

BIPROGY Inc.

Corporate Governance Report

Note) This is an English translation of the Corporate Governance Report of BIPROGY Inc. prepared for reader's convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.

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The following is an overview of corporate governance of BIPROGY Inc. (the "Company").

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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 (the "Group") to continuously grow and increase its mid-and long-term corporate value, and the Company shall create, maintain and ceaselessly improve this mechanism.

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

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with every principle of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

Updated

[Principle 1-4 / Supplementary Principle 1-4[1] Cross-Shareholdings]

(1) Policy related to 'Cross-Shareholdings'

The Company may sometimes hold shares of its business partners, if they are found to contribute to the enhancement of the Company's corporate value, such as leading to the expansion of its revenue base through maintaining or strengthening relationships with such business partners.

The Company acquires such shares after adjudicating the appropriateness of acquiring them pursuant to its internal regulations. After acquiring the shares, the Company's Board of Directors examines the appropriateness of holding such shares each year, and based on such examination, the Company proceeds the reduction of cross-shareholdings. As a result, the number of stocks held decreased by 3 stocks from the end of the previous fiscal year to 19 stocks. The Company has reduced the total amount of cross-shareholdings on the balance sheet to less than 7.6% of the total equity (March 31, 2023: 12.3%), and we will continue in the future to sell stocks where the significance in holding them has diminished.

(2) Contents Examined by the Board of Directors

The Company examines the appropriateness of each and every listed stock that it holds at Board of Directors meetings by taking into consideration purposes for holding, consistency with its business strategies and business related profits, etc.

The Company verified the stocks that it held as of the end of March 2024 at the Board of Directors meeting convened in June 2024. The results are stated below.

- The Company examined if the holdings of those stocks are still meaningful and in compliance with the business strategies from a mid-to-long-term perspective.
- In addition, the Company examined the business related profits from the perspective of capital cost, and it confirmed that holding them is economically rational.

(3) Responses to Indications to Sell the Company's Shares by Cross-Shareholders

When cross-shareholders that hold the Company's shares indicate their intension to sell the Company's shares, the Company will never prevent them from selling them. It will appropriately respond to their indication of sales.

(4) Concepts on Exercising Voting Rights relating to "Cross-Shareholdings"

With respect to the voting rights related to shareholdings, the Company decides to vote for or against an individual proposal based on the content of that proposal and from the viewpoint of shareholder value of portfolio companies and consistency with its business strategy. The Company exercises voting rights for each proposal by itself.

[Principle 1-7 Procedure for Transactions between Related Parties]

- 1) Transactions involving conflict of interests with directors or corporate officers of the Company are checked by the departments concerned (such as the Legal Department) before being approved by the Board of Directors. The results of these transactions are reported to the Board of Directors.
- 2) Transactions between the Company and its *shuyokabunushi* (meaning a shareholder that holds voting rights constituting 10% or more of all shareholders' voting rights, pursuant to the definition by the Financial Instruments and Exchange Act; hereafter, the "Major Shareholder") other than the above are reported to or approved by the Board of Directors pursuant to standards put in place in advance.

[Principle 2-4 / Supplementary Principle 2-4[1] Ensuring Diversity in the Promotion to Core Human Resources, etc.]

(1) Policies for Ensuring Diversity in the Promotion to Core Personnel, etc.

The Group aims to make Vision 2030 a reality with "Develop and strengthen human resources to create a new future and promote diversity and inclusion" positioned as a core materiality that supports business growth. In order to create innovation for the future, we will strive to foster a diverse workforce with various values and backgrounds (intrapersonal diversity), and we will build a more open corporate culture that includes respect for one another's individuality and allows employees to fully utilize their individuality and abilities.

(2) Measurable Targets, Human Resources Development Policy, Internal Environment Development Policy, and Implementation Status

We position promoting active participation of women as one of the important issues for the Group. We have been making efforts in order to achieve a target of over 18% women in management positions as of April 1, 2026. Specifically, we have developed broad plans for promoting the appointment of managers within each company and group. We have also formulated mechanisms for monitoring and reporting through the Social Committee, the higher-level Sustainability Committee, and the Board of Directors to enhance the formation of a human resource pipeline. Additionally, we have been conducting diversity training for managers and

female employees, and implementing support measures for balancing work and life events, such as child-rearing support systems.

Materiality of the Group

Female managers ratio of 18% or more (in the fiscal year 2025 and on April 1, 2026)

Status Quo

11.2% (as of April 2024)

BIPROGY Inc. has been working, on a non-consolidated basis, to achieve a diversity ratio (percentage of female and foreign national talent) of over 50% in our new graduate recruitment each year. Additionally, we are working towards the following goals based on the Act on Promotion of Women's Participation and Advancement in the Workplace, as outlined in our general action plan for employers.

Action Plan Targets of the Company (on a non-consolidated basis) (Target date: April 1, 2025)

① A ratio of female executives of 20%

② Double the number of female managers from fiscal 2020 levels (to 126 persons)

Status Quo

① 14.7% (as of June 2024)

② 96 persons (as of April 2024)

With regard to mid-career hires, we are actively recruiting people from different industries as a means of acquiring new knowledge, experience, and expertise, as well as strengthening our core competencies.

In the fiscal year 2023, we hired about 100 people, accounting for about 50% of the total number of hires. For mid-career hires, we conduct follow-up programs after they join the Company to promote their understanding of the corporate culture and company systems, and offer early support to improve their retention and performance in the organization.

With regard to foreign human resources, we hire talented new graduates and mid-career hires regardless of nationality. Also, we are making new attempts to hire new graduates from universities of engineering and technology overseas. In light of our current business situation, which is mainly focused on Japanese domestic market, we will promote non-Japanese recruitments along with borderless businesses development pursuant to our new management policies.

With regard to improving the diversity of individuals, we are working to visualize the diversity of individuals by defining the roles played in business execution (jobs) and the skills required for the job performance as ROLES, and linking them to the employees who are engaged in them. Through assignments and rotations, this initiative helps promote the acquisition of experience and knowledge beyond the boundaries of individual employees.

The details are described in the website page below.

(Sustainability information (diversity promotion))

<https://biprogy.disclosure.site/ja/themes/107#229> (in Japanese only)

[Principle 2-6 Function as a Corporate Pension Asset Owner]

- The Company together with its Group company UNIADDEX, Ltd., has joined the BIPROGY Company Pension Fund. The Company has assigned personnel appropriately skilled for operating the pension and managing the Fund to the fund secretariat.

- The Fund has been making efforts to encourage secretariat personnel to acquire expertise and enhance their skills, such as obtaining certifications approved by the Japan Association for Financial Planners.

- The Fund operates in accordance with the "Key Policies for the Management of Pension Assets" established pursuant to the Fund's provisions. The Fund makes it a rule to have registrations/cancellations of investment products examined by the 'Asset Management Committee' before having them submitted to and examined by the council, which is partly comprised of delegates appointed by the Company. Such registrations/cancellations are approved thereafter.

The 'Asset Management Committee' is operated by the two councilors of the Fund as well as personnel from the Accounting Department/Financial Department due to their expertise in asset management.

Furthermore, the 'Asset Management Committee' has been using an external pension consulting company to complement its expertise and reliability.

- The Fund conducts quantitative and qualitative assessments on a quarterly basis, including on its stance on acceptance of Japan's Stewardship Code in order to monitor institutions contracted to undertake asset management.

[Principle 3-1 (i) Management Philosophy, Management Strategies, and Management Plan]

■ Corporate Philosophy

The Company sets out below its corporate philosophy, which is the basis for its management and rooted in the social responsibility which the Group bears as a whole.

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.

■ Purpose, Vision 2030, and Management Policies (2024-2026)

Based on the Group Purpose defined as “creating a sustainable society using foresight and insight to unlock the full potential of technology,” the Company has formulated Management Policies (2024-2026) aimed at the achievement of Vision 2030, which prescribes the direction which the Group should be going up to the year 2030. Please refer to the following our company website.

(https://www.biprogy.com/e/about/management_policy.html)

The outline is as follows.

Vision 2030, which says “We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily”, aims to create and provide a business ecosystem and platform that can connect various services, products, companies, and users as a Digital Commons, a common asset of society in order to enable a sustainable society with the power of technology.

The Management Policies (2024-2026) for achieving Vision 2030 establish the following three basic policies. Based on the management resources that we have accumulated thus far, we will carry out proactive growth investments, and will push forward with management that leverages both our core and growth businesses and create a new business foundation.

1. Increase corporate value by establishing a sustainable business portfolio
2. Optimize the allocation of management resources
3. Strengthen the Group's management base

Based on these basic policies, we will carry out the following as key strategies of the Group.

In core businesses, we will consolidate management resources in focus areas and improve the value that we provide, and we will carry out measures to improve productivity and further expand our service businesses.

In growth businesses, we will acquire market share in new service areas and growth markets, accelerate social digital transformation, and expand our global business centering on ASEAN countries.

For the foundation underpinning our businesses, we will innovate to create a flexible Group's value chain, carry out various policies linked to business strategies, and conduct proactive investments in growth.

[Actions for achieving management based on an awareness of capital cost and share price]

The Group has established the following as the basic policies in its Management Policies (2024-2026).

1. Increase corporate value by establishing a sustainable business portfolio
2. Optimize the allocation of management resources
3. Strengthen the Group's management base

We will identify focus areas, establish the areas where our strengths can be utilized, and increase the value which we provide. We will also construct a new earnings base through proactive investments.

As our investment strategy, in order to establish a sustainable business portfolio, we will actively invest in growth including through R&D, open innovation investment, and M&As. During the three years leading up through fiscal year 2026, we expect to invest a minimum of ¥70 billion.

At the same time, we have established a target of 15% ROE for the fiscal year ending March 2027, which is the final year in the Management Policies (2024-2026), and will conduct management with an awareness of capital efficiency, including decision-making based on business profitability and investment return, and will aim to continuously improve our ROE.

In terms of inorganic strategies, as we have a strong financial base, in general we will utilize our own capital, sourced from retained earnings and operating cash flow. We will also keep in mind the possibility of conducting additional growth investments at some point in the future, and will carry out dynamic procurement based on appropriate financial discipline, including consideration of the equity ratio.

Maintaining a minimum dividend payout ratio of 40%, we will decide and carry out the timing and scale of share repurchases while considering factors such as the cash earnings conditions, balance of cash and cash equivalents, and progress on growth investments.

The above actions for achieving management based on an awareness of capital cost and share price have been released in the “Briefing Session on the Results for the Fiscal Year Ended March 2024 and Management Policies (2024-2026)” on the Company website.

https://www.biprogy.com/invest-e/uploads/presentation2024q4_e_1.pdf

[Principle 3-1 (ii) Basic Approach to and Policy for Corporate Governance]

■ Basic Approach of Corporate Governance

The basic approach to corporate governance is as described in ‘1 Basic Views’ of ‘I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information’ of this report.

■ The basic policy on corporate governance is set out in ‘Corporate Governance and Internal Control Principles’, which can be found posted on the below website:

<https://www.biprogy.com/invest-e/com/governance.html>

[Principle 3-1 (iii) Policy and Procedure for Setting Remuneration for Directors]

The remuneration for executive directors shall consist of a) fixed remuneration (monthly salary), b) bonus linked to a short-term business performance, and c) restricted stock remuneration linked to medium-to-long-term business performance (the Restricted Stock Remuneration). The ratio of a):b):c) is set at 4:4:2 .

The above ratio assumes that 100% of the short-term business performance profit target is achieved in the final year of the evaluation period for c) stock remuneration and 100% of each condition of stock remuneration is achieved.

In addition, non-executive directors, such as outside directors, are paid only fixed remuneration that is not linked to business performance.

The Nomination and Remuneration Committee is delegated to decide contents of remunerations for each director in order to reflect objective and fair opinions outside of the Company.

[Principle 3-1 (iv) / Supplementary Principle 4-3[3] Policy and Procedure for Appointing/Dismissing Senior Management and Nominating Director/Auditor Candidates]

■ Nomination of Director Candidates

For director candidates who are concurrently serving as corporate officers (hereinafter referred to as ‘senior management’), the Company will select those who have the appropriate knowledge and experience with high motivation and ethical sense and carry out the Company management accurately and efficiently.

Director candidates from outside the Company are nominated, by taking diversity into consideration, from individuals who have extensive management experience and expertise and who are capable of advising on and overseeing the overall management from an external, objective and professional point of view.

For senior management and director positions, candidates are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and procedures it has established. The Board of Directors then respects the nominations and appoints the successful candidates.

■ Nomination of Auditor Candidates

For auditor candidates, the Company will select those who have the appropriate knowledge and experience to audit directors’ execution of duties from a fair and objective perspective and who also have a high ethical sense. The candidates are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and

procedures it has established. Auditor candidates are approved by the Audit & Supervisory Board and then appointed by the Board of Directors. At least one of the auditor candidates shall have the appropriate expertise in finance and accounting.

■ Dismissal of Senior Management including CEO

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[s] from their senior management position[s] if it determines that the removal is justifiable based on deliberations by the Board of Directors.

[Principle 3-1 (v) Reasons for Appointing and Dismissing Senior Management as well as Nominating Director and Auditor Candidates]

Reasons for appointing and dismissing senior management and nominating director and auditor candidates are described in the reference documents that accompany the notice of the General Meeting of Shareholders (<https://www.biprogy.com/invest-e/stock/meeting.html>).

[Principle 3-1 / Supplementary Principle 3-1[3] Initiatives on Sustainability, etc.]

■ Initiatives on Sustainability

The Group is working to resolve a variety of social issues based on corporate activities which incorporate the perspectives of the environment, society, and governance. Aiming to be a sustainable corporate group that creates social value and economic value through the creation of a sustainable society, with each member possessing a long-term perspective and ambition, we will move forward with the introduction of Digital Commons into society by fusing our experience and knowledge of solving issues faced by society with a network of people who possess the same ambition and digital technology based on our many years of experience.

Details of our initiatives related to sustainability are described on the following website.

- BIPROGY Group Sustainability Information Site <https://www.biprogy.com/sustainability/> (in Japanese only)

■ Sustainability Promotion System

For addressing sustainability issues that affect the entire Group, we have established a system to promote these efforts based on the idea that it is important to strengthen management and governance. We have established not only the Sustainability Committee, a decision-making body chaired by the Chief Sustainability Officer (CSO), but also an Environment Contribution Committee and Social Committee as subordinate organizations for the respective fields. Material issues of the corporation are discussed and decided by the Executive Council. The Board of Directors regularly receives and discusses reports from the CSO regarding the status of initiatives related to sustainability.

■ Investment in Human Capital

We believe that human capital is an important corporate asset, and that it is the driving force behind sustainable corporate growth and the enhancement of corporate value over the medium-to-long-term. In order to continuously create innovation toward the achievement of Vision 2030, we are promoting reforms to create an organizational culture that embraces and leverages the diversity, expertise, and diverse values of individuals.

We also believe that continuous investment in human capital is indispensable for supporting the sustainable growth of the Company and solving social issues that change with the times, and the Group makes investments in order to develop skills and capabilities of employees and strengthen our organizational capabilities. In addition, with the aim of fostering human resources capable of creating new businesses on their own, we have designated the development of human resources capable of producing business as a materiality starting in the fiscal year 2021, and are engaged in active recruitment and implementation of various programs. At the same time, we are working to improve employee engagement by reforming work styles and promoting diversity and inclusion with the aim of strengthening organizational capabilities. See the following website for more detailed information and data.

- Sustainability (Human resources/Labor) <https://biprogy.disclosure.site/ja/themes/107> (in Japanese only)
- Sustainability (Social data) <https://biprogy.disclosure.site/ja/themes/108> (in Japanese only)

■ Investment in Intellectual Properties

The Management Policies (2024-2026) call for a technical strategy to strengthen technologies for accelerating core business and growth business strategies. For promoting digital transformation of development in core businesses and accelerating high-value-added proposals and advances in the market development area, we will invest in strengthening technology to underpin managed services, advancing applied technologies for customer digital transformation support and digital transformation operations, and acquiring means of resolving customer/social issues through AI that are applicable in various fields. We also aim to achieve continual business growth through investment in technologies for real-world implementation of next-generation digital infrastructure, as well as quantum computing and other frontier technologies. In identifying, acquiring, strengthening, and implementing technologies, we promote efforts, such as establishing and operating the BIPROGY Group AI Ethics Guidelines that will help us to recognize the positive and negative impacts of AI on human beings and society, and respond appropriately to deal with ethical, legal, and social issues (ELSI) that arise in conjunction with rapid developments of science and technology.

The BIPROGY Group AI Ethics Principles

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

■ Impacts that risks and profit opportunities related to climate change will have on our company's business activities, profits, and other matters

The Company recognizes that addressing climate change is an important management issue that will affect the business value of the Group in a variety of forms, and also recognizes the importance of having strategies and flexibility that will allow us to adapt to uncertain changes in conditions. Regarding the impacts of risks and opportunities related to climate change on the business and profit opportunities of the Group, we have established a company-wide cross-lateral project within the Environment Contribution Committee. We will identify risks and profit opportunities related to climate change through scenario analysis (impact assessment), and will apply the assessment results to all strategies.

Regarding disclosure of information related to these matters, we declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in April 2020, and conduct disclosure utilizing a framework (governance, strategy, risk management, and indicators and targets) that is consistent with these recommendations. We also are working for continual improvements in order to improve the quality and quantity of this information.

Details of our initiatives related to climate change, including these matters, are described on the following website.

- the annual securities report (yuka shoken hokokusho) (Climate Change) <https://www.biprogy.com/invest-j/financial/sr.html> (in Japanese only)

- Integrated Report 2023 (Environment) <https://www.biprogy.com/invest-e/financial/ar.html>

- BIPROGY Group Sustainability Information Site (Climate Change)

<https://biprogy.disclosure.site/ja/themes/101> (in Japanese only)

[Principle 4-1-1 Scope of Matters Delegated to Management]

The Company's Board of Directors has the role of supervising management as a whole, including the performance by directors and corporate officers of their professional duties, as well as deliberating on and deciding key management policies and other matters important for management.

To this end the board deliberates on matters as set out in laws and regulations as well as in the Company's Articles of Incorporation, and even matters that need consideration from various viewpoints including those of outside directors.

The Board of Directors delegates decision-making authority for matters other than those resolved or reported by it, in order to enable prompt and efficient decision-making. This delegation is implemented according to the importance of individual items and pursuant to the Company's internal rules, such as internal rules for Executive Council.

[Principle 4-1-3 Succession Plan for Chief Executive Officer]

In order to ensure the transparency of the selection process of senior management including the Chief Executive Officer, the Nomination and Remuneration Committee, which is chaired by an independent outside director, deliberates on a plan regarding successors of management personnel ('Succession Plan') and reports it to the Board of Directors.

In the Succession Plan, integrity is an important attribute required of management personnel, as are seven other crucial competencies which are: vision and-vision-building skills (foresight), acumen/ability to perceive

essence (insight), determination, innovation, messaging skills (passion), implementation/accomplishment ability (execution), and receptivity to diversity and adaptability (diversity and inclusion).

In order to create a personnel pipeline designed for producing management personnel successors pursuant to the Succession Plan, we have moved forward with centralizing data on human resources through the introduction of a talent management system. We have also proceeded with the design of assessment mechanisms, created a specific training plan for each candidate, and are working to strengthen the personnel pool and pipeline on the candidate level.

[Principle 4-9 Standards for Judging Independence of Outside Directors/Auditors]

The Company's "Standards on the Independence of Outside Directors/Auditors" are as follows.

■ Standards on the Independence of Outside Directors/Auditors

The Company deems that outside directors and outside auditors as defined by the Companies Act have independence if they satisfy the independence criteria stipulated by the Tokyo Stock Exchange and do not fall under any one of the categories below:

- (1) Major shareholders holding voting rights equivalent to 10% or more of the total voting rights of the shareholders of the Company, or in the case of a corporation or organization, an executive of that corporation or organization
- (2) A major client of the Company or its subsidiaries, or executive of a corporation or organization that deals with the Company or its subsidiaries as a major business partner (*1)
- (3) An executive of a financial institution to which the Company owes significant borrowings (*2)
- (4) A person who receives significant amounts of compensation or other economic benefit (*3) (other than their remuneration as a director) as a consultant, accountant, or lawyer for the Company or its subsidiaries, or where a corporation or organization, a person belonging thereto
- (5) An executive of a corporation or organization that receive significant donations (*4) from the Company or its subsidiaries
- (6) A person who served a corporation or organization falling under any of the categories (1) to (5) above as an executive within the past 3 years
- (7) A spouse or relative within two degrees of kinship of a person falling under any of the categories below:
 - A person falling under any of the categories (1) to (5) above
 - A person who is a director or executive of a subsidiary of the Company

*1 Classification into the category of 'major client of the Company or its subsidiaries' is judged according to the net sales that the Company or its subsidiaries had with the client in the fiscal year immediately before: whether or not they exceed 2% of the consolidated net sales of the Company.

Classification into the category of a 'corporation or organization that deals, as their major clients, with the Company or its subsidiaries' is judged according to the net sales that the corporation or organization had with the Company or its subsidiaries in the fiscal year immediately before: whether or not they exceed 2% of the consolidated net sales of the corporation or organization that deals with the Company or its subsidiaries, or ¥10 million, whichever is higher.

*2 Classification into the category of 'significant borrowings' is judged according to the amount of those borrowings: whether or not they exceed 2% of the gross assets of the Company for the fiscal year immediately before.

*3 Classification into the category of 'significant amounts of compensation or other economic benefit' is judged according to the benefit that the person has received from the Company (other than their remuneration as a director) in the fiscal year immediately before: whether or not the person has received remuneration or other economic benefit of ¥10 million or more; or where the person belongs to a corporation or organization, whether or not that corporation or organization has received from the Company or its subsidiaries remuneration or other economic benefit that exceeds 2% of the consolidated net sales of the corporation or organization for the fiscal year immediately before or ¥10 million, whichever is higher.

*4 Classification into the category of 'significant donations' is judged according to the amount of donations that have been received from the Company or its subsidiaries: whether or not they exceed ¥10 million a year or 2% of the annual total costs of the corporation or organization of the fiscal year immediately before, whichever is higher.

[Principle 4-10 / Supplementary Principle 4-10[1] Role of the Nomination and Remuneration Committee, etc.]

As described in “Supplementary Explanation” of “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management”.

[Principle 4-11-1 Balance, Diversity and Extent of Knowledge, Experience, and Capabilities of the Board of Directors]

The Company has appointed directors and corporate auditors with diverse knowledge and experience, including ESG/Sustainability and global business, necessary to achieve Vision 2030 and the Management Policy (2024-2026).

The skill matrix of the Company’s directors and corporate auditors is described in the reference documents of the notice of the ordinary General Meeting of Shareholders. Please refer to the following URL.

(<https://www.biprogy.com/invest-e/stock/meeting.html>)

The Board of Directors is consisted of directors who have a diverse and rich experience and deep knowledge, including several outside directors. It maintains the appropriate number of directors to enable the Board to function effectively and efficiently.

The term of directorship is set at 1 year in order to secure a flexible management structure capable of responding promptly to changes in business environment, and to clarify the responsibilities of each director.

[Principle 4-11-2 Directors and Auditors Concurrently Holding Positions as Executives of other Companies]

The outside directors and outside auditors who concurrently hold the positions of executives of other listed companies are described in the annual securities report (*yuka shoken hokokusho*) (<https://www.biprogy.com/invest-j/financial/sr.html> (in Japanese only)) and the ‘1. Organizational Composition and Operation [Directors] and [Auditors] Relationship with the Company (2)’ in the ‘II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management’ of this report. Mr. Takahito Kanazawa serving as director concurrently holds the position of Managing Director at Dai Nippon Printing Co., Ltd.; Mr. Yuichi Katayama serving as director concurrently holds the positions of Executive Director, Executive Vice President Officer at Oriental Land Co., Ltd.; Mr. Hirofumi Hashimoto serving as auditor concurrently holds the position of Chairman and Representative Director, at Maruzen CHI Holdings Co., Ltd.; and Ms. Keiko Mizuguchi serving as auditor concurrently holds the position of Audit & Supervisory Board Member (Outside) at The Nisshin Oillio Group, Ltd.

[Principle 4-11-3 Evaluation of Effectiveness of the Board of Directors]

We recognize that it is crucial to strengthen governance through the Board of Directors adequately fulfilling its function in order to increase our corporate value continuously. We have implemented self-evaluation since the fiscal year 2015 in order to improve the effectiveness of the Board of Directors.

In order to achieve the new Management Policies that begin from fiscal year 2024, in fiscal year 2023 we conducted an evaluation of the effectiveness of the Board of Directors based on support from an outside consultant (*) from the perspective of further strengthening the functions of the Board of Directors.

* Japan Board Review Co., Ltd. (hereafter, “JBR”) was hired as the outside consultant.

1. Evaluation Method

JBR distributed a questionnaire containing the following contents to all directors and auditors who are members of the Board of Directors, and analyzed the responses. Based on the responses to this questionnaire, it also conducted an interview with each individual director and auditor, and summarized the results in a report. Based on this report, the Board of Directors grasped and evaluated the current situation, deliberated on how the Board of Directors should be in the future, and decided on Actions for the Fiscal Year 2024.

(1) Questionnaire

Respondents: all directors (8) and all auditors (5)

Response method: Anonymous (71 questions in total)

Evaluation Items:

- a. Management issues and roles/functions of the Board of Directors
- b. Progress of actions for the fiscal year 2023

- c. Size and composition of the Board of Directors
- d. Operation of the Board of Directors
- e. Composition and role of the Nomination & Remuneration Committee
- f. Operation of the Nomination & Remuneration Committee
- g. Directors/auditors training
- h. Support system for outside directors
- i. Roles of auditors and expectations for auditors from the perspective of directors
- j. Roles of auditors
- k. Relationships with investors and shareholders
- l. The overall effectiveness of our corporate governance system and the Board of Directors
- m. Self-assessment

(2) Interviews

Respondents: all directors (8) and all auditors (5)

Response method: Individual interviews by JBR

2. Evaluation Results (excepting “Actions for the Fiscal Year 2023”)

As a result of discussion by the Board of Directors based on the results of the questionnaire and interviews, the rankings for the evaluation items were generally high, and the initiatives for our Actions for Fiscal Year 2023 were also recognized, as described below. However, there were the following points for improvement and other matters where initiatives are needed to further enhance the effectiveness of the Board of Directors, centering on the operating conditions of the Board of Directors and the configuration and roles of the Nomination and Remuneration Committee.

- (1) Deeper discussion is needed regarding business strategies including allocation of management resources, technical strategies, human resources strategies (including the Succession Plan), risks, and other matters. For this purpose, the necessary actions include establishing topics for discussion, reviewing the way that discussions are conducted, and providing information to deepen the understanding of outside directors.
- (2) As measures to address security incidents, continued monitoring by the Board of Directors is important so that we can continue the initiatives to transform the organizational culture, and to expand compliance awareness and risk management awareness in the workplaces.

3. Actions Taken in the Fiscal Year 2023 and Evaluation Results

- (1) To further drive growth, the Board of Directors will deepen substantive discussions on corporate strategy, including human resources strategy, global strategy, and risk management. Efforts will also continue to enhance the availability of necessary materials to support these discussions.
⇒ Although opportunities for discussion and actual dialogue related to corporate strategy and other matters have increased and some progress has been made, further improvements are necessary in the provision methods and contents of materials, and the way discussions are conducted, in order to achieve more effective and detailed discussion regarding corporate strategy as well as the human resources strategy, global strategy, and risk management which are based on it.
- (2) In light of the USB flash drives loss incident that occurred in June 2022, the Board of Directors will strive for faster information sharing in the event of major incidents. Additionally, efforts will be made to monitor the progress of organizational culture transformation to prevent such accidents from happening again, as well as to strengthen compliance awareness and risk management awareness among the Company’s officers and employees.
⇒ Although action in regard to inappropriate acts and related matters are being carried out appropriately, it is necessary to continue monitoring of initiatives aimed at enhancing compliance awareness and risk management awareness among officers that include transformation of our organizational culture and further expanding awareness to the workplaces.

4. Actions for the Fiscal Year 2024

We will implement the actions below in the fiscal year 2024 in order to strengthen further the governance system of the Company on the basis of the evaluation results above.

- (1) To achieve deeper discussion regarding business strategies including allocation of management resources, technical strategies, human resources strategies (including the Succession Plan), risks, and other matters, we will make further improvements to the selection of topics for discussion by the Board

of Directors and the conduct of discussions, further increase the use of opportunities outside Board of Directors meetings, and expand the information that is shared with outside directors.

- (2) “The Board of Directors will continue to effectively monitor initiatives aimed at reforming the organizational culture and instilling compliance and risk management awareness at the operational level to prevent severe incidents or accidents.

[Principle 4-14-2 Training to Directors and Auditors]

- 1) The Company strives to help outside directors and outside auditors understand sufficiently the nature of the Group’s business, financial situation, and organizational structure as well as management issues through explanations provided to them by management and related departments on the occasion of their assuming the office and thereafter as needed.
- 2) The Company helps directors and auditors to sufficiently fulfill their roles and duties by providing opportunities for training given by outside expert on industry and technological trends, financial and legal strategies, and so forth.

[Principle 5-1 Constructive Dialogues with Shareholders]

1. Basic Principles

The Company’s President/CEO and CFO take the lead in conducting IR (investor relations) activities, so that timely and appropriate information is delivered to all shareholders and investors.

2. IR Activities

The Company has established a department dedicated to IR, and collaborate with related departments and each Group company to make appropriate disclosure of information.

3. Methods for Dialogue

The Company provides institutional investors with opportunities for dialogue, such as briefing sessions about financial results and operations, as well as facility tours and explains our business management and activities.

4. System for Sharing Opinions and Concerns Expressed by Stakeholders

The Company provides appropriate feedback to management executives and the Board of Directors concerning the opinions and concerns expressed by shareholders and investors.

5. Management of Insider Information

The Company sets a certain period of time as a silence period before making an announcement of financial results, in order to prevent any information leaking before the announcement and ensure fairness. During this period, the Company refrains from responding to questions or inquiries about or commenting on financial results. Furthermore, the Company has put in place the ‘Insider Trading Management Regulations’ and strives to prevent insider information from being leaked.

[Dialogue with Shareholders]

For the dialogue with shareholders, please see the following website.

<https://www.biprogy.com/invest-e/com/dialogue.html>

2. Capital Structure

Foreign Shareholding Ratio	Updated	30% or more
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[Status of Top 10 Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Dai Nippon Printing Co., Ltd.	20,727,410	20.61
The Master Trust Bank of Japan, Ltd. (Trust account)	13,012,600	12.93
Custody Bank of Japan, Ltd. (Trust account)	12,368,900	12.29
Mitsui & Co., Ltd.	2,448,509	2.43
The Norinchukin Bank	2,326,900	2.31
JAPAN POST INSURANCE Co., Ltd.	1,605,000	1.59
BIPROGY Employee Shareholding Society	1,451,579	1.44
GOVERNMENT OF NORWAY	1,363,600	1.35
THE BANK OF NEW YORK MELLON 140044	1,313,689	1.30

The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,271,000	1.26
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Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation	Updated
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<p>1. The [Top 10 Shareholders] table above describes the situation as of March 31, 2024. Besides the above, the Company holds 9,100,382 shares of treasury stock (8.29% of the total number of issued shares).</p> <p>2. The ratios are calculated by deducting treasury shares and expressed by rounding down to two decimal places.</p> <p>3. Sumitomo Mitsui Trust Asset Management Co., Ltd. and its co-owner Nikko Asset Management Co., Ltd. jointly hold the shares of our Company listed below as of January 31, 2024, according to change report No. 3 made available for public inspection dated February 6, 2024. The Company could not confirm the actual number of shares held by the companies as of March 31, 2024. Thus, the Company does not list the companies in the [Status of Top 10 Shareholders] above.</p> <p>Name: Sumitomo Mitsui Trust Asset Management Co., Ltd. Address: 1-1-1 Shibakoen, Minato-ku, Tokyo Number of Shares Held (shares): 3,503,600 Percentage of Shares Held (%): 3.19</p> <p>Name: Nikko Asset Management Co., Ltd. Address: 9-7-1 Akasaka, Minato-ku, Tokyo Number of Shares Held (shares): 1,477,700 Percentage of Shares Held (%): 1.35</p> <p>Total Number of Shares Held (shares): 4,981,300 Percentage of Shares Held (%): 4.54</p>
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3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have Material Impact on Corporate Governance Updated

Dai Nippon Printing Co., Ltd. holds 20,727,410 shares of the Company's stock (proportion of voting rights: 20.62% as of March 31, 2024). It is a Major Shareholder of the Company.

On August 9, 2012 the Company entered into a "Business Alliance Agreement" with Dai Nippon Printing Co., Ltd. which forms business alliances in the areas of cloud and new platform services business, as well as marketing and sales.

One of the Company's eight directors concurrently serves as Managing Director at Dai Nippon Printing Co., Ltd., and one of the Company's five auditors concurrently serves as Chairman and representative director at Maruzen CHI Holdings Co., Ltd., a subsidiary of Dai Nippon Printing Co., Ltd.

The Company preserves independence in carrying out its business activities and making management decisions by making its own business judgments in pursuit of an increase in corporate value and profit for the shareholders as a whole.

Business between the Company and Dai Nippon Printing Co., Ltd. is reported to or approved by the Board of Directors based on predetermined standards.

II. Business Management Organization and Other Corporate Governance Systems regarding

Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with <i>Kansayaku</i> Board (Audit & Supervisory Board)
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Nalin Advani	From another company											
Yoshinori Ikeda	Tax Accountant											
Asako Osaki	From another company								○			
Yuichi Katayama	From another company								○			

* Categories for "Relationship with the Company"

- * “○” when the director presently falls or has recently fallen under the category;
 - “△” when the director fell under the category in the past
 - * “●” when a close relative of the director presently falls or has recently fallen under the category;
 - “▲” when a close relative of the director fell under the category in the past
- a. Executive of the Company or its subsidiaries
 - b. Non-executive director or executive of a parent company of the Company
 - c. Executive of a fellow subsidiary company of the Company
 - d. A party whose major client or supplier is the Company or an executive thereof
 - e. Major client or supplier of the Company or an executive thereof
 - f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
 - g. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
 - h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
 - i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
 - j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
 - k. Others

Outside Directors' Relationship with the Company (2)

Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Nalin Advani	○	—	<p>The Company has again appointed Mr. Advani as outside director. Mr. Advani obtains global business experience mainly based on the Asia Pacific region as well as technical expertise about AI and robots after having served multiple technology companies mainly in Japan, Singapore, and India in light of business management and investment.</p> <p>The Company expects Mr. Advani to utilize his global experience as well as knowledge and expertise about the industry to which the Company belongs in giving effective advice on and support for the Company's business management and we propose to elect him as Outside Director again.</p> <p>Mr. Advani is designated as independent director since he neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.</p>

Yoshinori Ikeda	○	—	<p>The Company has appointed Mr. Ikeda as outside director. Mr. Ikeda has accumulated experience in serving the National Tax Agency at important positions for many years. He has overseas experience, and he is well-versed specifically in the field of international taxation. Mr. Ikeda has sophisticated professional knowledge and expertise in the field of tax accounting as evidenced in his playing active roles as Tax accountant and university professor after retiring from the National Tax Agency. The Company expects Mr. Ikeda to give effective advice on and support for the Company's business management based upon his expertise and experience. The Company proposes to elect him as Outside Director again.</p> <p>Mr. Ikeda is designated as independent director since he neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.</p>
Asako Osaki	○	<p>The Company paid Ms. Osaki a speaking fee and related compensation for lecturing at a seminar held by the Company during the fiscal year immediately before, however the amount paid by the Company to Ms. Osaki is insignificant at approximately ¥130,000.</p>	<p>Ms. Osaki has extensive international experience, including work at the United Nations. She is also playing an active role as an expert on gender in various fields such as government, local government, and academia. Also, Ms. Osaki has sophisticated professional knowledge and expertise not only in the field of gender, but also in the field of ESG/sustainability. The Company expects Ms. Osaki to give effective advice on and support for the Company's business management in promoting ESG management based upon her expertise and experience. The Company proposes her continued appointment as Outside Director. Ms. Osaki is designated as independent director since she neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.</p>
Yuichi Katayama	○	<p>Since June 2013, Mr. Katayama has been serving as a director at Oriental Land Co., Ltd.,</p>	<p>Mr. Katayama has held important positions during his many years of experience at financial institutions, and has extensive experience related to</p>

		overseeing the Sponsor Marketing Alliance Department and other divisions. Although system service and other business is conducted between this company and the Company, the amount of this business is small, at less than 1% of consolidated sales of the Company during the fiscal year immediately before, and less than 0.2% of the consolidated sales of Oriental Land Co., Ltd.	finance and accounting. At Oriental Land Co., Ltd., he has served as a director for many years and has extensive knowledge and experience as a member of management as well. For these reasons, the Company expects Mr. Katayama to give effective advice on and support for management of the Company based upon his expertise and experience. The Company proposes his election as Outside Director. Mr. Katayama is designated as independent director since he neither comes into conflict with the “Independence Criteria” stipulated in the TSE rules on the listing of securities, nor the “Standards on the Independence of Outside Directors/Auditors” stipulated by the Company.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Nomination & Remuneration Committee	
All Committee Members	4	
Full-time Members	0	
Inside Directors	1	
Outside Directors	3	
Outside Experts	0	
Other	0	
Chairperson	Outside Director	

Supplementary Explanation

Updated

• In order to discuss and report matters relating to personnel and remuneration of our executives, the Company has established the Nomination and Remuneration Committee, chaired by an independent outside director, as an advisory committee of the Board of Directors, and the role of the committee is as below. In order for the Nomination and Remuneration Committee to make decisions, it is essential to have the attendance of an independent outside director member, and a resolution can only be adopted by the unanimous approval of the members in attendance, including the independent outside director member.

- 1) The committee examines and makes recommendations on criteria for the selection and the procedures for appointing and dismissing as well as other specific personnel proposals relating to directors, auditors, and corporate officers of the Company.
- 2) The committee discusses and makes recommendations on the basic policy on remuneration for directors and executive officers of the Company, the remuneration system and standards, the relevant decision-making procedures, as well as policies for deciding on a method for calculating remunerations for auditors.

- Members and a chairperson are selected from among the Company's directors by a resolution of the Board of Directors. Three independent outside directors (Nalin Advani, Yoshinori Ikeda, and Asako Osaki, Independent Outside Directors) have been elected as members and one of them has been elected as a chairperson in order to ensure transparency, fairness, and objectivity in deciding personnel matters and remuneration, and at the same time one Inside Director (Taeko Sawakami) who is familiar with the industry and in-house conditions and who has experience in key positions in the Company has been elected as a member.
- The Nomination and Remuneration Committee of the fiscal year 2023 comprised two independent outside directors (Nalin Advani as a chairperson and Yoshinori Ikeda) and one representative director (Noboru Saito). Eight meetings for the committee were held with the secretarial office playing the role of secretariat. All members attended all the meetings and deliberated mainly upon electing candidates for director and corporate officer, deciding bonus amounts for directors and corporate officers, and issuing and allocating restricted stocks as remuneration.

[Kansayaku (Audit & Supervisory Board Member)]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Number of <i>Kansayaku</i>	5

Cooperation among *Kansayaku*, Accounting Auditor, and Internal Audit Departments

Updated

Group Internal Audit Department has been established as an independent internal organization under the immediate control of the President. The organization audits the effectiveness and efficiency of internal control for the entire Group.

The state of cooperation among auditors, the Accounting Auditor, and Group Internal Audit Department are described below.

- The auditors (including part-time auditors; the same shall apply hereinafter), the Accounting Auditor, and the Group Internal Audit Department meet in person periodically in order to exchange their opinions. Opinions are also exchanged from time to time as necessary.
- The Accounting Auditor carries out briefing sessions on site visits to regional headquarters and offices as well as subsidiaries of the Company. The Accounting Auditor exchange information and hears opinions from auditors at the sessions.
- The Full-time auditors participate in internal audit review meetings held by Group Internal Audit Department, and state their opinions regarding the reports.
- Group Internal Audit Department reviews and audits the state of activities by the divisions in charge of Internal Control.
- At least two times a year, the Group Internal Audit Department reports the risk-based internal audit plans and results at meetings of the Board of Directors attended by outside directors and auditors. Opinions are also exchanged with non-executive directors and auditors as needed.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	3
Number of Independent <i>Kansayaku</i>	3

Outside *Kansayaku*'s Relationship with the Company (1)

Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masaya Oishi	From another company							△						

Harumi Kojo	Lawyer																
Keiko Mizuguchi	From another company																

* Categories for “Relationship with the Company”

* “○” when the *Kansayaku* presently falls or has recently fallen under the category;

“△” when the *Kansayaku* fell under the category in the past

* “●” when a close relative of the *Kansayaku* presently falls or has recently fallen under the category;

“▲” when a close relative of the *Kansayaku* fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. *Kansayaku* of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
- i. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
- m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Updated

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Masaya Oishi	○	Mr. Oishi used to work for The Norinchukin Bank, which is one of our major clients and lenders. However, Mr. Oishi retired from The Norinchukin Bank in June 2015 and nine years have passed since then.	The Company has appointed Mr. Oishi as outside auditor. Mr. Oishi has extensive business experience through his services of many years at financial institutions and a wealth of considerable knowledge on finance and accounting. Furthermore, he has understandings about the industry which the Company belongs to on the basis of his knowledge and experience in the area of information systems. In addition, he is well-experienced in investment through his experiences at a securities firm. We expect him to utilize his extensive knowledge and expertise that he obtained as a business executive and auditor in order to audit the entirety of business management of the Company as an outside auditor. Mr. Oishi is designated as independent auditor since he neither comes into

			conflict with the “Independence Criteria” stipulated in the TSE rules on the listing of securities, nor the “Standards on the Independence of Outside Directors/Auditors” stipulated by the Company.
Harumi Kojo	○	—	The Company has appointed Ms. Kojo as outside auditor. Ms. Kojo has abundant knowledge and experience accumulated in her career as a lawyer and judge. The Company expects her to utilize her knowledge and experience in order to audit the execution of duties by directors, from an independent perspective as an outside auditor. Ms. Kojo is designated as independent auditor since she represents a superb example of independence as evidenced by the fact that she neither comes into conflict with the “Independence Criteria” stipulated in the TSE rules on the listing of securities, nor the “Standards on the Independence of Outside Directors/Auditors” stipulated by the Company.
Keiko Mizuguchi	○	—	Ms. Mizuguchi has abundant knowledge and experience about finance, corporate accounting, governance, and disclosure which she gained by serving as a commissioner of Certified Public Accountants and Auditing Oversight Board, and as a member of the Business Accounting Council. Additionally, she has contributed as a member of Committee on the System of Evaluating Incorporated Administrative Agencies (Accounting Standards Subcommittee) under the Ministry of Internal Affairs and Communications. The Company has appointed Ms. Mizuguchi as outside auditor. The Company expects her to utilize her knowledge and experience in order to audit the execution of duties by directors, from an independent perspective as an outside auditor. Ms. Mizuguchi is designated as independent auditor since she neither comes into conflict with the “Independence Criteria” stipulated in the TSE rules on the listing of securities, nor the “Standards on the Independence of Outside Directors/Auditors” stipulated by the Company.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	7
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Matters relating to Independent Directors/*Kansayaku*

This Company has designated all outside directors/*kansayaku* who meet the qualifications for independent director/*kansayaku* as independent directors/*kansayaku*.

[Incentives]

Incentive Policies for Directors

Performance-linked Remuneration

Supplementary Explanation

Updated

• Remuneration for executive directors consists of the business performance-based remuneration stated below in addition to fixed remuneration (a monthly salary).

The business performance-based remuneration comprises a.) bonus linked to a short-term business performance, and b.) the Restricted Stock Remuneration linked to medium-to-long-term business performance.

Fixed remuneration, bonus linked to a short-term business performance and the Restricted Stock Remuneration linked to medium-to-long-term business performance are in the ratio 4:4:2.

The above ratio is based on the assumption that the Company achieves a short-term business earnings target 100% in the final fiscal year for the assessing period of the Restricted Stock Remuneration, and the Company satisfies 100% each of the conditions for the Restricted Stock Remuneration in the same fiscal year.

• a.) Bonus linked to a short-term business performance is summarized as below.

(i) The total bonus amount shall be decided by the Board of Directors pursuant to standard coefficients and standard amounts by title determined by the Nomination & Remuneration Committee on the basis of net income attributable to owners of parent. The total bonus amount shall not exceed ¥400 million approved at the 77th Ordinary General Meeting of Shareholders.

In a case of a net loss attributable to owners of parent, bonus shall not be paid. In a case of a net income less than ¥5.0 billion, only standard amounts by title shall be paid. In a case of a net income of ¥5.0 billion or more, a standard amount by title and an amount calculated in accordance with a standard coefficient determined by the Nomination & Remuneration Committee shall be paid.

A standard coefficient shall not exceed 0.5% for the time being.

<Standard Coefficient>

Profit attributable to owners of parent	Standardized coefficient
Less than ¥5.0 billion	0%
¥5.0 billion or more and less than ¥10.0 billion	0.2%
¥10.0 billion or more and less than ¥15.0 billion	0.3%
¥15.0 billion or more and less than ¥20.0 billion	0.4%
¥20.0 billion or more	0.5%

(ii) A bonus amount for each executive director will be calculated on the basis of the total payment amount above by using a standard coefficient determined by the Nomination and Remuneration Committee on the basis of responsibilities. The amount will be paid in June in principle.

The profit attributable to owners of parent is appropriate to indicate contribution of executive directors to a short-term business performance.

<Achievements for Bonus Linked to Business Performance Indicator>

As the actual result of profit attributable to owners of the parent for the fiscal year ended March 2024 was ¥25.2 billion, the Company paid a total amount of ¥129 million as the bonus calculated by using a standard coefficient of 0.5% as well as base amounts by managerial position.

The total bonus amount is below the maximum limit of ¥400 million per year as resolved at the General Meeting of Shareholders.

• b.) The Restricted Stock Remuneration linked to medium-to-long-term business performance is summarized as below.

The method for deciding the Restricted Stock Remuneration is described below.

(i) Executive directors shall receive issuances or dispositions of the Company's common shares within the range of ¥200 million per year and 66,000 shares per year as approved at the 77th Ordinary General Meeting of Shareholders.

(ii) The Company shall allocate to each executive director restricted shares in June every year in principle after deliberations by the Board of Directors on a number of allocated shares to each executive director calculated using standard coefficients decided by the Nomination and Remuneration Committee in accordance with responsibilities on the basis of the total remuneration amount above.

(iii) Executive directors may not assign nor transfer the restricted shares while they hold positions determined by the Board of Directors of the Company.

(iv) The allocated shares are consisted of those conditional on achievement of ① tenure condition and ② KPI such as a performance indicator and an ESG indicator for a certain period of time. The number of allocated shares to be lifted from transfer restriction will vary depending on how much these conditions are satisfied.

(v) The performance indicator described in iv) ② above is a percentage of a Total Shareholder Return of the Company's shares compared with a TOPIX growth rate. The ESG indicator is a percentage of achieving targets (KPIs) of ESG material issues (materiality) to be worked on in order to achieve the Vision 2030 of the Company. The Company decides the number of allocated shares to be lifted from transfer restrictions based on these percentages.

(vi) The tenure condition referred to in iv) ① above for the allotted shares assigned in the period ended March 2024 shall be to continue to be in service immediately before the conclusion of the Ordinary General Meeting of Shareholders to be held in the year 2024. The medium-to-long-term business performance conditions referred to in iv) ② above shall be to lift transfer restrictions in accordance with achievement degrees as of March 31, 2026. The long-term business performance conditions referred to in iv) ② above shall be to lift transfer restrictions in accordance with achievement degrees as of March 31, 2024.

(vii) The Company shall automatically acquire a portion of allocated shares yet to be lifted from transfer restriction without compensation due to unsatisfied conditions. The same shall be applicable in such cases where executive directors violate laws and regulations.

The Company has adopted the tenure condition as described in iv) above for the purpose of sharing the perspective with shareholders through holding shares and the condition of performance indicator of the iv) ② above for the purpose of reflecting a medium-to-long-term performance as well as measuring how much its corporate value is increased in light of TOPIX comparison without considering impacts of the entire market. In addition to the above, with the condition of ESG indicator, the Company will work on to achieve its material ESG targets.

Recipients of Stock Options	
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Supplementary Explanation	
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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Only for a certain director
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Supplementary Explanation	Updated
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The Company discloses remunerations for directors in the securities reports. The remunerations for the fiscal year ended March 2024 (from April 1, 2023 to March 31, 2024) are stated below.

- a. Total amount of remunerations for directors and auditors
- Directors (excluding outside directors)
 - Total amount: ¥331 million
 - (Fixed remuneration ¥142 million, bonuses ¥129 million, restricted stock remuneration ¥58 million)
 - Auditors (excluding outside auditors)

Total amount: ¥34 million

(Fixed remuneration ¥34 million)

- Outside directors and outside auditors

Total amount: ¥73 million

(Fixed remuneration ¥73 million)

- b. Total amount of remunerations for a person whose remuneration is ¥100 million or more

- Director, Akiyoshi Hiraoka

Total amount: ¥147 million

(Fixed remuneration ¥62 million, bonuses ¥58 million, restricted stock remuneration ¥26 million)

Notes

1. One non-executive director is not eligible to receive bonuses and restricted stock remuneration.
2. Auditors and outside directors are not eligible to bonuses and restricted stock remuneration.
3. Figures shown in millions of yen have been rounded down to the nearest million.
4. The amount of restricted stock remuneration listed above is the amount recorded as an expense in the current consolidated fiscal year out of the cost related to restricted stock remuneration granted to three 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 above includes remunerations for one Director who retired at the conclusion of the 79th Ordinary General Meeting of Shareholders held on June 28, 2023.

Policy on Determining Remuneration Amounts and Calculation Methods	Adopted
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy and procedure for deciding the remuneration for directors and auditors are as follows.

- a. Remuneration for Directors

- Remunerations for executive directors shall be composed of a) fixed remuneration (monthly salary), b) bonus linked to a short-term business performance, and c) Restricted Stock Remuneration linked to a medium-to-long-term business performance, etc. These three are in the ratio 4:4:2.

The above ratio is based on the assumption that the Company achieves a short-term business earnings target 100% in the final fiscal year for the period of assessing the stock remuneration, and the Company satisfies 100% each of the conditions for the stock remuneration in the same fiscal year.

The c) Stock Remuneration (non-monetary remuneration, etc.) linked to a medium-to-long-term business performance consists of those conditional upon achievement of tenure condition, mid-long term business performance target, and specified KPIs such as ESG targets. The ratio of the above three is 3:1:2.

- The Company shall provide non-executive directors such as outside directors with monthly remuneration (which is fixed and not linked to performance) alone.
- It was resolved at the 49th Ordinary General Meeting of Shareholders held on June 25, 1993 that the total monthly remuneration amount for directors is within ¥35 million per month.
- The policy and procedures of bonuses for directors and stock options as stock-based compensation are described in the ‘Supplementary Explanation’ for [Incentives] at ‘1. Organizational Composition and Operation’ of ‘II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management’.

- b. Remuneration for Auditors

Remuneration paid to Auditors are not linked to business performance in order to ensure the effectiveness of auditing from an independent perspective. Their fixed monthly remuneration is decided as a result of discussions among auditors.

It was resolved at the 62nd Ordinary General Meeting of Shareholders of June 22, 2006 that the total monthly remuneration amount for auditors is within ¥8 million per month.

[Supporting System for Outside Directors and/or *Kansayaku*]

Outside directors and outside auditors are provided in advance with materials on key matters to be discussed at meetings of the Board of Directors, and explanations are provided to them as required by the departments concerned with those matters.

[Status of Persons Retired from Representative Director and President, etc.]

Names, etc., of Senior Corporate Adviser (“*Sohdanyaku*”) and Corporate Advisers (“*Komon*”) who have formerly served as Representative Director and President, etc. Updated

Name	Title/Position	Role/Activity	Working Conditions (Full-time/Part-time, Paid/Unpaid)	Date of Retirement	Term
Akiyoshi Hiraoka	Corporate Advisor (“ <i>Komon</i> ”)	Activities outside the Company at public-interest organizations, etc.	Part-time, compensated	March 31, 2024	2 years

Total number of Senior Corporate Advisers (“ <i>Sohdanyaku</i> ”) and Corporate Advisers (“ <i>Komon</i> ”) who have formerly served as Representative Director and President, etc.	1 person
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Others Updated

- The Company abolished its *sohdanyaku* system and revised its *komon* system effective from the closing of the Ordinary General Meeting of Shareholders of June 27, 2018. The revised system stipulates that the Company will commission a person retired from Representative Director and President to assume an office of *komon* designed to engage in material external activities for the Company for two (2) years on the proviso that such commission is approved by the Nomination & Remuneration Committee and the Board of Directors. A *komon* is not involved in the decision-making process regarding the management of the Company.
- A *komon* is to perform part-time duties. He or she is paid the amount of remuneration as stipulated in the internal regulations of the Nomination & Remuneration Committee.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has adopted the corporate governance system which has the Audit & Supervisory Board. It creates and maintains the following system in order to enable effective corporate governance for stakeholders such as shareholders.

a. The Board of Directors

The Board of Directors for the fiscal year ending March 2025 consists of eight directors (including two female directors), with four of them being independent outside directors who bring diverse backgrounds, including advanced expertise and extensive experience and knowledge in venture investment, global business, international taxation, gender, ESG, sustainability, and management. These independent outside directors account for half of the total members of the Board of Directors.

In principle, the Board of Directors is convened monthly to deliberate and make decisions on the basic policies of the Company's management and other important matters, as well as overseeing overall management, including the execution of duties by directors and corporate officers.

The term of directors is set for one (1) year in order to establish a flexible management system capable of responding to changes in the management environment and to clarify the management responsibilities of directors.

(Members) Noboru Saito (Chairperson/Representative Director, President),

Koji Katsuya, Taeko Sawakami, Takahito Kanazawa,
Nalin Advani, Yoshinori Ikeda, Asako Osaki, and Yuichi Katayama

* Nalin Advani, Yoshinori Ikeda, Asako Osaki, and Yuichi Katayama are independent outside directors.

(Auditors) Mikinori Kobayashi, Masaya Oishi, Hirofumi Hashimoto, Harumi Kojo, Keiko Mizuguchi,

* Masaya Oishi, Harumi Kojo, and Keiko Mizuguchi, are independent outside auditors.

The attendance of each director at the Board of Directors meetings for the fiscal year ended March 2024 is as follows.

Name	Position	Attendance
Akiyoshi Hiraoka	Inside Director	12 times/12 meetings
Noboru Saito	Inside Director	12 times/12 meetings
Koji Katsuya	Inside Director	12 times/12 meetings
Takahito Kanazawa	Inside Director	12 times/12 meetings
Chie Sato	Outside Director	12 times/12 meetings
Nalin Advani	Outside Director	12 times/12 meetings
Yoshinori Ikeda	Outside Director	12 times/12 meetings
Asako Osaki	Outside Director	10 times/10 meetings
Ayako Sonoda	Outside Director	2 times/2 meetings

b. The Audit & Supervisory Board

The Audit and Supervisory Board in the fiscal year ending March 2025 is composed of five Audit and Supervisory Board members.

They include three independent outside auditors (including a lawyer) holding a majority, and two of them are women. Two of the Audit and Supervisory Board members are full-time auditors.

Auditors attend key meetings (such as those of the Board of Directors), examine the state of the Company's performance and assets, and audit directors in their performance of their duties. They are assisted in accomplishing their duties by dedicated personnel assigned to the Auditor's Office (two dedicated members) in order to enhance the effectiveness and smoothness of audit operations by auditors.

(Members) Mikinori Kobayashi (Chairperson/ Inside Auditor), Masaya Oishi, Hirofumi Hashimoto,
Harumi Kojo, Keiko Mizuguchi

* Masaya Oishi, Harumi Kojo, and Keiko Mizuguchi, are independent outside auditors.

The attendance of each auditor at the Audit & Supervisory Board meetings for the fiscal year ended March 2024 is as follows.

Name	Position	Attendance
Yuji Teranishi	Full-Time Auditor	16 times/16 meetings
Masaya Oishi	Full-time Outside Auditor	16 times/16 meetings
Hirofumi Hashimoto	Inside Auditor	16 times/16 meetings
Harumi Kojo	Outside Auditor	16 times/16 meetings
Keiko Mizuguchi	Outside Auditor	16 times/16 meetings

c. Accounting Auditor

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor from which it receives an audit of its accounts.

d. Nomination & Remuneration Committee

The Company has established the 'Nomination & Remuneration Committee' as an advisory committee to the Board of Directors. The Committee reviews appointments of and remunerations for directors and auditors as well as corporate officers of the Company and reports the result to the Board

of Directors. The Committee of the fiscal year ending March 2025 is composed of four directors including three independent outside directors. An adoption of resolution requires an attendance by an independent outside director member and at the same time a unanimous approval by members in attendance including the independent outside director member.

(Members) Nalin Advani (Chairperson/Independent Outside Director), Yoshinori Ikeda (Independent Outside Director), Asako Osaki (Independent Outside Director), and Taeko Sawakami (Inside Director)

The attendance of members at the Nomination & Remuneration Committee of the fiscal year ended March 2024 was as follows.

Name	Position	Attendance
Nalin Advani	Outside Director	8 times / 8 meetings
Noboru Saito	Inside Director	8 times / 8 meetings
Yoshinori Ikeda	Outside Director	5 times / 5 meetings
Ayako Sonoda	Outside Director	3 times / 3 meetings

e. System for Business Execution

▪ System of Corporate Officers (for *shikkoyakuin* and *gyomu-shikkoyakuin*)

The Company has adopted a system of corporate officers (for *shikkoyakuin* and *gyomu-shikkoyakuin*), which enables the appropriate delegation of authority in order to separate supervision of management from its execution and to enable prompt business execution.

▪ Executive Council

We have established the Executive Council as a body for deciding important matters of business execution. The Council is composed of members who are corporate officers concurrently serving as directors and who are appointed by the president. Auditors can attend the meetings, and full-time auditors usually attend.

(Members) Noboru Saito (Chairperson/Representative Director, President),
Koji Katsuya, Taeko Sawakami, Kazuma Umehara, Takashi Sasaki, Naoshi Nagashima,
Takeshi Yamada, Takashi Miyashita, and Sadayuki Baba

▪ Various Committees

Various committees have been established in order to deliberate on specific management issues relating to business execution by the directors from practical perspectives. These are the R&D/Investment Committee, the Project Review Committee, the Information Systems Investment Committee, the Technology Strategy Committee, the Sustainability Committee, the Environmental Contribution Committee, the Social Committee, the Compliance Committee, the Risk Management Committee - Business Continuity Project, the Information Security Committee and Life Science Research Ethics Committee.

▪ Collective Decision-Making (*Ringi*) System

The Company has established and operates a system that enables key management issues to be decided based on consultation among those officers responsible, among those officers responsible and related officers, and among members of decision-making bodies (committees) and/or the Executive Council after having first obtained an expert opinion on the issues from the corporate staff heads of each relevant division.

▪ Group Internal Audit Department

Group Internal Audit Department has been established as an independent internal body under the direct control of the President to assess the effectiveness and efficiency of internal controls across the Group.

Pursuant to Article 427 (1) of the Companies Act of Japan, the Company has executed an agreement with the directors who are not executive directors as well as all auditors to limit their liability as set out in Article 423 (1) of the Act. The limit of liability is ¥5 million or the amount stipulated by law, whichever is higher. The limitation of liability is only recognized in cases where such directors and auditors performed their duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company has judged that an audit system which includes outside auditors is effective for supervising management, and thus has adopted the corporate governance system which has the Audit & Supervisory Board.

Given the drastically changing nature of the Company's industry, its Board of Directors consists of three directors (concurrently serving as corporate officers) well-versed in the state of the Company and its industry, and also five persons from outside the Company as directors (including four outside directors) who are expected to use their abundant experience of management, give advice on management as a whole from their external, objective and expert perspectives, and operate as an efficient supervisory body to management. We think this makes the Company capable of ever more objective and broad-based decision-making, and ever more effective supervision of its business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Right Updated

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company sent the notice of the 80th ordinary General Meeting of Shareholders of June 26, 2024, 22 days before the date thereof. Furthermore, the Company had disclosed it on its website and the Tokyo Stock Exchange website before it sent the document.
Scheduling AGMs Avoiding the Peak Day	The Company holds General Meeting of Shareholders on days other than the day on which the largest number of companies hold their meetings. It held the General Meeting of Shareholders on June 26, 2024 one day before the day on which many other companies held their meetings.
Allowing Electronic Exercise of Voting Rights	The Company has enabled individual shareholders to exercise their voting rights by personal computer or smartphone through a designated website.
Participation in Electronic Voting Platform	The Company has participated in an electronic voting platform operated by ICJ, Inc. whereby institutional investors can exercise their voting rights, since the 63rd Ordinary General Meeting of Shareholders held in June 2007.
Providing Notice in English	The Company provides an English version of the notice for the General Meeting of Shareholders.
Other	The Company prepares visual content for General Meeting of Shareholders, and it sends the notice of General Meeting of Shareholders via e-mail. The Company discloses a notice of General Meeting of Shareholders on its website and the website of the Tokyo Stock Exchange, etc. before sending the notice to shareholders. The Company conducted a hybrid virtual General Meeting of Shareholders (live-streamed) for its 80th ordinary General Meeting of Shareholders.

2. IR Activities Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has published its Disclosure Policy on its external website (https://www.biprogy.com/invest-e/disclosure-policy/)
Regular Investor Briefings for Investors	Quarterly performance briefing sessions are held. The briefing sessions below were held for the fiscal year ended March 2024. (1) Briefing session for Q1 of the fiscal year ended March 2024 Date: August 1, 2023 Number of Participants: 86 Explained by: Senior Corporate Officer (CFO)

	<p>(2) Briefing session for Q2 of the fiscal year ended March 2024 Date: November 1, 2023 Number of Participants: 69 Explained by: Representative Director, President & CEO</p> <p>(3) Briefing session for Q3 of the fiscal year ended March 2024 Date: February 1, 2024 Number of Participants: 108 Explained by: Senior Corporate Officer (CFO)</p> <p>(4) Briefing session for the fiscal year ended March 2024 Date: April 30, 2024 Number of Participants: 95 Explained by: Representative Director, President & CEO</p>
Posting of IR Materials on Website	The Company has posted consolidated financial statements, annual securities reports (yuka shoken hokokusho), quarterly reports, integrated reports, results briefing materials, management policy presentation materials, notice of General Meeting of Shareholders, and notices of resolutions.
Establishment of Department and/or Manager in Charge of IR	Name of the department responsible for investors relations: IR Office, Finance

3. Measures to Ensure Due Respect for Stakeholders

Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group has set as part of its corporate philosophy that it will ‘Listen sincerely to our stakeholders to improve our corporate value’. It has taken into consideration all stakeholders: shareholders, investors, customers, partners, employees, and local communities, and has endeavored to have an open dialogue with them in view of creating relationships of trust.
Implementation of Environmental Activities, CSR Activities etc.	<p>■ Enhancing Environmental Management to Achieve a Zero Emissions Society</p> <p>The Group recognizes that climate change, biodiversity, and establishment of a circular economic system are critical issues for the creation of a sustainable society, as well as a responsibility to future generations, and we are continually working to strengthen our environmental management. We aim to achieve the goal of a zero-emissions society presented in “Long-Term Environmental Vision 2050” through reducing GHG emissions from our business activities and through environmental contributions via the provision of services to customers and via the Digital Commons which the Group has constructed and participates in. The Environment Contribution Committee that was established as a subordinate organization of the Sustainability Committee studies action policies related to environmental contributions, manages and supervises the design and implementation status of mechanisms for carrying out environmental contributions, and is strengthening initiatives for making environmental contributions visible. It also operates an environmental management system compliant with ISO14001, which is the foundation of these activities, conducts training to improve employee environmental awareness, and conducts other initiatives.</p> <p>Based on Vision 2030, we have set KPI and targets for reduction of GHG emissions in the value chain as a materiality, and are working to achieve them. We are carrying out Scope 1 + Scope 2 emissions reductions and are switching the electricity purchased by the company to renewable energy. Beginning from fiscal year 2021, we are calculating Scope 3 emissions based on the GHG protocol. In fiscal year 2022, in addition to acquiring and releasing an assurance statement related to environmental data from a third party, we also</p>

	<p>submitted a commitment letter as part of the process of acquiring Science Based Targets (SBT) certification, which is a GHG emissions reduction target based on the targets of the Paris Agreement. In fiscal year 2023, we also newly established indicators and targets related to reducing Scope 3 emissions.</p> <p>(Participation in initiatives) In order to achieve the zero emissions society that is a goal in our “Long-Term Environmental Vision 2050”, the Group recognizes that engagement with a wide range of stakeholders is essential. Based on this recognition, we declared our support for the TCFD recommendations (April 2020), joined the RE100 (July 2020), and have actively participated in various other partnerships and initiatives related to climate change and biodiversity in Japan and overseas.</p> <p>■ Respect for Human Rights Interest in human rights is growing around the world, including in Japan. Stakeholders in Japan and overseas have come to expect that corporations will take action to address human rights. The BIPROGY Group supports international standards such as the Universal Declaration of Human Rights and the ILO Core Labour Standards, and recognizes that respect for human rights is an important issue for achieving sustainability management and SDGs. We have released the BIPROGY Group Human Rights Policy that was formulated based on international human rights standards and the UN Guiding Principles on Business and Human Rights. The BIPROGY Group Sustainability Procurement Guidelines that are based on the BIPROGY Group Procurement and Transaction Guidelines contain contents which we expect Group suppliers to understand and cooperate with in regard to society, including human rights, the environment, and governance. Based on these policies and guidelines, we are carrying out human rights due diligence and human rights training and education activities. In each country and region where we operate our business, we are aiming to achieve respect for the human rights of employees and all stakeholders included in the value chain.</p> <p>■ External Evaluations We have received a variety of external evaluations for the initiatives of our Group in carrying out sustainability management. In fiscal year 2023, the Company was selected as a “Sustainability Yearbook Member” (for the second consecutive year after fiscal year 2022) with an evaluation score in the top 15% of the industry in the “Sustainability Yearbook 2024” from S&P Global that lists the best corporations in terms of sustainability. In addition, in the 2023 selections for the “MSCI Japan ESG Select Leaders Index” constructed by MSCI Inc., which selects the companies with the top ESG ratings in each industry among the top 500 market cap companies in Japan, we received the highest grade of “AAA” for the first time since we were first selected in 2018.</p> <p>Details of the Company’s initiatives related to overall sustainability are described on the following website. • BIPROGY Group Sustainability Information Site https://www.biprogy.com/sustainability/(in Japanese only)</p>
Development of Policies on Information Provision to Stakeholders	The Company promotes communication with stakeholders through IR activities pursuant to the Disclosure Policy.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company group has strived to establish, operate and continuously improve its internal control system as follows in order to smoothly and effectively achieve the four aims of internal control. These aims are: “improving the effectiveness and efficiency of business”, “ensuring the reliability of financial reports”, “compliance with laws and regulations on business activities”, and “preservation of company assets”. The intention is to improve the efficiency and transparency of management and ensure the Company’s compliance with laws and regulations.

a. Improving the Effectiveness and Efficiency of Business

The Group has established a management policy and specific management targets, and strives to develop systems that will improve operational effectiveness and efficiency.

- The Group has established the business strategies and profit plans in order to achieve its management policy, and confirms and assesses the extent of progress against them at quarterly management reviews.
- Key matters on business execution are decided by the Executive Council and various committees, and authority is delegated to business divisions as appropriate in order to enable prompt business execution.
- The R&D/Investment Committee deliberates on and assesses the appropriateness of business plans about products/services and business investment such as capital participation in order to ensure the efficiency of investment pertaining thereto. Furthermore, the Project Review Committee deliberates on and assesses the appropriateness of implementation plans for material system service projects in order to ensure the profitability of service businesses.

b. Ensuring the Reliability of Financial Reports

The Company’s management and employees have conducted themselves in compliance with the basic policy for appropriate financial reporting established by the Group set forth for ensuring the reliability of financial reporting.

- The Company has established a department that implements the internal control of financial reports under the supervision of the Chief Financial Officer (CFO). It helps relevant departments to put internal control measures in place, and assesses the extent to which they have been implemented and how they are being run. The results of these assessments are reported by the relevant departments to management each time an assessment is conducted, so that management can confirm their efficacy. In an event that inadequacies are found, corrections are made promptly by the relevant department.
- The Group constantly keeps in mind the fact that appropriate financial reporting is a corporate social responsibility. It strives to enhance internal control through measures such as yearly e-learning training sessions (‘in order to properly understand internal control’) run by the department in charge of internal control.

c. Compliance with Laws and Regulations on Business Activities

In recognition of compliance as one of the most critical issues to execution of business operation, the Group has established the ‘Charter of Corporate Code’, the ‘Group Compliance Regulations’, and the ‘Group Code of Conduct’, based on which all of the Group’s employees act ethically in compliance with laws and regulations, social norms and internal regulations.

In order to insure these, the Group has established the ‘Compliance Committee’ to promote compliance programs under the supervision of the Chief Compliance Officer (CCO). Education and awareness activities are continually carried out in order to ensure that an awareness of compliance takes root and grows in all executives and regular employees of the Group through measures such as conducting e-learning and training seminars.

Additionally, a communication route has been set up for reporting on and asking for advice on compliance matters, and the Compliance Committee and auditors have also established their own direct route (hotline) for reporting and consultation. Strict measures have also been put in place to make sure that hotline users are not retaliated.

d. Preservation of Company Assets (Risk Management)

The Group is faced with various kinds of risk in connection with its business activities. The Company has developed a risk profiling for the Group to share and centralize the management of risks throughout

the entire Group. Furthermore, it has developed preventive measures and countermeasures against the occurrence of risk events in order to safeguard its assets.

Accordingly, the Company group has established a 'Risk Management Committee' chaired by the Chief Risk Management Officer (CRMO) to unify, lead and manage risk management across the entire Group.

The Risk Management Committee has established a risk profiling in order to share and centralize the management of risks throughout the entire Group. The profiling currently has approx. 130 risk categories such as information management risks, system development risks, and disasters or accident related risks. Staff departments or committees responsible for controlling such risk items have established internal regulations to manage those risks as well as specific preventive measures and countermeasures in an event of a risk arising.

In an event of a material risk arising despite these measures, the organization where such risk arises or relevant committee promptly reports to the Risk Management Committee - Business Continuity Project. A Risk Response HQ is then established according to the severity of the risk in order to deal with the situation appropriately.

In the case of business continuity risks due to factors such as earthquakes or infectious diseases such as a novel strain of influenza, the Business Continuity Project Team headed by the CRMO develops a business continuity plan (BCP) and continuously reviews and improves its content while taking into account a range of viewpoints such as ensuring safety, restoring internal operations, and dealing with customers.

In the event of a crisis, the CRMO (the first in line to the chief of disaster countermeasures HQ for the main office) promptly establishes a disaster countermeasures HQ and commences business continuity support activities.

Regarding the Company's systems to ensure the appropriateness of subsidiaries' business operations, the Company appropriately and effectively manages its group companies through its departments designated to manage each of such group company pursuant to its regulations for managing affiliated companies, while respecting each group company's autonomy; the Company has established such regulations in order to improve the corporate value and ensure a sustainable growth of the Group by improving the management efficiency and sharing the Company's corporate philosophy with each group company. Furthermore, the Company supervises the business operations of directors of the subsidiaries and affiliated companies by dispatching the Company's officers and employees to the subsidiaries and affiliated companies as the directors and auditors.

Systems to ensure the proper operation of a stock company (Internal Control System) other than above were also decided by resolution of the Board of Directors pursuant to the Companies Act, and is disclosed on the Company's external website (<https://www.biprogy.com/invest-e/com/governance.html>).

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Approach

The Company strongly refuses any anti-social forces and groups that threaten the order and safety of civil society.

2. Extent of Current Measures

- The Company has a policy of 'having no relationship with anti-social forces and eliminating any activities to promote them' as part of its aforementioned "System to ensure the properness of operations of a stock company (Internal Control System)" (<https://www.biprogy.com/invest-e/com/governance.html>)
- The Company has an examination system that involves confirmation by the person in charge of a deal and examination of that deal by a dedicated department, in order to avoid any dealings with anti-social forces.
- The Company has included a provision on the elimination of anti-social forces in its standard agreement for the purposes of preventing dealings with anti-social forces and enabling immediate discontinuation of deals in an event where a business partner is found to be part of anti-social forces.
- In an event that a business partner is found to belong to anti-social forces, the Company shall establish a response team and promptly discontinue the relevant deal.
- The Company has made the compliance guidebook to show the specific examples of compliance issues to raise awareness of employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

The Company has not adopted measures for preventing takeovers.
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2. Other Matters Concerning Corporate Governance System

<p>[Corporate Governance] The corporate governance system of the Company is as described in the [Organizational Chart for Corporate Governance and Internal Control]</p> <p>[Timely Disclosure System] The internal system for timely disclosure of corporate information is as follows.</p> <p>1. Basic Policy on Timely Disclosure of Corporate Information</p> <p>The Group will make timely disclosure of facts or financial information capable of significantly impacting investment decisions by investors (hereinafter referred to as ‘material facts’) by appointing its Chief Financial Officer (CFO) as the “Person Responsible for Handling Information” pursuant to the regulations on timely disclosure stipulated in the rules on the listing of securities of the Tokyo Stock Exchange (hereinafter referred to as the ‘Rules on Timely Disclosure’), and also establishing and operating a system of internal information management that is applicable to subsidiaries also, pursuant to the internal regulations on the management and disclosure of internal information.</p> <p>Furthermore, the Company discloses proactively and fairly all other information deemed to be effective for the better understanding of the Company.</p> <p>2. Information concerning the Company</p> <p>(1) Information on decisions made</p> <ul style="list-style-type: none">▪ Key decision matters are decided by the Board of Directors (which holds a monthly meeting in principle) or the Executive Council, which consists of corporate officers concurrently serving as directors and who are appointed by the president.▪ With regard to key matters that have been resolved, the Person Responsible for Handling Information and the departments concerned such as Corporate Communications and Legal Department deliberate on the necessity of disclosure pursuant to the Rules on Timely Disclosure, and if it is decided that disclosure is necessary action is promptly taken. <p>(2) Information concerning the occurrence of certain facts</p> <ul style="list-style-type: none">▪ Where a fact that is or is presumed to be material as regarding the Company occurs or is expected to occur, the departments concerned with that fact communicate it promptly to Corporate Communications and the Legal Department.▪ Where disclosures is required of the material fact which has occurred, a disclosure procedure is promptly followed by Corporate Communications and the Legal Department after first reporting to the Person Responsible For Handling Information (CFO). <p>(3) Information concerning the financial results</p> <ul style="list-style-type: none">▪ For information concerning the financial results, the relevant departments such as Corporate Communications and Legal Department promptly follow a disclosure procedure after first reporting to and obtaining approval from the Board of Directors. Where a performance forecast is revised, disclosure is made promptly as soon as the details of the revision become clear.

3. Information concerning subsidiaries

Material information on individual subsidiaries is promptly communicated by the departments in charge to Corporate Communications and the Legal Department. If it is decided to make disclosure of that information, then Corporate Communications and Legal Department promptly do so.

- * In a case where the materiality of a fact as stipulated in 2 and 3 above is in doubt, the Person Responsible for Handling Information makes a decision on the basis of discussions with the relevant departments.
- * Disclosure of material matters as stipulated in the Financial Instruments and Exchange Act is made in securities reports (*yuka shoken hokokusho*) and extraordinary reports (*rinji hokokusho*) which are submitted to the Director-General of the Kanto Finance Bureau through an electronic disclosure system (EDINET: Electronic Disclosure for Investors' Network).

4. Procedure for Disclosing Material Facts

The Person Responsible for Handling Information and the relevant departments such as Corporate Communications and Legal Department disclose material facts promptly on the basis of their discussions.

Material facts are disclosed by Corporate Communications through TDnet (Timely Disclosure System), a system of timely disclosing and communicating information operated by the Tokyo Stock Exchange, and by posting materials to and holding press conferences at the Kabuto Club of the Tokyo Stock Exchange. Inquiries from investors and the press about information that has been disclosed are responded to mainly by Corporate Communications.

