











Scenario Analysis

Division Companies									
Machinery	Metals & Minerals		Energy & Chemicals		Food		General Products & Realty		
Business									
Power Generation	Coal		Oil & Gas Upstream Business Development		Dole		Pulp		
Main risks									
Transition risk*						Physical risk			
* The impact under the "around 4°C" scenario on businesses with a significant transition risk is limited.									
Business environment									
4°C	<2°C	4°C	<2°C	4°C	<2°C	4°C	<2°C	4°C	<2°C
									
<ul style="list-style-type: none">• Even in the "under 2°C" scenario, we can maintain and grow revenue by increasing the number of new renewable energy plants.		<ul style="list-style-type: none">• In the "under 2°C" scenario, use of fossil fuels will be reduced as a result of technological innovation and changes in regulatory trends, but demand for high-grade coal, which has a relatively lower environmental impact, will remain at a certain level.		<ul style="list-style-type: none">• Demand for crude oil is expected to shrink across the world in the "under 2°C" scenario. Nevertheless, we will be able to increase revenue by capturing the opportunities of the global increase in demand for LNG and the increase in demand for new energies (e.g., biofuels).		<ul style="list-style-type: none">• We expect climate change (the impact on the amount of harvest per unit area due to the increase in the average temperature) to have the impact of reducing revenue under both the "around 4°C" and "under 2°C" scenarios. Nevertheless, we will be able to increase revenue by dispersing risks with diversification of production areas (e.g., Sierra Leone) and by striving to improve our cultivation technologies and cultivation efficiency.		<ul style="list-style-type: none">• We will partially increase revenue due to an increase in pulp production output in some afforestation areas where production output is expected to expand under the "around 4°C" scenario. Nevertheless, our analysis shows that our overall revenue will decrease due to the impact of the reduction in production output in most afforestation areas with the rise in the average global temperature.• We will maintain production output at a certain level in afforestation areas with the suppression in the rise of the average temperature in the "under 2°C" scenario. If the carbon prices are introduced in pulp manufacturing factories using biomass energy, we will be able to curtail costs. In addition, we will be able to increase profit by augmenting revenue with an increase in our pulp production output in afforestation areas where production output is expected to expand.	
Policies and efforts									
<ul style="list-style-type: none">• We aim to achieve a renewable energy ratio of more than 20% (equity interest basis) by FYE 2031 and will reflect this in the future strategy.• We will not develop any new coal-fired power generation business.		<ul style="list-style-type: none">• We will not acquire new thermal coal mining interests.• Regarding the existing thermal coal mining projects, we will continue to review it and contribute to the development of a sustainable society while responding to the social demands of stable supply of energy to customers in Japan and overseas.• We will continue to be involved in the development of technologies to contribute to reduction of GHG emissions, including carbon capture and storage (CCS) and carbon capture and utilization (CCU).		<ul style="list-style-type: none">• We will carefully examine an expansion of our crude oil assets.• We will aim to stabilize business by participating in excellent projects. We will then examine investment opportunities in gas projects (e.g., LNG).• We will examine a business portfolio that anticipates an increase in demand in the new energies field (e.g., the capture of biofuel and hydrogen-related business opportunities).		<ul style="list-style-type: none">• We will diversify production areas (expand production in Sierra Leone).• We will increase the yield by researching and selecting varieties and by improving production methods (e.g., by improving seedling cultivation methods).• We will contribute to a low-carbon society through the promotion of biogas power generation utilizing pineapple dregs and solar power generation utilizing factory rooftops. We will aim to further improve the Dole brand and product superiority with the support of highly environmentally conscious consumers.• We will implement irrigation as necessary.		<ul style="list-style-type: none">• We will examine a selection of varieties to respond to climate change.• We will conduct on-site monitoring to examine measures before the impact of climate change becomes significant.	

Please see our website below for further information about initiatives in response to climate change
https://www.itochu.co.jp/en/csr/environment/climate_change/