

Disclosure Based on TCFD Recommendations

Regarding climate change, we determine and oversee business risks and opportunities under an appropriate system. In raising our ability to respond to issues, we aim, for example, at stable economic development and securing the foundations for people's livelihoods, and we see this as a vital initiative in advancing the transition to a low-carbon economy. Based on this idea, we have expressed support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) and make disclosures based on this framework as follows.

1. Governance

We discuss and make decisions on various policies and important matters that contribute to realizing sustainability at Board of Directors' meetings. We have identified addressing climate change as one of the material issues that we should proactively address. Under the supervision of the representative director in charge, the IR & Sustainability Department, and the Finance & Accounting Department study the issue. Matters that include various metrics relating to climate change, as well as business risks and opportunities are received and supervised in annual reports by the Board of Directors. Business strategies and plans are then decided upon after duly considering the important matters.

2. Strategy

To strengthen our ability to respond and adapt to the changes in the business environment caused by climate change, we mainly use scenarios including the Intergovernmental Panel on Climate Change (IPCC)'s Shared Socioeconomic Pathways to analyze business environments in which temperature increases are limited to 1.5°C (SSP1-1.9) or below 2°C (SSP1-2.6), as well as those in which 4°C increases (SSP5-8.5). After analyzing the scenarios, we identify the business risks, opportunities and countermeasures as shown in the table below.

The analysis covers all businesses of the Group, with short-term analysis covering from the present to 2025, medium-term analysis covering until 2030, and long-term analysis covering until 2050. Profit impact is shown as small for cases with an annual impact of less than 1 billion yen, medium for cases with an impact between 1 billion yen and less than 3 billion yen, and large for cases with an impact of 3 billion yen or more.

(1) Business Risk Identification

Type		Scenario Analysis	Business Risks	Time Frame	Profit Impact (Annual)		Countermeasures
					1.5°C/Below 2°C Scenario	4°C Scenario	
Transitional risk	Market	Increasing environmental awareness across society, the use of various paper-based business tools is gradually declining, while the utilization of digital information is expanding.	The frequency and importance of utilization of some functions of our service that digitizes paper business cards, invoices, contracts, and other documents to improve productivity may decrease.	Short to medium term	Small	Small	Provide added value equal to or greater than the value of digitizing analog information by expanding highly convenient functions centered on the use of digital information and enhancing its value as a platform.
		Social demand and requirement for the use of clean energy will increase, and various energy prices are soaring. Additionally, the increased global warming is resulting in an increased cooling load for information and communication equipment.	Increases in server prices and various energy prices such as electricity, which are essential for our business centered on a SaaS-type business model, will lead to higher operating expenses.	Medium to long term	Small to medium	Small	Reduce costs by optimizing procurement of necessary resources and materials, including servers and electricity, and improve efficiency by implementing energy-saving measures to reduce energy use.
	Low and regulation	Many countries and regions will tighten regulations on GHG emissions, and new carbon taxes and higher tax rates will be introduced as carbon pricing.	The expenses associated with tax burdens, as well as the cost of purchasing non-fossil fuel certificates and credits for carbon offsetting, may increase.	Medium to long term	Small	Small	Reduce tax burdens and carbon offset costs by increasing the use of renewable energy and improving energy efficiency through the implementation of energy saving.
Physical risk	Acute	Natural disasters such as torrential rains and floods that cause extensive damage are becoming more severe and more frequent.	Flooding our servers and digitalization centers responsible for tasks such as digitizing paper invoices, leading to service disruptions, as well as the damage to the stored documents of service user companies, resulting in a decline in our service value.	Medium to long term	Small to medium	Small to large	As part of the business continuity plan (BCP), ensure service continuity during natural disasters by using multiple servers for system redundancy, decentralizing important service operation sites, and preparing manuals for emergencies.

(2) Business Opportunity Identification

Type	Scenario Analysis	Business Opportunities	Time Frame	Profit Impact (Annual)		Countermeasures
				1.5°C/Below 2°C Scenario	4°C Scenario	
Products and services	Growing environmental awareness across society will increase demand for services that help reduce paper use. Additionally, the increased risk of infectious diseases associated with rising temperatures has led to a rise in non-face-to-face and non-contact business activities, increasing the importance of using digital information.	The demand for our various DX services, which are equipped with functions to curb the use of paper while improving the efficiency of various workflows through the use of digital information, may expand.	Medium to long term	Small to medium	Small	Enhance the value provided to users by expanding highly convenient functions centered on the use of digital information, and stimulate further demand by strengthening the sales and marketing activities.

3. Risk Management

In consultation with the directors in charge of each field, the IR & Sustainability Department, and the Finance & Accounting Department, we conduct scenario analyses to identify climate-related business risks and opportunities, assess their importance, calculate their financial impact, and review countermeasures. These matters are next reported annually to the Board of Directors, which decides on business strategies and plans after considering important matters including the risks and countermeasures. Important climate change-related risks are also integrated and managed with the results of company-wide risk analyses conducted through internal audits etc.

4. Metrics and Targets

We have selected GHG emissions as a climate change-related assessment metric. The table below shows actual GHG emissions over the last three years.

We have set a carbon neutrality target by 2030 as part of our reduction goals for Scope 1 and Scope 2 emissions. In addition to embarking on various initiatives to achieve these targets, we continue to comprehensively consider the establishment of Scope 3 reduction targets, taking into account a variety of internal and external factors.

Item	Unit	FY2021	FY2022	FY2023
Scope 1	t-CO ₂	0	0	0
Scope 2 (location-based)	t-CO ₂	639	840	1,021
Scope 2 (market-based)	t-CO ₂	668	851	999
Scope 1 and 2 (market-based)	t-CO ₂	668	851	999
Scope 3	t-CO ₂	15,679	18,638	21,509
Scope 1, 2 and 3 (market-based)	t-CO ₂	16,347	19,489	22,508
Scope 1, 2 and 3 emissions intensity (per net sales)	t-CO ₂ / hundred million yen	81.7	78.2	69.3

* This figure is based on the non-consolidated results of Sansan, Inc. and covers 96.0% (percentage of non-consolidated net sales to consolidated net sales) of our business scope as of FY2023.

* Scope 1 is calculated by aggregating direct GHG emissions from our own offices and facilities. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office. Scope 3 is calculated by aggregating the GHG emissions of the entire value chain (Categories 1 through 15), excluding Scope 1 and Scope 2.