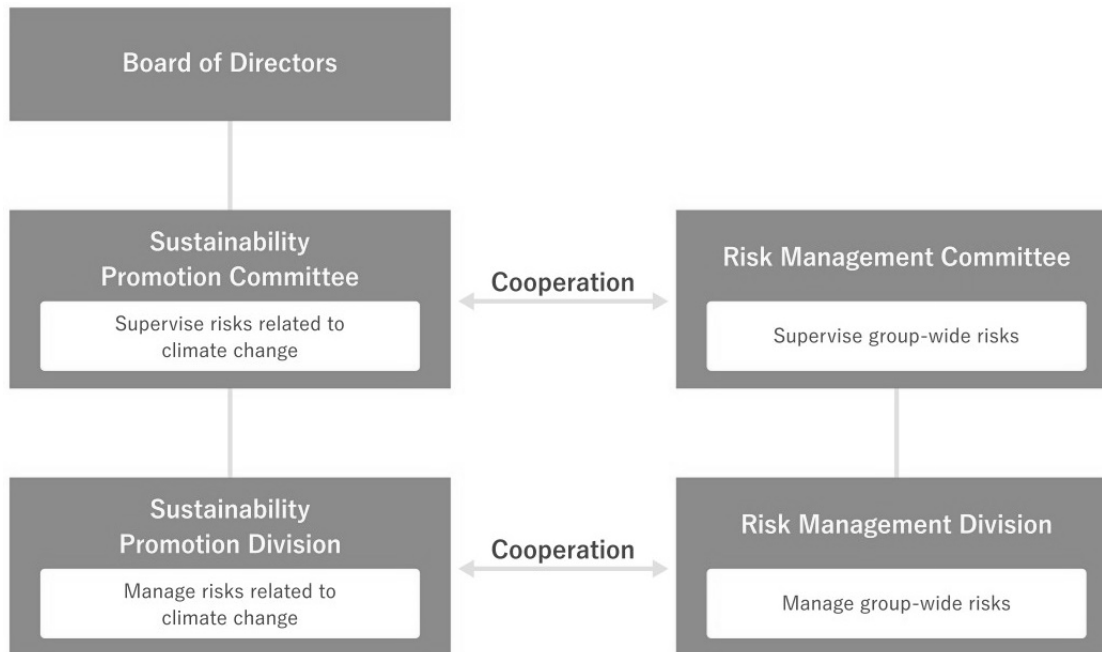


(5) Initiatives for Climate Change and the TCFD Recommendations

(i) Governance

The Board of Directors established our Materiality Themes and Environmental Policy in 2019. We define environmental protection as one of the social issues to be addressed among those materiality themes. As we observe more global actions on climate change, we will evaluate its impact on our business and society, and continue to promote aggressive measures mainly with carbon neutralization. We have also established the governance system that ensures appropriate and effective management on the issue. The Representative Director, President, CEO chairs the Sustainability Promotion Committee established by the Board of Directors to deliberate and discuss climate change-related issues. The Board of Directors monitors and oversees climate change-related risks and issues. The Sustainability Promotion Committee receives reports from the Sustainability Promotion Division and the Chief Sustainability Officer (CSO). It uses those reports to monitor climate change-related issues and to discuss the direction of our response to those issues.

The schematic diagram below shows the status of our climate change-related governance structure.



(ii) Risk Management

The Director in Charge of Climate Change monitors issues by receiving reports from the Sustainability Promotion Committee as a member of the Board of Directors. We have also appointed a Chief Risk Officer (CRO) to oversee risk management company-wide. The CRO manages climate change risks by receiving reports on all sustainability risks, including those relating to climate change, from the Chief Sustainability Officer (CSO). The Sustainability Promotion Division is a permanent dedicated division under the CSO. The CSO monitors and oversees climate change-related issues and risks on a daily basis through the Sustainability Promotion Division. The Representative Director, President, CEO chairs the Sustainability Promotion Committee. The members of the committee are comprised of the Director, Executive Vice President; Director, Corporate Officer SVP (in Charge of Corporate Planning and Climate Change); Corporate Officer, CFO; Corporate Auditor; and Corporate Officer SVP, CIO, CTO, CSO, CRO. The CSO is the officer in charge of operating the Sustainability Promotion Committee. The Sustainability Promotion Division, a permanent dedicated division under the CSO, serves as the management office. The Sustainability Promotion Committee mainly receives reports from the Sustainability Promotion Division and CSO, monitors climate change-related issues and discusses the direction of our response to those issues.

(iii) Strategy

Our business model mainly consists of call center types of businesses. There are about 40 call center locations. Among them, just two are our properties and the others are rental facilities. All business activities are carried out indoors. Our employees generally commute to their centers, but some work from home. In our model, our sales and profits are basically proportional to the number of employees and centers to a large degree. We chose the "4°C scenario" and the "well-below 2°C scenario" to analyze risks and opportunities due to the future temperature increase. We then evaluated the impact on our future strategy. The suggestions for our strategy are as follows: "The decrease in demand due to rising prices because of the increasing transition cost is minor." "Reduced availability of the centers due to physical damages caused by disasters will remain within controllable margins." "The direct impact of temperature rise on demand and profits for our services is small. On the other hand, we have to strengthen control over the impact of our possible inadequate responses to climate change issues on brands and recruitment." "Overall, we see opportunities outweigh risks if our business has a proactive attitude on climate change." In either scenario, we have concluded that there is no significant negative risk to our finances in the short term (to 2025) or in the medium- to long-term (to 2040). We believe that our business model has extremely little impact on or from the environment. On the other hand, we will continue to actively respond to climate change issues, sincerely considering social responsibility and the ideal model of making a profit.

(iv) Indicators and Targets

We enacted our Climate Change Policy in 2022. We are aiming to become carbon neutral (net zero emissions) by 2040. We have also established medium-term targets: we will aim to reduce company-wide greenhouse gas emissions by 30% by 2025 compared to 2019 and by 50% by 2030 compared to 2019. We will periodically disclose specific targets and results in each fiscal year to achieve those aims.

We have published the details of our initiatives on climate change and the TCFD recommendations on the Group's official website.

URL: <https://www.bell24.co.jp/en/csr/environment/climatechange-index/climatechange/>