by its subordinate body the Environmental Contribution Committee. From within the activities of these committees, the CSO reports important management matters and annual activity results and progress to the Executive Council and the Board of Directors, in accordance with the company's corporate governance system. The main matters reported since 2021 include progress on qualitative and quantitative targets for various material issues measures, including addressing climate-related issues, with oversight received based on advice and guidance.

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

[Also see p. 108, Corporate Governance Structure, and p. 115, Remuneration System](#)

## Strategy

Under Vision 2030, the Group is striving to help build a sustainable world using the power of technology. As part of this effort, we have announced our intention to create and provide a business ecosystem and platform to serve as public digital commons that can bring together various services, products, companies, and users. Under our Long-Term Environmental Vision 2050, we are also aiming to become a corporate group that can help address various global issues caused by climate change by employing our business ecosystem to help solve the issues of customers and other stakeholders.

Accordingly, the Group is committed to building a sustainable world using clean energy. We will provide next-generation energy solutions and various services that can help improve the resilience of human societies, including in the areas of disaster prevention and mitigation to facilitate climate change adaptation. We see various steps that we can take to make environmental contributions, representing a medium- to long-term growth opportunity for the BIPROGY Group. Going forward, we will continue to strategically create business opportunities related to climate change and help build a world with net-zero emissions as indicated in our Long-Term Environmental Vision 2050.

## Climate Change-Related Business Opportunities and Risks

At the BIPROGY Group, we recognize that addressing climate change is an important management issue that affects corporate value in various ways, and we believe that it is important to ensure adaptability and have strategies in place for responding to unforeseeable changes. In addition, we recognize that digital domain services, which are the Group's main business, will play an important role in solving environmental problems, going forward. These services will also provide growth opportunities that can help improve the Group's corporate value. Based on this approach, we aim to maximize the generation of three social impacts (zero emissions, regenerative systems, and resilience), which are the focus areas for achieving Vision 2030, while improving corporate value over the medium- to long-term.

In addition to promoting materiality-driven initiatives, we have launched ongoing evaluation efforts as

part of the activities of our Environmental Contribution Committee. Since fiscal 2021, we have regularly identified business opportunities and risks using climate-related scenario analysis and evaluated their potential impact, as part of a group-wide project. Along with the importance of strategic investment and information disclosure, the fiscal 2022 evaluation reconfirmed the need to enhance technological capabilities and our abilities to create businesses that can help solve social problems, focusing on pre-determined environmental contribution areas. This will allow us to maximize the Group's climate-related business opportunities while mitigating risks.

By properly applying the results of these evaluations to our business strategy, we will increase the effectiveness of our materiality-driven initiatives. Moreover, we will accelerate efforts to develop and provide new products and services that help solve climate-related issues, such as achieving carbon neutrality and facilitating a circular economy. The Group aims to expand earnings by helping to build a world with net-zero emissions. At the same time, we will strive to curb potential cost increases relating to carbon emissions by enhancing measures to reduce our greenhouse gas emissions. These measures include purchasing renewable energy and bolstering initiatives to reduce carbon emissions from our own business activities.

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

In fiscal 2021, a group-wide project was initiated under the Environmental Contribution Committee to identify business opportunities and risks (impact assessment) using climate change scenario analysis.

The aim is to develop adaptability and strategies for responding to unforeseeable conditions caused by climate change, which is an important management objective that affects the long-term value of the company. Using a range of potential outcomes based on Representative Concentration Pathway (RCP) scenarios, we assessed the levels of climate change-related risks and opportunities affecting our business models and their impact on our performance, and defined measures to respond appropriately and strategically. The results of the scenario analysis indicate that our main business, digital domain services, can likely play an important role in helping to solve upcoming environmental issues. These services offer growth opportunities that can substantially contribute to the realization of our Vision 2030 and Long-Term Environmental Vision 2050. After comparing the opportunities with the expected risk impacts, we have determined that the positive impact of potential business opportunities outweighs the potential risks.

The following is an overview of the analysis conducted in fiscal 2022 and the assessment results.

#### ■ Purpose of climate change scenario analysis

To ensure we have the strategies and flexibility to respond to changing and uncertain circumstances and work to improve our corporate value over the medium to long term by analyzing two climate scenarios for reference to identify and assess the impact of future climate-related business opportunities and risks and changes in future environment, society, and economy.

#### ■ Climate change scenarios used

The analysis was conducted using two scenarios based on IPCC Representative Concentration Pathway (RCP) scenarios in which the global average surface temperature in 2100 increased by 4 °C (RCP 8.5) and 1.5 °C (RCP 1.9), respectively, compared to temperatures before the Industrial Revolution.

■ **Settings of the time axis and assessment areas for business opportunities**

The time axis for identification of business opportunities and risk is set to 2050, which makes it easy to imagine the world at that point in the future, and the impact assessment is set to 2030. The impacts of the identified business opportunities are assessed in terms of the six environmental contribution areas.



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

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

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

## Climate-related business opportunities and risks (impact assessment)

Climate-related opportunities/markets Impact on the Group's business opportunities (area of environmental contribution)	Area	Impact and specific examples	Impact assessment		Financial impact
			1.5°C	4°C	
	Energy Management & Renewable Energy	Increased demand for services that contribute to improving energy use efficiency and promoting the spread of renewable energy through the use of IT • Reconstruction of grid system • Increased introduction of EVs for emergency power supply • Promotion of data utilization, etc.	Significant	Moderate	Increase in revenues by expanding opportunities through proposing and offering products and services in line with the expansion of the market size in each area
	Circular Economy	Increased demand for services that enable enhanced efficiency and reduction of losses associated with production and consumption of goods using IT • Spread of supply-demand forecasting and traceability systems based on AI • Expanded use of shared systems by financial institutions • Promotion of shared use of facilities and means of distribution, etc.			
	New Reality, Resilient Cities	Increased demand for services that contribute to the creation of mechanisms that allow remote decision-making without needing to go to the site and to resilient urban development • Expanded use of remote-sensing technology in agriculture • Expanded introduction of BEMS consequent on increased demand for low-carbon buildings • Expanded use and improvement in accuracy of disaster management systems, etc.			
	Green Mobility and Transport	Increased demand for services that enable the creation of systems for green cities using digital technologies • Use of digital technology for the spread of automated driving and EV vehicles • Optimization of energy consumption in units of cities and regions, etc.			
	New Normal	Increased demand for services that enable the creation schemes utilizing digital technologies that do not rely on the movement of people • Sophistication of online communication through use of AI • System development to resolve issues of access to consumer staples for vulnerable shoppers • Research on new analytical techniques effective in addressing climate change • Spread of disaster management systems and improvement of their accuracy, etc.			
Net Zero Management	Increased demand for services that assist companies promote net-zero management • Promotion of Green Transformation (GX) • Expanded use of low-carbon data centers • Development of solutions for introduction of carbon tax and carbon accounting, etc.				
Climate-related Risks	Impact on business operations in the process of transition to a decarbonized society		Impact assessment		Financial impact
			1.5°C	4°C	
	Technology Decline in technological and service development capacity due to delayed response to advances in decarbonization-related technologies		Negligible	Negligible	Decrease in revenues due to declining technological superiority in the market
	Market and Reputation Decline in corporate reputation due to failure to provide services and disclose information appropriately to meet the changing needs of low-carbon oriented customers, investors, etc.		Negligible	Negligible	Decrease in revenues due to lower corporate reputation/increase in financing costs

## Initiatives

Climate change issues cannot be solved by a single company alone, and in order to achieve the targets of the Paris Agreement, social systems must be reformed and technology innovated at an unprecedented scale. The BIPROGY Group believes that a digital commons—a community shared among partners with the same goals—is crucial to this much-needed reform and innovation. As we work to help build a world with net-zero emissions under our Long-Term Environmental Vision 2050 and Vision 2030, we aspire not only to reduce GHG emissions from our own business activities, but also to make broad environmental contributions by creating value through our business for customers and the broader society. Our diverse efforts will focus on six environmental contribution themes.

## Environmental Contributions Made by Providing Solutions and Services

### 1. Initiatives to Improve Energy Utilization Efficiency and Popularize Renewable Energy by Utilizing IT (Energy Management and Renewable Energy)

The BIPROGY Group is expanding numerous energy-related businesses to build a sustainable energy society by leveraging the system construction know-how it acquired in the power industry over many years, the knowledge it has obtained by participating in numerous verification projects, and other elements. Our Enability Series is designed to contribute to the smooth business operations of energy providers. In the energy resource aggregation business (ERAB)<sup>1</sup> area, which is expected to grow in the future, we are providing not only an AI-based excess solar power forecast service for retail producers, but also a resource control service for high-voltage power consumers, offering various benefits including greater energy efficiency and remote control of load facilities. In anticipation of the changes that will occur in markets, demand, and other factors as stricter policies and regulations are imposed on greenhouse gas emissions, we are also proactively conducting research and development and making investments to create new value.

1. The business concept is to aggregate the distributed energy resources owned by consumers (energy farms, eco farms, HEMS, etc.) and use them as a stabilizing energy system.

#### Enability® Series of cloud-based retail power solutions

The Enability Series is a cloud-based solution for power retailers that provides a customer management fee calculation system for electricity retailing. This service brings together the system development expertise that we have amassed over many years of involvement in the electric power industry. The series consists of Enability CIS, Enability Order, Enability Portal, Enability EMS, and Enability Billing. The one-stop service provides functions necessary for electricity retailing, from provider-switch handling, to charge calculation, to billing and collection, as well as control and visualization of electricity usage. Going forward, we will continue to offer even more functions based on market trends, government policies, and various system changes. These could include low-voltage FIT power purchasing, and non-fossil certificate management.

For more information visit > <https://www.biprogy.com/solution/lob/energy/cis/index.html>

(Available in Japanese only)

#### Enability EMS® energy management service

Enability EMS is a cloud-based energy management service that is compatible with ERAB and a wide range

of energy companies' business formats. We provide energy management tailored to their use in the form of cloud-based services for office/commercial buildings, apartments/condominiums, and single-unit dwellings.

For more information visit > <https://www.biprogy.com/solution/lob/energy/ems/index.html>

(Available in Japanese only)

### **smart oasis® mobility service platform**

Increasing the popularity of electric vehicles (EV) and promoting car sharing are critical to building a carbon-free world, and we are ramping up a range of measures designed to popularize these modes of mobility. smart oasis® is a mobility service platform designed to support next-generation mobility ecosystems. In addition, to "smart oasis® for charging," a charging infrastructure system for EVs and PHVs, we offer "smart oasis® for Carsharing," which offers various services to encourage car sharing.

For more information visit > <http://smartoasis.biprogy.com/>

(Available in Japanese only)

### **Initiatives related to non-fossil fuel certificate trading (1): Operations related to accreditation of non-FIT and non-fossil fuel sources**

Accreditation services for non-fossil fuel power sources are part of the Research Project on Measures to Develop Energy Supply and Demand Structure operated by the Agency for Natural Resources and Energy of Japan's Ministry of Economy, Trade and Industry (METI). BIPROGY is the only third-party organization commissioned by the national government to carry out accreditation services. This is intended to ensure the credibility of the non-fossil fuel energy certificates.<sup>1</sup> For these accreditation services, the Group has built a new management method for information infrastructures for collecting and managing information related to non-FIT non-fossil fuel energy sources.<sup>2</sup> In addition, we have been carrying out operations related to the certification of the amount of power produced from non-fossil fuel sources since fiscal 2019. These operations are expected to ensure the reliability of non-fossil fuel energy certificates and spur the use of renewable energy in Japan.

Non-FIT non-fossil power source certification portal (on the Group website) >

[https://www.biprogy.com/solution/lob/energy/non\\_fit/index.html](https://www.biprogy.com/solution/lob/energy/non_fit/index.html)

For more information visit > [https://www.biprogy.com/news/nr\\_190613\\_non-fossilfuel.pdf](https://www.biprogy.com/news/nr_190613_non-fossilfuel.pdf)

(Available in Japanese only)

1. Non-fossil fuel energy certificate: Certificates that can be traded, separately from power, on the basis of the non-fossil fuel energy value of power generated by renewable energy or nuclear power sources that do not emit CO<sub>2</sub>
2. Non-FIT non-fossil fuel energy sources: Non-fossil fuel energy sources that are not eligible for the feed-in tariff (FIT) program. FIT is a program that requires power companies to buy electricity generated from renewable energy sources, such as solar and wind power, at a fixed price for a certain period of time, in order to promote the use of renewable energy.

### **Initiatives related to non-fossil fuel certificate trading (2): Non-fossil certificate tracking**

BIPROGY has been continuously commissioned by the government for its study on increasing the value of non-fossil fuel certificates used, one of the themes of the research project described above, since fiscal 2018. We have tracked attribute information such as the type of energy source and the location of the power generator, for non-fossil fuel energy certificates and have carried out verification experiments. Moreover, in line with Japan's pledge to become carbon neutral by 2050, in fiscal 2021 we started



providing non-fossil certificates with tracking to power consumers and intermediary providers, in addition to conventional electricity retailers. In fiscal 2022, the tracking business was transferred to the Japan Electric Power Exchange (JEPX) as a self-supporting business. However, we have been contracted by JEPX to continue tracking non-fossil certificates.

Power users can utilize these non-fossil fuel energy certificates with tracking to support their efforts on RE100, the global initiative that encourages businesses to adopt 100% renewable electricity. As a result, non-fossil fuel energy certificates are now more convenient, and there are more options for procuring power generated from renewable energy sources in Japan.

Portal concerning non-fossil certificate procedures with FIT / non-FIT tracking (on the Group website) >

[https://pr.biprogy.com/solution/lob/energy/fit\\_tracking/](https://pr.biprogy.com/solution/lob/energy/fit_tracking/)

For more information visit > [https://pr.biprogy.com/news/nr\\_181217\\_tracking.pdf](https://pr.biprogy.com/news/nr_181217_tracking.pdf)

(Available in Japanese only)

### **Support for PPA projects designed to expand the use of renewable energy**

Recently the solar power purchase agreement (PPA) model<sup>1</sup> has been attracting attention, as it allows companies to install photovoltaic power generation systems without having to pay the initial equipment and other costs. In collaboration with Senko Co., Ltd. and F Bit Communications Corp., we are working to establish a scheme to maximize the use of renewable energy based on the solar PPA model. We are supporting this scheme by providing an AI-based surplus solar power forecasting service for power retailers, along with power generation metering for PPA-model fee calculation.

1. Solar PPA model: A service where a company (the PPA provider), which owns and manages photovoltaic power generation equipment, installs such equipment on a roof or other space provided free of charge by a facility owner. The PPA provider then provides the electricity generated by the same equipment to the facility for a fee.

For more information visit > [https://pr.biprogy.com/solution/lob/energy/ems/power\\_prediction.html](https://pr.biprogy.com/solution/lob/energy/ems/power_prediction.html)

(Available in Japanese only)

## **2. Initiatives to Improve Efficiency and Reduce Loss in Production and Consumption of Goods Using IT (Circular Economy)**

### **Core-banking system BankVision (BankVision on Azure)**

Joint-use services not only meet customer demands to reduce development and operating costs but also increase the value of the services when used as a low-carbon service in response to the trend toward decarbonization. For BankVision, the core-banking system for financial institutions that we provide, we are transitioning to BankVision on Azure, whose infrastructure is the public cloud Microsoft Azure, in order to further increase the sophistication of our joint-use services. This is also expected to further increase the value of using the service as a low-carbon service.

For more information visit > <https://pr.biprogy.com/solution/lob/fs/bankvision/index.html>

(Available in Japanese only)

Note: Microsoft and Azure are trademarks or registered trademarks of Microsoft Corporation in the United States and other countries.

### **SaaS EC solutions—Omni-Base for DIGITAL'ATELIER**

Omni-Base for DIGITAL'ATELIER is one of the services provided under the DIGITAL'ATELIER brand, a

BIPROGY service brand that was launched based on the concept of “creating an era when even large companies use these services.” With all the functions necessary for operating an EC mail-order store, this service provides an integrated solution that supports the realization of OMO commerce measures, such as inventory centralization and customer integration. Using these services, customers can reduce greenhouse gas emissions compared to when they conduct independent development and operation, thanks to employing SaaS as a core system. Even in regard to store operation, the service, which helps introduce omnichannel retailing, is expected to lead to reductions in emissions through less inventory loss, more efficient deliveries, and other benefits.

For more information visit > <https://digitalatelier.jp/>

(Available in Japanese only)

### **AI-Order Foresight (AI automatic Order Service)**

Our AI-Order Foresight is a cloud-based AI automatic order service that automates retail store merchandise orders based on actual sales, sale promotion plans, weather forecast, and other factors. AI-based automated demand forecasts make it possible to conduct a range of operations, from analyzing sales to calculating orders, in a highly accurate manner even if a company does not employ a data scientist, resulting in automatic orders of daily goods and fresh products, which have traditionally been difficult to make. This also makes it possible to dramatically lessen the burden of order operations, operate stores even without experienced, skilled employees, and reduce out-of-stock items and food losses and waste.

For more information visit > <https://pr.biprogy.com/solution/lob/commerce/retail/aiorder/index.html>

(Available in Japanese only)

### **U-Cloud® cloud service**

Demand for cloud-based services is expected to increase as regulations on GHG gas emissions in corporate activity become more stringent and costs increase, so we expect a further expansion in the cloud service business.

U-Cloud®, one of the Group’s cloud-based services offered by UNIADDEX, Ltd., is a fully managed, one-stop cloud service that offers an ICT environment tailored to the client’s requests.

For more information visit > <https://www.uniadex.co.jp/service/product/u-cloud.html>

(Available in Japanese only)

### **KIINNOX Project**

In 2021, we launched the KIINNOX<sup>1</sup> Project, which promotes the distribution and use of Japanese lumber through co-creation with companies in various fields. The main theme of this project is “sustainable distribution of Japanese lumber.” We launched a test Lumber Distribution Platform Service for lumber industry DX in Gifu Prefecture in February 2022 and joined an office furniture and interior business in June 2022. Through various projects related to Japanese lumber distribution supply chain and demand creation, we are aiming to solve forest problems, reinvigorate local economies, and provide mental and physical health as well as rich lives.

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

For more information visit > <https://kiinnox.jp/>

(Available in Japanese only)

### **3. Initiatives to Create Mechanisms for Remote Diagnosis Without Having to Visit Sites (New Reality / Resilience)**

#### **Dr. Bridge® AI bridge diagnosis support system**

The frequency of landslides and other natural disasters is increasing due to climate change, and there are growing concerns about damage to structures as disasters become increasingly severe. In Japan, roads and structures, such as aging bridges and tunnels, must be visually inspected and diagnosed once every five years. This requirement for advanced inspection and diagnosis by experts, coupled with a lack of experienced technicians, has become a serious social problem.

Dr. Bridge® is a service in which AI automatically diagnoses the causes behind the deterioration of concrete parts on bridges and their soundness. This unique technology, which combines the graphic data that has been recorded with various other data for deep machine learning, enables highly precise determinations to be made.

For more information visit > <https://pr.biprogy.com/solution/tec/iot/bp/drbridge.html>

(Available in Japanese only)

Note: Dr. Bridge® is a registered trademark of BIPROGY Inc. and Nihonkai Consultant Co., Ltd.

#### **Saigai Net, a chronology-type crisis management information sharing system**

Saigai Net, a chronology-type crisis management information sharing system, is a cloud service that makes it easy to centralize and share information during emergencies when information becomes complicated, such as in massive meteorological disasters. With this service, information received by phone and other means is entered just like writing it on a whiteboard, which outlines all information in chronological order and dramatically reduces the effort and time spent collecting information and creating material. The service also makes it possible to ascertain frontline conditions from a smartphone.

Therefore, it is used by customers in a wide range of sectors, primarily social-infrastructure companies.

For more information visit > <https://pr.biprogy.com/solution/biz/disaster-net/>

(Available in Japanese only)

#### **MUDEN Monitoring Service® equipment monitoring service**

Outdoor infrastructure equipment that was installed several decades ago requires regular inspection and monitoring, even more so due to the impact of large-scale natural disasters and environmental change. According to the Ministry of Land, Infrastructure, Transport and Tourism's estimates, maintenance, management and upgrade costs are expected to reach 194 trillion yen over the next 30 years. Moreover, much of this infrastructure is in places that are hard for people to reach and difficult to work in, which makes more efficient work and digitalization an urgent issue.

MUDEN Monitoring Service® resolves these issues, enhances the efficiency of inspection and monitoring work, reduces costs, and digitizes operations, all of which support advances in equipment maintenance operations.

For more information visit > <https://pr.biprogy.com/solution/tec/iot/bp/muden.html>

(Available in Japanese only)

### **4. Initiatives to Create Green City Systems with Digital Technology (Green Mobility Transport)**

#### **Accident-Free Program DR® drive recorders for work for operation managers and companies**

Accident-Free Program DR® is a safe operation support service for managers that combines drive recorders and telematics. This program makes data on drives in company vehicles visible and reduces

risks, seeking to bring traffic accidents down to zero. It also recommends eco-friendly driving, which is expected to result in lower GHG emissions due to fuel savings.

For more information visit > <https://dr.biprogy.com/>

(Available in Japanese only)

## **5. Initiatives to Leverage Digital Technology to Create Mechanisms That Do Not Rely on the Movement of People (New Normal)**

### **ICT Connected Work® workstyle reforms**

Telework, which allows people to work without having to go into an office when a natural disaster or outbreak of infectious disease occurs, is an effective system that does not depend on moving people, and it can also reduce GHG emissions resulting from employee commutes and business trips. The Group provides a service that supports customers' workstyle reforms for office work and field work, capitalizing on the workstyle reforms that the Group has implemented over many years and its own achievements in building ICT.

For more information visit > <https://pr.biprogy.com/solution/biz/connectedwork/index.html>

(Available in Japanese only)

## **6. Initiatives to Support Corporate Net-Zero Management (Net-Zero Management)**

Across the planet, especially in Europe and the United States, carbon neutrality has become a policy priority. Nations are accelerating their efforts to achieve decarbonization, including the introduction of carbon taxes and the promotion of electric vehicles.

For companies to achieve carbon neutrality, it is important to implement a cycle of policy study and visualization, followed by emissions reduction, and then energy creation and emissions offset. The BIPROGY Group provides support for Scope 1, 2 and 3 emissions reduction that corresponds to each cycle stage.

For more information visit > [https://pr.biprogy.com/solution/biz/carbon\\_neutral/index.html](https://pr.biprogy.com/solution/biz/carbon_neutral/index.html)

(Available in Japanese only)

### **Promoting the Use of Renewable Energy and Joining RE100**

The BIPROGY Group aims to run its businesses with 100% renewable energy as one measure to reduce its environmental impact, so that its own business activities generate net-zero emissions. To pursue this proactively, we joined RE100<sup>1</sup> in July 2020 and began procuring energy derived from renewable energy in 2021. Switching to renewable energy power is an effective means of mitigating climate change caused by global warming driven by use of fossil fuels, and is an important aspect of the Group's efforts to address environmental issues.

In addition, RE100 requires that member companies in Japan become proactively involved in policy advocacy and make public demands for improvements to Japan's renewable energy popularization targets and the establishment of a transparent market that enables companies to use renewable energy directly. In accreditation services for non-fossil-fuel power sources, based on the Act on Sophisticated Methods of Energy Supply Structures, which is a project of METI's Agency for Natural Resources and Energy, we offer certification as a third-party institution commission by the national government. In addition, since 2018 we have taken part in the study on increasing the value of non-fossil certificates used (study on tracking

information for FIT non-fossil fuel energy certificates).

Moreover, *Renewable Energy Market Briefing – Japan*, published by RE100 in March 2020, mentions verification experiments that used the electronic tracking system we provided. The Group aims not only to increase the use of renewable energy to run its own businesses, but also to contribute to the growth of the renewable energy market in Japan as a RE100 member company by participating in these related projects.

1. RE100 Website > <http://www.there100.org/reports-briefings>



## Collaboration with Customers and Partners

The BIPROGY Group recognizes that collaboration with various stakeholders is essential to its effort to help build a world with net-zero emissions expeditiously in order to fulfill its Long-Term Environmental Vision 2050. The Group actively participates in various partnerships and initiatives to promote activities that reduce environmental impact.

- In April 2021, we announced our participation in the Japan Partnership for Circular Economy, a public-private partnership launched by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and the Keidanren (Japan Business Federation) to foster awareness and promote initiatives for achieving a circular economy.
- In October 2021, we announced support for the Clean Energy Demand Initiative sponsored by the US government, and for the Climate Group, a British organization leading the global RE100 initiative.
- In December 2021, we registered our own Challenge Zero Project as part of a new initiative, Challenge Net-Zero Carbon Innovation (Challenge Zero), launched by Keidanren (Japan Business Federation) in collaboration with the Japanese government. The initiative is part of efforts to realize a decarbonized society, which is identified as a long-term goal under the Paris Agreement, an international framework to combat climate change. Challenge Zero aims to greatly raise awareness in Japan and abroad of the innovative green activities being undertaken by Japanese companies and organizations.
- In December 2021, we announced our support for the Leading Tenant Action Policy of the Ministry of the Environment.
- On March 29, 2021, we announced our support for the GX League Basic Concept promoted by the Ministry of Economy, Trade and Industry. Together with other companies that have expressed their support, we also participated in demonstration projects and discussions concerning the specific design of the GX League made up of representatives from industry, academia, and government.



## Use of Eco-Friendly Data Centers

The largest source of GHG emissions for companies in the IT sector is the operation of their own data centers. The Group does not itself own a data center, but instead procures and selects the equipment needed for different applications from its many business partners. In this way, we provide data center services that meet client requirements and promote the use of data centers with high environmental performance.

The Obama Data Center<sup>1</sup> (Obama City in Fukui), which the Group employs as its suburban data center, has installed side-wall air supply air conditioning systems, a cutting-edge cooling technology. With this method, cold air is supplied directly to the server room from the side walls between the air conditioning machine room. This allows for a significant reduction in power use for air conditioning systems compared to the conventional floor supply systems.

In addition, the system is completely circular, so that cold and hot air are not mixed, and a rectification mechanism is set up, which allows IT equipment to be adequately cooled even with a supply of 22 °C air.

Moreover, using outdoor cooling that utilizes the benefits of being located in a cold region together with free cooling<sup>2</sup> makes for an eco-friendly, energy-saving data center that can achieve a PUE<sup>3</sup> in the 1.2 range when the assumed energy is 100% used. We began to confirm GHG emissions for other data centers in fiscal 2020 and aspire to utilize them with a greater emphasis on the environment.

1. Kanden Energy Solution Co., Inc. built and owns the voltage substations and air conditioning equipment and maintains, runs and manages the facility.
2. Free cooling refers to the production of chilled water by using external air, which is then used for cooling.
3. Power usage effectiveness: An indicator of energy effectiveness for data centers. The figure is calculated by dividing the energy consumed by the data center overall by energy consumed by IT equipment in the data center. The closer the figure is to 1, the greater the efficiency.

BIPROGY Group Outsourcing Center > [https://pr.biprogy.com/solution/biz/outsourcing/dc\\_summary.html](https://pr.biprogy.com/solution/biz/outsourcing/dc_summary.html)

(Available in Japanese only)

## Reducing Environmental Impact by Establishing New Work Styles

The average ground level temperature in the Tokyo metropolitan area in August is expected to increase by 2–3°C by the 2050s, compared to the 1990s. This will overlap with the rising temperatures caused by the heat island phenomenon resulting from greater urbanization, leading to an even greater increase in temperature in urban areas. This raises concerns about the impact on urban life, including people's health and working environments.

The Group introduced a telework system covering all employees from October 2017. Telework not only improves employees' productivity, but can curb GHG emissions resulting from commutes, and also ensures the safety of employees and business continuity in the event of disasters such as large-scale weather disasters and infectious diseases. As the employees of the BIPROGY Group move, as part of a post-pandemic transition, from mainly telework to a hybrid work style that consists of working both from home and in the office, they are proceeding with their daily activities while maintaining an awareness of the need to reduce environmental impact. The Group is also working to improve energy efficiency by setting up satellite offices around the country and promoting workspaces without assigned seating in the headquarters building.

## Risk Management

The Group has integrated climate-related risks into the Group risk management system. Climate change risk was added to the risk classification system, a common management platform that enables the Risk Management Committee, which oversees this system, to centrally identify risks for the entire Group. Of the climate-related risks identified in the extraction of business opportunities and risks (impact assessment) based on the climate change scenario analysis conducted in fiscal 2021, 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.

Every year, the Group reviews its climate-related risks using the scenario analysis assessment, as well as the risk management inventory process stipulated by the Group's risk management system.

[Also see p. 125, Risk Management](#)

## Indicators and Targets

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

The Group primarily provides IT services, so most of its greenhouse gas emissions arise from the use of electricity. Accordingly, we have joined RE100 and are switching to renewable energy sources for the electricity we purchase, and as of the end of fiscal 2021, our renewable energy procurement rate was 7.4%. In addition, we are promoting energy conservation measures through efficient use of offices, equipment, etc. As a result of these efforts, the Group's Scope 1 and 2 (market-based) greenhouse gas emissions in fiscal 2021 were reduced by 9.0% from fiscal 2019.

### KPIs and Targets for Further Benefiting Customers and Society by Providing Services That Help Reduce CO<sub>2</sub> Emissions

KPI	Goals and progress
Zero-emissions achievement rate	100% or more (annually through FY2030) → 132.9% (FY2021)
Percentage of risks addressed in the scenario analysis impact assessment	Identification of business opportunities and risks → Integration of identified risks into the Group risk management system

### KPIs and Targets for Reducing GHG Emissions Arising from Business Activities

KPI	Goals and progress
Renewable energy procurement rate	50% or more (FY2030), 100% (FY2050) → 7.4% procurement (FY2021)
Reduction rate in GHG emissions (Scope 1 + Scope 2 (market-based))	50% or more compared to FY2019 (FY2030) → 9.0% reduction (FY2021)



## ★KPIs and targets to reduce GHG emissions throughout the value chain

Scope 3 emissions information disclosure and target setting	Collection and disclosure of Scope 3 emissions information and setting of reduction targets (FY2022)
ESG risk assessment for major suppliers	Reduction of business risks related to environmental impact, etc. throughout the value chain → Implementation of ESG risk assessment for major suppliers (FY2021)

Also see p. 13, [Material Issues](#), and p. 55, [Environmental Data](#)

## Water Use

### Basic Approach to Use of Water Resources

Water damage and droughts resulting from changing rainfall patterns attributable to climate change, as well as rapid urbanization due to increased populations and economic development, are leading to shortfalls in water resources. There is growing concern about such water risks globally.

The Group consumes water directly, mainly in its offices. Based on the BIPROGY Group Environmental Policies and the Environmental Long-term Vision 2050, we strive to ascertain and reduce the amount of water used in our business activities, and we are also looking into water conservation measures for our supply chain.

### Initiatives

In fiscal 2021, the Group did not violate any standards or regulations concerning water quality or usage. Moreover, in fiscal 2021, we started disclosing information on water usage by the Toyosu Head Office Building in Koto-ku, Tokyo.

Water usage for companies in the IT sector is highest for air conditioning and cooling systems at data centers owned by companies, but the Group does not itself own a data center, but instead procures and selects the equipment needed for different applications from its many business partners. In this way, we provide data center services in line with our clients' requests.

As one of our initiatives to appropriately use water resources in our business activities, we use business cards made with LIMEX®, a new material based on limestone, a mineral resource that exists plentifully around the world and can be efficiently recycled, and that involves almost no water in the manufacturing process.

Note: LIMEX is a registered trademark of TBM Co., Ltd.

Also see p. 55, [Environmental Data](#)

## Appropriate Use of Resources

### Basic Approach to Appropriate Use of Resources

Public interest in the finite nature of the earth's resources is growing around the world. In addition to improving the efficiency of the resource cycle by recycling, which has been recommended for some time now, a new economic system called the "circular economy" has been proposed, in which value creation



can be maximized and use optimized by utilizing existing products and idle assets.

The Group uses resources and energy appropriately through business activities based on its Environmental Policies and Long-Term Environmental Vision 2050.

## Initiatives

### Effective Use of Resources

The Group has set targets for each division and is working to reduce environmental impact in order to appropriately and efficiently use resources and energy. Starting in fiscal 2022, we are also expanding the scope of waste volume calculation while promoting initiatives focused on the following points.

- Reductions in energy use per office area
- Promotion of use of renewable energy
- Reductions in paper use
- Thorough sorting of waste to promote recycling
- Reductions to the movement of people and things, decreases in office space

### Collaboration with Customers and Partners

#### **Participation in Japan Partnership for Circular Economy**

The Group has participated in the Japan Partnership for Circular Economy, which was launched in March 2021 by a public-private alliance (Ministry of the Environment, Ministry of Economy, Trade and Industry, and Keidanren [Japan Business Federation]), since April 2021. The trend toward the circular economy is picking up around the world, and by participating in this partnership we aim to foster understanding of the circular economy and encourage related initiatives.

Keidanren website: Establishing the Japan Partnership for Circular Economy >

<http://www.keidanren.or.jp/policy/2021/020.html>

(Available in Japanese only)

## Biodiversity

Given concerns about the deterioration of natural ecosystems and biodiversity, the Group has endorsed the Keidanren Biodiversity Declaration and Action Guidelines (revised version) issued by the Keidanren Initiative for Biodiversity Conservation.

The Group is very aware that biodiversity is an important foundation for a sustainable world, and as a member of the international community, we embrace our role and responsibility in this area and look to collaborate and cooperate to protect biodiversity. We aim to help build a sustainable world by supporting the harmonious coexistence of human societies and the natural world.

Keidanren website: Keidanren Biodiversity Declaration Initiative >

<https://www.keidanren.or.jp/en/policy/2020/055.html>

## Reducing Environmental Impact across the Value Chain

### Approach to Green Procurement

The Group makes procurement decisions from a comprehensive perspective, looking at quality, costs, deadlines, and service, in addition to eco-friendly business activities and contributions to the development of a sustainable society.

In accordance with the Green Procurement Guidelines, we also regularly survey our suppliers regarding their environmentally friendly business activities. The Group seeks to procure products and services with reduced environmental impact from business partners who practice environmental conservation.

### Risk Assessment and Audits of Suppliers

As an initiative to help build a sustainable world, we have prepared the BIPROGY Group Sustainability Procurement Guidelines. They set out policies that the Group is committed to following, and we would also like our subcontractors and suppliers to understand and put them into practice. In addition to distributing these guidelines, we have begun conducting ESG-based risk assessments concerning our contractors and suppliers.

In fiscal 2021, we began by conducting a survey of 98 major suppliers concerning the status of their ESG initiatives, along with risk assessments by these same companies. We were able to achieve a risk assessment implementation rate of 100%, our single-year materiality target. In fiscal 2022, we will continue to request improvements from major suppliers based on their fiscal 2021 risk assessment results.

Going forward, we will need to make further efforts to improve measure effectiveness and reduce ESG risks. We aim to build long-term relationships of trust throughout our supply chain, and to help build a sustainable world where companies operate in harmony with the environment and local communities.

### Summary of Fiscal 2021 Survey and ESG Risk Assessment

Number of companies surveyed: 98

Risk assessment implementation rate: 100%

Survey topics:

- Human rights policy establishment and due diligence
- Respect for human rights (forced labor, child labor, freedom of association and collective bargaining rights, discrimination, working hours, wages, and harassment)
- Ensuring occupational health and safety
- Environmental policy and environmental management system establishment
- Resource management (reduction of waste, etc.)
- Protection of biodiversity
- Climate change prevention measures (energy consumption and CO<sub>2</sub> emissions during product manufacture, and reduction of GHG emissions from company activities, etc.)
- Environmental pollution measures (preventing water, air, and soil pollution, avoiding vibration,

noise, and odors, and managing chemical substances properly, etc.)

- Compliance
- Anti-corruption
- Information security
- Conflict minerals
- Privacy
- Supply chain management

BIPROGY Group Green Procurement Guidelines (Available in Japanese only) >

[https://www.biprogy.com/pdf/eco\\_green\\_guideline.pdf](https://www.biprogy.com/pdf/eco_green_guideline.pdf)

BIPROGY Group Procurement and Transaction Guidelines (Available in Japanese only) >

[https://www.biprogy.com/com/about\\_purchase\\_and\\_procurement.html](https://www.biprogy.com/com/about_purchase_and_procurement.html)

## Communication with Suppliers

In addition to the aforementioned surveys of environmentally friendly business activities that we give regularly to suppliers, we issue regular publications and provide information through a web portal for subcontractors. These efforts are intended to deepen understanding of the Group's approach to social responsibility and initiatives and also to ensure that the Group and its partners work together in their activities.

## Environmental Data

### GHG Emissions (Scopes 1, 2 & 3)

#### GHG Emissions (Scopes 1 & 2)

Emissions Type	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1 emissions (t-CO <sub>2</sub> e)	0	0	0	218	1,470
Scope 2 emissions (t-CO <sub>2</sub> e) (location-based)	–	–	–	–	13,442
Scope 2 emissions (t-CO <sub>2</sub> e) (market-based)	15,100	14,107	14,358	13,475	11,593
Total Scope 1 & 2 emissions (t-CO <sub>2</sub> e) (market-based)	15,100	14,107	14,358	13,692	13,064

#### Notes:

- Starting in fiscal 2021, calculations are based on the GHG Protocol.
- Location-based and market-based Scope 2 emissions are defined in the GHG Protocol Scope 2 Guidance 2015.
- Scope of calculation  
 FY2017-FY2019: BIPROGY Inc. and 10 other companies and 2 organizations (covering main sites in Japan, and 85% of total BIPROGY Group personnel)  
 FY2020: BIPROGY Inc. and 12 other companies and 2 organizations (same as above)  
 FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide, and 100% of total BIPROGY Group personnel)

#### GHG Emissions (Scope 3)

Emissions Type		FY2021 (t-CO <sub>2</sub> e)
Scope 3 Emissions (t-CO <sub>2</sub> e)		632,737
Categories	Category 1: Purchased Goods and Services	251,490
	Category 2: Capital Goods	20,684
	Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	2,276
	Category 4: Upstream Transportation and Distribution	1,785
	Category 5: Waste Generated in Operations	31
	Category 6: Business Travel	2,570
	Category 7: Employee Commuting	1,028
	Category 11: Use of Sold Products	352,767
	Category 12: End-of-Life Treatment of Sold Products	105

#### Notes:

- Category 8 under Scope 3 emissions is included in Scopes 1 and 2, Category 9 is included in Category 1, and Category 13 is included in Category 11. Categories 10, 14, and 15 are not applicable to the Group's business activities.

2. Scope 3 emissions are calculated starting in FY2021.

3. Scope of calculation

BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide, and 100% of total BIPROGY Group personnel)

## Energy Consumption

Consumption Type		FY2017	FY2018	FY2019	FY2020	FY2021
Energy consumption (kL)		7,927	7,613	7,855	7,425	7,836
(Energy types)	Purchased electricity (kWh)	-	-	-	-	27,229,042
	Purchased electricity from renewable energy sources (included in the above purchased electricity) (kWh)	-	-	-	-	2,025,840
	City gas (m <sup>3</sup> )	-	-	-	-	578,424
	Heavy fuel oil A (kL)	-	-	-	-	0.68
	Gasoline (kL)	-	-	-	-	90
	LPG (m <sup>3</sup> )	-	-	-	-	404
	Hot water (MJ)	-	-	-	-	195,701
	Cold water (MJ)	-	-	-	-	1,999,799
	Steam (MJ)	-	-	-	-	168,199

Notes:

1. The Group joined the RE100 initiative in July 2020 and started procuring renewable energy in FY2021.

2. Scope of calculation

FY2017-FY2019: BIPROGY Inc. and 10 other companies and 2 organizations (covering main sites in Japan)

FY2020: BIPROGY Inc. and 12 other companies and 2 organizations (same as above)

FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

## Water Use

Consumption Type	FY2017	FY2018	FY2019	FY2020	FY2021
Water use (m <sup>3</sup> )	-	-	-	13,000	49,477

Note: Scope of calculation

FY2020: Toyosu Head Office Building for BIPROGY Inc.

FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

## Waste Generation & Paper Usage

### Waste

Emissions Type		FY2017	FY2018	FY2019	FY2020	FY2021
Waste (kg)		580,300	454,600	425,700	213,300	648,602
Waste Types	Recycled (kg)	–	–	–	–	279,501
	Landfilled (kg)	–	–	–	–	17,000
	Incinerated (kg)	–	–	–	–	54,715
	Other (kg)	–	–	–	–	297,386

Note: Scope of calculation

FY2017-FY2020: BIPROGY Inc. and 12 other companies and 2 organizations (covering main sites in Japan)

FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

### Paper Usage

Consumption Type	FY2017	FY2018	FY2019	FY2020	FY2021
Paper used (kg)	–	–	–	–	25,696
Paper used (thousand sheets)	19,150	17,460	15,110	7,250	–

Note: Scope of calculation

FY2017-FY2020: BIPROGY Inc. and 12 other companies and 2 organizations (covering main sites in Japan)

FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

## Proper Management of Chemical Substances

The Group did not emit or transfer any harmful or potentially harmful chemical substances in fiscal 2021.


## Third-Party Assurance

In order to improve the reliability of its non-financial information, the Group obtains independent assurance from a third party. Environmental data covered by the fiscal 2021 assurance statement includes the following.

- Amount of Scope 1 GHG emissions (t-CO<sub>2</sub>e)
- Amount of Scope 2 GHG emissions (t-CO<sub>2</sub>e) location-based and market-based
- Amount of Scope 3 GHG emissions (t-CO<sub>2</sub>e) Categories 1-15
- Amount of water usage (m<sup>3</sup>)
- Amount of waste emissions (kg)
- Amount of paper usage (kg)

## Independent Assurance Statement (PDF: 213KB) &gt;

[https://sustainability-cms-biprogy-s3.s3.amazonaws.com/pdf/IAS\\_environment\\_en.pdf](https://sustainability-cms-biprogy-s3.s3.amazonaws.com/pdf/IAS_environment_en.pdf)



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

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

**Terms of Engagement**

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

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

- verifying conformance with the Organisation's in-house reporting methodologies for the selected datasets;
- evaluating the accuracy and reliability of the selected datasets listed below:
  - Amount of Scope 1 GHG emissions (t-CO<sub>2</sub>e) \* 1;
  - Amount of Scope 2 GHG emissions (t-CO<sub>2</sub>e), Location-based and Market-based;
  - Amount of Scope 3 GHG emissions (t-CO<sub>2</sub>e) Categories \* 1-15;
  - Amount of water used (m<sup>3</sup>);
  - Amount of waste emissions (kg); and
  - Amount of paper used (kg).

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

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

**LRQA's Opinion**


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

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

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

\* Nihon Unisys, Ltd. changed the corporate name to BIPROGY Inc. from 01/04/2022.  
\* Scope 1 and 2 GHG emissions are as defined in The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (GHG quantification uses emission factors and is subject to inherent uncertainty).  
\* The categories of Scope 3 GHG emissions are as defined in the Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Table 3.1  
\* The extent of assurance regarding a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than identifying source data at sites. Consequently, the level of assurance achieved in a limited assurance engagement is lower than the assurance that could have been obtained had a reasonable assurance engagement been performed.

Page 1 of 2



**LRQA's Approach**

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

- conducting a remote assessment on the Head Office Building in Tokyo, Tokyo and its Executive Center;
- interviewing relevant employees of the organisation responsible for managing data and records; and
- assessing the Organisation's data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control;
- verifying internal data and records at an aggregated level for the fiscal year 2021. The energy consumption data reviewed through the verification process is shown in Table 3 in the Annex.

**Observations**

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


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

**LRQA's Standards, Competence and Independence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14064 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

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

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

Signed:  Date: 22 June 2022


Michael Chiba  
LRQA Lead Verifier  
On behalf of LRQA Limited  
Queen's Tower A, 10th Floor, 2-3-1 Minatomirai, Nishi-ku  
Yokohama 220-8016, Japan

LRQA reference: YKA00001005-1B

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Annex

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

Scope of GHG emissions	t-CO <sub>2</sub> e
Scope 1 GHG emissions	1,475
Scope 2 GHG emissions (Location-based)	13,142
Scope 2 GHG emissions (Market-based)	11,593
Category 1: Purchased Goods and Services	632,737
Category 2: Capital Goods	25,496
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	1,795
Category 4: Upstream Transportation and Distribution	31
Category 5: Waste Generated in Operations	1,213
Category 6: Business Travel	1,029
Category 7: Employee Commuting	366,267
Category 11: Use of Sold Products	105
Category 12: End-of-Life Treatment of Sold Products	105

Note: \* Scope 4, Transportation and Scope 5, Market-based are defined in the GHG Protocol Scope 4 Guidance (2021).  
\* Note: \* Out of Scope 2 GHG emissions, Category 8 is included in Scope 1&2, Category 9 is included in Category 1 and Category 13 is included in Category 11. And there is no activity subject to Categories 10, 14 and 15.

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

Environmental data	Amount
Water used	49,477 m <sup>3</sup>
Waste emissions	545,552 kg
Paper used	25,596 kg

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

Item	Amount
Purchased electricity	27,252,842 kWh
Purchased electricity from renewable energy sources (included in the above purchased electricity)	2,025,842 kWh
City gas	578,484 m <sup>3</sup>
Heavy Fuel Oil A	0.08 tL
Gasoline	80 tL
LPG	424 m <sup>3</sup>
Hot water	195,701 MJ
Cold water	1,950,700 MJ
Steam	188,189 MJ

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## Social Issue Management System

The BIPROGY Group has established the Social Committee under the Sustainability Committee, a decision-making body. The Social Committee promotes cross-organizational efforts addressing respect for human rights and other important social issues to help achieve the SDGs, resolve social issues, and contribute to society. Specifically, the committee examines policies addressing social issues, designs mechanisms to address these issues, manages and supervises the implementation of these mechanisms, and gives instructions on correcting pending issues. Matters discussed by the Social Committee and the status of committee activities are reported to the Sustainability Committee. Key matters of discussion that could significantly impact the Group's business performance and strategies are taken up by the Sustainability Committee or the Executive Committee, which make decisions on these matters. In addition, status reports are also regularly submitted to the Board of Directors via the Sustainability Committee.

[Also see p. 108, Corporate Governance Structure](#)

## Human Rights

Concern about human rights is growing in Japan and around the world, and stakeholders everywhere expect companies to address human rights issues. The Group supports international norms such as the Universal Declaration of Human Rights and the ILO Core Labor Standards and recognizes respect for human rights as integral to sustainability management and achievement of the SDGs. In June 2020, we established the BIPROGY Group Human Rights Policy, which is based on international human rights norms and the United Nations Guiding Principles on Business and Human Rights. In April 2021, we released the BIPROGY Group Sustainability Procurement Guidelines, which are based on BIPROGY Group Procurement and Transaction Guidelines. The BIPROGY Group Sustainability Procurement Guidelines outline human rights and other social, environmental, and governance issues that we ask our suppliers to understand and work with us on. Based on these policies and guidelines, we are carrying out human rights due diligence, human rights education, awareness-raising activities, and other initiatives to ensure that our employees and all other stakeholders in the value chain respect human rights in the countries and regions in which we operate.

### BIPROGY Group Human Rights Policy

The BIPROGY Group has established the corporate mission to "work with all people to contribute to creating a society that is friendly to people and the environment." We aim to help solve social issues by providing information and communication technology (ICT) services and co-creating business ecosystems with our clients and partners, while striving to uphold values that enrich society. Respecting human rights is indispensable to pursuing our corporate mission.

As a company that believes respecting human rights is a fundamental theme of the Sustainable Development Goals and that aims to solve social issues by developing and expanding business ecosystems globally in collaboration with various partners, we have developed the BIPROGY Group Human Rights Policy, which lays out our approach to human rights issues relevant to our business activities.

Our efforts to respect human rights will be reported, on a regular basis, to the Management Meeting and to the Board of Directors of BIPROGY Inc.

## 1. Scope of Application

This Policy applies to all officers and employees of the Group. We also expect our business partners to support and adhere to this Policy, and we are committed to collaboratively promoting respect for human rights. We strive to respect human rights throughout our entire value chain.

## 2. Our Commitment

We are committed to respecting human rights, understood as, at a minimum, those set out in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We are a signatory to the United Nations Global Compact and support its Ten Principles as well as the United Nations Guiding Principles on Business and Human Rights. We are committed to conducting our business activities in line with these Principles

We prohibit discrimination against individuals based on any ground, including race, gender, age, creed, religion, nationality, sexual orientation or gender identity, and physical or mental disability. We do not tolerate any form of harassment that would damage the personhood and dignity of individuals, including power harassment and sexual harassment. We do not engage in any form of forced labor or child labor. We value the importance of dialogue with labor unions, and respect our employees' labor rights, such as their right to organize and right to collective bargaining.

## 3. Compliance with Applicable Laws and Regulations

We comply with applicable laws and regulations in all countries and regions where we conduct our business activities. Where national laws and international human rights standards differ, we strive to follow the higher standard. If both are in conflict, we seek ways to honor the principles of internationally recognized human rights.

## 4. Human Rights Due Diligence

In line with the "human rights due diligence" process set out in the United Nations Guiding Principles on Business and Human Rights, we work to identify, prevent, mitigate and account for adverse human rights impacts associated with our business activities. We also work to address various social issues that have adverse human rights impacts.

## 5. Remediation

If we identify that we have caused or contributed to adverse human rights impacts or our business partners have been allegedly involved in human rights risks, we strive to address and remediate such risks and impacts through appropriate measures.

## 6. Grievance Mechanisms

We have several reporting and whistleblowing channels to address human rights issues. Employees can raise their concerns and/or ask questions regarding human rights issues associated with our activities, including violations of this Policy, through those channels. We will investigate the raised concerns, and promptly respond and take corrective actions after an issue has been identified.

## 7. Engagement

In our efforts to implement this policy, we will draw on independent external expertise on human rights and engage in dialogue and discussions with relevant stakeholders.

## 8. Training and Awareness-Raising

We will provide appropriate training and competency development to ensure that our executives and employees are able to understand and act in line with this Policy in their activities in order to contribute to social and economic value as well as the social impacts we seek to make.

## 9. Communication

We will regularly disclose the progress of our efforts to respect human rights through our communication channels, such as internal/external websites and other media.

Akiyoshi Hiraoka  
Representative Director, President & CEO  
BIPROGY Inc.

BIPROGY Human Rights Policy >

[https://www.biprogy.com/e/about/human\\_rights\\_policy.html](https://www.biprogy.com/e/about/human_rights_policy.html)

### Related Policies

BIPROGY Group Code of Conduct (Available in Japanese only) >

[https://www.biprogy.com/com/corporate\\_code\\_of\\_conduct.pdf](https://www.biprogy.com/com/corporate_code_of_conduct.pdf)

BIPROGY Group Sustainability Procurement Guidelines (Available in Japanese only) >

<https://www.biprogy.com/com/purchase.html>

BIPROGY Group Procurement and Transaction Guidelines (Available in Japanese only) >

[https://www.biprogy.com/com/pdf/Sustainability\\_Procurement\\_Guideline.pdf](https://www.biprogy.com/com/pdf/Sustainability_Procurement_Guideline.pdf)

BIPROGY Group AI Ethics Principles >

[https://www.biprogy.com/e/com/e\\_2022\\_ai\\_ethics\\_principles\\_BIPROGY\\_group.pdf](https://www.biprogy.com/e/com/e_2022_ai_ethics_principles_BIPROGY_group.pdf)

Also see p. 123, Research and Development Initiatives to Protect Human Dignity, and p. 125, Formulating and Enforcing AI Ethics Principles

## Implementation System for Addressing Social Issues

As a subordinate organization to the Sustainability Committee, which is a decision-making body, the Social Committee identifies human rights issues, examines policies addressing these issues, designs mechanisms to address these issues, manages and supervises the implementation of these mechanisms, and gives instructions on correcting pending issues.

Also see p. 59, Social Issue Management System

## Human Rights Due Diligence

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

At the BIPROGY Group, we conduct human rights due diligence to reduce business risks related to

human rights throughout the value chain.

In June 2020, we published the BIPROGY Group Human Rights Policy based on the Guiding Principles on Business and Human Rights. In fiscal 2021, we ascertained and identified business-related human rights risks for the entire Group.

### Implementation Process

Assessment procedure:

1. Basic survey
2. Creation of a human rights risk inventory
3. Human rights risk assessment (external analysis)
4. Human rights risk assessment (internal analysis)
5. Identification of human rights issues
6. Response formulation and implementation

Scope of implementation:

19 companies of the BIPROGY Group

### Assessment Results

Identified human rights issues:

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

For each of the identified human rights issues, we intend to study and implement mitigation measures.

Moreover, in our efforts to address material issue, we have set a KPI to start addressing 100% of the identified human rights issues by fiscal 2023 across the BIPROGY Group, and we are making steady progress on this goal.

#### Education

Since fiscal 2020, we have conducted e-learning programs on business and human rights for Group executives and employees. The fiscal 2021 participation rate was 99.5%.

#### Human Rights Initiatives

##### Preventing Harassment

Group employment regulations stipulate that the Group will not engage in any conduct that impugns an employee's character or interferes with their work or motivation. This includes power harassment, sexual harassment, and harassment against LGBTQ+ individuals. In addition, we are also focused on raising harassment awareness. We have created Guidelines for the Prevention of Sexual Harassment and Guidelines for the Prevention of Power Harassment to raise awareness among all employees and, focusing specifically on management, we share case studies during training sessions that all new managers are required to take.

We have established a system with multiple points of contact for employees to consult with in the event they experience harassment, and we ensure a proper response. In addition to the in-house contact point within the Human Resources Department, we have also set up internal and external direct reporting/consulting channels (hotlines) to the Compliance Committee secretariat and the Audit & Supervisory Board members that can be used anonymously or by name, allowing the employee to select and use the most appropriate channel for consulting on or reporting a particular situation.

In addition, we are committed to protecting whistleblowers by ensuring that those who report or consult on a problem are not subjected to disadvantageous treatment as a result and are cared for in the best possible way. Further, our Group Compliance Basic Regulations clearly stipulate that any officer or employee who subjects a whistleblower to disadvantageous treatment for their actions will face strict consequences, including being subject to disciplinary action.

### Respecting Freedom of Association and Right to Collective Bargaining

We respect the freedom of association, and in the BIPROGY Group Human Rights Policy, we commit to respecting dialogue between labor and management and worker rights, including their right to associate and engage in collective bargaining.

[Also see p. 82, Labor Unions](#)

### Helping to Eliminate Child Labor

In the BIPROGY Group Human Rights Policy, we commit to rejecting forced or child labor in all forms. Further, through donations to the Child's Dream Fund run by the NGO "SHAPLA NEER = Citizens' Committee in Japan for Overseas Support" (Shapla Neer), we support the organization's activities in Bangladesh, Nepal and East Asia, which seek to help build a society where children are not forced to work.

[Also see p. 106, Helping to Eliminate Child Labor through the Sutenai Seikatsu Campaign](#)

### Human Rights Considerations in Supply Chain

The Group aims to achieve sustainable growth by strengthening relationships of trust with its business partners, including subcontractors and suppliers in systems design, construction, operation and maintenance, and provision of services. As part of these efforts, we work together with our partners to address issues related to human rights, labor, the environment, and more.

By providing regular newsletters and websites for subcontractors, we provide an overview of our sustainability initiatives, including Group policy and initiatives on respecting human rights, so that they can understand and work together on our approach to sustainability.

In addition, we have established compliance hotlines for BIPROGY and UNIADEX subcontractors to enable them to (anonymously) report and consult with in-house and third-party points of contact on compliance matters.

In fiscal 2019, we revised the BIPROGY Group Procurement and Transaction Guidelines to include a policy on respect for human rights throughout the supply chain.

### ESG Risk Assessment

In April 2021, we formulated the BIPROGY Group Sustainability Procurement Guidelines in response to recent growing social demand for procurement that is conscious of human rights and the environment. We also launched ESG risk assessments and promoted the permeation of our guidelines. Our first assessment

in fiscal 2021 covered 98 major subcontractors and suppliers, surveying the status of their ESG initiatives and conducting risk assessments. Here, we achieved our single-year material issue target of 100% of assessments implemented. In fiscal 2022, we will continue to take actions (improvement requests) to major suppliers based on the risk assessment conducted in fiscal 2021.

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

### **Eliminating Conflict Mineral Use**

Every year, we conduct surveys of the goods and services received from our main suppliers to confirm that no conflict minerals were used to produce or provide them.

[Also see p. 95, Social Responsibility Across the Value Chain](#)

### **Participation in Human Rights Initiatives**

The Group is a signatory to the United Nations Global Compact and is also a member of the Global Compact Network Japan (GCNJ). In fiscal 2021, we participated in the GCNJ's HRDD Subcommittee and its Human Rights Education Subcommittee.

## **Human Resource and Labor Management**

### **Human Resource Approach**

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.

### **Human Resource Strategy**

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

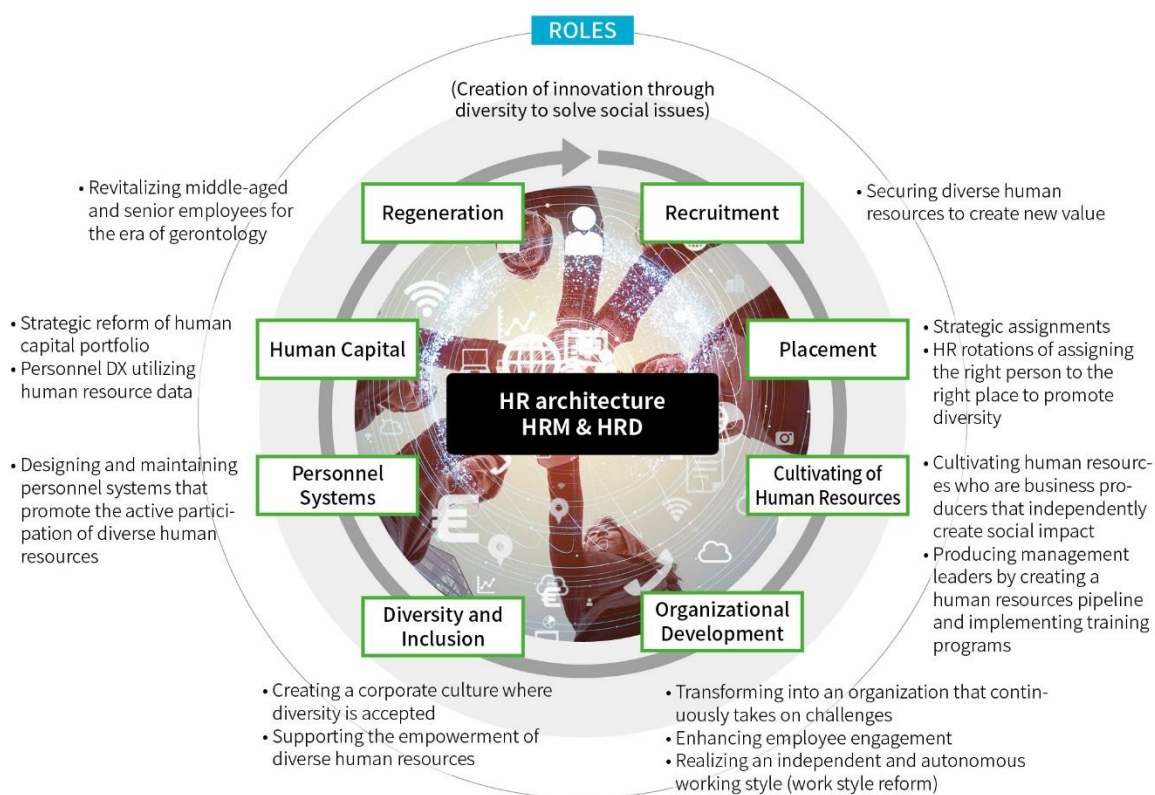
We have been working on our human resource strategy as a key measure. During the period of the mid-term management plan "Foresight in sight 2020" from fiscal 2018 to fiscal 2020, we have been working on initiatives focused on: transformation of ideas and skill sets; penetration of vision and strategies; and creation of innovation. Specifically, we have been conducting human resource development programs that encourage employees to create new businesses on their own, personnel evaluations that stress challenges taken on by employees, work-style reforms, and the penetration of a culture of diversity and inclusion (D&I).

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

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

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

Human Capital Cycles Centered on ROLES



## Hiring

Attracting diverse employees is the key to creating new businesses that help solve social issues, accelerate existing businesses, ensure the Group's sustainable growth and raise its value. To this end, we use a range of approaches to reach out to promising candidates and increase hiring opportunities, as well as follow up appropriately after they are hired so that they can establish themselves firmly in the company.

## New Graduate Hiring

When looking at new graduates, we hire people with untapped abilities who have great interest in BIPROGY's business, are highly motivated, and can be expected to grow significantly and make future contributions. In particular, we provide a special package for new graduate hires with the spirit and



character needed to break into new business areas or new graduate hires with practical programming experience, R&D experience, or advanced IT expertise in AI, IoT and other fields.

In fiscal 2021, the Group hired 248 new graduates.

Hiring people with impressive potential requires that we create many opportunities to interact. The Group uses a variety of methods to approach potential new hires. Specifically, in order to raise awareness about the Group among students, we hold online, live-streamed events where managers and employees talk about the Group's vision and business. In fiscal 2021, 2,070 students participated.

In conjunction with this, a one-day job seminar is held to introduce the company and its operations and provide opportunities for students to make team presentations, in order to promote understanding of the Group. In fiscal 2021, 20 of these seminars were held, with a total of 1,475 participants.

In addition, we use an external human resource database to make direct contact with people who show high potential. People with interest in the Group are given information about our internship program. Exercises tailored to the desired theme, for instance business creation or system development, and talks with employees give interns a more concrete understanding of the Group and its operations, and also spur interest in applying for a job. A total of 233 interns joined us in fiscal 2021 after going through the application and selection process.

### Mid-Career Hiring

When looking at mid-career hires, we primarily hire people who have the experience and knowledge needed to drive new business creation and grow existing businesses, and who possess valuable business connections. In addition, we hire younger people with job experience who can be expected to show impressive growth after joining the company, make future contributions, and accelerate the Group's business by fulfilling their high potential. In fiscal 2021, the Group recruited 105 of these mid-career employees.

We also take steps to integrate mid-career hires into the organization and ensure they make an immediate contribution. These include providing initial training to enhance their understanding of the industry and organization immediately after joining the company. We also provide follow-up training several months later, regular progress interviews, and round-table discussions. Moreover, we hold workshops for the managers of mid-career hires to deepen their understanding of the barriers and attitudes that mid-career hires may face. In this way, we are working to revitalize the organization by making the most of the stimulating effects of recruiting new human resources.

### Hiring Non-Japanese Employees

To help promote the diversity and inclusion necessary for our medium- to long-term global expansion, we have been taking on new graduates and mid-career hires from other countries. In fiscal 2021, BIPROGY hired seven nationals of countries other than Japan.

### Assignment

In addition to reviewing the organization every year based on the business environment, we assign employees using a rotation system designed to improve employee knowledge and experience (intrapersonal diversity). Assignment to a different organization gives individual employees new knowledge and experience, and restructuring their knowledge can foster entirely new perspectives and

thoughts. Through these means, we not only encourage employee's growth, but also create a foundation for innovation.

We have established a self-reporting system that allows employees to indicate their interest in a transfer, and an e-career board for internal recruitment to meet human resource needs in new areas and strategic and priority operations. This structure assists employees to work in an organization of their choosing and sustain high motivation.

## Human Resource Development

### Policies on Human Resource Development

With the basic understanding that human resources are important assets of the company and the driving force of its development, we are implementing various human resource development measures, including OFF-JT,<sup>1</sup> OJT,<sup>2</sup> and OCT,<sup>3</sup> seeking to integrate our human resource strategy fully with our business strategy. We are working to create programs that help employees to work with energy and passion, both mental and physical.

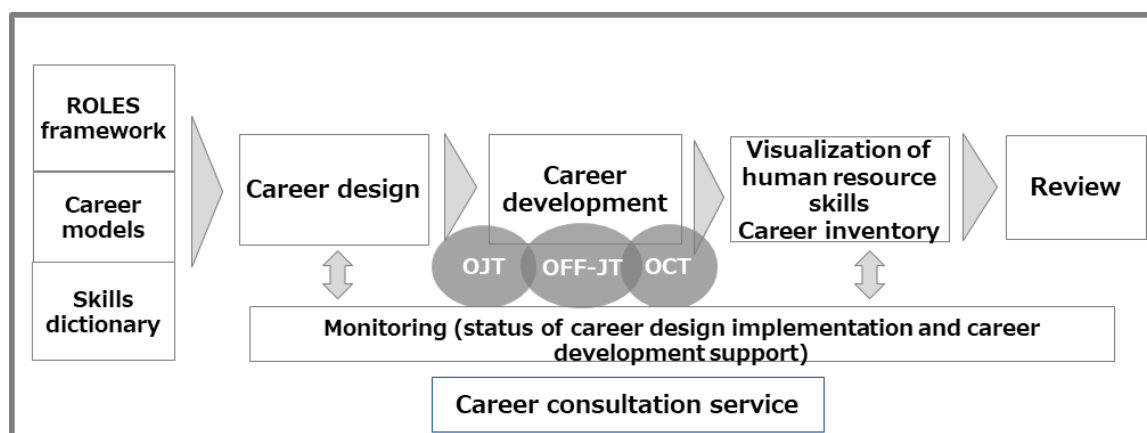
In order to achieve our Vision 2030, we are implementing several key measures, such as visualization of data relating to human resources, in particular through the ROLES initiative. Other measures include strengthening the interlock between business strategy and human resources strategy, and promoting career autonomy and new skills acquisition. We also hire and develop human resources who are ready to lead in our priority fields, such as those with expertise in digital transformation or in new business startups — which we call “business producers”.

1. OFF-JT: OFF-the-Job Training
2. OJT: On-the-Job Training
3. OCT: On-the-Chance Training (Offers opportunities for challenges designed to develop capacity and build experience. Specifically includes activities to consider and give advice on issues from a management perspective and opportunities to consider business plans intended to create new businesses.)

### BIPROGY Career Development Program

The BIPROGY Career Development Program guides the Group's efforts to establish, operate and expand programs and measures related to the hiring, development and assignment of human resources. It is based on human resource strategies aligned with our management vision.

Our human resource development plan links training with workplace tasks and systematically follows a growth cycle. Based on management policies, the head of each organization prepares a human resource development plan, and managers draft and implement action plans in line with organization goals.



## Career Design

We believe that employees can independently shape their careers by thinking collaboratively with their organization head about their desired career path and how it overlaps with their current role, and how they can tackle their work with a sense of purpose. The supervisor and individual continuously manage career goals and plans, based on the Group's ROLES initiative and each organization's development plan, as well as the individual employee's thoughts and desires for their career.

- Medium- and long-term career goals: Set future career goals (three to five years)
- Skill development goals for each fiscal year: Based on the medium- and long-term career goals, set goals for skill development for each fiscal year.
- Review: Review results of the skill development goals for each fiscal year and agree on actions for the next year.

When setting career plan goals at the beginning of the term, each individual records their medium- to long-term ROLES targets, single-year ROLES targets, and proficiency level targets. During the review at the end of the term, the completed ROLES, the proficiency levels, and the specific work execution results are recorded. In this way, we visualize the progress of human resource development throughout the organization and compile records of the diverse experiences of each employee to guide future assignments and employee development.

## Career Stocktaking

We believe that employees can independently shape their careers by thinking collaboratively with their organization head about their desired career path and how it overlaps with their current role, and how they can tackle their work with a sense of purpose. Accordingly, we invite employees to review their skills and career, from the past to the present, based on objective facts such as their work history and qualifications.

- Work history: Records of the work, projects, and roles that the employee has been assigned to
- Application for qualifications: Records of qualifications acquired
- Self-reporting: Reports on thoughts and desires for one's own career from the past into the future

## Skill Surveys

Skill surveys are carried out as part of career stocktaking in order to clarify the status of skill acquisition, based on operations performed in the past, projects undertaken, and credentials earned. The data from the skill surveys are recorded and used for the following purposes.

- Identifying people with specific skills
- Identifying the skills needed for project team members
- Reference for work assessment
- Planning development programs and selecting eligible employees
- Considering shifting resources across the organization: Skill surveys compatible with ROLES have been implemented since fiscal 2021.

## Developing "Business Producers"

We identify "business producers" — employees with expertise in business creation — and proactively support their development with the goal of building new business ecosystems. Every year, we operate the Next Principal program (described below) and hold ideathons and hackathons, inviting client and partner companies. We also allow our human resources to gain outside experience, by assigning them fieldwork, facilitating study at universities in Japan, or sending them on assignments outside Japan. In this way, the Group strives to improve its capacity to ascertain social issues from the perspective of customer

challenges, while enhancing its prowess in business idea creation. Various new products and services have been created as a result of these human resource programs.

The number of “business producers” is one of our materiality-based KPIs, and we aim to double the number by fiscal 2023 compared to fiscal 2021.

[Also see p. 13, Material Issues](#)

### **Next Principal Program**

In this program, the Group provides high-level learning opportunities to equip people with the skills to apply their own strengths to launch new businesses. Specifically, we offer opportunities for advanced education on business concepts in a classroom setting, foster interaction across industries so employees can learn outside the workplace, facilitate study at universities in Japan, and provide a “hands-on” consultation desk on business creation staffed by experts. About 400 people participated in the program from fiscal 2010 to fiscal 2022. Several new products and services have resulted from this program.

### **Study Opportunities at Keio University’s Institute for Advanced Biosciences**

The Group sends some employees to study in the master’s course at Keio University’s Institute for Advanced Biosciences so that they can acquire knowledge through experiences and research in business creation in regional areas. This effort is intended to produce (identify and teach) employees that can predict the business environment our company will face in five to ten years and drive new business creation. In the two-year master’s course, employees choose from research topics in biology-related fields or research topics on business design in specific fields, and they come out of the program with a master’s degree.

### **Morning Challenge**

The Group has continued to hold the Morning Challenge every month since 2017. This is an opportunity for employees, including senior management, to share trends on open innovation trends. Since fiscal 2020, these events have been held online, but several hundred employees voluntarily participate in each Morning Challenge.

## **Developing Senior Management Leaders**

### **Management Leadership Program**

The BIPROGY Group is developing future senior management leaders who are passionate about moving the Group forward and committed to continuous innovation. Since 2018, we have been operating a Senior Management Leadership Program based on our succession plan, in order to build a human resource pipeline of senior management successors. One part of the program, Advanced Senior Management Leadership, helps participants to acquire the perspectives necessary for executive candidates by participating in dialogues with current directors as well as internal and external experts. Ten individuals participated in the first term, fiscal 2019, and two participated in the second term, fiscal 2021, acquiring competencies by interacting with senior managers from both in and outside the company. In the Selective Nomination Program, outside facilitators are brought in to promote dialogue between the participants. The goal is to assist them to acquire the vision, skills, and competencies necessary to lead the Group as senior managers in the future. Under this program, a five-month workshop was held in fiscal 2021. In fiscal 2022, we worked to centralize human resource data in order to enhance the human resource pool and pipeline for program candidates, and to create a system for developing senior managers in a more planned, sustainable manner. We have also adopted a new talent management system to visualize and utilize human resource data, as we work to redesign systems for personnel assessment, assignment, and training, and link this to sustainability management for the Group.

## CEO & Leaders Sessions

We hold CEO & leaders sessions where management leaders (directors, general managers, Group company presidents, etc.) and participants in the advanced leader program can share diverse viewpoints and perspectives. In addition to presenting and sharing themes and issues that must be faced from a management perspective, the activity promotes deeper thinking by fostering discussion along with behavioral change. Sessions are held once a month, in principle; 11 sessions were held in fiscal 2021.

Also see p. 108, [Corporate Governance](#), and p. 114, [Succession Planning](#)

## Young Employee Training

The following training programs for new graduate hires are designed to encourage an independent attitude and equip them with the basic knowledge and skills they will need when assigned to their first job.

- Orientation for all new employees
- Elective training based on needs of assigned position
- Follow-up training after assignment

In addition, OJT is offered to employees through the third year of their employment. This is designed to support individual growth by providing development and growth planning tools and regularly carrying out pulse surveys and interviews, and it also helps to increase retention.

## Self-Development

We provide a learning environment tailored to diversifying work styles so that the Group's employees can learn voluntarily and independently. The Group supports their personal investment in growth in line with their own career path, and has set up various programs to help deliver a fulfilling corporate life.

Specifically, we offer a program that subsidizes remote education and gives discounts on attending external training that employees are interested in. In line with the Group's strategies and industry trends, we designate the necessary external certifications on a Group or business unit basis and systematically work to help our employees acquire those certifications.

## Training Diverse Human Resources

### Side Job Program

Providing employees with opportunities to acquire skills and knowledge that cannot be obtained internally is important for them as they develop their own career plans. We allow employees to take second jobs under prescribed procedures. In addition, our re-employment program for employees who have retired at retirement age enables former employees to work five, three, two or one day a week, and they are also allowed to have side jobs on days they are not working for BIPROGY.

### Expert Certification Program

Human resources with special skills and experience are certified as experts and treated separately from the management career track, in accordance with the range and extent of their skills and experience.

### External Activities

The Group has set up a program for encouraging professional pro-bono activities outside of the company. We encourage the Group's employees to engage in writing, lecture, committee and publishing activities outside of the company, with the aim of facilitating social contributions and raising their skills.

## Organizational Development (Enhancing Organizational Capabilities and Driving Work-Style Reform)

### Enhancing Organizational Capabilities and Providing Management Support for Organization Heads

#### Organizational Ability Enhancement

We have established the Organizational Ability Enhancement Vision 2023 to enhance organizational capacities as called for by our Management Policies (2021-2023). The vision commits us to creating an organization where employees trust the company, their superiors, and colleagues, and where individuals continually collaborate on the challenge of creating new value, making the most of one another's strengths and ideas. To fulfill this vision, we are carrying out various initiatives based on two policies: management support for organization heads to maximize organizational capabilities, and leadership development to take each organization to a higher level. In addition, we aim to improve the employee engagement score for each organization as a KPI.

#### Management Support for Organization Heads to Maximize Organizational Capabilities

##### 1. Your Time initiative

Your Time is an initiative for one-on-one dialogue between superiors and their subordinates and is carried out by organization heads. The aim is to strengthen trust in this type of relationship, while enhancing the autonomy of organization members. The initiative began in fiscal 2020. Approximately 25% of heads were implementing it in fiscal 2021, and approximately 35% are doing so in fiscal 2022.

##### 2. Improving employee engagement

The Group arranges workshops and individual consultations as opportunities for organization heads to directly address the results of employee surveys conducted in their own organization. These opportunities also allow them to resolve any organizational issues they may find, and optimize their organizations.

##### 3. Grade-specific organization head training

We provide grade-specific training for organization heads to further deepen their awareness of their own roles, and to encourage behavioral transformations that will allow them to better fulfill their roles. As part of this effort, the Group also conducts 180-degree feedback questionnaires to objectively ascertain how well organization heads are fulfilling their roles.

##### 4. Middle management discussion meetings

These meetings are designed to accelerate corporate transformation, by enabling middle managers to discuss issues facing the company and its individual organizations and work together to resolve them. The meetings also allow middle managers to promote cross-organization collaboration, as the ones best positioned to bridge the gap between each workplace and senior management.

### Work-Style Reform

The goal of work-style reform under the Management Policies (2021-2023) is to offer work styles that allow employees to continue producing results while adapting readily to the needs of their own lifestyles and changes in the social environment. The Group has been studying and implementing various measures for this purpose.

An employee engagement survey is conducted across the entire Group in the first half of each fiscal year, and the responses to questions on work style are utilized to calculate a work-style score based on a partially weighted average. As one of our materiality-based KPIs, a target value has been set for work-style reform. To achieve this target, we leverage the Social Committee and other means to promote

various initiatives across the Group. The target work-style score is 3.36 or higher, and the result for fiscal 2021 was 3.4.

[Also see p. 13, Material Issues](#)

## Flexible Work Styles

With four perspectives (work hours, work location, workplace colleagues, and other), we are working on initiatives focused on enhancing the degree of freedom and flexibility in work hours and locations. In addition to introducing relevant programs, we are encouraging employees to take advantage of them, publishing a guidebook and holding briefings to enhance their understanding of the programs. The goal of these activities is to enable each employee to perform to the best of their ability, which, in turn, will lead to even better team results and drive the creation of new value.

### Measures started in April 2022:

1. Final lifting of restriction on telework and its permanent adoption (telework had been allowed temporarily during the pandemic)
  - In recognition of the post-pandemic need to live with COVID-19, telework is now one of our regular work styles.
  - Eliminated restrictions on telework locations and hours, and the limit on the number of times per month.
2. Adoption of annual leave that can be taken on an hourly basis
  - Helping employees to balance their work and personal lives by allowing flexible use of holiday time.
3. Changes to the basis for taking accumulated special paid leave<sup>1</sup>
  - Childcare and family care leave can now be taken on an hourly basis instead of the conventional one- or half-day basis.
  - Helping employees to balance their work and nursing care (childcare) responsibilities by allowing flexible use of leave time.

Going forward, we will continue developing an organizational culture that brings together diverse human resources and encourages everyone to work hard, encourage others, and play an active role. Based on group-wide conversations, we will continue to discuss further measures, mechanisms, and situational improvements to achieve this objective.

1. Accumulated special paid leave: Portions of unused annual paid leave that cannot be carried over to the next fiscal year can be accumulated, up to 60 days' worth, for the purpose of use as sick days or childcare or nursing care at home, as well as for community volunteer activities, etc.

## Diversity and Inclusion

### Policies

#### **Empowering each person to shine and become a strength for the team**

When each individual is empowered to shine in their own way and continue to take on challenges and grow, everyone can achieve fulfillment. At the BIPROGY Group, we appreciate one another's differences and combine our diverse personalities to benefit the team and help create value for our customers and society.



One of the Group's values under its corporate philosophy is “respect for individuals and the importance of teamwork.” It is vital that every employee understands their own individual talents, and then develops them by taking on various challenges to achieve growth, thereby achieving personal fulfillment. As these individuals enjoy and respect one another's differences and bring their talents to the team, the organization will grow stronger. This is our approach to diversity and inclusion, and we are confident that it will create value for our customers, partners, and the broader society.

The Group respects human rights as well as diverse cultures and customs as outlined in the following basic policies. The policies clearly prohibit any discrimination based on race, gender, age, creed, religion, nationality, sexual orientation or gender identity, and physical or mental disability, etc.

BIPROGY Group Basic Compliance Policy (Available in Japanese only) >

<https://biprogy.disclosure.site/ja/themes/115#256>

BIPROGY Group Human Rights Policy > [https://www.biprogy.com/e/about/human\\_rights\\_policy.html](https://www.biprogy.com/e/about/human_rights_policy.html)

BIPROGY Group Code of Conduct (Available in Japanese only) >

[https://www.biprogy.com/com/corporate\\_code\\_of\\_conduct.pdf](https://www.biprogy.com/com/corporate_code_of_conduct.pdf)

We promote diversity and inclusion (D&I) efforts based on the commitment of our CEO. The Group is undertaking initiatives to support individuals with certain attributes such as women, people with disabilities, LGBTQ+ individuals, and non-Japanese nationals. We make comprehensive efforts to foster a D&I-positive corporate culture that offers psychological safety and inclusion for everyone. We are working on these kinds of measures based on two key objectives: promoting understanding, awareness, and behavior change; and improving systems and mechanisms.

### Fostering a D&I-Positive Culture and Supporting Self-Driven Efforts

The president and the corporate officer in charge of this area regularly write D&I-related messages for employees, which are shared on the Group's intranet. Moreover, at the annual D&I Seminar, talks are provided by outside experts, and the president communicates to all Group employees about the importance of promoting diversity and the Group's goals in this area. Finally, by requiring all Group employees to take e-learning classes on diversity and distributing a special e-mail magazine, we are working to promote even deeper employee understanding of D&I and transform the corporate culture. By encouraging frontline employees to promote D&I at their own initiative, while also having the promotion department support those efforts, we are creating a movement that is self-driven.

<b>D&amp;I seminars</b>	Seminars for all officers and employees of the Group, featuring lectures by outside experts and messages from the president and the corporate officer in charge
<b>Diversity e-learning</b>	e-learning for all Group employees (mandatory)
<b>Interviews with employees advocating for diversity</b>	Interviews with employees, published on the internal communication site (about four times a year) on a wide range of topics, such as women's career advancement, balancing work with childcare, middle-aged employees, non-Japanese employees, employees with disabilities and other topics.
<b>D&amp;I e-mail magazine</b>	An e-mail magazine on the subject of diversity, distributed to all employees on an ad hoc basis (about six times a year)

<b>D&amp;I dialogue</b>	Activities designed to promote self-driven D&I efforts by fostering proactive dialogue among employees in frontline departments. With the support of a “sponsor team” consisting of executives and organization heads, the D&I promotion team in each frontline department conducts awareness-raising activities to foster a grassroots movement to promote D&I.
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## Empowering Women in the Workforce

In promoting diversity, the empowerment of women is seen as the top priority in terms of both the public’s demands and the Group’s strategy. With the establishment of Vision 2030 in fiscal 2021, we revised our material issues and set a KPI for empowerment of women in the workforce. We are actively pursuing the following numerical targets.

<b>KPI for new material issue</b>	Percentage of management positions held by women: 18% or more (by April 1, 2026)
<b>Percentage of director positions held by women<sup>1</sup></b>	25% (by March 31, 2026)
<b>Percentage of executive officer positions held by women<sup>1</sup></b>	20% (by April 1, 2025)
<b>Percentage of management positions held by women<sup>1</sup></b>	Double the number of women in management positions compared to fiscal 2020 (by April 1, 2025)
<b>New graduate hire diversity rate<sup>1, 2</sup></b>	50% or more each year

1. BIPROGY Inc.

2. Percentage of women and non-Japanese nationals among new graduates hired

Rather than merely increasing the number of managerial positions, we aim to build a human resource pipeline that includes women who are candidates for management positions and enhance the Group’s manager promotion system. In fiscal 2020, we established the Social Committee under the Sustainability Committee. Along with visualizing and monitoring data related to the human resource pipeline, the Social Committee prepares appointment plans for heads for each level of organization at BIPROGY Inc. and each of its Group companies. In fiscal 2022, we enhanced measures to achieve the plans by conducting interviews with each implementing organization and checking the relevant targets and career designs.

### Promoting Employee Understanding, Awareness and Behavioral Change

To promote diversity and women’s career advancement, the BIPROGY Group is focused on enhancing the understanding of organization heads and implementing diversity management. For this reason, we provide mandatory training to all organization heads on how to empower women in the workforce and we ensure that best practices are implemented by frontline organizations. Moreover, we provide rank-specific training where each woman attends with her superior, to encourage a change in awareness for both of them.

In addition to these training measures, we are developing networks for women in the workforce. Within the Group, women are able to interact with each other using the Group internal online social network, and round-table discussions enable them to meet during lunch hours. As for external networks, some women working at BIPROGY participate in WITTy (Women in IT in Toyosu), a network of diversity promotion managers from IT companies in the Toyosu area, where our head office is located. They also participate in the Japan Women Engineers Forum (JWEF), a network of women in the engineering professions.

<b>Diversity management training for organization heads</b>	Annual mandatory training for organization heads, formerly held under the banner of women's empowerment. In fiscal 2021, however, the name was changed to "Opinion Diversity," focusing on greater respect for the individuality of diverse human resources, including women. The theme is how to foster psychological safety and deal with unconscious bias.
<b>Grade-specific development program for women</b>	With the aim of forming a human resource pipeline for women, this program is provided to mid-career women and women who are candidates to serve as organization heads. The practical content includes a panel discussion among women from frontline organizations, discussion among participants, and a study of how to share career goals with a superior.
<b>Networks for women in the workplace</b>	Online social network open to all women working for the Group, and opportunities to participate in external events

### Systems and Mechanisms

The BIPROGY Group has clearly defined employment grades and evaluation criteria, thereby building a system in which women and men are treated equitably in evaluations and promotions. Moreover, our systems are carefully designed and implemented to ensure that employees who find themselves in certain major life stages, such as having a child, are treated and evaluated fairly in light of the special situation they face.

### Balancing Work and Life Stages

The Group has established an environment in which each individual, even employees with various attributes and constraints, can work and sustain their motivation at high levels by selecting a work style that fits their various needs based on their lifestyle and life stage. Employees independently select work styles that work for that period of their life, while still continuing with self-development and working to build a successful career. We strive to ensure that employees in each organization help each other so that they can all enjoy work-life balance and achieve the maximum results as a team.

### Nursing Care Support System

The Group's employees remain with the company for a long time (the average was 21.0 years at the end of fiscal 2021), which means that there is a high probability that employees over the age of 40 will be faced with caring for their parents or spouses just as their work responsibilities increase. We assume that both men and women will be involved in nursing care during their careers. Providing a flexible system for these important times in our employees' lives is very reassuring for employees.

The Group has programs that can be used for nursing care and go beyond the legal mandates. Employees can take paid or unpaid leave for nursing care (12 days of paid nursing care leave per family member to be cared for, plus up to 60 days of accumulated paid leave). We also offer a system that allows employees to reduce their worktime to as little as two hours per day. In addition, we carry out surveys on nursing care situations and perceptions, hold seminars on nursing care related to preparing for and balancing it with work, and distribute nursing care handbooks.

### Promoting Employee Understanding, Awareness and Behavioral Change

<b>Nursing care seminars</b>	Seminars given by outside experts held once a year, with all Group employees eligible, designed to help employee balance work and nursing care
<b>Diversity management training (nursing care version)</b>	Training that all organization heads must attend, designed to prepare them to manage their subordinates involved with nursing care and to prepare for providing nursing care themselves
<b>Nursing care handbook</b>	All Group employees and new organization heads over the age of 40 are loaned handbooks and DVDs to learn about balancing work and nursing care, with streaming also available

### Systems and Mechanisms

<b>Nursing care unpaid leave</b>	Up to one year per family member needing care (can be taken multiple times)
<b>Nursing care paid leave</b>	(1) Accumulated special paid leave can be used on a one-day, half-day, or hourly basis
	(2) Up to 12 days annually of paid nursing care leave per eligible family member, which can be taken in one day, half day, or hourly basis
<b>Flex time</b>	Working hours are calculated with a one-month settlement period; there are core times
<b>Reduced working hours</b>	As little as two hours/day
<b>Counseling</b>	Employees can speak with advisers on balancing work and home responsibilities, with the employee consultation office, or with external counselors when needed

### Childcare Support System

The BIPROGY Group provides the necessary programs and support to help employees balance work and childcare. In workshops for all employees returning from childcare leave, they receive advice from experts and practical knowledge from their seniors. This is designed to prepare them for the return to work and also to help with career development after their return.

During leave from work, interested employees can access the company network to learn and gather information to maintain their careers and acquire the latest information. For over 10 years now, 95% of employees taking childcare leave have returned to work every year. Balancing childcare and work is already taken for granted at the Group.

A growing number of men are also taking childcare leave in recent years, with 38.7% of eligible men taking childcare leave in fiscal 2021 (BIPROGY Inc.) for an average period of 103 days. In addition, interaction between men involved with childcare is picking up on internal social media.

### Promoting Employee Understanding, Awareness and Behavioral Change

<b>Maternity and childcare leave workshop</b>	Workshops on work styles and career building after returning to work for those taking maternity and childcare leave (participated in as a couple)
<b>Interview for those taking maternity and childcare</b>	Three-way interviews (employee, supervisor and Diversity Promotion Office representative) before and after maternity and childcare leave

<b>leave</b>	
<b>Network for men</b>	Internal social media for all men employed by the Group
<b>Career development support during childcare leave</b>	Career development support during childcare leave e-learning and qualification earning, distance education and payment of subsidies during childcare leave (conditions apply)

### Systems and Mechanisms

<b>Programs that can be used before childbirth</b>	Subsidies for infertility, limits on late night work and overtime during pregnancy, measures limiting work on holidays
<b>Leave before and after childbirth</b>	Maximum of nine months
<b>Childcare leave</b>	Can be taken up until the child turns two years of age (may be divided)
<b>Reduced working hours</b>	As little as two hours/day; application categories are “childcare term” (until the child is in the sixth grade of elementary school), and “parenting term” (children of junior-high and high school age with illnesses and disabilities, until they turn 18)
<b>Childbirth leave to support wife</b>	Men can take up to two days of special paid leave (may be divided)
<b>Other</b>	These programs may be combined with flextime or accumulated special paid leave (up to 60 days of annual paid leave remaining that cannot be carried over into the following year can be accumulated and used for personal illness, nursing care, and volunteer activities, in units of half days)

### Counseling System

Employees have many subjects they want to discuss, including balancing work with childcare and nursing care, career selection, improving skills and personal relationships. Employees can speak with advisors stationed at the company, and meet, e-mail or phone external counselors. They can also call the external hotline 24 hours a day anonymously so that problems can be identified and solved quickly.

### Hiring Persons with Disabilities and Ensuring They Can Play an Active Role

#### Initiatives for Persons with Disabilities

As of March 31, 2022, employees with disabilities accounted for 2.62% of the BIPROGY Group’s workforce. The Group is proactively implementing initiatives to ensure that employees with disabilities can work with peace of mind and play an active role throughout their careers. These measures include providing retention support interviews for such employees during their first six months with the company, and operating a dedicated consultation service concerning the employment of persons with disabilities. In fiscal 2020, we started hiring applicants with disabilities at an outdoor farm. It offers an environment where employees can enjoy rewarding farm work while maintaining their mental and physical health. We also hire individuals with disabilities to work completely from home, and have created a variety of opportunities for these employees to play an active role.

A special subsidiary, NUL Accessibility Inc. (now BIPROGY Challenged Inc. as of fiscal 2022), was established in February 2018 for the purpose of maintaining and expanding the employment of persons with disabilities within the Group. Comprehensive employment opportunities are also provided at other

Group companies.

BIPROGY Challenged Inc. (Available in Japanese only) > <https://biprogy-chd.co.jp/>

### Promoting the Advancement of People with Disabilities

In order to foster a workplace culture that enables people with disabilities to play an active role in the organization, we provide training for all organization heads and offer relevant e-learning that all Group employees can take.

#### Promoting Employee Understanding, Awareness and Behavioral Change

<b>Diversity management training for organization heads</b>	Training that all organization heads must attend, designed to create a workplace where everyone can work confidently regardless of their ability types. The practical training incorporates group discussions and information sharing by role-model organizations that actively support people with disabilities.
<b>e-learning</b>	Participants learn important points for changing workplace awareness, focusing on the considerations necessary to create a workplace where everyone can work comfortably.
<b>Handbook on working with people with disabilities</b>	BIPROGY Inc. has a handbook that company personnel can refer to for handling various situations. It is divided into sections concerning basic knowledge on disabilities, pre-hiring preparation, job design, recruitment, and management.

### LGBTQ+ Initiatives

The BIPROGY Group aims to build an environment where all people can work to their full capacity, regardless of their sexual orientation or gender identity. The Group Compliance Basic Policy, BIPROGY Group Charter of Corporate Behavior, and BIPROGY Group Human Rights Policy state clearly that the Group does not discriminate against LGBTQ+ individuals.

#### Promoting Employee Understanding, Awareness and Behavioral Change

We encourage people to acquire accurate knowledge and deepen their understanding by holding seminars, implementing e-learning that can be taken by all Group employees, and publishing e-mail magazines and handbooks. Moreover, to increase internal supporters, we created ally stickers and distribute them to those who want one, as well as background images for allies to use while participating in online meetings.

#### Systems and Mechanisms

In fiscal 2020, we established a company regulation concerning our new same-sex partnership system, which allows same-sex partners to be treated in the same way as married spouses in provisions for vacations, leaves of absence, allowances, and welfare benefits, etc. We also revised our employment regulations to state that any action injuring the dignity of someone identifying as LGBTQ+ is grounds for disciplinary action. Moreover, employees can now use their accumulated special leave or leave for personal injury or sickness when undergoing gender reassignment surgery and hormone treatments, and financial assistance is also provided.

### Career Advancement for Non-Japanese Nationals

In fiscal 2021, the Group began appointing outside directors who are not Japanese nationals in order to increase the diversity of the Board of Directors. We aim to develop a corporate culture that is accepting of



diverse personalities and opinions, regardless of nationality.

### Promoting Employee Understanding, Awareness and Behavioral Change

BIPROGY Inc. provides cross-cultural understanding training for employees who are not Japanese nationals and their direct supervisors, in order to help ensure they have a satisfying experience working with the company.

## Diversity-Related Certifications and Awards, and Participation in External Initiatives

### Participating in External Initiatives

#### Diversity promotion

BIPROGY Inc. endorsed the Diversity Management Initiatives (DMIs) in April 2022. The DMIs recognize companies and organizations that promote diversity management and that declare their intention to promote diversity management as an important aspect of their corporate strategy.

#### Promoting career advancement of women

In 2020, the Group signed the UN Women's Empowerment Principles (WEPs). Going forward, we will continue to promote gender equality and the empowerment of women, while strengthening our diversity management through our endorsement of international initiatives.

In support of

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## WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the  
UN Global Compact Office

In 2020, we also took on the challenge of increasing the percentage of executive positions held by women to 30% by 2030 under the “#Here We Go 203030” initiative of Keidanren (Japan Business Federation). Through the Nikkei Women's Empowerment Consortium, which represents corporate collaboration across industries, the Group is also participating in the UNSTEREOTYPE ALLIANCE convened by UN Women, the United Nations entity for gender equality. We will continue to increase our collaboration with international organizations as well as with companies and stakeholders that transcend industry boundaries.

#### LGBTQ+

In fiscal 2021, BIPROGY Inc. began co-sponsoring and participating with other companies in the LGBT-Ally Project, in order to help promote LGBTQ+ acceptance by society. In April 2022, we endorsed the Business for Marriage Equality (BME) campaign for marriage equality (legalization of same-sex marriage). Then, in July 2022, we set up a corporate exhibit at Diversity Expo 2022, organized by the “on the ground project”.

### External Evaluations of Diversity Efforts

- FY2021 Nadeshiko Brand (Ministry of Economy, Trade and Industry; Tokyo Stock Exchange)
- FY2018 Diversity Management Selection 100 Prime (Ministry of Economy, Trade and Industry)
- FY2019 Leading Companies Where Women Shine: Minister of State for Gender Equality Award
- Platinum Kurumin certification (Minister of Health, Labour and Welfare)
- Eruboshi certification (Minister of Health, Labour and Welfare)
- Ikumen Company Award 2018 Grand Prize, Work-Life Balance Support Category (Minister of Health, Labour and Welfare)



- Gold Rating in the PRIDE Index 2022 (work with Pride)
- Award of Excellence, 2nd Working Women Empowerment Awards (Japan Productivity Center, Public Interest Incorporated Foundation)

## Personnel Systems (Occupational Health and Safety)

### Approach to Occupational Health and Safety and Labor Management

The BIPROGY Group is convinced that human resources are its most important asset. Accordingly, it has established an HR system that encourages all of its diverse employees to reach their full potential. The creation of new businesses is also supported with human resources programs. As part of the employer's responsibility, we respect the human rights of employees and ensure safe, healthy conditions in the workplace, always striving to provide a comfortable working environment. In addition to complying with related laws and regulations, we also consider the public's heightened interest in the labor environment as well as international principles, and we pursue initiatives designed to prevent human rights violations, work accidents and health problems. The Group's goal is to provide a workplace in which employees can work with good mental and physical health and peace of mind for as long as they wish.

The Group signed the UN Global Compact in 2014 and supports the four constitutional principles of the ILO Core Labor Standards (freedom of association and the effective recognition of the right to collective bargaining; elimination of all forms of forced or compulsory labor; effective abolition of child labor; and elimination of discrimination in respect of employment and occupation).

In hiring and the workplace, we do not discriminate based on ethnicity, belief, gender, social position, religion, nationality, age, sexual orientation or gender identity, mental or physical disability, or other such characteristics, as stipulated in the Group Compliance Basic Policy and BIPROGY Group Code of Conduct. In June 2020, we established the BIPROGY Group Human Rights Policy. We are committed to rejecting forced labor in any form and child labor and we value dialogue with labor and management and respect the rights of workers, including their right to associate and engage in collective bargaining.

We strive to familiarize all employees, both in and outside Japan, with laws on labor standards and the company's policies by distributing work regulations, posting information on the internal website and providing e-learning opportunities.

[Also see p. 143, Compliance, and p. 59, BIPROGY Group Human Rights Policy](#)

### Occupational Health and Safety Initiatives and Labor Management

#### Implementing Proper Evaluations

The BIPROGY Group conducts personnel evaluations and performance assessments in order to ensure proper evaluation and compensation for employees. The personnel evaluations focus on the employee's abilities, competencies, and behavior, including compliance awareness, work attitude, and self-development. Based on the evaluation result, a grade and monthly salary are determined. By contrast, the performance assessments evaluate the degree to which an individual (or an organization) achieves personal targets (or organizational results), which is then reflected in the bonuses received.

After each of these is completed, there is always a feedback interview between the superior and the employee. Each interview covers areas such as the final evaluation results, any points that exceeded expectations, any points that need to be improved going forward, and expectations for the employee's

next steps. As well as ensuring employee satisfaction with their evaluations, we strive to enhance communication with employees via these activities, and to further boost their motivation.

While these evaluations are conducted at the end of the fiscal year, we also hold one-on-one meetings with employees at other times as needed, to check progress made on target achievement and to discuss any issues related to job execution.

### Wage Management

The Group stipulates and administers internal regulations on wages, benefits, bonuses, retirement pay and other forms of remuneration, based on laws such as Japan's Labor Standards Act as well as our labor contracts with labor unions.

We comply with wage-related laws on minimum wage, mandated compensation and overwork, and provide notification with pay statements or electronic data at a specific payment duration and time. Wages are paid in full directly to employees. There are no disparities in treatment based on factors such as nationality, beliefs, social position, or gender.

### Benefits

The Group has established a benefits program so that employees can work with peace of mind. In terms of housing, the foundation of daily life, we have systems for dormitories for single employees, company residences for transferred employees, and subsidies for housing costs. With the aim of supporting a stable daily life, we have a family benefits program that is based on the number of dependents in a family. In addition, we offer a variety of programs so that employees can live with peace of mind, such as accumulated savings, employee savings schemes, emergency loans, employee stock holding associations, and mutual aid organizations.

We provide flex time and teleworking programs, and a limited-area work option that does not involve long-distance transfers, so that employees can choose the right work style for their lives. In addition, we have created a "refresh" holiday program that allows employees to take longer holidays, based on the number of years employed, to sustain their mental and physical health and restore their energy.

## External Evaluation of the Group

### Certified as an excellent employee welfare corporation

In March 2022, BIPROGY was certified as an Excellent Employee Welfare Enterprise in the "operation enhancement" and "commitment to employee welfare" categories, under the award certification system operated by Roumu Kenkyusho, Japan's labor research institute. This system commends and certifies companies that implement outstanding employee welfare programs and those that are motivated to improve their programs going forward.



## Prevention of Harassment and Countermeasures

Our employment regulations stipulate that the Group will not take any actions that would be derogatory to employees or impede their work or motivation, including sexual harassment, power harassment, maternity harassment, and harassment of LGBTQ+ individuals. The Group has also issued Sexual Harassment

Prevention Guidelines and Power Harassment Guidelines and strives to provide internal education. We particularly emphasize education for managers, such as sharing case studies in the training sessions that all new managers are required to attend.

### Hotlines

We have established an internal consultation line set up in the HR Department. In addition, we have set up in-house and outside contact points that give direct access to the Compliance Committee secretariat hotline and the Audit & Supervisory Board member hotline, which can be used anonymously. Employees can choose the optimal channel depending on the advice sought and the matter being reported. The Group strives to protect whistleblowers and ensures that the person reporting issues or requesting advice is not subject to any negative repercussions. Moreover, Group Compliance Basic Regulations stipulate clearly that any executive who does subject a whistleblower to negative treatment will be subject to severe disciplinary action.

Employees ask for advice on a wide range of issues, including childcare and nursing care and balancing these responsibilities with work, choosing a career path, improving skills, and personal relationships. The advisers stationed within the company and the expert counselors outside the company can be consulted via in-person interview, e-mail or phone. Employees can also report issues anonymously to an outside hotline that is available 24 hours a day, which helps to identify and resolve problems quickly. [Also see p. 144, Communication Channels \(Internal Reporting System\)](#)

### Labor Unions

The BIPROGY Group respects the freedom to associate and the right to collective bargaining. The BIPROGY Labor Union is made up of employees from the company and some Group companies. The companies and corporate branches engaged with the BIPROGY Labor Union have stable labor relationships, and regularly negotiate and discuss employees' labor conditions at labor-management councils.

The labor management councils meet once a month, in principle, for dialogue between labor and management. In fiscal 2021, 94.89% of employees were members of the labor union.

### Occupational Health and Safety Committee

The Occupational Health and Safety Committee meets regularly for each business site, based on Japan's Industrial Safety and Health Act. The committee examines and discusses the following issues, and provides its opinions to the Group as necessary:

1. Matters related to countermeasures that should be the basis for the prevention of employee health problems;
2. Matters related to countermeasures that should be the basis for maintaining and promoting employee health;
3. Measures to prevent the causes of work accidents and their reoccurrence and matters related to health and safety; and
4. Other important matters related to the prevention of damage to employees' health and the maintenance and promotion of their health.

### Health Management

The BIPROGY Group's corporate philosophy is: "Work with all people to contribute to creating a society

that is friendly to people and the environment.” With this philosophy underpinning everything we do, we value people and aim to be a corporate group that the public needs. We also believe that having employees who are mentally and physically healthy and happy leads to high productivity and abundant innovation and will lead to corporate development.

The Group works together with its health insurance associations, welfare society, and labor union, striving to raise employees’ interest in health and motivation to improve their health, as well as to provide activities that enhance health. In addition, we contribute to customers and the broader society through our businesses that utilize these initiatives.

In April 2016, in his role overseeing the Group’s overall health management strategy, the representative director and president was made the Chief Health Officer (CHO). In this role, the CHO considers health management from a management perspective and further promotes strategic implementation.

## Health Management Approach

### Issue Recognition

The Group recognizes that efforts to improve corporate value must include enhancing the physical, mental and social well-being of employees, which in turn helps to strengthen productivity and creativity.

### Objective

We understand that, when executives and employees perform their jobs while not feeling their best, it will have a negative impact on their personal productivity and that of the organization. By encouraging personnel to independently improve their health literacy, including health knowledge, health management ability, and practical skills for health enhancement, the Group aims to reduce absenteeism and presenteeism (which is the lost productivity that occurs when employees are not fully functioning in the workplace because of poor health). In this way, we seek to maintain and improve the labor productivity of individuals and the entire organization.

### Priority Measures and Materiality-Based KPIs

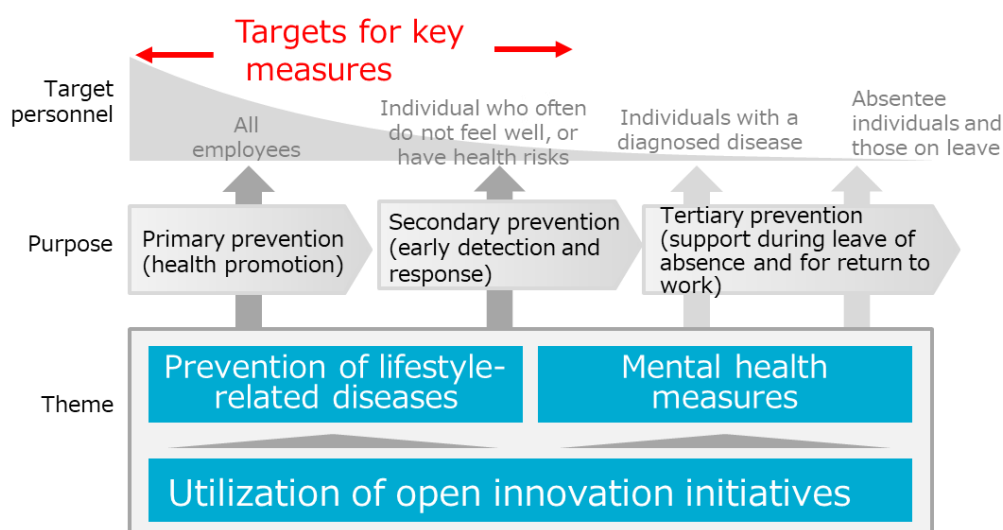
Since fiscal 2021, the Group has been using the following two indicators to address a material issue related to practicing health management and maintaining and improving the physical and mental health of executives and employees.

Indicators and Targets	FY2021 Results
Total number of lost days of work for mental health reasons: -5% compared to FY2019–FY2020 average (FY2023)	Approx. 9% reduction
Percentage of workers with risk of high blood pressure who have received treatment at a clinic or lifestyle guidance by public health nurse: 100% of workers with stage 2 or 3 high blood pressure (FY2023)	Stage 2: 0% (Action to launch from FY2022) Stage 3: 100%

### Action Policy

We work on improving employee health by reinforcing health improvements and early detection and

response under the three themes of “prevention of lifestyle-related diseases,” “mental health measures” and “utilization of open innovation initiatives.”



In addition to physical indicators, a multi-faceted analysis is carried out on self-perceived symptoms, lifestyle habits, stress and performance. For example, the following results of analysis have emerged:

- Feelings of stress have the greatest correlation with performance (presenteeism and absenteeism);
- Participants in health point programs have better health than the overall average.

Based on these results, we follow the PDCA cycle and develop more effective measures.

## Initiatives Encouraging Employees to Improve Their Health

### Encouraging Employees to Take Paid Leave

One of the indicators for the promotion of work-style reform at the BIPROGY Group has been achieving an annual paid leave utilization rate of 80%, using our own criteria, since fiscal 2018. Employees can maintain and improve their mental and physical health by taking holidays and experiencing work-life balance.

By designating a day to encourage employees to take annual paid leave, providing an anniversary leave program, and encouraging employees to take consecutive days off, we reached a paid leave utilization rate of 82.54%, with 13.7 days of paid leave taken on average, in fiscal 2021.

### Eliminating Excessive Work Hours

The Group strives to eliminate overtime by not only complying with laws and regulations and the 36 agreements concluded with the labor union, but also promoting overtime flexibility and other measures. We have introduced systems ensuring that managers are aware of their subordinates' actual working hours.

Average monthly overtime hours worked per employee in fiscal 2021 was down from 19.3 hours in 2015, to 16.3 hours.

## Measures to Prevent Health Problems Due to Overwork

The Group takes the following preventive measures.

- Employees who work long hours are interviewed and given guidance by physicians, based on the Group's standards, which are stricter than the requirements of Japan's Industrial Safety and Health Act. We also work to raise the consultation rate by holding online interviews and sending out occupational doctors and health nurses to organizations with many people working excessive overtime.
- In addition to follow-up measures laid out in the Industrial Safety and Health Act (such as changing the place of employment and shortening work hours), we strive to detect illnesses early in cooperation with doctors at the internal health clinic (internal medicine, psychiatrist).
- We have set up an Excessive Overtime Rescue Unit, which focuses on projects and individual characteristics that could be problematic in terms of personnel labor and project management.
- Labor performance is included as part of the review when reviewing progress management for projects.

## Improving the Office Environment

### Key Office Improvement Measures to Promote Better Employee Health

<b>Wellness measures</b>	Providing blood pressure readers, massage chairs, and balance balls
<b>Counseling for mental and physical health</b>	Setting up employee counseling rooms (staffed by workplace counselors and certified psychologists)
<b>Employee cafeterias</b>	<ul style="list-style-type: none"> <li>• Providing healthy menu options in the employee cafeterias, and displaying calorie counts using the automated payment machine. Through this initiative, the Group acquired three-star certification in the food service category of the "Healthy Meal and Food Environment (Smart Meal)" certification system. The program is run by the Healthy Meal and Food Environment consortium, which consists of organizations such as the Japanese Society of Hypertension, the Japan Society for the Study of Obesity, and the Nonprofit Organization KenkoKeiei.</li> <li>• In the employee cafeteria, we provide pesticide-free vegetables harvested from the farm we operate as part of our effort to provide rewarding employment for people with disabilities.</li> </ul>

## Adopting IT to Promote Health

### Key IT Measures for Employee Health

<b>Health point program</b>	Providing a health point program to encourage employees to make lifestyle improvements (2,346 participants in FY2021)
<b>App utilization to prevent productivity decline</b>	Using mainly startup company apps to help employees improve specific symptoms (stiff shoulders, back pain, obesity, and lack of sleep, etc.) as well as their eating habits

## Increasing Health Awareness

### Key Measures to Raise Employees' Health Awareness

<b>Providing a health portal</b>	Health management service, including the viewing of health checkup results and the provision of health information
<b>Holding health management seminars</b>	Seminars held in FY2021 covered measures to improve eating habits, yoga for relieving stress, mechanisms for women's health by life stage, desk environment improvement due to the increase in telework, and dieting
<b>Encouraging the taking of health-related certification exams</b>	Employees are recommended to take the Mental Health Management Examination and the Japan Health Master Examination
<b>Raising employee awareness</b>	<ul style="list-style-type: none"> <li>• Revision of health and safety management regulations</li> <li>• Health management orientation for new employees</li> <li>• e-learning on mental health, and on maintaining physical and mental health while working (health management)</li> </ul>

### Key Indicators for Health Awareness Raising

Indicator	FY2021 Results
Communicative and critical health literacy (CCHL)	3.62 <sup>1</sup>
Employee satisfaction with health management seminars	94%

1. Average score on a five-point scale for BIPROGY Inc. and UNIADDEX, Ltd.

## Early Detection and Response

### Regular Health Checkups and Complete Health Screening Aid

We carry out regular health checkups with the addition of necessary items by age, according to the legally mandated health diagnostics. We have introduced a system that allows employees to access their test results on their computers or smartphones in order to promote proper understanding of diagnosis results and improve health awareness. For high-risk individuals, such as those with high blood pressure, our public health nurses provide medical examinations and guidance on lifestyle habits at our internal health clinics. If necessary, those employees can be referred for detailed examinations and visits to medical institutions.

Through an affiliation with the BIPROGY Health Insurance Association, we have set up a program that provides subsidies for checkup packages for women, and for complete health and brain screenings that seek to detect cancer and other life-threatening diseases early.

### Key Indicators for Employee Health Management

Indicator	FY2021 Results
<b>Regular health checkup rate</b>	100%
<b>Smoking rate</b>	20.9% (down 5.1% from FY2015)
<b>Exercise habit rate</b>	21.9% (up 0.3% compared to FY2015)
<b>Sleep satisfaction rate</b>	73.7% (up 13.4% compared to FY2015)



## Administration of Health Clinics

Our internal health clinics provide employees with access to physicians, psychiatrists, and dermatologists. Employees can receive electrocardiograms as well as echocardiograms, and we also have a pharmacy, resting rooms and other facilities. We provide an environment in which employees can work throughout their lives with peace of mind. Smoking cessation outpatient services have been available since fiscal 2016.

We have also established a Health Management Office where employees can go as needed to consult with an occupational nurse about their health. When a medical examination is deemed necessary, the office coordinates with an internal health clinic to provide treatment and guidance.

Examinations at internal health clinics and counseling at the Health Management Office were traditionally offered only in-person. Since fiscal 2020, however, they have also been available online for the convenience of employees.

In addition, we recommend that employees get the seasonal flu vaccine, and we offer the vaccine at the headquarters and branches every year around November. We also provide vaccination subsidies for employees' family members. We are also cooperating with medical institutions to provide workplace vaccinations against COVID-19.

## Mental Health Measures

We carry out stress checks so that employees can take steps to prevent stress from accumulating by understanding their own stress levels. When necessary, employees can speak with doctors and this can lead to special arrangements at work and improvements in the workplace. In order to prevent mental health problems in the first place, we promote or provide the following measures.

- Self-care (employees become more aware of their stress and take steps to manage it)
- Care by supervisors (improvements in the workplace environment made by the managing supervisor, with consultation)
- Care by occupational health staff in the company (expert care by occupational physician and psychiatrist)
- Care provided by resources outside of the company (care by specialized institutions)
- Stress checks (follow-ups with people with high stress levels; aggregate data also used for per-organization analysis)
- First-hand counseling for new employees (confirmation of stress levels during pandemic and follow-up)

### Key Indicators for Employee Mental Health Measures

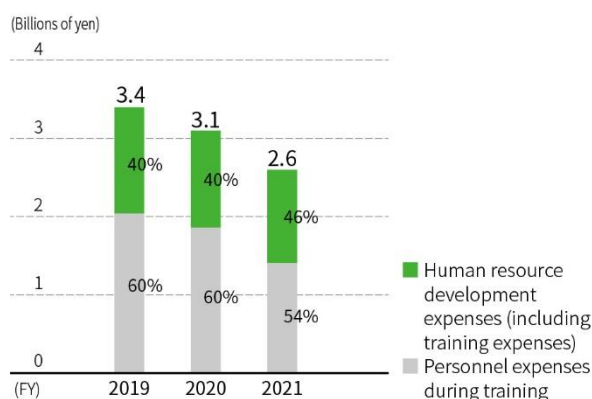
Indicator	FY2021 Results
<b>Stress check participation rate</b>	98.1%
<b>Number of high stress cases</b>	85.6% compared to FY2016

## Human Capital

The BIPROGY Group considers continuous investment in human capital to be indispensable for solving social issues, which always change with the times. The Group makes annual investments in human capital and visualizes the changes over time as well as the breakdown of the invested amounts. In fiscal 2021, investment decreased due to the use of online training and similar measures. Meanwhile, the number of annual training hours per employee, which had decreased in fiscal 2020 due to the pandemic, rose from 56 hours to 58 hours. Going forward, we will continue to promote employee career autonomy and new skill acquisition.

### Annual Human Capital Investment

The BIPROGY Group Investment in Human Capital



Note: As a result of moving training online in FY2020 due to the COVID-19 pandemic, training efficiency has improved. In fiscal 2021, training costs and personnel costs during training decreased, but annual training hours per employee grew compared to FY2020.

Personnel reforms need to be done strategically in order to provide a business ecosystem and platforms, while aiming to build a highly autonomous corporate organization and a culture that can help bring about social transformation. Accordingly, the Group considers this kind of activity as one of the pillars of its personnel and corporate culture reforms. In fiscal 2019, we launched the ROLES initiative in order to develop more human resources capable of sustainable innovation, based on workplace diversity. Standing for “roles in business execution,” ROLES defines the roles played in business execution (jobs)—and the skills and competencies required for them. It is a core concept and approach for visualizing the type, quality, and quantity of human capital required for various business strategies, based on management strategies. The ROLES initiative aims not only to expand personnel diversity, but also to build in a high degree of organizational strength by enabling diverse individuals to complement one another’s skills. By visualizing human capital using ROLES, we can secure, train, and strengthen human resources in line with management policies. We will continue to foster a corporate culture conducive to innovation, and develop human resource and organizational capabilities that will allow the Group to flexibly respond to changes in the business environment. In all these ways, we aim to strengthen and develop human capital that drives corporate growth.

To promote the Group’s sustainable development, we are building a human resource pipeline for leadership positions, which includes women and young candidates. As part of annual organizational reform

activities, we are also preparing mid- to long-term plans for leader assignments and will then follow up on their achievements and challenges in order to systematically restructure our organizations.

## Regeneration

### Opportunities for Middle-Aged and Senior Employees

The declining birth rate in Japan has made labor shortages a serious social problem. The Group takes special measures to support middle-aged and senior employees, who have a wealth of experience and knowledge.

Beginning in fiscal 2021, we started a re-employment program called Next Stage Integration (NSI). The aim of NSI is to make better use of the knowledge and experience that retired employees have accumulated during their careers. By reviewing the assignments and compensation for program participants, the percentage of retirement-age employees wishing to be re-employed has risen by 12 percentage points compared to the average over the three years before the program started. Participants can choose among flexible work options, working one, two or three days per week, or full time. Currently, 12 participants (3.3%) have chosen to work less than five days a week. Our work-style reform efforts to respect diverse values foster a pool of employees who are highly motivated, and allows us to continue tackling the challenges of an era in which many people live to 100. Moreover, we have set up a senior expert program in which we recognize employees with high market value and expertise as senior experts, and continue to employ them after retirement with compensation that differs from the regular re-employment program. Currently, the senior expert program has 31 participants (8.7% of re-employed employees).

In addition, we have set up a special retirement support program for employees who meet certain requirements, seeking to support middle-aged and senior employees. This allows these people to select their own course of personal development as individual values diversify.

Going forward, the Group plans to form an organization for its retired employees to network as “alumni” and promote ongoing collaboration with them. While encouraging the active participation of diverse human resources, we also recognize human resource retention measures as an important issue.

## Human Resources Data

### ● Employment, Diversity, Labor

Item		Scope of calculation		FY2019	FY2020	FY2021
Number of employees		Consolidated	Men	6,378	6,370	6,404
			Women	1,452	1,543	1,664
			Total	7,830	7,913	8,068
Number of employees by region	Japan		Men	6,193	6,191	6,190
			Women	1,330	1,424	1,530
			Total	7,523	7,615	7,720
	Asia		Men	182	176	206
			Women	122	117	130
			Total	304	293	336
	Americas		Men	3	3	8
			Women	0	2	4
			Total	3	5	12
	Europe		Men	0	0	0
			Women	0	0	0
			Total	0	0	0
Number of employees		Non-consolidated	Men	3,480	3,488	3,479
			Women	875	919	972
			Total	4,355	4,407	4,451
Average years of continuous employment		Non-consolidated	Men	21.7	21.7	21.8
			Women	18.4	18.1	17.8
			Total	21.0	21.0	21.0
Average age		Non-consolidated	Men	46.8	47.0	47.2
			Women	42.7	42.4	42.0
			Total	46.0	46.1	46.1

Paid leave utilization rate (%)		consolidated <sup>1</sup>		86.20	81.10	82.54
Percentage of employees with disabilities		consolidated <sup>2</sup>		2.31	2.59	2.62
Percentage of management positions held by women		consolidated <sup>3</sup>		5.50	7.50	8.10
Percentage of management positions held by women		non-consolidated		7.40	10.50	10.61
Number of new employee hires	New graduates	Consolidated <sup>4</sup>	Men	130	139	127
			Women	74	104	121
			Total	204	243	248
	Mid-career recruitment		Men	103	114	89
			Women	26	28	16
			Total	129	142	105
Mid-career hire rate (%) <sup>5</sup>		Non-consolidated		29.5	25.4	24.6
		UNIADEX, Ltd.		26.8	34.4	28.7
Employee turnover rate (%)		Consolidated <sup>1</sup>	-	2.81	2.34	2.25
New graduate retention rate (%)			Men	90.41	91.14	91.67
			Women	94.12	92.53	85.07
			Total	91.94	91.78	89.14
Number of people re-employed after retirement			Men	58	85	119
			Women	3	14	21
			Total	61	99	140
Percentage of people re-employed after retirement			Men	72	78	92
			Women	43	82	88
			Total	69	79	92
Average number of hours worked per people (hours/year)			-	1,808	1,845	1,841
Average monthly overtime hours worked			-	15.5	14.9	16.3

per employee (hours/month)					
Starting monthly salary for new graduates (yen) <sup>6</sup>	Bachelor's degree	Non-consolidated	220,000	220,000	220,000
	Master's degree		245,300	245,300	245,300
	Average annual salary (yen)		8,374,830	8,088,571	8,100,039

### ● Work-life Balance

Item	Scope of calculation		FY2019	FY2020	FY2021
Number of people taking maternity leave	Consolidated <sup>1</sup>	–	52	57	37
		Men	31	43	49
Number of people taking childcare leave		Women	105	103	90
		Total	136	146	139
Percentage of eligible people taking childcare leave		Men	20.9	24.8	30.1
		Women	100	100	100
		Total	37.5	41.4	42.3
Number of people using reduced working hours for childcare		Men	22	31	13
		Women	269	234	222
		Total	291	263	235
Number of people taking paid leave for nursing care		Men	281	169	318
		Women	208	127	183
		Total	488	296	501
Number of people taking unpaid leave for nursing care		Men	2	0	2
		Women	2	0	2
		Total	4	0	4
Number of people using reduced working hours for nursing care		Men	5	5	2
		Women	10	9	14
		Total	15	14	16
Number of people returning to work after childcare leave		Men	25	35	39
		Women	39	42	42
		Total	64	77	81

Percentage of people returning to work after childcare leave		Men	100	100	100
		Women	95	98	95
		Total	97	99	98
Number of people retained after childcare leave		Men	25	34	39
		Women	39	42	38
		Total	64	76	77
Percentage of people retained after childcare leave		Men	100	97	100
		Women	100	100	90
		Total	100	99	95

## ● Human Resource Development

Item	Scope of calculation	FY2019	FY2020	FY2021
Annual training hours per employee (hours)	Consolidated <sup>1</sup>	62.9	56.1	58.1
Investment in human capital (billion yen)		3.4	3.1	2.6
Investment in human capital—human resource development expenses (%)		40	40	46
Investment in human capital—personnel expenses during training (%)		60	60	54

## ● Occupational Health and Safety

Item	Scope of calculation	FY2019	FY2020	FY2021
Number of work-related accidents	Consolidated <sup>7</sup>	6	5	12

## ● Labor Union

Item	Scope of calculation	FY2019	FY2020	FY2021
Number of union members <sup>8</sup>	Consolidated <sup>1</sup>	5,262	5,265	5,235
Percentage of employees who are union members		94.37	94.64	94.89

1. BIPROGY Inc. and UNIADEx, Ltd.

2. Before FY2019: BIPROGY and UNIADEx. From FY2020 onward: BIPROGY, UNIADEx, UEL Corporation, BIPROGY Challenged Inc., International Systems Development Co., Ltd., Cambridge Technology Partners Inc., and S&I Co., Ltd.

3. Before FY2020: BIPROGY Inc. and UNIADEx, Ltd. From FY2021 onward: BIPROGY Inc., UNIADEx, Ltd., UEL Corporation, International Systems Development Co., Ltd., Cambridge Technology Partners Inc., S&I Co., Ltd., and USOL Vietnam Co., Ltd.

4. Before FY2020: BIPROGY Inc. and its consolidated subsidiaries in Japan, as well as Cambridge Technology Partners Inc. From FY2021 onward: BIPROGY, UNIADEx, UEL Corporation, International Systems Development Co., Ltd., Cambridge Technology Partners Inc., S&I Co., Ltd., G&U System Service, Ltd., BIPROGY Challenged Inc., and UNIADEx Co., Ltd.

5. The mid-career hire rate was announced on August 5, 2022, based on the Act on Comprehensively Advancing Labor Measures



6. April base salary results for each fiscal year
7. BIPROGY Inc., UNIADEX, Ltd. and UEL Corporation
8. Number of members as of March 1 of each fiscal year

## Social Responsibility Across the Value Chain

The BIPROGY Group recognizes that collaboration with business partners, including subcontractors and suppliers, is essential to its efforts to fulfill its social responsibilities through its business activities. Within the value chain of our business activities, we collaborate with our many subcontractors, particularly in systems design, construction, operation and maintenance, as well as provision of services. We also procure hardware, software, and services from suppliers in and outside of Japan. In all this, we strive to provide innovative services and solutions that help resolve social issues.

The potential effects of any unavailability of products or services procured from subcontractors and suppliers, or of serious failures due to service malfunctions, security incidents, and other factors, may have an impact even beyond Group customers. Such disruptions could also seriously affect the broader society, as well as potentially impact our operations by damaging public trust and brand image. The Group builds and maintains relationships of trust with its business partners and strives to provide safe, secure products and services, based on efforts throughout its entire value chain.

### Key Business Partners

BIPROGY Inc., the Group's core company, operates a partner system for outsource service providers that develop information systems and provide operation and maintenance services. We conduct partner evaluations based on multiple criteria such as transaction volume, quality, performance, and business conditions, and certify outstanding companies as "SI Leading Partners" and "Tech Build Partners." As of October 2022, the Group has 60 of these business partners. Moreover, development outsourced to overseas companies and their subsidiaries is also expanding, and more than 10% of transactions with partner companies are overseas.

### Fair Trade Practices, and ESG Considerations Across the Supply Chain

The Group is committed to ensuring fair, transparent purchasing transactions with its business partners, including subcontractors and suppliers. The BIPROGY Group Procurement and Transaction Guidelines and the BIPROGY Group Sustainability Procurement Guidelines have been established to ensure that all procurement takes ESG issues, such as human rights and the environment, into consideration, and we are working to have them adopted by our business partners.

BIPROGY Group Sustainability Procurement Guidelines (Available in Japanese only) >

<https://www.biprogy.com/com/purchase.html>

BIPROGY Group Procurement and Transaction Guidelines (Available in Japanese only) >

[https://www.biprogy.com/com/pdf/Sustainability\\_Procurement\\_Guideline.pdf](https://www.biprogy.com/com/pdf/Sustainability_Procurement_Guideline.pdf)

### ESG Risk Assessments

As part of a materiality-based KPI, we conduct annual surveys to gauge understanding of our Procurement and Transaction Guidelines among major subcontractors and suppliers. Since the implementation rate reached 100% in fiscal 2020, we revised our material issues. A new KPI was established, namely, ESG risk assessment implementation rate for major suppliers, and we started ESG risk assessments. Our first assessment in fiscal 2021 covered 98 major subcontractors and suppliers, surveying the status of their ESG initiatives and conducting risk assessments. Here, we achieved our single-year material issue target of 100% of assessments implemented. In fiscal 2022, we will continue to take actions (improvement

requests) to major subcontractors and suppliers based on the risk assessment conducted in fiscal 2021.

Going forward, we believe that further efforts are needed to increase the effectiveness of our efforts to reduce ESG risks. We aim to build a long-term relationship of trust with society throughout the supply chain and help to build a sustainable world by operating our businesses in harmony with the environment and local communities.

### Overview of the Fiscal 2021 ESG risk assessment survey

- Companies surveyed: 98
- Risk assessment implementation rate: 100%
- Survey content
  - Formulation of human rights policy and conducting due diligence
  - Respect for human rights (forced labor, child labor, freedom of association and the right to collective bargaining, discrimination, working hours, wages, harassment)
  - Ensuring health and safety
  - Formulating environmental policy and establishing management systems
  - Managing resources (waste reduction, etc.)
  - Securing biodiversity
  - Climate change (energy consumption and CO<sub>2</sub> emissions during product manufacturing, and reduction of GHG emissions from company activities, etc.)
  - Environmental pollution countermeasures (Water, air, and soil pollution, as well as control of vibration, noise, and offensive odors, along with appropriate management of chemical substances, etc.)
  - Compliance
  - Preventing corruption
  - Information security
  - Conflict minerals
  - Privacy
  - Supply chain management

### Collaborating with Subcontractors on Information-Based Product Creation Contracts and Service Contracts

The BIPROGY Group builds relationships based on mutual trust by closely communicating with subcontractors on a regular basis regarding information-based product creation contracts and service contracts to ensure fair and equitable purchasing transactions.

In addition, in accordance with the BIPROGY Group Compliance Basic Policy, we also publish newsletters and post information for subcontractors on our web portal regarding changes in procedures corresponding with legal or institutional revisions, compliance with relevant laws, regulations, and guidelines, and proper execution of contracts. We ask our subcontractors to understand the Group's initiatives and approach to sustainability and to work together with us to pursue these activities.

In addition, we have established a compliance hotline for BIPROGY and UNIADDEX subcontractors to enable them (anonymously) to report and consult with third-party points of contact on compliance matters.

### Collaborating with Suppliers on Procuring Goods and Service Products

When it comes to procurement decisions, the Group takes a comprehensive perspective that includes environmental and social considerations in business activities and contribution to sustainable development

in addition to considerations of quality, cost, delivery, and services.

In accordance with our Green Procurement Guidelines, we procure products and services with lower environmental impact from suppliers who promote environmental protection.

Also see p. 53, [Reducing Environmental Impact across the Value Chain](#)

BIPROGY Group Sustainability Procurement Guidelines (Available in Japanese only) >

[https://www.biprogy.com/pdf/eco\\_green\\_guideline.pdf](https://www.biprogy.com/pdf/eco_green_guideline.pdf)

## Quality Assurance

### Product and Service Quality Assurance

#### Approach to Product and Service Quality Assurance

The level of quality demanded of information systems, which are a critical component of social infrastructure, continues to rise. Keeping pace, the BIPROGY Group builds and maintains quality assurance systems and frameworks to ensure the provision of high-quality products and services. Through these systems and frameworks, we seek to provide comprehensive quality assurance for our software, hardware, and services. Our goal is to ensure that customers can completely trust us with every stage of the process—from proposal, to development, maintenance, and operation of systems and services.

As an indicator for measuring the stability required by society, we have set a target online uptime rate of at least 99.990%, and we surpassed that with 99.999% in fiscal 2021.

#### Quality Assurance Delivered by the Information Services Business Process

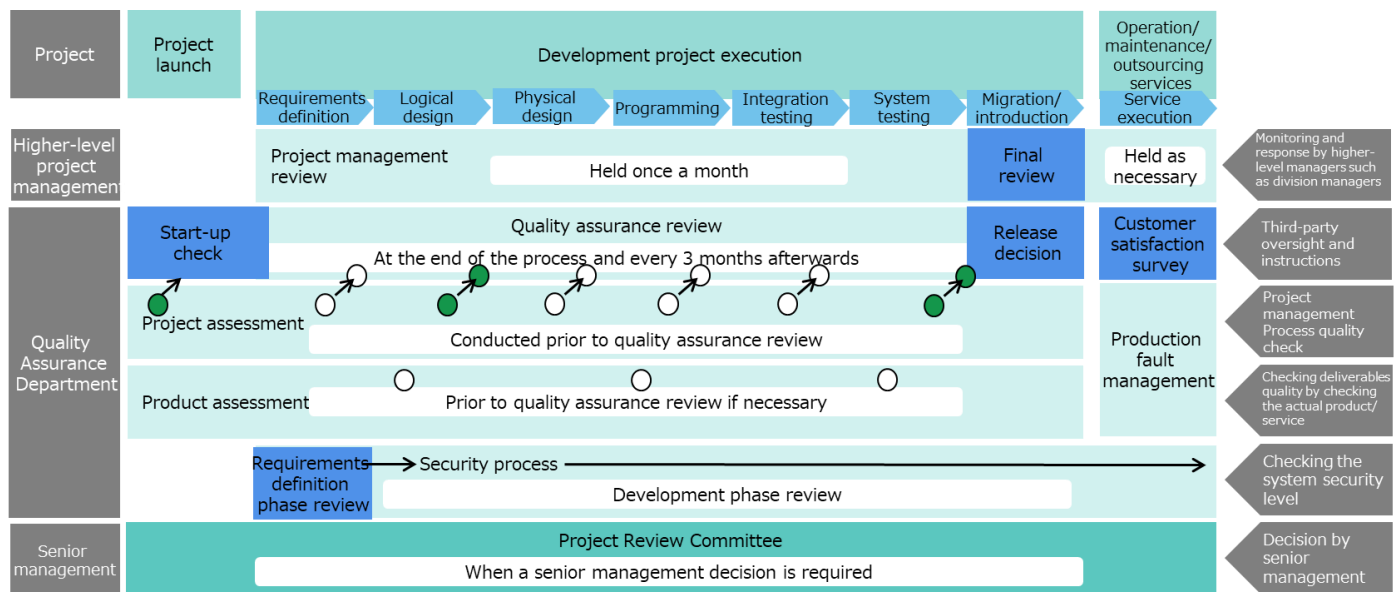
The standard business process we use is called the Information Services Business Process (ISBP). It seamlessly integrates all the work required to develop high-quality systems. ISBP comprises three sub-processes.

- Engineering process: Provides the means for developing services that meet customer requirements.
- Project management process: Ensures project conditions are visible and controlled, while sharing these conditions with customers.
- Quality assurance process: Checks and guarantees at each step of the process that the system has been created using the proper procedures.

Our Project Review Committee, as defined under ISBP, deliberates and evaluates key issues related to the provision of products and services.

Also see p. 108, [Corporate Governance](#)

## Quality Assurance Process from Development to Operation, Maintenance, and Outsourcing Services



### Quality Assurance Process in Development Projects

The quality assurance process for developing customer systems involves quality assurance activities carried out by members of the development project, as well as continuous and systematic confirmation by individuals outside of the project that the project is being conducted in a sound manner and that the quality of deliverables is maintained. Corrective measures are taken as necessary.

With the increasing number of projects where we utilize services and products from other companies to provide our services, we require safety and security checks when adopting external services or products. We also verify those companies' capability to deliver ongoing maintenance in order to ensure the stability of the services that we provide.

### Quality Assurance Process in Operation/Maintenance and Outsourcing Services

To ensure that customers are able to use our systems and services without worry long after the developed system is in place, we continuously verify service quality throughout the operation, maintenance, and outsourcing services of the systems that we operate and manage for customers.

### Responding to System Failure

It is crucial that any failure that may occur at a customer site be managed by promptly communicating this information to relevant departments, providing the customer with an accurate initial response and report, and following up on the subsequent situation.

We ensure, prompt, high-quality management of any failures, as described above and in compliance with Ministry of Economy, Trade and Industry guidelines and IPA/SEC definitions. To accomplish this, we employ a failure report framework for the systems that we operate and manage for our customers.

In addition, we analyze the data gathered from failure reports as needed and take comprehensive preventative measures when necessary.

### Acquiring Quality Management System (ISO9001) Certification

We have acquired ISO9001 certification for the design, development, and servicing (maintenance of delivered products) of package software for government offices and municipalities. With our systems

development standardized through ISBP, we have a framework in place that allows us to develop systems of the same ISO9001-certified quality in all of the development work that we do.

## Initiatives to Increase Customer Satisfaction

The BIPROGY Group has more than 5,000 customers, in a wide range of industries and business categories.

We take seriously the customer opinions we receive directly in our daily operations, in customer satisfaction surveys conducted after our systems are up and running, and via our customer service call centers. We work to use this valuable feedback consistently to drive improvements within our Group companies and divisions.

## Social Contribution Activities

### Policy

### Approach to Community Engagement

People around the world want to live in peace. Various issues stand in the way, including labor shortages in developed countries caused by declining birthrates and aging populations, population explosions in developing countries, and food shortages caused by conflict.

In our corporate philosophy, we commit to “working with all people to contribute to creating a society that is friendly to people and the environment,” and state that our purpose is “creating a sustainable society using foresight and insight to unlock the full potential of technology.” To live up to these principles, we work to resolve social issues through our businesses, and we engage in social contribution activities focused on supporting persons with disabilities, fostering the next generation, and promoting community engagement.

We also recognize that it is important to increase employee awareness of social issues if we are to advance solutions to these issues via digital transformation. This is why we engage in social contribution activities as part of our human resources development and awareness-raising efforts. Since fiscal 2021, we have designated “number of executives and employees participating in social contribution activities” as one of our key indicators, aiming for a 20% increase over the 84 employees who participated in fiscal 2020, by fiscal 2023. In fiscal 2021, 117 people participated.

### Policy on Social Contribution Activities

1. Contribute to the creation of a society that is friendly to people and the environment by providing ICT services.
2. Support employee participation in society, including through volunteer activities, as part of efforts to raise employee awareness of social expectations and demands.
3. Listen earnestly to stakeholders, participate in local communities, and contribute to community development.

## Priorities in Social Contribution Activities

In selecting priorities for our social contribution activities, we looked for areas that our business does not directly address, but in which our employees have a high level of interest, as well as areas that are closely compatible and potentially synergistic with our business. Based on these considerations, we have selected three priority areas: support for persons with disabilities, fostering the next generation, and community engagement.

Through these efforts, we are working to increase our employees' awareness of social issues. We believe this will also lead to the creation and expansion of social solution-oriented businesses that leverage an optimized approach to the society and the globe. This is a KPI for the Group's material issue of creating schemes to solve issues through the use of digital technology and business ecosystems.

Each activity is planned and evaluated in terms of its contribution to society and value to the Group. We also actively engage in discussions with local governments, local communities, donation recipients, and social contribution activity partners in the regions where we operate, reflecting on the feedback we receive and incorporating it into future initiatives.



Priority	Key initiatives	Contribution to society
1. Support for persons with disabilities	Partnership with violinist Narimichi Kawabata	<ul style="list-style-type: none"> <li>Official partner of Narimichi Kawabata, a visually impaired violinist, since 1998</li> <li>Concert invitations issued to visually impaired persons, transportation and venue assistance provided by employee volunteers</li> <li>Over 15,000 concertgoers, approx. 2,300 invitations issued, approx. 500 employee volunteers (total figures since 2005)</li> </ul>
	BIPROGY Challenged Inc. (special subsidiary of BIPROGY Inc.)	<ul style="list-style-type: none"> <li>Introduction of complete work-from-home option to enable persons with disabilities, who have difficulty commuting, to work</li> <li>Provision of Web Accessibility Diagnostic Service to check that web content is compliant with the reasonable accommodation stipulated in Japan's Act on the Elimination of Discrimination against Persons with Disabilities</li> </ul>
2. Fostering the next generation	e-net campaign	<ul style="list-style-type: none"> <li>Group employee visits to elementary, junior high, and high schools to teach students about safe Internet use since 2006</li> <li>Total of 179 sessions</li> </ul>
	Badminton lessons	<ul style="list-style-type: none"> <li>Company badminton team coach and player visits to local junior high and high schools to give students lessons since 2003</li> </ul>
3. Community engagement	Interaction with the local community in collaboration with the Toyosu Cultural Center in Koto Ward, Tokyo (where our headquarters is located)	<ul style="list-style-type: none"> <li>Participation in local children's events since 2005 with booths teaching ICT and badminton</li> <li>Organized Narimichi Kawabata charity concerts, collaborative events with non-profits and other organizations, and donation activities; hall and other amenities provided by collaborative partners.</li> <li>Approx. 1,500 concertgoers (total since 2005)</li> </ul>
	International contributions in collaboration with Table for Two	<ul style="list-style-type: none"> <li>Implementation of program at headquarters cafeteria to support provision of school lunches to children in Africa and Asia since 2018</li> </ul>

In fiscal 2021, due to the COVID-19 pandemic, some in-person events were revised and held online.

## Framework for Promoting Social Contribution

### Paid and Unpaid Leave for Social Contribution Activities

The Group has established paid and unpaid leave programs to support employees who undertake voluntary social contribution activities.

Volunteer paid leave	Up to five days in a month, up to a total of 12 days per year, taken either consecutively or in installments
Volunteer unpaid leave	From one month to two years, in principle

### Uni-Heart Supports Employees' Voluntary Social Contribution Activities

Uni-Heart was established in 2006 for the purpose of contributing to society by encouraging employees to volunteer, and it has 867 members as of March 31, 2022. Members are involved in a wide range of activities, including planning and organizing charity events and donations to non-profits and other organizations. BIPROGY provides matching funds for external donations made by employees through Uni-Heart.

### Donation Decision-Making Process

Donation recipients and amounts are determined by prescribed approval procedures and based on multiple factors, including whether the activities fall under the designated priorities.

### Amount Spent on Social Contribution Activities

The Group spent 15.19 million yen on social contribution activities in fiscal 2021 (BIPROGY and its consolidated subsidiaries).

### Community Contact

The BIPROGY Group has established a contact point for inquiries on its corporate website ([https://pr.biprogy.com/inqsys/inquiry\\_form.html?product\\_id=597](https://pr.biprogy.com/inqsys/inquiry_form.html?product_id=597)), which can be accessed by the general public. Relevant departments work together to review, fact-check and respond to inquiries and feedback received via this website.

### Initiatives

#### Support for People with Disabilities

#### Partnership with Violinist Narimichi Kawabata

The BIPROGY Group has been inspired by the accomplishments of world-renowned violinist Narimichi Kawabata and has been supporting him as an official partner since his debut in 1998. In 2017, Kawabata was also appointed by Japan's Ministry of Education, Culture, Sports, Science and Technology as a special support ambassador.

This year, the Group invited more than 100 visually impaired people and their companions to attend the "Nihon Unisys Presents Narimichi Kawabata New Year Concert 2022" held in January. Employee volunteers staffed the concert after first receiving training on how to assist people with visual impairments. Every year, dozens of employees serve as guides for this concert, assisting patrons to find their way around the facility, and even providing transportation to and from the venue for those who request it. At the venue, concert programs were distributed in Braille or large print, as well as in a form for text-to-speech conversion, and many of the invited guests expressed their appreciation of this service.

The Narimichi Kawabata Concert was selected for recognition (excellence in supporting the visually impaired) at the Mecenat Awards 2019, organized by the Association for Corporate Support of the Arts (award conferred to "Nihon Unisys, Ltd."). The Mecenat Awards honor outstanding activities by companies

that contribute to society through the arts and culture. The 149 activities (by 87 companies and organizations) across Japan that received the "This is Mecenat 2018" designation were reviewed by a selection committee made up of outside experts to determine the winning companies and activities for the Mecenat Award 2019. (In fiscal 2021, support was reduced for the concert, due to measures to prevent the spread of COVID-19.)

### **Activities to Help Promote the Fuller Participation of the Visually Impaired in Society**

Since 2004, we have been raising funds for the Japan Guide Dog Association, thereby helping the visually impaired to participate more fully in society. Every year, fund-raising sales to support guide dog training along with activities to promote understanding of proper guide dog interactions are held across Japan. These provide opportunities for the public to learn about what to do on the street when encountering a guide dog with someone who is blind or has a visual impairment. At the Narimichi Kawabata Charity Concert, guide dogs and their trainers are also invited, so the concert can serve as a useful training situation for them.

(Suspended in fiscal 2021 due to the COVID-19 pandemic)

### **Learning How to Assist the Visually Impaired**

Every year, we hold a training course on how to help guide the visually impaired, for employees who volunteer to work at the Narimichi Kawabata New Year's Concert, and for other employees as well. With assistance from the Tokyo Independent Living Support Center for the Visually Impaired, the participants learn the basics concerning visual impairment, how to speak to people who are visually impaired, and how to guide them on staircases and to the restrooms. (Suspended in fiscal 2021 due to the COVID-19 pandemic)

### **ICT Workshop to Support the Visually Impaired**

With the support of SPAN, a nonprofit organization that assists computer users who are visually impaired, we hold workshops for employees to learn how to help these computer users. The participants learn about computer input and output using text-to-speech software, and how to operate a tablet device using voice commands.

## **Fostering the Next Generation**

### **Deploying Employees to Support e-Net Caravan**

"e-Net Caravan" is an educational program for children, parents, and teachers designed to help children safely use mobile phones, smartphones, and the Internet.

Many companies and organizations in the field of information and communications are working together to provide e-Net Safety Courses across Japan. This program is operated by the Foundation for MultiMedia Communications, which is supported by Japan's Ministry of Internal Affairs and Communications, and Ministry of Education, Culture, Sports, Science and Technology. Based on its support for the mission of e-Net Caravan, the Group has participated in the program since it began in April 2006. Our employees have been taking seminars to become certified e-Net Caravan instructors, after which they are deployed to educate kids. In fiscal 2021, our instructor employees delivered lessons at nine locations across Japan.

### **Collaborative Programs with Charitable Organizations**

The BIPROGY Group holds online lectures and workshops in conjunction with charitable organizations. Bridge for Smile, a non-profit organization that supports foster children who cannot depend on their biological parents, gave a talk to our employees about their activities and the situations that these children

face. It was an opportunity for us to think about what we can do to help alleviate the many social problems that we may not be aware of, and which are not always visible.

Pilcon is a non-profit organization that supports sexual health learning and decision-making in Japan. Under the banner of "sexual health basics and creating a society where everyone can live according to their true selves," the organization provided a talk to employees based on the leading international standards for sexual health education, including the issues facing today's youth.

Under the title of "an online computer course for helping the visually impaired and virtual volunteering," the nonprofit SPAN (which operates a network to assist computer users who are visually impaired) provided an online presentation about its online course that teaches participants using only audio.

### **Employee Participation in the Fureai Festival**

Group employees participate in the Fureai Festival organized by Koto With. This festival is an annual event to promote interactions between residents of Koto Ward, Tokyo, and people with disabilities, and to deepen public understanding concerning the activities of those with disabilities. Our employees work together with the children of Koto With as volunteers at refreshment stands. (Suspended in fiscal 2021 due to the COVID-19 pandemic)

### **Tech Volunteers for Family House**

Family House is a non-profit organization that provides accommodation for children with intractable diseases and their families. Since 2010, our Group has supported the nonprofit by providing employee volunteers to perform regular technical checks of the computers set up at each accommodation facility, and other activities.

### **BIPROGY Badminton Team**

In 1989, the Nihon Unisys Badminton Team was founded with an ambitious desire to develop some of the best badminton talent in Japan, and has since produced many players for the Japanese national team. The team has now changed its name to the BIPROGY Badminton Team. The members train hard every day at a sport that is part of the Group's public image, while taking on the challenge of performing on the world stage.

In addition, the team regularly holds badminton classes for numerous young people, including elementary, junior high, and high school students in Koto Ward, Tokyo, where our head office is located. The Group is actively sharing the fun of badminton while contributing to the sound development of young people through sport.

BIPROGY Badminton Team (Available in Japanese only) >

<https://pr.biprogy.com/com/sponsors/badminton/>

## **Community Contribution and Collaboration**

### **Narimichi Kawabata Charity Concert**

The BIPROGY Group holds an annual charity concert at the Toyosu Civic Center Hall in Koto Ward, Tokyo, featuring Narimichi Kawabata. It is an event that aims to share music, feeling, and awareness together with local residents.

In addition to enjoying the musical performance, attendees can take part in a range of other activities related to the concert. These include fundraising, and listening to a talk about visual impairments and guide dogs. Audience members can also listen to a readout of the concert program, using the voice software on their smartphones or mobile phones. They can even sit through the performance wearing an eye mask to fully immerse themselves in this aesthetic experience that does not rely on the sense of sight.

Our aim is for attendees to have an enjoyable experience while getting a better understanding of diversity in society. They might also gain the confidence to offer assistance the next time they encounter someone in need. (Suspended in fiscal 2021 due to the COVID-19 pandemic)

### **Participation in Toyosu Festa**

Toyosu Festa is held each autumn by the Koto City Culture and Community Foundation, and the Koto Ward Toyosu Cultural Center to promote interactions between local residents and companies and organizations in the Toyosu area. Every year since fiscal 2005, the Group has been providing opportunities for children to become more familiar with information and communications technology (ICT), as part of its contribution to the local community.

At the 28th Toyosu Festa held on Saturday, October 23, 2021, Ayane Kurihara, a badminton player who was previously a member of our badminton team, gave a talk entitled, "Where there is a will, there is a way." Due to the pandemic, the number of invitees was limited, but about 20 people attended.

### **Participation in Local Networks**

We participate in the Koto Ward Social Contribution Network (Korabora), which brings together companies and universities located in this ward, and promotes activities to re-energize social contribution activities in this part of Tokyo. In addition to sharing information at regular meetings, we jointly participate in local events such as neighborhood cleanups and the Koto Citizens' Festival.

### **Local Cleanup Activities**

The Toyosu Clean-Up Team is made up of employee volunteers who regularly carry out cleanup activities during lunch hours. The team was launched in 2004 at the suggestion of an employee, and since 2007 it has been participating in joint cleanup activities by companies and organizations in the Toyosu area, with many people taking part across the local community. An in-house system has been implemented that allows employees to collect "Foresight in sight POINTs" (F-POINTs)<sup>1</sup> by participating in the cleanups. (Suspended in fiscal 2021 due to the COVID-19 pandemic)

Various cleanup activities conducted by branch offices include, such as the Horikawa Miya-no-Watashi Park cleanup performed by the Chubu Regional Headquarters.

1. A point system created by the Group. Points are awarded for taking on challenges, reforms, or making significant efforts, and can be given by employees to other employees who they want to thank.

### **Community Fund-Raising Sales**

At our head office building in Tokyo, we regularly hold fund-raising sales of products made at facilities for people with disabilities in Koto Ward. At the sales booth, employee volunteers sell the products together with facility residents by calling out to passers-by, providing opportunities for interaction. Moreover, at the Hokkaido Regional Office, the Sapporo Ikuseikai association conducts charity sales using Ikoru, an organization which operates consignment sales shops from its base in Sapporo. (Suspended in fiscal 2021 due to the COVID-19 pandemic)

### **Initiatives for Local Employment**

The BIPROGY Group provides various ICT services that help promote community job creation and neighborhood revitalization. BIPROGY Challenged Inc. was established as a wholly owned subsidiary of BIPROGY Inc. and became a special subsidiary of the company in February 2019. Utilizing the Group's expertise and technical capabilities, BIPROGY Challenged has created an environment that allows employees to perform work from remote locations. By enabling a completely home-based work style, the company can provide employment for people with disabilities who may have difficulty commuting to work, while also creating jobs for those living in rural areas.

BIPROGY Challenged Inc. (Available in Japanese only) > <https://biprogy-chd.co.jp/>

## Community Contribution and International Cooperation

### Helping to Alleviate Hunger in Developing Countries through Table for Two

We are participating in a program of the nonprofit Table for Two, which aims to eliminate hunger in developing countries as well as obesity and lifestyle-related diseases in developed countries. As part of this program, the employee cafeteria in our head office building offers a healthy lunch option each day. Every time someone in the company (or other participant in a developed country) purchases the healthy lunch, 20 yen is automatically donated to provide one school lunch for a child in a developing country.

(Suspended in fiscal 2021 due to the COVID-19 pandemic)

### Helping to Eliminate Child Labor through the Sutenai Seikatsu Campaign

The Sutenai Seikatsu (No Waste Lifestyle) campaign is based on the concept of using discarded items to promote international cooperation instead of throwing them away. Each year, Group employees across Japan donate their used postcards, as well as used books, CDs, and DVDs, which are purchased by a partner retailer. The sale proceeds then become a donation, which is used to fund the international cooperation activities of the NGO "SHAPLA NEER = Citizens' Committee in Japan for Overseas Support" (Shapla Neer). Our donation proceeds are used to prevent and reduce child labor in Bangladesh and Nepal, through the Shapla Neer Child's Dream Fund. In fiscal 2021, an online talk was provided to employees titled, "Child Labor and the Pandemic — Keep Helping Hands Working."

## Community Contribution (Support for Disaster Recovery)

### Reconstruction Support Activities after the Great East Japan Earthquake

- From April 2012 to September 2015, two BIPROGY engineers were deployed to the Otsuchi Town Office in the Kamihei District, Iwate Prefecture.
- In August 2014, the BIPROGY Badminton Team held badminton workshops for children in Otsuchi Town as part of its efforts to support development of the next generation of talent.
- Since fiscal 2011, Uni-Heart, a social contribution club made up of employee volunteers from Group companies, has been making donations to organizations engaged in reconstruction support activities following the Great East Japan Earthquake. It also holds in-house fund-raising sales events.

## Activities of Uni-Heart

### Organizations Receiving Donations from Uni-Heart in Fiscal 2021

#### Organizations supporting people with disabilities

1. SPAN (Computer Assistance Network for the Visually Impaired)
2. Japan Guide Dog Association
3. Cinema Access Partners
4. Fukuoka Support and Welfare Association for the Hearing Impaired
5. Tokyo Friends of the Visually and Hearing Impaired
6. Chupki
7. Re Job Osaka

#### Organizations supporting children

1. Foundation for MultiMedia Communications (e-Net Caravan)
2. Family House
3. Koto With

4. Sapporo Ikuseikai
5. Bridge for Smile
6. SHAPLA NEER = Citizens' Committee in Japan for Overseas Support
7. PIECES
8. Pilcon
9. Yumeshokunin
10. Bijitto

### **Interacting with Donation Recipients**

Uni-Heart holds regular events for employees to interact with donation-recipient organizations. In fiscal 2021, due to the pandemic, the Group provided online talks and workshops instead of in-person events, thereby maintaining opportunities for employees to interact with donation-recipient organizations.



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## Corporate Governance

### Basic View

A mechanism of corporate governance which enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable for enabling the BIPROGY Group to continuously grow and increase its medium- and long-term corporate value, and the company is determined create, maintain and ceaselessly improve this mechanism.

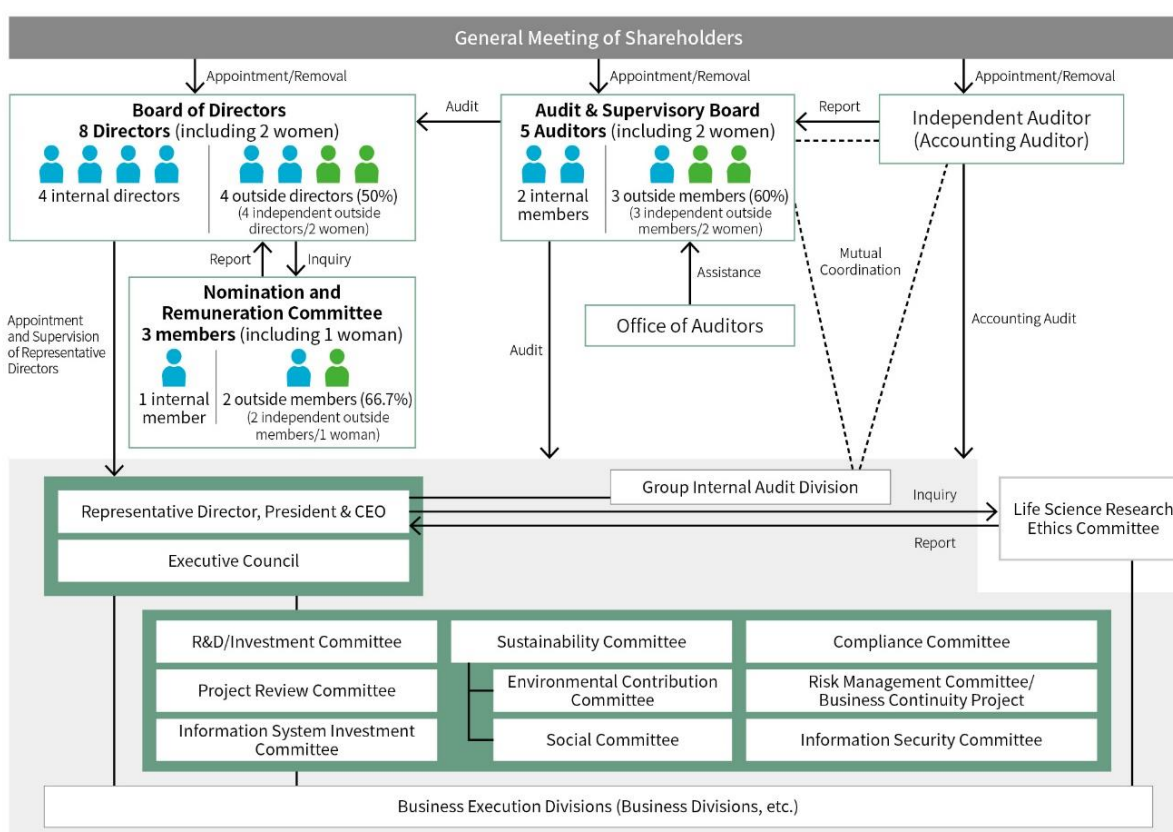
Furthermore, the company believes that a company's "raison d'être" lies in its contribution to society. Based on this belief, the company stipulates as part of its corporate philosophy, "Listen sincerely to our stakeholders to improve our corporate value," in order to create relationships of trust with all stakeholders, and will proceed with its business activities in accordance with this principle.

### Corporate Governance Structure

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

Given the decision-making speed required in light of the changing market environment, we aim to make decisions that combine a broader perspective with objectivity and transparency as well as to ensure the effectiveness of supervisory functions related to the execution of duties. We accomplish this by utilizing internal directors who are well-versed in the state of the entire Group and its industry and appointing persons with extensive business experience and expertise as outside directors.

Corporate Governance Structure (As of June 29, 2022)



## Nomination and Remuneration Committee

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

## Executive Council

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

### Various Other Committees: Deliberating on Individual Management Issues Related to Directors' Execution of Duties from a Practical Point of View

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

## Procedures for Appointing and Dismissing Directors

Candidates for directors who will concurrently serve as corporate officers (hereinafter, senior management) are selected among those who are highly motivated and have a strong sense of ethics as well as possess knowledge and experience to enable them to precisely and effectively manage the

company. In addition, candidates for directors from outside the company are selected by taking diversity into consideration among those who possess abundant management experience and specialized knowledge, and who 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 and Remuneration Committee, the majority of whose members are independent outside directors, based on selection criteria and procedures formulated by this committee. Then, based on the committee's recommended candidates, the Board of Directors appoints the senior management and outside directors.

The CEO and other members of senior management may be dismissed if deemed appropriate after deliberations by the Board of Directors in the event of a violation of legal regulations and/or the articles of incorporation, dishonest, inappropriate and/or disloyal actions, or insufficient performance of roles and functions.

## 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.

### Past Efforts to Strengthen Governance

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	<span>Overall</span> Introduced corporate officer system	Separation of management supervision and execution and more efficient business execution
2004	<span>Overall</span> 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	<span>Remuneration</span> 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	<span>Overall</span> Changed the ratio of outside directors to at least one-third (3 outside directors out of 9)	Improvement of management transparency and objectivity
	<span>Overall</span> Established Corporate Governance and Internal Control Principles	Clarification of basic approach to corporate governance and internal control and its structure/management policy
	<span>Overall</span> Revised the regulations of the Board of Directors, etc.	Revision of agenda standards at Board of Directors meetings
2015	<span>Overall</span> Established Nomination and Remuneration Committee	To obtain the involvement and advice of an outside independent director on the appointment, removal and remuneration of directors and Audit & Supervisory Board members
	<span>Diversity</span> Increased the number of women serving as outside directors by 1 (outside directors became 4 from 3)	Strengthening of diverse viewpoints
	<span>Overall</span> Established Evaluation Criteria for Independence of Outside Directors	Clarification of the Company's standards for independence
	<span>Overall</span> Revised the evaluation criteria for independence in the Evaluation Criteria for Independence of Outside Officers	Clarification of independence criteria for outside auditors
2016	<span>Succession</span> Formulated a senior management succession plan including the CEO	Sustainable growth
	<span>Effectiveness</span> Started evaluation of the effectiveness of the Board of Directors	Improve the functioning of the Board of Directors
	<span>Remuneration</span> Introduced performance-linked bonuses	Increase in motivation to contribute to improving business results and corporate value
2018	<span>Succession</span> 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
	<span>Effectiveness</span> Evaluated effectiveness in FY2017 (third time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
2019	<span>Overall</span> Appointed an outside director as chairperson of the Nomination and Remuneration Committee	Improve the effectiveness of the appointment, removal and remuneration system of directors and Audit & Supervisory Board members
	<span>Overall</span> Formulated the selection criteria and procedures for outside directors	Improvement of management transparency and objectivity
2020	<span>Overall</span> Increased the number of independent outside directors in the Nomination and Remuneration Committee to 2	Strengthen the independence and objectivity of the Nomination and Remuneration Committee
	<span>Effectiveness</span> Evaluated effectiveness in FY2019 (fifth time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
	<span>Remuneration</span> Revise director remuneration system (introduce restricted-stock-as-remuneration system)	Raise desire to contribute to greater medium- to long-term performance and corporate value
2021	<span>Overall</span> 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)
	<span>Overall</span> Changed the ratio of outside directors to 1:1 (4 outside directors out of 8 directors)	Improve management transparency and objectivity
2022	<span>Overall</span> Independent outside directors become majority of Nomination and Remuneration Committee members (2 outside members out of 3)	Strengthen the independence and objectivity of the Nomination and Remuneration Committee



## Further Enhancing the Governance Structure

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

## Diversity in Directors and Audit & Supervisory Board Members

BIPROGY appoints directors and Audit & Supervisory Board members who possess the wide range of knowledge and experience necessary to achieve our Vision 2030 and implement our Management Policies (2021–2023).

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

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

Skill Matrix

Independent outside officers

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

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



## Reasons for selecting items in the skill matrix

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

## Evaluation of Effectiveness of the Board of Directors

To continuously improve corporate value, BIPROGY considers it important for the Board of Directors to enhance governance by optimizing and fully utilizing its intended functions. Every year since fiscal 2016, the company has analyzed and evaluated the effectiveness of the Board of Directors in the previous fiscal year and worked to improve its functioning.

In fiscal 2021, actions were taken to respond to issues pointed out in the fiscal 2020 evaluation of the effectiveness of the Board of Directors. These included expanding and accelerating the sharing of information with outside officers, expanding discussions to ensure that the Board of Directors can fulfill its function to monitor issues related to the essence of management to the greatest extent possible, and working to reinforce the independence of the Nomination and Remuneration Committee. Based on these evaluation results, in fiscal 2022, we will continue to expand information sharing with outside officers in advance and strengthen the effectiveness of the Board of Directors' monitoring by carrying out appropriate follow-up, in order to deepen discussions on themes related to the essence of management, such as human resource strategy and sustainability. The Board of Directors will also discuss the Group's global strategies and effectively monitor the progress of plans. In addition, in order to facilitate more active discussion at the Nomination and Remuneration Committee, we are working to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.




## Board of Directors Effectiveness Evaluation Process (FY2021)



## Evaluation Items (48 questions in total)

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

## Results of FY2021 Evaluation and Policies for FY2022

FY2020 Evaluation	<p>Though evaluations were generally strong, the following feedback was received.</p> <ol style="list-style-type: none"> <li>(1) In order to further vitalize discussions at the Board of Directors, it is necessary to ensure sufficient time for members to consider proposals by making efforts to share information ahead of meetings, and to provide extensive follow-up reports on proposals submitted to the Board of Directors.</li> <li>(2) In implementing management policies, it is important that specific growth strategies are formulated, that these are incorporated into methodologies, that they are disseminated internally, and that human resources are properly trained. Furthermore, progress in these areas must be discussed and monitored by the Board of Directors.</li> </ol>
 Actions Taken in FY2021, Progress, and Evaluation Results	<ol style="list-style-type: none"> <li>(1) To further deepen outside officers' understanding of the Group, we will expand information sharing on trends in industries, markets, technologies, and innovation, and expedite information sharing regarding proposals to the Board of Directors. Certain progress has been made, and we will continue to work on further improving and speeding up the sharing of information. In addition, the Board of Directors will be fully briefed on industry and market trends so that they are aware of the challenges facing the Company and can deepen discussions at the Board of Directors meetings.</li> <li>(2) In order for the Board of Directors to be able to maximize its monitoring function, more active discussions will be held on themes related to the essence of management, such as growth strategies, sustainability, and corporate culture reform, as specified in Vision 2030 and Management Policies (2021-2023). Though it is evaluated for the considerable degree of active discussion on some topics, including discussions at forums outside of the Board of Directors meetings, there are some topics that require further discussion, such as the internal penetration of the Vision, and we will continue to deepen our discussions on these topics.</li> <li>(3) To strengthen the independence of the Nomination and Remuneration Committee, a majority of its members shall be independent outside directors. Two outside directors and one internal director were appointed as committee members, giving outside directors majority membership. Furthermore, an outside director was named chair of the Committee.</li> </ol> <p>Evaluations were generally high, and we confirmed that further improvements are being made, including progress in efforts related to the FY2021 response policy. On the other hand, the following items were identified as issues that need to be addressed to further improve the effectiveness of the Board of Directors.</p> <ol style="list-style-type: none"> <li>(1) In order to strengthen the effectiveness of monitoring by the Board of Directors, it is necessary to continue to provide more information in advance and to follow up appropriately in order to deepen discussions on themes related to the essence of management.</li> <li>(2) Further discussion on Group/global strategies and human resource strategies is needed.</li> <li>(3) With the majority of the members of the Nomination and Remuneration Committee being independent outside directors, it is necessary to share information to the Committee's outside director members more promptly and to enhance the content of this information in order to facilitate more active discussions. It is also necessary to enhance the reporting of committee discussions to the Board of Directors to further improve the transparency of the Nomination and Remuneration Committee.</li> </ol>
  Actions to be Taken in FY2022	<p>Considering the above evaluation results, it was decided to strive toward further enhancement of the BIPROGY governance system through the following initiatives in FY2022.</p> <ol style="list-style-type: none"> <li>(1) Continue to enhance the effectiveness of monitoring by the Board of Directors by expanding the prior sharing of information to deepen discussions on themes related to the essence of management, such as human capital strategy and sustainability, and by following up appropriately.</li> <li>(2) Discuss Group and global strategies and effectively monitor the progress of plans.</li> <li>(3) With the majority of the members of the Nomination and Remuneration Committee being outside directors, in order to facilitate more active discussions at the Committee, work to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.</li> </ol>

## Succession Planning

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

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

## Requirements (Qualifications/Competencies)

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

## ■ Ability to Create New Value

Foresight refers to the ability to foresee the future of the BIPROGY Group, promote a vision with high aspirations and make a commitment to the future. Insight refers to the ability to understand global trends and changes, identify Japanese and worldwide economic trends, 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 of others while passionately engaging in all endeavors and communicating extensively. This also refers to such attributes as the high sensitivity needed to constantly acquire useful information and ensure accurate understanding of that information, as well as the ability to convey objectives that drive the realization of dreams, achievement of goals, and solutions to problems.

## ■ Staying Power

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

## Management Leadership Program

We have been carrying out the Management Leadership Program since 2018 with the goal of building a human capital pipeline of successors for senior management positions.

Also see p. 69, [Management Leadership Program](#)

## Remuneration System

In the remuneration system introduced in fiscal 2021, the weight of the performance-based bonus and stock remuneration was increased and, if performance targets are fully met, the fixed remuneration, performance-based bonus (linked to profit attributable to owners of parent), and stock remuneration are paid in a ratio of 4:4:2.

No changes have been made to remuneration for non-executive directors, such as outside directors.



Non-executive directors are paid only a fixed monthly salary that is not linked to performance, to guarantee effective advising and monitoring of management. Policies for determination of director remuneration calculation methods are determined in deliberations by the Nomination and Remuneration Committee, an advisory committee of the Board of Directors, and subsequent approval by the Board of Directors.

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

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

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

**Illustration of executive director remuneration**

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

**(a) fixed remuneration (a monthly remuneration)**

The monthly remuneration for directors is 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 is no more than ¥400 million, and is determined by the Board of Directors in accordance with a standard amount by position and a standard coefficient based on net income attributable to owners of the parent as determined by the Nomination and Remuneration Committee. However, if the net income attributable to owners of the parent is a loss (negative), no bonus is paid, whereas if this net income is less than ¥5 billion, only the standard amount by position is paid. If the net income is ¥5 billion or more, the standard amount by position is paid, plus an amount calculated according to the standard coefficient determined by the Nomination and Remuneration Committee. For the time being, the standard coefficient does not exceed 0.5%. In fiscal 2021, the actual amount of net income attributable to owners of the parent was ¥20.4 billion. Therefore, remuneration was calculated based on the standard amount by position and the standard coefficient of 0.5%.

**(c) Restricted stock remuneration**

The company has adopted a restricted stock remuneration plan for executive directors, which incorporates three requirements and indicators: (i) tenure condition; (ii) mid-long term performance target (total shareholder return [TSR] growth rate versus TOPIX); and (iii) ESG targets (see page 13). These are paid at a ratio of 3:1:2, respectively. The tenure conditions in (i) are designed to ensure executive directors share awareness and value with shareholders through share ownership. The performance indicator in (ii) is linked to mid-long term business performance, a comparative measure versus TOPIX of the degree to which BIPROGY's corporate value has increased independent of overall market trends. The ESG indicators in (iii) function as guideposts to achieving important goals that we are taking action on. The total annual amount of monetary claims for restricted stock remuneration is no more than ¥200 million yen per year (the total annual number of shares of common stock to be issued or disposed of in exchange for this compensation is limited to 66,000).

## Activities of the Board of Directors and the Nomination and Remuneration Committee in Determining Director Remuneration Amounts for Fiscal 2021

**Board of Directors**

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

**Nomination and Remuneration Committee**

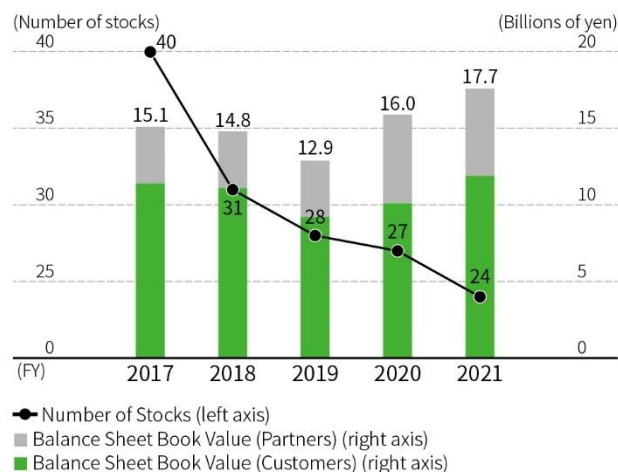
In fiscal 2021, the Nomination and Compensation Committee held six meetings related to director remuneration, discussing the payment of performance-based bonuses and the issuance and allotment of restricted stock for fiscal 2021.

**Cross-Shareholdings**

BIPROGY may strategically hold shares of partners if it is deemed that this would contribute to greater corporate value for the company, such as resulting in a stronger profit basis by maintaining or strengthening the relationship with the partner. The determination to acquire stock is made pursuant to its internal regulations. As for the subsequent holding of the shares, the Board of Directors verifies whether it is appropriate to do so each year, and we are working to reduce such holdings. Amid this effort, the total value of listed stocks on the balance sheet at the end of fiscal 2021 increased from the end of the previous fiscal year due to an increase in the market value of some stocks, but the number of stocks held decreased by three from the end of the previous fiscal year to 24. Going forward, we aim to reduce the total amount of strategic shareholdings on the balance sheet to less than 10% of total capital. As for the shares of listed companies held, the Board of Directors verifies if it is appropriate to hold those shares by considering several factors, including sustainability of the purpose for holding individual shares, consistency of holding individual shares with the business strategy, and profit from business with the

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

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



## Policy Regarding Constructive Dialogue with Shareholders and Other Investors

In addition to disclosing information to its shareholders and other investors at a suitable time and in an appropriate manner, the BIPROGY Group engages in proactive investor relations and shareholder relations activities, led by its CEO, CFO and the executive in charge of corporate governance promotion, in the belief that repeatedly engaging in mutual dialogue leads to the fair assessment of its value. The Group places great significance on the opinions of its shareholders and other investors and reports these opinions to its management and the Board of Directors in a timely manner. These opinions are then used in making improvements to overall management.

## Status of Response to Corporate Governance Code

All areas are addressed. See the website listed below for details on corporate governance and internal control.

<https://pr.biprogy.com/invest-e/com/governance.html>

- Corporate Governance and Internal Control Principles
- Corporate Governance Report

## Innovation Management

In our Management Policies (2021-2023), we position investment strategy as a critical measure, and will accelerate strategic investment while aiming to utilize cutting-edge technologies and sustainably innovate. In our research and development efforts to build a digital commons, we are developing services that accelerate digital transformation (DX) based on a deep understanding of various industries and our customers, carrying out research and development centered on cutting-edge technologies, and making

ongoing investments in service development and technological capability enhancement to accelerate service-based businesses.

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

In the Management Policies, the BIPROGY Group prioritizes the implementation of internal reforms to further digitalize business, and is also promoting internal DX.

## Implementation Structure

The committees shown in the table below have been established to serve as decision-making bodies for investment decisions. In addition, the Executive Council deliberates important matters.

R&D/Investment Committee	Deliberates on the advisability of plans for businesses, products and services based on the Group's priority areas, and decides whether to invest in such plans. Also evaluates actual results versus forecasts for such plans and requests a review as necessary.
Information System Investment Committee	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.

Internal IT strategy is implemented under the leadership of the Chief Digital Officer (CDO) and Chief Information Officer (CIO). The formulation and implementation of technology strategy is overseen by the Chief Technology Officer (CTO), who also serves as the director of the Technology Research Development Center, the Group's research and development center.

## Investment Strategies Leading to Business Growth

### Strategic Investment

In new areas, we have established a new company that provides a platform for lumber distribution, a company that provides a platform for safety evaluation of automated driving, and others, while accelerating efforts to actively co-create businesses with customers and partners in order to expand business in DX areas. In order to discover the seeds of new businesses, we will continue to invest in and collaborate with start-up firms and venture capital firms who possess innovative technologies, without being limited to the ICT domain, from a medium- to long-term perspective. Also, if M&A opportunities arise, we will be proactive in pursuing them, while exercising financial discipline and being selective. In order to realize Vision 2030, our investment focus is on the areas that will create our three defined social impacts, as well as areas where we can demonstrate our digital and technical abilities, such as transportation and mobility, healthcare and education, and green energy. From a global perspective, though our scale here is not expansive, we are exploring M&A opportunities for investments, mainly among Southeast Asian companies.



## Startup investments and CVC

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

### Overview of CVC Funds

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

For more details about investee information (Available in Japanese only) >

<https://www.canal-v.com/>

## Co-creating new businesses

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

### Achievements in Co-creating New Businesses (news release dates)

Month and year	Main initiatives
February 2021	Invested in EAGLYS Inc., which provides inter-company data linkage and remote AI analysis solutions to realize a society that can safely utilize all types of data
November 2021	Invested in Humanising Autonomy Ltd., which provides its Behavior AI platform, a highly-accurate behavior prediction platform toward the realization of a society in which humans, robots, machines, vehicles, etc. can coexist safely
May 2022	<ul style="list-style-type: none"> <li>Invested in INGAGE Inc., which provides the Re:lation customer service cloud platform</li> <li>Invested in LINKWIZ, Inc., which develops smart industrial robots</li> <li>Invested in ACALL Inc., which provides the Workstyle OS that accelerates new ways of working</li> </ul>

## Case Study: Invested in Humanising Autonomy, a U.K.-based computer vision AI company

Group company Emellience Partners invested in Humanising Autonomy Ltd., a UK startup company developing computer vision AI (moving image recognition AI), as a joint lead investor with London-based Beacon Capital LLP. Humanising Autonomy's moving image recognition AI is capable of identifying and reducing the risk of contact between a person and machine or vehicle using a mechanism combining a monocular camera and AI. We have used this overseas to establish collaborations with Mercedes-Benz

Group AG, Transport for London in the United Kingdom, the AISIN Technical Center of America, and others. In Japan, demonstration tests and commercial projects are underway in a wide range of fields, including not only with automobile-related companies but also in the areas of transportation, smart cities, construction, and property and liability insurance. Behavior AI, a behavioral prediction AI which adds elements of behavioral psychology to AI development in the field of computer vision, is designed to resolve issues through application to highly accurate prediction of human behavior, a task once thought unreasonably difficult. Through Emellience Partners' capital contribution to a company with advanced technologies and co-creation of businesses, the Group will work to explore and commercialize business opportunities in Japan in both the automobile domain, such as automated driving and advanced driver assistance systems (ADAS), and the non-automobile domain, such as smart infrastructure and smart cities, to realize a society where humans, robots, machines, and vehicles can coexist safely.

### Case Study: KIINNOX Project

In 2021, we launched the KIINNOX Project,<sup>1</sup> which promotes the distribution and use of Japanese lumber through co-creation with companies in various fields. The main theme of this project is "sustainable distribution of Japanese lumber." We launched a test Lumber Distribution Platform Service for lumber industry DX in Gifu Prefecture in February 2022 and joined an office furniture and interior business in June 2022. Through various projects related to Japanese lumber distribution supply chain and demand creation, we are aiming to solve forest problems, reinvigorate local economies, and provide mental and physical health as well as rich lives.

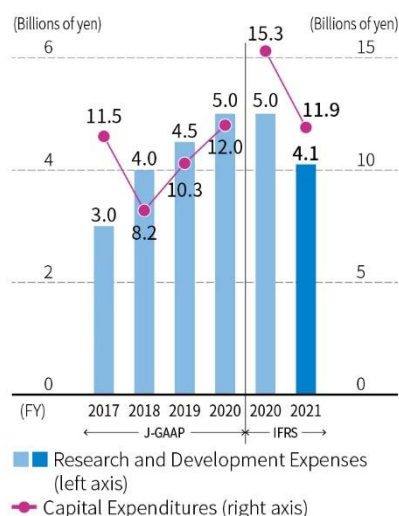
1. KIINNOX is a coined word that combines "ki," the Japanese word for "wood," "inno" from "innovation," and "x," which represents multiplication and the possibility for the unknown.

KIINNOX Project | Creating a future where trees and people live together (Available in Japanese only) > <https://kiinnox.jp/projects/>

### R&D Expenses and Capital Expenditures

As intangible assets will become increasingly important in enhancing corporate value going forward, the BIPROGY Group is also working to develop services and strengthen its technological capabilities to accelerate its service-based business. We are devoting considerable R&D expenses to achieving this. Since this area has a direct correlation with medium- to long-term growth, we plan to increase our investments in fiscal 2022. In addition, in order to provide attractive outsourcing services that meet market needs, we constantly invest in upgrading functions, creating a virtuous cycle that grows revenues while making investments. With regard to capital expenditures, we execute appropriate investments in response to the expansion of outsourcing services.

### Research and Development Expenses & Capital Expenditures



### Case Study: Commercializing DIVE, a platform for assessing safety of self-driving vehicles, through automated driving research by SIP

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

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

### Human Capital Investment

The previous mid-term management plan focused on transformation of ideas and skill sets as an investment in human capital, including reskilling and other skill changes. Our current personnel system identifies skills and competencies, visualizes the abilities and skills each person possesses, and then has the person hold multiple roles (via the ROLES initiative) to foster diversity within individuals (intrapersonal diversity). By doing so, we seek to transform the thinking and skills of each individual, leading to the generation of innovation.

In order to further expand the business ecosystem, our policy is also to focus on developing "business producers," meaning human resources capable of creating social impact on their own and who have

expertise in business creation. Here, we have set a KPI to double the number of business producers by fiscal 2023 from fiscal 2021 levels. Going forward, we will increase our pool of talent in this area, including by recruiting of mid-career hires.

### Promoting In-House DX

When making improvements to the system integration type development, which has been our core business, we added functions for increasing the sophistication of and applying DX to traditional outsourced development and conducting product development-related R&D to the Engineering Division. We are also promoting communication and improving productivity while also aiming to develop a work environment that leads to innovation through the utilization of various ICT tools (business backbone systems, cloud-first office applications, mobile-first, web conferencing systems, corporate SNS, etc.). We built a seamless network based on the zero trust<sup>1</sup> concept and adopted highly secure cloud storage to make it easier to find intellectual property. In addition, we are promoting the digitization of our in-house inspection and verification processes and are introducing electronic signature services. In December 2021, we obtained DX Certification based on the related system created by the Ministry of Economy, Trade and Industry (METI). In June 2022, we were also selected by METI, the Tokyo Stock Exchange, and the Information-technology Promotion Agency as a “Noteworthy DX Company 2022,” within the Digital Transformation Stock (DX Stock) 2022 system.

In fiscal 2022 and fiscal 2023, we are working on business process reengineering (BPR) for business process improvement, establishing a business process management (BPM) environment for continuous business reform, and renewal of the internal core system to support data-driven management. We are accelerating the modernization of our existing IT systems and DX of our core operations by building a foundation for our own IT systems that supports current and future business. Using that acquired knowledge as practical reference, we are accumulating the skills and experience to implement DX for customers and DX for society.

1. An approach to protecting security by confirming users and devices and examining whether they have access authorization, based on the premise that no access should be trusted and all should be examined.

### Research and Development Initiatives to Protect Human Dignity

We define our purpose as “creating a sustainable society using foresight and insight to unlock the full potential of technology” to fulfill our corporate philosophy of “working with all people to contribute to creating a society that is friendly to people and the environment.” In order to build a sustainable world, it is important to understand the people who comprise societies around the globe, which is why the research and development at our Technology Research Development Center focuses on people. Steps are taken in advance to ensure that human dignity in human-subjects research is protected as stipulated by the Declaration of Helsinki<sup>1</sup> and related laws and guidelines.<sup>2</sup> These guidelines also require review to determine the ethical and scientific validity of the research.

In reference to the above requirement, we established a Life Science Research Ethical Review Committee in March 2020.

Upholding the guidelines for medical and other research, the committee considers new standards to

deal with matters that cannot be determined according to ethical guidelines for medical research. In developing new standards, the committee takes into account the currently expanding scope of fields of research that involve personal information, as IoT devices such as sensor devices become more widespread.

1. Declaration of Helsinki, World Medical Association >

<https://www.med.or.jp/dl-med/wma/helsinki2013e.pdf>

2. Guidelines for Research (Ministry of Health, Labour and Welfare website) (Available in Japanese only) >

<https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/hokabunya/kenkyujigyou/i-kenkyu/index.html>

## Life Science Research Ethics Committee

The Life Science Research Ethics Committee invites outside experts to review the ethical and scientific validity of research on human subjects. These reviews serve to protect the dignity of those participating in research on human subjects, ensure that society can trust our corporate handling of personal information, and, by creating an environment in which employees are able to conduct research without worry, promote innovation. In addition, the committee's activities (operating protocol, minutes from meetings, etc.) are widely disclosed to stakeholders via the official Group website.

### Life Science Research Ethics Committee Members

Field	Name	Position	Institution
Natural sciences	Kazuhiro Sakurada	Chair	Keio University School of Medicine
Society and ethics	Toichi Sakata	Member	Japan Space Forum
Society and ethics	Ayako Kamisato	Member	Institute of Medical Science, The University of Tokyo
General	Masayo Ono	Member	PR Consulting Dentsu Inc.
Natural sciences	Akihiro Hada	Member	BIPROGY Inc.
Society and ethics	Yoshiko Yamauchi	Member	BIPROGY Inc.
Natural sciences	Aiko Korin	Member	BIPROGY Inc.

No. of committee meetings held: 9 (as of end of Sept. 2022)

No. of items submitted for discussion: 14

Life Science Research Ethical Review Committee (Available in Japanese only) >

[https://www.biprogy.com/com/tech/research\\_ethics/](https://www.biprogy.com/com/tech/research_ethics/)

## Formulating and Enforcing AI Ethics Principles

In recent years, computing architectures created to handle vast amounts of digital data and AI technologies that learn from accumulated data and perform recognition and inference have begun to contribute significantly to improving the quality of people's lives. This is also a key technology that will contribute to solving many issues, such as health and well-being and climate change, which are addressed in the United Nations Sustainable Development Goals (SDGs), a commitment to leave no one behind on this planet. While AI technology has the power to enrich and transform our society, it also has the potential to negatively impact society by undermining individual privacy, diversity, and fairness unless it is used, operated, and managed appropriately. In recognition of the positive and negative impacts of AI on people, the Group has formulated and implemented the AI Ethics Principles to appropriately address the ethical, legal and social issues (ELSI) that arise with the rapid development of science and technology.

BIPROGY Group AI Ethics Principles (BIPROGY Group Website) >

[https://www.biprogy.com/e/com/e\\_2022\\_ai\\_ethics\\_principles\\_BIPROGY\\_group.pdf](https://www.biprogy.com/e/com/e_2022_ai_ethics_principles_BIPROGY_group.pdf)

## Risk Management

### Approach to Risk Management

Companies today face multiple serious risks to their activities, including increasingly severe large-scale natural disasters, scandals, and information security threats, as well as the COVID-19 pandemic. These risks are diversifying and becoming more complex by the day. Risk management, by which we predict potential issues and work to avoid and reduce loss, is a critical foundation for the Group's efforts to help resolve social issues and create value.

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

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

## Risk Management System

The BIPROGY Group has established the Risk Management Committee, which is chaired by the Chief Risk Management Officer (CRMO). The committee takes the appropriate measures in response to a wide variety of risks that could have a major effect on management.

The CRMO oversees risk management and business continuity for the Group overall and is responsible for building structures to administer them effectively and efficiently. The CRMO also carries out survey, monitoring, guidance and educational activities. At meetings of the Risk Management Committee, the CRMO checks and reviews the risk management performance of the Group overall, and provides the necessary guidance for ongoing improvements. In addition, the CRMO reports the activities of the Risk Management Committee to the Executive Council and the Board of Directors.

In the event that a major risk materializes, the department which it most directly impacts or the relevant committee promptly report to the Risk Management Committee, and a Risk Countermeasures Council or a Risk Countermeasures Task Force is convened depending on the impact of this risk, to address the risk rapidly and precisely.

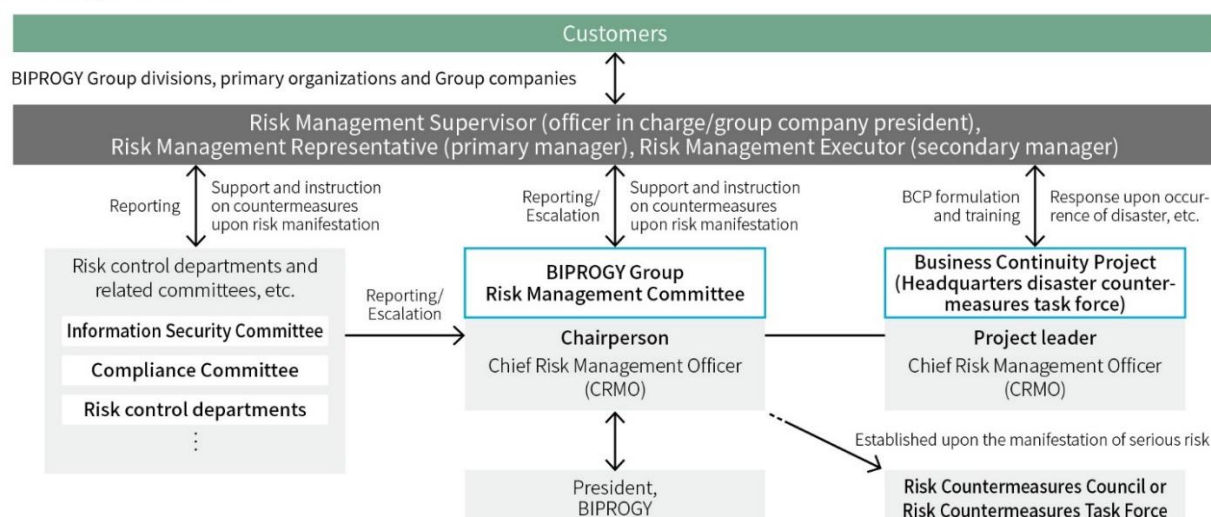
The head of each division, department and Group company is responsible for risk management in their own organization. We maintain a system in which all employees work together if a serious risk does occur so that the damage can be minimized and business continued.

Risks to large-scale development projects are reviewed by the Project Review Committee, which participates at the management level, and the Investment Committee.

In terms of the management of information assets, including personal information, in addition to setting up the Information Security Committee, chaired by the Chief Information Security Officer (CISO), we have devised a cyber security strategy and appropriately respond to these risks.

For business continuity risks — events where a company could undergo serious damage due to a large-scale earthquake or a new strain of influenza, for example — our Business Continuity Project, with the CRMO serving as project leader, decides on a business continuity plan (BCP), prioritizing ensuring safety, restoring Group operations, and responding to customers. It also implements business continuity management (BCM), including making ongoing revisions and improvements to plans.

### Risk Management Structure

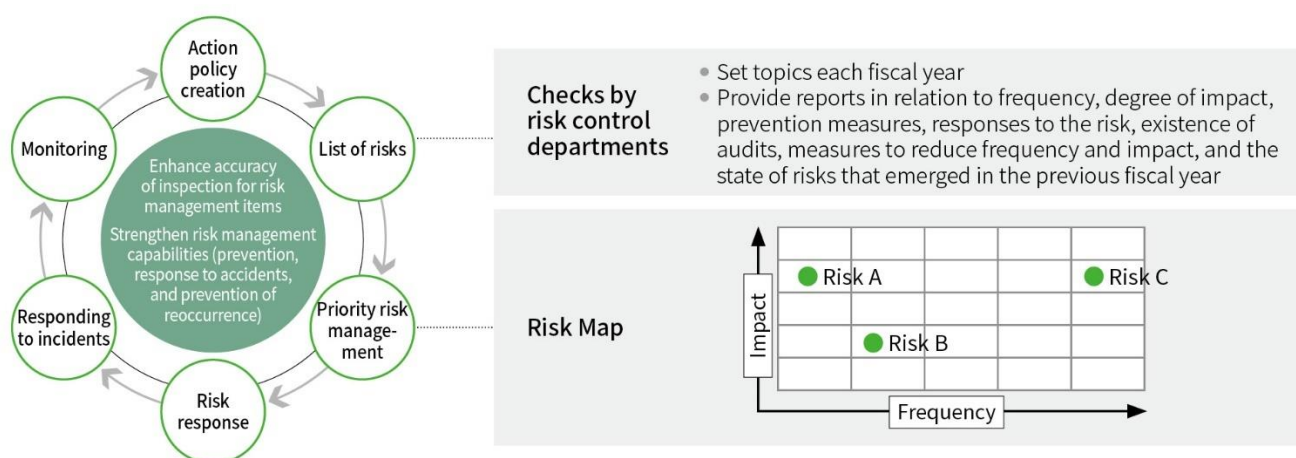




## Risk Management Structure (Risk Identification, Response, and Review)

The Risk Management Committee has put in place a risk categorization system, which serves as a platform for comprehensively understanding and jointly managing the risks faced by the Group. Currently, about 130 risk management items are classified into categories such as information control risks (including personal information), system development risks, and natural disaster and accident risks. For each item, the back-office department, committee, or other party responsible for addressing that sort of risk formulates administrative rules, concrete preventive measures and measures to be taken in the event a risk materializes. The Risk Management Committee informs risk control departments of the risk management categories each year, and sets themes every fiscal year so that risk control departments can identify new risk management items on their own. For each risk management item, the department responsible for addressing that sort of risk reports to the Risk Management Committee in relation to frequency, degree of impact, prevention measures, responses to the risk, existence of audits, measures to reduce frequency and impact, and the state of risks that emerged in the previous fiscal year.

The Risk Management Committee then uses a Risk Map formulated based on level of impact and frequency to categorize the size of the impact of each risk, identifying risks that require focused attention. In identifying and monitoring risks, risk management policies and risk control items are subject to continual review.



## Fostering a Risk-Aware Culture

### Education and Awareness-Building

At the BIPROGY Group, we conduct training for the senior management team on how to hold emergency press conferences as well as various types of training on crisis and risk management for executives (including outside directors and outside auditors) and organization heads, upon appointment or periodically.

In addition, to prepare for disasters, we ask employees, heads of organizations, and members of the disaster countermeasures task force to participate in safety confirmation drills three times a year, in principle (however, since April 2020, actual safety confirmation has been carried out daily as a COVID-19 countermeasure), and to attend training on using the MCA wireless/portal BCP portal site (monthly). We



also conduct comprehensive simulation drills for each role in accordance with specific scenarios once a year (however, additional training may be provided depending on results), including reporting disaster conditions and response status as well as providing instructions. The necessary training is provided as needed on a consistent basis. In fiscal 2021, in preparation for the Tokyo 2020 Olympic and Paralympic Games, we conducted a drill for the members of the disaster response task force to confirm that they were prepared to respond to various contingencies.

## Internal Reporting Contact Points and Hotlines

In order to make it possible for individual employees to notice and report risks proactively, we have set up contact points and hotlines for reporting various risks, system failures, information security incidents, and compliance violations.

We have also established various mechanisms that allow employees to share the lessons learned from the risks that have been reported with the Group overall. For example, the Visualized Management Method (VMM), the Group's backcast-type management method, is used to manage information security in organizations, and shared with all employees on the monitoring board.

### Actions Taken in Fiscal 2021

As in fiscal 2020, fiscal 2021 risk management initiatives were focused on two issues—"enhancing risk management throughout the Group" and "further improving the risk management abilities of Group executives and employees." On the first issue, due to the growing number of COVID-19 infections, the Group took responses including the transition to a work system in which telework became the standard work style for all Group employees. We also identified all the risk items that reflected the impacts caused by three factors resulting from the new work style (telework) in fiscal 2021, those factors being (1) physical distance (2) psychological distance and (3) casual introduction of digital technology. We continued to review the related risk management items.

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

Countermeasures: Thorough implementation of the Group Code of Conduct. Developing a sense of "moral leadership" among executives and managers

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

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

Further, in order to ensure that there are no omissions or duplications in the risk management of the Group as a whole, we began working on the creation of a model that will make it possible to see who is responsible for which risk management role throughout the Group. We also reviewed the risk management items.

To address the second issue, education and training including crisis management for executives, Group

company executives and managers was provided to a total of 190 people. Further, we began discussions with a view to starting risk management education for all employees during fiscal 2022.

In terms of other risk countermeasures, we not only provided opportunities, in the Business Service Operations department, to learn from case studies of risk involving other companies, we also, as part of our Business Continuation Plan project (BCP project), introduced measures for preventing infections during training for the Tokyo 2020 Olympic and Paralympic Games and during a CSIRT<sup>1</sup> response.

Under our policies for activities in fiscal 2022, we, in addition to continuing with the two core policies above, plan to review newly emerged risks including geopolitical risk and the risk of electricity supply shortages following the dramatic changes in the external environment caused by the Russian attack on Ukraine.

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

## Business and Other Risks and New Risks

Matters that may have a significant effect on investors' decisions include the following:

1. Impact from COVID-19
2. Business and Other Risks
  - (1) Impact of economic trends and the market environment
  - (2) Procurement
  - (3) Intellectual property rights
  - (4) Project management
  - (5) System failure
  - (6) Information security
  - (7) Human resources
  - (8) Investment
  - (9) Compliance
  - (10) Natural disasters, infectious diseases, etc.

Integrated Report 2022, "Risks and Opportunities" (p. 22)

<https://pr.biprogy.com/invest-e/ir/ar.html>

## Climate Change Risks

Climate-related risks assessed as having a high degree of importance to the Group's business have been integrated into the risk classification system of the Group's risk management system.

Also see p. 38, [Climate Change-related Business Opportunities and Risks](#)

## Risks from Providing Service Business Using AI Systems and AI Technology

Also see p. 125, [Formulating and Enforcing AI Ethics Principles](#)

## Business Continuity Plan (BCP)

### BIPROGY Group Business Continuity Plan

Just like electricity, water, and gas, information systems have become an important lifeline essential in maintaining social functions. As an ICT service provider that supports the stable operation of customers' information systems, the Group is strongly committed to its business continuity efforts. In fiscal 2006, we established the Business Continuity Project.

The project team is made up 110 people from Group companies, including branches, with the three executives in charge of business continuity taking the lead. In normal times, BCP/BCM are pursued and the plans the Group has established are revised and enhanced, while training is regularly carried out, including general drills for disasters, tabletop exercises, safety confirmation drills, and training for fire and disaster prevention. In the event of a disaster, the project promptly starts to function as a disaster countermeasures task force.

In April 2022, the Group reviewed the risks relevant to its business continuity in line with changes in the external environment. It identified the following four risks:

- Risk of major natural disasters (e.g., inland earthquake around Tokyo, massive wind and flood damage, ash fall due to eruption of Mt. Fuji)
- Risk of loss of human and business resources (e.g., in a fire at the headquarters building)
- Risk of the BIPROGY Group's IT infrastructure being unavailable for more than a certain period of time (including outages due to cyberattacks)
- Risk of pandemic of a new infectious disease (e.g., novel influenza, novel coronavirus)

In light of our experiences with the Great East Japan Earthquake and the government's revised estimates of the damage that would be caused by an inland earthquake around Tokyo or a massive earthquake in the Nankai Trough, the Group decided to develop an even more dependable business continuity plan. Accordingly, we developed the BCP/BCM Resilience Reinforcement Strategy<sup>1</sup> in fiscal 2018 and have continued to carry out systematic training and drills to improve the effectiveness of our BCP/BCM and to assess and improve our current BCP/BCM based on external certification standards. We have incorporated an approach based on looking at the potential impact of a disaster and are considering addressing a broader range of risks to business continuity.

In response to the Tokyo Metropolitan Government's Disaster Prevention Council meeting held on May 25, 2022, which reviewed damage assumptions for the first time in 10 years, the Group's damage assumptions for an inland earthquake around Tokyo were revised in June 2022.

In addition, since over 70% of employees are now working from home due to the COVID-19 pandemic, we have revised our BCP for a large-scale earthquake and have prepared to operate a headquarters disaster countermeasures task force remotely if needed. We will continue to improve the effectiveness of business continuity planning in a telework environment.

1. BCP/BCM Resilience Reinforcement Strategy: This is the Group's medium-term strategy aimed at raising its risk management capacity and resilience as a business ecosystem creator. "Resilience" in this strategy refers to the ability to weather disasters and crises that impede business continuity.

## Basic Policy

The Group's basic policy is to ensure the continuity of its important businesses, such as customers' systems, network services, and other services that the Group runs, while fulfilling its social responsibilities as a corporate citizen in the event of a major risk that makes business continuity more difficult, such as a large-scale disaster or a new strain of influenza, while taking into account orders and requests from national and local governments and prioritizing people's lives and safety above all else.

### Policy on Preventing People from Going Home All at Once in a Disaster

In the event of a disaster occurring during working hours, the Group's basic policy is to ask employees to remain in the office until the safety of their return route can be confirmed. This is in order to cooperate with the national and local governments' initiatives to address the problem of people unable to get home and ensure the safety of employees. Accordingly, we have set response measures including stockpiling emergency supplies in offices. In the part of Tokyo in which the headquarters is located, we cooperate with the Tokyo Metropolitan Ordinance on Measures for Persons with Difficulty Returning Home and will discourage employees from returning home all at once. On the day of the Great East Japan Earthquake in March 2011, many customers who had visited the company, in addition to employees, remained in the building until transportation was restored the following morning, and they were all supplied with water, basic food and blankets.

## Disaster Response and Disaster Countermeasures Task Force

### Response in a Disaster

In the event of an inland earthquake in the Tokyo area, we will set up a headquarters disaster countermeasures task force for the Group. However, since it will take time for this task force to be established and begin activities, we will set up a disaster task force at the company's Kansai branch when the disaster first occurs to take the initial steps.

Level	Situation	Response
0	An inland earthquake of seismic intensity 6 or greater has occurred around Tokyo	Set up a disaster task force in Kansai to take the initial steps
1	Aftershocks have calmed down and headquarters disaster countermeasures task force personnel can take action	Set up a disaster countermeasures task force at the headquarters Transfer information from the Kansai task force and start responses
2	Telephones, networks, etc., are partially restored, transportation is partially operational	Restore critical internal operations essential to the restoration of customers' systems
3	Employees can work from home or come into the office by walking about an hour	Restore systems and networks for customers and other parties responsible for social infrastructure
4	Employees can work from home or come into the office almost as usual	Restore systems and networks for all customers

## Kansai Disaster Task Force

In the event of an inland earthquake in the Tokyo area with an intensity of lower 6 or greater on the Japanese seismic scale, the Kansai branch will establish a Kansai disaster task force at its own discretion. The task force will mainly take following initial responses:

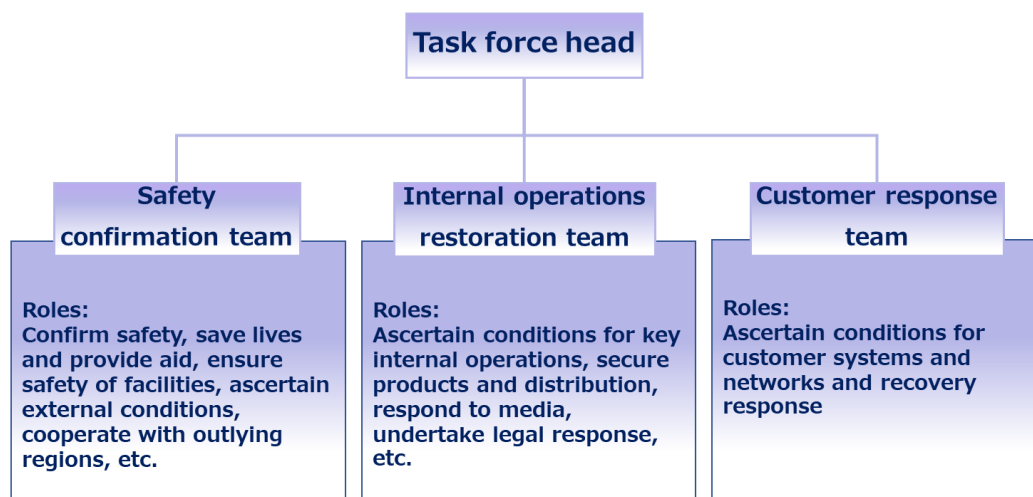
- Gathering and compiling information on damage in the affected areas around Tokyo
- Confirming and compiling safety reports
- Providing information to and relaying information among members of the headquarters disaster countermeasures task force
- Exchanging information and collaborating with members of other branch offices' disaster task forces
- Disseminating information internally and externally

## Headquarters Disaster Countermeasures Task Force

Once the key members of the headquarters disaster countermeasures task force, including the head of the task force and the team leaders, can coordinate through the network and are ready to function as the headquarters, they will establish the task force remotely. The CRMO will serve as the head of the task force. The Group's cloud-based BCP information sharing system (BCP Portal) will be used to share information with task force members as well as officers and other heads of organizations within the Group. The task force's main roles are as follows, with detailed roles defined for each organization comprising the task force.

- Confirming the status of safety of employees and officers
- Confirming the status of major business locations in the Tokyo area
- Collecting information on damage (fires, roads, bridges, etc.) across the Tokyo area
- Convening members of the headquarters disaster countermeasures task force according to the damage situation
- Maintaining the headquarters environment and providing lifesaving and relief services
- Deciding overall response measures to the disaster and issuing instructions to each team
- Reporting the situation of the Group to external parties (including the mass media)
- Approving applications for procurement of necessary resources
- Driving early restoration of damage in cooperation with branches (especially the Kansai branch)
- Dissolving the headquarters disaster countermeasures task force

The organization for the headquarters disaster countermeasures task force is shown in the diagram below.



In the event of an earthquake of intensity lower 6 or higher during weekday working hours that renders the headquarters inoperable or makes travel to the headquarters extremely difficult, an on-site response team will be formed within the headquarters building. The on-site response team will respond to customers, partners, and employees in the headquarters building, ascertain the building's damage status, and take other necessary actions on site.

### Self-Protection Fire Defense Team

Under Japan's Fire Service Act, as revised in 2009, even in the event of an earthquake or other disaster, the self-protection fire defense team at an office should play a role in preventing fires. With the legal revision, the Group clearly stipulated the roles of the self-protection fire defense team in ensuring the safety of employees and visitors in the office and coordinating with the disaster countermeasures task force.

### Ensuring Continuity of Customer Service

The Group has a social mission to quickly restore and continue its customer operations in the event that customers' information systems and networks serviced by the Group are damaged by an earthquake. In line with this approach, the Group quickly restored service after the Great East Japan Earthquake.

### Approach to Setting Priorities for Recovery

In the event of an inland earthquake in the Tokyo area, many customers and many of the Group's resources (employees, offices, facilities, etc.) will be in impacted locations. This may make it difficult to restore all of customers' damaged systems and networks at once. Accordingly, under the Group's business continuity plan, in the event of a major earthquake, we will give priority to restoring the following types of customer systems and networks, since their prompt restoration will be essential for the benefit of the country or broader society.

- Systems and networks essential to save human lives
- Systems and networks that support Tokyo's strategic functions as designated in the "Report by the Expert Panel on Countermeasures for an Inland Earthquake in the Tokyo Area" by the Central Disaster Management Council
- Systems and networks that support social infrastructure

## Steps to Sustain Customer Service

- Call center switchover  
In the event that it becomes difficult to operate the call center in the headquarters region, we will set up and switch to a call center at the Kansai branch and continue to respond to inquiries from customers.
- Product shipping center switchover  
In the event that it becomes difficult to operate the product shipping center in the headquarters' area (Tokyo), we will switch to the Kansai region's product shipping center and continue to ship products.
- System to dispatch support service staff  
Systems data to send the employees in charge to customers' centers is stored at disaster-resistant data centers. In the event of a disaster, staff will be dispatched after confirming the safety of the route.
- Telecommunications equipment such as MCA wireless and satellite phones  
These are already prepared to support emergency communication between the headquarters and branches.
- Replacement of internal work system  
Data of internal work systems that do not affect other customer services is also stored in high-quality, reliable data centers, making it possible to continue operations.

## Other Disaster Prevention Measures

1. Tabletop exercise at disaster countermeasures taskforce / BCP comprehensive simulation training
2. Training on call center switchover
3. Training on product shipping center switchover
4. Training on switchover to sites monitoring internal system operation
5. Disaster forecasting training in cloud services
6. Safety confirmation training
7. e-learning training
8. Self-protection fire defense and disaster prevention training
9. Training on BCP information sharing system
10. Training on communication between bases
11. Reserves of food and water for three days in offices: All offices have three days' worth of supplies, including for visitors.
12. Elevator survival boxes: Elevators in the headquarters building have emergency boxes containing portable toilet, emergency blankets, flashlights, radio, water, candies, playing cards, etc.)



## Responding to the impact from COVID-19

In response to COVID-19, the Group is implementing its business continuity plans for each stage—from when the first coronavirus infections occur overseas, when the first infections occur in Japan, and when infections spread through when the recovery phase begins—in line with the Novel Influenza Response Action Plan, which was previously formulated.

The basic policy is as given below.

1. Give the greatest priority to people's lives
2. Comply with the instructions and warnings of national and local governments and cooperate with society-wide efforts to respond to the pandemic
3. Continue and relaunch operations after ensuring safety

As for concrete responses, the Group established a COVID-19 Response Headquarters, and analyzed and evaluated the unique properties of COVID-19. After ensuring information security for employees at all Group companies and subcontractors in line with the above basic policy, the Group has promoted telework and online meetings, even for customers, and has employees come to the office at non-peak commute times for work that cannot be done via telework and do their work after taking steps to reduce the risk of infection. The Group is also ascertaining and managing the state of health for all employees and their families and confirming their work status by checking on their safety every day.

There are concerns that as this situation becomes drawn-out, it could impact the Group's business activities and thus its performance. Therefore, we will carefully ascertain trends and changes in the outside environment and work to respond in a timely manner.

In addition to working to prevent the spread of infectious diseases in society, the Group gives the greatest priority to ensuring the safety of employees, customers, subcontractors and suppliers is moving forward with work style reforms, including telework. Furthermore, we will do all that we can to support the business continuity of customers, remote work, digital transformation, and other efforts and accelerate work to achieve a resilient society.

## Information Security

The Group views information management as its most important issue as an ICT service provider. Ever since we formed the Information Security Committee in 1990, we have been working steadily on information security measures. In 2018, we revised our cybersecurity strategy to ensure our business remains resilient, and we continue to take a wide range of measures.

In fiscal 2021, there were no serious security incidents, which is an indicator for one of the Group's material issues.

With regard to the loss of USB flash drives that occurred on June 21, 2022, a task force was established to conduct an emergency inspection of information security measures, identify issues, and implement urgent corrective measures.

## Basic Policy on Information Security

The Group utilizes the experiences and achievements it has built up in ICT to help solve larger social issues that a single company cannot resolve on its own by working together with customers in a range of industries and creating a business ecosystem. By continuing to take on these challenges, we and our customers create new value and help build a more sustainable world, which in turn enhances the corporate value of both our customers and our own company. At the same time, cyberattacks that threaten this kind of business have become an inevitable management risk for all companies. In this kind of environment, we have established the following Basic Policy on Information Security to ensure the safety and security of information and earn our customers' trust. In this policy, we pledge to preserve the security of the information assets we handle, and continue to expand management measures that adapt to changes in the environment.

We provide value to customers and partners that will also benefit the broader society, and we implement cybersecurity management befitting a company that works hard to help solve social issues.

1. The important information assets under the management of the Group are protected with information security measures. All executives and employees of the Group, as well as employees of subcontractors, who have access to information assets are required to practice information security measures.
2. The management of Group companies takes the initiative in devising appropriate information security measures for information assets in physical, technological, organizational and human terms. They are responsible for protecting information assets from threats such as leaks, destruction, tampering, fraudulent access, cyberattacks and other threats.
3. The Group confirms that appropriate information security measures in line with the Group's information security standards are taken at external contractors for ICT-related operations throughout the supply chain.
4. The Group complies with contracts with customers and related laws and regulations when promoting information security.
5. The Group actively shares information on cyberattacks with external parties, not only seeking its own information security but also contributing to the protection of the broader society.
6. The management of Group companies systematically and regularly hires employees who possess advanced information security qualifications, and also provides regular education for executives and employees as well as employees of subcontractors to ensure that they understand the importance of information security and are completely familiar with the how to handle information assets properly.
7. The executives and employees of Group companies act with integrity based on the BIPROGY Group Information Security Policy, established separately, and related internal regulations and codes of the companies. Violations are subject to disciplinary action as a violation of employee rules, etc., as well as legal action.
8. In the event of an information security incident, the Group will establish a system to promptly address it and strive to prevent it from occurring again, as well as to minimize damage. In addition, in both normal times and emergencies, managers disclose information appropriately and communicate

properly about actual conditions.

9. The Group takes physical, technological, organizational and human preventative measures in order to minimize interruptions to and suspensions of business activity resulting from earthquakes, disasters, the spread of influenza, or major malfunctions in information systems, or damage or loss of information assets. We have also established a business continuity plan to ensure that business activity and important operating processes can continue in the event of unexpected problems.
10. The Group sets information security goals based on this Basic Policy, and maintains an information management system and mechanisms for continually implementing and improving activities designed to achieve these goals.

June 25, 2018

Akiyoshi Hiraoka

Representative Director and President

BIPROGY Inc.

Note: This policy is current as of the date of publication. For the latest information, please visit

Basic Policy on Information Security (Available in Japanese only) > [https://www.biprogy.com/com/info\\_security/](https://www.biprogy.com/com/info_security/)

## Information Security Systems

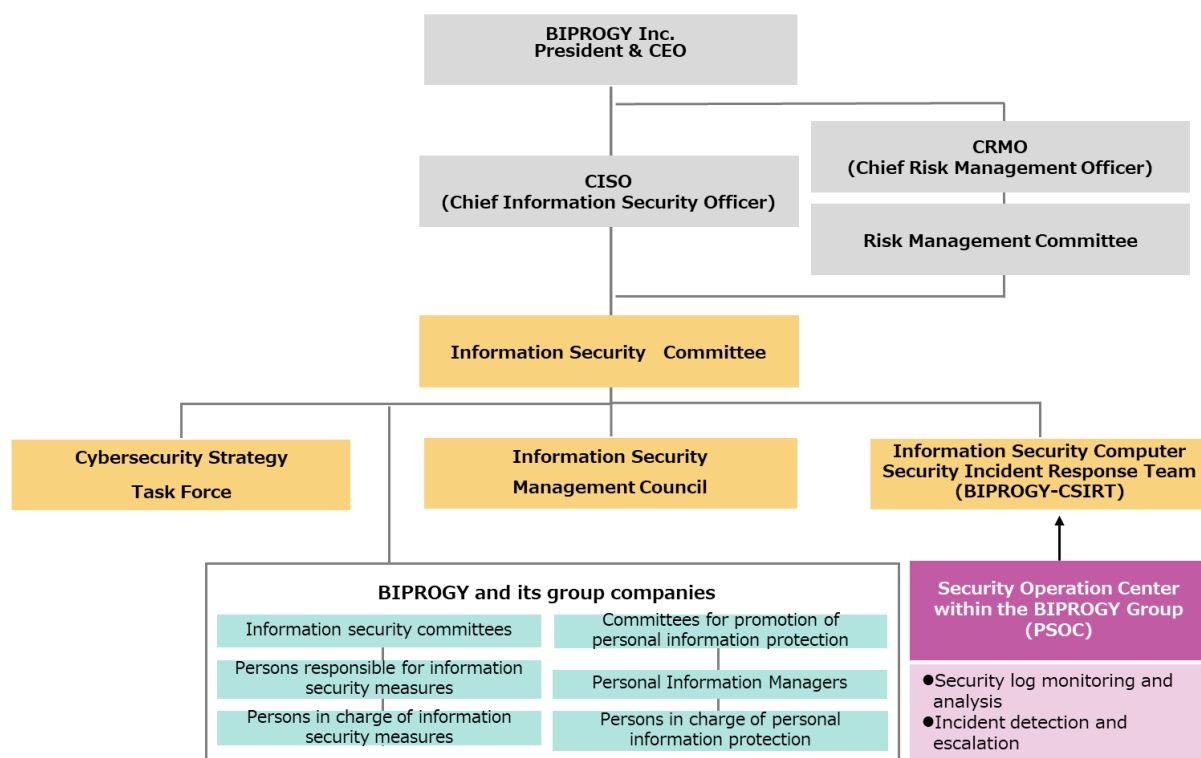
Our Group's information security systems are comprised of the Information Security Committee, which is chaired by the Chief Information Security Officer (CISO) and the organizations under the committee, as well as the persons responsible for information security within each organization. The Information Security Committee promotes the Group's information security strategy and the protection of personal information, considering and promoting policies based on the above.

The Committee works across the Group with the Risk Management Committee, chaired by the CRMO, to ensure that, in the event of a serious incident, causes are investigated and that recurrence prevention measures are put in place. The CRMO reports the activities of the Information Security Committee to the Executive Council and the Board of Directors.

In order to address cybersecurity, the Cybersecurity Strategy Task Force was established under the umbrella of the Information Security Committee. The taskforce drives cross-organizational measures by coordinating efforts by related departments and organizations within the Group. In addition, the Group has set up and operates the Computer Security Incident Response Team (CSIRT), which specializes in preventing cyberattacks and responding to them, and the Security Operation Center (SOC), which monitors and analyzes threats to the Group's networks as well as cyber threats.

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

## Information Security and Personal Information Protection Promotion System



### Cybersecurity Strategy

Cyberattacks today are growing more and more sophisticated, and exploiting an increasing number of routes. As an ICT company, we must make effective use of data to operate our business, and we must also properly handle the personal and confidential information of numerous customers. Accordingly, we believe addressing cybersecurity risks is a top-priority issue. We also view creating new businesses by leveraging digital transformation and addressing cyber security risks as inseparable. To manage cybersecurity, the Group has established cybersecurity strategies based on the government of Japan's Cybersecurity Strategy and the Ministry of Economy, Trade and Industry's Cybersecurity Management Guidelines, among others. Our strategies articulate the vision, mission and objectivities needed to implement cybersecurity management in an ongoing way, and they consist of broad-ranging and diverse security measures. In order to implement them, cybersecurity management is executed under the Information Security Committee, which oversees the Group's overall information security management. Our specific efforts include:

1. strengthening CSIRT to respond to emergencies;
2. conducting assessments in line with the cybersecurity framework established by the U.S. National Institute of Standards and Technology and then implementing priority measures according to risk based on assessment results;
3. reinforcing crisis response abilities through education and training;
4. creating a cybersecurity response infrastructure and shifting to a zero trust<sup>1</sup> model;
5. participating in the Cybersecurity Council, an information-sharing system between the government and

- the private sector promoted by the government of Japan, as a cyber-related business;
6. carrying out vulnerability analysis, including simulations of hacker attacks;
  7. monitoring of IT infrastructure and information security management systems by external auditors; and
  8. Securing an appropriate level of insurance coverage to cover data leaks due to unforeseen accidents.

In fiscal 2021, we conducted an assessment to clarify our maturity level, and identified three core areas for our basic security policy over the next three years. These areas are “implementing cybersecurity policies for the increasingly diverse business environment,” “improving our response to security threats that could cause major incidents,” and “providing ongoing security measures that fully take into account the whole system life cycle.”

### Overview of Cyber Security

Vision	Cyber Security Foresight Provide a proactive and secure environment to grow into a business ecosystem creator that connects diverse companies			
Mission	Realizing the cybersecurity required to be a corporate group solving social issues through socially beneficial services capable of creating a more affluent society together with customers and partners			
Objectives	1. Provide secure platforms for customers and partners as a basis for business ecosystems 2. Maintain and improve the management quality of the Group so that it is chosen by customers and partners with peace of mind 3. Establish secure environments in which each employee can protect information assets and collaborate with various people on site			
Measures	System measures		Visualization measures	Organizational and process measures
	Customer systems and services Provide highly secure services and platforms	Internal systems Continuously provide a safe environment	Disclose and share information	Build systems that are not vulnerable to cyberattacks Improve the skills, abilities and awareness of Group officers and employees

1. An approach to protecting security by confirming users and devices and examining whether they have access authorization, based on the premise that no access should be trusted and all should be examined.

### Education and Training on Information Security and Personal Information Protection

The Group gives grade-specific training for all Group employees via e-learning, cyber security training and lectures for engineers, and systematic training for contractors. The goal of all of these is to ensure that we appropriately and promptly address information security threats, which are becoming more and more complex and sophisticated. In addition, we take regular steps to raise awareness of security and make it part of our culture, such as automatically displaying messages on information security every day when computers are turned on. We include external case studies in our original training materials to foster crisis awareness and a shared sense of ownership.

In addition, we have established a clear escalation process to report security incidents, and we ensure that all employees are familiar with it during information security training.

The participation rate for the security e-learning program for all Group employees, which includes information on personal information protection, was 100% in fiscal 2021.

### Acquisition of ISMS (ISO/IEC27001: 2013 / JIS Q 27001: 2014) Certifications

(as of April 2022)

- BIPROGY Inc.
- UEL Corporation
- Cambridge Technology Partners Inc.

- AFAS Inc.
- Canal Payment Service, Ltd.
- UNIADEX, Ltd.
- S&I Co., Ltd.
- USOL VIETNAM Co., Ltd.
- International Systems Development Co., Ltd.
- G&U System Service, Ltd.
- TRADE VISION, Ltd.
- UNIAID Co., Ltd.
- BIPROGY Welfare Society

## Protection of Personal Information

### Basic Policy on the Protection of Personal Information and Its Management

The Group recognizes the importance of appropriately handling and protecting personal information, and it has established a basic policy on the protection of personal information to fulfill its social responsibility as a corporate enterprise. All Group executives and employees are familiarized with and trained in these policies, and we prioritize compliance across all of our corporate activities. For the policy details, please follow the links below.

1. Basic Policy of Personal Information Protection for BIPROGY > <https://www.biprogy.com/e/privacy/>
2. Personal Information Handling > <https://www.biprogy.com/e/privacy/>
  - Purposes of Acquiring and Utilizing Personal Information > <https://www.biprogy.com/e/privacy/>
  - Outline of Security Control Measures for Personal Information (Available in Japanese only) > <https://www.biprogy.com/com/privacy/#h3anchor1>
  - Entrustment of Handling and Joint Utilization of Personal Information > <https://www.biprogy.com/e/privacy/>
  - Provision and Disclosure of Personal Information to a Third Party > <https://www.biprogy.com/e/privacy/>
  - Procedure to Request Disclosure, etc. > <https://www.biprogy.com/e/privacy/>
  - Contact for Inquiry and Complaint Concerning Personal Information > <https://www.biprogy.com/e/privacy/>
  - "Authorized Personal Information Protection Organization" which the Company Belongs to and Contact Organization for Complaint Resolution > <https://www.biprogy.com/e/privacy/>
  - Anonymous Processed Information (Available in Japanese only) > <https://www.biprogy.com/com/privacy/#tori-7>
3. Protection of Personal Information on the Website of the Company > <https://www.biprogy.com/e/privacy/>
  - Secure Socket Layer, SSL for Preventing Tapping during Transmission > <https://www.biprogy.com/e/privacy/>

- Cookies and Web Beacons as well as Access Logs > <https://www.biprogy.com/e/privacy/>
- Google Analytics > <https://www.biprogy.com/e/privacy/>
- Link to Other Websites > <https://www.biprogy.com/e/privacy/>

## Personal Information Protection Violations and Inquiries Received

In fiscal 2021, there were no violations related to the protection of personal information.

The BIPROGY Group manages the content, number, and status of responses to inquiries received regarding personal information, including complaints. Of the inquiries received in fiscal 2021, there were zero cases of proven violations of personal information protection regulations. With regard to the loss of USB flash drives that occurred on June 21, 2022, a task force was established to conduct an emergency inspection of information security measures, identify issues, and implement urgent corrective measures.

## Use for Secondary Purposes

The BIPROGY Group prohibits the use of personal information for purposes other than those indicated at the time of acquisition. If we change the purpose of use, we reobtain the consent of the individuals concerned. The purpose of use and actual use are monitored through inventory using a control ledger. There were zero cases of use of personal information for purposes other than those stated in fiscal 2021.

## Response to Government or Legal Requests for the Submission of Personal Information

We do not respond to all requests. For example, if we receive an inquiry from an investigative agency, we will ensure that it is based on formal procedures and that the information provided is relevant to the investigation. As set forth in the BIPROGY Group Human Rights Policy, where there is a difference between national laws and international human rights standards, we will strive to follow the higher standard. Where there is a conflict between the two, we will seek ways to respect internationally recognized human rights principles.

[Also see p. 59, BIPROGY Human Rights Policy](#)

## Response to the EU's General Data Protection Regulation

The General Data Protection Regulation (GDPR) is a unified rule established by the EU aimed at protecting personal data within the EU, and went into effect on May 25, 2018. The GDPR applies to EU member countries, but it also applies to Japanese companies in the following cases:

1. a product or service is offered to individuals residing in the EU;
  2. the actions of individuals within the EU are being managed and monitored (for example, advertising and marketing, tracking purchase history, etc.);
  3. the customer has personal data related to an individual residing in the EU and has received a commission to "process" this information.<sup>1</sup>
1. Only applies to Article 28 of the GDPR (the obligations of the processor)

The Group has established regulations to address the above cases and strives to familiarize Group executive officers and employees with these requirements while also setting up a system and process for



checking which business projects may be subject to the GDPR. The Group's system for protecting personal information is based on Japan's Act on the Protection of Personal Information, but the Group also responds appropriately with changes to its internal regulations in line with the status of implementation of the GDPR, social trends related to the protection of personal data, and any changes in the Group's business models.

### Implementation System for the Protection of Personal Information

The CISO is responsible for the BIPROGY Group's protection of personal information.

In accordance with our personal information protection management system, we establish a personal information protection strategy, and the Information Security Committee, chaired by the CISO, and committees for promotion of personal information protection consider and promote various measures. In the event of a major incident, these committees work with the Risk Management Committee, chaired by the CRMO, to investigate the cause and ensure that measures to prevent recurrence are thoroughly implemented throughout the Group. The CRMO reports on the activities of the Information Security Committee to the Executive Council and the Board of Directors.

In addition, the personal information manager of each organization manages and supervises personal information, and the persons in charge of personal information protection assist each personal information manager in achieving the organization's goals.

Further, an internal audit of information security and personal information protection is conducted every year.

[Also see p. 138, Information Security and Personal Information Protection Promotion System](#)

### Education and Awareness Building Regarding the Protection of Personal Information

[Also see p. 139, Education and Training on Information Security and Personal Information Protection](#)

### Obtaining PrivacyMark

(as of April 1, 2022)

- BIPROGY Inc.
- UEL Corporation
- UNIADEX, Ltd.
- S&I Co., Ltd.
- International Systems Development Co., Ltd.
- TRADE VISION, Ltd.

The PrivacyMark is granted to a business when a third-party organization certifies that the business is in compliance with JIS 15001 and has established a system to take appropriate protection measures for personal information.

## Compliance

### Policy

#### BIPROGY Group Compliance Basic Policy

As a responsible member of society, the Group adheres to both domestic and international laws and regulations, acts in accordance with social norms based on high ethical standards, and conducts sound and transparent business activities. Further, we respect the human rights of all concerned and do not discriminate on the basis of ethnicity, belief, gender, social position, religion, nationality, age, sexual orientation or gender identity, mental or physical disability, or other such characteristics.

In order to ensure that this basic policy is thoroughly implemented, we are committed to continuously enriching our corporate culture, working to prevent injustice, and establishing a system of accountability.

#### BIPROGY Group Code of Conduct

We work toward more effective compliance by thoroughly educating executives and employees on the BIPROGY Group Code of Conduct and Code of Conduct Bylaws. These codes summarize the basic principles to be observed by Group executives and employees, the spirit of major laws, regulations, and internal rule related to our business, and the use of hotlines. The BIPROGY Group Code of Conduct and Code of Conduct Bylaws are reviewed at least once a year by the Compliance Committee secretariat and revised as necessary.

BIPROGY Group Code of Conduct (Available in Japanese only) >

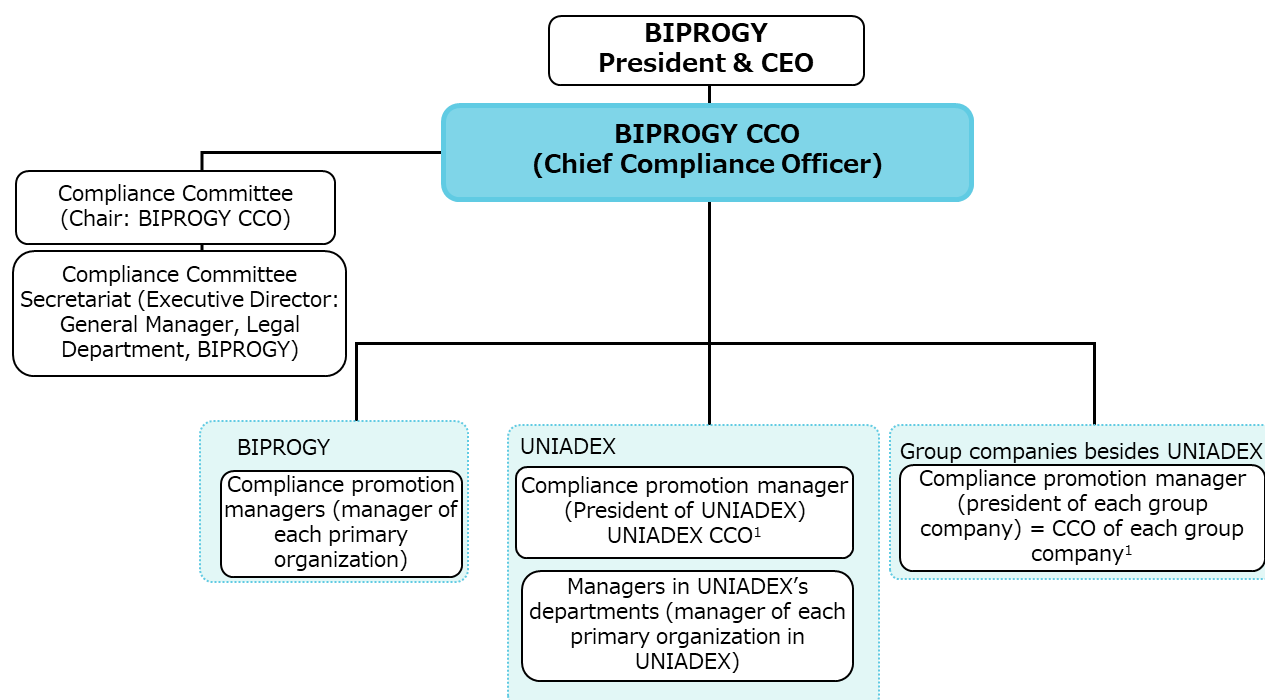
[https://www.biprogy.com/com/corporate\\_code\\_of\\_conduct.pdf](https://www.biprogy.com/com/corporate_code_of_conduct.pdf)

### Implementation Structure

We have established the Compliance Committee chaired by the Chief Compliance Officer (CCO) and are actively developing a Group-wide compliance program to increase understanding and raise awareness of compliance among Group executives and employees. The following steps are underway.

1. Appoint compliance managers and other required mechanisms to carry out the following:
  - Formulate compliance-related regulations;
  - Educate executives and employees on compliance;
  - Establish routes for internal reporting and thoroughly protect whistleblowers;
  - Respond when problems arise; and
  - Report to Board of Directors on activities.
2. Appropriately discipline violators in accordance with rules and regulations.
3. Task Internal Audit Division with evaluating the suitability and effectiveness of the Group's compliance system and making suggestions and proposals for improvement as necessary.

## Compliance Promotion Structure



1. Compliance promotion managers of each group company can appoint their own CCO and delegate the role of their own compliance promotion.

## Communication Channels (Internal Reporting System)

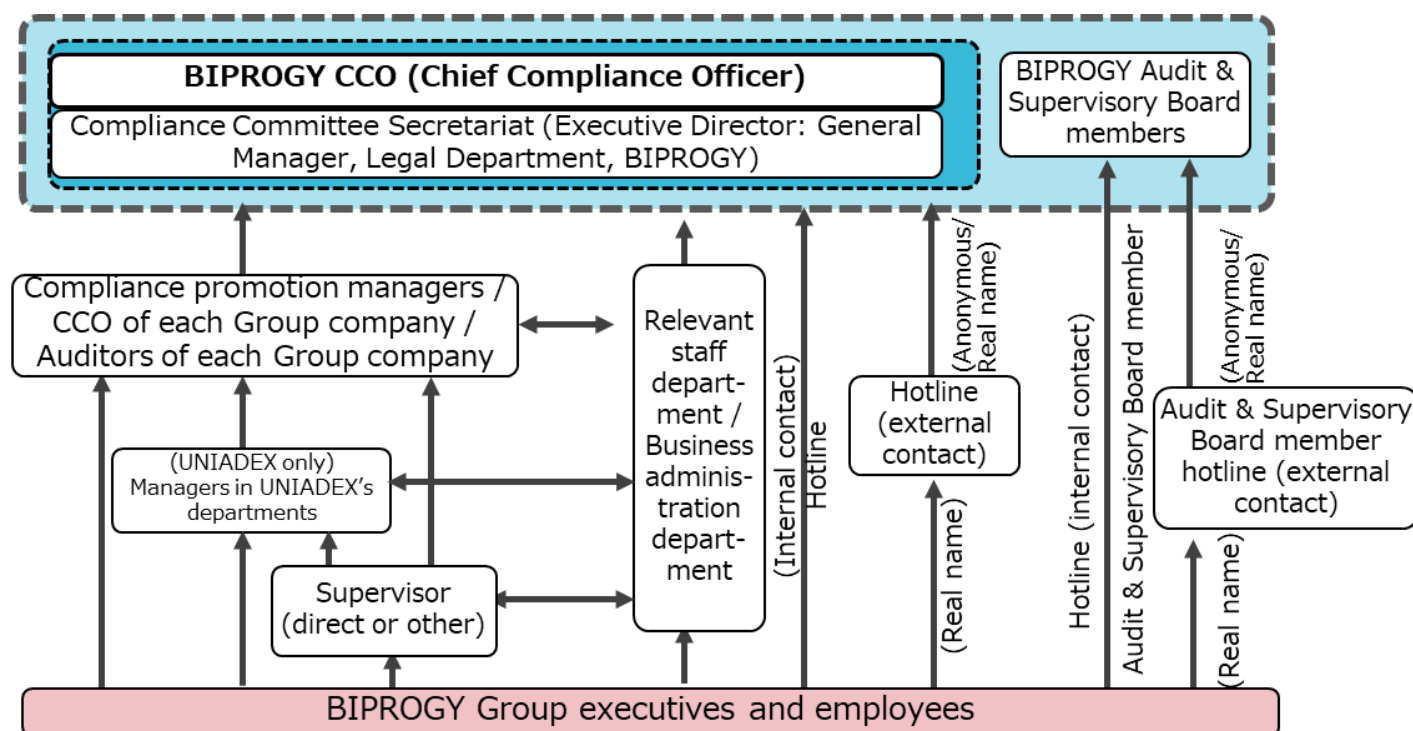
We have established communication channels (a whistleblower system) for Group executives and employees to report and advise on situations when questions or concerns about compliance arise in the course of their work.

We have also set up internal and external direct reporting/consulting routes (hotlines) to the Compliance Committee secretariat and the Audit & Supervisory Board members that can be used anonymously or by name, allowing the person reporting to select and use the most appropriate route for consulting on or reporting a particular problem. In addition, we are committed to protecting whistleblowers by ensuring that those who use this system are not subjected to disadvantageous treatment as a result and requiring companies to provide whistleblowers with the best possible care. Further, any executive or employee who subjects a whistleblower to disadvantageous treatment for their actions will be dealt with in a strict manner, including being subject to disciplinary action.

In the event that a violation is reported or discovered, we respond promptly and appropriately, taking strict action against the violator, analyzing the true cause of the violation, and taking measures to prevent recurrence.

Status reports on these activities are submitted to the Executive Council and the Board of Directors. In fiscal 2021, these hotlines were contacted about 39 cases (of which 22 were regarding harassment). Relevant departments work together to review, fact-check and respond to received reports and requests for advice.

## Reporting/Consulting Routes (Hotlines)



## Initiatives

### Compliance Assessment and Identification of Issues

The Group conducts a compliance awareness survey to assess the extent of compliance awareness among Group executives and employees. The survey is used to identify issues and make improvements in the promotion of compliance. The response rate in fiscal 2021 was 97.1% (in fiscal 2020, 98.3%). The survey response rate is also one of the indicators that we use to measure Group efforts related to the material issue of "further improving corporate governance and integrity."

### Compliance Education and Training

In addition to familiarizing all Group executives and employees with the BIPROGY Group Code of Conduct, which lays out specific compliance-related codes of conduct, we hold a variety of training sessions and conduct ongoing education and awareness-raising activities via our intranet and e-learning systems to ensure that compliance is thoroughly understood and implemented. The participation rate in the compliance e-learning program for all Group employees in fiscal 2021 was 100%. The rate of participation in this program is another indicator that we use to measure Group efforts related to the material issue of "further improve corporate governance and integrity."

## Preventing Corruption

The BIPROGY Group endorses the United Nations Global Compact and is committed to working against all forms of corruption, including extortion and bribery. Our basic anti-corruption stance is laid out clearly in

the BIPROGY Group Compliance Basic Policy and the BIPROGY Group Code of Conduct, and we work to prevent bribery in any form by carrying out employee training and other educational activities.

### Approach to Preventing Corruption

We comply with the applicable laws and regulations of the countries and regions in which we operate. We conduct fair business activities in accordance with sound business practices and socially accepted norms, and we work to prevent bribery for the purpose of obtaining an unfair advantage.

The BIPROGY Group Code of Conduct stipulates the following (Code of Conduct Bylaws, Section 9).

Gifts and entertainment shall not violate laws, regulations or company rules, and shall fall within the scope of socially accepted norms.

1. We do not offer money, gifts, entertainment, or any other benefits to public officials or persons of equivalent status (including foreign public officials) in connection with their duties.
2. We do not offer to or accept from executives or employees of suppliers or other business partners any money, gifts, entertainment, or other benefits that exceed socially accepted norms.
3. We comply with all laws and regulations, including the Political Funds Control Law, when making political donations or contributions to organizations.
4. We comply with laws and regulations in and outside Japan concerning anti-corruption (including prevention of bribery, money laundering, obstruction, etc.).

### Implementation Structure

We have established a system for preventing corruption as part of our compliance promotion. Our communication channels (internal reporting system) are also available for consulting on bribery and other corrupt practices and have handled such issues in the past. Compliance reports submitted to the Board of Directors cover activities related to bribery and other forms of corruption, as well.

[Also see p. 144, Compliance Promotion Structure](#)

### Corruption Education and Training

Our compliance education and training covers the issue of preventing bribery and other forms of corruption. In addition to disseminating the BIPROGY Group Code of Conduct, which stipulates that “gifts and entertainment shall not violate laws, regulations or company rules, and shall fall within the scope of socially accepted norms,” we conduct education and training on an ongoing basis, using Intranet notifications and reminders to ensure that the issue of preventing corruption is thoroughly understood and implemented.

[Also see p. 145, Compliance Education and Training](#)

### Initiatives

#### Political Donations and Lobbying

Expenditures for donations to political groups and other organizations require advance approval through the prescribed system (*ringi seido*).

In fiscal 2021, there were no expenditures for political donations or lobbying activities. (Excludes membership fees for economic organizations that make policy proposals)

### Meetings with Public Officials

With regard to gifts and entertainment with public officials and others, our Rules on Advance Notification of Meeting with Public Officials clearly stipulate the conduct and practices that are prohibited when meeting with public officials. We have established a system of advanced notice for such meetings, and we operate the system in accordance with these rules.

## Tax Policy

### 1. Basic policy

The BIPROGY Group complies with laws, regulations, social norms, and internal rules. The Group also strives to understand the culture and customs of each country and region in which it operates, acts with integrity in accordance with social common sense based on high ethical standards, and strives to properly fulfill its tax obligations.

### 2. Tax risk management

The department in charge of taxation strives to understand the purpose of the law regarding taxation, keeps a close watch on the international situation and the latest trends, accurately identifies and manages tax risks, and seeks to reduce tax risks.

In gathering information on legal interpretations, laws and customs outside Japan, we make effective use of the advice of outside experts. In the event that a transaction arises for which tax treatment is unclear, we make prior inquiries to the tax authorities.

We provide guidance to and raise the awareness of our employees as appropriate to promote tax compliance.

### 3. Tax planning

The BIPROGY Group conducts appropriate and reasonable tax planning in line with the intent and purpose of laws and regulations.

We observe the principle of arm's length pricing in transactions between affiliated companies. We do not engage in tax planning with the intention of avoiding taxes, such as the use of tax havens by entities with no business purpose or substance.

### 4. Tax governance

The Chief Financial Officer (CFO) is responsible for the tax governance of the BIPROGY Group and reports to the Executive Council or the Board of Directors, as appropriate, on tax-related matters.

### 5. Relationship with tax authorities

We strive to build a relationship of trust with tax authorities by providing timely and appropriate

information in response to their requests in accordance with the relevant laws and regulations of the countries and regions in which we operate.

In addition, we take measures to prevent recurrence and correct any matters for which we have received guidance from the tax authorities.

## Tax Payments by Region

### Tax Payments by Region (Fiscal 2021)

Country/ region	Company name and main business	Number of employees	Revenue	Income before income taxes	Income tax accrued	Income tax paid
			(Millions of yen)			
Japan <sup>1</sup>	See the table below	7,747	315,398	29,338	8,079	7,300
Other		321	2,202	237	49	47
Amount recorded in consolidated financial statements		8,068	317,600	29,575	8,128	7,348

1. Including consolidation adjustments, etc.

### Company Name and Main Business

Country/region	Company name	Main business
Japan	BIPROGY Inc. UNIADDEX, Ltd. UEL Corporation TRADE VISION, Ltd. G&U System Service, Ltd. Cambridge Technology Partners Inc. S&I Co., Ltd. UNIAID Co., Ltd. AFAS Inc. International Systems Development Co., Ltd. Canal Globe, Ltd. Canal Ventures, Ltd. Canal Ventures Collaboration Fund 1 Investment Limited Partnership Canal Ventures Collaboration Fund 2 Investment Limited Partnership BIPROGY Challenged Inc. Emellience Partners Inc. Air Trust Corp. Tech Viewing, Ltd. Green Digital & Innovation Inc.	(System services) Provision of contracted software development, system engineering services, consulting, etc.  (Support services) Provision of software and hardware maintenance services and installation support  (Outsourcing) Provision of entrusted operation of information systems and other services  (Software) Provision of software and other services under software license agreements  (Hardware) Provision of hardware under equipment



China	Netmarks Information Technology (Shanghai) Co., Ltd.	sales or lease contracts
Vietnam	USOL Vietnam Co., Ltd.	
Singapore	Axxis Consulting (S) Pte Ltd Axxis Technologies Pte. Ltd.	
Malaysia	Axxis Consulting (M) Sdn Bhd	
Thailand	UEL (Thailand) Co., Ltd.	
US	BIPROGY USA, Inc. Cambridge Technology Partners Inc.	

## Report Overview

### Sustainability Reporting Tools

We disclose sustainability information on our website. The information disclosed on our website is compiled in our Sustainability Report, which is available for download in PDF format from the website library. From the wide range of sustainability initiatives that we implement, we select those we consider of particularly fundamental importance in enhancing our corporate value for inclusion in the BIPROGY Group Integrated Report, which is also published in print.

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

**Sustainability Report (PDF)** <https://pr.biprogy.com/invest-e/index.html>

**Integrated Report (Print and PDF)** [https://pr.biprogy.com/invest-e/ir/pdf/ir2022\\_e.pdf](https://pr.biprogy.com/invest-e/ir/pdf/ir2022_e.pdf)

### Scope of Report

In principle, the report covers BIPROGY Inc. and its group companies (consolidated and non-consolidated subsidiaries). In specific cases where the scope differs, this is clearly stated.

### Period Covered by Report

In principle, the report covers fiscal 2021 (April 1, 2021 – March 31, 2022). However, activities in previous years and activity status in fiscal 2022 and beyond are also included where helpful.

### Reference Guidelines

- Global Reporting Initiative (GRI)  
Sustainability Reporting Standards
- ISO 26000/JIS Z 26000 Guidance on Social Responsibility

### Publication Date

February 2023 (next publication scheduled February 2024)

### Trademarks

Company names, product names, and other proprietary names mentioned in this report are trademarks or registered trademarks of their respective owners.

### Notes on Forward-Looking Statements

The plans, forecasts, strategies and other information of BIPROGY Inc. and its group companies contained in this report that are not historical facts are forward-looking statements about future performance and are based on judgments and assumptions made in light of the information currently available. Please note that actual results may differ from forecasts due to changing risks and uncertainties and changes in economic conditions and other factors.