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 and, by extension, a decarbonized society.
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

Including our responses to climate change, various policies and important matters that contribute to realizing of sustainability are among the items discussed and decided on at Board of Directors' meetings.
In responses to issues relating to climate change, we have set up a Climate Change Response Project — consisting of corporate departments, such as the IR Team, Office Strategy Department, and the Finance & Accounting Department — under the supervision of the Representative Director and are reviewing our responses. Under this project, matters that include various metrics relating to climate change, as well as business risks and opportunities that have been examined, tabulated, and specified, 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 its ability to respond and adapt to a business environment in which the temperature rise due to climate change is kept below 2 ° C, we mainly use scenarios including the Intergovernmental Panel on Climate Change (IPCC)' s Shared Socioeconomic Pathways (SSP1-2.6) and Representative Concentration Pathways. After analyzing the scenarios, we identify the business risks and opportunities climate change poses and we formulate response strategies.
Regarding transition risks and opportunities, such as tightening of laws and regulations and introduction of carbon taxes in each country, we will respond by reducing greenhouse gas (GHG) emissions, establishing a policy for using renewable energy, and promoting various initiatives from medium- to long-term perspectives. Additionally, our growth strategies are already addressing many of the measures to deal with transition risks, physical risks, and opportunities related to our services. We will, however, also consider efforts to reduce costs by diversifying and optimizing various services, including electric power, in the future.

3 Risk Management

In consultation with the directors in charge of each field and the Climate Change Response Project, we conduct scenario analyses, identifies climate-related business risks and opportunities, assesses 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, for example, internal audits.

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 two years. We are now studying the calculation of actual GHG emissions under Scope 3.

GHGemissions (1)

Item	Unit	FY2020	FY2021
Scope 1 (2)	t-CO_2	154	187
Scope 2 (3) (market-based)	t-CO_2	371	480
Scope 2 (location-based)	t-CO_2	324	452
Scope 1 and 2 (market-based)	t-CO_2	525	667
Scope 1 and 2 emissions intensity (per net sales)	t-CO_2 / hundred million yen	3	3

(1) Non-consolidated results of Sansan, Inc. aggregated
(2) Scope 1 is calculated by aggregating GHG emissions relating to the gas consumption in each office. After calculating the consumption per office area using the actual results in certain offices where the consumption can be determined, gas consumption is calculated by multiplying this value by the total area of all offices where gas can be used.
(3) Scope 2 is calculated by aggregating GHG emissions relating to each office's electricity consumption.

In setting targets for each metric, in addition to external factors such as global trends and the status of laws and regulations in Japan, we promote a comprehensive study based on internal factors to enhance future disclosures. The internal study thus covers the progress of strategies and measures in each of our businesses, risks and opportunities, and so forth.

Scenario Analysis (Business Risks and Opportunities)

The contents of specific risks and opportunities, financial impacts, strategies, and other information identified under the scenario analyses are shown in the tables below.
The present to 2030 is set as the medium-term analysis period and through 2050 as the long-term analysis period, – both cover all our businesses.

Business Risk Identification

Scenario Analysis Results	Business Risks	Types of Risks	Time Frames	Financial Impact (Annual)	Strategies
Regulations will be tightened in each countryand carbon tax introduced	Higher tax burden due to carbon tax	Transitional risk (law and regulation)	Medium to long term	Carbon tax burden approx. ¥100 million to ¥300 million	・Reduction of GHG emissions from a medium- to long-term perspective ・Expanded use of renewable energy
Prices for various kinds of energy soar due to increased demand for clean energy, and other factors	Higher operating expenses (costs/SG&A)	Transitional risk (market)	Medium to long term	Cost increase approx. ¥300 million to ¥1.1 billion	・Cost reductions by diversifying/ optimizing power and raw material procurement sources
Owing to heightened environmental awareness, the use of paper media will decrease (digitalization will accelerate)	Lower importance of some our service functions	Transitional risk (market)	Short to medium term	Response completed, assumption there will be no major financial impact	・Further improvements in functions and convenience centered on digital use
Torrential rainfall and floods due to climate change occur at a certain frequency	Partial suspension of services owing to flooding of offices and system downtime Damage to stored documents and other losses due to office flooding	Physical risk (acute)	Medium to long term	Profit impact approx. ¥200 million to ¥1.6 billion	・Redundancy of utilized systems (servers) ・Dispersed service locations ・Preparation of manuals for flood response, etc.

Business Opportunity Identification

Scenario Analysis Results	Business Opportunities	Types of Opportunities	Time Frames	Financial Impact (Annual)	Strategies
Conversion from analog to digital media (DX) accelerates owing to heightened environmental awareness Non-face-to-face business activities increase owing to increased risk of infectious diseases associated with rising temperatures	Burgeoning demand for our services	Products and services	Medium to long term	Profit increase approx. ¥400 million to ¥2.7 billion	・Further improvements in functions and convenience centered on digital use ・Enhanced sales system/ marketing measures
Regulations will be tightened in each country and carbon tax introduced	No carbon tax owing to achieving zero GHG emissions	Resilience	Medium to long term	Carbon tax burden ¥0	・Reductied GHG emissions from a medium- to long-term perspective ・Expanded use of renewable energy