BIPROGY

Foresight in sight

BIPROGY Group

Sustainability Report

2023

Foresight in sight

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Learning from Experience with Our Digital Commons Approach to Address Social Issues

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Representative Director,
President & CEO, CHO

Learning from Major Challenges, and Striving to Reach New Heights

One year has passed since April 2022, when we changed our company name from Nihon Unisys to BIPROGY Inc. Since then, we have created as many opportunities as possible to explain the reason behind the name change to our stakeholders, as well as the significance which the new name holds for us. We have also engaged in deeper dialog with our employees. Over that year, I think we have successfully communicated the role of the new name as a symbol of our determination to address challenges and build the world we wish to see.

However, within the past year, we have also had to respond to the loss of USB flash drives,[1] and I would like to take this opportunity to express my deepest apologies once again for the worry and concern caused by this incident. Since the incident occurred, we have been working as a Group to prevent any similar incidents from happening again. Across all of our workplaces and projects, we have reconfirmed the importance of continually confirming the status of our information management systems. Our executives and employees have also discussed repeatedly what we need to do to regain the trust of our customers and wider society. As a result of those discussions, we have identified the need to build world-leading levels of security while forging cooperative relationships with our entire supply chain. However, this target is not our ultimate goal, and we will keep aiming higher. While continually reflecting on our journey so far, we will continually take on the challenge of adopting new technologies and frameworks. As this mindset has gradually spread among our employees and partner companies, we have started to receive words of encouragement from our customers. Shareholders, too, have passed on messages to us such as, "We hope you will continue to remain positive and seek to reach even greater heights." We aim to respond to these messages of support by showing them our commitment to "world-leading quality" is much more than just a slogan, but something we embody in everything we do.

1. On June 21, 2022, a contract employee working at one of our partner companies lost USB flash drives containing encrypted personal information, causing a major information security incident (the memory stick was found three days later on June 24, and no leak of personal information was confirmed).

Looking Back on the Second Year of Our Management Policies (2021–2023)

Solid Progress on Creating and Expanding Our Business Ecosystem

The second year covered by our Management Policies (2021–2023) is now complete, and during fiscal 2022, we saw solid progress toward our Vision 2030. We were able to properly respond to the growing customer demand for digital transformation (DX) services, while also working actively to propose DX to our customers. In addition, we witnessed a clear increase in the number of employees able to provide customers with proposals for collaboration between the Group and customers, to launch new projects and resolve various challenges. Over the years, we have worked not only to meet the demands of our customers but also to communicate that we are a company that can serve as a catalyst for the creation of business ecosystems that help customers address the challenges faced by society. We are now regularly seeing such proposals lead to concrete business activity. Customers are increasingly recognizing our Group's ability to engage in interesting projects, and this is producing synergies. We are seeing a growing number of customers approach us. They seek our help to resolve the issues that they face and also want us to serve as a partner in putting their business principles and corporate purposes into practice.

By engaging in start-up investment and corporate venture capital initiatives with a focus on open innovation, we are increasingly involved in projects that allow us to combine our own strengths and the strengths of these partners, thereby producing new markets and developing activities that create social value. While our corporate group's particular expertise lies in the fields of information and digital technology, we have also been investing actively in entrepreneurs who are building startups that develop "deep tech" or "real tech," exchanging information with those companies. This allows us to take on various challenges in areas that combine information technology and digital technology with deep tech and real tech and work toward the fulfillment of our Purpose, which we define as working to "create a sustainable world using foresight and insight to unlock the full potential of technology." We believe we achieved significant forward progress in fiscal 2022 in combining the three areas of "foresight and insight," "technology" and "business ecosystem."

Goals for the Final Year of Our Management Policies (2021-2023)

Fiscal 2023 will be the final fiscal year covered by our Management Policies (2021-2023). To ensure that we achieve significant progress during the upcoming years of our next management policies, we believe that we must strive over this final year to invest actively in R&D and human capital while also focusing our resources on DX, a field currently enjoying significant growth, to build up the assets we require for the future of our business. With that in mind, we expect to achieve a sales revenue target of ¥350.0 billion, up from the ¥340.0 billion target included when we first issued the current Management Policies. We are also changing the sales revenue forecast for our outsourcing business from our original target of ¥100.0 billion to ¥75.0 billion and changing our forecast for adjusted operating margin from 10% or more, to 9.1%. While this does represent a downward revision of our targets for sales revenue from outsourcing solutions and adjusted operating margin, we are still determined to eventually reach double-digit profitability and are standing firm on this goal. Currently, it is important for us to achieve sufficient profitability and make the most of the favorable business environment, but we will not reduce investment in the company's future just for the sake of reaching an adjusted operating margin target.

Progress on the Social Implementation of a Digital Commons

In summer 2023, extremely hot days continued across Japan, with torrential rain frequently causing damage, clarifying for us once again the urgency of measures to mitigate climate change. For many years, our Group has recognized the importance of efficient energy management as part of our efforts to tackle the various environmental and social problems related to climate change, which is why we have been providing various next-generation energy solutions and services. In recent years, a growing number of companies are starting to appreciate the value in this business, and we are increasingly working in partnership with other companies to provide services that provide society with convenient supplies of green energy.

A further related issue is the growing demand for corporate disclosure of information related to carbon neutrality. To respond to these social demands, we are working to engage in various projects that combine assets already developed by our Group with the assets of our customers and partners. As we add new solutions to these projects, we are now entering a stage in which we can incorporate into our social infrastructure the shared assets for efficient energy management that we have already created by leveraging business ecosystems and the power of digital technology. Among the three beneficial social impacts that our corporate group is trying to achieve, this will help us contribute to our goal of "zero emissions" (environmental contributions and reduced environmental impact using digital technologies).

Another one of our desired social impacts is to help society achieve "resilience through viable and resilient autonomous distributed environments," helping to build a society that is robust in the face of crises. For example, in the fields of managing, maintaining, and inspecting social infrastructure and various other facilities, Japan is facing the issues of insufficient labor and the growing average age of technical experts. To address these issues, our Group is starting to create frameworks that support technical experts by using IoT-enabled devices and AI to enable improvements in productivity, efficiency, and personnel reductions. We are now seeing the results of these projects begin to take shape. Moving forward, we aim to apply these frameworks beyond the current scope of buildings, tunnels, bridges, and roads, helping to prevent and reduce damage from natural disasters. However, mitigating and preventing the effect of disasters is not something that we can do by ourselves. By working together with diverse range of partners in different fields and different industries, we can expand our business ecosystems, contributing to disaster prevention and reduction, and creating a digital commons (digital assets that can be shared by society). A large number of our employees now share this vision, and we are making strong progress.

The final one of our desired social impacts is to create "regenerative systems for a net positive society." In terms of social issues, this category includes issues such as labor shortages in the retail and service businesses and the problems of excess waste and the production of marine plastic waste. When addressing social issues, it is important to achieve a good balance between production, consumption, and distribution. Solutions we can provide in this area include AI-supported automatic ordering systems to control product orders, and the introduction of systems replacing electronic product price tags to greatly improve task efficiency when changing price labels, for example to reflect discounts, a task that was previously carried out by hand. These later systems can also support dynamic pricing.[1] Our customers in

the retail industry have received these initiatives positively. We can also harness all the data to identify strong-selling products and analyze the time of day when customers tend to make purchases, providing this information to parties in the supply chain to reduce waste and distribution costs, while also improving production control. These new systems help customers take the first steps toward achieving profitability while building supply chains that have a low environmental impact.

1. Pricing method in which businesses set flexible prices for products and services taking into account supply and demand.

Expanding business ecosystems

Aiming to achieve sustainable increases in corporate value by providing solutions to the business and social problems faced by our customers
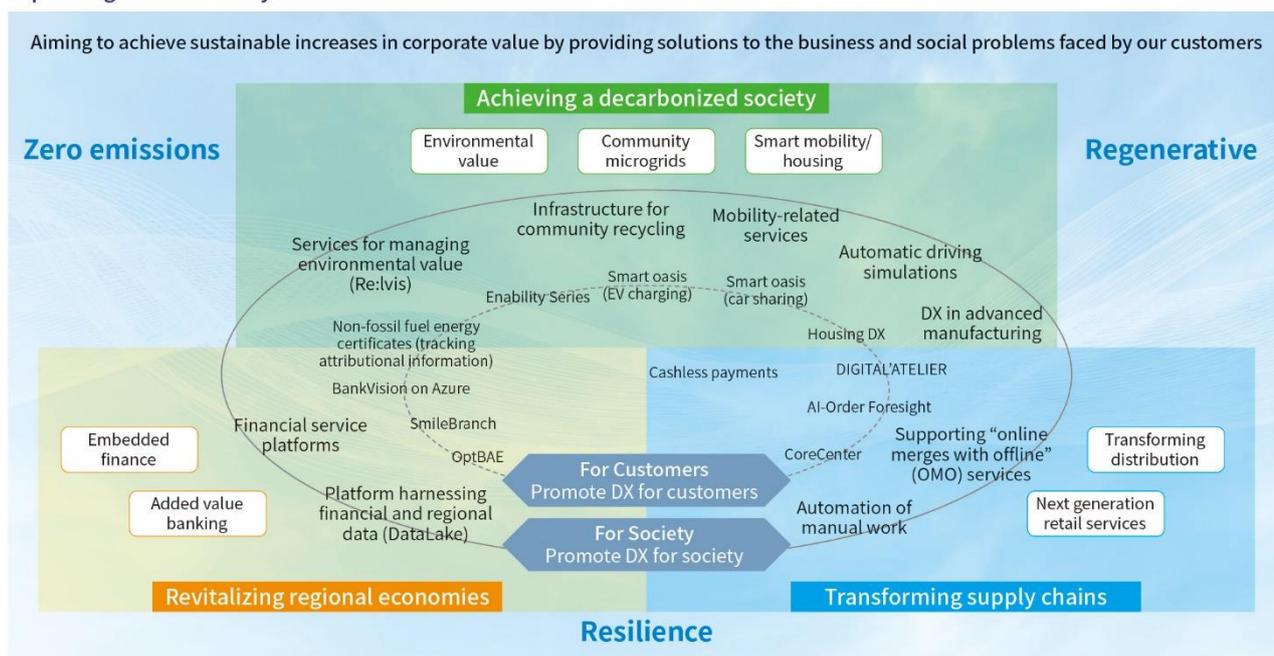
Contributing Solutions to Social Issues

We believe that the concept of a digital commons, which we outline in our Vision 2030, is a strategic necessity if we are to raise the social position of our Group and grow over the next 5, 10, or even 20 years. The concept will ensure that we harness the advantages and originality our Group has acquired down the years, in addition to the pioneering initiatives put into place by other companies, to create a foundation for addressing changes in the social environment and new paradigms. As we move toward 2030, we seek to make firm progress in developing this foundation, as our springboard for facilitating the creation of a world based around a digital commons. By 2030, we will hopefully be able to see the path toward a world in which a digital commons can be used to resolve various social issues, or to prevent such issues from emerging in the first place. Under the ambitious slogan of "A Digital Commons Can Save the World," we currently feel great potential in pursuing this approach.

Creating Connections between Organizations via Information Sharing

As we work to produce various services at a time when the future remains unpredictable, we are likely to see more failures than successes, but by recording our failures in a database used as a "holding tank," we may be able to reuse those attempts at some point in the future. Recently, since our holding tank is stored

in the cloud, maintaining this information requires little operational cost. In addition, since no major investment is required for us to reuse previously tried services, we can build models with the marginal cost of zero, which is a major characteristic of digital technology. Assets we created in projects that did not work out initially are already proving useful in other new projects. Furthermore, we can also use our database of prior businesses and assets to provide our customers and partners with solutions.

Our employees also work to learn about corporate-backed startups and venture companies by gathering in the early morning to exchange information in a study meeting that we call the "Morning Challenge," which is attended on each occasion by several hundred people. This initiative encourages the sharing of information. It also helps break down silos between different parts of our organization and encourage new projects based on cross-departmental coordination. For example, our new service for supporting the acquisition and management of non-fossil fuel energy certificates grew from coordination between the team responsible for energy management and the team responsible for financial technology. This project evolved spontaneously from employees communicating with each other in the workplace and serves as an example of behavioral change sparked by information sharing.

Fostering the Development of Employees Who Can Work Independently

When it comes to work, companies frequently talk about "musts," but if employees are told that persisting is a "must," they may feel discouraged. That is why, if we are to increase the number of motivated employees who can act on their own initiative, we must transform "musts" into "wants" and "hopes." To take a step in that direction, we took advantage of the coronavirus pandemic to promote self-motivated workstyles, unrestricted by time or place. One reason why we call our management plans "Management Policies" is that, when building specific systems and frameworks for concrete tasks, we encourage each employee to go about the task in their own way. At BIPROGY, we also refer to our management divisions by the collective name, "Group Design Division," since we want to harness the know-how of each individual to shape and influence ("design") the direction of our Group. All of these efforts are for the purpose of developing, self-directed employees.

Evolving Our Organization and Our People While Promoting Intrapersonal Diversity via the ROLES System

ROLES is the concept that lies at the heart of the BIPROGY human resources system. We use "ROLES" in the plural to emphasize the diversity of the roles that each individual is required to play. When a single individual performs a variety of roles, they can develop a variety of different perspectives. When people can see things from other perspectives, it is easier for them to understand and respect others who have different values.

Then, when people with different values are able to interact, they may produce products and services that are even more appealing. This is why the concept of "intrapersonal diversity" is so important for us.

For example, if an engineer, whose previous project experience has been to ensure the thorough implementation of quality, cost, and delivery, becomes involved in the launch of a new business, they will be able to appreciate just how difficult it is to get a new business up, running and generating profit. By using the concept of ROLES to let each individual take on different responsibilities, we can raise

employees' awareness of what the project is trying to achieve and how they can help move the project forward. This results in significant personal development. We already use ROLES to plan our organizational training and project assignments, and to support our employees in their self-directed career development. As we move forward, we hope to expand the application of the ROLES concept to job rotation and recruitment. By systematically expanding the scope of ROLES, we can improve the intrapersonal diversity of our employees.

At BIPROGY, we also provide many opportunities for learning. In addition to our "holding tank" database of past projects and the "Morning Challenge" mentioned above, we encourage employees to engage in T3 (Time to Think) activities, which require them, once a week, to step away from their current main task for three consecutive hours and use that time for the self-development of their "wants" and "hopes." If this concept can be put into practice at an organizational level, the organization itself can learn. Once we can encourage self-directed work, the adoption of ROLES, and self-learning as an organization, we can foster the development of diverse individuals who are able to generate innovation, and this learning can continue to make our organization even stronger.

What are ROLES?

- AT BIPROGY, ROLES refer to the roles employees perform when completing their tasks. Roles are defined in terms of the competencies and skills required to complete a particular job. It is a core concept that helps clarify the type, quality and number of personnel required to implement the various business strategies under the overall management strategy.
- Each individual employee can interact with ROLES in various ways including "sequentially taking on different roles in the course of their career," "simultaneously taking on different roles," and "taking on new roles in areas where they lack experience." By understanding and committing to the requirements of the roles that they have experienced in the past and the roles they are currently undertaking, employees can improve their intrapersonal diversity.

Past	Present	Future
ROLES A	ROLES A	
	ROLES B	ROLES B
		ROLES C

Accumulating experience through multiple roles leads to improved intrapersonal diversity

ROLES B ROLES C ROLES A
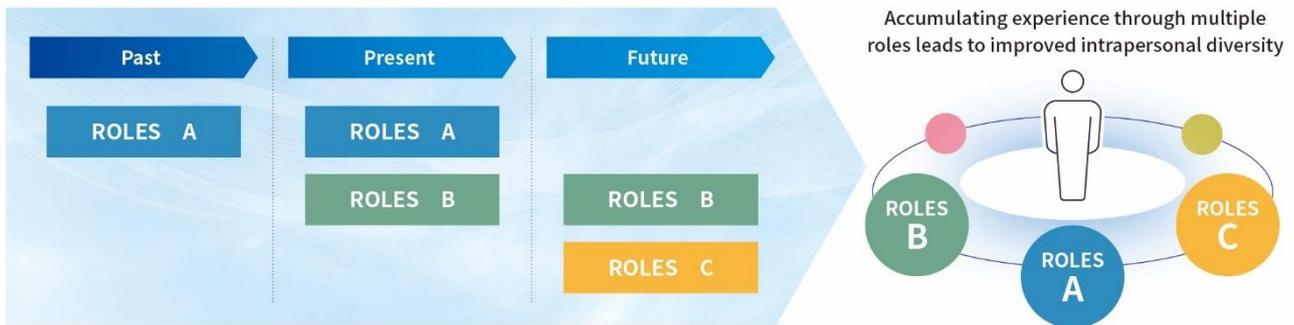
Accelerating toward Vision 2030 Under Our Management Policies for the Years Ahead

As we reach the final fiscal year covered by the current Management Policies (2021-2023), we are working to draw up our next Management Policies. While we have not yet determined how many years the next Policies will cover, the Policies will be based around our business strategy of driving progress to ensure that we achieve our Vision 2030.

For our next Management Policies, I plan to have Group members who wish to think about our future build the policy themselves rather than dictating specific policies to them. Currently, we already have a number of taskforces in the company that employees have set up on their own initiative. If these self-directed task forces ask me for advice, I do not do much beyond provide suggestions on areas they could look into, avoiding explicit instruction. All of our employees are already capable of a considerable degree of

self-motivated thought and action, and I believe that we have reached a stage where it is inappropriate for the company president to intervene directly based on experience of past success. Among the employees launching their own task forces to debate these issues, a number have already taken our "Management Leader Program," which is designed to help foster candidates for future executive positions. Some participants in these self-directed task forces are in their 30s. I am very much looking forward to seeing the business strategy visions that emerge from these initiatives.

Taking on the Challenge of Inorganic Growth

Up until now, we have focused on improving our business performance through organic growth that builds upon our existing assets. That is because our primary goal was to generate profits, increase our cash flow, and strengthen our financial position. However, I believe that stage of our company's history is now complete. Our efforts so far have provided us with the financial leeway to make various investments, and we have in place a solid platform for taking on the challenge of inorganic growth, while accepting a certain degree of failure.

By exploring various open innovation initiatives, we can make progress in harnessing the power of startups and venture capital and creating synergies. By using our Group's expertise in quality management, we are able to elevate the advanced business models and technology developed by startups to the levels required to meet the demands of customers in Japan. We aim to further strengthen our involvement in open innovation, combining information and digital technology with "deep tech" and "real tech" to produce new value for society.

By constructing business ecosystems that can address social problems that would be difficult for our corporate group to tackle alone, we are addressing various issues through innovation and new services. As we move forward, our intention is to further expand our scope and our assets using methods including merger and acquisition. While our Group has significant expertise in helping customer companies transition and improve their operations using information and digital technology, and then operating and maintaining those systems, the operational technology (OT) required to operate such systems is a missing piece of our puzzle. As we pursue Vision 2030 with the aim of creating significantly greater social value, it is increasingly important for us to continue revising and improving our business portfolio.

As we move toward the achievement of Vision 2030, we are proud of our corporate statement, "foresight in sight," and we are working together with various companies and organizations to develop new business ecosystems, and helping to build a sustainable world, with firm insight into the future.

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 toward 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[1]

3. Sincerely work on the core subjects and issues of social responsibility[2]

   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 world using foresight and insight to unlock the full potential of technology.
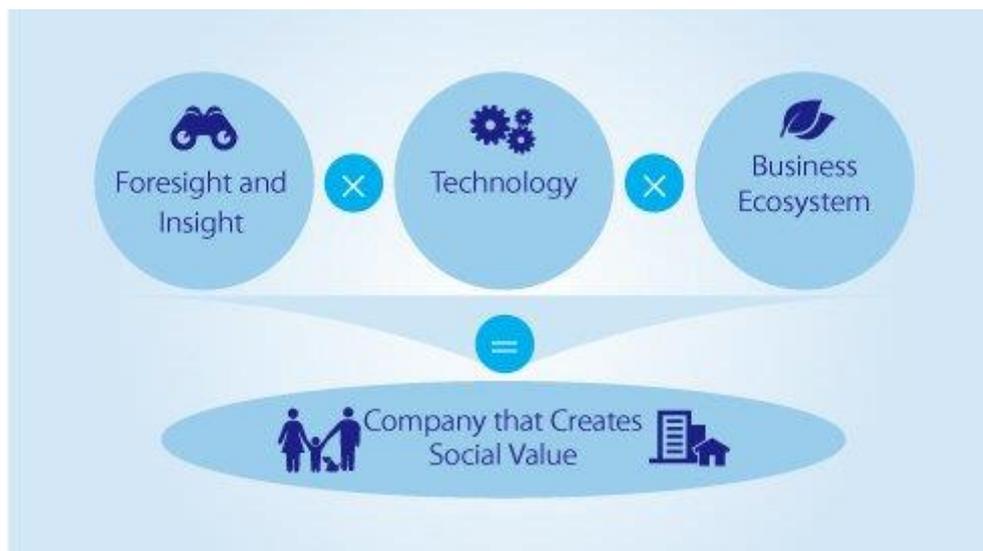
Principles

- **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 world 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.
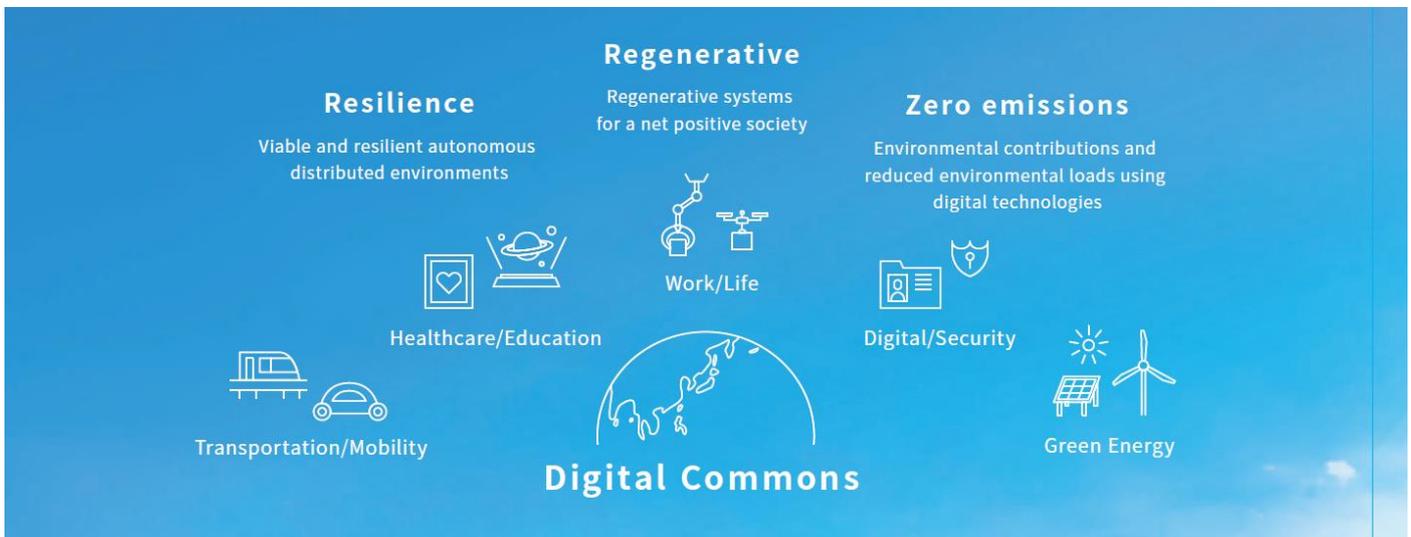
Creating Social Value

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.

Sustainability Management

CSO Message

Achieving Sustainable Growth in Uncertain Times by Leveraging Sustainability Demand and Improving Our Management Foundation

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

The BIPROGY Group pursues sustainability for the environment, society and the Group in an integrated manner by generating both social value and economic value. In these uncertain times, it is not easy for companies to continue to sustainably grow. If mechanisms for sustainable growth are insufficient, it is necessary to implement new ones, examples of which are improvements to management processes, the transformation of an organization into one capable of accommodating change, and a shift in employee mentality. As Chief Sustainability Officer (CSO), the person with overall responsibility for our sustainability management strategy, I believe my mission is to build this kind of foundation for us to sustainably grow and expand our creation of solutions and services that enable the Group to contribute to a sustainability world.

Our sustainability promotion system includes the Sustainability Committee, a decision-making body for which I serve as chair, and under that, an Environmental Contribution Committee and a Social Committee. In addition, we made the chair of the Compliance Committee a member of the Sustainability Committee in October 2022, and we did the same with the chairs of the Risk Management Committee/Business Continuity Project and Information Security Committee in April 2023, reinforcing coordination among those committees. While this also constitutes a measure taken in order to ensure the implementation of measures to prevent the loss of USB flash drives such as occurred in June 2022, it is also a reflection of our desire to reinforce Group governance going forward. The outside members of our Auditor Board attend meetings of the Sustainability Committee as observers, and I, as chair of the Sustainability Committee, and the chairs of the other committees, directly report and consult with the Board of Directors. Each time, we receive firm, constructive observations and feedback from our outside directors and the outside members of the Auditor Board. In fiscal 2022 as well, we benefited from their diverse insights on human resource strategy, risk management, climate change and natural capital, among others. I genuinely feel that opportunities to discuss and review sustainability at meetings of the Board of Directors are increasing year after year.

The realization of the sustainability targeted by the Group cannot be accomplished with the heightened awareness of only certain employees. A challenge we face in facilitating future sustainable growth is how to elevate the sensitivity to sustainability of each and every one of our employees — all who will shape the coming generation, including our young employees.

Going forward, we intend to continue monitoring the degree to which sustainability management is penetrating the organization and maintain our efforts to examine and implement effective measures to ensure it does so.

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 create a digital commons for 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 October 2022, the chair of the Compliance Committee became a member of the Sustainability Committee, followed by the chairs of the Risk Management Committee/Business Continuity Project and the Information Security Committee in April 2023. This has strengthened cooperation between the committees concerned.

Numbers of meetings during fiscal 2023: Eight for the Sustainability Committee, seven for the Environmental Contribution Committee, and six for the Social Committee

Main issues discussed: Sustainable procurement, Scope 3 emissions reduction targets, internal sustainability measures, and monitoring of materiality indicators (social betterment businesses, climate change, human rights, human resources, labor, sustainable procurement, corporate governance, compliance, and information security, etc.)

Sustainability Promotion Structure

Sustainability Promotion Structure
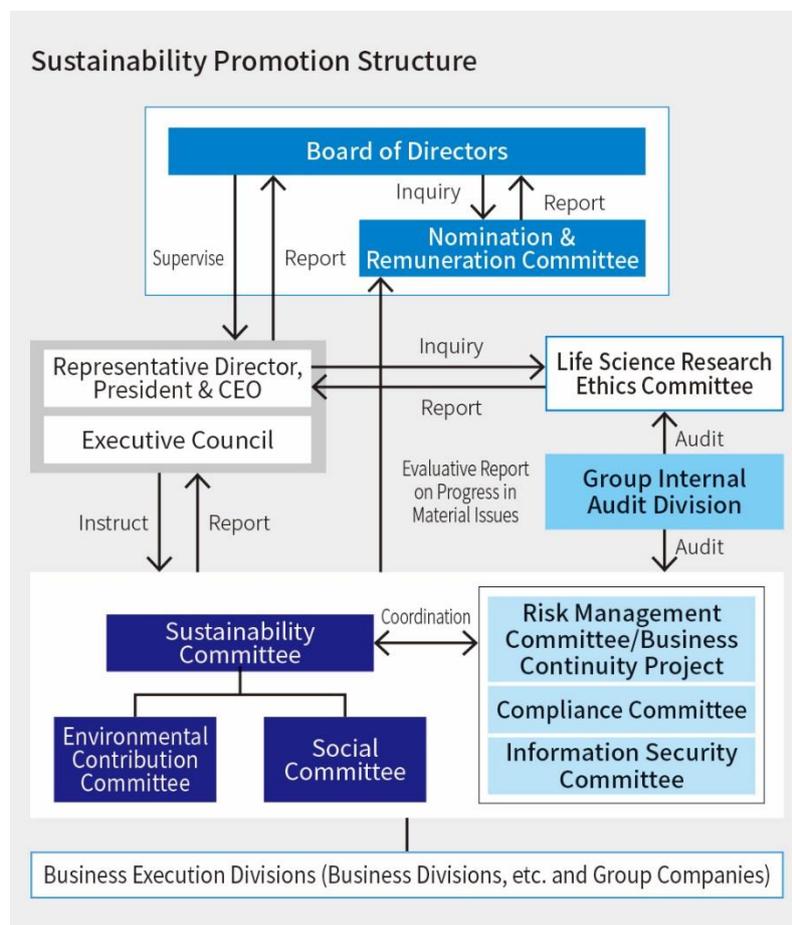
Education to Build a Corporate Culture Committed to Sustainability

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[1] for Group executives and employees, messages from management for Group employees posted on our intranet also address sustainability at times.

1. In fiscal 2022, we conducted sustainability training on 10 topics, with an average participation rate of 99.0%.

e-Learning

The topics covered are as follows.

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

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.

Sustainability Week

In fiscal 2022, we set the goal of enhancing understanding of the Group's sustainability initiatives, and we conducted a survey of all Group executives and employees (total of 3 surveys, and 2,507 respondents). In January 2023, we held Sustainability Week, during which messages from Sustainability Committee members, outside directors, and group company presidents were shared.

Material Issues

Material Issues to Address in Order to Realize Vision 2030

In order to integrate the Group's sustainability initiatives into its management to achieve our Vision 2030, we have extracted key issues that we need to tackle going forward. Moreover, we have established material issues that correspond to key issues with an especially high degree of impact, set KPIs and targets relative to each of those material issues, and are currently promoting associated initiatives. Additionally, with a view to realizing those KPIs and targets, we have also introduced restricted stock remuneration linked to medium- and long-term performance, including the achievement of material issues, in our director remuneration system.

Material Issue Selection and Review Process

The Group reviews its material issues and indicators every year based on recent internal and external changes.

*   Impact on the BIPROGY Group: Looking at both risks and opportunities, risk assessments are carried out in conjunction with the Group Risk Management Committee's risk impact assessment and risk classification system.
*   Impact on stakeholders: Verified while assigning weightings to different stakeholder groups including customers, supply chain participants, shareholders and investors, as well as employees.

    The Sustainability Committee deliberates on the selection and revision of material issues, indicators, and targets (plus the year for target achievement), including relevant processes such as impact

assessment. The results of these deliberations are then approved by the Executive Council and the Board of Directors.

In light of the recent data security incident involving the loss of USB flash drives, in fiscal 2023 we adjusted the material issue impact and content concerning human rights, information security protection, and personal information protection risks.

Process of Determining and Updating Material Issues
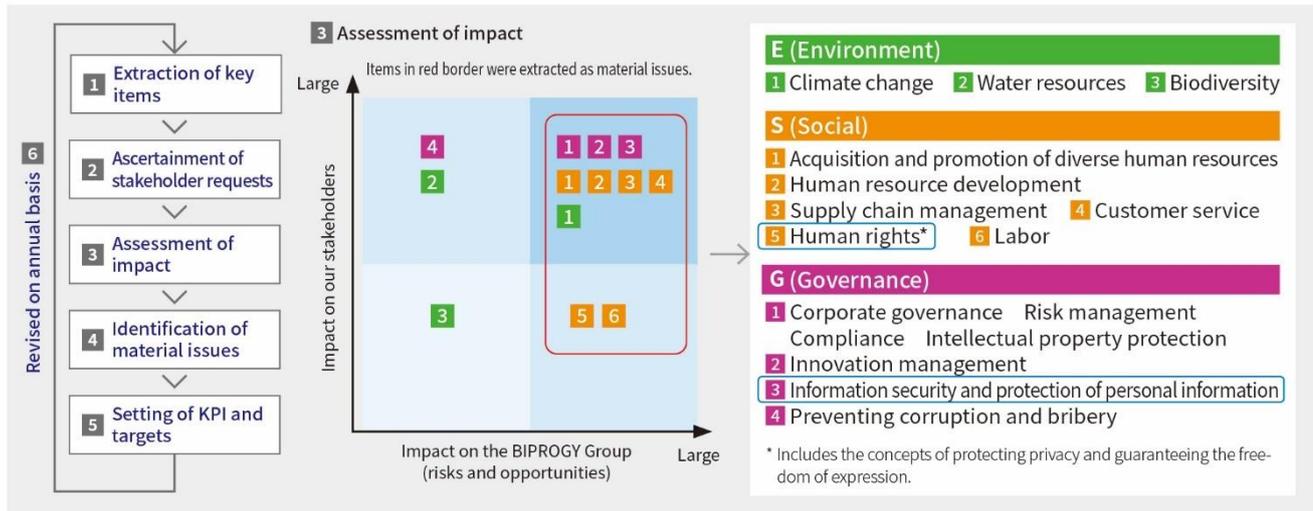
Fiscal 2022 Results and Future Initiatives

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

Our Ideals and Goals

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

Related SDGs

Create Social Value

• Contribute to society's sustainability by providing businesses that solve the issues faced by society

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 (FY of achievement)		FY2022 Results and Future Initiatives	
Create/expand businesses that solve the issues faced by society and that help optimize society and the world.	Create/expand businesses that solve the issues faced by society and that help optimize society and the world. 200% or more of such projects compared to FY2020 (FY2023)	125.5%	**Expansion of number of projects:** Currently monitoring the growth rate in the number of such projects in our outsourcing business in line with our Management Policies (2021-2023). Simultaneously promoting the development of services that contribute to the resolution of social issues.

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

Our 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 (FY of achievement)	FY2022 Results and Future Initiatives	
Percentage achieved for target contribution to corporate net-zero emissions[1] through customer use of environmentally friendly products and services: 100% or more (annually until FY2030)	174.6%	**Reduction of GHG emissions in business activities and expansion of provision of products and services that contribute to the environment:** Continuing to work toward reducing GHG emissions in our business activities as well as expand the provision of products and services that contribute to the environment.

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%	**Continued implementation of extraction of business opportunities and risks related to climate change and associated impact assessment through cross-organizational and Group-wide projects:** Continuing to revise opportunities and risks and respond to risks going forward.
Percentage of purchased energy used at the Group business locations that is renewable energy: 50% or more (FY2030)	23.4%	**Transition of procured power to renewable energy:** Steady progress being made toward reaching targets according to plan. Continuing to promote the introduction of renewable energy.
Reduction rate in GHG emissions (Scope 1 + Scope 2): 50% or more compared to FY2019 (FY2030)	25.1%	**Promotion of energy-saving measures through efficient use of offices and equipment and other means:** Continuing similar initiatives to reduce emissions as we move forward.

1. The zero emission achievement rate is 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.

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

Our 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 and 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 and secure products and services that comply with various laws, regulations, and social norms
- Contribute to the spread of ethical consumption and help build a sustainable world by providing products and services that take into consideration the environment and society

Create Economic Value

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

KPIs and Targets (FY of achievement)	FY2022 Results and Future Initiatives	
Disclose information on Scope 3 GHG emissions and set related targets (FY2022)	Achieved	**Disclosure of Scope 3 data:** Clearly documenting data-gathering and tallying rules starting in FY2021 and disclosing data starting in FY2022. **Establishment of emission reduction goal for Scope 3:** Establishing goal of "suppliers who account for 40% of the total procured value of purchased goods and services (Category 1) setting targets equivalent to SBT (target year: FY2027)."
Percentage of human rights-related issues at BIPROGY Group which are being addressed: 100% (FY2023)	83% (5 issues out of 6)	**Thorough dissemination of Human Rights Policy:** Disseminating Human Rights Policy among overseas Group companies. Disseminating the theme of respect for human rights among employees and enlightening them on that theme on an ongoing basis. **Development of complaint processing mechanism:** Preventing human rights violations by developing a complaint processing mechanism related to human rights and responding to those complaints.
Rate of initiation of actions, such as requests for action made to main suppliers, based on risk assessment results: 100% (FY2022)	100%	**Implementation of requests for improvements:** Issuing requests for improvements for 49 companies based on the results of surveys on ESG-related initiatives conducted on main suppliers. **Future targets:** Setting targets of "100% of suppliers surveyed on ESG risk (FY2026)" and "100% of suppliers currently adhere to or have launched improvements to material ESG risk items that the Group has set for suppliers (FY2030)."

Going forward, we believe that further efforts are needed to increase both the expansion of companies targeted in the survey and improvements in our effectiveness resolving issues, and we will move forward by setting the following new KPIs and targets.

KPI	Target
Percentage of suppliers targeted in the ESG risk survey[1] (FY2026)	100%
Percentage of suppliers that currently adhere to or have launched improvements to material ESG risk items that the Group has set for suppliers (FY2030)	100%

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

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

Our Ideals and Goals

We must become a company that recognizes and accepts individual diversity, expertise, and values to continue creating innovation to secure our future. To this end, we will support our human resources and build a more open corporate culture.

Related SDGs

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Create Social Value

- Help solve social issues by continuously producing innovative, talented workers
- Create employment opportunities for diverse human resources
- Contribute to the creation of a society that is physically and mentally healthy, is accepting of individual diversity, and offers work satisfaction

Create Economic Value

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

KPIs and Targets (FY of achievement)	FY2022 Results and Future Initiatives	
Number of "business producers" armed with specialization in business creation: 40, double that in FY2021 (FY2023)	37	**Establishment of human resource pipeline:** Establishing proficiency determination processes for business producers in ROLES and establishing a proper pipeline for those human resources. **Reinforcement of development programs and accompanying monitoring:** Enhancing training programs and follow-up measures that link to actual business, including its creation. Realize organic linkage to development programs and work assessments by reinforcing the monitoring of development plans for each organization.
Percentage of management positions held by women: 18% or more (as of April 1, 2026)	10.2% (As of April 1, 2023)	**Administration of employee promotion plans:** Continuously compiling and monitoring plans to promote organizational heads at BIPROGY and Group companies. Conducting quantitative checks of linkage between goal-setting and career design for candidates for promotion. **Developmental support at Group companies:** Enhancing training for Group company employees.

Percentage of employees with disabilities: 0.1% or more greater than the legally required percentage of 2.3% (annually)	2.84%	**Expansion of operations at special-purpose subsidiary BIPROGY Challenged Inc.:** Further expanding Web accessibility tests. Expanding outdoor agriculture gardens (WAKUWAKU Farms) and transferring operations from BIPROGY. **Cultivating new occupational fields:** Expanding employment by opening internal massage rooms and other facilities.
Weighted average score of work style related items in the engagement survey: at least equal to FY2019–FY2020 average score (3.36) (FY2023)	3.47	**Score improvement measures:** Deploying measures to facilitate a hybrid of online and offline communication. Ascertaining the actual state of workstyles of employees permanently stationed at customer sites, etc. and examining measures commensurate with the workplace there. **Deployment to various Group companies:** Sharing measures at BIPROGY with Group companies and examining their utilization there.
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 2 100% Stage 3 100%	**Health guidance:** Implementing for all employees with stage 2 or stage 3 high blood pressure.
Total number of lost days of work for mental health reasons: -5% compared to FY2019–FY2020 average (FY2023)	+1.4%	**Improvement measures:** Approaching employees whose stress check results showed high stress levels for an interview. Requesting organizations with unfavorable stress check result values to take remedial actions and following up on those organizations. Revitalizing communication with employees on temporary leave with the use of external EAP. Making "your-time" (one-on-one sessions) between employees up to their third year with the company and their superior compulsory and conducting counseling for all employees.
Number of executives and employees participating in social contribution activities: 20% increase compared to FY2020 (FY2023)	+70% (143)	**Expansion of social contribution programs:** Refining social contribution programs. Planning joint social contribution activities with internal organizations, other companies and external groups.

Further improve corporate governance and integrity

Our Ideals and Goals

We will construct and operate a corporate governance system that facilitates transparent, fair, quick, and bold decision-making. As a group that can provide social value and ICT services as a trustworthy form of 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 (FY of achievement)	FY2022 Results and Future Initiatives
Actions for each year set in the evaluation of Board of Directors effectiveness are undertaken (each year)	**Enhancement of the effectiveness of monitoring by the Board of Directors:** Endeavored to enhance the provision of information through means such as holding training sessions and meetings to exchange opinions. **Global strategy:** Reports on global strategy were made to the Board of Directors and active discussions based on those reports were held. **Invigoration of discussion at meetings of Nomination & Remuneration Committee and improvement of Committee transparency:** The provision of information to Outside Director Committee members was expedited and the content of that information was enhanced. Reports on the activity status of the Committee were made to the Board of Directors.
Improvement and upgrade of the compliance program	**Initiatives based on the loss of USB flash drives:** Carrying out full revision of compliance training programs for Group officers and employees. Sharing key points of third-party committee investigative report with compliance promotion supervisors and highlighting points

	for them to bear in mind in practicing compliance in their organizations as well as reflecting those points in training and enlightenment activities for FY2023 and beyond. **Accommodation of amended Whistleblower Protection Act:** Putting a Group-unified hotline in place. Newly establishing internal regulations on the handling of whistleblowing. Implementing training and dissemination activities for matters that officers, employees and individuals engaged in whistleblowing counter duties should comply with. **Improvements to awareness surveys:** Implementing compliance awareness surveys using a new method (twice a year starting in FY2022).	
Spread of awareness of integrity among Group executives and employees	**Compliance awareness survey results:** All scores across each of the five categories of compliance understanding and awareness, measures and mechanisms, workplace management, organizational culture and the practice of compliance were at a favorable level of 4.0 or higher out of a maximum of 5.0. Survey results were shared with compliance promotion supervisors alongside trends in the occurrence of compliance cases in the Group and linked to the implementation of measures for improvement. Plans call for the continued implementation of these surveys at a pace of twice a year.	
Compliance incident trends	**Disciplinary action:** 5 cases resulting in disciplinary action. While this figure is down from FY2021, cases resulting in serious action, such as suspension from work and those equivalent to resignation under instruction, also occurred (including action taken against employees involved with the loss of USB flash drives). Measures to prevent reoccurrence were conducted for each case, including calls for attention at compliance training sessions.	
Number of serious security incidents: 0 (each year)	1 case (Loss of USB flash drives)	**Thorough implementation of measures to prevent reoccurrence:** While there were no leaks of information, we caused significant concern to and impacted customers and society. Launching Group-wide project to prevent reoccurrence and examining and implementing reoccurrence prevention measures based on survey results and recommendations from a third-party committee made up of external specialists.

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 2022, we participated in the following GCNJ working groups:

- Environmental Management
- Circular Economy
- Human Rights Education
- Women's Empowerment Principles (WEPs)
- 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://ungcjn.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)

The BIPROGY Group's Purpose mandates that the Group create social value. Accordingly, the Group is striving to help build a sustainable world under Vision 2030, which determines its course through the year 2030.

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

- Integrated Report 2023 >
  https://pr.biprogy.com/invest-e/ir/ar.html
- Material Issues
  Vision 2030 Management Policies (2021-2023) >
  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)

Environment

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

- Joined RE100 (July 2020)

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
Customers	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: https://www.biprogy.com/e/ Digital media: BIPROGY TERASU https://terasu.biprogy.com/ (Available in Japanese only)

Employees and Their Families	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 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.	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, online community spaces (childcare, childcare leave, etc.) Social contribution programs Note: Office 365 is a trademark or registered trademark in the U.S. and other countries of the Microsoft Corporation.	Also see p. 74, Organizational Development (Enhancing Organizational Capabilities and Driving Work-Style Reform)
Shareholders and Investors	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 https://www.biprogy.com/invest-e/stock/meeting.html IR Meeting Presentation https://www.biprogy.com/invest-e/financial/pr.html Business briefings and small group meetings Meetings with individual investors Posts on IR website: https://www.biprogy.com/invest-e/	IR materials Integrated Report https://www.biprogy.com/invest-e/financial/ar.html Shareholder Newsletter https://www.biprogy.com/invest-j/financial/br.html (Available in Japanese only) Disclosure Financial Report https://www.biprogy.com/invest-e/financial/statement.html Annual Securities Report https://www.biprogy.com/invest-j/financial/sr.html (Available in Japanese only)

Business Partners	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. 93, Quality Assurance
Local Communities	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 prosper together with all of society.	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-Heart	Also see p. 95, Social Contribution Activities

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 activities, the Group strives to ascertain important issues and share relevant information. We apply the knowledge gained to business activities, and we also help prepare policy recommendations for government.

Main memberships
• Japan Business Federation (Keidanren)
• Japan Electronics and Information Technology Industries Association (JEITA)

The applicable expenditures in fiscal 2022 totaled 8.97 million yen.

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 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 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 Morningstar Japan ex-REIT Gender Diversity Tilt Index
  Created by Morningstar, this index has been adopted by the GPIF. Utilizing data and evaluation methods provided by Equileap, the index includes companies with well-established gender diversity policies that have become part of the corporate culture, and companies that are committed to ensuring equal career opportunities for employees regardless of gender.

- Inclusion as a Member in S&P Global's Sustainability Yearbook
  S&P Global's Sustainability Yearbook lists companies with outstanding sustainability activities. In the 2023 edition, BIPROGY was selected a Sustainability Yearbook Member for the first time, based on its evaluation score, which is within the top 15% of its industry. In 2023, there were 708 such members (including BIPROGY and 83 other Japanese companies), out of over 7,800 companies worldwide in 61 industries.

BIPROGY Inc.
IT services

Sustainability
Yearbook Member
S&P Global ESG Score 2022

64 /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusion
screening criteria. Learn more at spglobal.com/esg/yearbook

S&P Global   Sustainable1

- Inclusion in the S&P/JPX Carbon Efficient Index
  This index is developed by S&P Dow Jones Indices and used by the 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 designation is an initiative under which Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select and publicize listed companies that are outstanding in terms of encouraging women's empowerment 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 an initiative 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 an initiative 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 UNIADEX have been certified in the large corporation category since 2017.

- Platinum Kurumin certification

  This is an initiative 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 an initiative 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.

- 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.

- 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.

- 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.

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.

  DIVERSITY MANAGEMENT 2.0 PRIME

- Gold Rating in the PRIDE Index 2023

  The PRIDE Index program is run by "work with Pride," a voluntary organization that aims to create workplaces where LGBTQ+ people can work in an open way within Japanese companies and other organizations. In 2023, BIPROGY was recognized with the highest Gold rating for the third consecutive year. This rating recognized our efforts to build workplace environments in which all employees can succeed, regardless of their sexual orientation or gender identity.

  work with Pride
  Gold 2023

- D&I Award 2022 "Best Workplace"

  At the D&I Awards 2022, the Group was awarded the highest honor of Best Workplace. This program, run by JobRainbow Co., Ltd., provides certification and awards to companies that implement diversity and inclusion measures. The Best Workplace award is based on a diversity score, which measures company performance across five areas: LGBTQ+ rights, gender gap, employees with disabilities, multicultural diversity, as well as childcare and nursing care programs.

  D&I AWARD
  BEST WORKPLACE
  for diversity & inclusion
  2022

- 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.

- 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, FY2022 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 fiscal 2022 All Japanese Listed Companies' Website Ranking, sponsored by Nikko Investor Relations Co., Ltd. This marks the fifth consecutive year the Group's website has received this recognition.

- 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.

Environment

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

Through its business activities, the Group's contributions to the environment go beyond reducing its own CO_2 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.

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

BIPROGY Group Environmental Management

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

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

Participation in Initiatives

As for realizing a net zero emission society, which we tout in our Long-Term Environmental Vision 2050, we recognize that engaging with various stakeholders is indispensable. Based on that realization, we have not only endorsed TCFD[1] recommendations and joined RE100,[2] but also actively participate in various initiatives.

1. 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.

2. 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.

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. We have identified two material issues 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.

Based on this approach, in fiscal 2021, the Group established its calculation method for the performance indicator to be monitored, the zero-emission achievement rate.[1] Since then, we have been working to make our contribution to greenhouse gas emissions reduction visible to our customers and society, while reducing GHG emissions from our business activities, and offering more environmentally friendly products and services. Moreover, since fiscal 2021, we have identified business risks and opportunities related to climate change through group-wide projects, and conducted impact assessments. We use the resulting opportunities to improve our own business activities and incorporate the identified risks into the Group's risk management system.

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

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 the Group started calculating Scope 3 GHG emissions from its supply chain, while also obtaining independent verification statements from relevant third parties and sharing them publicly. We also set targets in fiscal 2022 to reduce Scope 3 emissions.

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.

BIPROGY Group Sustainability Procurement Guidelines (Available in Japanese only) >
https://www.biprogy.com/com/about_purchase_and_procurement.html

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 that 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 (FY2022)	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 2022: Seven times)
Main activities/achievements (FY2022 – first half of FY2023)	**FY2022** • Evaluated business opportunities and impacts using climate change scenario analysis (Part 2) • Integrated existing environmental management systems into the activities of the Environmental Contribution Committee • Decided to obtain third-party verification of environmental performance data (Scope 1, 2, and 3 emissions, and water usage, etc.) • Decided to submit a commitment letter with the aim of obtaining SBT verification • Investigated and set Scope 3 (Category 1) reduction targets • Decided to participate in the GX League initiative of Japan's Ministry of Economy, Trade and Industry **FY2023** • Evaluated business opportunities and impacts using climate change scenario analysis (Part 3) • Investigation of Scope 3 (Category 11) emissions reduction targets
Main reports to Sustainability Committee (FY2022 – first half of FY2023)	**FY2022** • Formulated fiscal 2022 action policies and plan • Evaluated KPI achievement for environmental material issues • Issued a report on identified business opportunities and risks based on climate change scenario analysis (impact evaluation), which was then publicly shared • Submitted a letter of commitment to obtain SBT verification • Set Scope 3 (Category 1) reduction targets • Reported fiscal 2022 activities **FY2023** • Fiscal 2023 action policies and plan

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 Management System

The BIPROGY Group complies with relevant laws and regulations related to environmental conservation, as well as with other requirements. To ensure that our business activities are environmentally friendly, we have established an ISO 14001-certified group environmental management system, which serves as the basis for managing these activities. Moreover, to strengthen governance regarding the promotion and implementation of environmental contribution activities across the Group, we have integrated our environmental management system into the activities of the Environmental Contribution Committee, and are continually working to improve it.

ISO 14001 Certificate
(copy)

- Certification organization: Bureau Veritas Japan
- First certification date: April 9, 2003
- Certification date: April 12, 2023
- Certification number: 4612233
- Certification scope: BIPROGY Inc.
  UNIADEX, Ltd.
  UEL Corporation
  TRADEVISION, Ltd.
  International Systems Development Co., Ltd.
  UNIAID Co., Ltd.

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 2022 revealed no items out of compliance.

Legal Compliance

The BIPROGY Group confirms revisions to environmental regulations and compliance status every year. There were no legal or other violations in fiscal 2022.

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 Education

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

The fiscal 2022 online training maintained the focus of the previous year. The e-learning training is designed to help solve social issues and ensure that we live up to our "For Society" commitment, which is one of the basic elements of our Management Policies (2021-2023). It also aims to help build a corporate culture that encourages employees to take environmental measures based on personal motivation and initiative. The training focused on three main points. The first was the key performance indicators (KPIs) for helping to solve the Group's two environmental material issues, and the way they relate to employees' own workplace activities. The second was business opportunities and risks related to climate change, identified by the Environmental Contribution Committee in accordance with the TCFD framework. The third point was the need to strengthen governance by integrating the environmental management system into the activities of the Environmental Contribution Committee, while obtaining third-party verification to ensure the reliability of the Group's environmental data. By increasing understanding of these points across the Group, we are working to change employee behavior by promoting greater environmental awareness.

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.

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 2020 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
FY2020	• Expressed support for TCFD • Established Long-Term Environmental Vision 2050 • Joined RE100 • Established Sustainability Committee and formed the Environmental Contribution Committee under it • 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
FY2021	• Started procuring some electricity from renewable energy sources (business sites

	in Japan) • 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). • 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) • Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project • Integrated climate-related risks into the Group's risk management system • Announced support for the initiatives of The Climate Group (UK) and the Clean Energy Demand Initiative of the US government • Registered projects with Keidanren's Challenge Zero initiative • Announced support for the Ministry of the Environment's Leading Tenant Action Policy • Announced support for the GX League Basic Concept promoted by the Ministry of Economy, Trade and Industry • Participated in the Green x Digital Consortium led by the Japan Electronics and Information Technology Industries Association (JEITA)
FY2022	• Calculated and disclosed Scope 3 emissions • Obtained third-party statement to verify environmental data (Scope 1, 2, and 3 emissions, water use, etc.) • Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project (Part 2) • Submitted a commitment letter with the aim of obtaining Science-Based Targets (SBT) verification • Set a Scope 3 (Category 1) emissions target: By 2027, ensuring suppliers who account for 40% of the total procured value of purchased goods and services set targets equivalent to SBT
FY2023 (first half)	• Participated in the GX League initiative of Japan's Ministry of Economy, Trade and Industry • Disclosed climate change initiatives in the Financial Report for the Fiscal Year Ended March 31, 2023 • Conducted an impact assessment concerning business opportunities and risks as part of the climate change scenario analysis project (Part 3) • Added items to the third-party statement for verification of environmental data (Scope 1 and 2 emissions by group companies, energy consumption based on Japan's Act on the Rational Use of Energy, and percentage of procured electricity that comes from renewable sources, etc.)

Governance Related to Climate Change

The Chief Sustainability Officer (CSO), the member of the Board of Directors who is responsible for climate-related issues, has overall responsibility for the Group's initiatives that contribute to sustainable

development goals (SDGs) and the Group's sustainable management strategy. The CSO also regularly reports on the Group's sustainability activities, including response to the climate change, to the Board of Directors (twice in fiscal 2022), which provides an opportunity to receive supervision and instructions.

As for the Group's response to environmental issues, including climate change, related issues are deliberated and decided upon at the Sustainability Committee, the decision-making body chaired by the CSO, or its subordinate body the Environment Contribution Committee. The Environment Contribution Committee is responsible for examining policies related to environmental contributions, designing mechanisms to promote environmental contributions, and managing and supervising the implementation status.

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

Strategy (Response to Climate–Related Opportunities and Risks)

The Group believes that addressing climate change is an important management issue that affects corporate value in many ways, and recognizing that it is important to have a strategy and the flexibility to respond to changes in uncertain circumstances, we are working to mitigate climate-related risks and expand opportunities. Since 2021, we have not only promoted material issue-centered initiatives but also continued to conduct impact evaluations, which are part of the climate-related scenario analysis, based on company-wide projects as part of Environment Contribution Committee activities. In the analysis results up to now, despite the increase in business expenditures related to such activities as the development and innovation of technology to transition to decarbonization and introduction of resources to create new businesses, the impact of greater opportunities through the provision of technology and services that meet needs to solve climate-related issues exceeds the impact of the risk of greater expenses. We will increase the effectiveness of material issues by appropriately reflecting the results of the impact assessment into the Group's various strategies and risk management. Furthermore, we are accelerating initiatives to develop and provide new products and services that contribute to the solution of climate-related issues, such as carbon neutrality and circular economy.

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

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 the Net Zero Emissions by 2050 Scenario (NZE 2050) of IEA, and 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 2023 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 (IEA NZE 2050 and 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 (fields 1-6 in the table on next page).

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

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

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

Financial impact and response to climate-related opportunities and risks

	Impact on business and initiatives to expand opportunities	1.5°C	4.0°C	Potential impact on finances	Time frame*	Response to growing opportunities
Opportunities — Products and Services	**Increased demand for services that contribute to improving energy use efficiency and promoting the spread of renewable energy through the use of IT** (Field 1: Energy management and renewable energy) Grid system reconstruction; introduction of EVs for use as emergency power source; provision of services that combine energy data and data from different industries, etc.	●	●	**Increase in revenue from the development of new products and services through R&D and technological innovation** We will create new products and services through active development of technology that contributes to the transition to a low-carbon economy. Revenue will increase as we enter new markets and new emerging markets through this.	Short term ~ Medium term	**Increase in revenue opportunities in new markets and new emerging markets through development of new products and services** • Cooperate with customers, partners, and policy decision makers (business alliance, social verification) • Invest in climate-related tech companies
	Increased demand for services that enable enhanced efficiency and reduction of losses associated with production and consumption of goods using IT (Field 2: Circular economy) Spread of supply-demand forecasting and traceability systems based on AI; expanded use of shared systems by financial institutions; promotion of shared use of facilities and means of distribution; provision of services that make carbon content in purchased goods visible; provision of systems that support optimal production; provision of systems that match material demand and supply forecasts for goods and materials, etc.	●	●			
	Increased demand for mechanisms that allow remote decision-making without needing to go to the site (Field 3: New reality and resilient cities) Expanded use of remote-sensing technology in agriculture; expanded introduction of BEMS accompanying increased demand for low-carbon buildings; expanded use and improved accuracy of disaster management systems, etc.	●	—			
	Increased demand for schemes for green cities using digital technologies (Field 4: Green mobility and transportation) Use of digital technology for the spread of automated driving and EVs; optimization of energy consumption on a city and region basis; provision of platform to centralize distribution and SCM information; response to the optimization of electricity use on a city and region basis using EVs, etc.	●	●	**Increase in revenue from the development and expansion of low-carbon products and services** Sales opportunities will grow due to greater demand for digital low-carbon products and services.		**Expand low-carbon products and services** • Promote the provision of outsourcing services • Expand carbon neutral–related services
	Increased demand for schemes utilizing digital technologies that do not rely on the movement of people (Field 5: New normal) Greater sophistication of online communication through use of AI; system development to resolve issues of access to consumer staples for vulnerable shoppers; expanded metaverse, virtual office, and hybrid work; research on new analytical techniques effective for addressing climate change; etc.	●	—			
	Increased demand for services that contribute to the promotion of companies' net-zero management (Field 6: Net-zero management) Promotion of Green Transformation (GX); expanded use of low-carbon data centers; development of solutions for introduction of carbon tax and carbon accounting; response to trend toward regionally diversified small data centers, etc.	●	●			

		Impact on business operation	1.5°C	4.0°C	Potential impact on finances	Time frame*	Risk-mitigation measures
Transition risk	Technology	Transition to low-carbon technology	Deterioration in technological capabilities and service development capabilities due to falling behind in response to the progress of low-carbon technology	●	—	Decline in revenue due to less demand for products and services The Group's market dominance would be undermined if we cannot ascertain customer behavior regarding low-carbon products and services and appropriately develop technologies that contribute to related technologies. This would reduce sales opportunities, and if it is not possible to absorb the investment in development, profitability would fall. Deterioration in access to capital If low-carbon oriented investors lower the Group's sustainability-related rating, and customer's evaluation of the Group as a supplier fall, revenue opportunities would decline and financing costs would increase.	Short term ~ Medium term	**Conduct R&D that contributes to the development of low-carbon technology** • R&D investments • Human resource development **Provide services that meet changing customer demands** • Provide environmentally friendly services that contribute to climate change mitigation and adaption • Promote customer engagement **Disclose reliable climate-related information** • Initiatives to implement TCFD recommendations • Promote constructive dialogue with investors **Conduct low-carbon business activities** • Join RE100 and promote switch to renewable energy • Promote value chain engagement
	Market	Changing customer behavior	Deterioration in competitiveness if it is not possible to appropriately reflect changes in the demand and supply of low-carbon products and services in our products and services	●	—			
	Reputation	Stakeholders' concerns	Decline in corporate value due to the absence of appropriate provision of services that match the changing needs of low-carbon oriented customers and investors and the lack of proper information disclosure	●	—			

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

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.

Developing Businesses That Link DX for Customers to the Advancement of DX for Society in Order to Achieve Carbon Neutrality
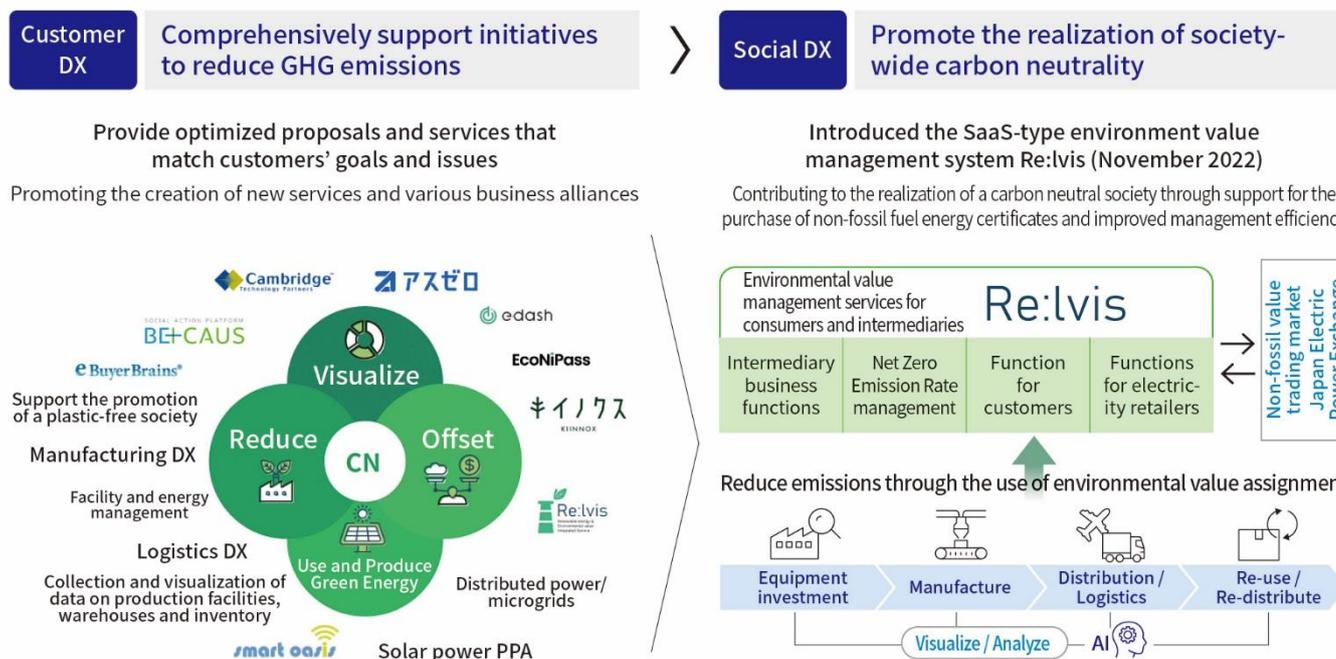
Environmental Contributions Made by Providing Solutions and Services

The Group provides a variety of environmental solutions and services in the following six areas. Through these initiatives, we aim to help solve environmental issues and help build a sustainable world.

1. Energy Management and Renewable Energy

Main IT-based Solutions and Services to Improve Energy Utilization Efficiency and Popularize Renewable Energy

Enability® Series of cloud-based retail power solutions

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

(Available in Japanese only)

Enability EMS® energy management service

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

(Available in Japanese only)

Initiatives related to non-fossil fuel certificate[1] trading (1): Operations related to accreditation of non-FIT and non-fossil fuel sources[2]

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

https://www.biprogy.com/solution/lob/energy/non_fit/index.html

(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_2.
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

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

https://pr.biprogy.com/solution/lob/energy/fit_tracking/

(Available in Japanese only)

Support for Efficient Procurement and Management of Non-Fossil Certificates: Environmental Value Management Service Re:lvis®

For more information visit > https://www.biprogy.com/solution/service/environmental_value.html

(Available in Japanese only)

Solar Surplus Forecasting Service for Retail Businesses | AI Forecasting Service

For more information visit > https://pr.biprogy.com/solution/lob/energy/ems/power_prediction.html

(Available in Japanese only)

2. Circular Economy

Main IT-based Solutions and Services to Improve Efficiency and Reduce Loss in Production and Consumption of Goods

Core-banking system BankVision® (BankVision on Azure)

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

(Available in Japanese only)

Branch Office Support System: SmileBranch®

For more information visit > https://www.biprogy.com/solution/service/smilebranch.html

(Available in Japanese only)

SaaS EC solutions — Omni-Base for DIGITAL'ATELIER

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

(Available in Japanese only)

AI-Order Foresight (AI automatic Order Service)

For more information visit > https://www.biprogy.com/solution/service/aiorder.html

(Available in Japanese only)

U-Cloud® cloud service

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

(Available in Japanese only)

Utilizing Japanese Wood Products Through the KIINOX Project[1]

For more information visit > https://www.biprogy.com/solution/theme/carbon_neutral_kiinnox.html

(Available in Japanese only)

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.

3. New Reality / Resilience

Providing Services that Help Create Mechanisms for Remote Diagnosis Without Having to Visit Sites

Dr. Bridge® AI bridge diagnosis support system

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

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

(Available in Japanese only)

MUDEN cloud solar camera

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

(Available in Japanese only)

4. Green Mobility Transport

Providing Services that Help Create Green City Systems with Digital Technology

smart oasis® mobility service platform

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

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

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

5. New Normal

Main Solutions and Services to Help Leverage Digital Technology to Create Mechanisms That Do Not Rely on the Movement of People

Work Style Innovation

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

(Available in Japanese only)

Support for Problem Solving: Data + AI Rinza®

For more information visit > https://www.biprogy.com/solution/service/airinza.html

(Available in Japanese only)

6. Net-Zero Management

Providing Solutions and Services that Help Support Corporate Net-Zero Management

Carbon Neutrality Measures

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

(Available in Japanese only)

Use of Eco-Friendly Data Centers

For more information visit > p. 51, Use of Eco-Friendly Data Centers

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[1] 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 > https://www.there100.org/

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 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 October 2021, BIPROGY joined the Green x Digital Consortium created by the Japan Electronics and Information Technology Industries Association (JEITA).
- 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. As of April 2023, we are continuing our full-scale participation in the GX League initiative.
- Since October 2022, we have participated as a partner company in the Tokyo Ethical Action Project launched by the Tokyo Metropolitan 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[1] (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[2] makes for an eco-friendly, energy-saving data center that can achieve a PUE[3] 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
(Available in Japanese only)

Reducing Environmental Impact with a Hybrid Work Model that Combines Remote and In-Office Work

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

the climate-related risks identified in climate change scenario analysis, items that were evaluated to be of high importance to the Group's business were targeted for management. The risks are reviewed annually using a risk management item inventory process. 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.

Indicators and Targets

The Group is steadily working to achieve the targets it has set, such as those related to GHG emission reductions in material issues in 2021. Most of the GHG emissions by the Group, whose core businesses are digital and ICT services, are from the use of electricity. Therefore, we joined RE100 and are moving forward with switching to renewable energy for electricity we purchase and as of fiscal 2022, the percentage of energy purchased that is renewable energy rose to 23.4%. We are also promoting energy conservation measures based on the efficient use of offices and equipment.

Because of these initiatives, we reduced the Group's fiscal 2022 Scope 1 + Scope 2 (market-based) GHG emissions 25.1% compared to fiscal 2019.

Furthermore, in September 2022, we submitted a commitment letter to obtain science-based targets (SBT) certification for GHG emissions reduction targets based on Paris Agreement targets.
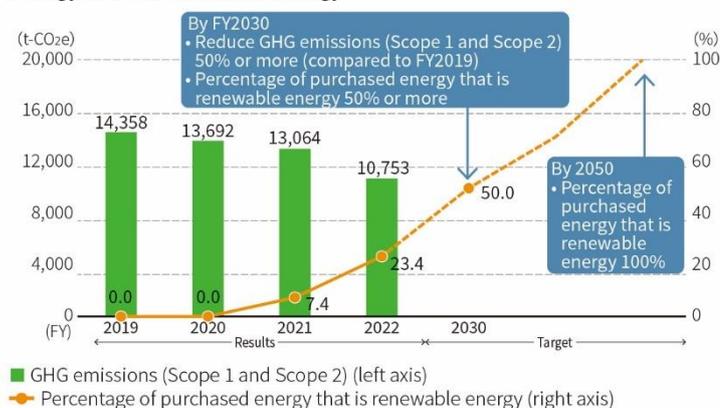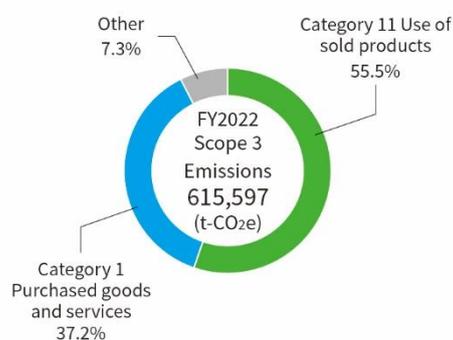
KPIs and Targets for Further Benefiting Customers and Society by Providing Services That Help Reduce CO_2 Emissions

Indicators	Goals and progress
Percentage achieved for target contribution to corporate net-zero emissions	100% or more (annually until FY2030) → 174.6% (FY2022), 132.9% (FY2021)
Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented 100%	Identify business opportunities and risks and continue to manage identified risks through Group risk management systems

KPIs and Targets for Reducing GHG Emissions Arising from Business Activities

Indicators	Goals and progress
Percentage of purchased energy used at the Group business locations that is renewable energy	50% or more (FY2030), 100% (FY2050) → 23.4% procurement (FY2022), 7.4% procurement (FY2021)
Reduction rate in GHG emissions (Scope 1 + Scope 2 (Market-based))	50% or more compared to FY2019 (FY2030) → 25.1% reduction (FY2022), 9.0% reduction (FY2021)

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

GHG emissions (Scope 3)	Set the target of "suppliers who account for 40% of the total procured value of purchased goods and services (category 1) set targets equivalent to SBT by 2027." (FY2022)

Reduce GHG Emissions Through Initiatives Throughout the Supply Chain

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

Green Procurement

When it comes to procurement decisions, the BIPROGY 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. Moreover, the Group procures products and services with low environmental impact from suppliers who take environmental measures in accordance with the BIPROGY Group Green Procurement Guidelines.

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

Supplier Risk Assessment

Working with Suppliers

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 2022, the Group did not violate any standards or regulations concerning water quality or usage. Moreover, in fiscal 2020, we started disclosing information on water usage for certain sites such as the Toyosu Head Office Building in Koto Ward, Tokyo. Since fiscal 2021, we have been sharing this information for the entire BIPROGY Group.

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.

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 and is working to reduce its environmental impact in order to ensure it uses resources and energy appropriately and efficiently. 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 BIPROGY 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

Environmental Data

GHG Emissions (Scopes 1, 2 & 3)

GHG Emissions (Scopes 1 & 2)

Emissions Type	FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1 emissions (t-CO2e)	0	0	218	1,470	1,406.01
Scope 2 emissions (t- CO2e) (location-based)	–	–	–	13,442	12,370.24
Scope 2 emissions (t-CO2e) (market-based)	14,107	14,358	13,475	11,593	9,347.43
Total Scope 1 & 2 emissions (t-CO2e) (market-based)	14,107	14,358	13,692	13,064	10,753.44

Notes:

1. Starting in fiscal 2021, calculations are based on the GHG Protocol.

2. Location-based and market-based Scope 2 emissions are defined in the GHG Protocol Scope 2 Guidance 2015.

3. Scope of calculation

   FY2018-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)

   FY2022: BIPROGY Inc. and 25 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-CO2e)	FY2022 (t-CO2e)
Scope 3 Emissions (t-CO2e)		632,737	615,597.43
Categories	Category 1: Purchased Goods and Services	251,490	229,241.64
	Category 2: Capital Goods	20,684	33,493.09
	Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	2,276	2,329.76
	Category 4: Upstream Transportation and Distribution	1,785	3,141.19
	Category 5: Waste Generated in Operations	31	31.43

Emissions Type	FY2021 (t-CO$_2$e)	FY2022 (t-CO$_2$e)
Category 6: Business Travel	2,570	4,366.65
Category 7: Employee Commuting	1,028	1,210.90
Category 11: Use of Sold Products	352,767	341,617.79
Category 12: End-of-Life Treatment of Sold Products	105	164.97

Notes:

1. 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 fiscal 2021.

3. Scope of calculation

    FY2021: BIPROGY Inc. and 24 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide, and 100% of total BIPROGY Group personnel)

    FY2022: BIPROGY Inc. and 25 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide, and 100% of total BIPROGY Group personnel)

Energy Consumption

Consumption Type		FY2018	FY2019	FY2020	FY2021	FY2022
Energy consumption (kL)		7,613	7,855	7,425	7,836	7,607.51
(Energy types)	Purchased electricity (kWh)	–	–	–	27,229,042	25,835,292.51
	Purchased electricity from renewable energy sources (included in the above purchased electricity) (kWh)	–	–	–	2,025,840	6,041,211.61
	City gas (m^3)	–	–	–	578,424	545,838.77
	Heavy fuel oil A (kL)	–	–	–	0.68	1.99
	Gasoline (kL)	–	–	–	90	90.83
	LPG (m^3)	–	–	–	404	745.00
	Hot water (MJ)	–	–	–	195,701	197,679.54
	Cold water (MJ)	–	–	–	1,999,799	6,740,964.73
	Steam (MJ)	–	–	–	168,199	136,866.00

Notes:

1. The Group joined the RE100 initiative in July 2020 and started procuring renewable energy in fiscal 2021.

2. Scope of calculation

    FY2018-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)

FY2022: BIPROGY Inc. and 25 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

Water Use

Consumption Type	FY2018	FY2019	FY2020	FY2021	FY2022
Water use (m³)	–	–	13,000	49,477	53,006.69

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)

FY2022: BIPROGY Inc. and 25 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

Waste Generation & Paper Usage

Waste

Emissions Type		FY2018	FY2019	FY2020	FY2021	FY2022
Waste (kg)		454,600	425,700	213,300	648,602	339,071.28
Waste types	Recycled (kg)	–	–	–	279,501	267,837.50
	Landfilled (kg)	–	–	–	17,000	0.00
	Incinerated (kg)	–	–	–	54,715	62,142.78
	Other (kg)	–	–	–	297,386	9,091.00

Note: Scope of calculation

FY2018-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)

FY2022: BIPROGY Inc. and 25 consolidated companies excluding its investment business limited partnerships (covering main sites worldwide)

Paper Usage

Consumption Type	FY2018	FY2019	FY2020	FY2021	FY2022
Paper used (kg)	–	–	–	25,696	23,697.63
Paper used (thousand sheets)	17,460	15,110	7,250	–	–

Note: Scope of calculation

FY2018-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)

FY2022: BIPROGY Inc. and 25 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 2022.

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 2022 assurance statement includes the following items.

- Amount of Scope 1 GHG emissions (t-CO_2e)
- Amount of Scope 2 GHG emissions (t-CO_2e) location-based and market-based
- Amount of Scope 3 GHG emissions (t-CO_2e) Categories 1-15
- Amount of total energy consumption (GJ, MWh, kL)
- Amount of total energy consumption (kL) and specific consumption (kL/m^2) based on Japan's Act on the Rational Use of Energy
- Percentage of procured electricity derived from renewable sources (%)
- Amount of energy used (city gas (m^3), heavy fuel oil A (kL), gasoline (kL), LPG (m^3), hot water (MJ), cold water (MJ), and steam (MJ)
- Amount of water used (m^3)
- Amount of waste emissions (recycled, landfilled, incinerated) (kg)
- Amount of paper used (kg)

Independent Assurance Statement（PDF: 923KB）>

https://sustainability-cms-biprogy-s3.s3-ap-northeast-1.amazonaws.com/pdf/IAS_2023_en.pdf

Social

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.

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 introduced 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

Related Policies

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

https://www.biprogy.com/com/corporate_code_of_conduct.pdf

BIPROGY Group Procurement and Transaction Guidelines (Available in Japanese only) >
https://www.biprogy.com/com/purchase.html

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

BIPROGY Group AI Ethics Principles >

https://www.biprogy.com/e/com/e_2022_ai_ethics_principles_BIPROGY_group.pdf

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.

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.

As part of our materiality efforts, in fiscal 2023 we set a KPI for addressing human rights issues, and we aim to achieve 100% across the BIPROGY Group. In fiscal 2021, we identified business-related human rights risks for the entire Group, and in fiscal 2022, we began investigating and implementing measures to address the identified issues.

Human Rights Risk Assessment

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

Identified human rights issues	Response measures and implementation status
Rigorous dissemination of human rights policy	・Provision of relevant e-learning for all Group employees (once a year) ・Currently translating human rights policy into other languages for Group companies outside Japan
Responsible procurement and management thereof	・In fiscal 2021, we conducted ESG risk assessments of 98 major business partners and made improvement requests to 49 companies with identified risks
Conducting stakeholder engagement	・Scheduled for fiscal 2023
Establishing a mechanism for handling external complaints	・While we have a long-established point of contact for the submission of complaints by external stakeholders such as business partners, we are now conducting an investigation to determine whether our responses to complaints meet the requirements set forth in the UN Guiding Principles on Business and Human Rights. We are also considering ways to better respond to issues.
Initiatives for freedom of expression	・Started investigating industry trends and relevant internal issues
Initiatives for ethical/responsible marketing	・Started investigating industry trends and relevant internal issues

Education

Since fiscal 2020, we have conducted e-learning programs on business and human rights for Group executives and employees. The fiscal 2022 participation rate was 99.7%.

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.

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.

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.

Eliminating Conflict Mineral Use

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

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 2022, we participated in the GCNJ's Human Rights Education Subcommittee.

Human Resource and Labor Management

Human Resource Approach

Human resources represent important assets for the BIPROGY Group, and they are the driving force behind the Group's sustainable growth and corporate value improvement over the medium and long term. Our business environment is changing and becoming more diverse at an accelerating pace. The Group embraces diversity, equity, and inclusion (DE&I) so that it can help solve social issues with foresight, insight, and innovation, and create a business ecosystem, as indicated in the Group's Corporate Statement. In order to form a business ecosystem by collaborating with companies and organizations with diverse values that extend beyond industry boundaries, the Group's human resources need to be diverse enough to ensure a broad perspective. New perspectives and approaches that are not based on experience or conventional thinking are rarely found in a homogeneous organization. This is why we are aiming to improve our organization and corporate culture so that employees with diverse perspectives and backgrounds can demonstrate their individual abilities to the fullest, regardless of attributes such as gender, nationality, age, or disability, and thereby promote greater well-being for every individual. We are steadily working on human resource reform to recognize intrapersonal diversity, while emphasizing the stimulating aspects of change and bolding taking on new challenges. We are steadily transforming the Group into an enterprise that creates even greater social value.

We are becoming a company that creates social value by implementing human resource and corporate culture reforms to promote continuous 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.

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

In addition, in order to promote our Groupwide human capital strategies, we founded the Human Capital Management Division in April 2023. The Division will be responsible for our human resource portfolio management, planning and executing the Group's human resource strategies, contributing further to training our business leaders, reforming our working styles, developing our organization and human resources, and implementing DE&I[1] policies.

Our policy, as we work to fulfill our Purpose, is to actively seek opportunities for dialogue with various stakeholders, and we encourage our people to dialogue not only with other employees around them, but also with human resources from outside the company, as we work strategically to develop human resources capable of generating greater value.

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

ROLES-based Human Capital Management

Since fiscal 2019, we have implemented a ROLES-policy to facilitate the development of human resources capable of achieving sustained innovation through intrapersonal diversity. ROLES is our Group's system for defining the competencies and skills required to execute a particular job. It is a core concept that captures the type, quality, and volume of human capital required to execute the various business strategies based on our overall management strategy.

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

Schematic showing the connection between our business strategies and human resource strategies
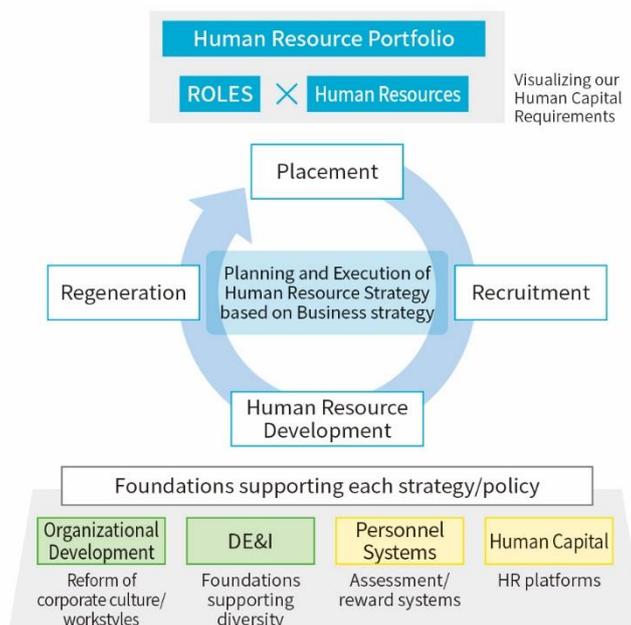
Utilizing Human Resource Data

Our Group is building human resource platforms designed to promote our overall human resource strategy including career development and job assignment. The system centers around a talent management system based on the centralized control of human resource data. With this platform, we will encourage "self-directed career development," "stronger organizational capabilities" and the "clarification and organization of human capital requirements" as we seek to achieve our Vision 2030.

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

Hiring

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 2022, the Group hired 205 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 2022, 1,183 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 2022, 15 of these seminars were held, with a total of 1,097 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's operations, and also spur interest in applying for a job. A total of 222 interns participated in our internship program in fiscal 2022 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 2022, the Group recruited 208 of these mid-career employees.

Our recruitment methods include expanding the candidate pool by working closely with personnel agencies, creating job postings based on good communication between HR and the recruiting department, and conducting the recruitment selection process (document screening, interviews, and offer interviews, etc.) in a careful and flexible way. These methods enable us to communicate closely with job seekers while enhancing the attractiveness of career opportunities offered by the Group.

We are also making trial efforts to recruit mid-career job seekers. The Group is using methods such as direct recruiting, which involves directly contacting human resources who have registered with external human resources platforms, as well as referral recruitment, where candidates are referred by Group employees, and alumni recruitment, where retired Group employees come back to extend their careers. 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. Along with briefing sessions, a handbook is provided to managers and co-workers in workplaces where mid-career recruits are placed. The handbook includes expertise on how to incorporate these new employees as well as instructive case studies highlighting the experience of other departments. By promoting workplace understanding of the concerns and obstacles faced by mid-career hires, the Group is working to revitalize its organizations by stimulating interactions with new members of the BIPROGY team.

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 2022, BIPROGY hired two people from nations other than Japan.

As part of efforts to hire new graduates in fiscal 2023, the Group's recruitment activities are targeting technical universities outside Japan as well as foreign students at Japanese universities.

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 philosophy that human resources are important assets of the BIPROGY Group and the driving force of its growth, we are implementing various human resource development measures, including OFF-JT,[1] OJT,[2] and OCT,[3] 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 reskilling. 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 based on the ROLES framework in line with organization goals.
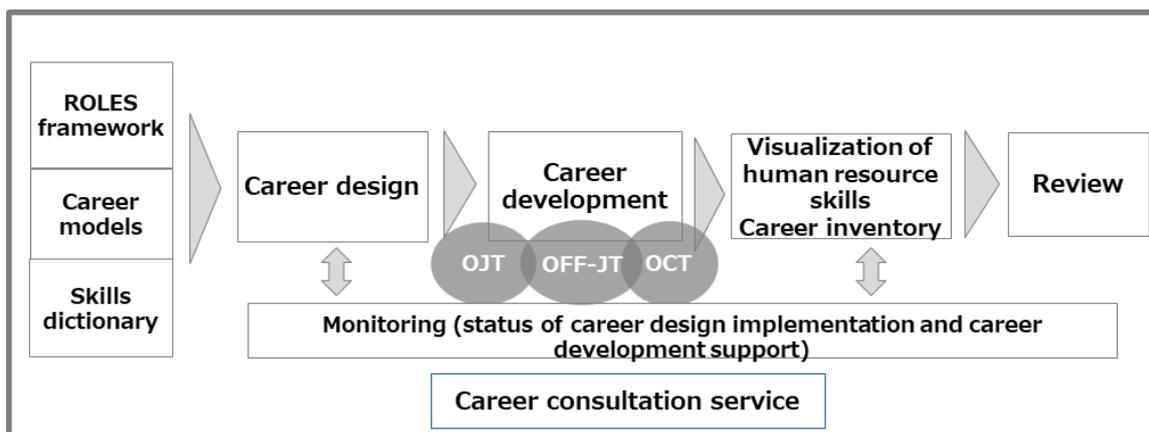
Career Design

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 Leadership Human Resources for Priority Areas

Business Producers

Our Group refers to individuals with specialist business development knowledge who can produce a beneficial impact on society as "business producers." We set KPI in relation to fostering "business producers" to achieve one of our "Material issues," which is to double the number of employees with the highest maturity rank under our ROLES system between fiscal 2021 and 2023.

Over the 13 years between fiscal 2010 and 2022, we have delivered our "Next Principle" training program, which aims to equip personnel with the practical skills required to generate new businesses, to a total of 405 individuals. Since fiscal 2017, we have also been holding monthly pre-work Morning Challenge meetings in which employees are introduced to the skills and services developed within startup companies. Each morning, between 500 and 800 employees voluntarily take part in these meetings. Since fiscal 2023, as a spinoff of the Morning Challenge, some employees have been making use of the lunch hour of interactive dialogue sessions under the title "More Challenge," with around 100-150 employees taking part voluntarily in each session. By creating these human resource programs and communities, we are steadily making changes to employee attitudes and behavior, changes that will lead to the creation of new businesses. We will continue to review these training programs, as we work to strengthen our training of "business producers."

DX specialists

Seeking to develop human resources who can promote digital transformation (DX) initiatives to benefit society and customers, the Group has defined the related competencies and skills in the ROLES system. There are definitions for roles such as product managers who lead the effort to build digital businesses, data scientists who specialize in data and other analysis and are familiar with the Group's business areas and operations, and cloud computing experts who are specialists in cloud-based services. For each of these roles, we offer a variety of training programs covering everything from basic knowledge to practical skills.

Moreover, in order to strengthen the Group's service development capabilities, we are training employees in agile service development methods, while providing training for Scrum Master certification, which indicates competency in Scrum project management principles.

Cybersecurity specialists

As the core of its cybersecurity management practices, the Group has devised a cybersecurity strategy and is focusing on relevant human resource development. In addition to developing highly skilled professional human resources, we are implementing the following initiatives to enhance the capabilities of cybersecurity specialists across the Group.

- Incident response training centered on CSIRT
- Specific types of cybersecurity training (beginner, basic knowledge, IT developer, as well as intermediate basic knowledge and app use)

We are also working to prevent security incidents by linking training with job assignments to ensure that trainees are assigned to actual system development projects and are able provide practical support.

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. The aim is to produce management executives who are committed to continual innovation. 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. As of fiscal 2022, 30 people have participated in the program.

In fiscal 2022, the Group began taking measures to expand the executive talent pool and candidate pipeline, in order to create a system for developing senior managers in a more systematic and continual way. The efforts include centralizing human resource data by adopting a talent management system, conducting new assessments, revamping internal and external training programs, and designing an assignment system. These efforts are expected to help achieve sustainable executive management for the Group.

Leaders Sessions

We hold 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 2022. Each session attracted over 100 participants.

New Graduate Hire Training

The following training programs for new graduate hires are designed to 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.

Programs to Empower 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)

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.

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, about 35% in fiscal 2022, and about 37% in fiscal 2023.
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. Purpose management workshop

   In fiscal 2023, we began efforts to deepen understanding of the Group's Purpose among Group executives and top-level organizational heads, by launching an initiative aimed at having them express their own organization's purpose and convey it to their team members as part of a narrative.

5. Middle manager discussion group concerning organizational purpose

   This discussion group was created to strengthen cross-organizational collaboration among middle managers, who serve as an important bridge between senior management and frontline workers. It seeks to enhance the driving force provided by middle managers for innovative group-wide change by allowing them to discuss effective measures for instilling the purpose of their respective companies and organizations in employees.

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. The result for fiscal 2021 was 3.4, and for fiscal 2022, it was 3.47.

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[1]

- ・ 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, Equity & Inclusion (DE&I)

Policies

One of the Group's Principles that supports its Purpose is "acceptance and acquisition of diversity." We aim to foster a corporate culture where each employee can fully embrace their intrapersonal diversity, respect others' individuality, and fully demonstrate their individuality and abilities.

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
BIPROGY Group Code of Conduct (Available in Japanese only) >
https://www.biprogy.com/com/corporate_code_of_conduct.pdf

We promote diversity, equity and inclusion (DE&I) efforts based on the commitment of our CEO. The Group is undertaking initiatives to support individuals with certain attributes such as women, employees with disabilities, LGBTQ+ individuals, and non-Japanese nationals. We make comprehensive efforts to foster a DE&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 DE&I-Positive Culture and Supporting Self-Driven Efforts

The president and the corporate officer in charge of this area regularly write DE&I-related messages for employees, which are shared on the Group's intranet. Moreover, at the annual DE&I Seminar, talks are provided by outside experts, and the corporate officer in charge of DE&I 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 DE&I and transform the corporate culture. By encouraging frontline employees to promote DE&I at their own initiative, while also having the promotion department support those efforts, we are creating a movement that is self-driven.

Diversity management training	This is mandatory training for organizational heads. In order to fully utilize the individual abilities of diverse human resources, the main themes of this training are fostering psychological safety and countering unconscious bias.
DE&I seminars	Seminars for all officers and employees of the Group, featuring lectures by outside experts and messages from the corporate officer in charge
Diversity e-learning	e-learning for all Group employees (mandatory)
Unconscious bias seminars	Seminar for all Group employees to help them understand unconscious bias and learn how to address it.
Interviews with employees advocating for diversity	Interviews with employees, published on the internal communication site (about twice a year) on a wide range of topics, such as women's perspectives, balancing work with childcare, middle-aged employees, non-Japanese employees and other topics.
DE&I e-mail magazine	An e-mail magazine on the subject of DE&I, distributed to all employees on an ad hoc basis (about six times a year)
DE&I dialogue	Activities designed to promote DE&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 DE&I promotion team in each frontline department develops self-driven DE&I initiatives.

Gender Diversity Promotion

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.

	Target	Result
Material issue KPI	Percentage of management positions held by women: 18% or more (by April 1, 2026)	10.2% (as of April 2023)
Percentage of executive officer positions held by women[1]	20% (by April 1, 2025)	20.6% (as of June 2023)
Percentage of management positions held by women[1]	Double the number of women in management positions compared to fiscal 2020 (126 by April 1, 2025)	85 women (as of April 2023)

1. BIPROGY Inc.

We aim to build human resource pipelines that includes women who are candidates for management positions and enhance the Group's manager diversity 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 the head of each division at BIPROGY Inc. and each of its Group companies. Since the launch of this system, we have been conducting interviews with each relevant organization regarding their organizational head appointment plans, and have checked the participant goal setting and career plans. In fiscal 2023, we will also expand

training to include Group company employees and strengthen measures to achieve the appointment plans.

Promoting Employee Understanding, Awareness and Behavioral Change

We conduct rank-based training with the aim of enhancing awareness among women of personal career development activities and to help them develop a managerial mindset. Each participant is joined by her direct supervisor during the training, so that the expectations of both individuals can be aligned. In addition to these training measures, we are developing networks for women in the workforce. Within the Group, women are able 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.

Grade-specific development program for women	With the aim of forming a human resource pipeline for women, this program is provided to young- 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.
Networks for women in the workplace	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. We strive to enable employees to develop their own careers and work in ways that can accommodate their personal situations. We also foster mutual respect within the workplace so that teams can achieve maximum results.

Nursing Care Support System

The Group's employees remain with the company for a long time (the average was 20.9 years at the end of fiscal 2022), 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 publish nursing care handbooks.

Promoting Employee Understanding, Awareness and Behavioral Change

Nursing care seminars	Seminars given by outside experts held once a year, with all Group employees eligible, designed to help employee balance work and nursing care
Diversity management training	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. This training was shifted to an e-learning format in fiscal 2023.
Nursing care handbook	The handbook is published to help employees understand the important points for balancing work and family nursing care responsibilities
e-learning	Training that provides basic knowledge for employees needing to take on family nursing care responsibilities. The key points are provided in an easy-to-understand way, allowing participants to adopt the necessary mindset. Group employees can attend on a voluntary basis.

Systems and Mechanisms

Nursing care unpaid leave	Up to one year per family member needing care (can be taken multiple times)
Nursing care paid leave	(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
Flex time	Working hours are calculated with a one-month settlement period; there are core times
Reduced working hours	As little as two hours/day
Counseling	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. Diversity management training allows organizational heads to better manage their subordinates who need to balance work and childcare responsibilities. This is helping to create an organizational culture in which employees can choose a work style that suits their own personal situations, while still developing their own careers. In a survey of all Group employees, more than 90% of respondents agreed that women in the workforce should be able to easily access work-life balance support programs to raise young children. More than 80% also responded positively about men in the workforce being able to easily use the same programs. The number of positive responses has continued to increase since the survey began in 2016, and attitudes have been changing regarding the use of support programs by men to balance childcare and work responsibilities.

In recent years, the number of men actively involved in childcare has been increasing. In fiscal 2022,

the percentage of eligible men taking childcare leave was 48.7%, and the combined percentage of eligible men taking childcare leave and other leave for childcare purposes was 74.7% (both rates apply to the consolidated Group[1]). Additionally, the average leave period for these men at BIPROGY Inc. is 119 days. In addition to an increase in the number of men serving as organizational leaders taking childcare leave, discussion among men engaged in childcare is growing on the company's intranet social network.

1. BIPROGY Inc., UNIADEX, Ltd., UEL Corporation, International Systems Development Co., Ltd., Cambridge Technology Partners Inc., and S&I Co., Ltd.

Promoting Employee Understanding, Awareness and Behavioral Change

Diversity management training	Required e-learning program for organizational heads to learn about their appropriate role and approach when dealing with subordinates balancing work and childcare responsibilities
Interview for those taking maternity and childcare leave	Three-way interviews (employee, supervisor and Diversity Promotion Office representative) before and after maternity and childcare leave
Network for men	Internal social media for all men employed by the Group
Career development support during childcare leave	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

Programs that can be used before childbirth	Subsidies for infertility, limits on late night work and overtime during pregnancy, measures limiting work on holidays
Leave before and after childbirth	Maximum of nine months
Childcare leave	Can be taken by men and women up until the child turns two years of age (may be divided)
Reduced working hours	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)
Childbirth leave to support wife	Men can take up to two days of special paid leave (may be divided)
Other	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, 2023, employees with disabilities accounted for 2.84% 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 began hiring employees with disabilities at an outdoor farm with the aim of creating a work environment that can help promote their mental and physical health, while providing them with opportunities for job satisfaction and enjoyment through agricultural work. Furthermore, we are in the process of opening a massage room at our head office that will employ visually impaired massage therapists, we and are also hiring employees with disabilities who can work entirely from home. Through these initiatives, the Group is developing diverse workplaces where employees with disabilities can thrive.

Going forward, we will centralize efforts to employ with disabilities at a special subsidiary, BIPROGY Challenged Inc. (formerly NUL Accessibility, Ltd.) The Group aims to maintain and expand this kind of employment by creating environments that make it easier for those with disabilities to find suitable work. 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 employees 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

Diversity management training	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.
e-learning	Participants learn important points for changing workplace awareness, focusing on the considerations necessary to create a workplace where everyone can work comfortably. Group employees can attend on a voluntary basis.
Handbook on working with people with disabilities	Released 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.

In January 2023, to highlight the Group's support for an LGBTQ-themed film, "Tenohira no Pazuru" (Palm Puzzle), we welcomed Ayumi Kurokawa, who is its director and also plays the lead role in the film. She hosted a screening and discussion of the film for employees, and together they shared many candid opinions.

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

The Group aims to foster a culture that welcomes the diverse personalities and viewpoints of all employees, 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

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

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
UN Global Compact Office

Also in 2020, we supported Keidanren's Challenge Initiatives for 30%(#HereWeGo203030) to increase the percentage of executive positions held by women to 30% by 2030. The Group also participated in the Nikkei Women's Empowerment Consortium, a collaboration between companies and across industries. 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).

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)
- Gold Rating in the PRIDE Index 2023
- 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)
- D&I Award 2022 "Best Workplace"

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.

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.

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 2022, 94.83% 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.

Specialized staff, including industrial physicians, public health nurses, and industrial counselors, have been assigned to HR departments within the Group to promote various measures designed to enhance employee health management. Established under the Sustainability Committee, the Social Committee serves as the relevant decision-making body and oversees efforts to promote the mental and physical health of employees. It also identifies important material issues for maintaining and improving employee health. In addition to investigating response policies, it establishes response measures and checks the status of their implementation, and issues instructions for measures to correct issues of concern.

The Group works with its health insurance association to promote collaborative health, which includes cooperation in the areas of health guidance, medical check-ups, and investigating support for various vaccinations. It also collaborates with labor unions, especially in the area of health promotion, such as by awarding health points at employee fitness events to encourage walking.

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

In fiscal 2021, the Group selected as a material issue the need to maintain and improve the physical and mental health of executives and employees. Accordingly, we are working to improve the following two indicators.

Indicators and Targets	FY2022 Results
Total number of lost days of work for mental health reasons: -5% compared to FY2019–FY2020 average (FY2023)	+1.4%
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: 100% 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."
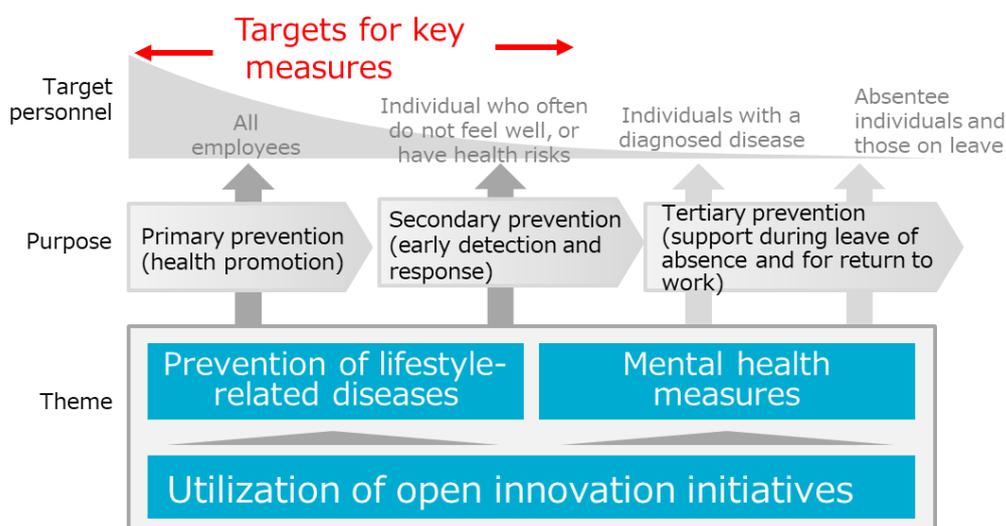
In addition to physical indicators, a multi-faceted analysis is carried out on self-perceived symptoms, lifestyle habits, stress and performance. For example, the following results of analysis have emerged:

- 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 85.15%, with 14.5 days of paid leave taken on average, in fiscal 2022.

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 2022 was down from 17.3 hours, and even over the past five years, the average has been less than 18 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

Wellness measures	Providing blood pressure readers, massage chairs, and balance balls
Counseling for mental and physical health	Setting up employee counseling rooms (staffed by workplace counselors and certified psychologists)
Employee cafeterias	• 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. • 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.

Adopting IT to Promote Health

Key IT Measures for Employee Health

Health point program	A new health point program aimed at improving employee health was introduced in June 2022, and 515 people participated in the program in fiscal 2022
App utilization to prevent productivity decline	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

Providing a health portal	Health management service, including the viewing of health checkup results and the provision of health information
Holding health management seminars	In fiscal 2022, health seminars were held on a range of topics such as how to read medical examination results, how to optimize sleep habits, measures to improve eating habits, using yoga to improve physical health, dietary habits to address the health concerns of women, intestinal health, alcohol consumption, stress coping skills, as well as easing pain related to exercise, stiff shoulders and lower back problems
Encouraging the taking of health-related certification exams	Employees are recommended to take the Mental Health Management Examination and the Japan Health Master Examination
Raising employee awareness	·　Revision of health and safety management regulations ·　Health management orientation for new employees ·　e-learning on mental health, and on maintaining physical and mental health while working (health management)

Key Indicators for Health Awareness Raising

Indicator	FY2022 Results
Communicative and critical health literacy (CCHL)	3.65[1]
Employee satisfaction with health management seminars	93%

1. Average score on a five-point scale for BIPROGY Inc. and UNIADEX, 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	FY2022 Results
Regular health checkup rate	100%
Smoking rate[1]	20.2% (down 5.8% from FY2015)
Exercise habit rate[1]	24.8% (up 3.2% compared to FY2015)
Sleep satisfaction rate[1]	73.2% (up 12.9% compared to FY2015)
Healthy weight rate[1]	70.6%
Hypertension rate[1,2]	18.8%
Presenteeism rate[3]	0.985
Absenteeism rate[4]	4.5%

1. Calculated using regular health checkup results from BIPROGY, UNIADEX, International Systems Development, and Cambridge Technology Partners
2. Percentage of employees with stage 1 hypertension or more advanced
3. Results of employee surveys at BIPROGY and UNIADEX, based on WHO HPQ relative presenteeism (0.25 to 2)
4. Percentage of employees at BIPROGY and UNIADEX who were absent from work or took leave of absence for 7 or more consecutive days due to injury or illness

Administration of Health Clinics

Our internal health clinics provide employees with access to physicians, psychiatrists, and dermatologists. In 2022, we opened a new outpatient clinic especially for women. 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 Center where employees can go as needed to consult with an occupational nurse about their health. When a medical examination is deemed necessary, the center coordinates with an internal health clinic to provide treatment and guidance.

Examinations at internal health clinics and counseling at the Health Management Center 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	FY2022 Results
Stress check participation rate	97.2%
Number of high stress cases	84.6% compared to FY2016

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, 20 participants (5.2%) 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 40 participants (10.4% of re-employed employees).

Toward Achieving Sustainable Procurement

An issue such as suspension of supply of a product or service, or a serious incident or failure due to a problem with a service or security incident, may seriously impact not only customers but also the broader society. It can also have impacts on corporate management, such as erosion of public trust or damage to the brand image.

Accordingly, the BIPROGY Group ascertains and mitigates procurement risks in the supply chain and implements initiatives to promote sustainable procurement. It also builds and maintains relationships of trust with suppliers, while working to provide safe and reliable products and services across the supply 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 we certify outstanding companies as "Business Service Partners." As of October 2023, the Group has 63 of these Business Service 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 BIPROGY Group is committed to ensuring fair, transparent purchasing transactions with its suppliers. The BIPROGY Group Procurement and Transaction Guidelines and the BIPROGY Group Sustainability Procurement Guidelines have been established to ensure that all procurement takes into consideration ESG issues, such as human rights and the environment, and we are working to have them adopted by our suppliers, as well.

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

ESG Risk Assessments

Furthermore, in April 2021, we formulated the BIPROGY Group Sustainability Procurement Guidelines in response to recent growing social demand for procurement that is conscious of human rights and the environment. We also launched ESG risk assessments and promoted the broader use of our guidelines by suppliers. Our first assessment in fiscal 2021 covered 98 major subcontracting companies and suppliers, and we surveyed the status of their ESG initiatives and conducted a risk assessment. In fiscal 2022, we requested improvements at 49 companies that were judged to need improvement.

Main survey points
　・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_2 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

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

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

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

Cooperation with Suppliers

The BIPROGY Group strives to build relationships of mutual trust and ensure fair and impartial transactions by sharing its Procurement and Transaction Guidelines and its Sustainability Procurement Guidelines, and by maintaining good communication with suppliers on a daily basis.

In particular, based on the BIPROGY Group Basic Compliance Policy, the Group strives to keep its procedures updated accompanying legal and system reforms, to comply with relevant laws and guidelines, and to ensure the proper execution of contracts. Accordingly, we publish regular reports and share information via a web portal established for suppliers, in the areas of information deliverables outsourcing and service provision. We ask suppliers to support the Group's approach to sustainability and its initiatives, and we encouraged them to work together with us on these efforts. We have also established a dedicated compliance hotline for BIPROGY and UNIADEX suppliers, which allows them to anonymously report compliance concerns and consult with hotline operators.

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 99.998% in fiscal 2022.

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.

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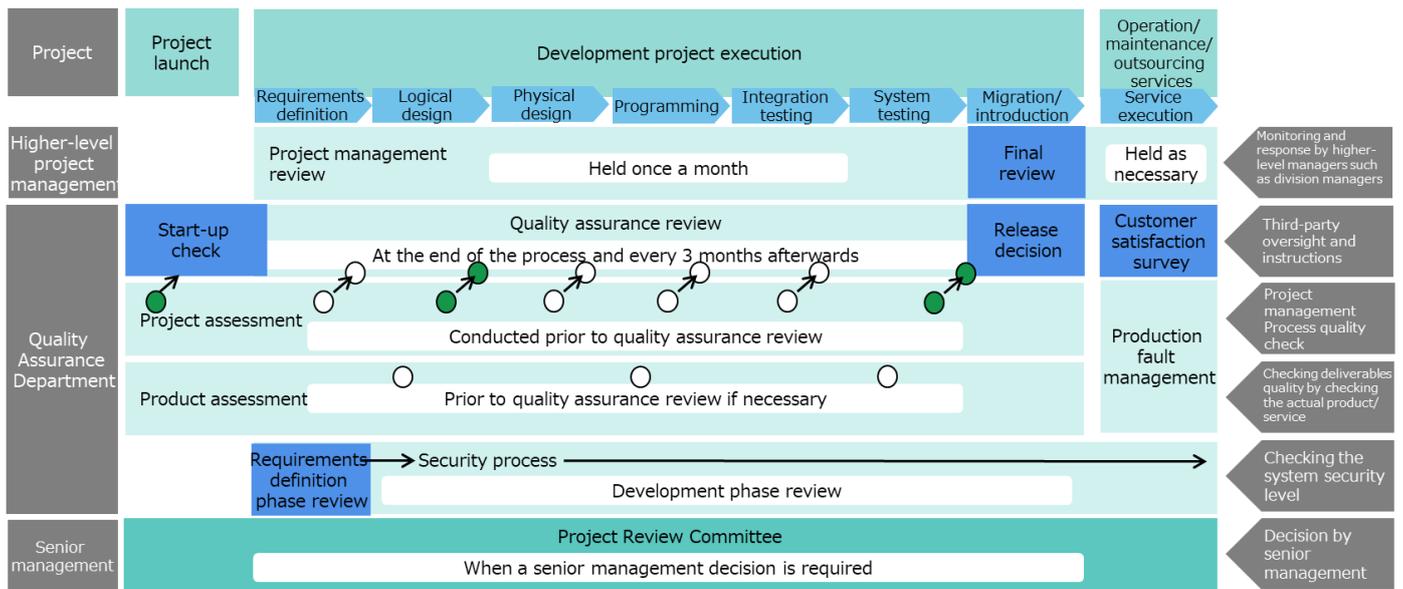
Quality Assurance Process in Development Projects

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 (ISO 9001) Certification

We have acquired ISO 9001 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 2022, 143 people participated in these activities, an increase of 70%, which can be attributed to the growth in face-to-face communication opportunities.

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	• Official partner of Narimichi Kawabata, a visually impaired violinist, since 1998 • Concert invitations issued to visually impaired persons, transportation and venue assistance provided by employee volunteers • Over 15,400 concertgoers, approx. 2,400 invitations issued, approx. 530 employee volunteers (total figures since 2005)
	BIPROGY Challenged Inc. (special subsidiary of BIPROGY Inc.)	• Introduction of complete work-from-home option to enable persons with disabilities, who have difficulty commuting, to work • 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 • Operation of an outdoor workplace, Wakuwaku Farm, where employees with disabilities can engage in agriculture

2. Fostering the next generation	e-net campaign	• Group employee visits to elementary, junior high, and high schools to teach students about safe Internet use since 2006 • Total of 186 sessions
	Badminton lessons	• Company badminton team coach and player visits to local junior high and high schools to give students lessons since 2003
3. Community engagement	Interaction with the local community in collaboration with the Toyosu Cultural Center in Koto Ward, Tokyo (where our headquarters is located)	• Participation in local children's events since 2005 with booths teaching ICT and badminton • Organized Narimichi Kawabata charity concerts, collaborative events with non-profits and other organizations, and donation activities; hall and other amenities provided by collaborative partners. • Approx. 1,700 concertgoers (total since 2005)
	International contributions in collaboration with Table for Two	• Implementation of program at headquarters cafeteria to support provision of school lunches to children in Africa and Asia since 2018

In fiscal 2022, 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 844 members as of March 31, 2023. 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 18.94 million yen on social contribution activities in fiscal 2022 (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), 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 "BIPROGY Presents Narimichi Kawabata New Year Concert 2023" 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. 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.

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.

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.

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 2022, our instructor employees delivered lessons at seven locations across Japan.

Collaborative Programs with Charitable Organizations

The BIPROGY Group holds online lectures and workshops in conjunction with charitable organizations.

A representative of the Visit, a divorce and parenting support center that provides visitation support for children with separated parents, gave a talk on the center's activities that included background information concerning the situation in Japan for children in separated families. This gave the participants an opportunity to learn about the challenges faced by separated families and to think about what they could contribute.

A representative of the Pilcon, a non-profit organization that promotes better understanding of diverse sexual orientations and gender identities, hosted a workshop entitled, "Creating Workplaces with Psychological Safety: Learning to Communicate in a Way that Shows Respect for Sexual Diversity and Gender Equality." The participants learned how to help create a work environment that provides psychological safety, and promotes respect for sexual diversity and gender equality. They also learned how to respond in situations that could entail workplace harassment.

A representative of the non-profit SPAN, which operates a network to assist computer users who are visually impaired, gave a lecture entitled, "Job Coaches to Support Employees with Disabilities: Assisting Visually Impaired Employees in the BIPROGY Group." The presentation explained the role of job coaches and provided an opportunity for participants think about how to work together with visually impaired people in the workplace.

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.

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/

BIPROGY Junior Open Badminton Friendly Match

In March 2023, the first ever BIPROGY Junior Open Badminton Friendly Match was held at the Fukagawa Sports Center in Koto Ward, Tokyo. This tournament was an unofficial competition for elementary school students (grades 1 to 3) in Tokyo, and 86 young athletes competed with enthusiasm. Before the match, players of the BIPROGY Badminton Team took on the role of coaches and conducted a training session, which made the tournament even more significant as part of efforts to help nurture the next generation. The Group plans to continue holding this event going forward.

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.

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.

Supporting the Koto Seaside Marathon

In November 2022, for the first time 13 Group employees participated as water station volunteers during the Koto Seaside Marathon organized by Koto Ward.

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)[1] by participating in the cleanups. (Suspended in fiscal 2022 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. (Suspended in fiscal 2022 due to the COVID-19 pandemic)

Initiatives for Local Employment

The BIPROGY Group pursues various initiatives 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.

In addition, the Group established Wakuwaku Farm, an agricultural facility where employees with disabilities can work in a supportive environment, while making good use of their individual abilities to help raise vegetables.

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 2022 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 2022, Group employees took part in an online lecture entitled "Protecting the Present and Tomorrow for Bangladeshi Children: Help Support International Cooperation Through the Sutenai Seikatsu Campaign."

Activities of Uni-Heart

Organizations Receiving Donations from Uni-Heart in Fiscal 2022

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
8. Tokyo Mental Health Square
9. Special Olympics Nippon Tokyo

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. Pilcon
8. Yumeshokunin
9. Visit

Interacting with Donation Recipients

Uni-Heart holds regular events for employees to interact with donation-recipient organizations. In fiscal 2022, due to the pandemic, the Group offered in-person events, online talks and workshops flexibly, thereby maintaining opportunities for employees to interact with the organizations receiving donations.

Human Resources Data

● **Employment, Diversity, Labor**

Item	Scope of calculation			FY2020	FY2021	FY2022
Number of employees			Men	6,370	6,404	6,379
			Women	1,543	1,664	1,745
			Total	7,913	8,068	8,124
Number of employees by region	Japan	Consolidated	Men	6,191	6,190	6,159
			Women	1,424	1,530	1,600
			Total	7,615	7,720	7,759
	Asia		Men	176	206	212
			Women	117	130	141
			Total	293	336	353
	Americas		Men	3	8	8
			Women	2	4	4
			Total	5	12	12
	Europe		Men	0	0	0
			Women	0	0	0
			Total	0	0	0
Number of employees		Non-consolidated	Men	3,488	3,479	3,453
			Women	919	972	989
			Total	4,407	4,451	4,442
Number of employees by age group	Under 30	Non-consolidated	Men	313	347	376
			Women	209	250	280
			Total	522	597	656
	30 to 39		Men	457	428	409
			Women	154	154	154
			Total	611	582	563
	40 to 49		Men	911	936	928
			Women	212	207	188
			Total	1,123	1,143	1,116
	50 to 59		Men	1,570	1,489	1,380
			Women	313	317	304
			Total	1,883	1,806	1,684

Item		Scope of calculation		FY2020	FY2021	FY2022
	60+		Men	237	279	360
			Women	31	44	63
			Total	268	323	423
Average years of continuous employment		Non-consolidated	Men	21.7	21.8	22.0
			Women	18.1	17.8	17.1
			Total	21.0	21.0	20.9
Average age		Non-consolidated	Men	47.0	47.2	47.5
			Women	42.4	42.0	41.8
			Total	46.1	46.1	46.3
Paid leave utilization rate (%)		consolidated[1]		81.10	82.54	85.15
Percentage of employees with disabilities		consolidated[2]		2.59	2.62	2.84
Percentage of management positions held by women[10]		consolidated[3]		7.5	8.1	9.3
Percentage of management positions held by women[10]		non-consolidated		10.5	10.6	10.4
Number of new employee hires	New graduates	Consolidated[4]	Men	139	127	105
			Women	104	121	100
			Total	243	248	205
	Mid-career recruitment		Men	114	89	150
			Women	28	16	58
			Total	142	105	208
Mid-career hire rate (%)[5]		Non-consolidated		25.4	24.6	53.1
		UNIADEX, Ltd.		34.4	28.7	33.6
Employee turnover rate (%)			–	2.34	2.25	3.06
New graduate retention rate (%)		Consolidated[1]	Men	91.14	91.67	91.53
			Women	92.53	85.07	90.59
			Total	91.78	89.14	91.13
Number of people re-employed after retirement			Men	85	119	158
			Women	14	21	29
			Total	99	140	187

			FY2020	FY2021	FY2022
Percentage of people re-employed after retirement		Men	78	92	90.3
		Women	82	88	90.6
		Total	79	92	90.3
Average number of hours worked per person (hours/year)		–	1,845	1,841	1,848
Average monthly overtime hours worked per employee (hours/month)		–	14.9	16.3	17.3
Absenteeism rate (%)		–	0.1	0.2	0.2
Starting monthly salary for new graduates (yen)[6]	Bachelor's degree	Non-consolidated	220,000	220,000	220,000
	Master's degree		245,300	245,300	245,300
Average annual salary (yen)			8,088,571	8,100,039	8,163,349
Median annual salary (yen)		Non-consolidated	-	-	7,886,646
Ratio of women's basic individual salaries to men's (Women : Men)	Managers	Consolidated[7]	-	-	1:1.04
	Non-managers		-	-	1:1.25
Ratio of women's individual compensation to men's (Women : Men)	Managers		-	-	1:1.04
	Non-managers		-	-	1:1.29

● **Work-life Balance**

Item	Scope of calculation		FY2020	FY2021	FY2022
Number of men taking childcare leave	Consolidated[11]	-	43	49	60
Percentage of eligible men taking childcare leave		-	24.8	30.1	48.7
Percentage of people returning to work after childcare leave	Consolidated[1]	Men	100	100	98.0
		Women	98.0	95.5	100
		Total	99.0	97.6	98.8
Percentage of people retained after childcare leave[12]		Men	97.0	100	90.0
		Women	100	90.5	96.9

Item	Scope of calculation		FY2020	FY2021	FY2022
		Total	99.0	95.1	92.7
Number of people using reduced working hours for childcare		Men	31	13	17
		Women	234	222	237
		Total	263	235	254
Number of people taking paid leave for nursing care		Total	296	501	515
Number of people taking unpaid leave for nursing care		Total	0	4	4
Number of people using reduced working hours for nursing care		Total	14	16	19

●Human Resource Development

Item	Scope of calculation	FY2020	FY2021	FY2022
Annual training hours per employee (hours)	Consolidated[1]	39.6	40.5	40.6
Annual training cost per employee (yen)		78,908	79,387	72,031

●Occupational Health and Safety

Item	Scope of calculation	FY2020	FY2021	FY2022
Number of work-related accidents	Consolidated[7]	5	12	6

●Labor Union

Item	Scope of calculation	FY2020	FY2021	FY2022
Number of union members[8]	Consolidated[1]	5,265	5,235	5,141
Percentage of employees who are union members		94.64	94.89	94.83

●Employee Job Satisfaction

Item	Scope of calculation	FY2020	FY2021	FY2022
Weighted average score of work style related items in the engagement survey[9]	Consolidated	3.37	3.43	3.47

●Sustainability Training

Item	Scope of calculation	FY2020	FY2021	FY2022
Participation rate for e-learning on sustainability (%)	Consolidated	99.0	98.8	99.0

●Social Contribution Activity Expenditure

Item	Scope of calculation	FY2020	FY2021	FY2022
Social contribution activity expenditure (million yen)	Consolidated	12.50	15.19	18.94

1. BIPROGY Inc. and UNIADEX, Ltd.

2. BIPROGY, UNIADEX, UEL Corporation, BIPROGY Challenged Inc., International Systems Development Co., Ltd., Cambridge Technology Partners Inc., and S&I Co., Ltd.

3. 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. 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 UNIAID Co., Ltd.

5. Mid-career recruitment rate is calculated based on Japan's 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

9. The standard score for the new material issue KPI is calculated using the average of the scores for FY2019 and FY2020 (3.36)

10. When calculating the percentage of management positions held by women, in FY2021 and earlier, BIPROGY and UNIADEX included executive officers and organizational heads, and the five other Group companies included corporate officers, executive officers, and organizational heads. In FY2022 however, organization heads and equivalents were included, but not corporate and executive officers

11. FY2021 and earlier: BIPROGY Inc. and UNIADEX, Ltd. From FY2022 onward: BIPROGY Inc., UNIADEX, Ltd., UEL Corporation, International Systems Development Co., Ltd., Cambridge Technology Partners Inc., and S&I Co., Ltd.

12. Calculated as the number of employees retained after childcare leave divided by the number of employee returning to work after childcare leave. The number of employees retained after childcare leave is the number of employees who are still employed at the beginning of the following fiscal year among those who have returned to work after taking childcare leave.

Governance

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'etre" 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 involving supervision by a Board of Directors that includes outside directors and auditing by outside auditors is effective for monitoring management, and has therefore adopted an Audit & Supervisory Board structure.

Corporate Governance Structure (As of June 29, 2023)
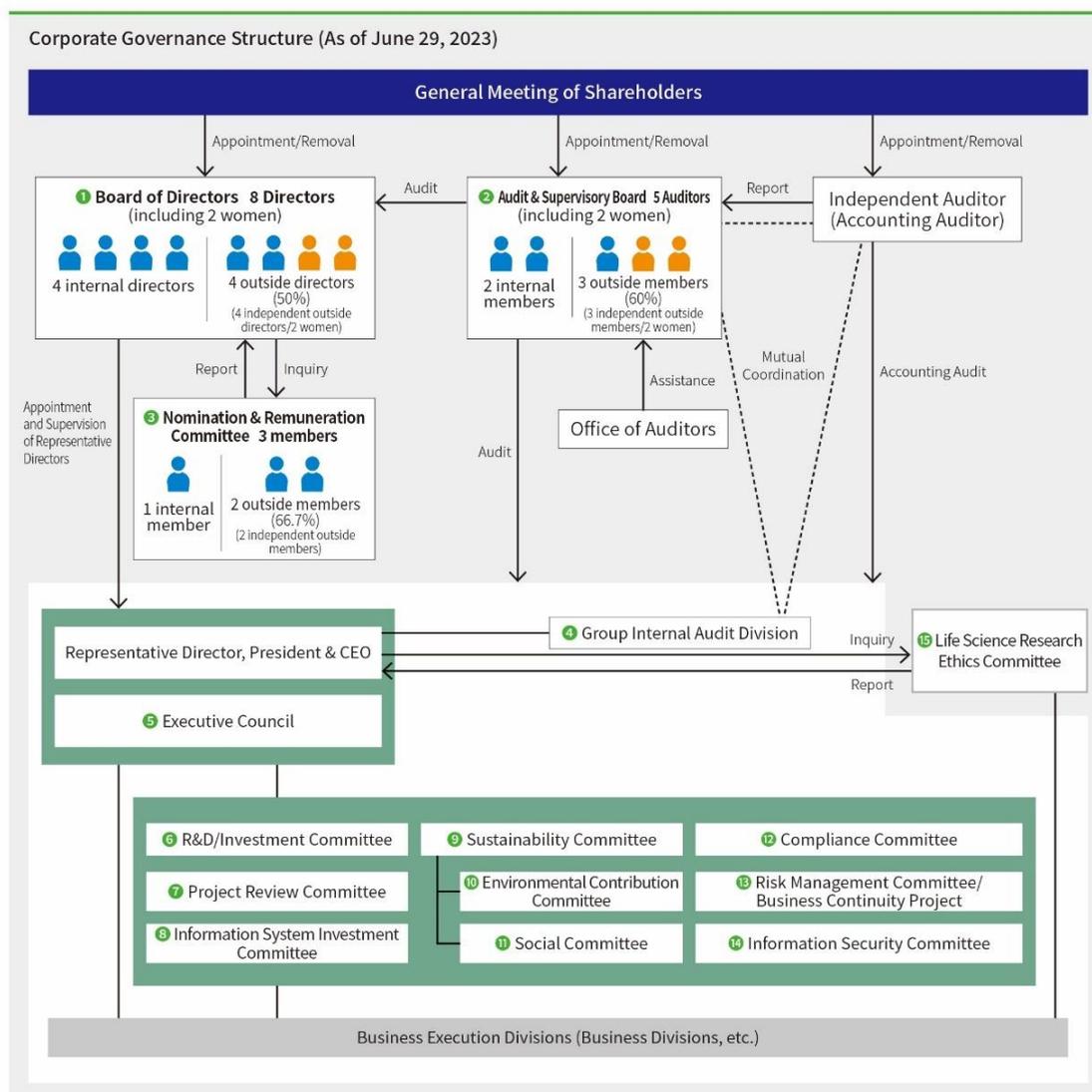
1. Board of Directors

The Board of Directors generally meets once a month. In addition to deliberation and deciding on the Company's basic management policies, important matters, etc., it supervises overall management, including execution of duties by directors and corporate officers. The term of directors is one year, thereby ensuring a management system flexible enough to respond to changes in the business environment and clarifying the management responsibilities of directors. The Board of Directors met 12 times in fiscal 2022.

Content of main deliberations in fiscal 2022

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

2. Audit & Supervisory Board

Audit & Supervisory Board members audit the execution of duties by directors and the internal control system by attending all important meetings including Board of Directors meetings, examining the operational and financial status, and exercising their rights regarding appointments and dismissal of accounting auditors and audit compensation. In order to increase the effectiveness of Audit & Supervisory Board audits and facilitate the execution of audit functions, the Office of Auditors (which currently has one full-time employee) aids the execution of Audit & Supervisory Board member duties. The Audit & Supervisory Board met 16 times in fiscal 2022.

Content of main deliberations in fiscal 2022

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

3. Nomination & Remuneration Committee

This advisory committee to the Board of Directors deliberates and reports on matters pertaining to personnel and remuneration of directors and corporate officers. The attendance of independent outside directors and the agreement of all members, including independent outside directors, are required when passing resolutions. The committee met seven times in fiscal 2022.

Content of main deliberations in fiscal 2022

- Matters concerning composition of the Board of Directors and Audit & Supervisory Board and expertise and experience required of directors and Audit & Supervisory Board members (skill matrix)
- Personnel proposals regarding director candidates and corporate officer candidates (including representative director, order of acting directors and corporate officers, performance evaluation, appropriateness of reappointment, and successor training plan, etc.)
- Bonus payment amount

- Issue and allotment of restricted stock

Note: The results of deliberations by the Nomination & Remuneration Committee are reported and submitted to the Board of Directors.

4. Group Internal Audit Division

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

5. Executive Council

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

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

Committee	Description
❻ R&D/Investment	Deliberates on the advisability of plans for businesses, products and services based on the Group's priority areas, and decides whether to invest in such plans. Also evaluates actual results versus forecasts for these plans and requests a review as necessary.
❼ Project Review	Determines the business risks, the validity of countermeasures, and the possibility of implementation for important development and service businesses. Also evaluates actual results versus forecasts for such projects and requests a review as necessary.
❽ 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.
❾ Sustainability	Formulates measures and policies on achieving SDGs, determines the appropriateness of overall business activities from an ESG perspective, comprehensively determines action promotion and evaluations, and requests a review as necessary.
❿ Environmental Contribution	Analyzes environmental contribution-related policies, manages and monitors the design of mechanisms to promote environmental contributions and their implementation.
⓫ Social	Consideration of policies on social fields, design of mechanisms to promote a social response and the management and supervision of the status of implementation, as well as other endeavors including corrective instructions on pending issues.
⓬ Compliance	Oversees compliance programs such as Group compliance education and internal reporting.
⓭ Risk Management/ Business Continuity Project	Addresses various risks that exert a material impact on Group management and ensures business continuity.
⓮ Information Security	Formulates strategies for overall Group security and personal information protection, and considers and promotes various measures based on those strategies.
⓯ Life Science Research Ethics	Examines the validity of human-subjects research performed by the Company from an ethical and scientific perspective through an independent organization, and requests reviews if necessary.

Initiatives to Enhance Corporate Governance

The BIPROGY Group ceaselessly improves on initiatives for enhancing corporate governance as a mechanism for implementing transparent, fair, prompt, and decisive decision making. To create business ecosystems, it is important to expand business opportunities through trust with a variety of stakeholders. Therefore, in addition to ensuring diversity of directors and Audit & Supervisory Board members, we also consider succession plans for rapid evolution a priority issue.

Changes in the corporate governance system

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

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

Further Enhancing the Governance Structure

The BIPROGY Group seeks to create social value, and to fulfill this goal, it has established and operates 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. We are also working to further enhance our governance system, making efforts such as continually reviewing the executive compensation system and skill matrix, in order to increase corporate value.

Diversity in Directors and Audit & Supervisory Board Members

The Board of Directors' independent outside directors possess diverse backgrounds, including abundant experience and knowledge in management both in Japan and overseas, experience with venture investments and global business, advanced specialized knowledge in the fields of international taxation, gender, and ESG/sustainability. Four of the eight directors on the Board of Directors are independent outside directors, and two of them are women. The term of directors is one year to ensure a flexible management system and clarify the responsibility of directors. In addition, in the Audit & Supervisory Board, three of the five members are independent outside members, making up the majority, and these include one attorney and two women.

Board of Directors

Internal 4 — Outside directors 4 (of 8) 50.0% — Outside 4

Men 6 — Women directors 2 (of 8) 25.0% — Women 2

Audit & Supervisory Board

Internal 2 — Outside Audit & Supervisory Board members 3 (of 5) 60.0% — Outside 3

Men 3 — Women members 2 (of 5) 40.0% — Women 2
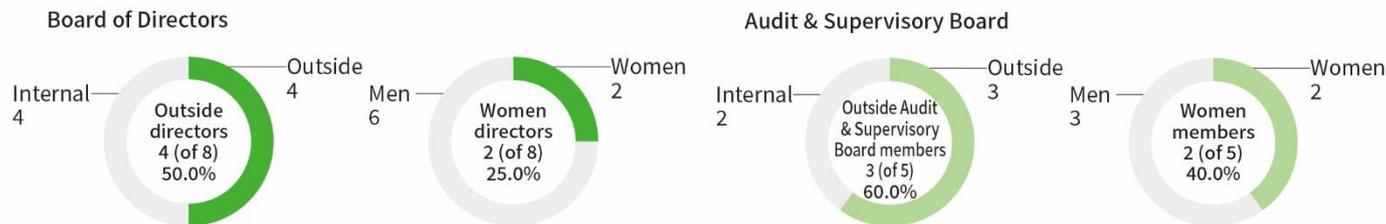
Skill Matrix

Independent outside officers

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

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

Reasons for selecting items in the skill matrix

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

Appointment of Directors

Candidates for directors who will concurrently serve as corporate officers (hereinafter, senior management) are selected from a pool of individuals who are highly motivated, have a strong sense of ethics, and possess the knowledge and experience needed to precisely and effectively manage the Company. In addition, candidates for outside directors are selected while taking diversity into consideration, including individuals who possess abundant management experience and specialized knowledge, and those 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 & Remuneration Committee, which is composed of a majority of independent outside directors, based on selection criteria and procedures formulated by that committee. The Board of Directors then makes its decision based on that report.

Dismissal of Directors

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

Initiatives to Improve the Effectiveness of the Board of Directors

To continuously improve corporate value, BIPROGY considers it important for the Board of Directors to enhance governance by making the most of its 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 functionality.

Board of Directors Effectiveness Evaluation Process

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

Results of FY2022 Evaluation and Policies for FY2023

Issues Identified in FY2021	(1) Need to expand prior sharing of information in order to continue to deepen discussions on themes related to the essence of management and appropriately follow up with an eye toward enhancing the effectiveness of monitoring by the Board of Directors (2) Need to conduct further discussions regarding the Group's global strategies and human resource strategies (3) Need to not only share information with outside director members more promptly and enhance the content of information in order to facilitate more active discussions at the Committee as the majority of Nomination & Remuneration Committee members are independent outside directors but also enhance the reporting of committee discussions to the Board of Directors to further enhance transparency of the Committee
Actions to Be Taken in FY2022	(1) Continue to enhance the effectiveness of monitoring by the Board of Directors by expanding the prior sharing of information to deepen discussions on themes related to the essence of management, such as human resource strategy and sustainability, and by following up appropriately. (2) Discuss Group and global strategies and effectively monitor the progress of plans. (3) With the majority of the members of the Nomination & Remuneration Committee being outside directors, in order to facilitate more active discussions at the Committee, work to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.
FY2022 Evaluation	(1) Even though some progress was made, including expanding information sharing through training, holding meetings to exchange opinions, etc., it is necessary to further deepen substantive deliberations on themes related to the essence of management (management strategies, human resource strategies, global strategies, risk management, etc.) (2) Although progress has been made on some fronts, such as deliberations and reporting on strategies by the Board of Directors, substantive deliberations regarding global strategies should be deepened after clarifying the goal and necessity of global expansion. (3) Although many commented that progress has been made, and the Group's response was highly rated, further enhancement of the reporting of the Nomination & Remuneration Committee's deliberation to the Board of Directors is preferable.
Actions to Be Taken in FY2023	(1) In addition to further deepening substantive deliberations regarding not only management strategies but also human resource strategies, global strategies, risk management, and similar matters, taking into consideration management strategies, the Board of Directors will continue to expand the material necessary for that in order to generate further growth. (2) In light of the incident involving the loss of USB flash drives in June 2022, the Board of Directors will promptly share information when a major incident occurs and monitor the state of initiatives to transform the organization's culture and strengthen corporate officers and employees' compliance and risk management awareness so that this type of incident never occurs again.

Succession Plan

In addition to integrity, a critical quality demanded of the CEO, the plan defines seven important competencies, including foresight and insight. We believe that the degree to which each competency required will vary depending on the business environment (whether the Company is in a period of transition/transformation, or one of extension and expansion).

Requirements (Qualifications/Competencies)

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

To facilitate the acquisition and strengthening of the above competencies, we plan and implement the Management Leader Program and visualize and monitor candidate talent to strengthen the pipeline of management leader candidates who will be able to take on responsibility for the future of the Group. This is achieved via assessments and tough assignments, in addition to sessions with internal and external management and experts.

■ Ability to Create New Value

Foresight refers to the ability to foresee the future of the BIPROGY Group, promote a vision with great aspirations and make a commitment to the future. Insight refers to the ability to understand global trends and changes, identify developments in the Japanese economy and in social 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 from others while passionately engaging in all endeavors and communicating extensively. This also refers to such attributes as a 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 stay the course steadfastly in order to achieve results, by setting the kind of lofty goals our company should strive for and displaying leadership. Diversity and inclusion refers to the ability to interact with a wide array of people whether inside or outside the Company, recognizing the values of people with various perspectives without stereotyping or pigeonholing them. This also refers to the ability to build proactive relationships based on an understanding of ideas from various corporate and cultural perspectives.

Management Leader Program

We have been carrying out the Management Leadership Program since 2018 to build a human resource pipeline that will produce successors to senior management and generate management leaders committed to continuous transformation. As for the Management Leader: Advanced program, one element of the leadership program, a total of 30 participants participated in the program through fiscal 2022, acquiring the perspective, perception, and viewpoints that management leader candidates need via dialogue sessions with directors and experts from inside and outside the Company.

Since fiscal 2022, we have moved forward with centralizing data on human resources by introducing a talent management system, adding new assessments, reforming both in-house and outside training programs, and redesigning our assignment mechanisms. We aim to link this effort to the Group's sustainability management as we strengthen the human resource pool and candidate pipeline and build a system for more systematic, consistent generation of management personnel.

Nurturing future generations of management leaders

We hold CEO & Leaders Sessions as a place to nurture ambition to lead the Company and to share and discuss themes and issues that should be taken on from a management perspective and to connect those to action. In fiscal 2022, 11 sessions were held, and more than 100 people participated each one.

Remuneration System

For remuneration for executive directors, the weight of performance-based bonuses and stock remuneration have been increased and, if performance targets are fully met, the fixed remuneration, performance-based bonus (linked to profit attributable to owners of parent), and stock remuneration are paid in a ratio of 4:4:2.

Non-executive directors are paid only a fixed monthly salary that is not linked to performance to guarantee effective advising and monitoring of management. Policies for determining director remuneration calculation methods are set in deliberations by the Nomination & Remuneration Committee, an advisory committee of the Board of Directors, and subsequently approved by the Board of Directors.

Restricted Stock Remuneration Tied to Medium- to Long-Term and Long-Term Performance

In fiscal 2021, we introduced a remuneration system that incorporates both performance targets linked to medium- to long-term performance and long-term performance conditions that include actual measures taken to address sustainability issues such as climate change. The goal is to enhance corporate value in the medium- to long-term and strengthen the linkage between compensation and both medium- to long-term and long-term performance.

Total Remuneration in FY2022 for Directors and Audit & Supervisory Board Members with Subtotals for Each Type of Remuneration and Numbers of Recipients

Classification	Total Remuneration Paid (Millions of yen)	Remuneration Paid by Type (Millions of yen)			Recipients
		(a) Fixed Remuneration	(b) Bonuses	(c) Stock Remuneration	
Directors (Excluding outside directors)	297	147	109	40	5
Audit & Supervisory Board members (Excluding outside auditors)	34	34	—	—	2
Outside directors and outside auditors	73	73	—	—	8

(Notes) 1. One non-executive director is not eligible for bonus and stock remuneration.
2. Auditors and outside directors are not eligible for bonus and stock remuneration.
3. Amounts listed are rounded down to the nearest million yen.
4. The stock remuneration figures in the table above indicate the amounts recorded as costs for the fiscal year under review in the costs about restricted stock as remuneration granted to four executive directors.
5. The officer retirement benefit plan was cancelled as of June 30, 2006 as resolved at a meeting of Board of Directors convened on April 28, 2006.
6. The table above includes remunerations, etc. for two directors who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 28, 2022.
7. In light of the loss of USB flash drives, Akiyoshi Hiraoka (Representative Director and President) voluntarily returned 20% of fixed remuneration (for three months), and the above amounts reflect the voluntary return.

Illustration of executive director remuneration

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

(a) Fixed remuneration (monthly)
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 profit attributable to owners of parent as determined by the Nomination & Remuneration Committee (for now, up to 0.5%).

(c) Restricted stock remuneration

The Company has adopted a restricted stock remuneration plan for executive directors, which incorporates three requirements and indicators: (i) tenure condition; (ii) medium- to long-term performance target (total shareholder return (TSR) growth rate versus TOPIX); and (iii) ESG targets (see pp. 15-23). 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 by owning shares. The performance indicator in (ii) is linked to medium- to long-term business performance, a comparative measure, benchmarked against TOPIX, of the degree to which the Company has increased its corporate value independently of overall market influence. The ESG indicators in (iii) function as guideposts to the realization of important issues that we are taking action on. The total annual amount of monetary claims for restricted stock remuneration are no more than ¥200 million per year (the total annual number of shares of common stock to be issued or disposed of in exchange for this compensation is limited to 66,000).

Activities of the Board of Directors and the Nomination & Remuneration Committee in determining the remuneration amounts for directors and Audit & Supervisory Board members for Fiscal 2022

Board of Directors

With respect to the remuneration of directors and Audit & Supervisory Board members for fiscal 2022, the Board of Directors resolved at its June 2022 meeting to issue and allot restricted stock remuneration, and resolved at its May 2023 meeting to pay performance-linked bonuses to directors and Audit & Supervisory Board members. Fixed remuneration was paid in accordance with the resolution passed at the May 2021 meeting of the Board of Directors.

Nomination & Remuneration Committee

In fiscal 2022, the Nomination & Compensation Committee held four meetings related to the remuneration of directors and Audit & Supervisory Board members, discussing the payment of performance-based bonuses and the issuance and allotment of restricted stock for fiscal 2022.

Cross-Shareholdings

BIPROGY strategically holds shares of partners when it is deemed that this would contribute to greater corporate value for the Company, such as resulting in a stronger profit basis by maintaining or strengthening the relationship with partners. The determination to acquire stock is made pursuant to its internal regulations. As for the subsequent holding of the shares, the Board of Directors verifies whether it is appropriate each year, and we are working to reduce such holdings. As a result, the total value of listed stocks on the balance sheet at the end of fiscal 2022 declined ¥1.7 billion from the end of the previous fiscal year, and the number of stocks held decreased by two stocks from the end of the previous fiscal year to 22 stocks. Going forward, we aim to reduce the total amount of strategic shareholdings on the balance sheet to less than 10% of total equity. The verification of shares held as of March 31, 2023, was conducted at the Board of Directors meeting held in June 2023. The results are as follows.

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

into consideration the cost of capital.

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

- ● Number of Stocks (left axis)
- ▨ Balance Sheet Book Value (Partners) (right axis)
- ▨ Balance Sheet Book Value (Customers) (right axis)
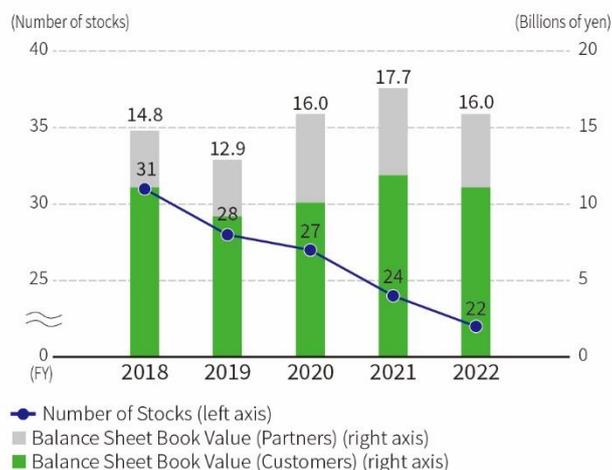
Policy Regarding Constructive Dialogue with Shareholders and Other Investors

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 their opinions are reported to its management and the Board of Directors in a timely manner. Their views are then used to make improvements to the Company's overall management.

Status of Response to Corporate Governance Code

All areas are addressed. See the Company's website listed to the right for details on corporate governance and internal control.
https://pr.biprogy.com/invest-e/com/governance.html
- Corporate Governance and Internal Control Principles
- Corporate Governance Report
- Necessary Systems to Ensure Appropriate Operations and Status of Operation of the Systems

Innovation Management

In its Management Policies (2021-2023), the BIPROGY Group positions 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. We are also making capital investments to enhance outsourcing services and other service-based businesses. Along with internal IT investment, we will also continue to promote investment in the human resources needed to achieve corporate culture and

structural reform.

After the recent name change to BIPROGY Inc., the Company will continue to actively invest in areas such as M&A in Japan and abroad, seeking to build a unique global brand.

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

Strategic Investment	• Continue to invest in and collaborate with startups with innovative technologies not restricted to the ICT domain, in order to promote solutions to social issues from a medium- to long-term perspective. • Ambitiously search for and execute M&A opportunities. • Promote investments to launch co-creative new businesses*.
R&D	• Strengthen service development to accelerate DX based on deep understanding of the industry and customers. • Strengthen R&D based around cutting-edge technologies. • Strengthen service development and technical capabilities to accelerate service-based businesses.
Capital Investment	• Continuously invest in outsourcing and service-based businesses.
Structural Reform Investments	• Human resource reforms to acquire new capabilities. • Policies for new flexible workstyles. • In-house reforms for further digitalization of business (promotion of in-house DX).

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

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

The BIPROGY Group is engaged in a variety of open innovation activities, seeking to form and expand business ecosystems with startups in and outside Japan. We use a variety of channels to build connections with many startups, as well as supporting advanced technology ventures. In addition, we are actively developing human resources with diverse professional skills through personnel exchanges with outside companies.

In the field of investment in startups, we are actively investing in areas that are having increasing

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social impact, such as the SDGs and wellbeing, in areas of focus, such as generative AI, and in the logistics industry, where issues such as labor shortages need to be resolved quickly.

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

Open Innovation Activities

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

Startup Investment

- Investments in businesses such as start-ups: 71
  Investments in funds that target diverse fields both in Japan and overseas: 31 (as of March 31, 2023)
- Strategic investments in areas of growing social impact, such as SDGs and wellbeing, as well as in areas of focus, such as generative AI
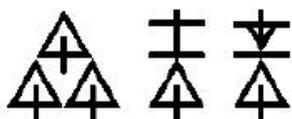
- Formed a capital and business alliance with Hacobu, Inc. to solve social issues in the logistics industry.

No.1[1] Market Share in Truck Reservation Reception System Service Used by 420,000 Cumulated Drivers

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

Global Strategy

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

Case Study: Supporting Local and Japanese-Affiliated Companies in Southeast Asia with Business Expansion and Global Governance

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

in Southeast Asia.

We will continue to expand and strengthen our ERP solutions, deploying them in new regions and diversifying the product lineup, while developing a system that can provide support from both Japan and Southeast Asia. In addition, by supporting the overseas expansion and business development of Japanese companies and the DX of local companies, we will create a business ecosystem that helps to solve social issues, and establish a position as a global company that implements a digital commons for the global community. We also intend to grow our overseas business into one of the pillars of Group earnings by 2030.

Southeast Asia Business Sites

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

Case Study: KIINNOX Project

In 2021, we launched the KIINNOX Project,[1] 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 and Capital Investment

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

R&D Investment Themes and Main Examples

Theme	Main examples
Development of services, products, etc.	We have developed and launched delivery of the DIVP (Driving Intelligence Validation Platform), a platform for evaluating automated driving safety, which is the result of research conducted under the Strategic Innovation Program (SIP) Phase 2 "Automated Driving (Expansion of Systems and Services)" of the Cabinet Office.
R&D of new technologies	Forecasting social changes and technology utilization in the future and developing a search map for cutting-edge technologies; researching technology trends and exploring business opportunities; and developing, evaluating, and operating an overall technology portfolio.
R&D of fundamental and advanced technologies	R&D of social system architectures that serve as blueprints for increasingly sophisticated social systems that cut across fields and industries, built on systems engineering.

Case Study: Commercializing DIVP, a Platform for Assessing Safety of Self-Driving Vehicles, Through Automated Driving Research by SIP

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

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

Restructuring Investment

We are working on human resource reforms to ensure that we can attract and develop people who will create new social value. We are also pursuing workstyle reform to build organizations and workplaces where diverse human resources are empowered to make the most of their abilities. Meanwhile, we are working to expand our business ecosystem together with partners and communities by promoting both DX for customers and DX for society, as well as by making internal reforms (promoting internal DX) to further digitalize our business.

Promoting In-House DX

We are advancing our internal IT strategy under the leadership of the Chief Digital Officer and Chief Information Officer. In the reorganization of system integration-type development, which has been our core business, we have established R&D functions within our Engineering Division for increasing the

sophistication of traditional outsourced development, applying DX, and conducting product development. In addition, we use a variety of ICT tools (business-critical systems, cloud-first office applications, mobile-first, web conferencing systems, corporate social media, etc.) to promote communication and improve productivity, and to create work environments conducive to the creation of innovation. We are building a seamless network based on the zero trust concept, introducing cloud storage with high-security functions to make it easier to find sources of intellectual property, and promoting the computerization of internal review processes and the introduction of electronic signature services.

In addition, in fiscal 2022 and fiscal 2023, we worked on business process reengineering (BPR) to improve those processes, built an environment for business process management (BPM) to support ongoing business reform, and upgraded our core system to support data-driven management. We are accelerating the modernization of conventional IT systems and the DX of core business operations by developing the IT infrastructure needed to support our business for years to come. By using the knowledge gained in this effort as a practical reference, we accumulate the skills and experience to deliver DX for customers and DX for society.

・Evaluation from outside the company

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

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[1] and related laws and guidelines.[2] The relevant guidelines also require reviews from ethical and scientific standpoints, as well as transparency regarding any possible conflicts of interest involving research institutions and researchers.

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 considerations 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	Ayako Kamisato	Member	Institute of Medical Science, The University of Tokyo
General	Masayo Ono	Member	PR Consulting Dentsu Inc.
Society and ethics	Yoshiko Yamauchi	Member	BIPROGY Inc.
Natural sciences	Aiko Korin	Member	BIPROGY Inc.

No. of committee meetings held: 11 (as of end of Sept. 2023)

No. of items submitted for discussion: 17

Life Science Research Ethical Review Committee (Available in Japanese only) >

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 potential positive and negative impacts of AI on people, the Group has formulated and implemented the AI Ethics Principles, trained employees on AI ethics, and enhanced systems to support project response measures. We are appropriately addressing 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

Utilization of Data/AI

The BIPROGY Group develops and delivers various services based on the concept of "solving corporate and social issues through data analysis and AI technologies," and aims to enhance data utilization in an era of volatility, uncertainty, complexity, and ambiguity.

In the field of generative AI, we intend to develop a differentiated business by leveraging our expertise and intellectual property in natural language processing, which our Group has been working on

for many years. Many companies and government agencies are considering the use of this technology, with high hopes for its convenience and impact, such as increased business efficiency and business sophistication. However, a certain level of skill is required to effectively use it, such as knowledge of generative AI and judgment of its suitability for a job. In addition, concerns and risks associated with the use of AI, such as leakage of confidential information and violation of privacy and rights, must also be addressed. In February 2020, the Group formulated the BIPROGY Group AI Ethics Principles, followed in April 2023 by our Guidelines for the Business Use of ChatGPT and Other Generative AI. We are actively working to apply generative AI to our own operations, and to deliver services to our customers.

RinzaTarget

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

For more details > https://www.biprogy.com/solution/service/rinzatarget.html

Azure OpenAI Service Starter Set Plus

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

For more details > https://www.biprogy.com/solution/service/rinzatalkplus.html

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 threat of infectious diseases like COVID-19. 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 the goal of "transitioning to all-hazards BCP," which the Japan Business Federation recommends, the Group works to continually improve business continuity planning and business continuity management (BCP/BCM).

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

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

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

issues. To make firm progress in implementing these policies, we run a PDCA cycle throughout the year identifying and monitoring risks, to propose improvements based on any new issues that emerge and raise risk awareness among all employees through education on risk.

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 BCP, prioritizing ensuring safety, restoring Group operations, and responding to customers. It also implements BCM, including making ongoing revisions and improvements to plans.
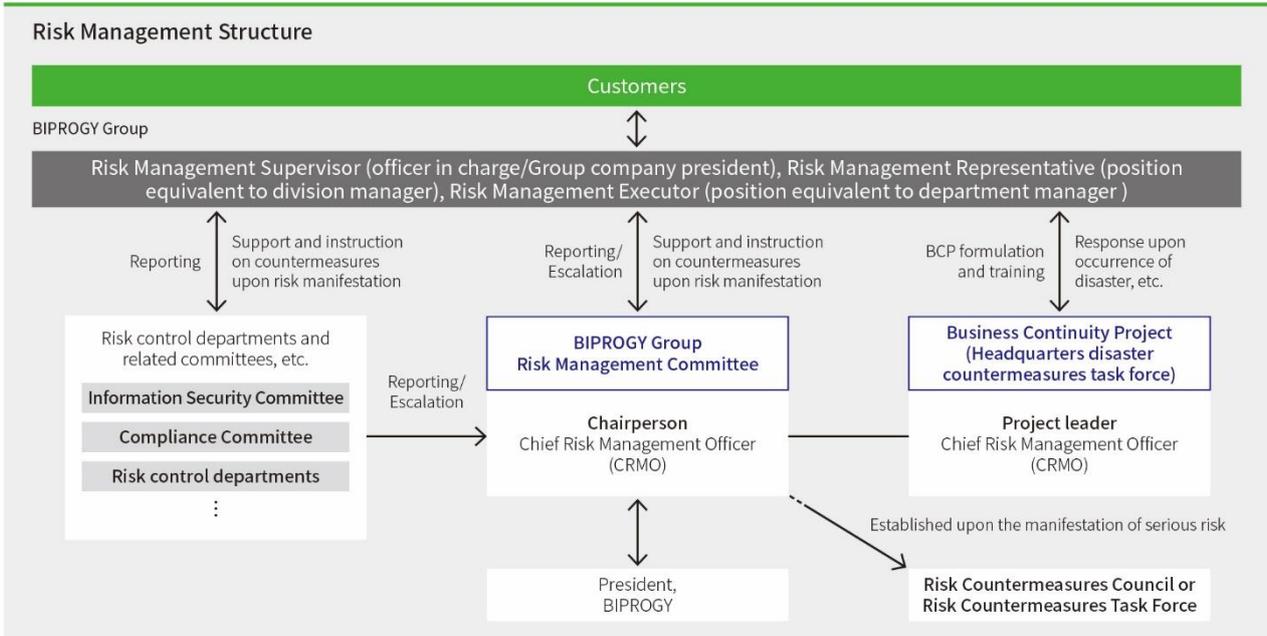
Risk Management Structure (Risk Identification, Response, and Review)

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.
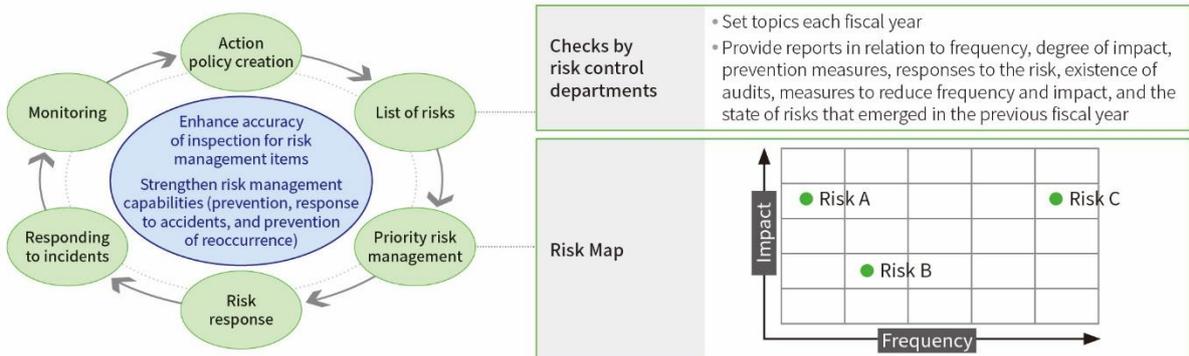
Fostering a Risk-Aware Culture

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, from April 2020 to May 2023, 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.

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 2022

In fiscal 2022, we formulated Resilience Reinforcement Strategy 2022, and have continued the following activities since fiscal 2021 as we included "increasing crisis management capabilities and resilience[1] as a business ecosystem creator" in the vision.

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

In fiscal 2022, we focused on initiatives to respond to the greatest risks and worked to continually improve BCP/BCM so that the Group's critical operations are resilient to various business continuity risks, such as cyberattacks, cloud service problems, and large-scale disasters, in order to transition to all-hazards BCP. One such initiative was conducting an assessment of the Group's BCP/BCM activities.

As a result, we confirmed that improvements to BCP/BCM and the introduction of the all-hazards approach have both been launched.

As we did in fiscal 2021, we listed risks in fiscal 2022 and added the impact of Russia's invasion of Ukraine to reviews accompanying changes in the internal and external environment, changes in the environment due to COVID-19, and impact of physical distance, psychological distance, and ad hoc introduction of digital technology due to new workstyles (telework). At the same time, interviews with control divisions confirmed that preventive measures and risk response are being revised properly.

Furthermore, we identified risks that newly arise or change as the social environment shifts, such as

geopolitical risks, and risks that could have a serious impact on business and force us to change the business strategy and business model. We will manage these risks as "emerging risks."

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

1. Resilience refers to the ability to weather disasters and crises that impede business continuity.

Business, Emerging, and Other 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 2023 "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.

Emerging Risks

In the midst of continual external change, the BIPROGY Group identifies and works to manage newly emerging and evolving risks. Some of these risks, including the following, could have a significant impact on our business, and may require changes to our business strategies and models going forward.

Risks from Providing Service Businesses Using AI Systems and AI Technology
With the rise of generative AI models such as ChatGPT, AI technology is now evolving rapidly. Inappropriate use of AI technology could have negative consequences on privacy and fairness, as well as on protection of human life, safety, and property, and could result in human rights violations. The Group is enhancing training and project review systems so that employees can better understand the

characteristics of AI and use it appropriately.

Geopolitical Risks

Companies are facing new geopolitical risks, such as those stemming from the intensification of US-China trade friction and Russia's invasion of Ukraine. Accordingly, we continually monitor the potential impact on the Group concerning a wide range of risks, including terrorism, energy supply uncertainty, and possibilities for supply chain disruption. We also recognize that geopolitical factors are behind the rapid increase and sophistication of corporate ransomware attacks in recent years. Given the nature of the Group's business, the impact of this risk is significant, so we are paying close attention to it. As part of our risk mitigation measures, we are proactively carrying out relevant employee training, in addition to various measures such as updating our IT security systems.

Business Continuity Plan (BCP)

BIPROGY Group BCP

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 BCP. Accordingly, we developed the BCP/BCM Resilience Reinforcement Strategy[1] 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.

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.

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                        ┌─────────────────┐
                        │ Task force head │
                        └─────────────────┘
                                 │
         ┌───────────────────────┼───────────────────────┐
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Safety confirmation team	Internal operations restoration team	Customer response team
Roles: Confirm safety, save lives and provide aid, ensure safety of facilities, ascertain external conditions, cooperate with outlying regions, etc.	**Roles:** Ascertain conditions for key internal operations, secure products and distribution, respond to media, undertake legal response, etc.	**Roles:** Ascertain conditions for customer systems and networks and recovery response

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.

Natural Disaster Response

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.

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

Self-Protection Fire Defense Team

We 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 BIPROGY 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 or other disaster. 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 BCP, 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

  We maintain a cloud platform that allows us to dispatch support service staff as necessary to customers' 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. Fire and natural disaster preparedness 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 responding to COVID-19, the Group implemented its BCPs for each stage — from when the first coronavirus infections occurred overseas, to when the first infections occurred in Japan, to when infections spread widely, to when the recovery phase began — in line with the Novel Influenza Response Action Plan, which we had 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 promoted telework and online meetings, even for customers, and had 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 also ascertained and managed the state of health for all employees and their families and confirmed their work status by checking on their safety every day.

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 and is moving forward with work style reforms, including telework. 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 BIPROGY 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.

One of the Group's material issue KPIs and targets is "zero serious security incidents," and executive compensation is linked to annual achievement of this goal. Unfortunately, there was one serious security incident in fiscal 2022. USB flash drives were lost on June 21, 2022, and a task force was established. It conducted an emergency inspection of information security measures, identified issues, and implemented urgent corrective measures.

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

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

Loss of USB flash drives (Available in Japanese only) >
https://www.biprogy.com/com/info_security/info202206.html

Basic Policy on Information Security

The BIPROGY 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. We are working to build a digital commons in society by combining our track record and knowledge on addressing social issues, our network of like-minded people, and our digital technologies developed based on many years of experience. By continuing

to take on challenges, we can help create new value and a more sustainable world. While improving the Group's corporate value, these efforts will do the same for participating customers. To foster a digital commons, the BIPROGY Group must always ensure optimal information security and continue to earn the trust of customers. The Group therefore declares that it will ensure that information security measures are top of mind for all its executives and employees. We will address issues such as cyberattacks and constantly pursue world-class information security throughout the entire supply chain.

In order to achieve this, we have established a group-wide system and operational rules for security management measures, and the Group organizations responsible for providing services are striving to ensure the proper implementation of security management measures. A special Group organization now objectively confirms that the measures have been consistently implemented group-wide, while the audit department carefully audits and monitors the implementation status to ensure that measures are being improved continually and nothing becomes a token effort. We will regularly report on the progress of these measures to our customers and other stakeholders.

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 handled in the course of the BIPROGY Group's business activities 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. Qualified personnel are assigned to work on operations that pose high security risks and in customer service.
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.

February 6, 2023
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/

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. The Group CISO is also a member of the Sustainability Committee. The Corporate Sustainability Officer, the chair of the committee, reports to the Board of Directors on information security matters that affect the Group's overall sustainability strategy, such as progress on initiatives to address material issues.

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
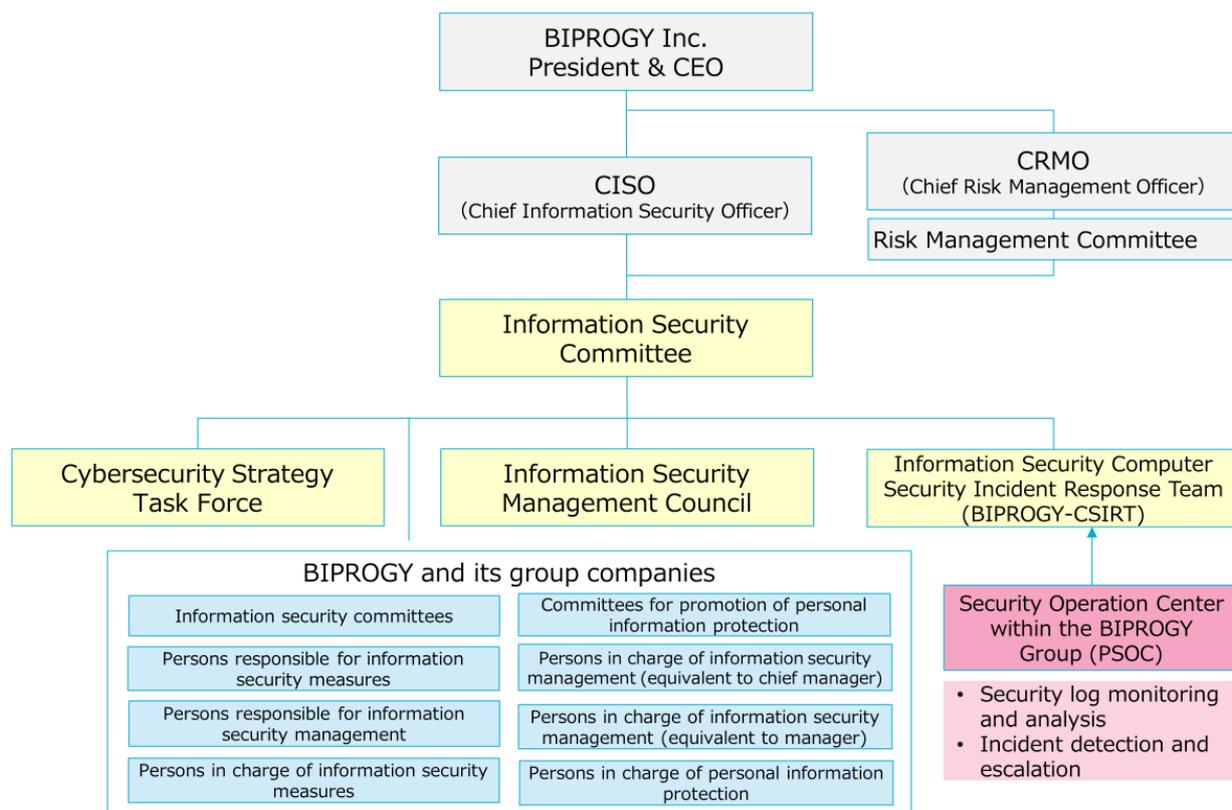
Cybersecurity Strategy

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 model;[1]

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 cyberattacks;

7. monitoring of IT infrastructure and information security management systems by external auditors;[2] 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 focuses for our basic security policy over the three years. These 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."

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.

2. These include external audits related to ISMS certification and the PrivacyMark system, as well as a survey and interviews by an auditing firm.

Overview of the BIPROGY Group's Cybersecurity Strategy

Vision	**Cybersecurity Foresight** Implement Digital Commons in society and provide a secure environment that befits us as a business ecosystem creator that connects diverse companies.				
Mission	Realizing cybersecurity management that befits us as a company providing value that creates a more affluent society together with our customers and partners and solving social issues as we strive for the world-highest level of information security at all times.				
Objectives	1. Provide secure platforms for customers and partners as a basis for business ecosystems 2. Maintain and improve the management quality of the Group so that it is chosen by customers and partners with peace of mind 3. Establish secure environments in which each employee can protect information assets and collaborate with various people on site				
Measures	System measures		Visualization measures	Organizational and process measures	Human resource measures
	Customer systems and services Provide highly secure services and platforms	Internal systems Continuously provide a safe environment	Disclose and share information	Build systems that are not vulnerable to cyberattacks	Improve the skills, abilities, and awareness of Group executives and employees

Declaration of Keidanren Cyber Security Management 2.0 Keidanren	Cybersecurity Management Guidelines Japan's Ministry of Economy, Trade and Industry	Cybersecurity Strategy Government of Japan

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 2022.

Acquisition of ISMS (ISO/IEC27001: 2013 / JIS Q 27001: 2014) Certifications

(as of April 2023)

- 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 BIPROGY 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. BIPROGY Group Basic Personal Information Protection Policy (Available in Japanese only) > https://www.biprogy.com/com/privacy/group.html
3. 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
   - Handling of Personal Data in Foreign Countries> https://www.biprogy.com/e/privacy/
   - 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

4. 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 2022, one violation of personal information protection rules occurred within the Group.

The incident involved the loss of USB flash drives on June 21, 2022, but it did not result in a leak of personal information. The Group will continue to take seriously the guidance provided by the Personal Information Protection Committee and the opinions of external stakeholders, and will continue to implement appropriate 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 2022.

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.

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.[1]

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.

Education and Awareness Building Regarding the Protection of Personal Information

Obtaining PrivacyMark

(as of April 1, 2023)

- 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 Q 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

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

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                    ┌─────────────────────────┐
                    │        BIPROGY          │
                    │     President & CEO      │
                    └─────────────────────────┘
                    ┌─────────────────────────┐
                    │      BIPROGY CCO         │
                    │ (Chief Compliance Officer)│
                    └─────────────────────────┘
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Compliance Committee (Chair: BIPROGY CCO)
Compliance Committee Secretariat (Executive Director: General Manager, Legal Department, BIPROGY)

BIPROGY
Compliance promotion managers (manager of each primary organization)

UNIADEX
Compliance promotion manager (President of UNIADEX) UNIADEX CCO[1]

Managers in UNIADEX's departments (manager of each primary organization in UNIADEX)

Group companies besides UNIADEX
Compliance promotion manager (president of each group company) = CCO of each group company[1]

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.

Number of Hotline Calls and Disciplinary Actions

Violation Type	FY2020		FY2021		FY2022	
	Number of hotline calls	Number of disciplinary actions	Number of hotline calls	Number of disciplinary actions	Number of hotline calls	Number of disciplinary actions
Workplace harassment	15	0	21	1	14	1
Information security violation	0	1	0	0	1	1
Improper expense claims, etc.	2	1	1	4	1	0
Inappropriate attendance management	2	0	2	1	1	2
Bribery, insider trading, etc.	0	0	0	0	0	0
Other violations of internal regulations	13	3	15	4	10	1
Annual total	32	5	39	10	27	5

Reporting/Consulting Routes (Hotlines)
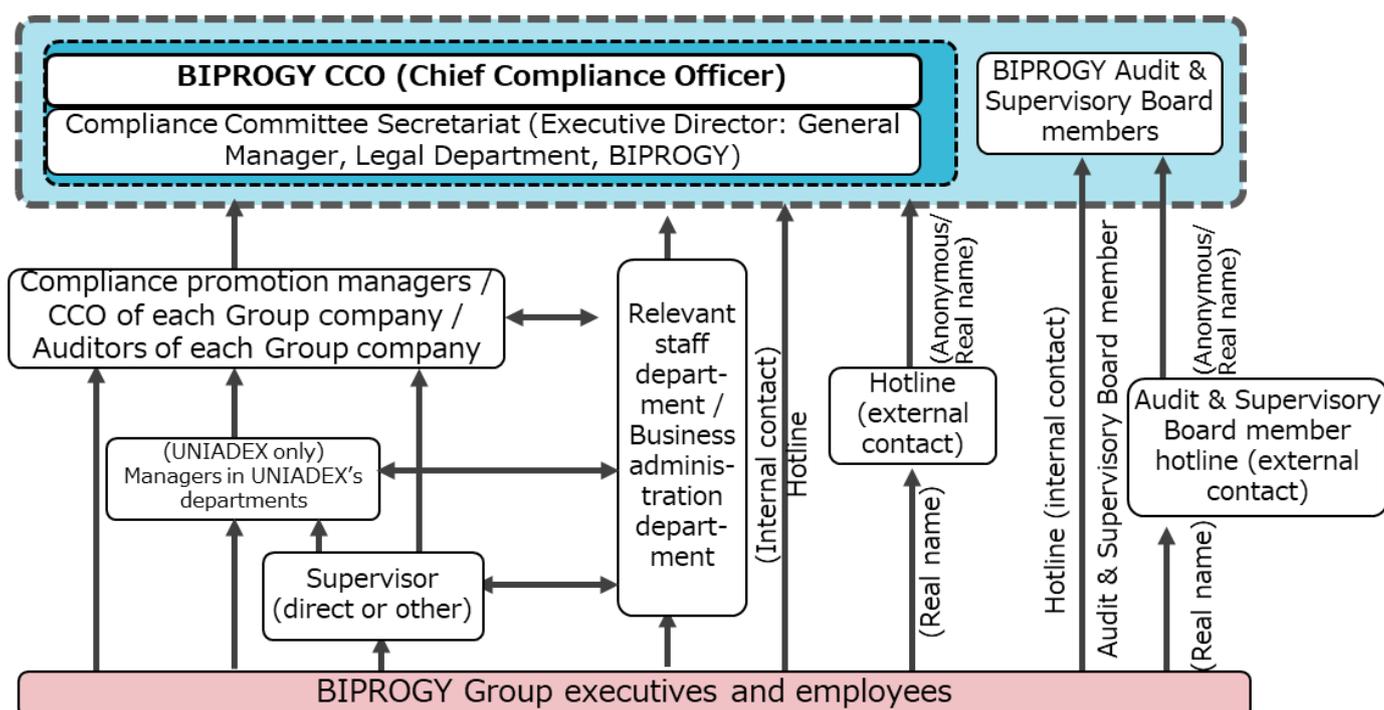
Initiatives

Compliance Assessment and Identification of Issues

The BIPROGY Group conducts a compliance awareness survey to assess the extent of compliance awareness for all Group executives and employees. The survey is used to identify issues and make improvements in the promotion of compliance. As of fiscal 2022, the survey is now being conducted twice a year, and the response rate was 95.6% in July and 97.4% in December 2022, compared to 97.1% in fiscal 2021. 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 Awareness Activities

We work hard to ensure thorough awareness of the Group Code of Conduct, which provides a concrete code of conduct for all Group executives and employees, In addition, we hold various trainings and employ various intranet/e-learning-based training systems to continually implement education and training. All of these efforts are tailored to ensure that everyone at the Group understands and thoroughly practices compliance. The participation rate in the compliance e-learning program for all Group employees in fiscal 2022 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.

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.

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 2022, 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.

When the Group invests in a country with low taxes based on operational necessity, or when the Group has operations in a country where tax rates were recently reduced due to legal changes, we determine whether we should take measures to prevent the appearance of tax avoidance under local laws and regulations. If applicable, the Group files tax returns accordingly.

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 2022)

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[1]	See the table below	7,793	337,349	30,037	9,679	10,254
Other		331	2,548	-35	34	52
Amount recorded in consolidated financial statements		8,124	339,898	30,001	9,714	10,307

1. Including consolidation adjustments, etc.

Company Name and Main Business

Country/region	Company name	Main business
Japan	BIPROGY Inc. UNIADEX, 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. V-Drive Technologies 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 sales or lease contracts
China	Netmarks Information Technology (Shanghai) Co., Ltd.	
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://www.biprogy.com/invest-e/uploads/sustainability_rpt2023_e.pdf
Integrated Report (Print and PDF) https://pr.biprogy.com/invest-e/ir/pdf/ir2023_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 2022 (April 1, 2022 – March 31, 2023). However, activities in previous years and activity status in fiscal 2023 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 2024 (next publication scheduled February 2025)

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.