Environment

Environment

Environmental Policy

Policy and Basic Concept

The ITOCHU Group Environmental Policy

Global environmental concerns such as climate change pose a critical threat to the sustainability of earth. Given the global nature of our operations, it is a top management priority for us to address these concerns and contribute to building a sustainable society. We will do so by committing to make continuous improvements to our environmental management system, collaborating with internal and external stakeholders to reduce the environmental impacts of our businesses throughout their lifecycles, and engaging in business activities that make positive contributions to the environment.

1. Compliance with Laws and Regulations

We shall comply with international declarations, agreements, and treaties, as well as with the laws and regulations of the countries and regions in which we operate. We shall also comply with any other agreements that we have consented to.

2. Response to Climate Change

We shall reduce greenhouse gas emissions and increase the efficiency of energy use within our own operations, as well as externally provide products and services that contribute to the mitigation and adaptation to climate change.

3. Environmental Pollution Prevention

We shall prevent and reduce environmental pollution caused by chemical substances and oils, reduce emissions of air pollutants, and reduce and properly process hazardous waste and wastewater.

4. Promotion of Resource Circulation

We shall contribute to the formation of a circular society by promoting the sustainable use of resources (such as fossil fuels, minerals, food, animals and plants), a reduction in the amount of resources used, a reduction in the amount of waste discharged and recycling across our business investments and the supply chain of our products and services.

5. Conservation and Effective Use of Water Resources

We shall reduce water consumption through efficient water use and recycling, as well as take necessary measures to appropriately treat effluents.

6. Biodiversity Conservation

We shall recognize the value of the benefits that we receive from the natural ecosystem, minimize our impact on biodiversity, and contribute to its conservation.

7. Transparency

We shall proactively disclose and raise awareness about environmental impact of our business and maintain a communicative relationship with all stakeholders in the value chain, including partner company, outsourcing partners, local communities, and our employees.

8. Environmental Management System

We shall set targets for reducing environmental impact and take appropriate actions based on environmental impact assessments including due diligence in initial consideration phase and regular monitoring reviews for all business activities, such as investments, provision of products and services, and logistics.

Fumihiko Kobayashi
Member of the Board
Executive Vice President
Chief Administrative Officer

Established in April 2020
Revised in May 2024

Environmental Management

Policy and Basic Concept

We strive initiatives to conserve the global environment to be a top management priority for us. This is under recognition that the business activities ITOCHU performs in Japan and overseas (e.g., the provision of various products and services, the development of resources, and business investment) are closely connected to global environmental problems.

Therefore, we established the Global Environment Department (current Sustainability Management Division) in 1990 ahead of other trading companies. We are ensuring compatibility of both offense and defense — offense to promote environment conserving business and defense to take a precautionary approach to environmental and social risks — based on our environmental policy. The aim of this is to fulfill our corporate mission of "*Sampo-yoshi.*" We are also engaged in global corporate management and activities with a constant awareness of global environmental problems.

We reorganized and integrated our conventional environmental management structure into a structure to promote sustainability in line with the revision to this policy in April 2018. We have built and are maintaining and operating an efficient environmental management system (EMS) in accordance with the ISO 14001 standards.

• The ITOCHU Group Environmental Policy (P45)

Structures and Systems

ITOCHU was the first trading company to acquire ISO 14001 certification in 1997 and is working to continuously improve its sustainability promotion system. We recognize that our business activities can have an impact on the global environment and society and so are looking to take a precautionary approach to environmental and social risks. To that end, we have built a sustainability management system including EMS to assess in advance the impact in regards to new investments in particular together with the products we handle. Under this system we formulate targets every year for items related to environmental and social risks, environment conserving businesses, saving energy, saving resources, GHG emissions reduction and other climate change related risks. We then assess and analyze the progress, and we move through the PDCA cycle to reliably achieve our targets.

• ITOCHU's Sustainability Promotion Structure (P15)

ISO 14001 Certification of the ITOCHU Group

Group companies subject to ISO 14001 certification of ITOCHU Corporation

- ITOCHU Corporation
- ITOCHU Automobile Corporation
- ITOCHU Metals Corporation
- ITOCHU Taiwan Corporation

Number of companies in ITOCHU Group that have acquired ISO 14001 certification

103 out of 608 companies

Of the entire group **17**%

Number of business sites in ITOCHU Group that have acquired ISO 14001 certification

1,074 out of 5,340 business sites identified

Of the entire group **20**%

Revenues of subsidiaries within ITOCHU Group that have acquired ISO 14001 certification

45.0%

External Audits

ITOCHU undergo an ISO 14001 certification review every year by the BSI Group Japan K.K. (BSI). We underwent the maintenance audit recently in November 2023. The latest registration certificate is valid until December 23, 2024.

EMS 657977 / ISO 14001

Internal Audits

We conduct internal sustainability audits every year based on ISO 14001. In FYE 2024, we audited all 49 departments. Members of the Sustainability Management Division constitute the audit team and conduct them with emphasis on compliance audits. The implementation of internal sustainability audits over half a year leads to a precautionary approach to environmental and social risks.

Internal sustainability audits

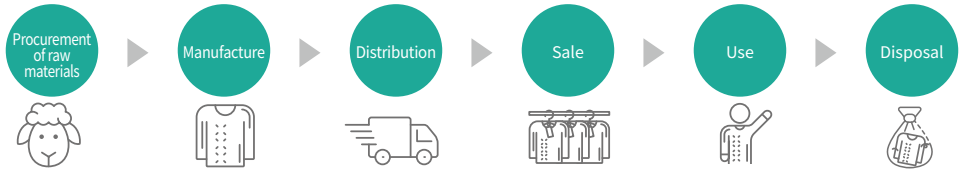
49 Departments (FYE 2024)

Initiatives

Assessment of Sustainability Risk in Products We Handle

ITOCHU deals in a wide variety of products on a global scale. Therefore, we believe it is vital that we assess the impact on the global environment of each product, our environmental related laws and regulation compliance situation, and our relationships with stakeholders. Accordingly, we conduct our own sustainability impact assessments on all our products. The assessment is based on LCA* analysis methods to investigate the environmental and social impacts of the product, from the procurement of raw materials to the manufacturing process, use and disposal of the product. We evaluate climate change risks such as tropical rainforest deforestation, desertification, and global warming, as well as the dependence and impact on biodiversity, and the impact on the human body and local communities in both normal and emergency situations. If the results of the assessment of our newly handling products indicate that there is a significant environmental or social impact, the product in question will be registered as a priority management target, and various regulations, procedure manuals, and specific operational personnel training are individually formulated and implemented, and monitored during the annual cycle of the EMS.

* Life Cycle Assessment (LCA): This is the technique to assess the impact of one product on the environment in all stages of its lifecycle — from raw materials to manufacture, transportation, use, and disposal or reuse.



Environmental Management

Investigations into the Actual Conditions in Group Companies

We have continued to visit and investigate Group companies having relatively high environmental impacts since 2001. The aim of this is to prevent environmental pollution by these Group companies. We have investigated a total of 298 offices over the past 23 years up to the end of FYE 2024. We assess companies in these investigations by investigating their factory and warehouse facilities, their situation of drainage to rivers, and their compliance with environmental laws and regulations in addition to holding an engagement interview with their management regarding their response toward environmental challenges including climate change.

Sustainability Risk Assessments on New Investment Projects

ITOCHU assesses the social and environmental impact of its business investment projects and the governance status of the investment targets in advance using the “ESG Checklist for Investments”. This checklist consists of 28 checkpoints, including elements from the seven core subjects of ISO 26000, the international standard for organizational social responsibility, and includes items on climate change, pollution prevention and resource circulation, water resources, and biodiversity. For projects that require expert knowledge, we make request to external expert to conduct investigations in advance. The investment project is then only undertaken upon confirming that there are no problems in the results of those investigations.

Environmental Education and Awareness

We provide various educational programs to encourage employees to conduct environmental conservation activities. In addition, we hold environmental law and ordinance seminars and global environmental problem awareness seminars for Group employees. Through these initiatives, we are striving to improve environmental awareness over the entire ITOCHU Group.

Seminars and Training Sessions

We proactively hold seminars and training sessions. The aim of these is to thoroughly inform ITOCHU Group employees about environmental related law and ordinance requirements and to raise their compliance and environmental awareness.

• Sustainability Awareness Activities at ITOCHU (P18)

Inquiries from Inside and Outside the Company and Our Response to Them (FYE 2024)

Inquiries from outside parties
69

- 4 from government authorities
- 56 from companies (business partners: 22, media: 3, finance: 15, others: 16)
- 6 from industry associations
- 3 from NGOs

Requests for submission of ISO 14001 certification copy
29

Serious environmental accidents, troubles, lawsuits or penalties in our company
0

Sustainable Finance

In March 2021, ITOCHU became the first trading company to have decided to issue US$500Million Senior Unsecured Bonds due 2026 to raise funds for projects that contribute to SDGs (the “SDGs Bonds”). To issue the SDGs Bonds, ITOCHU has established the SDGs Bond Framework in alignment with the Green Bond Principles, 2018, the Social Bond Principles, 2020 and the Sustainability Bond Guidelines, 2018 as administered by ICMA (the International Capital Market Association). And it has obtained an external evaluation (second party opinion) from Vigeo Eiris (MOODY’S ESG SOLUTIONS FRANCE SAS) for the conformity of our Framework with principles such as the Sustainability Bond Guidelines.

In September 2023, we entered into a green loan financing agreement with Sumitomo Mitsui Trust Bank, Limited. The Green Loan will be used for eligible projects (renewable energy power generation, waste treatment and power generation, and circular economy-related).

• Sustainable Finance (P226)

Climate Change (Information Disclosure Based on TCFD Recommendations)

In May 2019, ITOCHU Corporation announced our support for the TCFD* recommendations in recognition of the importance of climate-related financial disclosures. Since then, we continue working to provide information disclosure based on TCFD recommendations.

* TCFD: The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB).

Policy and Basic Concept Concerning Climate Change

We recognize that climate change is one of the most urgent global environmental issues, therefore ITOCHU Group, which operates globally, considers climate change and other global environmental issues as one of the most important management issues. We support international policies and standards, including the Paris Agreement, the contribution determined by the Japanese government (NDC), climate change-related laws and regulations (such as the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures) and various governmental policies, and we will view adaptation to changes in the business environment due to climate change as an opportunity for further growth and incorporate these into our policies and specific initiatives.

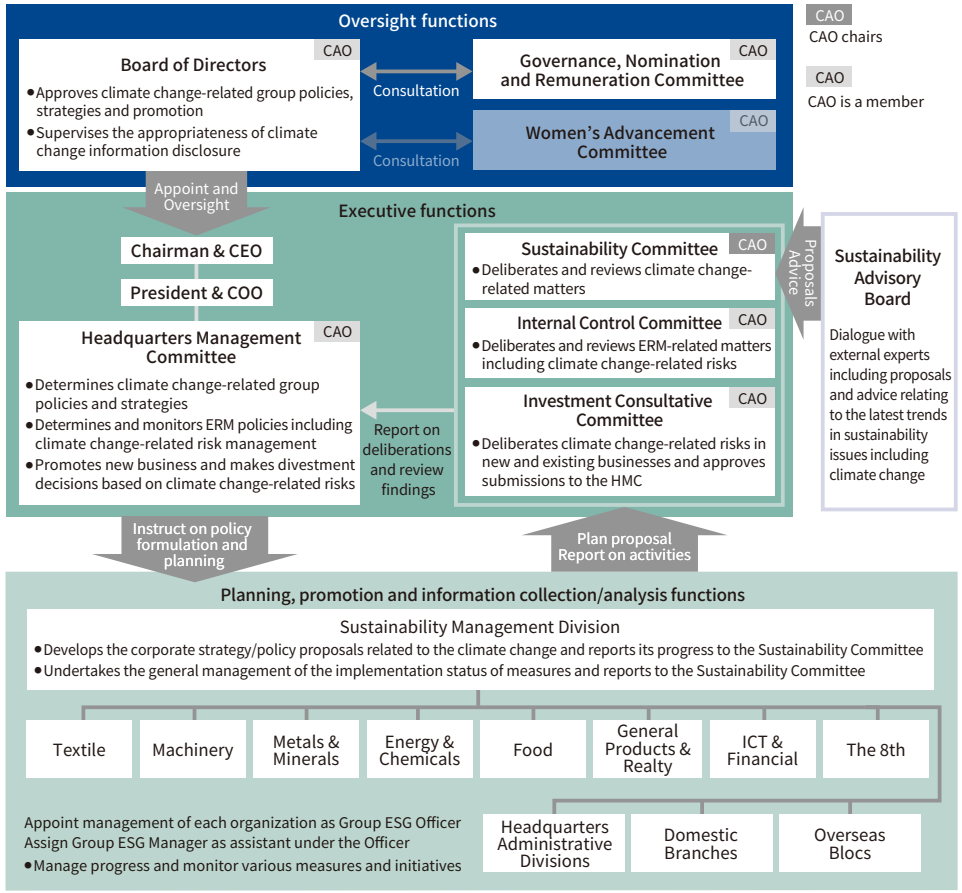
We define our initiatives related to climate change in the ITOCHU Group Environmental Activities Policies "2. Response to Climate Change: We shall reduce greenhouse gas emissions and increase the efficiency of energy use within our own operations, as well as externally provide products and services that contribute to the mitigation and adaptation to climate change." In March 2021, our Board of Directors approved the inclusion of greenhouse gas (GHG) emissions reduction targets for 2030, 2040, and by 2050 as core targets for our Medium-term Management Plan, Brand-new Deal 2023. These targets are in line with Japan NDC, which we aim to achieve by reducing avoidable emissions and actively promoting businesses that contribute to reductions.

Under our corporate philosophy of the "*Sampo-yoshi*" approach, we will respond to climate change risks and opportunities in collaboration with the stakeholders to increase our corporate value.

Governance

ITOCHU views responding to climate change and other sustainability issues as an important management issue. Our Board of Directors gives due consideration to response policies for climate change-related risks and opportunities and GHG reduction targets and initiatives, and incorporates these policies into deliberations and decisions on annual budgets, business plans, and other core matters.

■ **Governance System Concerning Climate Change (As of April 2024)**



* CEO: Chief Executive Officer
COO: Chief Operating Officer
CAO: Chief Administrative Officer
HMC: Headquarters Management Committee

Climate Change (Information Disclosure Based on TCFD Recommendations)

The ITOCHU Sustainability Committee is the body delegated with general management responsibilities concerning the proposal and implementation of the various policies that will enable us to respond to climate change and other sustainability matters. This Committee ascertains, manages, and evaluates climate change-related targets, the implementation status of transition plans, and current environmental and social risks and opportunities. ITOCHU's Chief Administrative Officer (CAO) is the director responsible for climate-related issues and is also a member of the Headquarters Management Committee (HMC). The CAO also serves as chair of the Sustainability Committee. The CAO provides a report to the Board of Directors approximately twice per year on matters deliberated and decided by the Sustainability Committee in addition to a report on the status of major sustainability promotion activities. This creates an organization that allows the Board of Directors to appropriately supervise business and financial strategies (including reviewing strategy and making divestment and asset replacement decisions) for responding to environmental and social risks and opportunities while giving proper consideration to matters deliberated and decided by the Sustainability Committee. As the executive level, management from each company and administrative division also serving as ESG Officers participate in Sustainability Committee meetings as core members. The Sustainability Committee receives reports on climate-related matters from the Sustainability Management Division and ESG Managers from each company and administrative division. We use these reports towards progress management and monitoring for each policy and various initiatives.

In 2021, our Board of Directors approved the inclusion of growth strategy and GHG emissions reduction targets in our Medium-term Management Plan, Brand-new Deal 2023. This decision reflects our commitment to the climate-related issues impacting our Company and we believe this will enable us to lead the industry in realizing a decarbonized society in enhancing our contribution to and engagement with the SDGs through business activities. Based on this decision by the Board of Directors, the Sustainability Committee deliberates specific policies and targets related to decarbonized initiatives. Each business division works continuously to implement these policies and initiatives approved by the CAO, the director in charge, and progress is reviewed by the Sustainability Committee. Our Board of Directors has further resolved to continuously respond to social demand by aiming to balance both sustaining the basic policies outlined in the previous medium-term management plan and to promote businesses that contribute to emissions reduction and reflected it in the Management Policy "The Brand-new Deal" formulated in 2024.

The chair of the Sustainability Committee and management from each company and administrative division (ESG Officers) meet with external experts (a Sustainability Advisory Board) once a year to engage in dialogue towards making continuous improvements to our climate change response. Through this dialogue, we promote climate change countermeasures based on an understanding of society's expectations and demands on ITOCHU.

Climate-related Meetings Held by the Board of Directors and Committees	Frequency of Meetings and Reports	Main Items Deliberated or Reported on (FYE 2019 to FYE 2024)
The Board of Directors	● Periodic reports are made at least once a year ● Results •Once in FYE 2019 •2 times in FYE 2020 •Once in FYE 2021 •Once in FYE 2022 •3 times in FYE 2023 •4 times in FYE 2024	● FYE 2019 •Announcement of support for the TCFD recommendations ● FYE 2020 •Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions ● FYE 2021 •GHG reduction target, Disclosure based on the TCFD recommendations ● FYE 2022 •Creation of Medium-term Management Plan, Brand-new Deal 2023. (Growth strategy and GHG emissions reduction targets towards leading the industry in realizing a decarbonized society in enhancing our contribution to and engagement with the SDGs through business activities.) •Report on ITOCHU SDGs/ESG initiatives ● FYE 2023 •Confirmation of the Material Issues •Policy for GHG emissions reduction •Monitoring of Scope 1/2/3 results ● FYE 2024 •Status of GHG emissions reduction roadmap •Results and forecast of avoided emissions
Sustainability Committee	● Usually held 1 ～ 2 times a year ● Results •Once in FYE 2019 •2 times in FYE 2020 •Once in FYE 2021 •2 times in FYE 2022 •3 times in FYE 2023 •3 times in FYE 2024	● FYE 2019 •Announcement of support for the TCFD recommendations ● FYE 2020 •Disclosure based on the TCFD recommendations, calculation of Scope 3 GHG emissions ● FYE 2021 •GHG reduction target, Disclosure based on the TCFD recommendations ● FYE 2022 •Confirmation of Scope 1/2/3 results, status of progress on reduction targets ● FYE 2023 •Confirmation of the Material Issues •Policy for GHG emissions reduction •Monitoring of Scope 1/2/3 results ● FYE 2024 •Status of GHG emissions reduction roadmap •Results and forecast of avoided emissions

Climate Change (Information Disclosure Based on TCFD Recommendations)

Strategy

ITOCHU applies the Policy and Basic Concept Concerning Climate Change to analyze scenarios based on TCFD recommendations (analysis of transition and physical risks and opportunities associated with climate change). We use the results of these analyses to realign our business strategy and portfolio.

Climate Change-related Risks and Opportunities

ITOCHU is engaged in various businesses in locations around the world. Each business is impacted by various short-, medium-, and long-term climate change transition risks and physical risks. As such, ITOCHU globally identifies, evaluates, and manages risks and opportunities with the possibility to have a material financial impact on our business, supply chain, and strategy. We conduct such analysis and evaluation throughout each business proposal management process and in our environmental and social risk management processes, which includes climate change.

■ **Material Climate Change-related Risks and Opportunities (risk criteria)**

Climate-Related Risks and Opportunities		Impact of Climate-related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning	Impact Timeline*	Impacted Value Chains	Related Businesses
Transition Risks and Opportunities	Policy and Legal Systems	● If countries around the world take a more aggressive approach in their GHG emissions reduction targets and subsequently strengthen laws and regulations regarding corporate emissions, fossil fuel demand may see a sharp decrease. ● Increased operating costs due to carbon pricing (carbon tax, etc.) or business regulations	Medium-term Long-term	Upstream, ITOCHU Group	Power generation business, Fossil fuel business, Iron ore business, Automobile business, Chemicals business
	Technical Innovation	Business opportunities that contribute to mitigation to climate change are expected to increase (e.g., renewable energy, energy storage systems, low-carbon fuels, low-carbon emission steelmaking raw materials, etc.)	Short-term Medium-term Long-term	ITOCHU Group	Renewable energy, energy storage system businesses, Low-carbon fuel business, New material business, Iron ore business
	Changes in Market Conditions	Demand for certain products and services may decrease due to market risks related to public policy, laws and regulations, or technological advancements (e.g. clean technology)	Short-term Medium-term Long-term	Upstream, ITOCHU Group	Fossil fuel business, Chemicals business, Automobile business, Renewable energy, energy storage systems businesses, New material business, CCUS/emissions credit-related businesses
Physical Risks and Opportunities	Acute Physical Risks and Opportunities	Operations may be impacted or damaged by increased occurrences of abnormal weather patterns (e.g., droughts, floods, typhoons, hurricanes, etc.)	Short-term Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses, Mining business
		We may be able to strengthen customer retention and/or attraction by strengthening our supply chain resilient to extreme weather patterns and promoting stable supply as a value proposition	Short-term Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses
	Chronic Physical Risks and Opportunities	Our capability to maintain and increase the quantity of agricultural and forestry-related harvests, as well as products manufactured using these yields, may be impacted by climate-related changes such as increasing temperatures and likelihood of droughts.	Medium-term Long-term	Upstream, ITOCHU Group, downstream	Food business, Forestry-related businesses

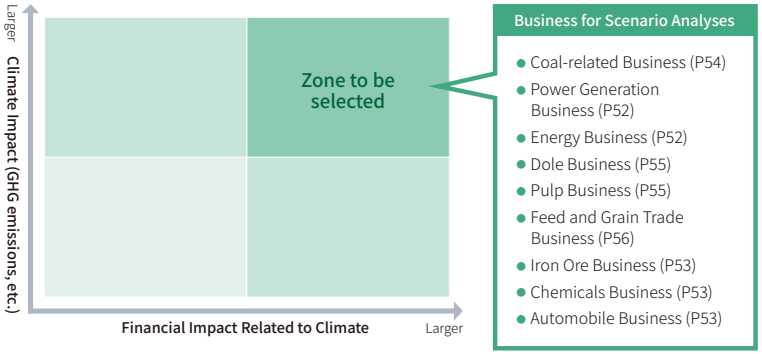
* Short-term: less than 1 year, medium-term, up to 3 years, long-term: 4 or more years

Climate Change (Information Disclosure Based on TCFD Recommendations)

Scenario Analysis

Scenario Selection

We categorized our businesses with climate impact, such as GHG emissions volume on the vertical axis and climate-related financial impact on the horizontal axis and analyzed our businesses with priority given to those mapped in a zone where both dimensions are high. Based on this, we designated the following businesses as targets for scenario analysis: “Power Generation,” “Energy,” “Coal,” “Iron Ore,” “Automotive,” and “Chemicals” as businesses with significant transition risk impacts, including policy and legal risks, and “Dole,” “Feed and Grain Trade,” and “Pulp” as businesses with significant physical risk impacts from climate change. The above nine businesses are included in the four non-financial sectors (energy, transportation, materials and buildings, and agriculture, food, and forest products) designated by the TCFD as potentially highly affected by climate change.



Definition of Scenario Groups

When considering our scenario analysis, we referenced materials published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). These materials are highly recognized internationally for the credibility, are referenced in TCFD recommendations, and cover a broad range of business domains. As a result, we set the following three scenarios.

As the reduction targets of various countries, international guidelines, and investor demands are mainstreaming the goal of limiting the increase to 1.5°C above pre-industrial levels, we will continuously review the risks, opportunities, and mitigation measures based on the parameters and business environment approximately every 1 to 2 years.

Scenario		4°C	<2°C	1.5°C
Image of society		The policies of countries, such as the Intended Nationally Determined Contributions (INDC) established in accordance with the Paris Agreement, are implemented. Nevertheless, the average temperature at the end of this century rises by 4°C. This is a society in which there is a high likelihood climate change (e.g., a rise in temperature) will impact business.	The average temperature rise is kept below 2°C until the end of this century. Bold policies and technological innovation are promoted. This is a society in which social changes due to the transition to a de-carbonized society are highly likely to impact business.	Bold policies and technological innovations will be promoted to limit the average temperature increase to 1.5°C until the end of the century and achieve sustainable development. This is a society in which social changes due to the transition to a de-carbonized society are highly likely to impact business.
Reference scenarios	Transition aspects	• tated Policies Scenario (IEA WEO2023) • Stated Policies Scenario (ETP WEO2020), etc.	• Sustainable Development Scenario (IEA WEO2019) • 2°C Scenario (IEA ETP2017), etc.	• Net Zero Emissions by 2050 Scenario (IEA WEO2023) • Announced Pledges Scenario (IEA WEO2023), etc.
	Physical aspects	• RCP8.5 (IPCC AR5), SSP5-8.5 (IPCC AR6), etc.	• RCP2.6 (IPCC AR5), etc.	• RCP2.6 (IPCC AR5), SSP1-1.9, SSP1-2.6 (IPCCAR6), etc.
Risks and opportunities		Risks and opportunities in terms of physical aspects will be more likely to surface	Risks and opportunities in terms of transition aspects will be more likely to surface	Risks and opportunities in terms of transition aspects will be more likely to surface

* The IEA WEO2019 Sustainable Development Scenario is the following scenario: The world works to keep the rise in temperature to less than 2°C – if possible, 1.5°C. At the same time, this is a scenario in which the targets of everyone being able to use energy and improving air pollution are achieved.
* IEA WEO2023 “Net Zero Emissions by 2050 Scenario” is a scenario that shows a possible path for the global energy sector to achieve net zero GHG emissions by 2050 and limit temperature rise to 1.5°C above pre-industrial levels.

Important Input Parameters and Prerequisites for the Climate-related Scenarios

Important input parameters and prerequisites for the climate-related scenarios we used include the following types of parameters.

Parameters Used to the Power Generation Business in the US	Timeframe: By 2040	
	4°C Scenario	1.5°C Scenario
Carbon price	• N/A	• US$205/ton-$CO_2$
Thermal power generation	• Coal: 6,145TWh • Gas: 6,067TWh	• Coal: — • Gas: 1,119TWh
Renewable energy generation	• Solar: 11,961TWh • Wind: 9,275TWh • Geothermal: 317TWh • Solar Heat: 161TWh	• Solar: 22,241TWh • Wind: 16,826TWh • Geothermal: 662TWh • Solar Heat: 831TWh
Low-carbon thermal power generation	• Hydrogen and ammonia: 82TWh • Thermal power with CCUS: 59TWh	• Hydrogen and ammonia: 1,028TWh • Thermal power with CCUS: 847TWh

Climate Change (Information Disclosure Based on TCFD Recommendations)

Scenario Analysis and Results

For the scenario analysis, we did not limit the timeline range to the short-term. We also added medium- and long-term axes for 2030 and beyond when organizing and evaluating the factors of latent risks and opportunities that could have a significant qualitative or quantitative financial impact for each business. We identified risk and opportunity factors from the perspective of procurement, business operations, and markets' demand for the subject business, and then organized and evaluated factors of high importance. For particularly important factors, our scenario analysis was based on finance models that reflect defined parameters. We defined these parameters by identifying variables that significantly impact transition and physical risks and opportunities. For the analysis of financial impact level, we measured the latent impact level of climate change and analyzed the financial impact level, including the effect of risk and opportunity measures.

The quantitative information used in our scenario analysis reflects judgments made by ITOCHU based on scenarios prepared by sources such as the IEA. While we worked to increase analysis precision, the analysis does include numerous uncertainties.

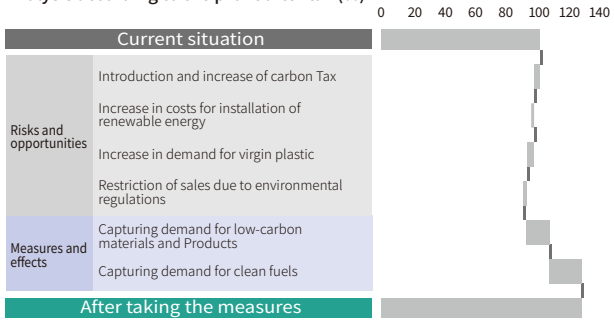
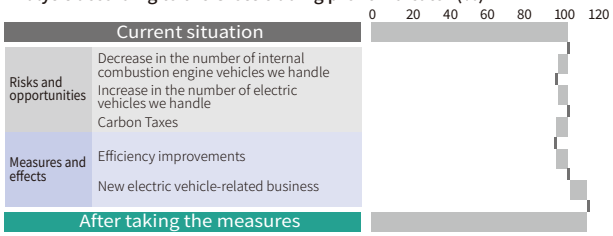
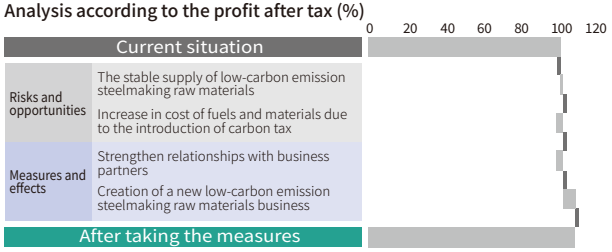
1. Businesses for Which Transition Risks Are the Main Issues

The main issues for following 5 business are transition risks in the 1.5°C scenario.

Business Profile		Power Generation Business	Energy Business
Timeframe		By 2040	
Temperature Band Scenario		1.5°C Scenario	
Main risks and opportunities	Transition	Risk : Decrease in thermal power station earnings due to effects such as an increase in carbon dioxide emission costs. Risk : Decline in demand for thermal power generation. Opportunity : Improvement in profitability due to an expansion in renewable energy business opportunities, technological advances and cost reductions. Opportunity : Increase in earnings due to the increased use of hydrogen/ammonia co-firing power generation, CCUS and other technologies.	Risk : Countries may introduce regulations (e.g., carbon taxes) to realize a decarbonized society. This may cause global demand for oil to decrease. Demand for natural gas and LNG is also expected to shrink after 2030, but a certain level of demand for LNG as a transition fuel is expected to remain, especially in Asia. Opportunity : Demand for new energies (e.g., hydrogen, ammonia and renewable fuel) may increase as alternatives to fossil fuels. Opportunity : Business opportunities may increase for carbon dioxide capture, utilization and storage (CCUS) to reduce greenhouse gases.
	Physical	Risk : Damage to power generation facilities by natural disasters (abnormal weather).	Risk : Production facilities could be damaged in a natural disaster (abnormal weather).
Business environment under the scenario Business impact assessment		Earnings may decrease due to an increase in carbon dioxide emission costs and a decline in demand for thermal power generation in the transition scenario. On the other hand, earnings are expected to increase overall due to an expansion in new energies including renewable energy power generation, hydrogen/ammonia co-firing power generation and CCUS. **Analysis according to the EBITDA indicator (%)*** 0 100 200 300 Current situation Risks and opportunities: Increase in costs due to an increase in carbon dioxide emission costs / Decrease in income due to a decline in demand for thermal power generation Measures and effects: Increase in income due to an increase in demand for renewable energy and other energies / Expansion in renewable energy power generation, hydrogen/ammonia co-firing power generation and other new energies and CCUS After taking the measures	Under the 1.5°C scenario, we expect global demand for oil to diminish and demand for natural gas and LNG to contract after 2030, but we aim to maintain and increase earnings by capturing opportunities to trade alternative fuels and develop new environmental businesses, such as CCUS. Although production facilities could be damaged due to natural disasters (abnormal weather), the impact of damage is expected to be limited due to disaster countermeasures taken in cooperation with partner companies. **Analysis according to the profit after tax (%)** 0 20 40 60 80 100 120 Current situation Risks and opportunities: Reduction in demand for petroleum-related products / Reduction in demand for natural gas and LNG Measures and effects: Increase in demand for new energies / Response to environmental business After taking the measures
• Adaption/mitigation measures & policies • Business opportunities		• We aim to have a renewable energy ratio of over 20% (equity interest basis) by FYE 2031. We will reflect this aim in our future initiatives. • We will not develop new coal-fired power generation projects to contribute to the building of a sustainable society.	• We will focus our efforts on new energy, CCUS and other environmental businesses, and aim to restructure our energy business portfolio in line with the industrial structure in the decarbonization scenario. • Although demand for natural gas and LNG is expected to decline in the long term, we will continue to participate in projects and seize trade opportunities whilst taking into account societal needs, including the importance of natural gas as a raw material for hydrogen and a transitional fuel. As for our upstream petroleum-related assets, we will look to replace them and improve their efficiency in line with the decarbonization scenario.
Financial information		• Profit in segment of applicable business (gross profit): 65.2 bn yen (Plant Project, Marine & Aerospace Division / FYE 2024 Results) • Total assets in segment of applicable business: 869.3 bn yen (Plant Project, Marine & Aerospace Division / March 2024)	• Profit in segment of applicable business (gross profit): 117.8 bn yen (Energy Division / FYE 2024 Results) • Total assets in segment of applicable business: 804.9 bn yen (Energy Division / March 2024)

* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Business Profile		Chemicals Business	Automobile Business	Iron Ore Business
Timeframe		By 2030		By 2050
Temperature Band Scenario		1.5°C Scenario		
Main risks and opportunities	Transition	Risk : Introduction and increase of carbon tax Risk : Decrease in demand for virgin plastic due to widespread adoption of recycling Opportunity : Increase in demand for low-carbon / decarbonization-related materials and products Opportunity : Increase in demand for clean fuels and chemical raw materials	Risk : The number of internal combustion engine vehicles we handle may decrease. Opportunity : The number of electric vehicles we handle may increase. Opportunity : New business may expand with the spread of electric vehicles. Risk : Transportation costs may rise due to the introduction of carbon taxes.	Opportunity : The stable supply of low-carbon emission steelmaking raw materials Risk : Increase in cost of fuels and materials due to the introduction of a carbon tax Opportunity : Creation of a new low-carbon emission steelmaking raw materials business
	Physical	Risk : Damage to facilities / inventories and shutdown of operations caused by typhoons, floods, etc. Opportunity : Increase in demand for chemical materials and products related to production increase, preservation and stockpile of food.	Risk : There is a risk the factories of our business partners may suffer damage and suspend operations.	Risk : Increase in procurement costs due to the increased frequency of severe weather events and worsening water scarcity Risk : Disruption of iron ore supply chain due to frequent weather disasters
Business environment under the scenario Business impact assessment		Under the transition scenario, while the introduction and increase in carbon tax will increase costs and lower demand for virgin plastics will result in lower sales and profits, our chemical business will be able to increase earnings by capturing opportunities in environmental businesses such as recycled plastics, bioplastics, clean ammonia and methanol, where demand is expected to increase. **Analysis according to the profit after tax (%)** 	The automobile industry is expected to shift from internal combustion engine vehicles to electric vehicles. Our customers are found all over the world. That means we can expect automobile demand to remain firm despite the expectation there will be a gradual shift in the vehicles we handle from internal combustion engine vehicles to electric vehicles in line with the regulations of each country. It is also expected that the introduction of carbon taxes may lead to an increase in transportation costs in some regions. We will continue to maintain competitiveness by working with our partners to reduce costs. We will aim to obtain further earnings by strengthening our storage battery and other related businesses with the spread of electric vehicles. **Analysis according to the Gross trading profit indicator (%)** 	The introduction of a carbon tax is expected to increase the cost of fuel, materials, and other items. Nevertheless, the impact on earnings will be limited due to strengthened relationships with blue-chip business partners and improvement of operational efficiencies. Further growth is expected by focusing on the production of high-grade ore, for which demand is expected to increase due to the acceleration of the shift to decarbonization, and steadily seizing business opportunities in iron ore and related fields, such as creation of businesses related to low-carbon emission steelmaking raw materials. **Analysis according to the profit after tax (%)** 
• Adaption/mitigation measures & policies • Business opportunities		• Accelerate progress toward a decarbonized society through energy saving measures, procurement of renewable energy, etc. • Taking the initiative in realizing resource circulation by providing a 3R platform and sustainable cycle. • Restructuring our chemical business portfolio by accelerating our efforts in environment-related businesses, such as sourcing of environmentally friendly raw materials.	• We will continue to expand business by ascertaining demand trends by region based on the electric vehicle development and production situation of automobile manufacturers and trends in electric vehicle-related regulations in the countries where we sell our products. • We will strengthen relationships with business partners who are reducing greenhouse gases in regard to freight forwarders and marine transportation companies. • We will develop and expand business by linking up with partners who are mainly automobile manufacturers to expand our electric vehicle-related business.	• We will closely monitor trends in low-carbon emission steelmaking technologies and promote initiatives to ensure a stable supply of low-carbon emission steelmaking raw materials. • Promote initiatives to reduce GHG emissions by strengthening relationships with business partners.
Financial information		• Profit in segment of applicable business (Profit After Tax): 134.2 bn yen (Chemical Division / FYE 2024 Results) • Asset in segment of applicable business: 656.6 bn yen (Chemical Division / March 2024)	• Profit in segment of applicable business (gross profit): 185.1 bn yen (Automobile, Construction Machinery & Industrial Machinery Division / FYE 2024 Results) • Asset in segment of applicable business: 1,114.2 bn yen (Automobile, Construction Machinery & Industrial Machinery Division / March 2024)	• Profit in segment of applicable business (gross profit): 195.9 bn yen (Metals & Minerals Company / FYE 2024 Results) • Asset in segment of applicable business: 1,403.5 bn yen (Metals & Minerals Company / March 2024)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Initiatives in Coal-related Business

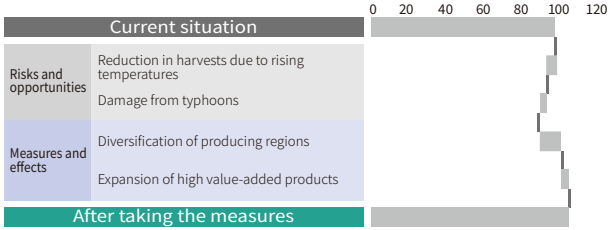
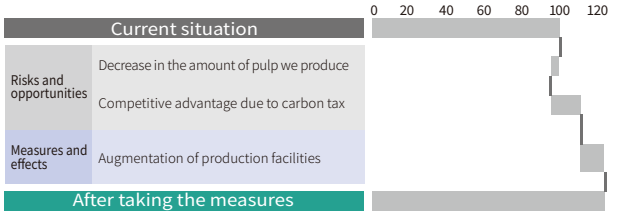
The business environment and response measures under the 2°C scenario for the coal-related business is as follows.

Business environment under the scenario	Under the 2°C scenario, business could be impacted by technological innovation, regulatory trends, and global energy demand but, overall, thermal coal usage volume will decrease over the medium- and long-term.
Measures and policies	● In February 2019, we adopted a policy outlining not developing new coal thermal power plants or acquiring thermal coal mine businesses. ● Decided on the withdrawal from thermal coal mine interests to reflect commitment to leading the industry in realizing a decarbonized society. This is in line with the basic policies in the Medium-term Management Plan from FYE 2022: enhancing our contribution to and engagement with the SDGs through business activities. In April 2021, we sold our Drummond interests in Colombia, completing our withdrawal from interests in coal mines that only produce thermal coal. In March 2022, we also sold our interests in Ravensworth North in Australia, which produced both coking coal and thermal coal. ● We will strongly promote efforts toward technological development and social implementation to contribute to a reduction in greenhouse gas emissions. This includes carbon capture and storage (CCS) and carbon capture and utilization (CCU). On the other hand, there will continue to be a need for thermal power generation as regulated power supplies and backup power supplies for the time being for the large-scale spread of renewable energy. Therefore, we will continue to fulfill our duty to stably supply resources through thermal coal trading.
Financial information	● Profit in segment of applicable business (gross profit): 195.9 bn yen (Metals & Minerals Company / FYE 2024 Results) ● Total assets in segment of applicable business: 1,403.5 bn yen (Metals & Minerals Company / March 2024)

Climate Change (Information Disclosure Based on TCFD Recommendations)

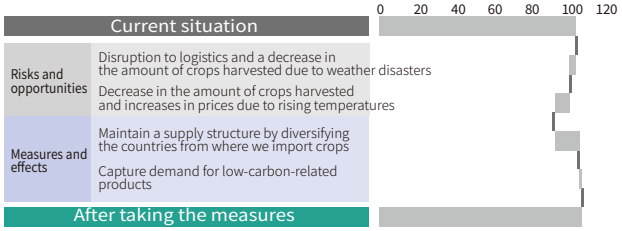
2. Businesses for Which Physical Risks Are the Main Issues

The main issues for agriculture- and forestry-related businesses are physical risks in the 4°C scenario.

Business Profile		Dole Business	Pulp Business
Timeframe		By 2030	
Temperature Band Scenario		4°C Scenario	
Main risks and opportunities	Transition	Opportunity : Enhance the adoption of renewable energy solutions, such as solar power generation and biomass boilers, and the biogas power generation using in-house organic resources including residues from pineapple, banana and other fruit-base wastes.	Risk : Risk of the diversion of the use of timber to products other than paperboard products (competition in demand for timber). Opportunity : Improvement in competitive advantage if the cost of carbon tax increases because we already use 100% biomass energy in pulp manufacturing. Opportunity : Preference for renewable and non-fossil resource-derived raw materials (timber).
	Physical	Risk : Reduction in harvest volumes due to extreme weather (floods, typhoons and droughts etc.) in banana and pineapple plantations in the Philippines.	Risk : Change in the suitable areas for growing trees for each species due to the temperature rise. Decrease in the amount produced depending on the species and region (pine trees throughout Finland and spruce trees in the south of the country). Risk : Impact on procurement and production from rainstorms, droughts, floods, forest fires, pests, frozen soil thawing and other issues.
Business environment under the scenario Business impact assessment		The decrease in harvest volumes attributable to extreme weather events can be mitigated by improving the unit yield through the development of resistant varieties and production methods (cultivation and irrigation etc.). We will diversify production areas and procurement sources (Sierra Leone and Vietnam etc.) for preparation against weather risks, and expand our portfolio of high value-added products. The above initiatives will make it possible to increase earnings. **Analysis according to the EBITDA indicator (%)*** 	The amount produced is expected to decrease in some areas due to the rise in the global average temperature. Nevertheless, we can continue to improve earnings by increasing the amount of pulp we produce with the augmentation of facilities in afforestation regions where the amount produced is expected to increase. **Analysis according to the EBITDA indicator (%)*** 
• Adaption/mitigation measures & policies • Business opportunities		• We will diversify producing areas and procurement sources in preparation for weather risks (Sierra Leone and Vietnam etc.). • We will increase unit yield by implementing advanced production methods, including the developing resistant varieties, improving seedling cultivation methods, and installing irrigation equipment. • We will use drones and ICT (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization) to increase the efficiency of production. • We will contribute to low carbonization and water resource protection, capture the support of environmentally-conscious consumers and increase our brand value by expanding the introduction of recycling-based clean energies and renewable energies such as solar power. • We will expand our portfolio to include a diverse range of high value-added product offerings.	• ITOCHU will utilize our strengths in the paper pulp business to contribute to the elimination of plastics and promote the launch onto the market of new materials which will contribute to sustainability. We invest in Paptic Ltd. in Finland and Transend Packaging Ltd. in the U.K. We continue development of cellulose nanofiber applications. Through such efforts, we will develop new markets in high value-added fields with forest-derived pulp serving as the main raw material. • The impact from the rise in temperature on the amount of pulp we produce will differ between northern and southern Finland. Accordingly, we will consider a production structure based on the location of afforestation regions and factories in Finland. We are planning to improve operating rates in northern Finland in particular with our minds focused on increasing the amount of pulp we produce. We made a large capital investment in a pulp factory in northern Finland through Metsa Fibre Oy in 2023 to raise production capacity (approximately 20% increase). We will aim for stable business operation by dispersing geographical risks relating to timber procurement and other areas through the dispersion of factory locations and production capacity.
Financial information		• Dole International Holdings net profit: 1.5 bn yen (FYE 2024 Results) • Total assets in segment of applicable business: 2,420.9 bn yen (Food Company / March 2024)	• Profit in segment of applicable business (gross profit): 194.6 bn yen (Forest Products, General Merchandise & Logistics Division / FYE 2024 Results) • Total assets in segment of applicable business: 809.3 bn yen (Forest Products, General Merchandise & Logistics Division / March 2024)

* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Business Profile		Feed and Grain Trade Business
Timeframe		By 2030
Temperature Band Scenario		4°C Scenario
Main risks and opportunities	Transition	Opportunity : We may capture demand with feed products and other low-carbon-related products which contribute to reducing greenhouse gases.
	Physical	Risk : Decrease in the amount of crops harvested and logistics disruption due to large hurricanes, droughts and other abnormal weather in countries from where we import crops. Risk : The amount of crops harvested may decrease and transaction prices may increase in countries from where we import crops due to rising temperatures. Opportunity : We may maintain a supply structure by diversifying the countries from where we import crops and capture demand for grain.
Business environment under the scenario Business impact assessment		The decrease in the amount of crops harvested due to weather disasters and rising temperatures may lead to supply instability and increases in prices. However, we can maintain a supply structure by diversifying the countries from where we import crops and then provide further opportunities for low-carbon-related products. **Analysis according to the Gross trading profit indicator (%)** 
• Adaption/mitigation measures & policies • Business opportunities		• We will diversify the countries from where we import crops to prepare for the acute and chronic impacts from climate change. • We will engage in new environmental-related business such as feed which leads to a curb on methane emissions.
Financial information		• Profit in segment of applicable business (gross profit): 380.9 bn yen (Food Company / FYE 2024 Results) • Total assets in segment of applicable business: 2,420.9 bn yen (Food Company / March 2024)

Impact on Existing Strategies and Business Transition Plans

During our scenario analysis, we ascertained high-impact negative financial risks associated with not implementing climate change measures such as shifting current business strategy or business regions. As a result, we have been steadily promoting specific business transition plans and financial plans (including divestment and asset replacement) in line with our Management Policy “The Brand-new Deal” based on the basic policy of enhancing our contribution to and engagement with the SDGs through business activities.

Transition Plans for Main Businesses Subject to Transition Risks

In 2021, together with our GHG emissions reduction targets, we announced our management plan to actively promote clean-tech business and other businesses that contribute to GHG emissions reduction as a way to enhancing contribution and engagement with the SDGs. This basic policy is carried over to the Management Policy “The Brand-new Deal” formulated in 2024. Through our own businesses, we aim to achieve a situation where the amount of our avoided emissions exceeds our GHG emissions by 2040.

Climate Change (Information Disclosure Based on TCFD Recommendations)

■ Businesses Identified as Examples of Contributing to and Strengthening Efforts toward the SDGs

Business	Summary
Environmentally Friendly Fibers	● Contribution to a circular economy through expansion of sustainable materials.
Water and Waste Treatment	● Developing businesses centered on Europe and the Middle East through collaboration with leading partners. ● Began construction of the world's largest energy-from-waste (EfW) project in Dubai.
Renewable Energy	● Promoting power generation businesses, including wind, solar, and geothermal, mainly in North America, Europe, and Asia. ● Operating and providing maintenance services for solar power plants at approximately 1,400 locations in North America.
Recycling of Metal Scrap, etc.	● Developing a wide range of recycling businesses of materials including metal scrap, by utilizing a nationwide network of recycling companies and providing waste management services.
Low-carbon Iron	● Promoting the construction of a low-carbon iron supply chain that contributes to decarbonization of the steel industry.
CCUS (Carbon Capture, Utilization and Storage)	● Collaboration with domestic and overseas business partners to commercialize the utilization of mineral carbonation technologies by Australia-based MCi. ● Participate in a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO), and also conduct R&D and demonstration projects for liquefied CO_2 transportation technology.
Energy Storage Systems・Renewable Energy	● Promoting next-generation power services and environmental value trading by utilizing in-house brand AI-equipped ESSs and distributed solar power generation networks. ● Developing next-generation batteries and promoting recycling-oriented businesses by reusing batteries for EVs. ● Promoting renewable energy power sources, such as solar, biomass, and wind power.
Sustainable Aviation Fuel・Renewable Diesel Fuel	● Selling sustainable aviation fuel (SAF) to airlines for the first time in Japan and promotion of renewable diesel.
Hydrogen and Ammonia	● Promoting the establishment of a green hydrogen value chain in collaboration with Denmark-based Everfuel A/S. ● Developing ammonia-fueled vessels and creating a proprietary operation model, developing a bunkering business, utilizing ammonia as an alternative fuel for power generation, and promoting manufacturing and marketing operations in Canada and elsewhere in order to build a value chain for clean ammonia.
Plastic Recycling	● Developing plastic recycling businesses with leading partners boasting recycling technologies. ● Product development using marine plastic waste as raw material.
Sustainable Coffee Beans and Vegetable Oil	● Stably supplying sustainable products and third-party certified products to eliminate child labor and environmental damage. ● Building raw material supply chains with established sustainability in production, distribution, and processing.
Production and Processing of Fruits and Vegetables・Waste Reduction	● Reducing low-quality products and residues in the production, distribution, and processing of Dole products.
Sustainable Natural Rubber	● Participate as a founding member in the global platform for sustainable natural rubber (GPSNR) to promote its production and use. ● Developing a traceability system using blockchain, involving the entire value chain.
Secondhand Mobile Phone Distribution	● Entering the secondhand mobile distribution business by taking advantage of market trends such as excessive supply of new mobile phones and increased environmental impact due to mobile phone replacement.
CVS Business (FamilyMart)	● Improving operational efficiency and reducing food loss through supply chain reforms. ● Promoting FamilyMart Environmental Vision 2050, including efforts to reduce plastic use and GHG emissions.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Transition Plans for Main Businesses Subject to Physical Risks

In agriculture and forestry businesses, we aim to expand sustainable operations by adopting cutting-edge technologies from a medium- to long-term perspective and promoting the following initiatives.

- Increase per-unit harvest volume by selecting breeds that are viable in high-temperature climates and improvements to production methods.
- Expand business into other regions projected to see growth in production volume.

Financial Strategy

The Division Company Management Committee (DMC) conducts annual reviews of business risks and opportunities, including those related to climate change. Each DMC examines business transition plans, and then drafts annual financial plans. The annual financial plans for each company are presented for approval to the HMC, the executive body, and the Board of Directors, the supervisory body, before final approval by the Board of Directors. This final approval is subject to a comprehensive analysis and deliberations from an ESG perspective, including matters related to climate change. In order to facilitate a financial strategy based on our transition plan, we have developed a financing plan that limits the use of funds to projects that contribute to the SDGs.

1. SDGs Bond

In March 2021, ITOCHU issued SDGs Bond (Sustainability Bond totaling US$500 million), which was allocated towards capital expenditures, manufacturing, R&D-related investments and procurement costs in climate-related subjects as well as R&D-related investments in procurement of certified food ingredients and costs of utilization of food residuals related to sustainable food systems like those indicated below:

- Efforts to reduce greenhouse gas emissions: Renewable Energy (generation and storage)
- Efforts to reduce greenhouse gas emissions in FamilyMart
- Sustainable Food System: Expanding procurement of certified food ingredients and utilization of food residuals

2. Green Loan

In September 2023, ITOCHU entered into the green loan agreement with Sumitomo Mitsui Trust Bank, Limited. The green loan will be used for our qualified projects (renewable energy power generation projects, energy from waste projects, and projects for the circular economy).

Sustainable Finance (P226)

We confirmed that implementing these types of transition plans and financial strategy will enable us to maintain resilient business operations, even in over the medium- and long-term, for Group businesses, products, and services. Beyond the scope of applicability to this scenario analysis, ITOCHU is engaged in diverse business activities in various regions. Those business activities are also impacted by climate change. However, at this point of time, we have determined that the impact on Group overall earnings caused by risks associated with each individual business activity would be limited.

To confirm the impact of climate change on overall Group business, we will continue to conduct analyses of both transition and physical risks. We will further identify and organize fields susceptible to significant impact and evaluate response policies based on an order of priority given to areas requiring a response.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Risk Management

As a Group engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, the status of abnormal weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for our entire Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and abnormal weather information, as one of the major risks (environmental and social risks) facing our company. Identified climate change risks are also examined and evaluated during our investment decision process. Each department in charge of risk management has established an organization for risk identification, evaluation, information management, and monitoring for the consolidated Group.

Identification and Evaluation of Climate Change Risks

ITOCHU considers those that may have a significant impact on the financial position and results of operations of our Group in the future as significant risks. We recognize risk management as an important management issue. Referencing the COSO-ERM framework, we outline our basic policy on risk management for ITOCHU and prepare the organizations and methods necessary for risk management.

Each Company and the Sustainability Management Division cooperate regularly to gather information to assess risk importance. This information includes trends in climate change policy and regulations, which mainly consists of existing and new regulations related to climate change in the countries in which we operate, climate change-related technology, and clean-tech business. We also gather information on global abnormal weather and average temperature increases. Importance is identified and assessed using specific indicators and from the perspective of ascertaining the substantive financial or strategic impact that climate risk may have on the Company. For example, for non-consolidated businesses, we identify an important risk as a risk that would cause a 10% change compared to previous fiscal year revenues, a 20% change in average net income for the most recent past five years, or a 30% change in net assets from the end of the previous year. For consolidated businesses, we would use a change of 10% from previous fiscal year revenues or a 3% change in total capital from the end of the previous year.

ITOCHU organizes the information we gather on climate change risks and opportunities into our Material Climate Change-related Risks and Opportunities (risk criteria), with analysis for both transition and physical risks. We use risk criteria to identify and assess climate change risks in the risk management process for each phase of business, including the start of a new business, existing businesses, handled products, supply chains, Group company business management, and business strategy reviews.

Climate change risks gathered during the risk assessment process are deliberated by the Sustainability Committee and other relevant committees to ensure we continuously review risk criteria and the risk identification process. During these deliberations, the relevant committees incorporate opinions received form the Sustainability Advisory Board, which promotes dialogue concerning sustainability between ITOCHU management and external stakeholders.

Integrating Climate Risk Management into the ITOCHU Group Risk Management System

Due to the nature of our broad-based operations, ITOCHU is subject to various risks, including market risks, credit risks, and investment risks. In addition to establishing various internal committees and designated responsible departments, we have created a risk management organizational structure and management methods necessary to address these risks. This organizational structure includes outlining management regulations, investment standards, risk limits, and transaction limits, as well as establishing structures for reporting and monitoring to enable integrated Group risk management.

Climate change risks are one of the major environmental and social risks subject to Group risk management. We incorporate this risk management into the assessment methods for each business phase shown in the table below, which can broadly cover our business activities as a general trading company including management of investment, trading products, logistics, Group companies, supply chain, business strategy, and portfolio, etc.

Climate-related Risk Management Procedures and Evaluation Methods for Each Business Phase

Business Phase	Evaluation Method
Business start	● Environmental and social risk assessments including climate change risks for new investment project ● Shadow pricing for carbon tax costs, etc., and stress test (internal carbon pricing)
Business management	● Environmental risk assessments for handled products (LCA evaluation for overall supply chain) ● Group company environmental status survey (2, 3 companies per year) ● Supply chain sustainability surveys (supplier) ● Internal environmental audits based on ISO14001 (ITOCHU Corporation, 3 applicable Group companies) ● Scope1/2/3 aggregation and year-on-year assessment ● Internal carbon pricing impact assessment (e.g., US$205/t-$CO_2$ in the case of power generation project (US))
Review business strategy	Consider business strategy, asset replacement

If risks and opportunities are identified via the evaluation methods at each business phase, we use the tool shown on the next page in Risk Assessment & Management Activities to assess the impact of risks and opportunities on business. Risk Assessment & Management Activities include quantitative evaluations such as scenario analyses and stress tests, and qualitative evaluations such as assessments of compliance with investment policy and GHG reduction targets. Quantitative information for risks and opportunities not related to climate change is added to climate change risk and opportunity information that has been quantitatively assessed. This information is then used to analyze the level of contributions to earnings.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Risk Assessment & Management Activities

The TCFD scenario analysis identified the following risk and opportunity factors, as well as assessment and management activities.

Managed Factor	Risk and Opportunity Factors (example)	Evaluation & Management Activities (example)
Market	● Decreased demand due to adoption of a carbon tax on energy (crude oil, gas, LNG) development projects ● Increased LNG demand and increased demand for renewables and other new energy	● Scenario analysis ● Policy on climate change in relation to investment decisions ● Conformity to ITOCHU GHG emissions reduction targets ● Compliance with policy on investment and growth in new energy solutions ● Earnings contributions
Regulations	● Carbon tax on international transactions for energy and fuel ● Adopt volume reduction requirements and emissions trading scheme (cap and trade scheme) in country of operation ● Increased thermal power generation costs at power plants due to carbon tax and CCUS requirements	● Scenario analysis ● Portfolio stress test ● Regulatory monitoring ● Carbon prices ● Conformity to ITOCHU GHG emissions reduction targets
Technology	● Mobility electrification ● Renewable energy and storage battery/lithium battery technology ● CCUS, hydrogen/ammonia and other low carbon technologies ● Digitized big data	● Monitoring technological trends related to risk factors ● Increased investment in new energy solutions, CCUS, and new low-carbon technologies ● Digitization roadmap
Physical risks	● Chronic effects (e.g., sea level rise, water scarcity increase) ● Acute effects (e.g., more frequent extreme weather events)	● Regular updates to meteorological and oceanographic data for new business development / existing business risk assessments ● Updates to physical impact data on food products
Reputation	● Maintaining company appeal in terms of personnel hiring ● Investor awareness of climate change countermeasures ● Climate-related lawsuits ● Impact on acquiring licenses needed for business	● Governance for climate change issues ● Ensuring transparency of performance disclosure ● Communication with stakeholders (investors, initiatives, NGOs, business affiliates)

● Our risk management, including climate change, related to Company operations (P213)

Climate Change Risk Management Organization

Business Start Phase

ITOCHU has established a multilayered decision-making process that seeks to realize swift decision-making by delegating discretionary power to each internal company, while pursuing investment returns and controlling investment risks. Depending on the size and terms of a project, a review is conducted at the internal company level or by the Investment Consultative Committee and the HMC (Headquarters Management Committee).

As a member of the HMC and the Investment Consultative Committee, the CAO, who chairs the Sustainability Committee, participates in the screening of projects that exceed the authority of the division company president. This system reflects the content of deliberations at the specific stage of climate change risk and at the assessment stage of climate change risk for company-wide risk management.

● Our business investment management (P217)

Business Management Phase

ITOCHU evaluates and manages risks such as climate change, natural disasters, and ESG investment identified in the business start stage and the business management stage through collaboration between responsible committees such as the Sustainability Committee and Internal Control Committee and a system of periodic monitoring and review of Group companies. Environmental and social risks, including climate change, are summarized as one of the major risks subject to centralized management. Each year, the Sustainability Management Division serves as the executive unit in charge of organizing this information and issuing reports to the Internal Control Committee along with information on the other major risks to integrate the risk information into company-wide risk management system. The Sustainability Committee also deliberates on policies and measures related to climate change risk and how to promote the risk management system, etc. The director serving as chair of the Sustainability Committee reports on the content of deliberations to the Board of Directors approximately twice per year.

As part of our specific climate-related risk management procedures, we compile the results of Scope1/2 and Scope3 for each of 8 Division Companies every year. The results are compiled in a form that allows for an assessment over time, and are reported to the Sustainability Committee and the Board of Directors after being approved by each Division Company. This process enables the Board of Directors to oversee progress toward achieving GHG emissions reduction targets from a medium- to long-term perspective, and is also used to review new business strategies.

In order to achieve our GHG emissions reduction targets, we promote climate change initiatives through dialogue with suppliers, sales clients, contractors, and business partners in its value chain.

Review Business Strategy

Reviews of business strategy related to climate change are conducted by the Division Company Management Committee (DMC), and then by the HMC via the Investment Consultative Committee on which the CAO, who serves as the chair of the Sustainability Committee, also participates as a key member. Final decisions are made following deliberation by the Board of Directors. Scenario analysis based on TCFD recommendations is also used as a tool when considering business strategies and asset replacement. In our analysis, we analyze short-term, medium-term, and long-term climate-related risks and opportunities once a year for their impact on organization business, strategy, and financial planning.

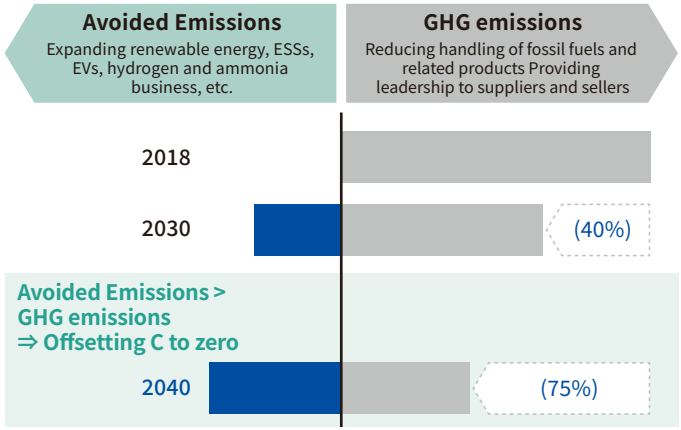
Climate Change (Information Disclosure Based on TCFD Recommendations)

Metrics and Targets and Action Plan

ITOCHU has set the following targets for GHG emissions, electricity usage, and clean-tech business as part of our response to climate change risks and opportunities. When setting these metrics and targets, we reference, among others, the Paris Agreement, Japan NDC and IEA materials, which are highly recognized internationally and can cover a wide range of business areas.

GHG Emissions Reduction Targets

- Metrics (aggregation range): Scope 1/2/3 (ITOCHU and consolidated subsidiaries), fossil fuel business and interests (ITOCHU, consolidated subsidiaries, equity and general investments)
- Targets:
  - Achieve net zero GHG emissions by 2050.
  - Achieve 75% reduction from 2018 levels by 2040, aim for “offset zero”* through aggressive promotion of businesses with avoided emissions.
    * Offset zero: When avoided emissions exceed company GHG emissions
  - Achieve 40% reduction from 2018 levels by 2030.



Trends in our GHG emissions (P109)

Scope1/2 Short-term Reduction Targets

ITOCHU has set a target of 30% reduction in power consumption at Japanese Bases of ITOCHU Corporation by FYE 2023 compared to the FYE 2011, and has been working to save electricity by upgrading facilities, such as by switching to LED lights. As a result, we achieved a 51.8% reduction in FYE 2023 compared to FYE 2011, far exceeding the initial target. In light of the fact that considerable progress has already been made in reducing Scope1/2 emissions, including electricity consumption, we have set a new short-term target of reducing Scope1/2 emissions at our Japanese Bases. We have registered such target with the GX League, a group of companies challenging the green transformation led by Japan’s Ministry of Economy, Trade and Industry in collaboration with the Japanese government and academia. We also participate in the Carbon Credit Market of Tokyo Stock Exchange, which will be used in the GX League, and contribute to the decarbonization of our own and other companies.

(Unit: t-CO_2e)

	FYE 2022 (Base Year)	FYE 2024-2026 Total (Target)	FYE 2026 (Target)
Scope1	77	223	74
Scope2	5,946	17,308	5,711
Scope1+2 Total	6,022	17,531	5,785

* The scope of calculation is based on the “the Rules for Phase 1 in the GX-ETS” and does not match Scope1/2 for Japanese Bases of ITOCHU Corporation as a whole.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Clean-tech Business Metrics and Targets (Action Plans)

We set the following metrics and targets (Action Plans) in ITOCHU Clean-tech Business as one of the main metrics (benchmarks) for climate-related risks and opportunities.

- In the power generation business, increase project development towards the goal of increasing our rate of renewable energy (equity interest basis) to over 20% by FYE 2031.
- Build a next-generation fuel value chain based on hydrogen and ammonia.
- Create distributed power supply platform using AI storage batteries boasting the No. 1 sales in Japan. (Aim for scope exceeding cumulative power storage of 2 GWh by FYE 2031.)

Our clean-tech business (P95)

Action Plan

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)	7, 13	Climate Change Opportunities	Taking countermeasures against climate change	Overall power generation business	We will develop power plants with a good balance between renewable energy power generation and conventional power generation, thereby contributing to the development of countries and regions in a sustainable manner that is optimized for each.	Pursue opportunities to invest aggressively in renewable energy power generation through analyses of countries and regions.	FYE 2031: Target to achieve a renewable energy ratio more than 20% (equity interest basis) and reflect this to the future strategy.	• Tyr Energy Development Renewables, LLC (“TED”), established in 2022, is currently developing 26 assets, approximately 4 GW of solar power plants. • NAES Corporation, another wholly-owned subsidiary of ITOCHU and the world’s largest independent provider of O&M services for power plants, extends its expertise to asset management and maintenance services in the renewable energy sector. Currently, NAES oversees approximately 1,400 solar power plants with a capacity of 2GW, as well as wind power plants with a capacity of 1.1GW. • In June 2023, we launched a fund dedicated to investing in renewable energy generation assets across North America. • The renewable energy ratio, calculated on an equity interest basis, stands at 17.1% as of March 2024.
• Address Climate Change (Contribute to a Decarbonized Society) • Evolve Businesses through Technological Innovation	7, 13	• Climate Change Opportunities • Innovation	• Taking countermeasures against climate change • Next-generation business development	Ships/ Shipping field	We will contribute to decarbonization in the shipping and maritime sectors through the promotion of an “integrated project” encompassing the development, ownership and operation of ammonia-fueled ships, the development of fuel supply chains, and fuel procurement.	In addition to the joint development of ammonia-fueled vessels with the Japanese consortium and the ownership and operation of these vessels, ITOCHU will take the lead in the development of supply chain of an ammonia bunkering and fuel procurement, aiming for early materialization of the pilot project.	After 2027, promote the spread of ammonia-fueled vessels and the establishment of a supply chains to contribute to the decarbonization of the maritime industry.	• To contribute to decarbonization in the shipping sector, we are developing an “integrated project” aimed at: (i) developing ammonia-fueled vessels, (ii) owning and operating ammonia-fueled vessels, (iii) establishing fuel supply chains, and (iv) procuring/producing clean ammonia. • As a pilot initiative, discussions are underway with stakeholders for the development of the first ammonia-fueled vessels, initially targeting large bulk carriers with a projected completion date of 2027. Concurrently, discussions have commenced for container ships and car carriers to adopt ammonia as their primary fuel. • In addition, we are actively progressing the development of ammonia bunkering facilities in Singapore, followed by Algeciras in Spain and the Suez Canal in Egypt. • In March 2024, we secured support from the Green Innovation Fund for the development of various technologies related to ammonia handling, in collaboration with Fuji Electronic. • We have established an international framework for conducting a “Joint Study” on the risk assessment of ammonia fuel and safety standards, and have also formed a “Container Ship Joint Study.” These frameworks were concluded as of March 2024 to transition into the commercialization phase.
• Address Climate Change (Contribute to a Decarbonized Society) • Evolve Businesses through Technological Innovation	13	• Climate Change Opportunities • Innovation	• Taking countermeasures against climate change • Next-generation business development	Sales of passenger cars and commercial vehicles	We will achieve the eco-friendly mobility society by strengthening businesses of electric vehicles (EVs), hybrid vehicles (HVs), vehicles with a reduced environmental impact, and those related.	Contribute to spread of eco-friendly vehicles by increasing business of eco-friendly and high-efficiency products, such as EVs, HVs, vehicles with a reduced environmental impact, and related parts.	Expand sales of eco-friendly products in response to the expanded lineup of EVs, HVs, vehicles with a reduced environmental impact, and similar vehicles from automakers as our business partners.	• As a partner in “EVision,” Isuzu’s total solution program for EVs, we have expanded our efforts to promote commercial EVs and have actively provided consultations to users encountering challenges related to EV introduction. • In November 2022, we commenced demonstration and operations with a prototype developed and manufactured as part of the “Combination of developing battery-exchangeable EVs and utilizing renewable energy Sector coupling demonstration project,” commissioned by the Ministry of the Environment. By the end of December 2023, we had achieved a cumulative delivery distance exceeding 20,000km.
Address Climate Change (Contribute to a Decarbonized Society)	6, 12	• Water Resources • Pollution Prevention and Resource Recycling	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand the investment portfolio in the water and environment field which contribute to social demands for the environment and the promotion of a circular economy.	**Water Field** • We are promoting seawater desalination business in Australia and Oman. **Environmental Field** • UK: Our operations encompass four municipal solid waste incineration and power generation facilities (waste-to-energy plants), processing 1.3 million tons of waste annually. This accounts for 10% of the UK’s waste incineration market and provides electricity for 160,000 British households. • Serbia: We have initiated an integrated waste management business, including an Energy-from-Waste (EfW) project in the City of Belgrade. The project anticipates a reduction of approximately 210,000 tons of greenhouse gas emissions and has received Certification of Carbon Credit from the Gold Standard. • UAE: The first Energy-from-Waste (EfW) project in Dubai, we are advancing the construction of the world’s largest EfW plants. These facilities are designed to process half of the Dubai’s municipal solid waste annually (1.9 million tons). • Saudi Arabia: We are actively engaged in integrated hazardous waste management services in Jubail Industrial City.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Metals & Minerals Company								
• Address Climate Change (Contribute to a Decarbonized Society) • Evolve Businesses through Technological Innovation		• Climate Change Opportunities • Capital Introduction • Innovation	Taking countermeasures against climate change	• Resource recycling business • Mining business • Environmental business • Materials-related business	• We will realize stable resource supply as our social mission and responsibility while fully considering its environmental impact. • We will contribute to climate change issues through businesses that help to reduce greenhouse gases (e.g., lighter-weight vehicles and electric vehicles (EVs)) and the stable supply of essential materials.	• Take the lead in developing recycling-orientated business. • Promote initiatives for the social implementation of hydrogen and ammonia, etc. as resources and raw materials that contribute to the decarbonization in client industries (e.g. steel and power). • Promote businesses to contribute to the stable supply of nickel, PGM and other materials necessary in the manufacture and supply of hydrogen, green materials and energy, and storage batteries. • Continue to be involved in the development of technologies that contribute to the reduction of greenhouse gas emissions, including technologies for carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU). • Promote initiatives to completely withdraw from thermal coal mine interests while continuing to realize stable resource supply as our social mission and responsibility through trading in regards to our coal business. • Implementation and expansion of businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).	• Promote recycling-orientated business. • Promote initiatives for the social implementation of hydrogen and ammonia, etc. as resources and raw materials that contribute to the decarbonization in client industries (e.g., steel and power). • Promote examination toward technological development and commercialization to contribute to a reduction in greenhouse gas emissions, including hydrogen, green material and energy production, and carbon dioxide capture and storage (CCS) and carbon dioxide capture and utilization (CCU). • Strive to withdraw from thermal coal mine interests. • Realize initiatives in businesses that contribute to developing lighter-weight vehicles and shifting to EVs (e.g., aluminum and copper).	• Together with JFE Steel, Emirates Steel Arkan, and others, we have promoted detailed feasibility studies for the establishment of a supply chain of ferrous raw material for green ironmaking with low carbon emission, which contribute to the decarbonization of the steel industry. • We are contributing to the effective utilization of limited resources and the supply of environmental materials by promoting 3R+W (reduce / reuse / recycle + waste management). Specifically, we are steadily promoting initiatives in venous industries. This includes the reuse and recycling of store facilities and fixtures, the expansion and increase in sophistication of metal scrap and waste treatment through the use of a nationwide network of recycling companies, and strengthening of cooperation with the TRE HOLDINGS CORPORATION general recycling company we invested in FYE 2020. • We agreed with Nel ASA (Norway), who is the world's largest manufacturer of electrolysers that are essential for green hydrogen production, to create a strategic partnership in the hydrogen industry. We and Nel are jointly exploring hydrogen business opportunities. • We have invested in Everfuel (Denmark), who conducts the design, EPC, and operation of green hydrogen production facilities, distribution assets, and operation of hydrogen stations by using water electrolysis equipment, as well as the sale of hydrogen. In collaboration with Everfuel, we are promoting the construction of a green hydrogen value chain for local production - consumption in Europe. • We are promoting the Platreef project and others in the PGM (platinum group metals)/nickel business where demand is expected to grow significantly due to the worldwide spread of electric vehicles and fuel cell vehicles, and also expanding trade activities of such materials. • We continue to conduct a commercialization survey of a by-product hydrogen project in northern Kyushu with partners for the social implementation of hydrogen. • We have an investment into Australia-based MCi, who possesses mineral carbonation technologies. We are promoting the technology for the Japanese market. In July 2022, we signed an MOU with TAISEI CORPORATION to verify the use of this calcium carbonate as raw materials for concrete. • Together with HIF Global, JFE Steel, and Mitsui O.S.K. Lines, Ltd., we agreed to jointly conduct a wide-ranging feasibility study covering on establishment of a comprehensive supply chain for synthetic fuel (e-fuel), to transport CO_2 from Japan to Australia to produce e-fuel. • Agreement was signed with KOKO Networks, a Climate Technology Company Operating in Kenya, to support the generation of high quality carbon credits. • In order to expand emissions credits trading, we formed a business partnership with CF Partners, a UK-based company engaging in the sale of emissions credits in Europe. • We decided to withdraw from thermal coal mine interests with a perspective of strengthening contribution and initiatives to SDGs. We already divested our Drummond mine interests in Colombia that had accounted for the majority of the ITOCHU's thermal coal interests and also divested Ravensworth North coal mine interests in Australia producing both thermal and coking coal. • Steadily promoted aluminum trade business that contributes to automobile weight reduction and electrification. We have traded approx. 500,000 tons in FYE 2024, and promoted sales of environmentally friendly raw materials for aluminum.
Energy & Chemicals Company								
Address Climate Change (Contribute to a Decarbonized Society)		• Transition Risk • Stable Supply of Resources	Stably supplying energy taking into account climate change and the environment	Oil/gas interests and liquefied natural gas (LNG) projects	We will produce resources (transition fuels) taking into account a reduction in greenhouse gases. We will provide a stable supply of energy to contribute to the development of industry and the construction of infrastructure.	Work on resource development projects in collaboration with superior partners who have advanced technical capabilities and abundant experience.	Pursue opportunities to participate in gas projects with a relatively low environmental burden in fossil fuels and as raw material source of the low-carbon fuel while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society.	To realize a sustainable society through the stable supply of energy, we continue to discuss with competent partners ways to participate in new upstream projects and collaborate on decarbonization as raw materials for a transition fuel.
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Energy use that takes into consideration local communities and the environment	District heating and cooling	We will promote initiatives toward environmentally friendly regional energy use.	Communicate appropriately with neighboring stakeholders in the Jingu Gaien district.	Maintain the stable operations of district heating and cooling in the Jingu Gaien district and promote the district heating and cooling to neighboring areas.	We are continuing discussions with the relevant stakeholders to spread and promote district heating and cooling to neighboring areas.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Energy & Chemicals Company								
Address Climate Change (Contribute to a Decarbonized Society)	7	Climate Change Opportunities	Efforts to optimally and continuously supply renewable energy	• Energy Storage System • Power & Environmental Solution	• We will continue to stably supply the Energy Storage System that are the key to the efficient and optimal utilization of renewable energy. • We will aim to strengthen our Energy Storage System business chain and establish a circular model through the battery recycling business in particular.	We will continue to sell Energy Storage System equipped with optimal charging/discharging software based on machine learning (AI) and we will establish a recycling and reuse business with repurposed batteries from EV.	• Number of storage batteries sold. • Use of recycled and reused batteries.	• Sold a cumulative total of approximately 60,000 units (588 MWh) of energy storage systems, as of the end of March, 2024. • Continuing to promote recycling and traceability demonstrations with partners in Japan and overseas, with the aim of building a high-value-added supply chain through the implementation of recycling chains and traceability. • Working on the structuring battery storage facilities (3 projects) and the sale of large storage batteries (4 projects). Have sold a total of 100MWh of grid storage batteries, including those currently under construction. • In the process of establishing Japan's first fund dedicated to grid storage batteries in cooperation with the Tokyo Metropolitan Government.
• Address Climate Change (Contribute to a Decarbonized Society) • Ensure Stable Procurement and Supply	7 13	• Stable Supply of Resources • Capital Introduction	Working on new fuel initiatives toward the realization of a carbon-neutral society / recycling-orientated low-carbon society	• Production and supply of hydrogen and fuel ammonia, and procurement and supply of renewable fuels • Working on new energy initiatives	We will aim to build a production and supply structure for new fuels to contribute to the reduction of greenhouse gases on a life cycle assessment basis toward the realization of a sustainable society and to improve energy efficiency.	Work on hydrogen and ammonia which are expected to serve as next-generation energies and fuels that do not emit carbon dioxide when burned. Also work on renewable fuels (derived from waste oils) to contribute to the reduction of greenhouses gases emitted from aircraft and large vehicles that are difficult to convert from internal combustion engines.	Build a new fuel value chain to be able to realize production, efficient transportation and supply by utilizing collaboration with superior partners and our track record in development and trading.	**Hydrogen and Ammonia** • To realize a decarbonized society, we concluded a Memorandum of Cooperation (MOC) with Hive Hydrogen South Africa to collaborate in the field of green ammonia. **Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)** • In 2022, ITOCHU was selected by the Civil Aviation Bureau (Ministry of Land, Infrastructure, Transport and Tourism) to carry out an "Imported Neat SAF Model Demonstration Project". ITOCHU established a domestic blending supply chain by importing neat SAF from Neste OYJ in cooperation with a partner company. Following successful SAF supply arrangements for Haneda and Narita airports, ITOCHU has begun supplying SAF to Central Japan International Airport. • ITOCHU and its partners were selected for the "Program Supporting the Commercialization of Biofuel Utilization", a Tokyo Metropolitan Government public procurement. The members of the association aim to increase biofuel use by using RD in land transport vehicles and airport work vehicles. **New Energy** • ITOCHU will acquire shares of Blue Laser Fusion Inc. (BLF), a fusion energy-related startup, through a third-party allotment, while simultaneously concluding a strategic and business alliance agreement with BLF for fusion energy and other related businesses in which laser technology developed by BLF will be used.
Address Climate Change (Contribute to a Decarbonized Society)	13	Capital Introduction	Working on initiatives in carbon dioxide capture and storage (CCS) business toward the realization of a carbon-neutral society and inclusive and sustainable economic growth	Building of CO_2 capture chains using CCS	We will aim to build CO_2 capture chains to contribute to the reduction of greenhouse gases toward the realization of a sustainable society.	Refine CO_2 storage technologies - an application of petroleum development technologies - and enhance access to CO_2 capture chains (e.g., collection and transportation) to link them to CO_2 storage technologies.	Build a CO_2 transportation and storage business model by uncovering CO_2 capture needs at places where CO_2 is emitted in client industries across our companies.	Together with ITOCHU Oil Exploration Co., Ltd., we joined the Geological Carbon Dioxide Storage Technology Research Association, which researches and develops technologies for underground sequestration of carbon dioxide. In FYE 2024, the Tohoku Region West Coast CCS initiative was publicly selected by the Japan Organization for Metals and Energy Security to study the feasibility of a Japanese Advanced CCS Project. We are also studying with our consortium partners the feasibility of a CCS value chain project using ship transportation.
Address Climate Change (Contribute to a Decarbonized Society)	7	Climate Change Opportunities	Working on initiatives to optimally and continually supply renewable energy	Renewable energy independent power producers (IPPs) / renewable energy-related materials procurement / dispersed power source initiatives	• We will realize a stable supply of renewable energies through the development, ownership and operation of renewable energy power plants (solar power, biomass and wind power). • We will stimulate renewable energy power generation inside and outside of Japan through renewable energy-related materials procurement. • We will realize a world where renewable energy is commonplace by spreading solar power generation as an independent power source that does not rely on the power gird through the deployment of solar power dispersed power sources.	Expand the scale of our renewable energy assets with the stable operation and new development of renewable energy plants and establish dispersed power sources in Japan with a focus on the conversion to virtual power plants (VPP).	• Scale of our renewable energy assets • Scale of our dispersed power sources	• We have expanded the third party-owned distributed power supply using renewable energy, by operating approximately 850 on-site photovoltaic power plants(combined output is appx 200,000kW) across Japan through i Grid Solutions Co., Ltd. • We have expanded the third party-owned distributed power supply using renewable energy, by operating approximately 1,200 off-site photovoltaic power plants(combined output is appx 100,000kW) across Japan through Clean Energy Connect, Inc.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Food Company								
Address Climate Change (Contribute to a Decarbonized Society)		GHG Emissions	Taking countermeasures against climate change	Fresh food field	We will examine and promote measures that contribute to tackling climate change.	Dole will utilize green energy in our processed food business.	• Situation of operation of biogas plant at Dole Philippines. • Status of introduction of other clean energy sources, etc.	• Result of utilization of processed pineapple residue: 155,558MT in FYE 2024. • Result of GHG reductions from utilization of clean energy: 97,445t-CO_2e in FYE 2024.
General Products & Realty Company								
• Address Climate Change (Contribute to a Decarbonized Society) • Ensure Stable Procurement and Supply		Forest	Using sustainable forest resources	• Pulp • Woodchips • Wood products & materials	We deal in sustainable forest resources to reduce the impact on the environment and prevent the increase of greenhouse gases.	We handle certified or high-level management confirmed materials.	Ensure a 100% handling ratio of certified or high-level management confirmed materials.	In FYE 2024, 100% of our Pulp, Woodchips and Wood Priducts & Materials transactions were handled as certified material or were intensively managed.
• Address Climate Change (Contribute to a Decarbonized Society) • Ensure Stable Procurement and Supply		• Capital Introduction • Pollution Prevention and Resource Recycling	Taking countermeasures against climate change	Cement substitute material such as slag	We plan to expand the use of sustainable byproducts (slag) as a substitute material for the cement which is vital for construction and civil engineering.	Establish continuous, stable business between Steelworks as the supplier of slag and users.	Consider investment, participation, etc. in the slag business and focus initiatives on creating demand, especially in developing countries, with the aim of establishing continuous, stable business.	• We are currently in discussions concerning investment and participation in the slag business. • In FYE 2024, global slag transactions amounted to 1.75 million tons.

Reflecting Climate Change Issues in the Remuneration System

To enhance the link between management strategy and executive compensation structure, ITOCHU has incorporated climate change and ESG/SDGs response into the evaluation of each executive since FYE 2021. Director remuneration is determined according to factors that include degree of contribution to ITOCHU Corporation, including addressing climate change, ESG and SDGs, based on a standard amount for each position. In addition, Group ESG Officers and Group ESG Managers in each organization set individual annual goals for business creation and operational improvement related to contribution to the SDGs and ESG promotion, and their achievements are also evaluated as individual performance.

Corporate Officer Remuneration System (P192)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Initiatives

Efforts to Withdraw from Interests in Thermal Coal

In the future coal related businesses will likely be subject to carbon tax. Also, countries will introduce energy diversification policies, which will lead to the promotion of renewable energy and energy saving technology. The changing and more competitive prices of renewable energy risks decreased profits from coal-related businesses, causing these assets to become impaired or fixed.

Based on this risk analysis, in 2019 ITOCHU announced that we will not develop a new coal-fired power plants or acquire thermal coal mine businesses. In 2019, we sold all interests in the Rolleston thermal mine. In 2021, we declared through our Medium-term Management Plan that we will lead the industry in realizing a decarbonized society. As part of this initiative, we sold off interests in Drummond and Ravensworth North.

We continue to focus on expanding our business to contribute to the reduction of GHG emissions while responding to the societal demands for stable energy supply to domestic and overseas consumers.

Reducing the Environmental Burden of Logistics Operations

Basic Concept

ITOCHU aims to be carbon-neutral by 2050, and will promote the adoption of logistics methods and initiatives that have a low environmental burden with respect to outsourced logistics. By collecting basic data on logistics, we will investigate, analyze, and verify businesses with low transportation efficiency, and shift to initiatives with the lower environmental burden to the extent possible. We will also work on the development and diffusion of transportation modes powered by clean energy as a business, and contribute to the reduction of logistics-related GHG emissions.

Plan for Energy Saving in Logistics

As a specified consigner under the “Act on Rationalizing Energy Use”, we annually submit a “medium- to long-term plan” to the government, which includes the following company-wide plan for the rationalizing energy use.

Qualitative Target

- We conduct status surveys focusing on mode of transportation with low efficiency that have room for improvement, and select appropriate mode of transportation and appropriate transportation routes, etc, for improving loading efficiency and promoting reduction of specific energy consumption (SEC).
- In order to achieve the above target, we strengthen cooperation with freight forwarders.

Quantitative Target

GHG emissions generated by outsourced logistics for which ITOCHU is the consignor are as follows. Through our efforts to reduce the environmental loads, we aim to reduce the average SEC by 1% or more per year over a five-year period, which is a non-binding target under Act on Rationalizing Energy Use.

1,000t-CO_2	FYE2020	FYE2021	FYE2022	FYE2023	FYE2024	5-year average rate of change in SEC
Logistics-related GHG emissions (1,000t-CO_2e)	13	12	10	12	10	
SEC (crude oil equivalent kl/1,000t-km)	0.020	0.021	0.020	0.019	0.020	
year-on-year	97.6%	107.0%	93.0%	94.0%	107.2%	100.1%

Specific Initiatives

- Promoting efficient transportation route setting and improved loading methods in cooperation with logistics providers and suppliers to optimize logistics at the time of order receipt and delivery.
- Improvement of loading rate by devising product shape and packaging.
- Selecting appropriate types of vehicles according to transportation volume (use of large vehicles and mixed loading shipment whenever possible).
- Conversion of long-distance truck transportation to rail transportation.
- Planning and promoting of joint delivery business in local areas.
- Providing EV truck users with charging solutions and leasing services that take into account battery degradation forecasts.
- Promoting of ammonia fueled ships development project.

Full Switchover to Real CO_2-free Electricity at Tokyo Head Office

ITOCHU is sourcing its real CO_2-free electricity, together with a Non-Fossil Fuel Energy Certificate showing the environmental value of not emitting CO_2, to the Tokyo Head Office since January 2020. The Non-Fossil Fuel Energy Certificate includes the tracking information (information about type of energy sources and power plant location) of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture), which is operated by a subsidiary of Kandenko Co., Ltd. This initiative can also be used to prove compliance with “RE100,” a global initiative of businesses committed to 100% renewable electricity, in response to the global trend towards decarbonization.

- Press release regarding full switchover to real CO2-free electricity at Tokyo Head Office (https://www.itochu.co.jp/en/csr/news/2019/191217.html)

Electricity consumption from Tokyo HQ building

CO_2 emission net **0** (FYE2024)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Initiatives for the Tokyo Metropolitan Government Program to Prevent Global Warming

ITOCHU submitted a plan to the Tokyo Metropolitan Government to reduce the CO_2 emissions in our Tokyo Headquarters by 25% from the reference value (average value from FYE 2003 to FYE 2005) over five years from FYE 2021 to FYE 2025 based on the Ordinance on Environmental Preservation. Our energy consumption CO_2 emission in FYE 2023 was 5,723t-CO_2. This is an approximately 46% reduction compared to the reference value.

The document we have submitted to the Tokyo Metropolitan Government is as follows.

- Greenhouse Gas Emission Reduction Plan for FYE 2021 to FYE 2025 (Submitted in November 2023) (Japanese Only) (https://www.itochu.co.jp/en/csr/pdf/ondanka-202311.pdf)

* In addition to the Tokyo Headquarters, the adjacent commercial facility of Itochu Garden is also subject to the Greenhouse Gas Emission Reduction Plans submitted to the Tokyo Metropolitan Government.

Energy consumption CO_2 emission from Tokyo HQ building

5,723 t-CO_2 (FYE 2023)

Reduction from the reference value

Approx. **46**%

Collaboration with Outside Initiatives

Activities Through Business and Industry Groups

We are participating in the Global Environment Subcommittee of the Committee on Environment and Safety — an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks). We are also participating as a committee member in the Environment Working Group under the Sustainability Promotion Committee of the Japan Foreign Trade Council (JFTC), a nation-wide association of Japanese trading firms. We are striving to build a low-carbon society, construct a recycling-orientated society, and to support environmental related laws and regulations. We continue to support the JFTC's FYE 2031 Reduction Targets for Domestic Business Activities and Long-term Vision for Climate Change Measures, which are consistent with our policies and goals.

When the industry and trade associations in which we participate decide on the new directions of climate change, etc., we will express our opinions in line with the ITOCHU Group Sustainability Policy in the decision-making processes. We participate in meetings of our industry associations to discuss their policies, and make proposals from the drafting stage, taking into account not only our own thinking but also the thinking of investors, customers, and the international community. In the event that the policies of such organizations become significantly weaker than or contradict from our policies, we will strive to align them with our policies. We will report any new policies of various industry associations to the head of our relevant industry-related departments or functional departments and obtain their approval. Furthermore, if those new policies may have gap between our company-wide policies, we report to the CAO, who chairs our Sustainability Committee, and the Sustainability Committee and other committees decide to review our company policies in line with new policies of industry associations.

FYE 2031 Reduction Targets for Domestic Business Activities (Trading Industry)

- In FYE 2031, we will strive to reduce unit CO_2 Emissions (CO_2 Emissions per floor area for the entire company) by 60% from FYE 2014 level. (Reestablished April 2024)

Long-term Vision for Climate Change Measures of the Japan Foreign Trade Council

To create a carbon-neutral society, the JFTC aims to effectively utilize its links with other industries and organizations, cooperate in implementing their long-term visions, and contribute to achieving the long-term goals for 2050 set out in the Paris Agreement. Based on this vision, JFTC member companies will position the investigation and implementation of measures to mitigate and adapt to climate change as key business issues and strive to generate new businesses and solutions.

We have flexibly evolved our businesses according to changing times and diverse needs. Shosha (trading firms), which operate worldwide and conduct business in cooperation with various players in a wide range of industries, are able to fully exercise their capabilities in contributing to solutions for the global challenge of climate change.

- Long-term Vision for Climate Change Measures (https://www.jftc.or.jp/about/pdf/climate_20200325.pdf?#page=2)

Participation in TCFD Consortium

- Participation in Initiatives (P40)

Participation in CDP (Climate Change)

- Participation in Initiatives (P40)

Participation in the GX League

- Participation in Initiatives (P41)

Participation in Japan Climate Initiative (JCI)

- Participation in Initiatives (P41)

Prevention of Pollution and Resource Circulation

Policy and Basic Concept

Prevention of Pollution

Within its business activities, ITOCHU will strive to prevent and reduce environmental pollution caused by chemical substances and oils, and marine plastic waste, reduce emissions of air pollutants, and reduce and properly process hazardous waste and wastewater. We will fulfil our responsibility of pollution prevention by complying with international declarations, agreements, and treaties, as well as with the laws and regulations of the countries and regions in which we operate. We shall also comply with any other agreements that we have consented to.

Resource Circulation

ITOCHU handles a wide range of products, from plastics to metals, rubber, cement, and foodstuffs. We have identified “Ensure Stable Procurement and Supply” and “Address Climate Change (Contribute to a Decarbonized Society)” as ones of our key sustainability material issues. We will contribute to the formation of a circulating society with our business investees and stakeholders in the value chain of the products we handle to reduce the procurement of raw materials that have a negative impact on the environment and natural capital, and to promote resource circulation. We aim to realize resource circulation through the 3Rs (Reduce, Reuse, Recycle) and substituting sustainable raw materials from the design stage of products and services, and promoting sorting, collection, and recycling business for used products. We will actively work to procure raw materials and products with third-party certification for sustainability, with due consideration of appropriate use of natural capital, traceability, and consideration for local communities, etc.

Targets and Action Plan

ITOCHU sets qualitative management targets and quantitative performance targets to promote better practices in pollution prevention and resource efficiency. The environmental targets and achievements in FYE 2024 are as follows.

Qualitative Targets

Item		Boundary	Target	FYE 2024 Results and Evaluation
Prevention of Environmental Pollution and Compliance with Laws and Regulations	Risk Assessment for Investment and Financing Projects	ITOCHU Corporation	Perform pre-investment/financing assessments based on the ESG Checklist, which includes environmental assessment criteria.	Properly implemented
	Raising Management Levels through Auditing	ITOCHU Group	Conduct internal audits on environmental management systems to ensure compliance, improved environmental efficiency, and better overall management.	Properly implemented
	On-Site investigations of Group Companies	ITOCHU Group	Select appropriate Group companies and conduct on-site environmental management investigations for them.	Properly implemented
Promotion of Awareness Activities	Raising Awareness of Laws and Regulations	ITOCHU Group	Increase internal awareness on the Waste Management and Public Cleansing Act and the Soil Contamination Countermeasures Act, as well as other relevant regulatory developments by providing learning opportunities such as seminars and courses. We will also monitor and review participation/uptake rates of these trainings in relevant segments of the company.	Properly implemented
Resource Conservation, Promotion of Resource Circulation, and Monitoring of performance	Office Waste Reduction	ITOCHU Corporation	Reduce waste and promote recycling in office activities in accordance with our EMS.	Properly implemented
	Paper Consumption Reduction Target	ITOCHU Corporation	Reduce paper consumption by raising awareness of our targets internally.	Properly implemented

Quantitative Targets

Item		Boundary	Target Period	Target	Progress in FYE 2024 Against Targets	Assessment
Prevention of Pollution	Serious Environmental Accident	ITOCHU Corporation*	Every Fiscal Year	0 Serious Environmental Accidents	0	Achieved
	NOx SOx Emission Concentration	TAKIRON TECH CO., LTD.	Every Fiscal Year	Suppress to a level 20% below the legal standard	Achieved	Achieved
		ITOCHU Ceratech Corporation	Every Fiscal Year	Suppress to a level 20% below the legal standard	Achieved	Achieved
Resource Circulation・Waste Discarded	Volume of Waste Discarded	Tokyo Headquarters	March 2025	6% Reduction Compared to FYE 2019	35% Reduction Compared to FYE 2019	Achieved
	Recycling Rate		March 2025	90%	92%	Achieved
Resource Conservation	Paper Consumption	ITOCHU Corporation	March 2025	3% Reduction Compared to FYE 2019	59% Reduction Compared to FYE 2019	Achieved

* ITOCHU Corporation, Overseas offices, Group companies subject to compliance

Prevention of Pollution and Resource Circulation

Action Plan

Risks	Opportunities
• Negative impacts on the natural environment including those related to resource circulation. • Deterioration of relations with local communities and subsequent loss of social license to operate.	• Increased resource demand due to population growth and enhanced living standards in emerging economies. • Creation of customer trust and new business opportunities through stable and sustainable supply chain practices.

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Textile Company								
Ensure Stable Procurement and Supply	12	Prevention of Pollution and Circulating Society	Reducing our environmental burden by circulating society	Textile products in general	We will contribute to realize a circular society through our sustainable textile products and recycling of them.	Promote sustainable products and projects leading to the recycling of resources.	Promote the sustainable products such as “RENU”, a recycled polyester derived from textile, and set up schemes to recycle textile products.	• The environmental impact of handling recycled polyester through the RENU project is as follows (estimated for FYE 2024). Waste volume to be made into “RENU”: equivalent to 6.3 million T-shirts, CO_2 reduction: 1,931 tons, Water usage reduction: 6,500 kiloliters. • Approximately 3,000 collection points for “Wear to Fashion”, the clothing recycling service (as of March 2024). • Launched the “ARChemia Project” as a joint project between textiles and chemicals, and started it to transform used clothing into chemical products with high environmental added value.
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)	6, 12	• Water Resources • Pollution Prevention and Resource Recycling	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand the investment portfolio in the water and environment field which contribute to social demands for the environment and the promotion of a circular economy.	**Environmental Field** • UK: Our operations encompass four municipal solid waste incineration and power generation facilities (waste-to-energy plants), processing 1.3 million tons of waste annually. This accounts for 10% of the UK’s waste incineration market and provides electricity for 160,000 British households. • Serbia: We have initiated an integrated waste management business, including an Energy-from-Waste (EfW) project in the City of Belgrade. The project anticipates a reduction of approximately 210,000 tons of greenhouse gas emissions and has received Certification of Carbon Credit from the Gold Standard. • UAE: The first Energy-from-Waste (EfW) project in Dubai, we are advancing the construction of the world’s largest EfW plants. These facilities are designed to process half of the Dubai’s municipal solid waste annually (1.9 million tons). • Saudi Arabia: We are actively engaged in integrated hazardous waste management services in Jubail Industrial City.
Energy & Chemicals Company								
Ensure Stable Procurement and Supply	12	Plastic	Efforts leading to solutions to social problems	Plastic-related environmental response	We will contribute to solving social problems (e.g., marine plastics and waste plastics) that urgently require measures with a plastic-related environmental response.	Supply environmental materials and establish a recycling/reuse program in collaboration with brand owners.	Build a recycling-oriented-model by enhancing our handling of environmental materials and establishing a recycling/reuse program.	• Including Coca-Cola who joined a new member of the BLUE Plastics project, we conducted a demonstration trial of a service for tracing the progress of recycling used plastic bottles on a digital platform for the realization of a resource-circulating society using a smartphone app. We will expand the demonstration trials at three FamilyMart stores in Tokyo. • We have launched the recycling business for flooring material together with the launch of DESSO, an eco-friendly flooring material produced by European construction material manufacturer Tarkett S.A., in the Japanese market through Lilycolor CO., LTD., an interior design and decorating wholesaler. • We succeeded in developing and establishing a mass production system for recycled nylon fishing nets combining Aquafil’s developing ECONYL® ingredient.
Food Company								
Ensure Stable Procurement and Supply	12	Pollution Prevention and Resource Recycling	Supply and use of environmentally friendly resources and materials	Fresh food field	Through the reduction of food loss, we will contribute to the promote the effective use of the resources and reduce the environmental impacts.	The company will brand and commercialize the out-of-spec Dole bananas discarded in Japan and Philippines as Mottainai bananas and distribute them in the market again.	• Reduction of waste at the production site (Philippines) • Reuse of discarded bananas (Japan)	• Reuse of discarded bananas (Philippines): 19,953MT in FYE 2024. • Reuse of discarded bananas (Japan): 910MT in FYE 2024.
Ensure Stable Procurement and Supply	12	Pollution Prevention and Resource Recycling	Reduction of food loss, promotion of recycling	Overall food-related businesses	We contribute to the realization of a circular economy by promoting food loss reduction throughout the entire supply chain in the food distribution sector.	Promoted measures to reduce food loss in the domestic wholesale business. The company has implemented improvement measures based on the policies of “no food loss,” “sell out products,” and “donate food products”.	In the domestic wholesale business, in addition to strengthening inventory management through the use of IT technology, the company contributes to the reduction of food loss by utilizing its domestic sales network and donating to food banks.	Newly added from FYE 2025.
ICT & Financial Business Company								
Ensure Stable Procurement and Supply	12	Pollution Prevention and Resource Recycling	Provide products/services that support the realization of a sustainable lifestyle.	Reuse / Recycling Business	Contribute to the development of a sustainable society by making most of limited resources through the distribution of used mobile phones and tablets in the Japanese market.	• Expand supply channels in order to realize a sustainable and stable procurement of resources. • Reinforce promotional activities in order to raise the awareness of secondhand mobile phones/tablets.	• Expand product variation and supply channels. • Expand distribution outlets.	• The number of models handled increased from 671 (FYE 2023) to 856 (FYE 2024). (27.6% increase over the previous year) • Procurement sources increased from 6 companies (Japan, Hong Kong, and US) in FYE 2023 to 12 companies (Japan, Hong Kong, and US) in FYE 2024. • Distribution channels remained strong due to sales through major e-commerce companies.

Prevention of Pollution and Resource Circulation

Structures and Systems

Governance

Our governance structure and systems to manage environmental and social risks, including pollution prevention and resource recycling, are as follows.

• Governance (P48)

Evaluation of Pollution Prevention and Resource Circulation in New Business Investment Projects

For business investment projects that ITOCHU undertakes, the impact of the project on society and environment is evaluated in advance using the ESG Checklist for Investments, a checklist that must be submitted when entering into new business investment projects. For example, it includes monitoring the status of pollution prevention and resource circulation. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

ITOCHU considers ensuring stable procurement and supply to be a material sustainability issue. We work to effectively utilize and to ensure stable procurement and supply of resources according to demand in each country with consideration for the environment (e.g., biodiversity). In doing this, we are aiming for a circulating society.

Assessment of Pollution Prevention and Resource Circulation at ITOCHU Group

We have been conducting annual on-site investigations for Group companies having relatively high environmental impacts since 2001 to strengthen our environmental risk management. Throughout the assessment, we engage with the senior management team to assess the company's status of exhaust and wastewater, chemical handling, and waste disposal.

Assessment of Efforts on Pollution Prevention and Resource Circulation in the Value Chain

Assessment of Sustainability Risk in Products We Handle

When handling a new product, ITOCHU conducts sustainability impact assessment on all our products to evaluate their environmental and social risks, compliance with environment-related laws and regulations, and stakeholder relations, using LCA analysis methods from the procurement of raw materials to the manufacturing, use, and disposal stages of the product. In cases significant risks of environmental pollution or resource depletion risks are found in the value chain, we formulate various regulations and procedure manuals for the applicable product being subject to priority management, and specific education programs.

Sustainability Surveys for Suppliers

To realize a sustainable procurement and understand the actual conditions of our suppliers, each company and applicable Group company selects important suppliers based on certain guidelines (e.g., high risk countries, products handled and monetary value handled). The sales representatives of those companies and representatives from overseas subsidiaries and operating companies then visit those suppliers to conduct interviews. They also conduct sustainability surveys in a questionnaire format to check our important suppliers' status of exhaust, wastewater, and waste treatment, and resource recycling efforts including energy and raw material conservation. Continuous improvement is made by requesting suppliers to make corrective actions when necessary.

Prevention of Pollution and Resource Circulation

Management of Chemical Substances

The chemicals handled in the Chemicals Division are those that have potentially serious impacts on human health and the natural environment and have become subject to various laws and regulations that aim to ensure appropriate handling across the supply chain – including during manufacturing, sales, transportation, and storage. Furthermore, the appropriate management of chemicals is crucial from a business perspective for our Chemicals Division as well, as violations and cases of non-compliance can impact the regulatory approvals we require on certain products.

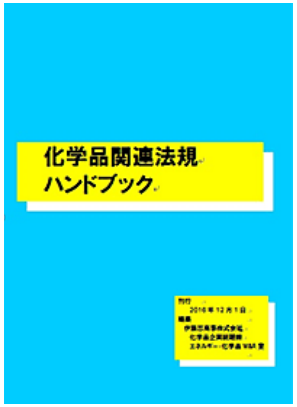
There is an international trend to minimize risks at every level of the entire supply chain of chemicals. Against this background, both advanced nations and developing nations have started to introduce new regulations and to make large-scale revisions to existing regulations. Consequently, the regulatory environment in the handling of chemicals is expected to become ever stricter in the future.

We recognize the importance of compliance with laws and ordinances in addition to knowledge of products and the industry as a company that handles chemicals. Our basic policy is that each individual should engage in business in accordance with the requirements of laws and ordinances upon correctly understanding the laws and regulations concerning the products that they are in charge of handling.

Compliance with Laws and Regulations in the Divisions Handling Chemical Substances

At ITOCHU, the Chemicals Division has cross-functional oversight of our management of chemical substances. This includes oversight of the sales departments that handle chemical substances, which sit within the Chemicals Division, as well as relevant subsidiaries that handle chemical substances. In addition, the Chemicals Division has oversight of any sales divisions and subsidiaries outside of their direct control if chemical substances are used.

We strive to comply with laws and regulations through a management method based on a combination of thorough inquiries to specialized external consulting organizations and the use of a centralized management system to track environmental legal compliance. The management system was developed internally in 2016 and allows us to confirm and record applicable laws and measures at the chemical substance level for each product. We also provide training and educational opportunities to relevant sales staffs, supplemented by e-learning materials and handbooks that summarize the main points of relevant laws.



Handbook on Chemical-related Regulations (cover page image)

The external consulting organization that we currently employ for chemical substance management is Techno Hill Co., Ltd. (Headquartered in Chuo-ku, Tokyo; Representative Director: Kazuyuki Suzuki). Techno Hill has comprehensive knowledge regarding the field of chemical substances and provides us with informed advice on management systems, applicable laws and regulations for each product, and general trends movements in the industry.

In order to maintain and improve the abilities of each person in charge at a high level, we distribute its own handbook on chemical-related regulations to all persons in charge. There are 32 laws and regulations covered in this handbook, each of which outlines important aspects of compliance requirements. The purpose of this handbook is to educate our employees, especially new recruits and sales personnel, on the laws and regulations specific to the chemical industry.

By taking these initiatives, in FYE 2024, there were no major violations caused (e.g., license suspensions).

Major violations
0

Management Structure for Emergency Response and Accident Response

ITOCHU responds as below in accordance with our accident and emergency response regulations.

If an accident occurs during the handling or storage of toxic or hazardous substances, we respond as follows in line with the Pharmaceutical Key Toxic and Hazardous Substance Risk Prevention Procedures Manual.

- We will make reports as necessary according to the emergency contact network in the above manual. In addition, we will take prompt action to limit the risks caused by toxic and hazardous substances.
- In the event of splashing, leaking, outflow, seepage or penetration underground, we will immediately notify the health care center, police station or fire department to that effect when there is a fear of a risk to the health of an unspecified or large number of people. At the same time, we will take measures to prevent risks to health.

Prevention of Pollution and Resource Circulation

Initiatives

Introduction of Individual Initiatives

1. Reduce

Initiatives to Introduce Environmentally-friendly Packaging in FamilyMart Stores

FamilyMart Co., Ltd., a subsidiary of ITOCHU, has set goals of increasing the ratio of environmentally-friendly containers and packaging* to 60% by 2030 and 100% by 2050, as part of its efforts to curb plastic use in FamilyMart Environmental Vision 2050.

By changing the specifications of containers and packaging, FamilyMart is working to reduce the amount of petroleum-based plastics used in the raw materials of containers and packaging and to promote the use of environmentally-friendly materials. We will continue to work toward achieving our 2030 and 2050 targets with the understanding and cooperation of our suppliers and consumers.

* Containers and packaging made from materials including plant-based biomass plastics and recycled PET

Major Initiatives in Environmentally-friendly Packaging

Details of Initiatives	Reduction in Use of Plastics
All salad containers are made of environmentally-friendly materials such as biomass plastic.	Reduction of about 900t per year
Containers of private brand natural water are gradually replaced with recycled PET plastic bottles made from 100% recycled PET resin.	Estimated reduction of about 260t per year
• For hand-rolled rice balls, all product packaging films have been replaced with biomass polypropylene (bio-PP) blend materials. • The sandwich packaging has been thinned and the shape of header has been changed from square to trapezoidal.	Reduction of about 19t per year
Some containers of pasta products contain bio-PP, which has obtained ISCC certification.	
Reducing the weight and changing the materials of chilled bento and sushi containers are expected to result in reduction.	Estimated reduction of about 421t per year
Thinning the pasta container which is not using bio-PP container and using bio-PP in some of the materials.	Estimated reduction of about 93t per year

Effort to Reduce Plastics at Convenience Stores

In accordance with the Act on Promotion of Resource Circulation for Plastics that went into effect in April 2022 in Japan, FamilyMart has set a goal of reducing the amount of petroleum-based plastics use by FYE 2031 by 50% from FYE 2020 level, and is working to reduce the amount of plastic spoons, straws, and other items distributed to customers who purchase boxed lunches, desserts, beverages, and other items.

Results of Major Initiatives to Reduce the Use of Certain Plastic Products

Start Year	Details of Initiatives	Reduction in Use of Plastics
2021～	• Design of the handle of the plastic spoon was changed. • Design of the handle of the plastic fork was changed.	• Reduction of about 12% per year • Estimated reduction of about 65t per year
2022～	• FamilyMart launched the “Convenience Wear Blue Green” project to sell products made with environmentally-friendly materials, such as washable and reusable cutlery sets, open-and-wash straws, and spoons and forks made with biodegradable biopolymers.	–
	• Discontinuation of providing plastics forks as a general rule. (If requested, chopsticks are offered as an alternative or forks can continue to be provided)	• Estimated reduction of about 250t per year
2024～	• Partial implementation of charging for spoons, forks, and straws in some stores.	• Estimated reduction of about 4t per year

Develop Environmentally-friendly Garbage Bags “nocoo”

Sanipak Company of Japan Ltd., a subsidiary of ITOCHU, has developed “nocoo” environmentally-friendly garbage bags that reduce CO_2 emissions. The use of natural lime stone as a raw material for nocoo reduces plastic use by approximately 20% and reduces CO_2 emissions during the manufacture and combustion of garbage bags by approximately 20% compared to 100% polyethylene garbage bags. In FYE 2024, sales of nocoo in the 47 prefectures of Japan totaled 5,622 tons, contributing to a reduction in plastic use of 1,293 tons and a reduction in CO_2 emissions (when incinerated) of 3,531 tons.

With nocoo, we will continue to address environmental issues that are familiar to everyone, such as reducing CO_2 emissions through regular garbage disposal.

“nocoo” Environmentally-Friendly Garbage Bags

• nocoo website (Japanese only)
(https://www.sanipak.jp/series/nocoo.html)

Prevention of Pollution and Resource Circulation

2. Reuse/Recycle

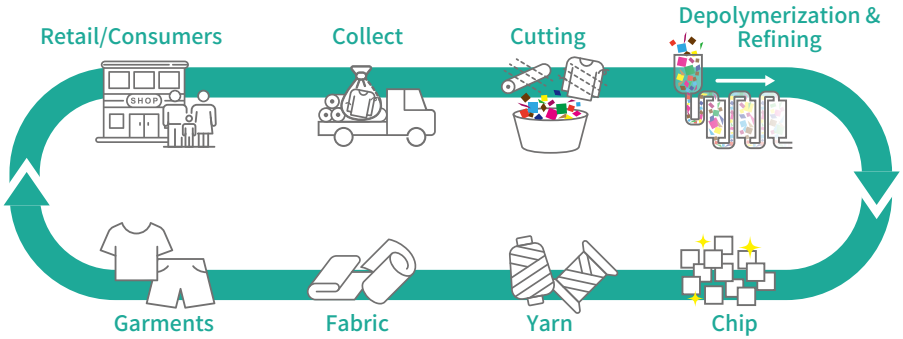
RENU® Project Aims to Realize Circular Economy

In the spring of 2019, we launched a project called the RENU® project ("RENU"), which aims to address the issue of excessive waste in the fashion industry and realize circular economy. As its first product, we are developing recycled polyester made from textiles such as waste leftover fabric and used clothing. We will contribute to realize circular economy by developing this project through the entire supply chain of the fashion industry from raw materials to consumers.

- RENU® project website (https://renu-project.com/en/

"RENU", Recycled Polyester Made from Textiles Waste

■ **RENU Aims for a Closed Loop Economy**



The environmental impact of handling recycled polyester at RENU project is as follows.

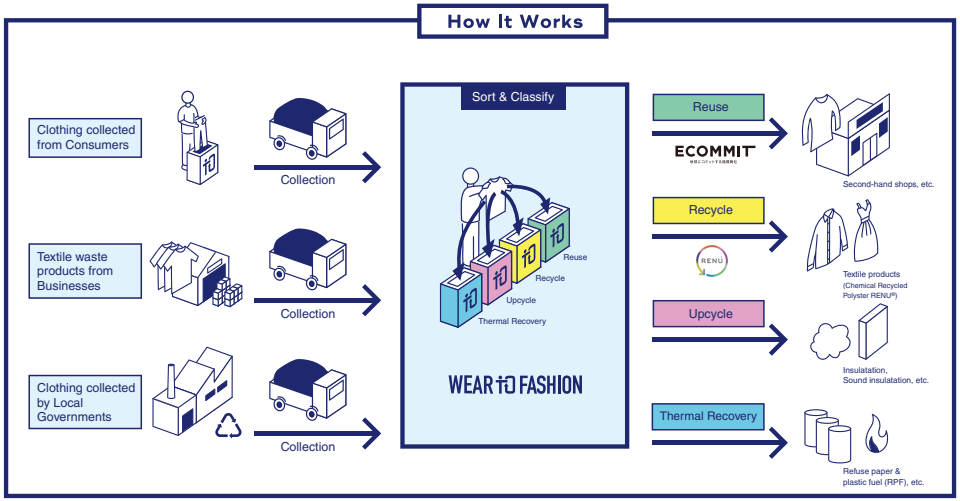
	FYE 2021	FYE 2022	FYE 2023*	FYE 2024*
Feedstock equivalent to T-shirt	3.5 million pieces of T-shirts	6.0 million pieces of T-shirts	6.3 million pieces of T-shirts	6.5 million pieces of T-shirt
Reduced CO_2	521 tons	893 tons	1,931 tons	2,010 tons
Reduced Water	875 kiloliters	1,500 kiloliters	6,500 kiloliters	6,760 kiloliters

* Adopted LCA (FYE 2022 version)

Expansion of the Textile Collection Service for a Circular Economy

ITOCHU and ECOMMIT Co., Ltd., which develops resource circulation businesses through reusing and recycling, have signed an agreement to expand the textile collection service "Wear to Fashion" in the Japanese market. Starting spring 2022, the service will gradually be offered to all companies and local governments in Japan. As of March 2024, we are collecting textiles from about 3,000 locations. We plan to collect approximately 6,000 tons of textiles in FYE 2025.

With this new initiative as a part of the RENU Project aimed at solving a problem in the textile and fashion industries, textile products coming out of various sites will be collected and sorted through combining ITOCHU's network in the textile and fashion industries and ECOMMIT's system from collection to resource circulation. Reusable products will be reused utilizing ECOMMIT's knowledge, and recyclable polyester products will be made into RENU. In doing so, the amount of discarded textile products will be reduced as much as possible and aims to realize a circular economy.

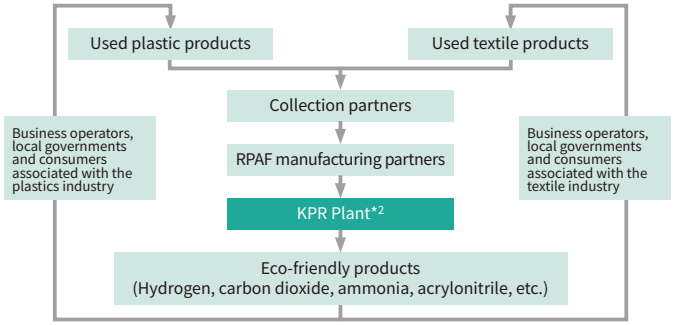


Prevention of Pollution and Resource Circulation

ARChemia Project, a Recycling Project for Used Plastics and Textiles

In March 2023, ITOCHU signed a memorandum of understanding with Resonac Corporation regarding a joint study aimed at promoting a used plastic and textile recycling business. Based on this memorandum, we launched the ARChemia Project and began a collaboration to supply Resonac with recycled solid raw materials containing a mix of used plastics and textiles known as RPAF*1 and turn it into chemical products such as low-carbon ammonia with high environmental added value. We aim to increase the supply of RPAF to 10,000 tons in FYE 2028. Through the ARChemia Project, a joint project between chemicals and textiles, we will solve the social issue of waste and contribute to the development of circulating society.

■ **ARChemia Project Outline**



The project aims to form a resource environmental platform based around the KPR Plant.

*1 RPAF: Refuse derived Plastics paper and Apparel densified Feedstock
A solid raw material for gasification-based chemical recycling adjusted for calorie generation, made mainly from used plastics, used paper and used textiles.
*2 KPR Plant: Kawasaki Plastic Recycling Plant of Resonac

The Recovery of Nylon Waste to ECONYL® Nylon Products

ITOCHU and Aquafil S.p.A. have concluded capital and business alliance to promote and expand the businesses of circular nylon production.

Nylon is used for textiles and plastic materials made through petrochemistry in a range of fields such as fashion, carpeting, fishing nets, food packaging, and automobiles. However, many products use nylon blended with other materials in a compound form, making it a difficult material to be recycled.

Fishing Nets Used as Raw Material for ECONYL

In 2011 Aquafil created its ECONYL® Regeneration System that turns recovered nylon waste such as fishing nets, carpets and post-industrial waste back to caprolactam (CPL), a crude raw material. Through its proprietary chemical recycling technology, Aquafil eliminates impurities completely, to achieve regenerated nylon product having the same features of the virgin quality materials. ECONYL® nylon is made completely from waste, which enables up to 90% CO_2 reduction compared to conventional nylon made from petroleum.

Recycled Zippers and Recycled Buttons

ITOCHU will leverage on its Group's diverse network and expand sales for applications in fashion, carpeting, automobiles, and packaging materials. In February 2022, YKK Corporation, which is a global leader in the manufacturing and sale of zippers, Aquafil and we are jointly developing environmentally-friendly recycled zippers and recycled buttons.

Moreover, we plan to enforce Aquafil's nylon recovery scheme using its existing sales chain and will also implement the Partnership from the perspective of the stable supply of raw materials to Aquafil. Through its collaboration from the recovery of waste to the sale of Aquafil's products, we aim to expand the businesses of nylon circularity.

Development of Environmentally-friendly Flooring and Launch of Flooring Material Recycling Business

ITOCHU has launched the recycling business for flooring material together with the launch of DESSO, an eco-friendly flooring material produced by European construction material manufacturer Tarkett S.A., in the Japanese market in cooperation with Lilycolor CO., LTD., an interior design and decorating wholesaler.

Its new DESSO is an environmentally-friendly product based on recycling that enables the fiber surface part of the flooring material to be separated from the base material of the floor, making it possible to recycle the components.

This project aims not only to sell DESSO but also to contribute to the expansion of flooring material recycling through this collection and recycling scheme.

Office Image Utilizing "DESSO", Eco-friendly Flooring Material

Prevention of Pollution and Resource Circulation

The License Business of Polyester Chemical Recycling Technology

ITOCHU, Teijin Limited, and JGC Holdings Corporation have established a joint venture company, RePEaT Co., Ltd., to license technology for the chemical recycling of polyester products in January, 2023.

In response to urgent needs to counter global warming, the fiber and textile industry is working on measures, including the establishment of ecosystems for resource recycling, to address issues such as CO_2 emissions from manufacturing processes and the mass disposal of used clothing. Currently, disposed textile products are used as a heat source (thermal recovery) or as raw materials for the production of other products (material recycling). Chemical recycling, however, is a revolutionary method of chemical decomposition for textile recycling that turns used textile products into new textile raw materials.

RePEaT will license recycling technology by taking advantage of Teijin's proprietary chemical recycling technology, the expertise of JGC derived from its global engineering business, and ITOCHU's extensive network of textile industry players. Customers in Japan and other countries are expected to launch the cost-effective chemical-recycling business for the production of polyester materials.

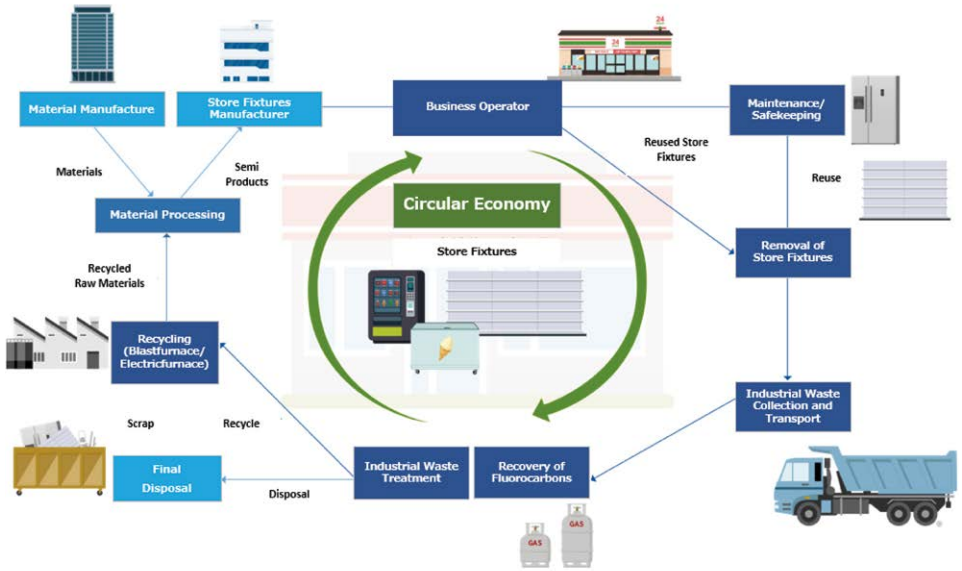
In addition, RePEaT will provide consulting services to help customers establish ecosystems that collect used polyester fiber products for reuse as raw materials, thereby contributing to a more sustainable world through recycling.

Providing One-Stop Waste Management Services

Franchise companies with nationwide operations have traditionally disposed of waste on a small and decentralized scale on a store or area of franchise system basis, resulting in issues such as inefficiencies in labor and costs for each business and the risk of legal violations.

ITOCHU Metals Corporation (IMC) has established a recycling network centered on the ITOCHU Tetsugenkai, which consists of more than 100 excellent recycling companies nationwide, and provides a centralized management service, including IMC's own electronic manifest system, until waste is disposed of and recycled. This system helps to significantly reduce the risk of legal violations and disposal costs for waste generators, as well as improving recycling rates.

IMC currently provides a variety of services to support the initiatives of companies in various industries, including convenience stores, store fixture manufacturers, and beverage manufacturers, by offering a cross-industry recycling platform. In addition, IMC realizes the 3Rs by reusing waste materials that can be reused from the waste materials IMC is entrusted to manage at its maintenance sites, thereby contributing greatly to the formation of a circulating society.



Prevention of Pollution and Resource Circulation

Leading UK for Collecting and Recycling Casing Tyres

Murffits Group Ltd, a company under ITOCHU subsidiary European Tyre Enterprise Limited, collects and processes casing tyres in the UK each year. Using the recovered material, it manufactures a range of recycled products such as rubber crumb products for sports surfaces, pathways, children's playgrounds, carpet underlay, modified asphalt and many other industrial applications. Its products are exported to markets across the globe.

Murfitts also has been developing and commercializing a proprietary pyrolysis technology, which decompose the tyre feedstock at high temperatures in a vacuum in order to recover various high-value materials such as carbon black and recycled fuel oil. This technology will help promote sustainability initiatives in the tyre industry by replacing one of major raw materials of tyres, carbon black, with a recycled product.

PRO-gran Crumb Rubber Made by Casing Tyres

The Cooperative Development of Material Recycling Technology for Multi-layer Film Packaging

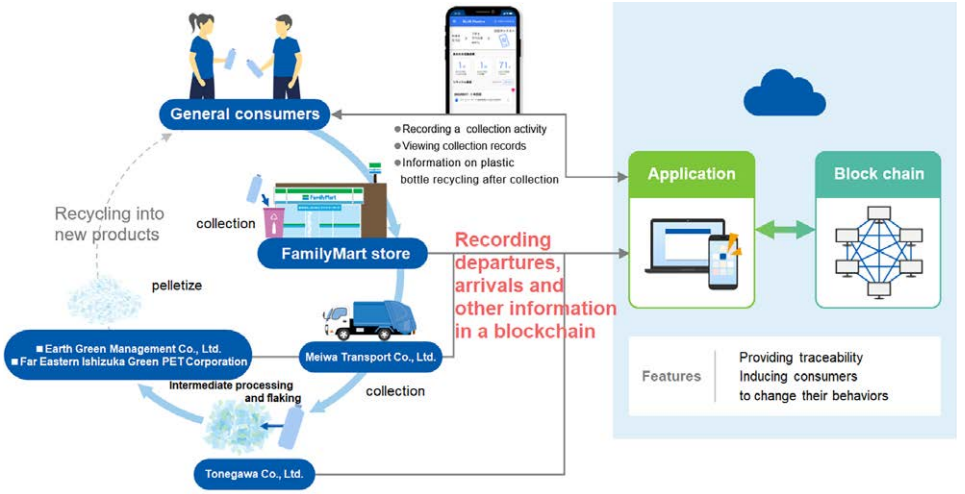
ITOCHU has entered into an agreement for cooperative development of material recycling technology for multi-layer film packaging with artience Co., Ltd. (former Toyo Ink SC Holdings Co., Ltd.)

In 2019, artience developed a technology to separate the ink, adhesive, etc. that make up the multi-layer film or packaging in cooperation with the world's largest environmental solutions company. A demonstration pilot plant started operation at the end of 2022, and, moving forward with LCA (Life Cycle Assessment) appraisals, cost simulations, and other verifications. artience plans to start a post-industrial recycling business in 2023, and aim to start the business under commercially conditions as soon as possible. In addition to acquiring exclusive marketing rights in Japan and first refusal rights in Asia and Europe related to major product materials related to this technology, we will widely provide environmental solutions to food and consumer products company, retailers, brand owners, and more through requests to build structures for material recycling using this technology and to design recyclable, environmentally-friendly packaging.

Through this initiative, both companies will make currently un-recyclable multi-layer film packaging into a recyclable product, aiming for a more than 40% material recycling rate in Japan and abroad.

Verification of the Value of Traceability in the Recycling of Plastic Bottles

ITOCHU Corporation, ITOCHU Plastics Inc., FamilyMart Co., Ltd. and Asahi Kasei Corporation are conducting a demonstration trial (hereinafter "the Trial") on recycling of plastic beverage bottles with the use of a prototyped traceability system at real FamilyMart store under the BLUE Plastics project in September 2022. BLUE in the project's name is an acronym for Blockchain Loop to Unlock the value of the circular economy. In June 2023, Coca-Cola Bottlers Japan Co., Ltd. joined the project and the Trial was expanded and re-implemented.



Prevention of Pollution and Resource Circulation

The results of the Trial in September 2022 indicated that the use of a smartphone app increased the volume of PET bottles collected at the relevant stores by more than double the normal amount, and also greatly improved the quality (bottle cleaning, label removal, etc.). As Coca-Cola Bottlers Japan participates in the Trial, it is possible to trace the whole process of recycling from the collection of used bottles to the making of new bottles, compared to the previous Trial which only traced up to the recycling companies. Also, the recycling app has been updated to allow consumers to feel a sense of participation in the recycling results, in order to further enhance the quality and quantity of the deposited plastic bottles.

Through a series of activities including the Trial, we will verify the value of traceability ensured by the digital platform and push further ahead plastic resources recirculation.

3. Renewable

Number One Trader in the World for the Cement Substitute of Blast Furnace Slag

Structure Made with Blast Furnace Slag

Blast furnace slag is a by-product of the steelmaking process. As its property is similar to a cement, a blast furnace slag can substitute a cement. The benefits of using a blast furnace slag are, firstly, that it helps us save natural resources (e.g., limestone – the raw material of cement) and, secondly, that it enables us to cut CO_2 emission coming from cement manufacturing process. About 840kg of CO_2 is reduced when a ton of cement is produced with using blast furnace slag.

We have been selling blast furnace slags from Japan and other countries to all over the world for over 20 years and volume-wise, we are the No.1 independent blast furnace slag trader. As there is more call for carbon neutrality globally, a blast furnace slag will be needed even further. Our mission is to develop and keep a stable supply chain of blast furnace slag to end users and be a part of the global decarbonization efforts.

Collaboration to Introduce Renewable Biomass Polypropylene in the Japanese Market

Japan has formulated a basic strategy to introduce approximately two million tons of biomass-based plastic products by 2030 as a countermeasure against ocean plastic waste and climate change.

ITOCHU has reached an agreement with Borealis AG (Borealis) and Borealis and Borouge Pte Ltd. to introduce biomass polypropylene (bio-PP) derived from renewable resources and develop its business in the Japanese market. Borealis, one of the world's leading manufacturers of plastic resins, began commercial production of bio-PP in March 2020 and has been expanding sales to Europe and the rest of the world. We target to commercially launch food containers and packaging materials made of bio-PP. FamilyMart initially in Japan began replacing some of its pasta containers made with bio-PP. We are also working to develop products in a diverse range of fields, including sanitary products, household goods, cosmetics containers, office supplies, home appliances, and automobile parts.

ITOCHU has obtained ISCC PLUS certification for the domestic sales of Borealis bio-PP manufactured by the mass balance method. This certification proves sustainable raw material procurement in a way that can be traced through the supply chain, and the portion of biomass raw material contributes to GHG emissions reduction.

Prevention of Pollution and Resource Circulation

Collaboration with Outside Initiatives

Compliance with the Containers and Packaging Recycling Law

ITOCHU understands our own manufacturing and import volume of containers and packaging every year to recycle containers and packaging. We then pay a recycling fee to the Japan Containers and Packaging Recycling Association. The aim of this is to contribute to promoting the formation of a circulating society as a specified business operator prescribed by the Containers and Packaging Recycling Law.

■ **The Recycling Fee We Pay Every Year**

(Unit: Yen)

Fiscal Year		FYE 2018			FYE 2019			FYE 2020			FYE 2021			FYE 2022			
Recycling Fee / Contribution Fee		Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Weight (t)
Glass Bottles	Colorless	704,782	9,344	714,126	750,030	0	750,030	813,659	0	813,659	925,650	0	925,650	1,145,967	0	1,145,967	236.752
	Brown	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
	Other Colors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
PET Bottles		—	—	—	—	—	—	—	—	—	—	—	—	630	0	630	0.084
Paper Containers and Packaging		29,327	102	29,429	9,045	27	9,072	15,288	4	15,292	10,168	0	10,168	15,453	0	15,453	1.385
Plastic Containers and Packaging		1,057,941	0	1,057,941	1,197,091	0	1,197,091	1,463,900	4,537	1,468,437	2,432,519	0	2,432,519	2,739,244	0	2,739,244	52.383
Total		1,792,050	9,446	1,801,496	1,956,166	27	1,956,193	2,292,847	4,541	2,297,388	3,368,337	0	3,368,337	3,901,294	0	3,901,294	290.604

Food Recycling

ITOCHU makes regular reports on the amount of food we discard and the amount we recycle in Japan to comply with the Food Recycling Law. We are striving to suppress the generation of waste and to promote recycling (e.g., conversion into feed) in line with the reference rate (recycling rate target).

■ **Food Recycling Rate**

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Quantity recycled	Amount of food waste generated (Unit: t)	992.8	1,125.8	955.9	939.4	1,944.3
	Amount of recycling (Unit: t)	744.4	775.5	762.0	854.6	1,747.6
	Amount of disposal (Unit: t)	248.4	350.3	193.9	84.8	196.7
Target (recycling rate target by individual food related operator)	Reference rate	78.8%	79.8%	80.8%	80.8%	80.8%
Percentage recycled	Recycle rate*1	75.1%	68.9%	81.9%	91.0%	89.9%

*1 Recycle rate is calculated as in below formula defined by the Ministry of Agriculture, Forestry and Fisheries.
(Amount of suppressed waste (vs FYE 2008) + Amount of recycling + Amount of heat recovery × 0.95 + Amount of weight reduction) / (Amount of suppressed waste (vs FYE 2008) + Amount of waste food generated)
* FYE 2025 recycling rate target: 80.8%

Initiative Participation (Activities Through Business and Industry Groups)

ITOCHU is participating in the Global Environment Subcommittee of the Committee on Environment and Safety – an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks including water management). We are also participating in the Environment Working Group of the Japan Foreign Trade Council. We are striving to build a decarbonized society, construct a circulating society, and to support environmental related laws and regulations. The goals set by the Environment Working Group are as follows.

Reduction Target for FYE 2026 in Domestic Business Activities (Trading Company Industry)

- Disposal Amount: Reduce 82% compared to FYE 2001
- Generation Amount: Reduce 62% compared to FYE 2001
- Recycling Rate: 83% or more

Water Resources Conservation

Policy and Basic Concept

ITOCHU is aware that the sustainability of water resources is indispensable for business continuity in the various businesses we are developing around the world, including those in water stressed regions. Item 5. “Conservation and Effective Use of Water Resources” of our Environmental Policy states that “We shall reduce water consumption through efficient water use and recycling, as well as take necessary measures to appropriately treat effluents.” To ensure the sustainable use of water, we are committed to raising awareness of water sustainability in our corporate culture and integrating the concern into our business decision making process. In existing businesses, we will conduct a comprehensive assessment of water consumption to improve our water efficiency and reduce water consumption.

Given these global circumstances, ITOCHU Corporation has identified its water-related business as a material area. As such, we are committed to enhancing our global capability regarding our seawater desalination business and our water supply and sewerage concession businesses, which we have been engaging in since 2014. We believe that these initiatives will allow us to contribute to solving water stress and shortage issues around the world.

Targets and Action Plan

ITOCHU sets numerical targets for the reduction of water consumption.

ITOCHU develops water and hygiene infrastructure, and appropriately treats and effectively utilizes water and waste. Through this, our water resource related business contributes to improving the hygiene environment, developing economic activities and conserving the global environment. We are promoting the appropriate use and treatment of water, and the effective utilization of resources through expansion of our water and environmental business. In this way, we are working to reduce our environmental impact.

In Tokyo Headquarters building, we are implementing resource saving measures to recycle water through the creation of reclaimed water. This allows us to improve our water consumption efficiency in the office. The targets and indicators we track to manage our performance are noted in the table on the right.

Qualitative Targets

Item	Boundary	Target	FYE 2024 Results and Evaluation
Risk Assessment for Investment and Financing Projects	ITOCHU Corporation	Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks.	Properly implemented
On-Site Investigation for Group Companies	ITOCHU Corporation	Select Group companies involved in businesses where water use is a material risk and conduct on-site investigation on the status of water management.	Held conference with Group companies in areas where water resources are particularly important.
Compliance with Laws and Regulations	ITOCHU Group	Continued awareness and response to domestic and foreign laws and regulations related to water resources (water withdrawal / discharge)	There were no serious legal violations related to water withdrawal and discharge.
Implementation of Water Management Plans	ITOCHU Group	Establish a water management plan to control the amount of water withdrawal, wastewater discharge, the amount of water recycled, and the water quality and temperature at the time of drainage, as well as to make effective use of water resources and reduce environmental impact.	Of the 608 operating companies of the ITOCHU Group, 104 companies, or 17%, have formulated water management plans.
Sustainability Surveys	Value Chains	Conduct sustainability surveys in a questionnaire format to check our important suppliers’ status of water withdrawal, water conservation, and drainage initiatives. Do further investigation for suppliers responding with concerns.	Based on results of the questionnaire, we conducted further investigation for 5 cases. Requests for corrective actions due to concerns were 0 case.

Targets in Water Stressed Regions (P80)

Item		Boundary	Target	FYE 2024 Results and Evaluation
Initiatives in Water Stressed Regions	**Risk Assessment for Investment and Financing Projects**	ITOCHU Corporation	Conduct a preliminary risk assessment using the ESG Checklist for Investments, which incorporates a dedicated section to water risks. Conduct preliminary risk assessments on water resources for projects and investments in water stressed regions where water resources are critical to operations, such as beverages, agriculture and mining.	Properly implemented
	On Site Investigation for Group Companies	ITOCHU Group	Select Group companies operating in water stressed regions and conduct on-site investigation on the status of water management.	Held conference with Group companies in areas where water resources are particularly important.

Quantitative Targets

Category		Boundary	Annual Target	FYE 2024 Results	Target	
					Period	Contents
ITOCHU Corporation	Water Withdrawal (Clean Water)	Tokyo Headquarters	Total Volume Reduction Target 1%/Year	14.8% Reduction Compared to FYE 2019	March 2025	6% Reduction Compared to FYE 2019
Water Stressed Regions*	Water Withdrawal (Clean Water)	Water Stressed Regions	Reduction Target 1.5%/Year	16.2% Increase Compared to FYE 2020	March 2025	9% Reduction Compared to FYE 2020

* Quantitative targets for water stressed regions cover operations located in areas where the WRI Aqueduct Baseline Water Stress map identifies as “Extremely High Risk”.

Action Plan

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Machinery Company								
Address Climate Change (Contribute to a Decarbonized Society)		● Water Resources ● Pollution Prevention and Resource Recycling	Improving water and sanitation infrastructures	Water and environmental projects	We will contribute to improve the sanitary conditions, the development of economic activities, and the protection of the global environment through the appropriate treatment and effective use of water and waste.	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the burden on the environment.	Expand the investment portfolio in the water and environment field which contribute to social demands for the environment and the promotion of a circular economy.	**Water Field** ● We are promoting seawater desalination business in Australia and Oman.

Water Resources Conservation

Structures and Systems

Governance

Our governance structure and systems for managing environmental and social risks related to water resources conservation are as follows.

• Governance (P48)

Evaluation of Water Resource Conservation in New Business Investment Projects

For business investment projects that ITOCHU undertakes, the impact of the project on society and environment is evaluated in advance using the ESG Checklist for Investments, a checklist that must be submitted when entering into new business investment projects. For example, it includes assessing the amount of water used and discharged, and checking the level of water stress at business sites. For projects that require expert knowledge, we make request to external expert to conduct investigations (environmental due diligence, etc.) in advance. The project is then only undertaken upon confirming that there are no problems in the results of those investigations.

Assessment of Water Resource Conservation at ITOCHU Group

We consider ensuring stable procurement and supply to be a material sustainability issue. We are committed to improving the efficiency of our water consumption and taking necessary measures depending on the abundance of water supply in certain regions. By committing to giving these due considerations, we aim to contribute to the global water crisis.

Monitoring Changes in Water Withdrawal and Wastewater Discharge over Time

ITOCHU collects water withdrawal and wastewater discharge data from all of our consolidated subsidiaries (approximately 600) in its annual collection of environmental data and monitors changes over time. We have established a system for Group companies to report causes of differences from the previous fiscal year to encourage appropriate water use.

Understanding Water Risks at Manufacturing Bases

ITOCHU uses the WRI Aqueduct tool developed by the World Resources Institute (WRI) to identify areas with high water stress levels at manufacturing bases affiliated with our Group. With this, we have quantified the water stress levels at all our manufacturing bases in Japan and overseas and have identified areas with a high level of water stress. We take necessary measures based on changes in water availability, water usage, and the risk of stricter regulations, etc.

■ **Distribution of Water Risk at Our Group's Sites as of March 2024**

Overall Water Risk	Number of Sites
Low risk (<10%)	78
Low to medium risk (10-20%)	127
Medium to high risk (20-40%)	90
High risk (40-80%)	8
Extremely high risk (>80%)	7
Total	310

On-site Investigations at Our Group Companies

We have been conducting annual on-site investigations for Group companies having relatively high environmental impacts since 2001 to strengthen our environmental risk management. Throughout the assessment, we engage with the senior management team to assess the company's water efficiency performance (water withdrawal and discharge) at facilities such as factories and warehouses as well as the company's compliance with environmental laws and regulations.

Assessment of Water Risks in the Value Chain

Assessment of Sustainability Risk in Products We Handle

When handling a new product, ITOCHU conducts sustainability impact assessment on all our products to evaluate their environmental and social risks, compliance with environment-related laws and regulations, and stakeholder relations, using LCA analysis methods from the procurement of raw materials to the manufacturing, use, and disposal stages of the product. In cases significant water-related risks are found in the value chain, we formulate various regulations and procedure manuals for the applicable product being subject to priority management, and specific education programs.

Sustainability Surveys for Suppliers

To realize a sustainable procurement and understand the actual conditions of our suppliers, each company and applicable Group company selects important suppliers based on certain guidelines (e.g., high risk countries, products handled and monetary value handled). The sales representatives of those companies and representatives from overseas subsidiaries and operating companies then visit those suppliers to conduct interviews. They also conduct sustainability surveys in a questionnaire format to check our important suppliers' status of water withdrawal, water conservation, and drainage initiatives. Continuous improvement is made by requesting suppliers to make corrective actions when necessary.

Water Resources Conservation

Initiatives for Effective Use of Water Resources

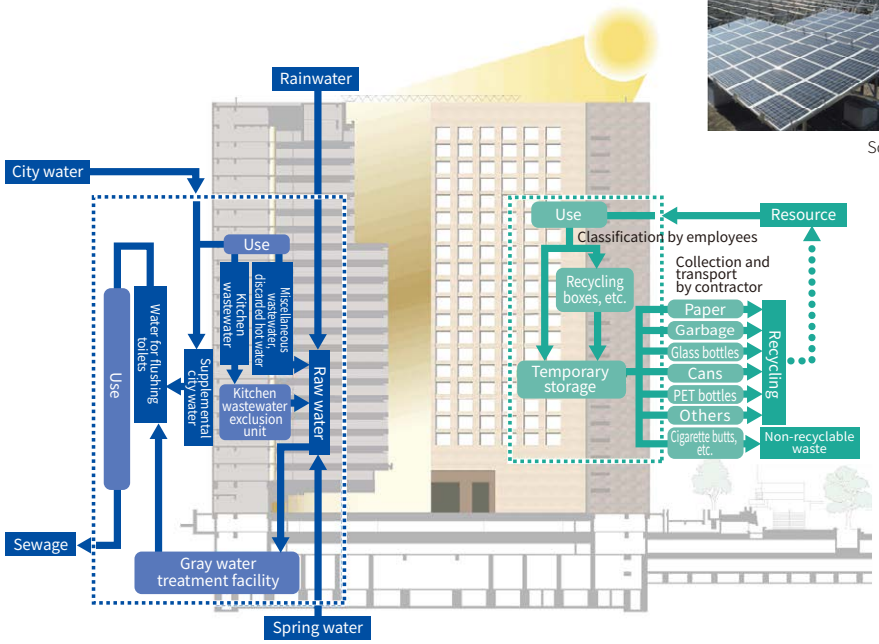
Business Activity

Water Management Plan and Effective Use of Water Resources at the Tokyo Headquarters Building

In order to make effective use of water resources, the Tokyo Headquarters building adopted a water management plan in the design stage of the building, and since its completion in 1980, the building has installed and maintained a reclaimed water manufacturing facility that uses kitchen waste water, rainwater, spring water, and wash basin as well as miscellaneous waste water from kitchenettes and other sources as raw water for flushing toilets.

We strives to make effective use of water resources by implementing water-saving measures to control the amount of clean water used. For example, since the amount of water available varies every year depending on the amount of rainfall, tap water usage tends to increase when rainfall is low. For this reason, continuous improvements are being made to conserve tap water by installing new washbasin, washbasin shower water savers and automatic toilet flushing water savers.

Solar panels



Effective Use of Water Resources by ITOCHU Group

ITOCHU recognizes that conservation of water resources is a global issue along with climate change and other issues. As one of the important issues of the Group's environmental policy, we make efforts to reduce water consumption through efficient water use and recycling, as well as take necessary measure to appropriately treat effluents in our domestic and overseas businesses. For example, ITOCHU's Group company PRIMA MEAT PACKERS, LTD. and its group companies has listed "Reduction of factory water consumption (well water and supplied water)" as one of the priority issues for its ISO14001 certified sites and is carrying out reduction activities and progress management in order to reduce food production water intensity (water consumption (m^3) / ton of food produced). Actual values are 15.3 m^3/ton in FYE 2021, 14.8 m^3/ton in FYE 2022, and 14.8 m^3/ton in FYE 2023.

- ESG Data Book 2021 (https://www.primaham.co.jp/ir/library/attaches/pdf/prima_esgdatabook2021_b.pdf)
- Key environmental objectives and performance (FYE 2022) (https://www.primaham.co.jp/sustainability/assets/images/pdf/omonakankyoumokuhyoutojisseki.pdf)
- Key environmental objectives and performance (FYE 2023) (https://www.primaham.co.jp/sustainability/assets/images/pdf/kankyomokuhyo_data2023.pdf)

Water Related Business

ITOCHU considers our water related business to be a priority field. We are deploying seawater desalination business and water utility on a global basis. This is to contribute to solving water problems around the world.

■ List of Water-related Businesses

Business	Content of Initiatives
Seawater desalination business	We have invested in the seawater desalination project in Victoria, Australia. This is the project that has been providing the reliable water supply for Melbourne since 2012, and this plant is capable to meet approximately 30% of the water demand of Melbourne, Victoria.
	We have invested as the largest shareholder in the seawater desalination project in Barka, Northern Oman, with a daily production volume at 281,000 m^3 in collaboration with the Oman Power and Water Procurement Company (OPWP), a state-owned company of the Sultanate of Oman.
Seawater desalination plant, and osmosis membrane manufacturing and sales	We started delivering multiple seawater desalination plants to Saudi Arabia in the 1970s. We established a joint venture company called the Arabian Japanese Membrane Company, LLC with ACWA Holding of Saudi Arabia and Toyobo in August 2010. This company manufactures and sells reverse osmosis membrane elements for seawater desalination.

Water Resources Conservation

Examples of Initiatives

Stable Supply of Drinking Water Connecting to Life
Largest Seawater Desalination Project in Oman

The water demand in Oman is expected to grow at approximate annual rate of 6% in coming years. The shortage of drinking water has been recognized as an issue to be resolved in the context of population increase as well as urbanization. The Barka Desalination Company in which we have a stake of as its largest shareholder entered into a seawater desalination agreement for a daily production volume of 281,000 m^3 in Barka in the northern part of Oman for the stable supply of water in that country in March 2016. This project is a Public-Private Partnership with the Oman government to provide domestic water to the Barka region, which is a severely water-stressed region. We have constructed reverse osmosis membrane (RO membrane) seawater desalination plant and surrounding facilities. These will be operated for 20 years. The plant started commercial operation in June 2018. This is the largest seawater desalination project in Oman with total project cost of approximately 300 million dollars. Besides, we realized listing on the Muscat Stock Exchange in February 2022.


Aerial View of Oman Seawater Desalination Plant

The water demand is arising because of the worldwide population growth, economic development and global warming. In response to this, we consider the water business to be a priority field. Accordingly, we are proactively expanding our activities into seawater desalination, water supply and drainage businesses. We will continue to promote business that contributes to the effective utilization of water resources in regions around the world in the future.

Environmental Costs Related to Water

Among the environmental conservation costs (FYE 2024) disclosed in the environmental accounting (P113), associated with water are as follows:

Cost for water pollution prevention, wastewater treatment cost, grey water production cost, monitoring measurement cost and management cost	10,275 thousand yen
Research and development expenses for water risk aversion (donation to Division of Climate System Research, Atmosphere and Ocean Research Institute, the University of Tokyo)	500 thousand yen

Collaboration with Outside Initiatives

Japan Business Federation (KEIDANREN) Working Group on Global Environment Strategy under the Committee on Environment

We are participating in the Working Group on Global Environment Strategy under the Committee on Environment, an environment and energy related committee of the Japan Business Federation (Keidanren). We are working to realize an environmental policy compatible with the economy (e.g., through promotion of voluntary action plans, and measures for global warming, waste and recycling and environmental risks including water management).

The Environment Working Group of the Japan Foreign Trade Council

We are participating in the Environment Working Group of the Japan Foreign Trade Council. We are striving to build a decarbonized society, construct a circulating society, and to support environmental related laws and regulations with other trading companies.

Participation in the CDP (Water Security)

Participation in Initiatives (P40)

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Policy and Basic Approach on Natural Capital and Biodiversity

ITOCHU invests in businesses and trades globally from raw materials and other areas of the upstream processes to the downstream processes. We depend heavily on renewable and non-renewable natural capital which benefits people such as plants, animals, the air, water, land and minerals. Our businesses may also have a negative impact on that natural capital.

We see addressing global environmental issues, including natural capital and biodiversity, as a top management priority. Accordingly, we have established the following Biodiversity Policy to promote conservation of biodiversity as indicated in the ITOCHU Group Environmental Policy to realize the ITOCHU mission of "*Sampo-yoshi*" (good for the seller, good for the buyer and good for society). Based on the Biodiversity Policy, we will continue to contribute to the realization of a sustainable society. We are also engaged in initiatives in business-related areas as part of our social contribution activities in communities.

Biodiversity Policy

1. Biodiversity-friendly Environmental Management

We recognize that our business activities depend on the blessings of biodiversity and that they may affect the ecosystem. Accordingly, we shall promote environmental management that incorporates a wide range of environmental activities (such as interrelated climate change measures, resource circulation measures and biodiversity conservation) into our business activities to build a society in which we coexist with nature.

2. Understanding and Reducing the Impact of the Relationship between Business and Biodiversity

We are aiming for a net positive impact on biodiversity by understanding the relationship between our business activities not only in our group companies but across our entire group and biodiversity from a global perspective. We shall strive to avoid and minimize the impact our business activities have on biodiversity. At the same time, we shall promote the restoration of the ecosystem.

We have established a procurement policy to protect natural forests and forest resources concerning forest commodities (such as timber, natural rubber and palm oil). We shall promote information gathering to confirm there is zero deforestation due to production from protected areas designated by law.

3. Compliance with International Treaties and the National Laws of Each Country

We shall promote the conservation of biodiversity by complying with international treaties on biodiversity (e.g., the Convention on Biological Diversity) and the relevant national laws of each country.

We shall promote social contribution activities to protect endangered species in the areas in which we conduct business activities. This is in addition to not participating in transactions relating to endangered species designated by the Washington Convention (CITES)* with our business activities.

4. Enhancement of Partnerships and Conservation of Local Ecosystems

We shall look to share awareness of biodiversity by cooperating with industry groups, supply chains, NGOs and international organizations. We shall then make our biodiversity conservation efforts more effective.

We shall take into account conservation of biodiversity in the areas in which we conduct business activities. At the same time, we shall promote conservation of biodiversity from the perspective of creating communities that utilize natural resources to contribute to the realization of affluent and safe lives in local communities. We shall do this together with stakeholders such as local residents and NGOs in addition to governmental bodies.

5. Enhancement of Information Sharing and Dissemination

We shall promote understanding of biodiversity to local residents of the areas in which we conduct business activities in addition to our employees through awareness activities.

We shall contribute to raising awareness of biodiversity over the whole of society by continuously disclosing the details, targets and achievement status of our efforts.

* CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora

Fumihiko Kobayashi
Member of the Board
Executive Vice President
Chief Administrative Officer

Established in April 2022

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Governance

Governance for Nature-related Issues

ITOCHU acknowledges addressing sustainability issues, including natural capital and biodiversity, as one of our key management issues. Therefore, our Board of Directors deliberates and makes decisions on important matters such as policies to address nature-related risks and opportunities, and annual budgets and business plans which take into account risks and opportunities.

We have given the Sustainability Committee the overall management responsibility for planning and implementing various measures to address sustainability-related matters including natural capital and biodiversity. Our Chief Administrative Officer (CAO) is a Director with responsibility for nature-related issues. Together with this, the CAO is a member of the Headquarters Management Committee (HMC) at the executive level. The CAO also serves as the Chair of the Sustainability Committee. The CAO reports the matters deliberated and decided on by the Sustainability Committee together with the situation of the main activities to promote sustainability to the Board of Directors about twice a year. The Board of Directors considers the matters deliberated and decided on by the Sustainability Committee according to those reports. Through these procedures, the Board of Directors appropriately oversees the promotion of business and investment strategies to address environmental and social risks and opportunities. This includes reviewing those strategies and making asset replacement decisions. Moreover, the managers in each company and Headquarters' administrative division who also serve as ESG officers also participate as core members in the Sustainability Committee at the executive level. The Sustainability Committee receives reports about natural capital and biodiversity-related matters from the Sustainability Management Division and those in charge of promoting ESG in each company and Headquarters' administrative division. The committee then uses those reports to manage and monitor progress on various measures and initiatives.

The Chair of the Sustainability Committee and the managers in each company (ESG Officers) hold a Sustainability Advisory Board once a year to enter into dialogue with external specialists. The Sustainability Advisory Board allows its members to grasp the expectations and demands society has in us. The members then promote its business with the consideration to those sustainability issues discussed in the Advisory Board.

• Our Sustainability-related Governance Organization (P15)

Nature-related Human Rights and Stakeholder Engagement

ITOCHU Group has established The ITOCHU Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights. This policy specifically expresses the ITOCHU Group's concept of respect for human rights. We have used this policy to declare we will conduct human rights due diligence and enter into dialogue and discussions with potentially affected Groups and stakeholders.

We have also formulated "Respect for the Rights of Indigenous People" as an individual policy. This policy makes it clear we will respect and consider the rights of indigenous people as stipulated in the laws of the countries and regions where the ITOCHU Group engages in business activities and international agreements such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the International Labour Organization (ILO) Convention 169. When considering a new business investment project, we strictly check in advance the impact that business will have on the rights of indigenous people. We also periodically conduct human rights due diligence even after starting that business. We conducted human rights due diligence from FYE 2020 to FYE 2024 in our food-related business (Food Company) textile-related business (Textile Company), and forest goods and materials-related business (General Products & Realty Company) with their high dependency on natural capital, and our metals-related business (Metals & Minerals Company) with its high impact on natural capital. We have also set the impact on local communities and residents as a human rights risk indicator to be investigated.

• Human Rights (P141)

Risk & Impact Management

ITOCHU monitors the risks to our business from changes in natural capital and biodiversity in each country and business site. We manage the nature-related risks we have identified as major risks (environmental and social risks) in our ITOCHU Group risk analysis. We consider and evaluate the nature-related risks we have identified during the investment decision process. We utilize risk identification, evaluation, information management and monitoring systems in each department responsible for managing these risks on a consolidated basis.

Identification and Evaluation of Nature-related Risks

ITOCHU acknowledges risk management as a key management issue. Therefore, we have established a basic risk management policy for the ITOCHU Group and develop the necessary risk management systems and techniques based on the concept of the COSO-ERM framework. As stated in the ITOCHU Group Environmental Policy, we collect information on laws and regulations related to environmental conservation and then comply with them. We have also introduced an environmental management system (EMS) based on ISO14001. We recognize the impact our business activities may have on the environment and society. We also work to grasp the status in our Group companies.

For example, we grasp and evaluate water risks at manufacturing sites using the WRI Aqueduct tool developed by the World Resources Institute (WRI). We also periodically identify and evaluate other nature-related risks in line with the frameworks established by the international organizations we mention later.

• ITOCHU Group Risk Management (P213)

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Integrating Nature-related Risk Management into the ITOCHU Group Risk Management System

Due to the nature of our broad-based operations, ITOCHU is subject to various risks, including market risks, credit risks and investment risks. In addition to establishing various internal committees and designated responsible departments, we have created a risk management organizational structure and management methods necessary to address these risks. This organizational structure includes outlining management regulations, investment standards, risk limits, and transaction limits, as well as establishing structures for reporting and monitoring to enable integrated Group risk management.

Nature-related risks are one of the major risks (environmental and social risks) subject to Group risk management. We incorporate this risk management into the evaluation methods for each business phase shown in the table below, which can broadly cover our business activities including management of investment, trading products, logistics, Group companies, supply chain, business strategy, portfolio, etc.

Nature-related Risk Management Procedures and Evaluation Methods for Each Business Phase

Business Phase	Evaluation Method
Business start	● Environmental and social risk assessments including nature-related risks for new investment projects
Business management	● Environmental risk assessments for handled products (LCA evaluation for the overall supply chain) ● Group company environmental status surveys (2, 3 companies per year) ● Supply chain sustainability surveys (supplier) ● Internal environmental audits based on ISO14001 (ITOCHU Corporation and 3 applicable Group companies)
Review business strategy	● Consider business strategy, portfolio restructuring

Nature-related Risk Management Systems

Business Start Phase (Evaluation of the Impact on Biodiversity for New Business Investment Projects)

We use the ESG Checklist for Investments to evaluate in advance the impact our business investment projects will have on the environment and society. This evaluation includes, for example, grasping the impact a project will have on the ecosystem and whether it will have an impact on the natural environment and biodiversity such as by depleting resources. If we find there will be an impact, we conduct a risk assessment. If necessary, we take measures such as requesting additional due diligence from an external specialist agency to confirm there will be no problems. Only then do we invest in the projects.

Business Management Phase (Assessment of the Impact on Biodiversity in the Value Chain)

Sustainability Risk Assessment on Handled Products

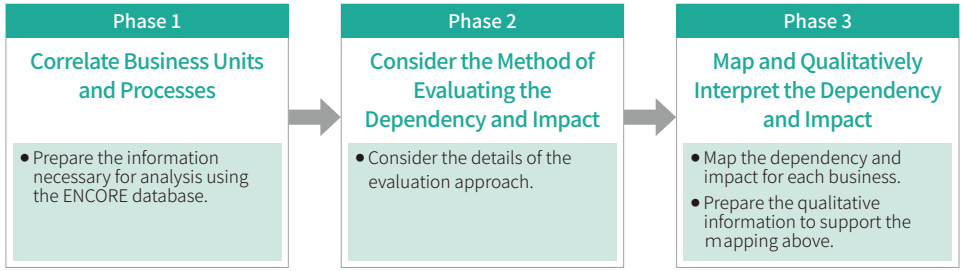
ITOCHU conducts a sustainability risk assessment for each new product we will handle. We use LCA analytical methods to evaluate the impact the product will have on the environment and society, compliance with environmental laws and regulations, relationships with stakeholders, and more. This evaluation covers the stages of the product from the procurement of its raw materials to its manufacturing, use and disposal. If there is a significant nature-related risk in the value chain, we subject that product to priority management. We then formulate and implement various regulations, procedure manuals, education on the specific work operational factors, and other measures.

Sustainability Survey for Suppliers

Each of our companies and applicable Group companies selects important suppliers based on certain guidelines, including high-risk countries, handled products and handled amounts, to grasp the status in our suppliers. Those in charge of sales at each company and those in charge at overseas subsidiaries and Group companies visit those suppliers and interview them. Those in charge also conduct sustainability surveys with questionnaires on important suppliers. We check the situation of initiatives for natural capital including biodiversity. We make continuous improvements by asking suppliers to address issues as necessary.

ITOCHU Portfolio Analysis

ITOCHU participates in the TNFD Forum organized by the Task Force on Nature-related Financial Disclosures (TNFD). In FYE 2023, with reference to the TNFD beta framework, we conducted a primary survey in our Group's business on trial basis independently.

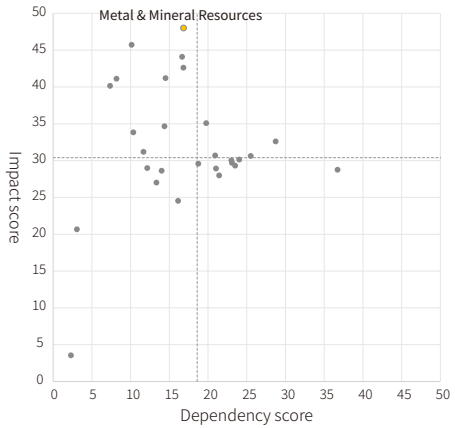


Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Specifically, we classified the activity processes carried out in the value chain, including upstream and downstream of our business, according to the processes specified by the natural capital impact assessment tool (ENCORE) developed by the United Nations Environment Program and other organizations. Then, we aggregated businesses with similar processes and created 28 groups. For each of those 28 groups, we calculated the score for each dependency and impact while taking into account the degree of our involvement and other factors in the businesses in our value chain. We evaluated the dependency of each business on natural capital in six stages and totaled the dependency score. We also evaluated the impact in the same way in five stages and totaled the impact score. For instance, we can break down the evaluation of metal & mineral resource businesses into the following elements. The average of the evaluation scores for each of these business processes is shown as the results of this analysis.

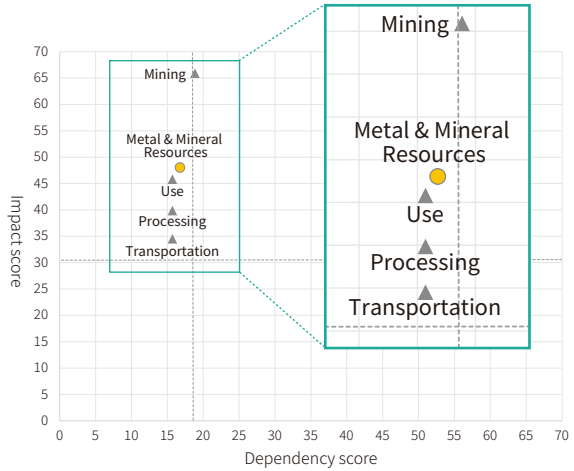
We organized these results with the impact on the vertical axis and the dependency on the horizontal axis. This gives us a map of the dependency and the impact as shown in the figure on the right.

■ **Dependency and Impact Mapping**



* The dashed lines show the average dependency and impact scores of all ENCORE processes

■ **Breakdown of the Dependency and Impact for Each Value Chain in the Metal & Mineral Resources Business**



Initiatives

Initiatives in Business with a High Impact

ITOCHU conducted a secondary evaluation of our business with a high impact using the LEAP approach*1 on trial basis to confirm validity of the evaluation for impact on natural capital using ENCORE. The LEAP approach comprehensively evaluates the natural capital-related issues advocated by the TNFD.

■ **Overview of the LEAP Approach**

Organized by ITOCHU based on the Guidance on the identification and assessment of nature-related issues: The LEAP approach (https://tnfd.global/wp-content/uploads/2023/08/Guidance_on_the_identification_and_assessment_of_nature-related-issues_The_TNFD_LEAP_approach_v1.pdf)

Locate	• Determine the scope of analysis. Next, identify the activity areas of your businesses and value chains. Identity sensitive locations with high priority from biodiversity and water risk perspectives.
Evaluate	• Identify the dependency and impact on natural capital in the sensitive locations with high priority. • Evaluate the ecosystem services, impact drivers and related natural capital to evaluate the size and scale of important dependencies and impacts.
Assess	• Assess the short-, medium- and long-term risks based on the dependency and impact situation. • Confirm the current risk management situation and then consider the additional necessary measures against risks.
Prepare	• Input the evaluation related to the important nature-related risks and opportunities to managers. Consider strategies, resource allocation and target setting. • Disclose in accordance with the TNFD recommendations.

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

We then analyzed the dependency and impact on natural capital of mining process with an especially high impact score in our metal & mineral resource business which we determined has the highest impact on natural capital in our trial primary evaluation for ITOCHU portfolio using ENCORE.
First, we identified ecologically sensitive locations in the Locate analysis. We identified these sites using the five definitions for sensitive locations in the TNFD LEAP approach guidance and the indicators in the databases which organize the criteria for those definitions*2. We also identified relevant biome and ecosystem information using the IUCN Global Ecosystem Typology and the Global Map of Ecoregions for some of our business sites after taking into consideration the importance of this business and we performed the Evaluate analysis for the dependency and impact on natural capital. We refined the dependency and impact measurement results in this analysis by investigating the TNFD sector guidance for metals and mining and local environmental assessment reports. As a result, it was confirmed that the mining process of the project has a significant degree of impact on natural capital, as suggested in the above trial primary survey.

As validity of the survey using ENCORE has been confirmed, we will further consider evaluating the project and taking actions related to natural capital based on the knowledge gained through this trial analysis.

*1 The LEAP approach is a method developed by the TNFD to clarify nature-related issues in applicable businesses. This method consists of four steps: Locate, Evaluate, Assess and Prepare.
*2 Databases used: WWF Biodiversity Risk Filter, WWF Water Risk Filter, STAR, Biodiversity Intactness Index, Ecoregion Intactness Index, Critical Natural Asset layers and IBAT.

Consideration for Biodiversity in Mine Closure

We engage in initiatives in mine closures as part of our activities to manage and reduce nature-related risks in mining in our metal & mineral resource business which we analyzed this time.

In our mineral resource development business, we have prepared Environment, Health, Safety (EHS) guidelines based on international standards*, which also stipulate the consideration of biodiversity in the closure of mines. Closure plans are designed not only for physical restoration but also for minimizing the impact and maximizing the benefits on the community by considering the local socio-economy and environment in cooperation with stakeholders. It will require to prepare funds, ensure the safety of the waterways constructed during the operation, prevent residual chemicals, and conserve ecosystems. Towards future mining closure, we have cooperated with project partners, assessed the environmental impact and formulate mine closure plans as stipulated by the regulations of countries where projects are located, and also put the system in place to check the implementation process of the plan by utilizing EHS check list.

* EHS Guidelines of the International Finance Corporation (IFC)

Initiatives for Businesses with a High Dependency

ITOCHU's businesses with a high dependency on natural capital are the procurement, manufacturing, processing and distribution of forest commodities (food, timber, natural rubber, palm oil, etc.). We have established procurement policies for each product to improve the sustainability of these businesses. We strive to procure products certified by international third-parties which allow us to identify the procurement area through traceability.

Procurement Policies by Product Type (P169)

We categorize and organize initiatives in businesses with a high dependency on natural capital into four: avoid, reduce, restore/regenerate and transform. We perform this categorization using the framework of the Mitigation Hierarchy* in the AR3T Action Framework published by the Science Based Targets Network (SBTN) in the Science-Based Targets (SBTs) for Nature.

Overview of the Mitigation Hierarchy

Organized by ITOCHU based on the Science Based Targets Network website (https://sciencebasedtargetsnetwork.org/companies/take-action/act/) and TNFD Recommendations (https://tnfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf?v=1695118661)

Avoid	Prevent negative impacts from happening in the first place; eliminate negative impacts entirely Example: Adopt sustainable alternative raw materials and packaging materials
Reduce	Minimise negative impacts that cannot be fully eliminated; Example: Reduce waste and pollutant emissions
Restore	Initiate or accelerate the recovery of an ecosystem with respect to its health, integrity and sustainability, with a focus on permanent changes in state; Example: Improve the soil or plant trees in land modified during business activities
Regenerate	Take actions designed within existing land/ocean/freshwater uses to increase the biophysical function and/or ecological productivity of an ecosystem or its components, often with a focus on a few specific ecosystem services. Example: Protect endangered species
Transform	Transformative action, which covers the ways organisations can contribute to needed systemic change inside and outside their value chains. Example: Develop sales and manufacturing models and participate in initiatives

* This is a tool to reduce the negative impacts from business on natural capital. It indicates the approach to predict and avoid or minimize risks to biodiversity (loss of wildlife habitats etc.) and impacts on local communities (release of pollutants which may impact health). It also shows the approach to recover as far as possible from any negative impacts which do occur.

As a result of the above analysis, we have found that we are actively taking actions relating to "avoid" and "reduce" which should be given top priority under the SBTs for Nature to reduce nature-related risks. We will continue to further promote AR3T actions in the future to realize nature positivity.

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Analysis on Our Initiatives in Line with the AR3T Action Framework

Major Category	Commodity		Specific Initiatives
Forest resources	Timber (P170)	Avoid	● Achieving a handling ratio of certified or highly controlled materials of 100%
		Transform	● Engaging with NPOs
	Natural rubber (P172)	Transform	● Participating in the Global Platform for Sustainable Natural Rubber (GPSNR) as a founding member and cooperating in formulating and operating platform standards
	Palm oil (P173)	Avoid	● Achieving 100% traceability at the mill level
		Transform	● Joined the Roundtable on Sustainable Palm Oil (RSPO) and promoting initiatives
	Biomass fuel (P174)	Avoid	● Procuring legally accepted woody biomass fuel according to the Programme for the Endorsement of Forest Certification (PEFC), the Forest Stewardship Council (FSC) and other third-party certification
Food	Cacao beans and coffee beans (P175)	Avoid	● Enhancing traceability of cocoa beans ● Enhance the handling of sustainable certified coffee beans
		Transform	● Providing technical support to small farmers such as by giving them agricultural technology to improve productivity
	Dairy products (P176)	Reduce	● Reducing ecological degradation by raising dairy cows while changing their grazing land regularly in New Zealand
	Meat (P177)	Avoid	● Built a system to enable 100% trace back to the production stage for all meat suppliers
	Marine products (P178)	Avoid	● Acquired distributor certification from the Marine Stewardship Council (MSC) and Chain of Custody Certificate (CoC)
		Transform	● Encouraging fishermen about skipjack and yellowfin for which MSC certification is limited
	Fruits and vegetables*	Reduce	● Using clean energy in our Dole business
Textile raw materials	Cotton (P179)	Avoid	● Acquired Global Organic Textile Standard (GOTS) certification and achieving 100% traceability for our procurement of organic cotton in India
	Environmentally-friendly materials (P179)	Reduce	● Launched the RENU® project with the aim of realizing a circular economy and started to develop recycled polyester
Apparel	Outdoor apparel (P91)	Restore/ Regenerate	● Planning and selling charity goods and then using some of the proceeds in the funds to purchase land for tropical rainforest restoration and the protection of Borneo elephants

* https://www.itochu.co.jp/en/news/press/2018/181213.html

Initiatives in Business-related Areas

ITOCHU is working with stakeholders to protect endangered wildlife.

Mangrove Planting Project in Collaboration with Uken Village of Amami Oshima Island, a World Heritage Site

Since 2014, Uken village in the southwestern part of Amami Oshima Island has been involved in tree-planting activities using seedlings of Kandelia obovata*1 grown by local elementary school students as an initiative to proudly protect and nurture the rich and irreplaceable nature of their hometown, which is home to diverse species by the children. ITOCHU agrees with the purpose of the project and has been supporting the tree-planting activities since 2021, with a view to contributing nature positive*2 and generating blue carbon credits. In 2023, we concluded an industry-academia-government collaboration agreement with Uken Village, Sophia University, and Japan Airlines Co., Ltd. regarding environmental conservation and regional development in Uken Village, and ITOCHU is contributing through cooperation in tree planting and environmental education.

*1 Kandelia obovata is a species of plant that comprises the mangrove forests found in Kagoshima and Okinawa prefectures.
*2 The concept of halting and reversing biodiversity loss in order to put nature on a recovery track.

Started Mangrove Restoration Activities


Elementary School Students Planting the Seedlings They Have Grown


Employees and Others Planting Trees on a Tour Organized Through Industry-Academia-Government Collaboration

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Mangrove Ex-Situ Conservation Project

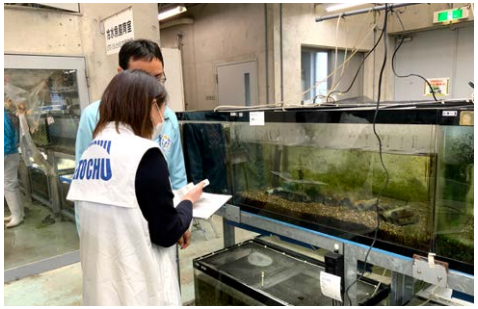
In addition to the in-situ conservation of Kandelia obovata in Uken Village, Amami Oshima, ITOCHU has started ex-situ conservation in collaboration with the Tsukuba Botanical Garden of the National Museum of Nature and Science. In 2022, we donated the seedlings from viviparous seeds to all the children of the elementary school near our Tokyo head office, Minato Ward's Aoyama Elementary School.

Ex-Situ Conservation in the Botanical Garden Cultivation Nursery

Exhibition at the Aquatic Plant Greenhouse of the Botanical Garden

Collaborative Conservation Project for Rare Freshwater Fish with Shiga Prefecture and Shiga Prefectural Lake Biwa Museum

ITOCHU has been undertaking a collaborative project with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum since 2022 to conserve the endangered Ayumodoki fish, with the aim of preserving the environment in the area where ITOCHU was founded. Lake Biwa is one of only approximately 20 ancient lakes in the world, and home to more than 1,700 species of flora and fauna, including over 60 endemic species. It is also an important migratory site for waterfowl and is a registered wetland under the Ramsar Convention on Wetlands.



Analysis in the Freshwater Fish Breeding Room in the Lake Biwa Museum

The Lake Biwa Museum breeds generations of endangered rare freshwater fish such as Ayumodoki. Approximately 35 species of Japanese freshwater fish are being bred and preserved in captivity at the Conservation and Breeding Center and breeding facilities in the Aquatic Exhibition; some populations are potentially extinct in their natural habitat. Continuing to preserve these species will serve as ex-situ conservation of rare freshwater fish in Japan, and it is an important initiative in anticipation of their future return to the wild.

Support for a Biodiversity Conservation Program in the Amazon

ITOCHU established its office in Brazil in 1957 and has expanded business in various sectors including forestry and mineral products. Those products benefit from the abundant water and biological resources of Brazil, including the Amazon. Since FYE 2017, with the aim of conserving the environment and biodiversity, we engaged in activities to save Amazon manatees, a species in danger of extinction, through support for the "Field Museum Initiative" a biodiversity conservation program in tropical forests in the Amazon promoted by the Wildlife Research Center of Kyoto University in collaboration with the National Institute of Amazonian Research in Brazil, and the construction of a research facility "Field Station". This project is part of the SATREPS Project, a joint project between the Japan Science and Technology Agency (JST) and the Japan International Cooperation Agency (JICA). With the support of ITOCHU, over the 3 years from FYE 2017, the project aimed to release more than 9 manatees to the wild and more than 20 manatees to the semi-wild. In fact, 27 manatees have been released to the wild and 31 manatees to the semi-wild, and more than 100 local residents have been provided with learning opportunities.

- Support of Amazon Ecosystem Conservation Program (https://www.itochu.co.jp/en/csr/social/amazon/index.html)

Amazon Rainforest: World's Largest Rainforest — Said to Supply One Third of the Oxygen on the Earth

The Logo of Manatee Homecoming Project

Completed Field Station

The Amazonian Manatee is a Vulnerable Species

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Project for Protecting Green Turtles, an Endangered Species

With the aim of conserving biodiversity, ITOCHU supports conservation activities for the green turtle, which is listed as an endangered species in the Ministry of the Environment Red Data Book, through the certified NPO Everlasting Nature (ELNA). ELNA was established in 1999 with the aim of conserving the marine life in Asia and the surrounding marine environment, and is an organization that has received certification as an NPO from Kanagawa Prefecture. Thanks to ELNA's 24–hour conservation activities, the number of nesting sites of green turtles on the Ogasawara Islands is gradually increasing with repeated increases and decreases.

In addition, as the accommodation for volunteers staying in Chichijima Island for conservation activities was aging, we supported the construction of a new accommodation facility with improved living environment and convenience, and completed a unit house in May 2020.

- ELNA activity report (Japanese Only) (https://www.elna.or.jp/rep-support-itochu2023/)

Green Turtles, an Endangered Species
(Photographed on the Ogasawara Islands)

Employees Participate in Conservation Activities

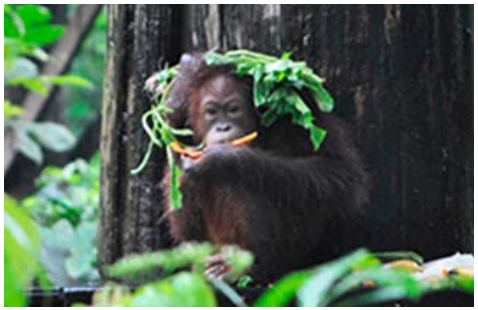
Donated a Unit House for Volunteers to Stay

Tropical Forest Regeneration and Ecosystem Conservation Activities on Borneo

Borneo is a tropical forest region spanning three countries — Malaysia, Indonesia and Brunei. Its area is approximately double that of Japan. This makes it the third largest island in the world. Borneo, which is called a treasure trove of biodiversity, is developing. This has led to damage to the tropical forest to the extent that conservation of the ecosystem is not possible with natural regeneration alone. The WWF, a worldwide nature protection organization, is collaborating with the Forest Department in the local Sabah State to conduct an activity to regenerate a forest of approximately 2,400 hectares. This is taking place in North Ulu Segama, Sabah State in Malaysia in the northeastern part of Borneo — a forest regeneration area that has continued to be protected by the ITOCHU Group since 2009. The ITOCHU Group has supported the regeneration of 967 hectares of this land. The afforestation work was completed in 2014 and all on-site work, including maintenance and management work, was finished in January 2016. This is the largest area in which afforestation activities are supported by a regular company. This land is also home to the endangered species of the orangutan. The regeneration of this forest will also lead to the protection of many creatures living here in addition to this orangutan.

- Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem (https://www.itochu.co.jp/en/csr/social/150_anniversary/borneo/index.html)

Afforestation with Tour Participants



Endangered Species of the Orangutan

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Hunting World's Borneo Support Activity

Hunting World, a luxury brand deployed by ITOCHU, has been using a logo with the motif of a young elephant without its tusks since the foundation of the brand in 1965. While serving as a symbol of freedom and revival, it also represents the challenge of looking toward the future in terms of the protection of endangered species. It contains the founder's love and respect for nature. Hunting World has been supporting a biodiversity conservation activity being promoted by an NPO called the Borneo Conservation Trust (BCT) since 2008 to support the realization of coexistence with nature as called for by the founder. The brand plans and sells charity goods and then provides 1% of those proceeds to the BCT. This helps with the funds to purchase land for "Green Corridor Project*1" and the costs to protect Borneo elephants that have gone astray in plantations. The brand independently acquired the land in the "Green Corridor Project" zone with its assistance funds up to that point in the fall of 2011 to create the Hunting World Kyosei no Mori No.1 (Symbiotic Forest No.1 of Hunting World). Furthermore, the brand has continued support activities and has now acquired the Hunting World Kyosei no Mori No.4 (Symbiotic Forest No.4 of Hunting World). In 2019, the brand started supporting "Grateful Repayment Project*2" promoted by BCT Japan, which supports BCT. These donations have also helped with the funds to establish the Borneo Elephant Sanctuary, a facility for protecting and temporarily rearing injured Borneo elephants and to pay for food to keep Borneo elephants protected alive.

*1 Green Corridor Project: This is an activity to conserve biodiversity. The land between forest protection zones and forest reserves are purchased back. Divided forests are then connected to create a movement route for animals.
*2 Grateful Repayment Project: This is an activity to protect and temporarily raise Borneo elephants that have lost their places of life.

Protecting Endangered Species of the Borneo Elephant

The facility of Borneo Elephant Sanctuary

Metrics & Targets

ITOCHU conducts product certification and traceability for biodiversity conservation in products handled in businesses including the supply chain, and social contribution activities for biodiversity conservation in business-related areas. We consider forest resources (wood, wood products, paper raw materials and paper products, natural rubber, palm oil), dairy products, meat, marine products, and textile raw materials as important commodities for biodiversity and strive to disclose information and set goals for them.

Targets in Business Activities

Theme	Target	FYE 2024 Results	SDGs
Biodiversity Conservation Reduce the impact of ITOCHU's products and projects on biodiversity conservation across our supply chain	By 2025, conduct a follow-up ESG risk assessment for all investment projects subject to high biodiversity risk (e.g., hydropower, mines, ships), where biodiversity should be a material risk item assessed, and implement a plan for improvement if necessary.	• Revised the ESG Checklist and created a scheme to understand the status of biodiversity risk in new business investment. • Participated in the TNFD Forum and started investigating tools for analyzing risks and opportunities related to natural capital.	
Sustainable Use of Natural Resources Implement initiatives to improve the sustainable use of natural resources in order to stably produce and supply commodities related to forestry, fishing, and agriculture in the future	• Timber, Timber Products, Raw Materials for Papermaking, and Paper Products: Aim to achieve 100% coverage of our products that are either certified or confirmed to be under progressive management standards. • Palm oil: Aim to switch all palm oil procured by ITOCHU to sustainable palm oil*1 by 2030. In particular, we aim to align our procurement to the NDPE principle*2. • Fisheries raw materials handled by ITOCHU: Increase the MSC*3 /CoC*4 certified products to 15,000 tons per year within 5 years.	• The handling ratio of certified or highly controlled materials is 100% for pulp & wood, and 100% for chips. • Palm oil has 100% traceability to mill level in FYE 2024. • The ratio of sustainable coffee beans in our coffee bean procurement in FYE 2024 was 37%. • The volume of MSC/CoC in fisheries raw materials in FYE 2024 was 10,000 tons.	15

*1 Sustainable palm oil: palm oil supplied from supply chains compliant to RSPO and RSPO-equivalent standards.
*2 NDPE (No Deforestation, No Peat, No Exploitation): zero deforestation, zero peatland development, zero exploitations.
*3 MSC (The Marine Stewardship Council): an international NPO established in 1997 to work on spreading sustainable fishing. It is headquartered in London, England.
*4 CoC (Chain of Custody Certificate): A certification for processors and distributors to ensure the traceability of MSC certified marine products and other products in the management of processing and distribution processes specified by MSC.

Procurement Policies by Product Type (P169)

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Targets in Business-related Areas

Targets	FYE 2024 Action Plans	FYE 2024 Results	FYE 2025 Action Plans	SDGs
Implementation and follow-up on social contribution programs aimed at environmental conservation	1. Promoting the endangered species Ayumodoki (Parabotia curtus) in collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum. 2. Continue promotion of the mangrove planting project in collaboration with Uken Village of Amami Oshima Island. 3. Continue promotion of the project for protecting green turtles, an Endangered Species.	1. In collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum, implemented a project to conserve the endangered species Ayumodoki (Parabotia curtus). Because we were able to obtain a large number of mature individuals capable of breeding, next year, we plan to introduce females from adjacent areas in the same water system and attempt breeding. 2. We concluded an industry-academia-government collaboration agreement with Uken Village, Sophia University, and Japan Airlines Co., Ltd. regarding environmental conservation and regional development in Uken Village. As part of the collaboration, we organized an eco study tour and planted trees on Edateku Island in Uken Village. 3. Since FYE 2017, we have continued to support a survey monitoring the number of green turtle spawns and a post-hatching survey conducted by the Ogasawara Marine Center of Everlasting Nature of Asia certified NPO that is working on marine conservation in the Asian region. The survey results suggest that the number of green turtles in Ogasawara has been stable in recent years.	1. Continue promotion of the endangered species Ayumodoki (Parabotia curtus) in collaboration with Shiga Prefecture and the Shiga Prefectural Lake Biwa Museum. 2. Continue promotion of the mangrove planting project in collaboration with Uken Village of Amami Oshima Island. 3. Continue promotion of the project for protecting green turtles, an Endangered Species.	

Performance Data

Performance Data in Business Activities

- Performance Data Regarding Forest Certification and Legal Compliance, Sustainable Procurement Performance Data of Raw Materials for Papermaking (P171)
- Performance Data on Natural Rubber (P173)
- Performance Data Regarding Sustainable Palm Oil Procurement (P174)
- Performance Data on Sustainable Coffee Bean Procurement (P176)
- Performance Data on Traceability of Meat (P177)
- Performance Data Related to Certification of Marine Products (P178)
- Performance Data on Organic Cotton Procurement (P179)

Performance Data on Business-related Areas

Endangered Ayumodoki Fish Conservation Project

■ **Research Data for Breeding by Artificial Insemination of Ayumodoki Fish at the Lake Biwa Museum**

Subject	Activity	Unit		2022	2023	Targets after 5 years
Ayumodoki	Breeding for individual maturity	Full length (mm) (Average)	Target	80	80	Targets by 2024: Emergence of fertile mature individuals (10 individuals) and establishment of breeding methods for maturity*2
			Achievement	—	89	
		Degree of obesity*1 (Average)	Target	—	1.8	
			Achievement	1.83	1.79	
		Mature population	Target	—	10	
			Achievement	0	58	
	Breeding by artificial insemination	Cumulative number of breeding fry	Target	100	200	150-200 breeding fry maintained at all times
			Achievement	0	0	
		Average length after 6 months (mm)	Target	30	30	
			Achievement	0	0	

*1 Value obtained by dividing body weight by body length cubed and multiplying by 100. A measure of maturity.
*2 For the time being, the goal is to produce 10 breeding mature individuals and to establish breeding methods for maturity.

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Conservation Project for Endangered Green Turtles

■ Project Data Monitoring the Spawning and Post-hatching Mortality of Green Turtles in the Ogasawara Islands

Subject	Activity	Unit		2019	2020	2021	2022	2023	2023 Compared to the Previous Year	2023 Compared to 2000
Survey Scale	Number of Surveyed Coasts	Coast	Chichijima Islands	30	30	30	30	22	—	—
			Hahajima Islands	10	10	10	10	7	—	—
			Mukojima Islands	10	10	10	—	8	—	—
	Total Number of Surveys Conducted	Times		168	172	202	182	167	92%	—
	Total Survey Personnel	Person		732	692	934	957	798	83%	—
Results	Number of Surveyed Green Turtle Nests	Nest	Chichijima Islands	1,500	1,700	1,200	1,700	1,400	82%	311%
			Hahajima Islands	600	400	330	300	280	93%	—
			Mukojima Islands	40	28	33	—	30	—	—
	Number of Surveyed Post-hatching Nests (Conducted only on Chichijima Island)	Nest		1,000	1,200	930	1,120	761	68%	—
	Baby Turtles Returning to the Sea (Conjecture)	Head		43,700	55,000	44,000	56,000	48,000	86%	—
	Escape Rate (Number of Escaped Turtles / Number of Eggs)	%		32	36	29	34	35	103%	—
Reviews	The Increasing Trend of Green Turtles in Ogasawara (Conjecture)	—	Stable with no significant increase or decrease since 2017.							
	Future population projections	—	The estimated number of juvenile turtles produced in Chichijima Islands is approximately 51,200/year. The estimated annual number of surviving turtles (surviving to maturity) is 128 turtles/year. * Estimated based on an escapement rate (average in Chichijima Islands from 2017-2023) of 32% and a hatching juvenile survival rate of 0.25%.							

* Figures are approximate due to unpublished data. Table based on ELNA activity report (Japanese Only). (https://www.elna.or.jp/rep-support-itochu2023/)

■ Amazonian Manatee Reintroduction Performance Indicators

Theme	Activities	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Return to semi-captive environment	Release of manatees into a semi-captive lake (Manacapuru) or a preserve established in a river (Rio Cuieiras).	• Began meeting for setting up a lake in Manacapuru. • Conducted health checks of 12 manatees. • Released 9 manatees into the lake to keep them in a semi-wild state.	• Conducted health checks of 24 manatees. • Released 12 manatees into the lake to keep them in a semi-wild state	• Released 14 manatees into the lake to keep them in a semi-wild state.	• No result	• No result	• No result
Return to the wild	Release of manatees into the Amazon River.	• Conducted a health check on a manatee that was recaptured after being released into the Amazon River and confirmed that both the length of its body and its weight had increased and that the manatee had adapted to the natural environment after being released into the river. • Released 5 manatees into the Amazon River.	• Released 10 manatees into the Amazon River. • Recaptured one manatee that had been released into the Amazon River and conducted health checks on it. Confirmed through the health checks that the recaptured manatee had grown in both body length and weight and that it had adapted to the natural environment smoothly after its release into the River.	• Released 12 manatees into the Amazon River.	• Releasing 18 manatees into the Amazon River, installing VHF transmitters and monitoring activities. All the tracked individuals were confirmed to have successfully adapted to the wild. • The body weight and body length of the recaptured individuals were also increased.	Due to the COVID-19, new releases were not possible, and monitoring of manatee releases had to be suspended for months.	• 13 manatees were released into the Amazon River, and 5 of them were equipped with VHF transmitters for behavior monitoring. Interaction between released and wild individuals and pregnancy of released individuals kept for 16 years were confirmed. The success of the wild adaptation was shown.
Providing environmental training for local residents and raising their environmental awareness	Raising awareness of biodiversity conservation among local residents through a project for returning manatees to the wild.	• Asked more than 200 local residents to join us when we released the manatees. Through the protection of manatees, we raised their awareness of the importance of preserving biodiversity. • Encouraged local fishermen to understand the importance of protecting manatees and had two of them participate in this project.	• Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 301 and 370 local residents participated, respectively. • Two local fishermen took part in this project, continuing their practice from the previous year.	• Raised awareness for biodiversity preservation through an environmental education program and a ceremony for releasing manatees at which 350 and 500 local residents participated, respectively. • Two local fishermen took part in this project, continuing their practice from the previous year.	• Created a mobile exhibition to convey the importance of manatee restoration to the wild. • Employment promotion for hunters who used to be manatee poachers.	• Employment promotion for hunters who used to be manatee poachers.	• Raising awareness of biodiversity conservation among local residents. • Implement environmental education programs for local residents with thorough infection control measures. Distributing 500 T-shirts bearing the ITOCHU logo to participants and participants.

Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

Collaboration with Outside Initiatives

Initiative Participation (Activities Through Business and Industry Groups)

We participate in the Japan Business Federation (Keidanren). We support nature conservation projects in developing areas mainly in the Asia-Pacific region and in Japan through the Keidanren Committee on Nature Conservation that was established in 1992 when the United Nations Conference on Environment and Development (Earth Summit) was held in Rio de Janeiro in Brazil. The Keidanren Committee on Nature Conservation has been working to build an environment in which the business community strives to conserve nature. This has included exchanges with NGOs, the holding of seminars and symposia, and the announcement of the Declaration of Nature Conservation by Keidanren, the Declaration of Biodiversity by Keidanren and the action guidelines for them (revised in October 2018). In addition, we have declared our approval of the Keidanren Initiative for Biodiversity Conservation announced on June 11, 2020. We are also participating in the TNFD Forum, which was established in September 2021, to accelerate discussions in the Taskforce on nature-related Financial Disclosures (TNFD).

Keidanren Initiative for Biodiversity

Cooperation with External Organizations

It is especially important for the entire value chain to work together to realize sustainable business activities for businesses with a high dependency on natural capital such as forest commodities (food, timber, natural rubber, palm oil, etc.).

ITOCHU joined in the Roundtable on Sustainable Palm Oil (RSPO) in 2006. We have set a target of handling only RSPO certified palm oil or palm oil equivalent to that by 2030. We are working on the procurement and supply of sustainable palm oil through cooperation and collaboration with other member companies. We are also participating in the Sustainable Palm Oil Transparency Toolkit (SPOTT). This is a project by the Zoological Society of London (ZSL) that assesses major palm oil related companies in terms of more than 50 indicators based on data released to the public. We disclose information to stakeholders relating to the palm oil industry through two-way communication.

In addition, we also joined as a founding member in the Global Platform for Sustainable Natural Rubber (GPSNR). We have agreed to the 12 principles stipulated by this platform about natural rubber and comply with the applicable policy components.

We have also joined the Organization for the Promotion of Responsible Tuna Fisheries (OPRT) established for the sustainable use of tuna resources in 2012 in our skipjack and yellowfin business. We are promoting initiatives that comply with OPRT's voluntary management regulations.

Through cooperation with external organizations as described above, we aim to achieve the goals set forth in the "Metrics & Targets (P91)" section.

- Roundtable on Sustainable Palm Oil (RSPO)
  - Initiative Participation (P41)
- Global Platform for Sustainable Natural Rubber (GPSNR)
  - Commitment to the Global Platform for Sustainable Natural Rubber (GPSNR) (https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf)
- Organization for the Promotion of Responsible Tuna Fisheries (OPRT)
  - Sustainable Procurement: Policies and Initiatives by Product Type (P178)
- International Seafood Sustainability Foundation (ISSF)
  - Sustainable Procurement: Policies and Initiatives by Product Type (P178)

Clean-tech Business

Basic Policy and Strategy

ITOCHU has established enhancing contribution and engagement with the SDGs including climate change as one of our basic policies in our Brand-new Deal 2023 medium-term management plan. This basic policy is carried over to the Management Policy "The Brand-new Deal" formulated in 2024. We aim to achieve "Offset Zero", where the amount of avoided emissions generated by our cleantech business exceeds our GHG emissions by 2040. This target is 10 years ahead of the Japanese government's target. We will achieve this by being the first in the industry to realize a decarbonized society.

Climate change and other environmental risks are also clean-tech business opportunities at the same time. We will adopt cutting-edge technologies from a medium- to long-term perspective. We will also take the lead in promoting concrete measures which are expected to lead to sustainable growth in the future and which will contribute to a transformation in social structure toward a decarbonized and circulating society.

Targets (Transition Plans)

Aim for offset zero* of our greenhouse gas emissions by 2040. Achieve this by proactively promoting business that contributes to a reduction in the amount of greenhouse gas emissions (such as clean-tech business).

* Offset zero: When the amount of greenhouse gas emissions we contribute to reducing exceeds our greenhouse gas emissions

■ Individual Targets for Each Business Segment

Business Segment	Individual Targets
Renewable Energy	● Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE 2031. • Invested in renewable energy generation of approximately 1,800 MW such as in Cotton Plains (wind and solar power), Prairie Switch, Texas in the U.S. (wind power) and in Sarulla in Indonesia (geothermal power). • We are currently newly developing renewable energy business of approximately 3,800 MW to achieve a renewable energy ratio of over 20%.
Fuel Ammonia	● Establish a value chain of fuel ammonia through integrated development including development, ownership and operation of ammonia-fueled ships, development of fuel supply bases, and procurement of fuel ammonia. ● For the ambition to reach net zero GHG emissions from international shipping by or around 2050, contribute to the decarbonization of international shipping by promoting the spread of ammonia-fueled ships and their social implementation.
Energy Storage Systems (ESS)	● Aim for a cumulative energy storage of over 2 GWh by FYE 2031.
Water Infrastructure	● Expand our achievements in Europe and Australia to other regions. Continue to build up excellent assets.
Waste Management Project	● Expand our achievements in Europe to the Middle East and other regions in Asia. Continue to build up excellent assets.

Renewable energy ratio

17% (FYE 2024) → over 20% by FYE 2031

Cumulative energy storage system capacity

over 2 GWh by FYE 2031

Initiatives

Top Management Involvement: Decarbonization and Carbon Neutral Task Force

We have stated a strong commitment to being the first in the industry to realize a decarbonized society by enhancing contribution and engagement with the SDGs in our Brand-new Deal 2023 medium-term management plan. Based on this commitment, we began the full-scale operation of a decarbonization and carbon neutral task force across companies under the control of President & Chief Operating Officer in April 2021. This task force reports on the details of progress made on initiatives in each company every other week. Its field is not limited to hydrogen and ammonia projects; it also discusses other decarbonization projects (such as emissions trading and Carbon dioxide Capture, Utilization and Storage (CCUS)) which will contribute to a reduction in greenhouse gas emissions and whose market is expected to grow.

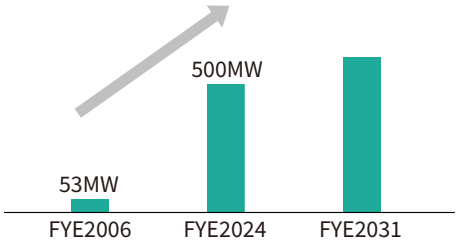
Introduction to Individual Businesses

Clean-tech Business

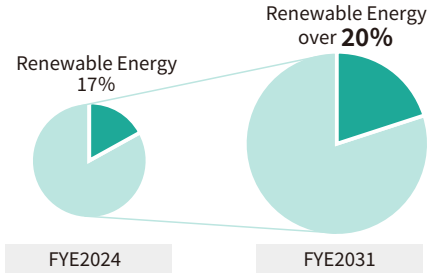
1. Renewable Energy

ITOCHU globally enhances carbon neutral related businesses such as renewable power, hydrogen and ammonia. We aim to make profit growth not only by focusing on investments, but also by providing multi-angled functions such as engineering, operation and maintenance, etc.

■ **Renewable Energy Generation (Equity Interest Basis)**



■ **Target for Renewable Energy Ratio of Total Generation**



■ **Breakdown of ITOCHU's Total Generation and Breakdown Target for FYE 2031**

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2024	FYE 2031 (Target)
	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Generation Capacity on Equity Interest Basis (MW)	Ratio (%)	Ratio (%)
Wind	185	179	122	164	196		
Solar/PV Power	83	80	112	132	164		
Geothermal	83	83	83	83	83	17%	20%超
Biomass	20	33	57	57	57		
Renewable Energy (Total)	**369**	**375**	**373**	**436**	**500**		
Natural Gas	1,621	1,258	1,258	1,258	1,466		
Oil-fired Power	315	315	315	315	315	83%	80%未満
Coal-fired Power	640	640	640	640	640		
Thermal Power (Total)	**2,576**	**2,213**	**2,213**	**2,213**	**2,421**		
Grand Total	**2,945**	**2,588**	**2,586**	**2,648**	**2,921**	100%	100%

For a list of our renewable energy-related businesses please visit here (P106).
We have announced a policy not to develop any new coal-fired power generation business*.

* Offset zero: When the amount of greenhouse gas emissions we contribute to reducing exceeds our greenhouse gas emissions (https://www.itochu.co.jp/en/csr/news/2019/190214.html)

Renewable Energy Highlights

Wind Power

ITOCHU has continued invested in wind power generation (onshore and offshore) from the late 1990s. Currently, ITOCHU has interests in five power plants in Japan the United States, and Germany.

Butendiek Offshore Wind Farm in the North Sea of Germany

In response to the renewable market growth in Europe, we jointly own an offshore wind generation project (288 MW) located on the German North Sea coast with the CITIC Group with whom we establish a strategic alliance. The wind farm supplies power to approximately 370,000 standard German households, contributing to the transition to a decarbonized society.

The Butendiek Offshore Wind Farm

Aomori Mutsu Ogawara Onshore Wind Farm

ITOCHU is under construction of an onshore wind farm (maximum output capacity: 64.5 MW) in a suitable site with favorable wind conditions in Rokkasho-mura, Kamikita-gun in Aomori Prefecture as a joint project with Hitachi Zosen Corporation and our associated company, Tokyo Century Corporation. We are aiming to start operation in April 2026. We expect this wind farm to generate approximately 166 million kWh of power a year. That is equivalent to the annual power consumption of approximately 46,000 ordinary Japan households.

Utility Scale Solar Projects

Following on the start of the commercial operation of a mega-solar power plant in Ehime Prefecture in 2015, ITOCHU started operating mega-solar power plants in Oita Prefecture in 2016, Okayama Prefecture in 2017 and Saga Prefecture in 2018. This means we now operate four mega-solar power plants in Japan (total power generation output: approximately 130 MW). The knowledge and experience we have gained through operating these power plants is contributing to the expansion of our renewable energy business. We will continue to operate these power plants stably.

Oita-Hiyoshibaru Solar Power Plant

Clean-tech Business

Distributed Solar Power Supply Business

We operate one of the largest on-site distributed power plants in Japan mainly involving the roofs of supermarkets and logistics facilities through our capital and business alliance partner of i GRID SOLUTIONS, Inc. (i GRID). i GRID is involved in the on-site solar power generation business. The company installs self-consumption solar power generation systems at zero initial investment by customers. It then directly supplies power at low cost to facilities over a long period of time. Furthermore, in addition to solar power generation, it integrates and controls distributed power supplies such as storage batteries and electric vehicles with a supply and demand adjustment platform using AI. This allows it to offer solutions for the realization of green transformation in regions centered on customer facilities.

Furthermore, we have entered into a capital and business alliance with Clean Energy Connect Co., Ltd. (CEC) for initiatives to contribute to clean energy by effectively utilizing land in Japan. We have been jointly promoting this business since 2021. CEC is involved in the off-site solar power business. The company develops and owns multiple small and medium-sized solar power plants by utilizing idle land in Japan. It then bundles together green power to supply electricity and environmental value over the long-term to customers such as office buildings in the center of cities. Through CEC, ITOCHU will introduce photovoltaic power plants with additional approx. 5,000 locations in Japan with a cumulative total output of 500 MW by FYE 2026, aiming to be one of the largest corporate PPA operators in Japan.

On-site Distributed Power Supply Operated by i GRID SOLUTIONS

Off-site Distributed Power Supply Operated by Clean Energy Connect

Solar Panel Recycling Business

ITOCHU undertook a capital increase through a third-party allotment from ROSI SAS. – a company engaged in the reuse and develops and owns advanced solar panel recycling technologies, and ITOCHU has entered into these alliances with the aim of promoting and expanding the solar panel recycling business.

In recent years, there is widespread global concern that mass disposal of solar panels that have reached the end of the product lives will occur in the near future. Establishing an appropriate recycling chain for these waste solar panels represents a major challenge for the future, in order to introduce sustainable renewable energy solutions for creating a decarbonized society.

We will contribute to the establishment of a recycling chain for solar panels by combining photovoltaic power generation-related business know-how and networks developed by us so far with ROSI's advanced and highly economical recycling technologies.

Geothermal Power

ITOCHU participates in Sarulla Geothermal Power Project in Indonesia, which is one of the largest size in geothermal sector. The project entered into construction phase after signing a 30-year power purchase agreement with Indonesia's state-owned electricity company in 2013. The first and second units were completed and commenced commercial operation in 2017, followed by the third unit in 2018. Indonesia is actively promoting renewable energy, and geothermal is positioned as an important part of it. Among renewable energy, geothermal energy is able to provide stable power supply to the electricity grid through a whole day, not dependent on the natural conditions such as wind or sunlight. ITOCHU is proceeding with decarbonization through stable power supply in line with energy mixes and policies of each country or areas.

Biomass Power

The Ichihara Biomass Power Plant (power generation output: 49.9 MW) in which ITOCHU is participating started commercial operation in December 2020. We expect this power plant to generate approximately 350 million kWh of power a year. That is equivalent to the annual power consumption of approximately 120,000 ordinary Japan households. In addition, we decided to build biomass power plants (power generation output of each: 50 MW) in Hyuga in Miyazaki Prefecture in April 2021 and in Tahara in Aichi Prefecture in November 2021, which are scheduled to start operation in FYE 2025 and 2026, respectively.

Exterior of Ichihara Biomass Power Plant

Clean-tech Business

Biomass Fuel and Renewable Fuel Related Business

Sustainable Aviation Fuel (SAF)

ITOCHU is working to increase the ratio of renewable energy through the supply of biomass fuels to power generation companies in Japan. We are also working to expand procurement and supply of renewable fuels for the decarbonization of the mobility market, including airplanes and automobiles.

For example, in response to the accelerated decarbonization of the airline industry, we were the first company in Japan to begin selling Sustainable Aviation Fuel (SAF) to airline companies. We are also the first Japanese trading company to obtain ISCC CORSIA certification, which was developed to reduce greenhouse gas (GHG) emissions in the airline industry. This is a certification that proves we are able to supply SAF which meets the carbon offset requirements of CORSIA. We deliver the renewable fuels made from non-fossil-derived raw materials, contributing to a significant reduction in GHG emissions compared to conventional petroleum-derived fuels.

Image of an Aircraft Flying Using SAF

Refueling SAF

Operation and Maintenance for Renewable Power in North America

ITOCHU provides operation and maintenance service as well as asset management for solar and wind generation in the US principally through our subsidiary NAES Corporation. It serves approximately as many as 1,400 sites throughout the US utilizing its remote monitoring system.

Renewable Power Developments in North America

Tyr Energy Development Renewables, LLC, dedicated in greenfield renewable energy development in the United States, was established in 2022 and is currently developing renewable energy projects of approximately 3,800 MW. TED has full suite function of greenfield development including land acquisition, permitting, interconnection process, PPA origination, engineering and finance. The U.S. renewable energy market is expected to grow significantly over the next 20 years. To capture the growth, we continue to enhance the development activities.

Utility Scale Solar Projects developed in USA.

2. Fuel Ammonia

With international momentum towards the transition to a decarbonized society, the International Maritime Organization (IMO) has set a greenhouse gas (GHG) emissions reduction strategy of 40% efficiency improvement from 2008 levels by 2030, 50% total volume reduction from 2008 levels by 2050. In 2023, the strategy was revised to the ambition to reach net zero of GHG emissions (zero emissions) by or around 2050. In order to achieve these goals, early development and social implementation of zero-emission ships are expected, and ammonia is attracting attention in various fields as a candidate alternative fuel. In addition, a stable supply of ammonia fuel for marine use and the development of supply bases are indispensable elements for the concrete development of ships that use ammonia as their main fuel.

Clean-tech Business

Development of Ammonia Fuel Ship

ITOCHU Corporation has agreed with Nihon Shipyard Co., Ltd., MAN Energy Solutions, Mitsui E&S Machinery Co., Ltd. (Currently, Mitsui E&S Co., Ltd.), ClassNK, ITOCHU ENEX Co. Ltd. on jointly developing oceangoing commercial ships equipped with a main engine using ammonia as its main fuel.

In October 2021, we applied for "the Green Innovation Fund Project / Development Project for Next-Generation Ships / Development of an Ammonia Fueled Ship Project" publicly offered by the New Energy and Industrial Technology Development Organization (NEDO), together with four other companies, including Kawasaki Kisen Kaisha, Ltd., NS United Kaiun Kaisha, Ltd., Nihon Shipyard Co., Ltd. and Mitsui E&S Machinery Co., Ltd. (Currently, Mitsui E&S Co., Ltd.), and successfully selected. In November 2022, ITOCHU and the said four companies obtained Approval in Principle for the basic design of an ammonia-fueled ship (200,000 deadweight ton type bulk carrier). This project aims to take the lead in the development of propulsion systems and hulls, as well as the ownership and operation of ammonia-fueled ships, as early as possible before 2028.

Development of Supply Chain of Ammonia Bunkering

ITOCHU Corporation and ITOCHU ENEX Co. Ltd. have agreed the joint development of an ammonia fuel supply (bunkering) base in Singapore, the world's largest supplier of marine fuel, among six companies including TotalEnergies Marine Fuels Pte. Ltd, Pavilion Energy Singapore Pte. Ltd, Vopak Terminals Singapore Pte. Ltd. and Mitsui O.S.K. Lines Ltd. In April 2022, ITOCHU together with the companies signed a memorandum of understanding with the Maritime and Port Authority of Singapore to promote the development of an ammonia fuel supply (bunkering) base in Singapore. For the joint development of an ammonia bunkering, we have signed in 2023 an MOU with Peninsula Petroleum in Spain and also an MOU with Orascom Construction PLC in the Suez Canal. We will be further accelerating the development of a safe fuel supply system and the development of ammonia bunkering vessels.

Since June 2021, ITOCHU has continued to examine and verify common issues related to the use of ammonia as marine fuel through the "Joint Study" a framework established with 34 companies and organizations to promote the use of ammonia as marine fuel. In April 2022, we launched the "Joint Study Framework for Ammonia Bunkering Safety" with 16 companies and organizations as a framework to share issues and knowledge on safety and guidelines for ammonia bunkering among related parties, and are expanding the activities. As a successive phase of these activities, we have executed an MOU for the Joint Study of Ammonia Bunkering Safety for an Ammonia-fueled Container Carrier among 8 companies and organizations in September 2023.

Each of the above joint developments and frameworks is positioned as part of an "Integrated Project" of ITOCHU and partner companies that includes not only the development of ammonia fuel ships and the establishment of an ammonia fuel supply base in Singapore, but also the ownership and operation of these ships, the procurement of ammonia fuel for marine use, and the establishment of a global supply chain. We will work with domestic and overseas companies and relevant ministries and agencies to contribute to the reduction of GHG emissions from international shipping.

Project to Manufacture and Sell Clean Ammonia in Canada, Aiming to Realize a Decarbonized Society

ITOCHU Corporation and Gentari Hydrogen Sdn. Bhd., Petroliam Nasional Berhad group, a Malaysian national oil company, have been conducting detailed studies of a project to manufacture and sell clean ammonia in Alberta, Canada.

ITOCHU Corporation will pursue the creation of a decarbonized society by establishing manufacturing sites and a supply chain for clean ammonia, which is expected to reduce greenhouse gas emissions from conventional fossil fuel derived ammonia.

Aerial View of Potential Project Site in Alberta, Canada

Clean-tech Business

3. Hydrogen Related Business

In December 2020, Japan announced the "Green Growth Strategy Towards 2050 Carbon Neutrality," and as part of that strategy, hydrogen is expected to contribute to the decarbonization of various fields as a key technology for carbon neutrality with promising applications across a wide range of fields, such as power generation, industrial usage, transportation, etc.

In light of this major trend, ITOCHU's wide-ranging networks focused on consumer-related sectors will be used to demonstrate the comprehensive capabilities of the ITOCHU Group and promote the development of the hydrogen market.

Strategic Collaboration to Build a Hydrogen Value Chain

ITOCHU, Air Liquide Japan G.K. and ITOCHU ENEX Co., Ltd. will jointly examine hydrogen production/supply and hydrogen station business focused on major metropolitan areas in Japan. The aim of this is to cultivate the hydrogen market for mobility and industry.

Starting with the Hydrogen Refueling Station (HRS) in Motomiya-city, Fukushima Prefecture, which is scheduled to start operation in the first half of 2024 as Japan's first HRS, we will continue to find out more HRS opportunities with similar concept that are expected to be rolled out along with highway and to attract usage of larger scale fuel cell commercial vehicles.

We will demonstrate our comprehensive strengths as a Group by making full use of our extensive network focused on the consumer goods industry field to contribute to the growth of the hydrogen market.

Motomiya Hydrogen Station (Image)

Business Model Development of a Local Hydrogen Production for Local Consumption

ITOCHU Corporation has been progressing the joint operationalization research on a hydrogen business based on "the local production for local consumption model" in northern Kyushu with our important customers of Nippon Coke & Engineering Company, Limited (Nippon Coke) and Compagnie Maritime Belge B.V. (CMB). ITOCHU has been supplying raw materials to Nippon Coke, and also has a lot of newly built ship business with CMB which is the largest maritime group in Belgium, both for many years.

Featuring both the hydrogen byproduct of Nippon Coke and the hydrogen engine of CMB, this project aims to create and expand both supply of and demand for hydrogen, with the goal of realizing actually operating hydrogen supply chains based on "the local production for local consumption model". Furthermore, by actively deploying this business model in other regions as well, ITOCHU will realize the social implementation of hydrogen on a global scale at the possible earliest time, for enhancing our contribution to and engagement with the SDGs.

Straddle Carrier with Hydrogen Engine


Tugboat with Hydrogen Engine


Offshore Wind Support Vessel with Hydrogen Engine


Hydrogen-powered Cruise Ship Operated in Japan

Clean-tech Business

Hydrogen Business Partnership with Nel and investment in Everfuel

ITOCHU Corporation has concluded a Memorandum of Understanding with Nel ASA (headquartered in Oslo, Norway), to create a strategic partnership in the hydrogen industry and the both companies are jointly developing hydrogen business. Nel is the world's largest manufacturer of electrolyzers, which are essential for green hydrogen production, in terms of production capacity, size of systems, number of systems delivered and revenues.

Following an introduction from Nel, in December 2023, ITOCHU and a subsidiary of Osaka Gas Co., Ltd. have entered into a joint agreement to acquire shares of Everfuel A/S, which promotes the establishment of a green hydrogen value chain. The company is engaged in the EPC and operation of green hydrogen production facilities, transportation equipment, and hydrogen stations using water electrolysis equipment. The company is also promoting the construction of a green hydrogen value chain for local production and consumption by selling hydrogen to the industrial and mobility sectors through the use of its own hydrogen stations. The world's largest hydrogen production and distribution plant (20 MW electrolyzer scale) is scheduled to start commercial operation in 2024 as the company's first hydrogen production project.

ITOCHU aims to horizontally expand the local hydrogen production and consumption business to Europe and other regions and to enter into the business of producing hydrogen-derived products by utilizing the knowledge and expertise gained through this project, while contributing to the realization of a decarbonized society.

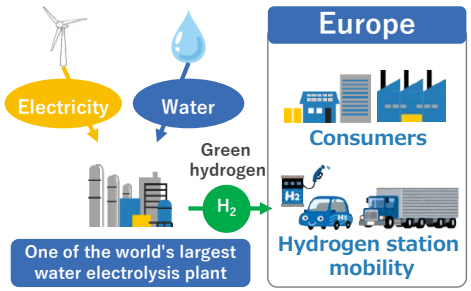


Diagram of the Flow of Green Hydrogen Delivered to Consumers

Inside the Plant

4. Energy Storage Systems (ESS)

ITOCHU aims to promote decarbonization and reduce environmental footprint by selling energy storage systems (ESS) that enhance and optimize the sustainable supply of renewable energy. As a demonstration of our commitment, we have set a clear sales target for ESS of 20 billion JPY per year and a cumulative energy storage exceeding 2GWh by FYE 2031.

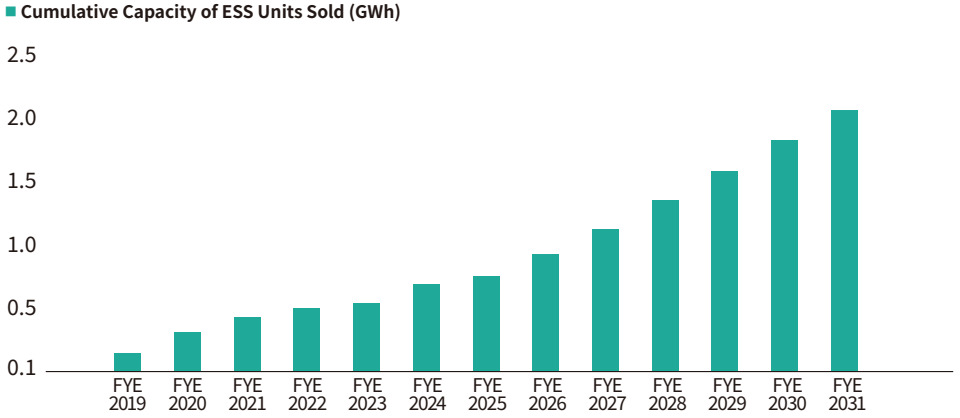
Moving forward, ITOCHU will strengthen our global battery procurement including reusable batteries and dealer network, in order to accelerate the development of energy storage systems for households and industries, and the development of systems for utility scale energy storage that connect renewable energy businesses and consumers for contribution to the decarbonization of each business. We will look to develop AI-equipped energy storage systems and to then launch them onto the market, and will develop businesses that provide solutions tailored to local markets (especially, we assume, the USA and Australian markets which are expected to grow in the future) with capital and business alliance partners overseas. Moreover, we will accelerate efforts to recycle waste batteries generated by electric vehicles (EVs) or energy storage systems and efforts relating to the traceability of those. This will allow us to develop our recycling-orientated business and to contribute to a further improvement in corporate value.

Sales and Cumulative Energy Capacity of Our ESS products

In cooperation with NF Blossom Technologies, Inc.*, ITOCHU developed Smart Star ESS series, which have been sold for approximately 60,000 units as of March 2024.

We have also begun to build up a track record of installations of Bluestorage, an energy storage system for C&I and grid use, centered on the utility scale energy storage project being promoted by the Japanese government and the Tokyo Metropolitan Government to realize a decarbonized society.

*NF Blossom Technologies, Inc. is a joint venture by NF Holdings Corporation and ITOCHU launched in February 2020.



Clean-tech Business

Other Initiatives

The Sale of Next-generation Residential ESS Products Using AI Technology

ITOCHU Corporation has entered into a capital and business alliance with Moixa Energy Holdings Ltd. in the United Kingdom, which develops "GridShare," software for optimal charge/discharge control of power storage systems.

By incorporating GridShare into the Smart Star series, in addition to the original features that demonstrate its strengths during power outages, AI analyzes and learns weather forecasts, user power demand and power generation forecasts, etc., and performs optimal charge and discharge control of the storage system. This enables efficient operation of solar power generation and power storage systems.

In addition, "Smart Star 3", which went on sale in May 2021, is equipped with the world's first environmental value point conversion and EV charging function through a home power storage system.

Official website of Smart Star Series: Click here (Japanese only) (https://www.smartstar.jp/)

External View of the Smart Star L


External View of the Smart Star 3

Demand Response Using GridShare

Through Gridshare Japan Co., Ltd., a wholly owned subsidiary of ITOCHU Corporation, users who provide optimal remote-control services are bundled together and demand response is implemented to implement control according to the power supply and demand situation. In FYE 2023, a maximum of approximately 17,000 units and approximately 51 MW/167 MWh of participants were solicited. Even if each power storage system is small, it is integrated and controlled as if it were a single large power storage system and functioned as a virtual power plant (VPP). This initiative is expected to spread renewable energy, respond to the tight supply and demand of electricity, and contribute to the earnings of retail electricity companies, and we will continue to promote it in the future.

Equity Participation in TRENDE Inc. and Future Collaboration

With the mission of "lighting up the future," TRENDE Co., Ltd. develops residential solar power retail services (Hotto Denki, Hidamari Denki, Jibun Denryoku) with zero initial cost, and promotes the efficiency of renewable energy. We are working on technological development and social implementation of P2P power trading*1 that contributes to its practical use and spread.

ITOCHU Corporation and TRENDE aim to expand environmental value transactions utilizing the non-fossil value*2 of renewable energy and realize P2P electricity transactions between customers.

*1 P2P power trading: Abbreviation for Peer to Peer. Refers to direct transactions of electricity between electricity consumers and power generation facility owners.
*2 Non-fossil value: Environmental value given to power sources that do not use fossil fuels for power generation. A trading market was established in May 2018 to promote the introduction of renewable energy.

Establishment of a Fund Exclusively for Utility Scale Energy Storage for the First Time in Japan Promoting Energy Generation and Storage

As activity in the development of renewable energy increases, it is increasingly necessary to develop functions for the adjustment of supply to meet demand for renewable energy as their output fluctuates greatly. Utility scale energy storage, which can provide power grids with the ability to adjust energy supply to meet demand, is essential for the future carbon-free society. The Tokyo Metropolitan Government has decided to create a government-industry fund to accelerate the ubiquitization of utility scale energy storage which contributes to the stabilization of power grids.

ITOCHU was selected, jointly with Gore Street Capital Limited, as the co-manager of the fund for promoting energy creation and storage being created by the Tokyo Metropolitan Government. This fund is the first in Japan that is intended exclusively for utility scale energy storage, following the establishment of similar funds in Europe and the United States.

We will actively promote the grid storage battery business, which is driving the decarbonization of Japan, from a financial perspective by leveraging our accumulated knowledge of the stationary storage system business.

Strategic Business Alliance with Akaysha Energy Pty in the Utility Scale Energy Storage Development

ITOCHU and Akaysha Energy Pty (Akaysha) have entered into a strategic alliance agreement to strengthen our competitiveness in the development of high-performance and efficient grid storage battery systems. Akaysha is a business development platform owned by a fund managed by BlackRock Group, and promotes the development, ownership and operation of grid storage solutions globally. Through this collaboration, we will combine our innovative solutions to contribute to the further introduction and stable supply of renewable energy and play a role in the realization of a sustainable society.


An Image of Akaysha's Project under Development in Australia.

Clean-tech Business

5. Water Infrastructure

ITOCHU identifies water-related businesses as a strategic priority. This is due to our understanding that such demands will increase given global climate change trends projecting drastic changes in rainfall as well as changes in demography especially in emerging economies. We globally engage in water-related businesses such as seawater desalination and water utility, aiming to contribute solutions to the increasing water problems around the world.

Seawater Desalination

We have invested in a seawater desalination project in Victoria, Australia. This is the project that has been providing the reliable water supply for Melbourne since 2012, and this plant is capable to meet approximately 30% of the water need of Melbourne, Victoria. We have invested as the largest shareholder in a seawater desalination project with the Oman Power and Water Procurement Company (OPWP), a government entity of the Sultanate of Oman. OPWP is promoting this project at Barka, in the northern area of the country.

Other Initiatives

The Development and Sales of Seawater Desalinization Plants and Reverse Osmosis Membranes Stable Supply of Life-sustaining Water

– Largest Seawater Desalination Project in Oman –

In March 2016, Barka Desalination Company, which we have invested aforesaid, agreed a contract to build and operate a new seawater desalination plant with a capacity of 281,000 m^3 per day at Barka, located in the northern area of the Sultanate of Oman, with the aim of ensuring a stable supply of water in the country. This project is a public-private partnership project with the Oman government to provide water for everyday life to the Barka region that suffers from severe water stress. The facilities involved use reverse osmosis membrane (RO membrane) to desalinate the water and are projected to operate for 20 years. It is the largest seawater desalination project in Oman with a total project cost of approximately 300 million US dollars. The plant has started commercial operation in June 2018. Besides, we realized listing on the Muscat Stock Exchange in February 2022.

Aerial View of Oman Seawater Desalinization Plant

6. Waste Management Project

All over the world, 2.0 billion tons of municipal solid waste (equivalent to 5,400 times of Tokyo Dome) are discharged annually. At least one-third of this waste is not treated with a proper way. As a result, decomposing gases emitted from waste cause fires, and the toxic substances that flow from waste mix with lakes, rivers, and groundwater, having a negative impact on the health of people and ecosystems in the surrounding areas. Due to rapid urbanization and population growth, especially in emerging countries, the world's waste volume is expected to reach 3.4 billion tons per year over the next 30 years.

ITOCHU is involved as a developer, investor, and operator in 4 energy-from-waste projects for municipal governments in the United Kingdom, which treat 1.3 million tons of waste annually, accounting for around 10% of the UK's waste incineration market, and generate enough electricity to power 160,000 British households. In the Republic of Serbia, we are working with the government of Serbia and City of Belgrade to develop a Waste Management project with an Energy-from-Waste Facility. The project will address one of the biggest environmental and social problems in Serbia - closing and remediating the existing landfill at the Vinca dumpsite, and treat municipal solid waste in City of Belgrade, and generate electricity. Financed by International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and Oesterreichische Entwicklungsbank (Austria's Development Bank "OeEB"), the construction of an Energy-from-Waste facility is under construction. This project will treat 340,000 tons of waste annually and generate enough electricity to power 30,000 households. In addition to these projects, ITOCHU have started an Energy-from-Waste project in the Emirate of Dubai, the United Arab Emirates in 2020. This project will be one of the largest energy-from-waste projects in the world, which will treat 1.9 million tons of waste annually, accounting for about 45% of the municipal solid waste in UAE, and generate electricity. This project will contribute to reaching the goals set by Dubai Municipality in minimizing the volume of municipal waste in landfills and developing alternative energy sources as well as contribute to sustainable and ecologically friendly waste management.

Aerial View of Serbia/Belgrade Waste Management Public-Private Partnership Project

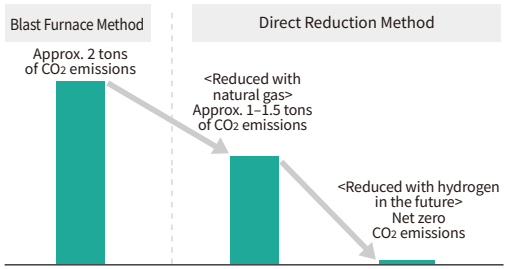
Clean-tech Business

7. Low-carbon Iron Supply Chain

Creating a Low CO_2 Emission Supply Chain for Ferrous Raw Material

Reducing CO_2 emissions during the steelmaking process has become an urgent issue in the steel industry. Compared to the conventional blast furnace route, the direct reduction route, which uses natural gas and high-grade iron ore for the reduction process, significantly lowers CO_2 emissions in the ironmaking process. To secure a stable supply of high-grade iron ore, which is an indispensable raw material for the direct reduction route, ITOCHU has acquired partial interests in the AMMC iron ore mining operation in Canada. We are conducting a feasibility study on establishing a low CO_2 emission supply chain for ferrous raw material jointly with JFE Steel Corporation, who is our long-term business partner and Emirates Steel Arkan, who is one of the largest publicly traded steel and building materials manufacturers in the region. In this venture, we plan to utilize high grade iron ore produced by CSN Mineração S.A., a superior iron ore producer in which ITOCHU & JFE have invested. On the whole, blast furnace route emits approximately 2 tons of CO_2 per ton of steel, whereas the direct reduction route effectively reduces this to about 1 to 1.5 tons of CO_2 emissions* with access to abundant natural gas. Looking ahead, we aim to achieve zero CO_2 emissions in the steelmaking process by implementing hydrogen reduction.

* JFE Environmental Vision 2050, page 9



Comparison of CO_2 Emissions When Producing 1 Ton of Crude Steel

Image of Low-carbon Direct Reduced Iron

8. CCUS・Carbon Fixation

ITOCHU invested in the Australia-based company, MCi Carbon Pty Ltd (MCi), and has been collaborating with MCi in promoting its technology which produces calcium carbonate by combining by-products of the steelmaking process(slag), coal ash and/or waste concrete with CO_2, to permanently lock awayCO_2 in a solid form and utilize as building materials. MCi was, in June 2021, awarded 14.6 million Australian dollars grants from the Australian government's Carbon Capture Use and Storage (CCUS) Fund, and then in November 2021 MCi won the first prize in the COP26 Clean Energy Start-up Pitch Battle in Glasgow, among 2,700 competing companies around the world. MCi is a company that aims to remove a billion tons of CO_2 annually in the future, as its company mission. In July 2022, ITOCHU, TAISEI CORPORATION, and MCi concluded a memorandum of understanding and are proceeding with verification of the use of this calcium carbonate as raw materials for concrete. With a view to manufacturing products in Japan, we are also discussing calcium carbonate production with domestic companies that discharge raw materials.

MCi's Pilot Plant in Newcastle, Australia

Clean-tech Business

9. Green Buildings

ITOCHU's construction and real estate group are committed to providing real estate and distribution services, especially in housing and commercial facilities as well as distribution facilities and housing complexes, which are sustainable and relevant to everyday life. We aim to do so by being involved throughout the value chain, from the development to the operation and management of real estate products, to streamline and optimize the solutions where we can, utilizing smart city concepts and emerging technologies such as IoT.

Our Group's real estate investment trust (REIT) participates in the GRESB, a sustainability assessment framework for real estate investors. We are actively acquiring green building certification* for our real estate portfolio from the perspective of reducing their environmental impacts. Advance Residence Investment Corporation, a listed residential real estate REIT has 26 real estate assets with CASBEE real estate valuation certifications and 2 real assets with Building-Housing Energy-efficiency Labeling System (BELS) certification which accounts to 32.2% in surface area, and 9.5% in number of units among its entire portfolio. At Advance Logistics Investment Corporation, a listed REIT focused on logistics assets, we own 8 assets with DBJ Green Building certifications, 2 assets with BELS certification and 9 real assets with BELS certification, which accounts to 95.0% in surface area, and 84.6% in number of units among its entire portfolio. At Advance Private Investment Corporation, an unlisted open-ended REIT, we own 1 real estate asset with CASBEE real estate valuation certification, which accounts to 11.4% in surface area, and 10.0% in number of units among its entire portfolios.

* The percentage of green building certification is information as at end of January 2024.

10. Collaboration with Outside Initiatives

We are promoting and expanding initiatives for clean-tech business by participating in initiatives. We decide to participate in each initiative upon confirming it conforms to our basic policy and initiatives for the clean-tech business.

Carbon Recycling Fund Institute

The Carbon Recycling Fund Institute was established in August 2019. The fund believes it is necessary to make further initiatives to achieve the target of carbon neutrality by 2050 by using CO_2 as a carbon source. It is a general incorporated association aiming to solve the problem of global warming and to improve energy access around the world at the same time. It will do this by supporting the creation of carbon recycling innovation through research assistance and publicity activities relating to carbon recycling. ITOCHU is also participating as a member.

Tokyo Zero-emission Innovation Bay

Tokyo Zero-emission Innovation Bay was established in June 2020 as a council by research laboratories, factories, business offices, research institutes, and universities located around the Tokyo Bay area, based on the concept proposed by the Japanese Government to develop the Tokyo Bay Area into the world's first Zero Emission Version of Silicon Valley where members can best collaborate, plan and carry out research & development/demonstrations/businesses, and disseminate information around the world. ITOCHU Corporation is listed as its member.

Japan CCS Co., Ltd.

In response to the national policy to develop and promote CCS technology, Japan CCS Co., Ltd. (hereinafter JCCS) was established in May 2008 by a group of major companies with expertise in CCS-related fields, including electric power, petroleum, oil development, and plant engineering. JCCS is a company founded and dedicated explicitly for developing the integrated CCS technology, and conducting feasibility studies and demonstration projects in Tomakomai area, Hokkaido, pertaining to carbon dioxide capture, utilization, transportation and storage technologies. As one of the shareholders, ITOCHU Corporation has been supporting this project. Also, separate from this project in Hokkaido, ITOCHU is jointly conducting research and demonstration project of NEDO to establish liquefied CO_2 ship transportation technology with JCCS as the consortium partners.

The Association for Reciprocal Revitalizations of Renewable Energy and Region (FOURE)

The Association for Reciprocal Revitalizations of Renewable Energy and Region (FOURE) was established in June 2021. It is an organization aiming to expand the introduction of renewable energy that benefits regions and to realize a decarbonized society. The organization is achieving this aim by spreading the introduction of renewable energy as the main power source in regions in Japan and by regions and renewable energy coexisting and mutually developing. ITOCHU has been participating as a member since March 2022.

Japan Sustainable Fashion Alliance

The Japan Sustainable Fashion Alliance was established in August 2021 with ITOCHU serving as the first representative alongside GOLDWIN INC. and JEPLAN, INC. The purpose of this alliance is to promote a transition to a sustainable fashion industry with targets of zero fashion loss through appropriate production, appropriate purchasing and recycling, and carbon neutrality in 2050. The alliance will realize its purpose by understanding the impact the fashion industry has on the natural environment and society to come up with solutions jointly for shared issues in the fashion and textile industries.

Clean-tech Business

List of Renewable Energy Related Efforts (Power Generation Capacity Basis)

Details of Effort	Name of Business Operator / Investment Project	Country	Generating Capacity / Size	Greenhouse Gas Reduction Figures
Wind Power Generation Business	Aspenall Wind Power Generation Project	USA	43 MW	Approx. 100,000 tons / year
	Cotton Plains Wind and Solar Power Generation Business	USA	217MW	Approx. 480,000 tons / year
	Prairie Switch Wind Power Generation Project	USA	160MW	Estimated 380,000 tons / year
	Mutsu Ogawara Wind Power Generation Project (Under Construction)	Japan	64.5MW	Estimated 150,000 tons / year
Offshore Wind Power Generation Business	Butendiek Offshore Wind Power Generation Project	Germany	288MW Scale of power generation: Equivalent power consumption of 370,000 households	Approx. 770,000 tons / year
Waste Management Projects	ST&W Waste Management Project / South Tyne & Wear Energy Recovery Holdings Limited	England	Incineration treatment of 260,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 31,000 households	Estimated 62,000 tons / year
	Cornwall Waste Management Project / Cornwall Energy Recovery Holdings Limited	England	Incineration treatment of 240,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 21,000 households	Estimated 60,000 tons / year
	Merseyside Waste Management Project / Merseyside Energy Recovery Holdings Limited	England	Incineration treatment of 460,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 63,000 households	Estimated 130,000 tons / year
	West London Waste Management Project / West London Energy Recovery Holdings Limited	England	Incineration treatment of 350,000 tons / year of general waste Scale of power generation: Equivalent power consumption of 50,000 households	Estimated 83,000 tons / year
	Serbia Waste Management Project / Beo Cista Energija	Serbia	Incineration treatment of 340,000 tons / year of general waste and utilization of landfill gas Scale of power and heat generation: Equivalent power consumption of 30,000 households and heat consumption 60,000 households in the winter	Estimated 210,000 tons / year
	Dubai Waste Management Project / Warsan Waste Management Company P.S.C. (Under Construction)	UAE	Incineration treatment of 1,900,000 tons / year Generating Capacity: 200 MW (planned)	Estimated 2,170,000 tons / year
Geothermal Power Generation	Sarulla Operations Ltd	Indonesia	330MW	Approx. 2,200,000 tons/year
Photovoltaic Power Generation	Oita Hiyoshibaru photovoltaic power plant large-scale solar power plant	Japan	45MW	Estimated 46,000 tons/year
	Shin-Okayama photovoltaic power plant large-scale solar power plant	Japan	37MW	Estimated 38,000 tons/year
	Saijo Komatsu photovoltaic power plant large-scale solar power plant	Japan	26MW	Estimated 27,000 tons/year
	Saga-Ouchi photovoltaic power plant large-scale solar power plant	Japan	21MW	Estimated 21,000 tons/year
	i-Grid Solutions, Inc.	Japan	178MW	Estimated 182,000 tons/year
	Clean Energy Connect	Japan	97MW	Estimated 99,000 tons/year
Biomass Power Generation	Ichihara Biomass Power Plant	Japan	49.9MW	353,000tons/year
	Hyuga Biomass Power Plant (Under Construction)	Japan	50MW	353,000tons/year
	Tahara Biomass Power Plant (Under Construction)	Japan	50MW	353,000tons/year

Results of Green Revenue (Organizational Performance Including Cleantech Business Revenue)

	FYE 2024 Net profit attributable to ITOCHU	FYE 2025 Forecast Net profit attributable to ITOCHU
Power & Environmental Solutions Division*1	24.9 billion JPY	13.5 billion JPY
North American Electric-power-related Business*2	16.7 billion JPY	15.3 billion JPY

*1 Division under the Energy & Chemicals Company that specializes in domestic renewable energy power generation and storage battery business.
*2 The figures are the sum of results/forecast of the Group companies engaged in the North American electric power business and related service business.

ESG Data (Environment)

Independent Assurance

The data below marked with ★,◆ and ■ is independently assured by KPMG AZSA Sustainability Co., Ltd. This assurance is conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410 of the International Auditing and Assurance Standards Board (IAASB).

★: Scope1/Scope2 and its total attributable to Japanese Bases of ITOCHU Corporation, Scope3 (Upstream Transportation & Distribution) related to domestic contracted transportation of ITOCHU Corporation as the shipper; the waste, waste non-recycled, waste recycled, recycling rate and treated water production volume for the Tokyo Headquarters.

◆: Total electricity consumption, Scope1/Scope2, and its total attributable to ITOCHU Group; NOx, SOx, VOC emissions of Japanese Bases of ITOCHU Group; and hazardous waste of Japanese Bases of ITOCHU Corporation and Japanese Bases of ITOCHU Group.

■: The volume of water withdrawal & wastewater discharge attributable to Japanese Bases of ITOCHU Corporation.

Independent Assurance Report (P232)

Scope of Aggregation

○: in scope of aggregation

			Japanese Bases of ITOCHU Corporation*1	Group Companies in Japan*2	Overseas Offices*3	Overseas Group Companies*4
Climate Change	Energy Consumption	Energy Consumption	○	–	–	–
		Energy Consumption Attributable to Business Facilities	○	–	–	–
		Electricity Consumption	○	○	○	○
		Heat & Steam Consumption	○	○	○	○
		Fuel Consumption	○	○	○	○
		Energy Intensity	○	–	–	–
	GHG Emission	Scope1/Scope2	○	○	○	○
		GHG Emissions from Business Facilities	○	○	○	○
		Scope1 Total Emissions Breakdown by GHG Type	○	○	○	○
		Scope3	○	○	○	○
		GHG Emissions (Scope1+2) Intensity	○	○	○	○
Prevention of Pollution & Resource Circulation	Prevention of Pollution	NOx, SOx, VOC	○	○	○	○
	Resource Circulation	Waste & Waste Recycling Rate	○	○	○	○
		Hazardous Waste	○	○	○	○
		Paper Consumption	○	–	–	–
Water Resources Conservation	Water Withdrawal and Wastewater Discharge	Volume of Water Withdrawal & Wastewater Discharge, Water Withdrawal Amount by Withdrawal Source, Discharge Amount by Discharge Destination, Water Withdrawal in Water Stressed Regions, Water Consumption in Manufacturing Processes that are Highly Dependent on Water Resources (Intensity), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD)	○	○	○	○
Environmental Accounting		Environmental Conservation Costs, Environmental Conservation & Economic Effects	○	–	–	–

*1 The Tokyo Headquarters, the Osaka Headquarters, 5 Branches (Hokkaido, Tohoku, Chubu, Chugoku & Shikoku, Kyushu).
The number of offices including domestic branches: FYE 2020: 7, FYE 2021: 6, FYE 2022: 8, FYE 2023: 6, FYE 2024: 6 (Data coverage in FYE 2024: 100%).
Up to FYE 2021, other branches had been included. Ippeki Villa Area is not included in the scope of the data FYE 2023 due to business transfer during the fiscal period.
*2 The number of companies covered: FYE 2020: 238, FYE 2021: 232, FYE 2022: 233, FYE 2023: 225, FYE 2024: 241 (Data coverage in FYE 2024: 100%)*5.
*3 The number of overseas offices covered: FYE 2020: 29, FYE 2021: 49, FYE 2022: 46, FYE 2023: 43, FYE 2024: 43 (Data coverage in FYE 2024: 100%).
*4 The number of companies covered: FYE 2020: 286, FYE 2021: 274, FYE 2022: 254, FYE 2023: 257, FYE 2024: 261 (Data coverage in FYE 2024: 100%)*5.
*5 The number of companies covered includes all the consolidated subsidiaries, including those held for investment management purposes. However, companies expected to be sold within the next five years held for investment management purposes are not included in GHG Emission, Water Withdrawal and Wastewater Discharge, and Hazardous Waste. Moreover, non-manufacturing site offices with 10 or fewer employees are not included due to their quantitative insignificance.

ESG Data (Environment)

Climate Change Performance Data

Energy Consumption

Energy Consumption

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Corporation	Purchased and Consumed Non-Renewable Fuel (Unit: MWh)	691	640	580	331	156
	Purchased Non-renewable Power (Unit: MWh)	28,747	27,320	27,107	26,332	24,313
	Other Purchased Non-renewable Energy (e.g., Steam, Heat and Cooling Water) (Unit: MWh)	7,385	7,401	6,869	7,046	7,993
	Generated Renewable Energy (Solar Power Generation*) (Unit: MWh)	54	60	63	61	66
	Total of Energy Consumption Cost (Unit: million JPY)	537	571	573	652	612

* Solar Power Generation
ITOCHU has installed solar panels on the roof of our Tokyo Headquarters and the roof of the adjacent Itochu Garden (former CI PLAZA). These panels started generating power in March 2010. The power generation capacity of the solar panels installed is a total of 100 kW. This is equivalent to the power for 30 regular houses (calculated at approximately 3.0 kW per house). All the clean energy generated is used in our Tokyo Headquarters. This is equivalent to an amount of power used in lighting 3.5 floors in our Tokyo Headquarters (during maximum instantaneous power generation)

Energy Consumption Attributable to Business Facilities

(Unit: GJ)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tokyo Headquarters	126,135	121,290	118,419	118,627	114,083

* The figures for the Tokyo Headquarters had been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation until FYE 2023, and from FYE 2024 with the emission factors specified in the revised Law Concerning the Promotion of the Measures to Cope with Global Warming effective April 1, 2024 (the "Revised Law")

Electricity Consumption

(Unit: MWh)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Corporation*	10,759	10,231	10,214	9,269	9,386
Group Companies in Japan	1,204,830	1,248,258	1,202,311	975,320	1,014,274
Overseas Offices	2,098	3,515	3,469	3,126	3,096
Overseas Group Companies	447,462	437,030	422,880	538,683	645,863
Grand Total of ITOCHU Group	1,665,148	1,699,034	1,638,874	1,526,398	◆1,672,619

* The Tokyo Headquarters is sourcing its real CO_2-free electricity together with a Non-Fossil Fuel Certificate since January 2020. The Non-Fossil Fuel Certificate includes the tracking information of Maebashi Biomass Power Plant (Maebashi, Gunma Prefecture) and is used at the Tokyo Head Office building in combination with purchased electricity

Heat and Steam Consumption

(Unit: GJ)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
ITOCHU Group	Industrial Steam	541,932	488,429	520,936	851*1	797
	Non-industrial Steam	14,452	15,462	14,532	14,593	15,636
	Hot Water	4,860	5,710	6,285	4,745	4,373
	Cold Water	75,227	67,618	62,874	22,353*2	25,420

*1 In FYE 2023, a Group company became non-consolidated subsidiaries and is not included in the calculation, which causes significant decrease from FYE 2022.
*2 Decreased in FYE 2023 due to sales of some business sites of a Group company.

Fuel Consumption

			FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
ITOCHU Group	Kerosene (Unit: kL)		2,609	3,387	3,086	2,151	1,944
	Light Oil (Unit: kL)		41,790	48,460	46,262	48,762	42,671
	Gasoline (Unit: kL)		12,759	12,688	11,547	11,619	11,751
	Heavy Oil A (Unit: kL)		20,432	18,969	58,137	19,292	19,324
	Heavy Oil B and C (Unit: kL)		25,942	25,546	13,595	20,784	13,959
	Coal (Unit: t)		315,148	325,431	292,371	192,663	180,851
	Petroleum gas	Liquefied Petroleum Gas (LPG) (Unit: t)	11,966	11,294	13,575	14,661	13,350
		Liquefied Petroleum Gas (LPG) (Unit: thousand m^3)	472	469	1,200	578	1,409
		Liquefied Petroleum Gas (LPG) (Unit: kL)	186	1,209	660	564	1,283
		Petroleum Hydrocarbon Gas (Unit: thousand m^3)	340	3	3	3	3
	Combustible Natural Gas	Liquefied Natural Gas (LNG) (Unit: t)	5,698	4,524	11,654	2,534	4,540
		Other Combustible Natural Gas (Unit: thousand m^3)	14,115	12,761	7,101	27,749	28,035
	City Gas, etc.	City Gas (Unit: thousand m^3)	26,692	46,793	37,107	33,931	28,688
		Other Gas (Unit: thousand m^3)	242	404	0	0	0

ESG Data (Environment)

Energy Intensity

Energy Consumption from ITOCHU's Domestic Sites (Intensity)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/employee)	16.070	15.536	15.245	14.418	14.931
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/m^2)	0.684	0.576	0.564	0.539	0.559

* The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2020: 101,545 m^2, FYE 2021: 114,920 m^2, FYE 2022: 113,434 m2, FYE 2023: 111,945 m^2, FYE 2024: 111,893 m^2

GHG Emissions

Scope1/Scope2

(Unit: thousand t-CO_2e)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Corporation	Scope1	0	0	0	0	★0
	Scope2	7	6	6	6	★2
	Scope1+2	7	7	6	6	★2
ITOCHU Group	Scope1	1,203	1,522	1,485	1,166	◆1,062
	Scope2	836	800	716	600	◆627
	Scope1+2	2,038	2,322	2,201	1,766	◆1,690

* The calculation of GHG uses the GHG Protocol developed by WRI (the World Resources Institute) and WBCSD (the World Business Council for Sustainable Development), and is aggregated according to the operational control approach

GHG Emissions from Business Facilities (Scope 1+2)

(Unit: thousand t-CO_2e)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tokyo Headquarters	6	6	6	6	2
Japanese Bases of ITOCHU Corporation	7	7	6	6	★2
Group Companies in Japan	1,526	1,611	1,507	1,133	1,111
Overseas Offices	2	3	3	3	3
Overseas Group Companies	504	701	684	625	573
Grand Total of ITOCHU Group	2,038	2,322	2,201	1,766	◆1,690

* Energy-related CO_2 emissions included in the ITOCHU Group's Scope 1 emissions for FYE 2024 are calculated by applying the emission factors specified in the Revised Law Concerning the Promotion of the Measures to Cope with Global Warming effective April 1, 2024. However, emissions from city gas are calculated by applying the emission factors that were effective prior to the enforcement of the Revised Law, including emissions in FYE 2024 (City gas: 2.23 t-CO_2/thousand m3N).
* CO_2 emissions from electric power generation of Japanese Bases of ITOCHU Corporation and Group Companies in Japan are calculated by applying basic emission factors by electric utility for data up to FYE 2021 and adjusted emission factors by electric utility for data from FYE 2022 and onward. The data for FYE 2024 is based on the adjusted emission factors for each electric utility published by the Ministry of the Environment on December 22, 2023.
* CO_2 emissions from electricity of Overseas Offices and Overseas Group Companies are calculated based on CO_2 conversion coefficient according to the latest data of the International Energy Agency (IEA 2023) for overseas offices and overseas Group companies. We used 2021 data of IEA 2023 for calculation of the figures of FYE 2024.
* CO_2 emissions from heat (Non-industrial Steam, Hot Water, and Cold Water) are calculated using emission factors that were effective prior to the enforcement of the Revised Law, including emissions FYE 2024 (Non-industrial Steam, Hot Water, and Cold Water: 0.057 t-CO_2/GJ).
* The figures for the Tokyo Headquarters had been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation until the FYE 2023, and from FYE 2024 with the emission factors specified in the Revised Law.
* CO_2 emissions in FYE 2024 that are not included in any of the Scope 1,2, and 3 emissions are 232 thousand t-CO_2e, which are CO_2 emissions from the combustion of biomass fuels such as wood and vegetable residues.

Scope1 Total Emissions Breakdown by GHG Type

(Unit: thousand t-CO_2e)

			FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Scope1 Total Emissions			1,203	1,522	1,485	1,166	1,062
Energy Consumption CO_2			1,158	1,234	1,214	907	845
Total GHG Emissions other than CO_2 from Energy Consumption			44	288	270	259	218
	Breakdown	Non-energy Consumption CO_2	0	0	0	16	14
		Methane (CH_4)	1	118	136	122	106
		Dinitrogen Monoxide (N_2O)	18	119	108	103	82
		Hydrofluorocarbon (HFCs)	24	51	26	18	16
		Perfluorocarbon (PFCs)	0	0	0	0	0
		Sulfur Hexafluoride (SF^6)	0	0	0	0	0
		Nitrogen Trifluoride (NF^3)	0	0	0	0	0

* The global warming potential (GWP: Global Warming Potential) for the calculation of GHG emissions other than CO_2 from energy consumption is based on GWP100 of the IPCC 4th Assessment Report (AR4) for FYE 2020-2023, GWP100 of the IPCC 5th Assessment Report (AR5) for FYE 2024.
* GHG emissions other than CO_2 from energy consumption from Group companies that emit 3,000 or more t-CO_2e per year are aggregated and disclosed.
* We started including "CH_4 and N_2O emissions associated with pig breeding and excrement management" and "HFC emissions due to leaks from refrigerating equipment, etc." from FYE 2019, and started further including "CH_4 emissions associated with wastewater treatment", "CH_4 emissions associated with composting and landfilling waste" and "N_2O emissions associated with the use of fertilizer on farms" from FYE 2021.
* GHG emissions derived from fluorocarbons are as follows:
  - Group Companies in Japan: Calculated according to the calculation method stipulated by Act on Rational Use and Appropriate Management of Fluorocarbons. However, HCFC is not included in the aggregation.
  - Overseas Group Companies: Calculated based on the charging amount of fluorocarbons used as refrigerants.

ESG Data (Environment)

Scope3

(Unit: thousand t-CO_2e)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Capital Goods*1	800	660	621	598	506
Fuel & Energy Related Activities*2	328	310	389	342	378
Upstream Transportation & Distribution*3	13	12	10	12	★ 10
Waste Generated in Operations*4	235	369	350	298	232
Business Travel*5	56	21	25	44	133
Employee Commuting*6	25	25	23	18	27
Franchises*7	1,152	1,089	1,048	1,025	947

Emission intensity is selected from the Inventory Database for Calculation of an Organization's GHG Emissions through the Supply Chain issued by the Ministry of Environment of Japan (the latest version), the Inventory Database for Environmental Analysis (IDEA) Ver.3.3 developed by National Institute of Advanced Industrial Science and Technology (AIST), etc.

*1 Calculated by multiplying the amount of fixed assets acquired (consolidated basis) in the relevant fiscal year by the emission intensity per capital goods price.
*2 Calculated using various emission intensities for fuel, heat, and purchased electricity collected during Scope 1 and Scope 2 calculations. Emissions from the generation of wholesale and retail electricity are also included in this category.
*3 Emissions related to domestic contracted transportation of ITOCHU Corporation as the shipper are calculated based on the Greenhouse Gas Emissions Calculation and Reporting Manual issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
*4 Calculated based on various waste and wastewater emissions intensity for the entire ITOCHU Group.
*5 Calculated based on the consolidated accounting data of the ITOCHU Group. The emissions intensity is used for each type of business trip. In FYE 2024, the GHG reduction effect of 50 t-CO_2e was included applying "Certificate of CO_2 Reduction Effect by SAF" which we purchased through "SAF Flight Initiative" offered by All Nippon Airways Co., Ltd.
*6 The consolidated commuting expenses are estimated based on ITOCHU's commuting expenses and the number of employees, and then the figure is calculated using the emission intensity of railway commuting.
*7 The difference between Scope 1 and Scope 2 of franchisees of related consolidated subsidiaries of the ITOCHU Group and Scope 1 and Scope 2 of those subsidiaries is recorded.

GHG Emissions (Scope1+2) Intensity

■ GHG (Scope1+2) Emissions from ITOCHU's Domestic Sites and ITOCHU Group (Intensity)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/employee)	1.596	1.552	1.540	1.439	0.468
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/m^2)	0.068	0.058	0.057	0.054	0.018
Per MWh of Electricity Consumption (Grand Total of ITOCHU Group) (Unit: t-CO_2e/MWh)	0.502	0.471	0.437	0.393	0.375

* The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2020: 101,545 m2, FYE 2021: 114,920 m2, FYE 2022: 113,434 m^2, FYE 2023: 111,945 m^2, FYE 2024: 111,893 m^2

■ CO_2 Emissions by Beverage Manufacturing Companies (Intensity)

Business Profile	Company Name (Boundary)	Unit	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	t-CO_2e / production capacity in kL	0.081	0.088	0.080	0.062	0.071

Avoided Emissions

Avoided emissions is a quantification of the amount of greenhouse gas reductions in the value chain that could be reduced or curbed if existing products and services (baseline) were replaced with our products and services. International discussions are continuing on the calculation rules for avoided emissions in order to establish a system that is more in line with the actual situation. We will continue to review our own calculation and disclosure methods in light of these discussions.

Valuation Target	FYE March 2024	Baseline	Calculation Method
Renewable Energy Power Generation	11,792 thousand t-CO_2e	Coal-fired Power Generation in Each Country	● Methodology for calculating annual avoided emissions: Generation capacity x 8,760h x estimated facility utilization rate x emission factor x equity share. ● Comparison is made only for the avoided emissions in the operational phase of each project. ● The figures for power plants in which we invest and operate are calculated on a stock basis (single year), while the figures for power plants in which we develop and sell concessions are calculated on a flow basis (lifetime). ● For power plants that we only operate, and we develop and sell concessions, we multiply the above formula by 70% as our contribution rate. ● Emission factors are referred to International Energy Agency (IEA) Emission Factors.
Energy Storage	457 thousand t-CO_2e	Coal-fired Power Generation in Each Country	● Methodology for calculating annual avoided emissions: Our sold storage capacity x discharge depth x 365d x emission factor. ● Assumed that storage batteries are fully charged with renewable energy and discharge it like a virtual power plant (VPP) to replace existing power plants. ● Calculated on a flow basis (lifetime), assuming a 70% discharge depth and 20 years of operation for the storage batteries we sold. A certain degradation rate is also taken into account. ● Emission factors are referred to International Energy Agency (IEA) Emission Factors.
Renewable Fuel	17 thousand t-CO_2e	Fossil Fuel	● Methodology for calculating annual avoided emissions: Sales volume x life cycle reduction rate x emission factor. ● Life cycle reduction rate is a measure of how much GHGs can be reduced over the entire life cycle of a product compared to a conventional product. Assumed to be 80% to 90% for each product. ● Emission factors are referred to those given in the Energy Efficiency and Global Warming Countermeasures Reporting System of the Ministry of Environment of Japan.

ESG Data (Environment)

Pollution Prevention and Resource Circulation Performance Data

Pollution Prevention

NOx, SOx, VOC

(Unit: t)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Group*1	NOx (Nitrogen Oxides)*2	1,378	1,569	1,437	1,108	◆ 982
	SOx (Sulfur Oxides)*2	514	416	416	370	◆ 298
	VOC (Volatile Organic Compounds)*3	424	445	400	219	◆ 312
Overseas Bases of ITOCHU Group	NOx (Nitrogen Oxides)*2	1,293	1,458	1,656	131	65
	SOx (Sulfur Oxides)*2	648	333	545	284	235
	VOC (Volatile Organic Compounds)*3	168	182	192	222	215
Grand Total of ITOCHU Group	NOx (Nitrogen Oxides)*2	2,671	3,027	3,093	1,239	1,047
	SOx (Sulfur Oxides)*2	1,162	749	961	653	534
	VOC (Volatile Organic Compounds)*3	592	627	592	441	527

*1 The data are calculated for the business bases located in Japan.
*2 NOx and SOx emissions are calculated for soot and smoke generating facilities under the Air Pollution Control Act.
*3 VOC emissions are calculated for compounds that fall under the VOC 100 types indicated in the notification of the Air Pollution Control Act by the Ministry of the Environment. The main compounds to be counted include ethyl acetate, propyl acetate and isopropyl alcohol. See Attachment 1 of "Enforcement of the Act to Partially Amend the Air Pollution Control Act" (Notice of the Ministry of the Environment, No. 050617001, Kankan Daihatsu, dated June 17, 2005).

Resource Circulation

Waste Generated and Waste Recycling Rate

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tokyo Headquarters	Waste Generated (Unit: t)	767	465	469	428	★ 441
	Waste Non-recycled	44	31	30	39	★ 34
	Waste Recycled	723	434	439	389	★ 407
	Recycling Rate (Unit: %)	94.3	93.4	93.7	90.9	★ 92.3
Osaka Headquarters, Branches and Other Business Facilities in Japan	Waste Generated (Unit: t)	1,354	1,226	2,265	3,160	1,722
Group Companies in Japan	Waste Generated (Unit: t)	149,949	248,465	141,355	110,911	108,968
Overseas Offices	Waste Generated (Unit: t)	9	41	238	449	412
Overseas Group Companies	Waste Generated (Unit: t)	461,018	504,085	504,296	525,187	498,016
Grand Total of ITOCHU Group	Waste Generated (Unit: t)	613,097	754,283	648,623	640,135	609,558
	Waste Non-recycled	450,376	584,567	194,374	132,496	141,219
	Waste Recycled	162,721	169,716	454,249	507,639	468,339
	Recycling rate (Unit: %)	27	23	70	79	77

★ The waste generated of the Tokyo Headquarters includes the amount sold as valuables

Hazardous Waste Generated

(Unit: t)

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Corporation・Japanese Bases of ITOCHU Group*1 *2	329	750	251	226	◆ 267
Overseas Offices・Overseas Bases of ITOCHU Group	1,111	1,111	1,063	4,374	3,462
Grand Total of ITOCHU Group	1,440	1,861	1,314	4,600	3,730

★1 The data are calculated for the business bases located in Japan.
★2 The amount of specially controlled industrial waste specified in the "Waste Disposal and Public Cleansing Law" is totaled.

Paper Consumption

(Unit: thousand sheets (A4 equivalent))

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Japanese Bases of ITOCHU Corporation	Copy Paper Consumption	26,913	19,167	14,916	14,383	12,720

ESG Data (Environment)

Water Resources Performance Data

Water Withdrawal and Wastewater Discharge

Volume of Water Withdrawal & Wastewater Discharge

(Unit: thousand m³)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tokyo Headquarters	City water usage	42	29	30	37	40
	Treated water production volume*1	34	25	27	32	★41
	Wastewater Discharge	60	41	41	50	54
Osaka Headquarters, Branches and Other Business Facilities in Japan	Water withdrawal	73	61	84	4	7
	Wastewater Discharge	170	133	169	6	7
Japanese Bases of ITOCHU Corporation	Water withdrawal*2 *3	115	90	115	41	■62
	Wastewater discharge*2 *4	230	173	210	56	■60
Group Companies in Japan	Water withdrawal	21,947	24,540	25,228	14,833	15,315
	Wastewater Discharge	9,594	14,269	14,926	9,835	9,871
Overseas Offices	Water withdrawal	5	16	31	39	36
	Wastewater Discharge	5	15	31	39	35
Overseas Group Companies	Water withdrawal	72,064	48,494	32,747	30,208	35,251
	Wastewater Discharge	16,394	21,723	16,319	14,347	13,275
Grand Total of ITOCHU Group	Water withdrawal	94,132	73,140	58,120	45,121	50,663
	Wastewater Discharge	26,224	36,181	31,486	24,277	23,241

*1 The treated water production volume partly contains "City water usage".
*2 FYE 2023, water withdrawal and wastewater volume decreased significantly from the previous fiscal year because the business of the Ippeki villa area was transferred during the fiscal year and is not included in the calculation.
*3 The amount of rainwater used for treated water production has been counted in water withdrawal at the Tokyo Headquarters from FYE 2024.
*4 The amount of wastewater discharge from Japanese Bases of ITOCHU Corporation until FYE 2022 includes wastewater from sewage treatment plants that receive and treat sewage from third parties, so the amount of wastewater greatly exceeds the amount of water withdrawal.
* Water sprayed for irrigation is not included in wastewater discharge.
* Estimation method when water withdrawal and wastewater discharge are not known;
for Water withdrawal: using a certain basic unit.
for Wastewater discharge: assuming the same amount as water withdrawal or using a certain basic unit.

Water Withdrawal Amount by Withdrawal Source

(Unit: thousand m³)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
ITOCHU Group	Supplied Water Usage, Industrial Water	10,764	12,119	11,655	11,669	12,618
	Groundwater Withdrawal	46,764	20,516	16,702	15,349	18,652
	Water Taken from Rivers, Lakes, Rainwater	26,323	31,402	19,729	18,079	19,340
	Water Taken from Seawater	10,269	9,068	10,015	0	0
	Others (External wastewater, Produced Water, etc.)	11	34	19	25	54
	Grand Total	94,132	73,140	58,120	45,121	50,663

Discharge Amount by Discharge Destination

(Unit: thousand m³)

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
ITOCHU Group	Water Discharged to Treatment Facility (e.g., Sewage)	3,900	7,181	9,893	7,052	7,416
	Water Discharged to Groundwater	5,731	11,639	6,464	3,912	4,069
	Water Discharged to Rivers, Lakes	10,464	10,251	12,581	10,730	9,009
	Water Discharged to Sea	6,130	6,679	1,905	1,857	2,355
	Others	—	431	642	725	392
	Grand Total	26,224	36,181	31,486	24,277	23,241

ESG Data (Environment)

Water Withdrawal in Water Stressed Regions

The amount of water withdrawal at sites with high risk and extremely high risk (>40%) identified using the WRI Aqueduct tool developed by WRI (World Resources Institute (P80)) is as follows. Assuming the total amount of water withdrawal in FYE 2022 as 100%, the amount of water withdrawal at sites with high risk is 4%, and that at sites with extremely high risk is 2%.

		FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
High Risk (40-80%)	Number of Sites	6	7	4	5	8
	Water Withdrawal (thousand m³)	2,201	2,786	2,449	2,478	139
Extremely High Risk (>80%)	Number of Sites	2	3	3	5	7
	Water Withdrawal (thousand m³)	623	1,096	1,362	1,167	3,920

Water Consumption in Manufacturing Processes that are Highly Dependent on Water Resources (Intensity)

Category	Boundary	Unit	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	Water Consumption m³ / Production Volume in kL)	1.95	1.85	1.82	1.83	1.81

Biochemical Oxygen Demand (BOD) Chemical Oxygen Demand (COD)

		Unit	FYE 2021	FYE 2022	FYE 2023	FYE 2024
ITOCHU Group discharge amount into Water	BOD load	t	39,099	28,622	52,612	31,511
	COD load	t	213,808	135,710	231,914	123,785

Chemical Oxygen Demand (COD)

Category	Boundary	Unit	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Chemical	C.I. TAKIRON Corporation (factory)	mg/L	2.78	2.20	2.80	1.50	1.67

Environmental Accounting

Environmental Conservation Costs

(Unit: thousands of yen)

	Classification	Items	FYE 2024
Japanese Bases of ITOCHU Corporation	Costs inside Business Areas	Costs related to pollution prevention, global environmental conservation, and resource recycling	111,911
	Upstream & Downstream Costs	Additional costs for reducing environmental impact, green procurement costs, and containers and packaging recycling.	16,238
	(Green Procurement Costs)		6,727
	Management Activity Costs	Costs for the development and operation of environmental management systems and environmental education for employees	299,394
	Research and Development Costs	R & D costs for products contributing to environmental conservation	500
	Social Activity Costs	Costs for environmental improvement measures such as nature conservation, greening, beautification, and landscape preservation, as well as donations and support to organizations engaged in environmental conservation	8,795
	Costs to Address Environmental Damage	Costs for nature restoration, compensation for damages related to environmental conservation, etc.	27,382
	Grand Total of Japanese Bases of ITOCHU Corporation		464,220

* Summarized based on the Environmental Accounting Guidelines - 2005 Edition from the Ministry of the Environment

Environmental Conservation & Economic Effects

		FYE 2024	
		Environmental Conservation Effects	Economic Effects (Unit: thousands of yen)
Japanese Bases of ITOCHU Corporation	Paper Usage	1,663 thousand sheets	-925
	Electricity Usage	-116 MWh	18,572
Tokyo Head Office	Waste Generated	-13 t	-595
	Water Usage	-6,655 m³	-4,806

* Environmental conservation and economic effects are calculated by subtracting actual values for the current fiscal year from those for the previous fiscal year

Understanding the Situation of our Environmental Obligations

We do not limit ourselves to just supporting statutory requirements in regards to the environmental risks in the tangible fixed assets (e.g., land and buildings) of ITOCHU alone and our Group companies — in particular, asbestos, PCB and soil contamination; we also look to understand the situation through surveys voluntarily and then aim to respond in a way that is helpful to prompt management policy decisions and judgments. As of March 2024, we estimate the cost of waste disposal at JPY 27 million, which is a reasonably estimable amount (shadow cost) for future environmental liabilities.