

















Category		Risks/opportunities	Impact on SATO's business/finance		Actions (Blue: In progress. Black: Planned)
			1.5°C	4.0°C	
Risks	Carbon pricing	•Production costs increase due to countries starting carbon taxes, carbon trading and carbon border adjustments			<ul style="list-style-type: none"> •Refine and promote measures to meet Scope 1 and 2 targets •Refine and promote measures to meet Scope 3 targets
	Raw materials	<ul style="list-style-type: none"> •Raw material costs rise, because of heightened demand in rare minerals/metals driven by electrification and regulations on emissions •Costs increase, from the purchasing of circular materials •Costs increase, due to scarce forest resources 			<ul style="list-style-type: none"> •Establish socially responsible procurement system with suppliers •Expand procurement of sustainable forest resources •Expand product recycling
	Energy source	<ul style="list-style-type: none"> •Costs increase, from the procurement of renewable energies and implementation of energy-saving measures •Air-conditioning costs increase with rising temperatures 			<ul style="list-style-type: none"> •Install more solar panels and other off-grid renewable energy •Pursue even more energy-efficient manufacturing processes •Accelerate shift to renewable energy
	Physical risks	<ul style="list-style-type: none"> •Increased costs associated with repairing/restoring facilities damaged by extreme weather events and natural disasters •Water costs increase due to droughts 			<ul style="list-style-type: none"> •Strengthen measures on business continuity in our supply chain
Opportunities	Products	•Demand for eco-friendly products increases, driven by more stringent emissions regulations and energy efficiency standards			<ul style="list-style-type: none"> •Develop and promote products using less materials and components •Develop and promote products using materials and components with lower environmental impact
	Solutions	<ul style="list-style-type: none"> •Demand heightens for solutions designed to increase productivity and save energy at factories, driven by energy conservation policies and rising temperatures •Demand heightens for solutions designed to trace origins of raw materials and visualize greenhouse gas emissions, due to recycling laws and changes in consumer behavior 			<ul style="list-style-type: none"> •Develop and promote solutions that help reduce waste •Develop and promote solutions that help lower greenhouse gas emissions •Develop and promote solutions for resource recycling
	Data	•Demand for data collected from operational sites increases, because of higher needs for AI and big data			•Advance tagging technology and expand our business in data collection and utilization
	After-sale services	•Demand for maintenance services increases after a disaster or for reinforcing disaster resilience			•Enhance maintenance services with advanced technologies to support customers in running their operations smoothly



Impact (negative for risks, positive for opportunities) on the SATO Group's business and finance is expected to be significant.



Impact (negative for risks, positive for opportunities) on the SATO Group's business and finance is expected to be moderate.



Impact (negative for risks, positive for opportunities) on the SATO Group's business and finance is expected to be small.