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 the 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. The ITOCHU Group's sustainability promotion based on this Environmental Policy shall be planned and formulated by the Sustainability Management Division and shall be operated and implemented by the Group ESG Officers and Group ESG Managers of each organization under the decision of CAO. The Board of Directors approves and oversees the Group's policies, strategies, and related business promotion concerning sustainability.

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.

9. Employee Training

We shall provide training for the employees to deepen the understanding of the impacts of our business on the environment. Each employee of the ITOCHU Group shall implement the action plan of each organization based on this Environmental Policy.

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

Established in April 2020
Revised in May 2024
Revised in May 2025

Environmental Management

Policy and Basic Concept

ITOCHU strives to make initiatives to conserve the global environment to be a top management priority for us. This is under recognition that the business activities we perform 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 businesses 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.

• Refer to: The ITOCHU Group Environmental Policy (P46)

Structures and Systems

ITOCHU recognizes 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 regard 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, greenhouse gas (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.

• Refer to: ITOCHU's Sustainability Promotion Structure (P16)

External Audits

ITOCHU undergoes an ISO 14001 certification review every year by the BSI Group Japan K.K.. We underwent the re-certification audit recently in December 2024. The latest registration certificate is valid until December 23, 2027.

EMS 657977/ISO 14001

ISO 14001 Certification of the ITOCHU Group

ITOCHU was the first trading company to acquire ISO 14001 certification in 1997 and is working to continuously improve its sustainability promotion system.

Percentage of ISO 14001 certified sites **93%**

- ISO 14001 certified sites: ITOCHU Corporation, ITOCHU Automobile Corporation, ITOCHU Metals Corporation, ITOCHU Taiwan Corporation
- Percentage of ISO 14001 certified sites: 93%
- Scope of registration: Business activities of a general trading company to invest and provide goods and services

Internal Audits

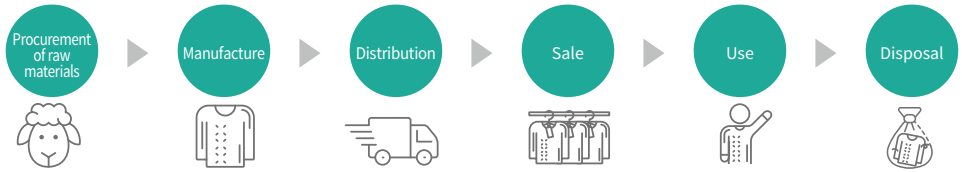
ITOCHU conducts internal sustainability audits every year based on ISO 14001. In conjunction with the re-certification audit for ISO 14001, we have planned to conduct both internal and external audits for all 49 departments. Members of the Sustainability Management Division constitute the audit team and conduct the audits with emphasis on compliance. The implementation of internal sustainability audits over half a year leads to a precautionary approach to environmental and social risks.

Initiatives

Assessment of Sustainability Risk in Products ITOCHU Handles

ITOCHU deals in a wide variety of products on a global scale. Therefore, we believe it is important 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

ITOCHU has 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 301 offices over the past 24 years up to the end of FYE 2025. 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 checkpoints on climate change, pollution prevention and resource circulation, water resources, natural capital and biodiversity, including elements from the seven core subjects of ISO 26000, the international standard for organizational social responsibility. For projects that require expert knowledge, we make request to external experts 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

ITOCHU provides various educational programs to encourage employees to conduct environmental conservation activities. In addition, we hold environmental laws and regulations 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.

Regular Training for Outside Directors

In order to promote Outside Directors’ and Outside Audit & Supervisory Board Members’ understanding of risk management and other ITOCHU Group initiatives, Outside Directors and Outside Audit & Supervisory Board Members have regular meetings with the Chairman & CEO and the President & COO; Outside Directors have regular liaison meetings with full-time Audit & Supervisory Board Members; and internal auditing units meet regularly with Outside Directors to report on their activities. Outside Directors and Outside Audit & Supervisory Board Members also meet regularly on an individual basis with Division Company Presidents and Officers in charge of overseeing head office functions to constantly improve their knowledge and understanding. We hold information sessions for Outside Directors and Outside Audit & Supervisory Board Members to provide opportunities to deepen their understanding of environmental, social, compliance, and various other risks (climate change, water quality, forest commodities management, human rights and occupational safety and health) as well as the related risk management systems. Outside Directors and Outside Audit & Supervisory Board Members also receive pre-briefings before meetings of the Board of Directors, with explanations of individual investment matters that includes not only the investment details but also risk analysis and response; in so doing, we work to ensure that they enter meetings of the Board of Directors with a full understanding of the relevant risks.

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 regulation requirements and to raise their compliance and environmental awareness.

Refer to: Sustainability Awareness Activities at ITOCHU (P19)

Inquiries from Inside and Outside the Company and Our Response to Them (FYE 2025)

Inquiries from outside parties
27
- 24 from companies (business partners)
- 2 from industry associations
- 1 from NGOs

Requests for submission of ISO 14001 certification copy
37

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

Sustainable Finance

In March 2021, ITOCHU became the first general trading company to have decided to issue US 500 million dollars Senior Unsecured Bonds due 2026 to raise funds for projects that contribute to SDGs (the “SDGs Bonds”). To issue the SDGs Bonds, we have 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 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, and in December 2024, with The Bank of Fukuoka, Ltd. The Green Loan will be used for eligible projects (renewable energy power generation, waste treatment and power generation, and circular economy-related).

Refer to: Sustainable Finance (P244)

Climate Change (Information Disclosure Based on TCFD Recommendations)

In May 2019, ITOCHU 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

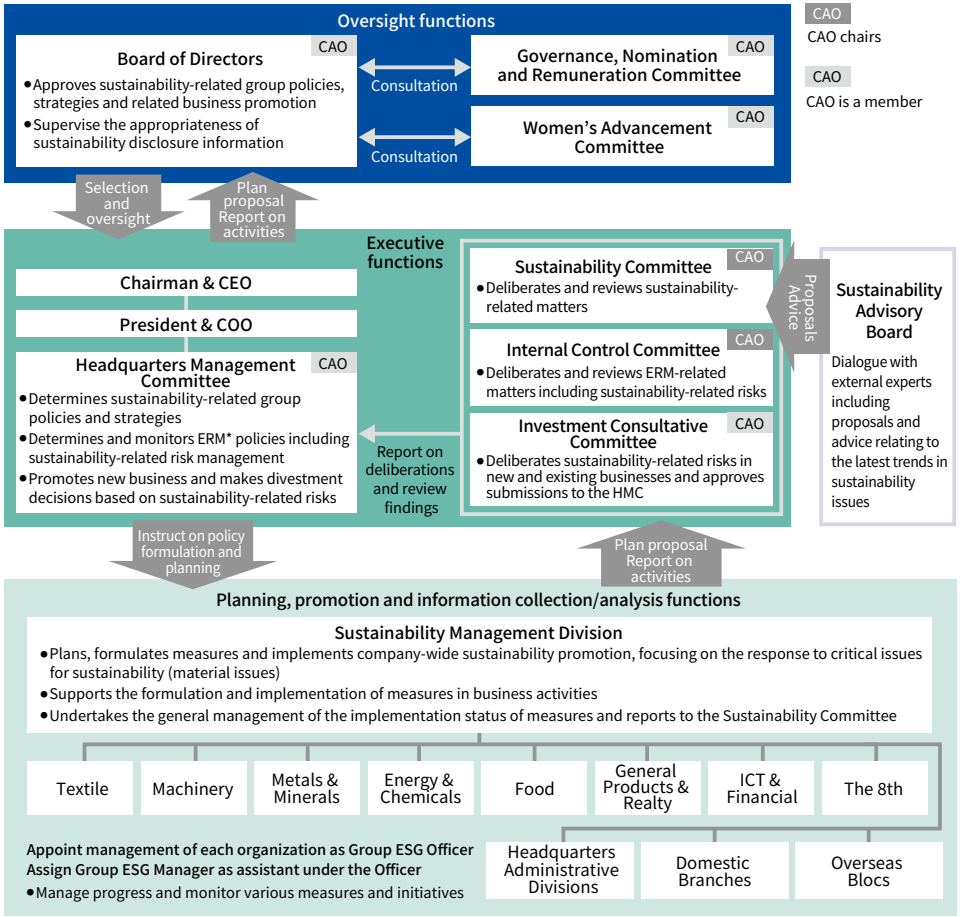
ITOCHU recognizes that climate change is one of the most urgent global environmental issues, therefore ITOCHU Group, which operates globally, considers climate change and other global environmental issues as one of the most important management issues. We support international policies and standards, including the Paris Agreement, Japan's NDC (Nationally Determined Contribution), 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 (GHG) 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 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's 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 June 18, 2025)**



* ERM: Enterprise Risk Management
● 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-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 response to climate change and other sustainability issues. 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 2025)

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
	  • 2 times in FYE 2022
	  • 3 times in FYE 2023
	  • 4 times in FYE 2024
	  • 3 times in FYE 2025
		• FYE 2019
		  • Announcement of support for the TCFD recommendations
		• FYE 2020
		  • Disclosure based on the TCFD recommendations, calculation of Scope3 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 Scope1/2/3 results
		• FYE 2024
		  • Status of GHG emissions reduction roadmap
		  • Results and forecast of avoided emissions
		• FYE 2025
		  • Response to new information disclosure requests
		  • Response to climate change
		  • Response to natural capital

Sustainability Committee	• Usually held 1 to 2 times 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
	  • 3 times in FYE 2024
	  • 2 times in FYE 2025
		• FYE 2019
		  • Announcement of support for the TCFD recommendations
		• FYE 2020
		  • Disclosure based on the TCFD recommendations, calculation of Scope3 emissions
		• FYE 2021
		  • GHG reduction target, Disclosure based on the TCFD recommendations
		• FYE 2022
		  • Confirmation of Scope1/2/3 results, status of progress on reduction targets
		• FYE 2023
		  • Confirmation of the Material Issues
		  • Policy for GHG emissions reduction
		  • Monitoring of Scope1/2/3 results
		• FYE 2024
		  • Status of GHG emissions reduction roadmap
		  • Results and forecast of avoided emissions
		• FYE 2025
		  • Revision of The ITOCHU Group Environmental Policy
		  • Revision of Sustainability Action Guidelines for Supply Chains and expansion of distribution
		  • GHG-related reporting

Climate Change (Information Disclosure Based on TCFD Recommendations)

Strategy

ITOCHU applies the Policy and Basic Concept Concerning Climate Change (P49) 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-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-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 increase or 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 extreme 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

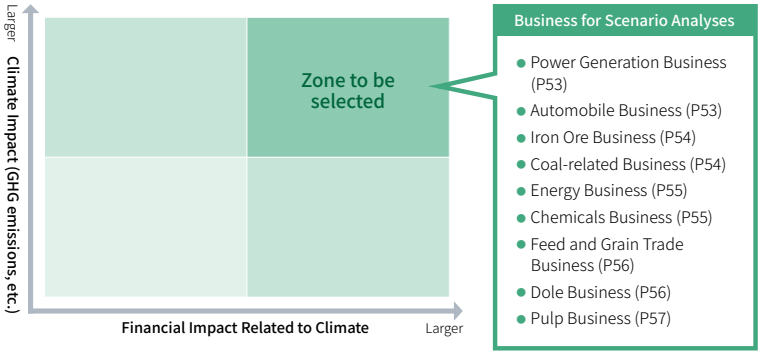
* Short-term: less than one year, medium-term, up to three years, long-term: four or more years

Climate Change (Information Disclosure Based on TCFD Recommendations)

Scenario Analysis

Scenario Selection

ITOCHU 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-related,” “Iron Ore,” “Automobile,” 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 ITOCHU 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 their credibility, are referenced in TCFD recommendations, and cover a broad range of business domains. As a result, we set the following two 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	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.	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	● Stated Policies Scenario (IEA WEO2024*) ● Stated Policies Scenario (ETP WEO2020), etc.	● Net Zero Emissions by 2050 Scenario (IEA WEO2024) ● Announced Pledges Scenario (IEA WEO2024), etc.
	Physical aspects	● RCP8.5 (IPCC AR5), SSP5-8.5 (IPCC AR6), 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

* IEA WEO2024 “Net Zero Emissions by 2050 Scenario”: 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$205/t-$CO_2$
Thermal power generation	● Coal: 5,650TWh ● Gas: 6,405TWh	● Coal: — ● Gas: 1,256TWh
Renewable energy generation	● Solar: 14,912TWh ● Wind: 9,492TWh ● Geothermal: 271TWh ● Solar Heat: 115TWh	● Solar: 24,846TWh ● Wind: 17,293TWh ● Geothermal: 529TWh ● Solar Heat: 731TWh
Low-carbon thermal power generation	● Hydrogen and ammonia: 80TWh ● Thermal power with CCUS: 79TWh	● Hydrogen and ammonia: 878TWh ● Thermal power with CCUS: 833TWh

Climate Change (Information Disclosure Based on TCFD Recommendations)

Scenario Analysis and Results

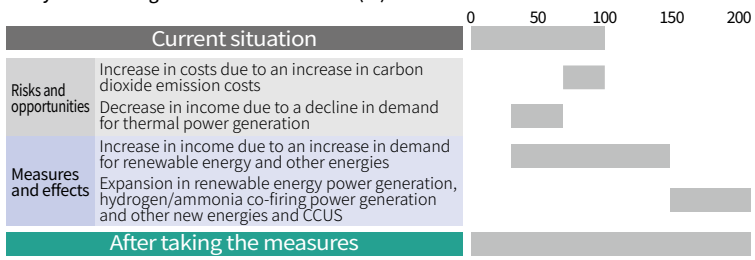
For the scenario analysis, ITOCHU did not limit the timeline range to the short-term. We also added medium- and long-term axes for 2030 and beyond when organizing and evaluating the factors of latent risks and opportunities that could have a significant qualitative or quantitative financial impact for 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 financial 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.

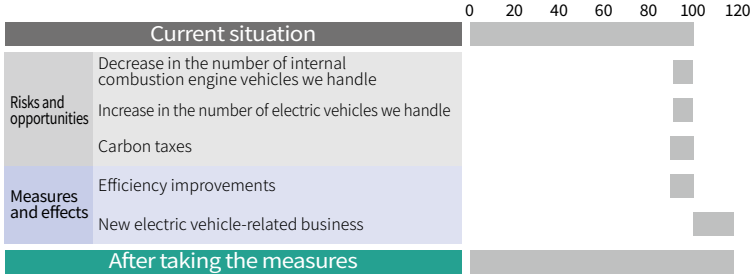
The quantitative information used in our scenario analysis reflects judgments made by ITOCHU based on scenarios prepared by sources such as the IEA. While we worked to increase analysis precision, the analysis does include numerous uncertainties.

1. Businesses for Which Transition Risks Are the Main Issues

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

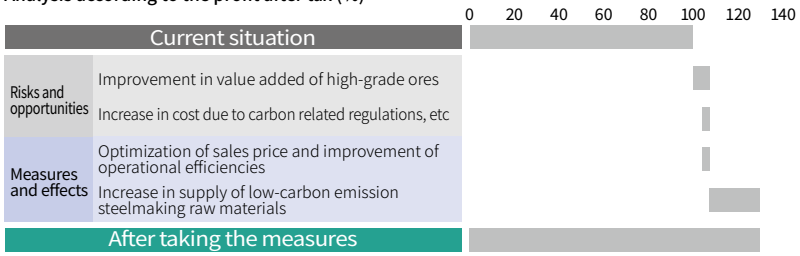
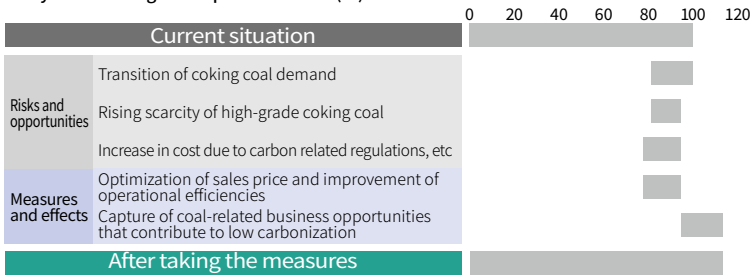
Business Profile		Power Generation Business	Automobile Business
Timeframe		By 2040	By 2030
Temperature Band Scenario		1.5°C Scenario	
Main risks and opportunities	Transition	Risk: Decrease in thermal power station earnings due to effects such as an increase in carbon dioxide emission costs Risk: Decline 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: 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
	Physical	Risk: Damage to power generation facilities by natural disasters (extreme weather)	Risk: There is a risk the factories of our business partners may suffer damage and suspend operations
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 (%)***	The automobile industry is shifting 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 (%)**
• Adaptation/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 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 GHG 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.
Financial information		• Profit in segment of applicable business (consolidated net profit): 56.9 bn yen (Plant Project, Marine & Aerospace Division/FYE 2025 Results) • Total assets in segment of applicable business: 2,166.6 bn yen (Machinery Company/March 2025)	• Profit in segment of applicable business (consolidated net profit): 79.6 bn yen (Automobile, Construction Machinery & Industrial Machinery Division/FYE 2025 Results) • Total assets in segment of applicable business: 2,166.6 bn yen (Machinery Company/March 2025)



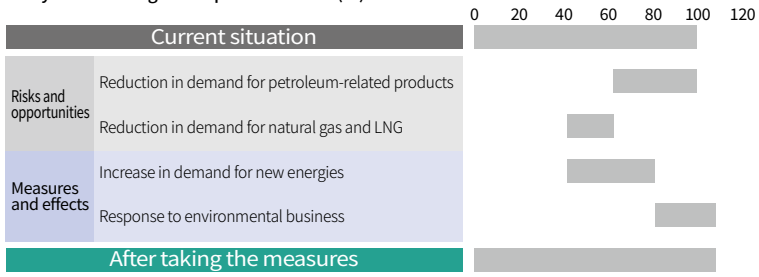
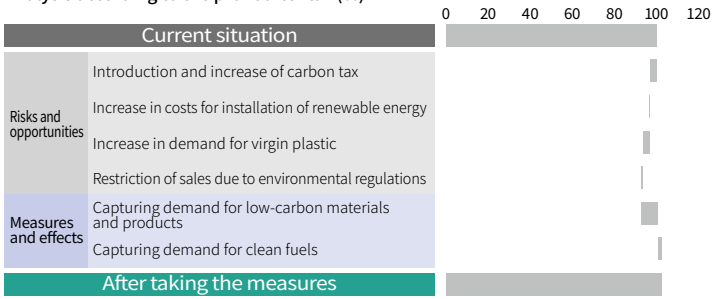


* Earnings before interest, taxes, depreciation and amortization (This refers to earnings calculated by adding interest expenses and depreciation expenses to earnings before tax.)

Climate Change (Information Disclosure Based on TCFD Recommendations)

Business Profile		Iron Ore Business	Coal-related Business
Timeframe		By 2050	By 2040
Temperature Band Scenario		1.5°C Scenario	
Main risks and opportunities	Transition	Opportunity: Improvement in value added of high-grade ores Risk: Increase in cost due to carbon related regulations, etc Opportunity: Optimization of sales price and improvement of operational efficiencies Opportunity: Increase in supply of low-carbon emission steelmaking raw materials	Risk: Transition of coking coal demand Opportunity: Rising scarcity of high-grade coking coal, which is essential for the low-carbon steelmaking processes Risk: Increase in cost due to carbon related regulations, etc Opportunity: Optimization of sales price and improvement of operational efficiencies Opportunity: Capture of coal-related business opportunities that contribute to low carbonization such as hydrogen, CCUS, etc
	Physical	Risk: Disruption of the iron ore supply chain due to frequent weather disasters	Risk: Disruption of the coal supply chain due to frequent weather disasters
Business environment under the scenario Business impact assessment		Carbon related regulations are expected to increase cost such as the purchase of emission credits rights according to GHG emissions. Nevertheless, the impact on earnings will be limited due to optimization of sales prices in iron ore supply chain and improvement of operational efficiencies including policy to reduce GHG emissions and promotion of digital transformation, etc. Further growth is expected by strengthening 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 (%)** 	Under 1.5°C Scenario overall demand for coking coal is expected to decrease due to the advancement of electric furnaces and the spread of direct reduced iron. On the other hand, the number of coal mines capable of supplying high-quality high-grade coking coal will become more limited than before, and such coal is needed not only for the conventional blast furnace method but also for the blast furnace hydrogen reduction process, so it is expected to become relatively scarce. Carbon related regulations are expected to increase cost such as the purchase of emission credits rights according to GHG emissions. Nevertheless, the impact on earnings will be mitigated due to optimization of sales prices in coal supply chain and improvement of operational efficiencies including policy to reduce GHG emissions and promotion of digital transformation, etc. In the medium and long term we will aim to maintain and expand profits by capturing business opportunities in coal-related fields, such as CCUS (Carbon dioxide Capture, Utilization and Storage), which includes promoting the spread of CO_2 fixation technology, and hydrogen utilization, etc. **Analysis according to the profit after tax (%)** 
• Adaptation/mitigation measures & policies • Business opportunities		• 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. • We will promote initiatives to improve operational efficiencies including policy to reduce GHG emissions and digital transformation.	• Regarding high-grade coal, which contributes to the low-carbonization of steel, we are expanding supply from superior interests while improving asset efficiency. • We will promote initiatives to improve operational efficiencies including policy to reduce GHG emissions and digital transformation. • We will closely monitor trends in low-carbon emission steelmaking technologies and capture business opportunities in coal-related fields that contribute to the low-carbonization of related industries, while identifying changes in social structure.
Financial information		• Profit in segment of applicable business (consolidated net profit): 178.4 bn yen (Metals & Minerals Company/FYE 2025 Results) • Total assets in segment of applicable business: 1,506.4 bn yen (Metals & Minerals Company/March 2025)	• Profit in segment of applicable business (consolidated net profit): 178.4 bn yen (Metals & Minerals Company/FYE 2025 Results) • Total assets in segment of applicable business: 1,506.4 bn yen (Metals & Minerals Company/March 2025)

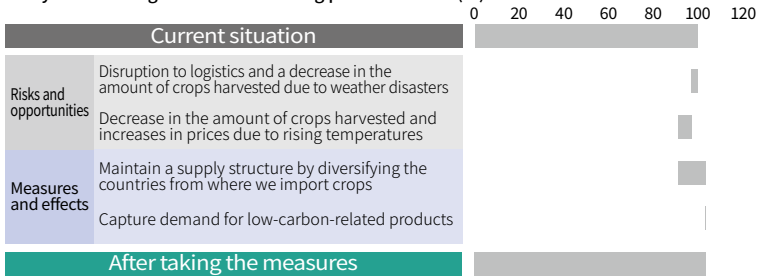
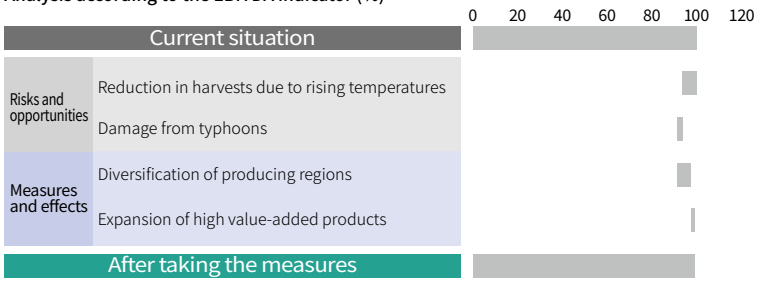
Climate Change (Information Disclosure Based on TCFD Recommendations)

Business Profile		Energy Business	Chemicals Business
Timeframe		By 2040	By 2030
Temperature Band Scenario		1.5°C Scenario	
Main risks and opportunities	Transition	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 GHG	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
	Physical	Risk: Production facilities could be damaged in a natural disaster (extreme weather)	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
Business environment under the scenario Business impact assessment		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 (extreme 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 (%)** 	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 (%)** 
• Adaptation/mitigation measures & policies • Business opportunities		• 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.	• 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.
Financial information		• Profit in segment of applicable business (consolidated net profit): 35.9 bn yen (Energy Division/FYE 2025 Results) • Total assets in segment of applicable business: 1,652.0 bn yen (Energy & Chemicals Company/March 2025)	• Profit in segment of applicable business (consolidated net profit): 33.7 bn yen (Chemicals Division/FYE 2025 Results) • Total assets in segment of applicable business: 1,652.0 bn yen (Energy & Chemicals Company/March 2024)

Climate Change (Information Disclosure Based on TCFD Recommendations)

2. Businesses for Which Physical Risks Are the Main Issues

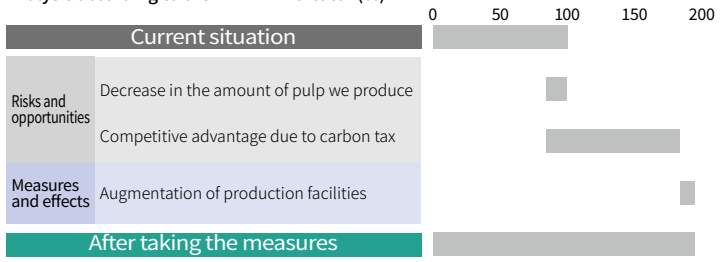
The main issues for agriculture- and forestry-related businesses are physical risks in the 4°C scenario.

Business Profile		Feed and Grain Trade Business	Dole 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 GHG	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
	Physical	Risk: Decrease in the amount of crops harvested and logistics disruption due to large hurricanes, droughts and other extreme 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	Risk: Reduction in harvest volumes due to extreme weather (floods, typhoons and droughts etc.) in banana and pineapple plantations in the Philippines
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 (%)** 	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 maintain earnings. **Analysis according to the EBITDA indicator (%)*** 
• Adaptation/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.	• 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 to increase the efficiency of production (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization.) • 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.
Financial information		• Profit in segment of applicable business (consolidated net profit): 33.3 bn yen (Provisions Division/FYE 2025 Results) • Total assets in segment of applicable business: 2,359.8 bn yen (Food Company/March 2025)	• Dole International Holdings net profit: (1.4) bn yen (FYE 2025 Results) • Total assets in segment of applicable business: 2,359.8 bn yen (Food Company/March 2025)

* 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		Pulp Business
Timeframe		By 2030
Temperature Band Scenario		4°C Scenario
Main risks and opportunities	Transition	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: 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 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 (%)***
• Adaptation/mitigation measures & policies • Business opportunities		• We 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 Metsä 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		• Profit in segment of applicable business (consolidated net profit): 30.2 bn yen (Forest Products, General Merchandise & Logistics Division/FYE 2025 Results) • Total assets in segment of applicable business: 1,475.0 bn yen (General Products & Realty Company/March 2025)



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

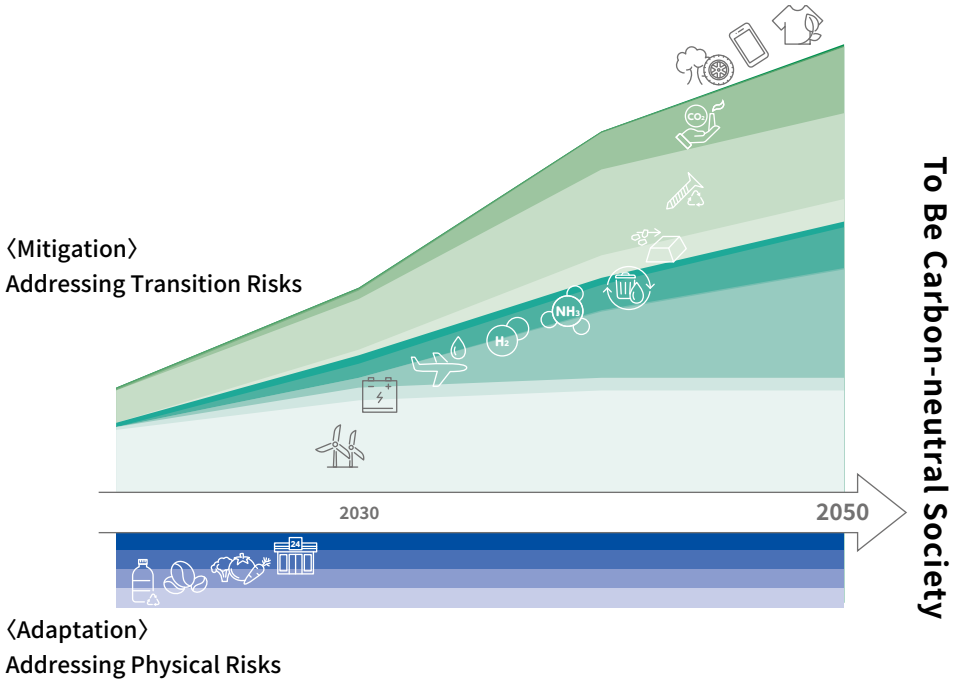
Impact on Existing Strategies and Business Transition Plans

During ITOCHU's 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 ITOCHU's 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.

Many innovative businesses leveraging cutting-edge technologies for decarbonization require time for fully social implementation. We are promoting businesses that contribute to emission reductions from a medium- to long-term perspective to achieve this goal.



Climate Change (Information Disclosure Based on TCFD Recommendations)

■ **Businesses Identified as Examples of Contributing to GHG Emissions Reduction 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. ● Operation 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 dioxide 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 PROJECT TREE, 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 ITOCHU's 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 dollars), 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 GHG emissions: Renewable Energy (generation and storage)
- Efforts to reduce GHG 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, and in December 2024, with The Bank of Fukuoka, Ltd. 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).

Refer to: Sustainable Finance (P244)

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 ITOCHU 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 extreme weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for our entire ITOCHU Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and extreme 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 the ITOCHU 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 consist of existing and new regulations related to climate change in the countries in which we operate, climate-related technology, and clean-tech business. We also gather information on global extreme 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-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 from 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 ITOCHU's broad-based operations, we are 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 ISO 14001 (ITOCHU, 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 and 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 and 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 ocean 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)

• Refer to: Our risk management, including climate change, related to Company operations (P228)

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.

As a member of the HMC and the Investment Consultative Committee, the CAO, who also serves as chair of 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.

• Refer to: Our business investment management (P233)

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 ITOCHU 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 Scope1/2/3 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 our value chain.

Review Business Strategy

Reviews of business strategy related to climate change are conducted by 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 ITOCHU's 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)

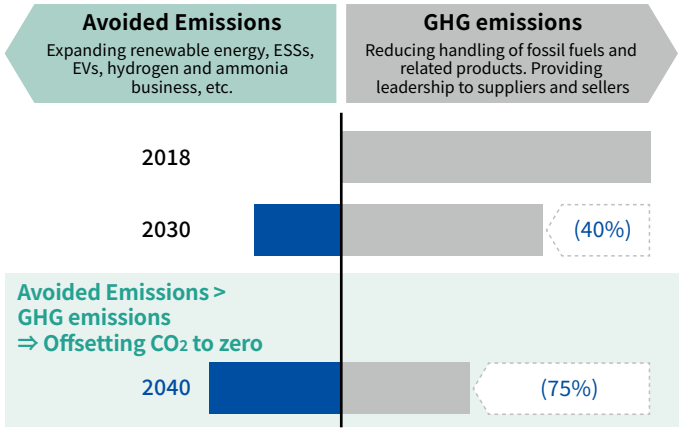
Metrics and Targets and Action Plan

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's 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): Scope1/2/3 (ITOCHU and subsidiaries), fossil fuel business and interests (ITOCHU, 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.



Refer to: Trends in our GHG emissions (P117)

Scope1/2 Short-term Reduction Targets

ITOCHU has set a 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-CO2e)

	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 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.)

Refer to: Our clean-tech business (P101)

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)		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, a renewable energy development company established in FYE 2023, is currently developing 25 assets with a capacity of 5GW of solar power in the United States. • The U.S. wholly owned subsidiary, NAES Corporation, the world's largest independent power plant operation and maintenance service company, provides asset management and operation & maintenance services for approximately 1,400 sites, including 2GW of solar power plants and 1.1 GW of wind power plants in the renewable energy sector. • In June 2023, the US renewable fund was established. Through the fund, the first investment was made in a wind power plant in February 2024. Additionally, in September 2024, the second investment into solar and battery energy storage assets was agreed. • As of March 2025, the ratio of renewable energy based on generation capacity share is 18.7%. (1.6% increased compared to the previous year)
• Address Climate Change (Contribute to a Decarbonized Society) • Evolve Businesses through Technological Innovation		• 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. • Test operation of first commercialized engine (for ammonia fueled large bulk carrier as our pilot project) with ammonia as a fuel was started from February 2025 at engine maker in Japan. Once the engine development progresses to a certain extent, discussions with relevant parties will be accelerated towards the order of the ship. • Selected by the Singapore government as a potential bunkering operator in July 2024. Discussions, including the ordering of bunkering vessels, are ongoing towards the establishment of a bunkering business in the country. And the bunkering business in Spain is being promoted in collaboration with Peninsula Petroleum. • In August 2024, the green ammonia production project utilizing existing ammonia facilities in Indonesia, jointly promoted with PUPUK Indonesia and Toyo Engineering, was selected as a target project for the Global South subsidy. Following the execution of the Front-End Engineering Design (FEED), discussions with relevant parties are ongoing towards the investment decision in FYE 2026.
• Address Climate Change (Contribute to a Decarbonized Society) • Evolve Businesses through Technological Innovation		• 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. In collaboration with iGRID Solutions Inc., we initiated a demonstration project in October 2024 to integrate EV operations with facility energy management. • In the Ministry of the Environment's commissioned project, Demonstration Project for Sector Coupling through the Combination of Battery Swapping EV Development and Renewable Energy Utilization, we achieved over 45,000km of cumulative deliveries. (25,000km increased compared to the previous year) As planned, the delivery demonstration operation concluded in December 2024. And we conducted an examination of the business model aimed at promoting the widespread adoption of EV trucks by eliminating charging time constraints through battery swapping.

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
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. **Environmental Field** • UK: Our operations encompass three municipal solid waste incineration and power generation facilities (Energy-from-Waste/EfW plants), processing 850,000 tons of waste annually. These plants provide electricity for 100,000 British households equivalent. • Serbia: We set up first integrated waste management system in the Republic of Serbia. It contributes to the environmental issues such as greenhouse gases (GHG) (CO_2 equivalent) emission and polluted water leakage due to the inappropriate waste treatment. We have initiated an integrated waste management operation, including an EfW facility from July 2024. The project anticipates a reduction of approximately 210,000 tons of GHG emissions and has received Certification of Carbon Credit from the Gold Standard. • UAE: We are currently operating the first EfW project in Dubai. These facilities are designed to process half of the Dubai's municipal solid waste annually (1.9 million tons). The construction of this plant, the largest of its kind in the world, was successfully completed in August 2024. • Saudi Arabia: We are actively engaged in integrated hazardous waste management services in Jubail Industrial City.
Address Climate Change (Contribute to a Decarbonized Society)		• Climate Change Opportunities • Innovation	• Taking countermeasures against climate change • Next-generation business development	Aerospace business	To achieve decarbonization in the aviation industry through the adoption of hydrogen fuel cell engines	To commercialize hydrogen fuel cell engines, we aim to enhance public acceptance by collaborating with hydrogen-related companies, including the development of hydrogen infrastructure	Targeting the commercialization of the ZA600 engine, which can be installed on small aircraft, from 2026 onward. Following that, the ZA2000 engine — suitable for larger turboprop aircraft — is planned for development and commercialization.	Newly added from FYE 2026.
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 • Next-generation business development	• 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, UAE's largest steelmaker EMSTEEL, 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. In May 2024, we signed a Memorandum of Understanding with CSN Mineração S.A. [CM] in our Iron Ore Business in Brazil and NEXI concerning the decarbonization of the steel industry, which includes utilizing high-grade iron ore produced by CM. • 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. • We have invested in Everfuel of 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 February 2025, we have commenced the first commercial production of green hydrogen, promoting the establishment of a locally-produced and consumed green hydrogen value chain. • 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 have an investment into Australia-based MCi, who possesses mineral carbonation technologies. We are promoting their technology for the market. In December 2024, we have completed the construction of the first demonstration plant capable of processing multiple raw materials such as waste concrete and steel slag to produce carbonates. In January 2025, we have signed a memorandum of understanding with Mitsubishi UBE Cement Corporation to promote the construction of manufacturing plants and the establishment of a supply chain for raw material procurement and sales. • Agreement was signed with KOKO Networks, a Climate Technology Company Operating in Kenya, to support the generation of high quality carbon credits. In 2024, the first credits from our project with KOKO have been produced, and joint sales have been promoted. • Steadily promoted aluminum trade business that contributes to automobile weight reduction and electrification. We have traded approx. 500,000 tons in FYE 2025, and promoted sales of environmentally friendly raw materials for aluminum. • 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.

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)	13	• 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)	7	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. • Engineering, construction, and operation of highly efficient heat supply plants.	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.
Address Climate Change (Contribute to a Decarbonized Society)	7	Climate Change Opportunities	Efforts to optimally and continuously supply renewable energy	• Energy Storage System • Power and 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 continue to sell Energy Storage Systems equipped with optimal charge and discharge software based on machine learning (AI). • Composition of PV integrated storage systems and power storage facilities.	Number of storage batteries sold. (Sales and installation performance of storage batteries)	• Sold a cumulative total of approximately 63,000 units (615 MWh) of energy storage systems, as of the end of March, 2025. • We are advancing the development and expansion of next-generation power trading, including VPP and P2P power transactions, as well as remote power demand and supply control utilizing AI. • We are promoting the sale of industrial storage systems that contribute to the decarbonization of businesses in collaboration with overseas partner companies. • In collaboration with Tokyo Metropolitan Government, we have established Japan's first fund for utility scale energy storage and completed the recruitment of investors. We are focusing on building multiple individual projects, including those selected for subsidies from Tokyo.
• 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** • ITOCHU has announced its investment in Protium Green Solutions, a UK-based company developing a decentralized green hydrogen supply business. • 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. Currently, we are engaging in Pre-FEED activities, considering the formation of partnerships, market approach strategies, and technology selection. **Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF)** • From August 2024, seven companies, including ITOCHU, are conducting a pilot test for Scope 3 environmental value trading. • Through collaboration with Neste OYJ and GS Caltex, the fuel supply that complies with the *Carbon Offsetting and Reduction Scheme for International Aviation* has commenced at Narita International Airport. **New Energy** • ITOCHU has acquired 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 and participated in research and development projects for this technology. The Japan Sea-side Tohoku Region CCS business concept was selected for the Joint Study on *Japanese Advanced CCS Project* a public offering project in FYE 2024 and *Engineering Design Work for Japanese Advanced CCS Project* in FYE 2025 by the Japan Organization for Metals and Energy Security (JOGMEC). • We are currently discussing the feasibility of a CCS value chain project using ship transportation with our collaboration partners.

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
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Initiatives to optimize to supply renewable energy sustainably.	Renewable power business / Renewable energy-related materials procurement	● To achieve a stable supply of renewable energy through development and operation of renewable power plants (solar, biomass and wind). ● To grow renewable power businesses domestically and internationally through global procurement activities on renewable energy-related materials.	By further stabilizing the operation of the existing renewable power plants, and by expanding the renewable energy portfolio with new and continuous development.	Renewable energy asset volume	● Expanded the third party-owned distributed renewable power generation, across Japan through iGrid Solutions Co., Ltd., which operates approximately 1,110 on-site solar power plants (combined output of appx 275MW). ● Expanded the third party-owned distributed renewable power generation across Japan through Clean Energy Connect, Inc. which operates approximately 2,000 off-site solar power plants (combined output of appx 175MW).
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.	● Residue input volume to the Dole Philippines biogas plant. ● GHG reduction amount by introduction of clean energy.	Result in FYE 2025 ● Utilization of processed pineapple residue: 128,984 tons. Due to decrease of pineapple production, utilization quantity was less than last fiscal year. ● GHG reduction from Renewable Energy installation: 126,786t CO_2e Thanks to the utilization of biomass*1, GHG reduction quantity got more than last fiscal year. *1 We utilize rice hull for the boiler as the alternative energy source of diesel.
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.	Handle certified lumber or lumber for which a high level of control can be verified.	Ensure a 100% handling ratio of certified or high-level management confirmed materials.	In FYE 2025, 100% of our Pulp, Woodchips and Wood Products & 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 2025, global slag transactions will amount to 1.45 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, including addressing climate change, ESG and SDGs, based on a standard amount for each position. (In determining the Monthly Remuneration to be paid from July 2026 onwards, the performance evaluation for FYE 2026 will be conducted by assessing the creation of business opportunities and risk-management measures, with these evaluations incorporating climate change and ESG and SDGs considerations) 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.

Refer to: Corporate Officer Remuneration System (P206)

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 new coal-fired power plants nor acquire thermal coal mine businesses. In 2019, we sold all interests in the Rolleston thermal coal 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 projects.

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 modes 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 ITOCHU’s 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	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Logistics-related GHG emissions (1,000t-CO_2e)	12	10	12	11	15
SEC (crude oil equivalent kl/1,000t·km)	0.021	0.020	0.019	0.019	0.019
year-on-year	107.0%	93.0%	94.0%	102.4%	99.2%
5-year average rate of change in SEC	97.0%				

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 Headquarters

ITOCHU is sourcing its real CO_2-free electricity, together with a FIT Non-Fossil Fuel Energy Certificate showing the environmental value of not emitting CO_2, to the Tokyo Headquarters since January 2020. 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.

Electricity consumption from Tokyo Headquarters building

CO_2 emission net **0** (FYE2025)

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-related CO_2 emissions in FYE 2024 was 5,944t-CO_2. This is an approximately 44% reduction compared to the reference value.

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

- GHG Emission Reduction Plan for FYE 2021 to FYE 2025 (Submitted in November 2024) (Japanese Only) (https://www.itochu.co.jp/en/csr/pdf/ondanka-202411.pdf)

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

Energy-related CO_2 emission from Tokyo Headquarters Building

5,944 t-CO_2 (FYE 2024)

Reduction from the reference value

Approximately **44** %

Collaboration with Outside Initiatives

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). 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 companies. 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)

By FYE 2031, we will strive to reduce unit CO_2 Emissions (CO_2 Emissions per floor area for the entire company) by 60% compared with FYE 2014. (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 company), 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.

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

Participation in TCFD Consortium

- Refer to: Participation in Initiatives (P41)

Participation in CDP (Climate Change)

- Refer to: Participation in Initiatives (P41)

Participation in the GX League

- Refer to: Participation in Initiatives (P42)

Participation in Japan Climate Initiative (JCI)

- Refer to: Participation in Initiatives (P42)

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, 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 2025 are as follows:

Qualitative Targets

Item		Boundary	Target	FYE 2025 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 2025 Against Targets	Assessment
Prevention of Pollution	Serious Environmental Accident	ITOCHU Corporation*1	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*2	March 2031	29% Reduction Compared to FYE 2020	46% Reduction Compared to FYE 2020	Achieved
	Recycling Rate		March 2031	More than 90%	92%	Achieved
Resource Conservation	Paper Consumption	ITOCHU Corporation*2	March 2031	33% Reduction Compared to FYE 2020	55% Reduction Compared to FYE 2020	Achieved

*1 ITOCHU Corporation, Overseas offices, Group companies subject to compliance
*2 We are aiming to commence the rebuilding of the Tokyo Headquarters building in September 2026, but the details of the plan are still underway. Once the details of the relocation plan are finalized, we will set new targets based on the management status of the temporary location.

Prevention of Pollution and Resource Circulation

Action Plan

Risks	Opportunities
• Negative impacts on the natural environment including those related to resource circulation. • Negative impacts, including local community protests, triggered by deteriorating relationships with community stakeholders.	• 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 Circulating 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 2025). Waste volume to be made into “RENU”: equivalent to 6.2 million T-shirts, CO_2 reduction: 1,906 tons, Water usage reduction: 6,416 kiloliters. • Approximately 4,300 collection points for “Wear to Fashion”, the clothing recycling service (as of March 2025). • We are currently operating a joint project called the “ARChemia Project”, which involves textiles and chemicals, and transforms used clothing into chemical products with high environmental added value. To date, more than 10 companies have adopted this project, and we are continuing to promote its expansion.
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 three municipal solid waste incineration and power generation facilities (Energy-from-Waste/EfW plants), processing 850,000 tons of waste annually. These plants provide electricity for 100,000 British households equivalent. • Serbia: We set up first integrated waste management system in the Republic of Serbia. It contributes to the environmental issues such as greenhouse gases (GHG) (CO_2 equivalent) emission and polluted water leakage due to the inappropriate waste treatment. We have initiated an integrated waste management operation, including an EfW facility from July 2024. The project anticipates a reduction of approximately 210,000 tons of GHG emissions and has received Certification of Carbon Credit from the Gold Standard. • UAE: We are currently operating the first EfW project in Dubai. These facilities are designed to process half of the Dubai’s municipal solid waste annually (1.9 million tons). The construction of this plant, the largest of its kind in the world, was successfully completed in August 2024. • Saudi Arabia: We are actively engaged in integrated hazardous waste management services in Jubail Industrial City.
Metals & Minerals Company								
Address Climate Change (Contribute to a Decarbonized Society)	13	• Climate Change Opportunities • Capital Introduction	Taking countermeasures against climate change	Resource recycling 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 recycling-orientated business.	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.
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.	We have worked with Japanese brand owners to introduce PCR (Post Consumer Recycled) polyethylene and polypropylene resins supplied by recyclers mainly in China and Southeast Asia into their cosmetic and sanitary containers.

Prevention of Pollution and Resource Circulation

Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
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)	**Result in FYE 2025** • Reuse of waste bananas in Philippines: 25,003 tons • The consumption volume of discarded bananas in Japan: 2,045 tons Thanks to the utilization of off spec banana and the expansion of “Mottainai” project, the reuse volume was increased compared with last fiscal year.
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.	We are on track to achieve its FYE 2031 target, with a 4.7% y/y reduction as of the end of FYE 2025, and a 36.5% y/y reduction by the end of FYE 2025 compared to FYE 2017. We adjusted supply and demand based on retail store sales data and order data, and also increased the volume of products donated to food banks.
General Products & Realty Company								
• Address Climate Change (Contribute to a Decarbonized Society) • Ensure Stable Procurement and Supply	12 13	• 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 2025, global slag transactions will amount to 1.45 million tons.
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.	• Product Handling Models: Increased from 856 models in FYE 2024 to 947 models in FYE 2025. • Procurement Sources: Maintained at 12 companies from FYE 2024 to FYE 2025. • Distribution Channels: Expanding sales channels through major e-commerce operators in addition to our own e-commerce site.

Structures and Systems

Governance

ITOCHU’s governance structure and systems to manage environmental and social risks, including pollution prevention and resource recycling, are as follows:

• Refer to: Governance (P16)

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.

We consider 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

ITOCHU has been conducting annual on-site investigations for ITOCHU 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.

Prevention of Pollution and Resource Circulation

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

Assessment of Sustainability Risk in Products ITOCHU Handles

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, such as environmental pollution or resource depletion, 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.

* 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.

Sustainability Surveys for Suppliers

Each Company at ITOCHU and applicable ITOCHU Group companies select important suppliers based on certain guidelines, including high-risk countries, handled products, and handled amounts, to grasp the status of 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 exhaust, wastewater, and waste treatment, and resource recycling efforts including energy and raw material conservation. We make continuous improvements by asking suppliers to address issues as necessary.

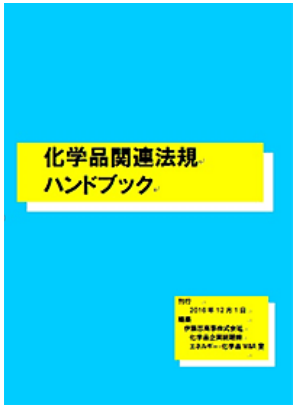
Management of Chemical Substances

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 ITOCHU's 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 regulations 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 regulations 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



Handbook on chemical-related regulations (cover page image)

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.

The external consulting organization that we currently employ for chemical substance management is Techno Hill Co., Ltd. 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 our 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 2025, there were no major violations caused (e.g., license suspensions).

Major violations
0

Prevention of Pollution and Resource Circulation

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 manual.

- We will make reports as necessary according to the emergency contact network. 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 public health 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.

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
● Promote the switch to 100% recycled PET bottles made from recycled PET resin for Famimaru's bottled beverages. This includes the seven staple unsweetened tea products such as green tea, barley tea, and rooibos tea, as well as containers for natural water and coffee.	Estimated reduction of about 4,750t per year
● All salad containers are made of environmentally-friendly materials such as biomass plastic.	Reduction of about 900t per year
● 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
● Change the main container of the soup to paper-based materials.	Estimated reduction of about 170t 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.	● 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

Prevention of Pollution and Resource Circulation

Initiatives to Reduce Food Waste in Convenience Stores

FamilyMart Co.,Ltd. is working to reduce food waste by promoting the active sale of near-expiry foods through discounted sales (FamilyMart's Eco Discount) for ready-to-eat products such as rice balls and boxed lunches. Starting in March 2025, FamilyMart is gradually changing the discount stickers nationwide from those displaying only the price to designs featuring teary-eyed characters and messages.

A discount sticker featuring a teary-eyed character pleading "Please save me"

The results of a demonstration experiment conducted since October 2024 showed that changing the sticker design increased the purchase rate of discounted products by 5% points. If this approach is expanded to stores nationwide, it is expected to reduce food waste in stores by approximately 3,000 tons annually.

Going forward, FamilyMart will continue to actively promote new initiatives to reduce food waste by using behavioral psychology to approach consumers' awareness and emotions regarding food waste, encouraging changes in purchasing behavior.

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 2025, sales of nocoo in the 47 prefectures of Japan totaled 6,316 tons, contributing to a reduction in plastic use of 1,515 tons and a reduction in CO_2 emissions (when incinerated) of 4,100 tons.

"nocoo," environmentally-friendly garbage bags

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

- Refer to: nocoo Website (Japanese only) (https://www.sanipak.jp/series/nocoo.html)

2. Reuse/Recycle

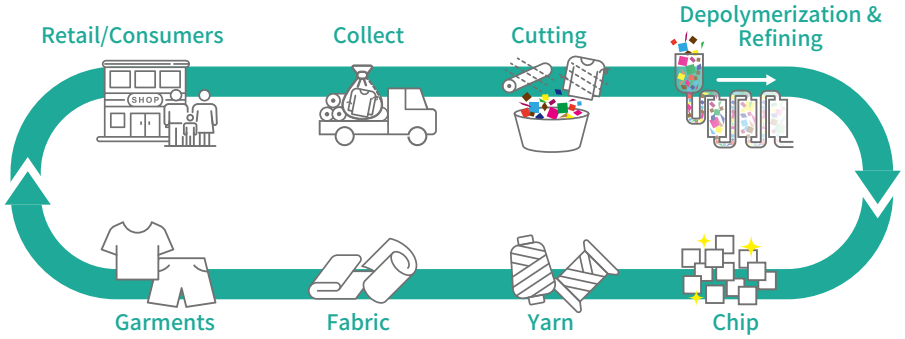
RENU® Project Aims to Realize Circular Economy

In the spring of 2019, ITOCHU 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," recycled polyester made from textiles waste

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

■ 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*	FYE 2025*
Feedstock equivalent to T-shirt (million pieces)	3.5	6.0	6.3	6.5	5.5
Reduced CO_2 (t)	521	893	1,931	2,010	1,715
Reduced Water (kL)	875	1,500	6,500	6,760	5,770

* Adopted LCA (FYE 2022 version)

Prevention of Pollution and Resource Circulation

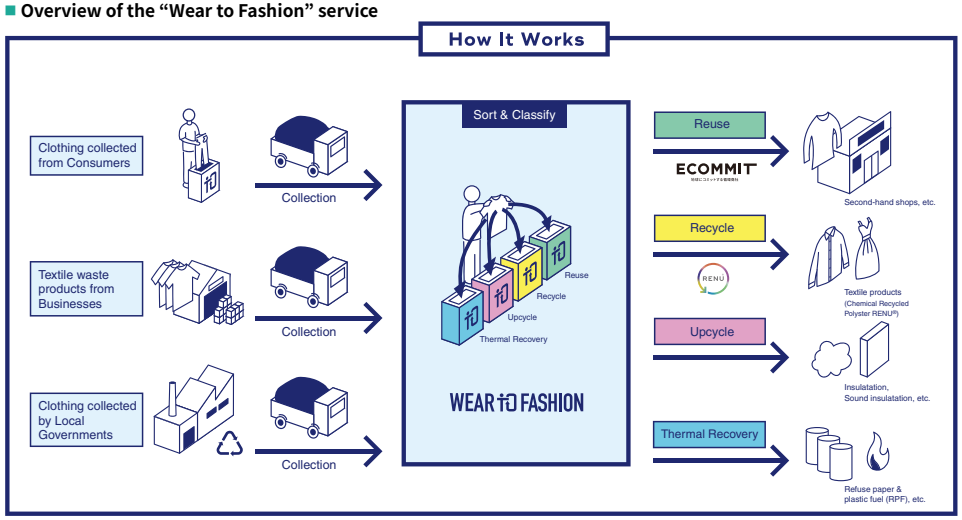
Expansion of the Textile Collection Service for a Circular Economy

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 2025, ITOCHU is collecting textiles from about 4,300 locations. We plan to collect approximately 8,900 tons of textiles in FYE 2026.

Additionally, utilizing the distribution infrastructure of the ITOCHU Group, a demonstration experiment was conducted from December 2024 to June 2025, where dedicated collection boxes for the resource circulation service “PASSTO” operated by ECOMMIT were installed in ten FamilyMart stores in Tokyo.

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 our 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 circulating economy.

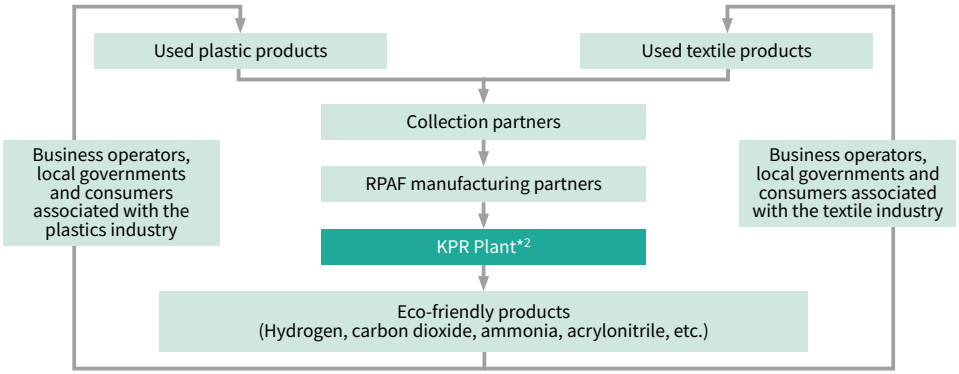
■ **Overview of the “Wear to Fashion” service**



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

Prevention of Pollution and Resource Circulation

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.

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.

Fishing nets used as raw material for ECONYL

Recycled zippers and recycled buttons

We will leverage on its ITOCHU Group's diverse network and expand sales for applications in apparel, 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. In March 2024, we jointly developed fishing nets using ECONYL with Momoi Fishing Net Mfg. Co., Ltd. and Kinoshita Fishing Net Mfg. Co., Ltd. In October 2024, we announced a collaboration with Asahi Kasei Corporation to develop resin-based materials for 3D printers using ECONYL as the base polymer. By combining ECONYL with plant-derived raw materials, which Asahi Kasei has been developing, we will provide environmentally friendly materials to the market.

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. Since the start in 2024, DESSO has been adopted in dozens of properties.

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

DAILITE, an Inorganic Board Utilizing Unused Resources and By-products

Daiken Corporation, a subsidiary of ITOCHU, developed DAILITE, the world's first new industrial material utilizing an unused resource Shirasu (volcanic ash) and a by-product of steel production Slag Wool, and started selling it in 1997. It offers performance characteristics such as lightweight, high strength, fireproof, breathability and good workability.

DAILITE combined with sheets and sliced veneer for surface decoration is used as the non-combustible and well-designed wall materials and louver materials. In addition, DAILITE has been adopted as a bearing surface for wooden houses, with a cumulative total of approximately 1.05 million homes as of the end of March 2023, according to Daiken's estimates.

In recent years, as the use of domestic and locally sourced timbers has been promoted in public buildings and other structures, the needs to use woods for interior wall and ceiling materials that required nonflammable properties are increasing. In this trend, Daiken has collaborated with locally sourced timbers from Tokyo and nine prefectures (as of May 2024), and non-combustible decorative panels and louver materials that combined DAILITE with locally sourced timbers are used in public facilities, station buildings, etc. Through the utilization of locally sourced timbers, the company contributes to the revitalization of local forestry.

Daiken will continue to develop products that contribute to sustainable resource circulation.

Raw materials: Volcanic Ash and Slag Wool

Ceiling: GLAVIO LOUVER, a non-combustible louver made of DAILITE base material
Wall panel: GLAVIO, a non-combustible panel made of DAILITE base material

Exterior wall underlayment: DAILITE MS, a bearing surface for wooden house

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 FYE 2026, the first licensed factory is scheduled to be completed in China with a capacity of 50,000 tons per year.

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 our 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.

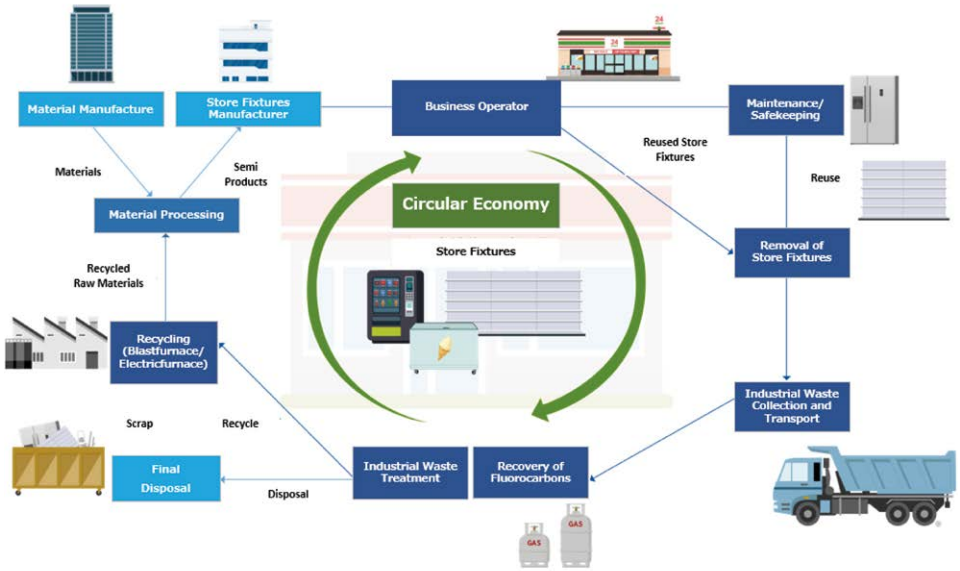
Prevention of Pollution and Resource Circulation

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.



Leading United Kingdom for Collecting and Recycling Casing Tyres

PRO-gran crumb rubber made by casing tyres

Murfitts Group Ltd, a company under ITOCHU subsidiary European Tyre Enterprise Limited, collects and processes casing tyres in the United Kingdom 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.

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 appraisals, cost simulations, and other verifications. artience plans to start a post-industrial recycling business, 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 unrecyclable multi-layer film packaging into a recyclable product, aiming for a more than 40% material recycling rate in Japan and abroad.

Prevention of Pollution and Resource Circulation

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 emissions coming from cement manufacturing process. About 840kg of CO_2 is reduced when a ton of cement is produced with using blast furnace slag.

ITOCHU has 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.

Since the agreement in 2020 with Borealis AG regarding the marketing of biomass polypropylene (bio-PP) derived from renewable resources in the Japanese market, ITOCHU has been working in collaboration with ITOCHU PLASTICS INC. to advance the deployment of food containers and packaging materials made from plant-derived resins with a market-oriented perspective. Specifically, since June 2021, we successfully had FamilyMart initially in Japan begin replacing some of its pasta containers made with bio-PP. We are also working on product development in various fields, primarily focusing on food containers, hygiene products, and daily necessities.

We have obtained ISCC PLUS certification for the domestic sales of synthetic resins derived from biomass resources 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 greenhouse gas (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 2020			FYE 2021			FYE 2022				FYE 2023				FYE 2024			
Recycling Fee/Contribution Fee		Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Weight (t)	Recycling	Contribution	Total Amount	Weight (t)	Recycling	Contribution	Total Amount	Weight (t)
Glass Bottles	Colorless	813,659	0	813,659	925,650	0	925,650	1,145,967	0	1,145,967	236.752	1,022,254	0	1,022,254	201.599	58,398	0	58,398	9.387
	Brown	—	—	—	—	—	—	—	—	—	—	114,234	0	114,234	13.314	2,446,217	0	2,446,217	289.594
	Other Colors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PET Bottles		—	—	—	—	—	—	630	0	630	0.084	—	—	—	—	—	—	—	—
Paper Containers and Packaging		15,288	4	15,292	10,168	0	10,168	15,453	0	15,453	1.385	7,654	0	7,654	0.788	15,261	0	15,261	0.885
Plastic Containers and Packaging		1,463,900	4,537	1,468,437	2,432,519	0	2,432,519	2,739,244	0	2,739,244	52.383	2,167,099	0	2,167,099	41.583	3,149,074	0	3,149,074	61.743
Total		2,292,847	4,541	2,297,388	3,368,337	0	3,368,337	3,901,294	0	3,901,294	290.604	3,311,241	0	3,311,241	257.284	5,668,950	0	5,668,950	361.609

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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Quantity recycled	Amount of food waste generated (Unit: t)	1,125.8	955.9	939.4	1,944.3	813.6
	Amount of recycling (Unit: t)	775.5	762.0	854.6	1,747.6	759.4
	Amount of disposal (Unit: t)	350.3	193.9	84.8	196.7	54.2
Target (recycling rate target by individual food related operator)	Reference rate	79.8%	80.8%	80.8%	80.8%	80.8%
Percentage recycled	Recycle rate*1	68.9%	81.9%	91.0%	89.9%	93.3%

*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 2026 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 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 resources 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 2025 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 Group	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).	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 613 Group Companies, 98 companies, or 16%, 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 9 cases. Requests for corrective actions due to concerns were 0 case.

Targets in Water Stressed Regions

Item		Boundary	Target	FYE 2025 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 2025 Results	Target	
					Period	Contents
ITOCHU Corporation	**Water Withdrawal (Clean Water)**	ITOCHU Corporation*1	Average annual reduction of 1% in total volume	13% reduction compared to FYE 2019	March 2031	11% reduction compared to FYE 2019
Water Stressed Regions*2	**Water Withdrawal (Clean Water)**	ITOCHU Group	Average annual reduction of 1% in total volume	51% reduction compared to FYE 2024	March 2031	7% reduction compared to FYE 2024

*1 We are aiming to commence the rebuilding of the Tokyo Headquarters building in September 2026, but the details of the plan are still underway. Once the details of the relocation plan are finalized, we will set new targets based on the management status of the temporary location.
*2 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)	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.

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:

Refer to: Governance (P16)

Evaluation of Water Resources 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 experts 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 Resources Conservation at ITOCHU Group

ITOCHU considers 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 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 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 Group's Sites as of March 2025**

Overall Water Risk	Number of Sites
Low risk (<10%)	77
Low to medium risk (10-20%)	111
Medium to high risk (20-40%)	79
High risk (40-80%)	9
Extremely high risk (>80%)	8
Total	284

On-site Investigations at ITOCHU Group Companies

ITOCHU has 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 ITOCHU Handles

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, such as water pollution, 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.

* 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.

Sustainability Surveys for Suppliers

Each Company at ITOCHU and applicable ITOCHU Group companies select important suppliers based on certain guidelines, including high-risk countries, handled products, and handled amounts, to grasp the status of 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 status of initiatives for water withdrawal, water conservation, and drainage treatment. We make continuous improvements by asking suppliers to address issues as necessary.

Water Resources Conservation

Initiatives

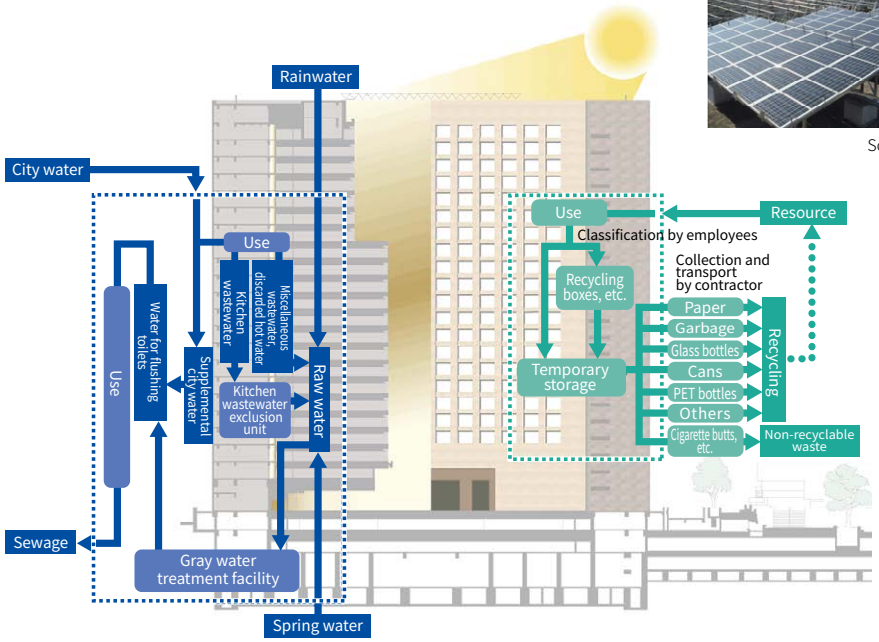
Business Activity

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 strive 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 measures to appropriately treat effluents in our domestic and overseas businesses. For example, Group company PRIMA MEAT PACKERS, LTD. and its group companies have listed "Reduction of factory water consumption (well water and supplied water)" as one of the priority issues for its ISO 14001 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 2022, 15.1 m^3/ton in FYE 2023, and 15.6 m^3/ton in FYE 2024.

Refer to: Prima Meat Packers, Ltd. website "Reducing Water Use" (https://www.primaham.co.jp/en/sustainability/environment/water.html)

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 with a daily production volume at 440,000 m^3. 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. This project is the largest seawater desalination initiative in Oman, supplying 30% of the water demand for the metropolitan area, which has a population of approximately 1.5 million people.
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 Life-sustaining Water

– Largest Seawater Desalination Project in Oman –

Aerial view of Oman seawater desalination plant

According to the Oman Power and Water Procurement Company, water demand in central Oman is expected to grow at an approximate annual rate of 2% until 2029. 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 ITOCHU has 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 US 300 million dollars. Besides, we realized listing on the Muscat Stock Exchange in February 2022.

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 (P121) (FYE 2025) disclosed in the Environmental Accounting, associated with water are as follows:

Cost for water pollution prevention, wastewater treatment cost, grey water production cost, monitoring measurement cost and management cost	10,312 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

ITOCHU is 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

ITOCHU is 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)

Refer to: Participation in Initiatives (P41)

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.

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

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.

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.

Refer to: Our Sustainability-related Governance Organization (P16)

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 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 Peoples" 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 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 2025 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) and consumer business (The 8th 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.

Refer to: Human Rights (P151)

Risk and 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 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 ISO 14001. We recognize the impact our business activities may have on the environment and society. We also work to grasp the status in 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.

Refer to: ITOCHU Group Risk Management (P228)

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) ● ITOCHU Group company environmental status surveys (2, 3 companies per year) ● Supply chain sustainability surveys (supplier) ● Internal environmental audits based on ISO 14001
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)

ITOCHU uses 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)

Assessment of Sustainability Risk in Products ITOCHU Handles

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.

* 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.

Sustainability Survey for Suppliers

Each Company at ITOCHU and applicable ITOCHU Group companies select important suppliers based on certain guidelines, including high-risk countries, handled products, and handled amounts, to grasp the status of 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.

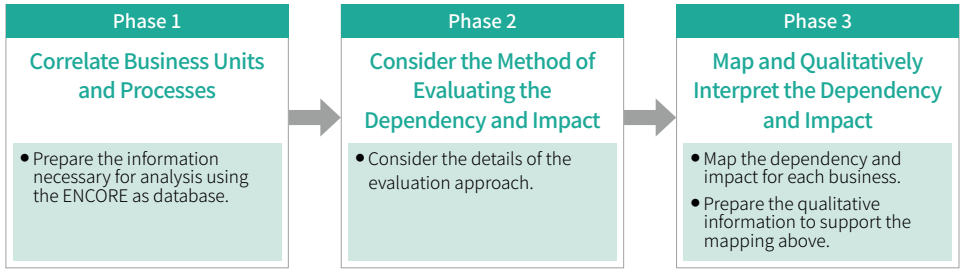
Business Evaluation Based on the TNFD Framework

Scoping

ITOCHU recognizes the importance of nature-related financial disclosures and participates in the TNFD* Forum. In order to confirm the applicability of the methodology recommended by the TNFD to us, we conducted a desktop analysis to identify the potential dependencies and impacts on natural capital across all businesses within the ITOCHU Group, using the TNFD framework as a reference. Based on this analysis, we identified high-priority businesses.

* TNFD: Taskforce on Nature-related Financial Disclosures

Steps of Scoping

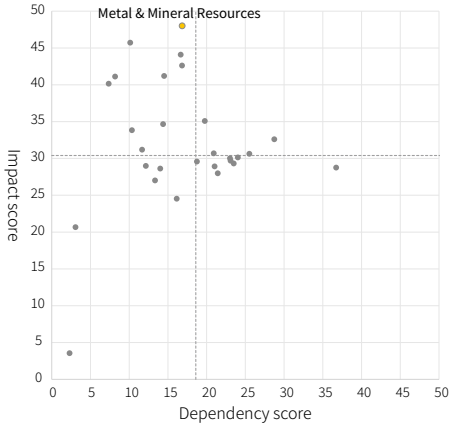


Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

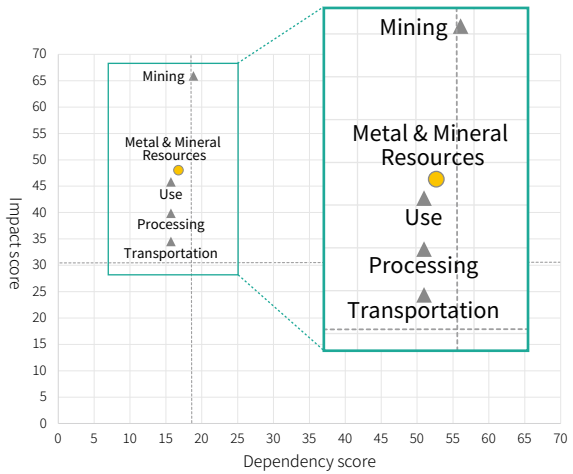
Specifically, we used the natural capital impact assessment tool “ENCORE” developed by the United Nations Environment Programme and other organizations, to categorize the activity processes along the value chain, including both upstream and downstream of our business, according to the processes defined by ENCORE. Then, by consolidating businesses with similar processes, we formed 28 groups. For each of those 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 Resources 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 below.

■ **Dependency and impact mapping (Metal & Mineral Resources business)**



■ **Breakdown of the dependency and impact for each value chain in the Metal & Mineral Resources business**



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

LEAP Approach

Trial Analysis

To verify the validity of the scoping (evaluation of all businesses) using ENCORE and to deepen our understanding of dependencies and impacts on natural capital, as well as the risks and opportunities arising from them, ITOCHU conducted a LEAP approach* on our high-impact businesses. The LEAP approach comprehensively evaluates the natural capital-related issues advocated by the TNFD.

* 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

■ **Overview of the LEAP Approach**

Locate	• Determine the scope of analysis. Next, identify the activity areas of our businesses and value chains. Identify 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.

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)

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

We analyzed on mining process with an especially high impact score in our Metal & Mineral Resources business which we determined has the highest impact on natural capital in our scoping 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*. 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 scoping.

Subsequently, together with the sales representatives for the metal resource business, we conducted a sampling survey to verify the status of measures related to past environmental assessments and permits for each project. Throughout these dialogues, we could confirm that recognizing the degree of impact of our Metal & Mineral Resources business activities on natural capital we have implemented the projects with stricter environmental assessments and a mine closure policy to reduce future impacts.

Refer to: Policy on Decommissioning of Mining Operations (P153)

* Databases used: WWF Biodiversity Risk Filter, WWF Water Risk Filter, Species Threat Abatement and Restoration, Biodiversity Intactness Index, Ecoregion Intactness Index, Critical Natural Asset layers and Integrated Biodiversity Assessment Tool

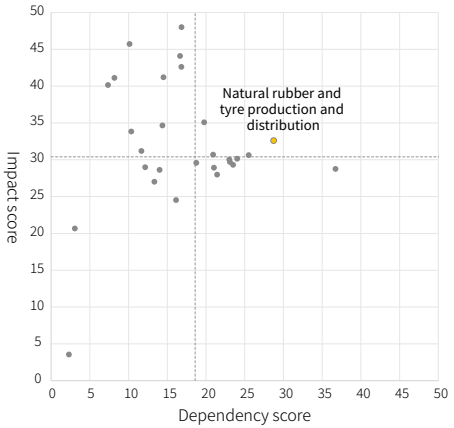
Natural Rubber Business

ITOCHU has confirmed the applicability of the LEAP approach to our business analysis through the analysis of our Metal & Mineral Resources business. Subsequently, we conducted a LEAP analysis for our natural rubber business, which has a relatively high dependence on natural capital among our businesses. Natural rubber is also included in the High Impact Commodity List compiled by the Science Based Targets Network (SBTN)*, identifying commodities with a significant impact on natural capital. In general, the cultivation of natural rubber is associated with serious social issues, such as human rights and poverty issues for smallholders. Considering these factors, we determined that conducting a LEAP analysis on the natural rubber business would be highly significant to deepen understanding of its dependence and impact on natural capital, and to reduce risks and create opportunities.

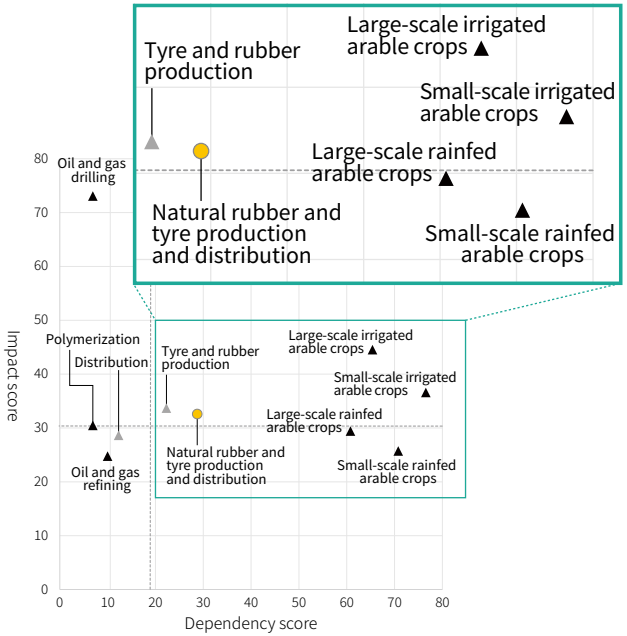
The results of our assessment of the dependence and impact of the natural rubber business on each of the business processes indicate that the procurement (natural rubber cultivation) and manufacturing (rubber processing) processes are particularly dependent on the natural capital. Therefore, in this analysis, we focused on these two processes.

* Global initiative to develop science-based targets for nature

Dependency and impact mapping (Natural rubber business)



Breakdown of the dependency and impact for each value chain in the natural rubber business



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

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

Locate

The natural rubber handled by ITOCHU is mainly produced in Indonesia. We identified sites associated with ecologically sensitive locations using database in the table below, covering all rural villages in the country of procurement and the processing plant of PT. Aneka Bumi Pratama (ABP), a subsidiary of ITOCHU. ABP is a natural rubber processing company.

Criteria for Sensitive Locations	Database used
1. Importance for Biodiversity	• WWF Biodiversity Risk Filter • STAR (Species Threat Abatement and Restoration) metric
2. High Ecosystem Integrity	• BII (Biodiversity Intactness Index)
3. Rapid Decline in Ecosystem Integrity	• Ecoregion Intactness Index
4. High Physical Water Risks	• WWF Water Risk Filter
5. Importance for Ecosystem Service Provision, Including Benefits to Indigenous Peoples, Local Communities and Stakeholders	• Critical Natural Asset layers

We rated all rural villages and processing plants on a five-point scale using indicators from each database. As a result, approximately 89% of the rural villages fell into the “2. High Ecosystem Integrity,” and approximately 85% of the rural villages, based on a procurement weight, were included in this category. We also found that many factory sites located near rural villages are also close to protected areas and fall into the category of sensitive location as “1. Importance for Biodiversity.” Areas important for biodiversity are regions of high conservation value that may also contain significant opportunities to protect environmental assets and maintain ecosystem services. We are working to protect the ecosystems and biodiversity of natural rubber production sites through PROJECT TREE (P95), an initiative to prevent uncontrolled growth of farm land, over-cultivation and illegal logging near protected areas.

Evaluate

We evaluated dependencies and impacts on natural capital by natural rubber cultivation and rubber processing processes through literature reviews.

We used the “Environmental Risk Assessment of Natural Rubber Production and Processing” published by GPSNR (Global Platform for Sustainable Natural Rubber).

The review found that the cultivation process of natural rubber is highly dependent on biomass provisioning, genetic material, climate condition, soil quality regulation, and purification and disaster mitigation services. Also, land use change and solid waste emissions have significant impacts on nature.

In addition, the processing process of natural rubber is highly dependent on water sources (rivers), and water consumption and pollution of soil are found to have significant impacts on nature. Furthermore, based on these literature reviews, our employee, who has several years of expat experience in the field, conducted a close examination of those dependencies and impacts in our operations from the practical perspective.

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

Assess

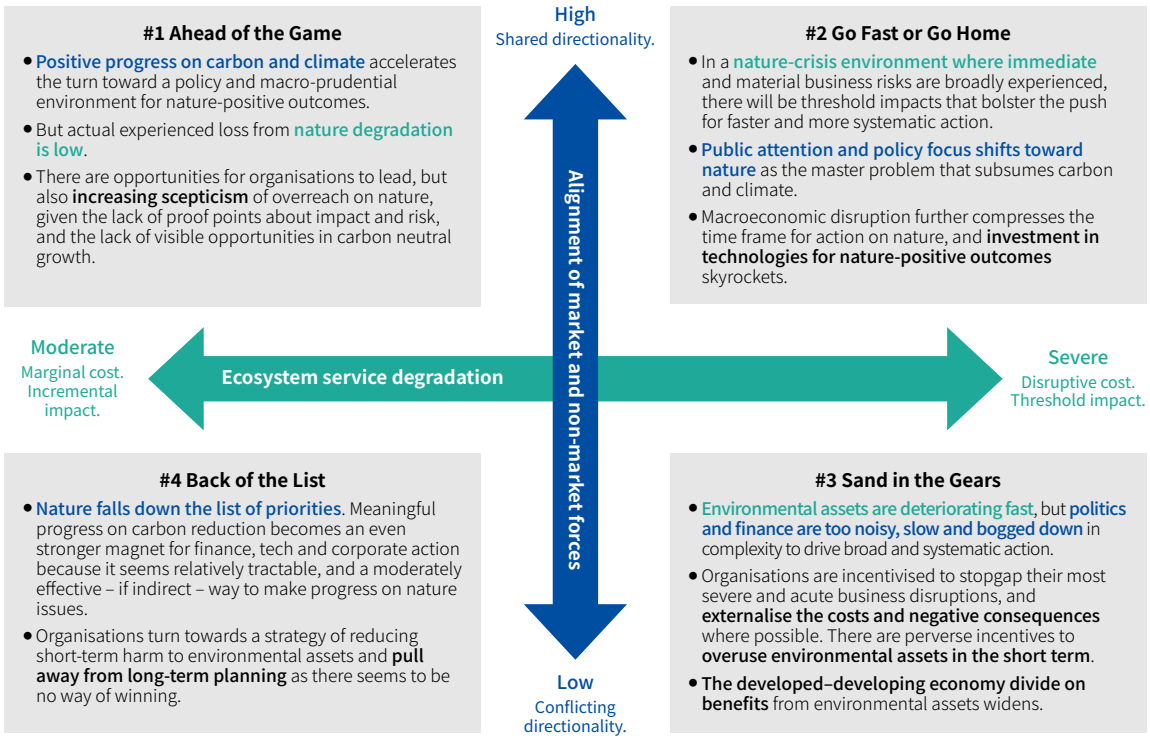
Based on the findings of the general dependencies and impacts of natural rubber cultivation and processing processes identified in the Evaluate phase, we examined the nature-related risks and opportunities for our business. Specifically, using the LEAP approach guidance and Additional Sector Guidance – Food and Agriculture by TNFD, we developed a comprehensive list of risks and opportunities for natural rubber business and refined the content to reflect the actual situation, in the same way as in the Evaluate phase.

Furthermore, we have evaluated the significance of risks and opportunities on a three-point scale (Low, Medium, and High), assuming a future scenario as of 2030.

The TNFD developed four scenarios based on two critical uncertainties: "Ecosystem Service Degradation (physical risk)" and "Alignment of Market and Non-Market Forces (transition risk)." We determined that we are in a "#2 Go Fast or Go Home" (a scenario in which the damage from loss of nature is significant, and the public attention for nature is high and cooperative) and assessed the magnitude and likelihood of these risks and opportunities.

The desktop analysis conducted in the Evaluate phase indicated that, for example, soil pollution has a significant impact on nature. However, the results of the Assess phase showed that the factory we operate has appropriate wastewater treatment and other measures in place, and that the risk is not significant.

■ **Overview of the four scenarios presented in the TNFD Guidelines**



● Organized by ITOCHU based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235)

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

Finally, we organized and discussed measures to address the risks and opportunities that were rated as highly significant.

In the desktop analysis, flooding and other natural disasters were identified as risks related to the natural rubber business. However, since we operate in locations where the occurrence of water-related disasters is low, we recognize that the risk is relatively low. We have also confirmed that measures to address other risks and opportunities have already been taken. Additionally, we work to realize opportunities by launching a sustainable natural rubber production project called PROJECT TREE (P95) starting in 2019. Details on how each risk and opportunity is addressed are provided in the tables below.

Risk

Type		Business Process	Description	Status of Response	Importance
Physical Risks	Acute Risks	Procurement	Decrease in natural rubber yield due to the spread of pathogens and viruses, resulting from the vulnerability to diseases of rubber farm formed by clone individuals.	Conduct educational activities on the importance of proper farm management to prevent the spread of pathogens and viruses in PROJECT TREE.	Medium
			Decrease in yield and quality due to reduced microbial diversity in the soil and spread of white root rot disease, resulting from the continued monoculture of Para rubber tree.	Recommendation for farmers to grow diverse crops, including agroforestry to prevent white root rot disease in PROJECT TREE.	Medium
			Loss of continuity in natural rubber cultivation due to the increase in natural disasters such as heavy rainfall, floods, and typhoons.	Distribution of purchasing areas in factory suburbs and throughout southern Sumatra.	Medium
			Poor growth and lower yields of rubber trees resulting from deviation from optimal growing temperatures, lack of sunlight, changes in rainfall patterns caused by climate change.	Conduct educational activities on proper farm management in PROJECT TREE.	Medium
		Processing	Damage to factory infrastructure and factory shutdowns due to extreme weather and natural disasters caused by climate change.	Confirmed prompt response capability to natural disasters such as flooding during past events.	Medium
			Inability to appropriately intake water during flooding.		
			Pollution of rivers and watershed soil due to discharge of wastewater exceeding water quality standards into rivers.	Equipped with wastewater treatment facilities and conducts hourly water quality inspection.	Medium
	Chronic Risks	Procurement	Decrease in natural rubber yield and quality resulting from degradation of surrounding water and soil quality due to excessive use of chemical fertilizers by the rubber plantation, and industrial activities in the area.	Conduct educational activities on chemicals that cause pollution and wastewater treatment in PROJECT TREE.	Medium
			Decrease in natural rubber yields due to increased pathogens, pests, and vermin.	Conduct educational activities on proper farm management in PROJECT TREE.	Medium
Transition Risks	Policy/ Laws and Regulation	Procurement	Introduction and tightening of regulations on sustainability and traceability.	Further expansion of PROJECT TREE that is an activity to ensure traceability and increase the sustainability of natural rubber, promotion of TREE+* implementation	High
			Introduction or modification of laws and regulations along with strengthening of reporting obligations, to protect the environment around rubber farm.	Through PROJECT TREE, promote regulatory compliance by informing and educating smallholders about laws and regulations.	Medium
		Processing	Introduction or modification of laws and regulations, along with the strengthening of reporting obligations, to protect against the negative environmental impacts caused by rubber processing plants.	Developing environment-related data and improving it as needed.	Medium
	Market	Procurement	Changing customer preferences, including increased demand for products produced and manufactured in sustainable methods with lower impacts on nature.	Spreading sustainable natural rubber production methods to smallholders and supplying the product to the market through PROJECT TREE.	Medium
			Decrease in procurement sources as rubber farmers shift crops due to changes in profitability.	Adequate compensation to farmers by PROJECT TREE prevents rubber farmers from crop shifting (redistributing a portion of the sales, etc.)	Medium
		Processing	Transition to nature-positive production methods, including the establishment of manufacturing processes with less environmental impact and the introduction of equipment to improve resource efficiency.	Already using biomass as a heat source for natural rubber drying, considering transition to nature-positive production methods in every situation.	Medium
	Technology	Procurement	Delay in promotion of traceability assurance due to stagnation in smartphone penetration among rubber farmers.	Planning to provide free smartphones to farmers.	Medium
	Reputation	Procurement	Increased criticism from consumers and investors and decrease in brand value due to procurement of natural rubber from rural farm with inadequate nature management practices.	Risk assessment of farmers in PROJECT TREE to identify and improve farms with inadequate natural management.	Medium
			Criticism of greenwashing due to unsustainable projects claiming to be sustainable.	PROJECT TREE is promoted with the cooperation and guidance of international NGOs, namely, Proforest and SNV.	Medium
		Processing	Cancellation of certification or damage to corporate value due to poor environmental management or resulting from environmental accidents.	In addition to ISO audits by an external organization, PT. Aneka Bumi Pratama (ABP), a natural rubber processing company, conducts annual internal audits to reduce the risk of certification revocation.	Medium
	Liability	Procurement	Lawsuits and fines from local communities due to odors and water pollution caused by waste and pollutants discharged from upstream suppliers.	Conduct educational activities on sewage and waste treatment for farmers in PROJECT TREE.	Medium
		Processing	Lawsuits and fines from surrounding communities due to health hazards derived from toxic pollutants by the plant and endocrine disruptors.	Properly dispose of sewage, exhaust, and waste in accordance with rules, laws and regulations.	Medium

* Natural rubber that ensures traceability and complies with the EUDR (EU Deforestation Regulation)

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

Opportunity

Type		Business Process	Description	Status of Response	Importance
Business Performance	Resource Efficiency	Procurement	High efficiency of natural rubber supply by PROJECT TREE.	In PROJECT TREE, deploying agricultural technology support and educational activities that contribute to increased yields of natural rubber.	High
			Breeding (resistance to natural disasters, disease and high temperatures as well as sterilization, etc.)	In PROJECT TREE, major suppliers of ABP are planning to distribute improved varieties developed on their own farm to smallholders.	High
			Promote traceability using blockchain and other technologies.	Collecting data using a traceability system based on blockchain technology developed in-house. Considering the use of data to improve logistics efficiency and reduce CO_2 emissions.	High
		Processing	Improved efficiency of waste tires collection process and reconditioning.	Considering the collection of waste tires and the sale of them to used tire shops, utilizing the tire distribution network for Nalnet Communications, a company in which ITOCHU has capital participation.	High
	Products and Services	Procurement	Increased supply of sustainability-certified natural rubber.	Focusing on the supply of EUDR compliant products through PROJECT TREE. Responding to strong demand from tire manufacturers for EUDR compliant products.	High
		Processing	Increased supply of recycled products through the waste tires collection.	Of the collected waste tires, those still usable are planned to be resold to consumers via used tire shops.	High
	Market	Procurement	Maintain brand value and market leadership by supplying sustainable natural rubber	Increased incentive income for smallholders from increased distribution of natural rubber certified as origin by PROJECT TREE due to the enhanced brand value of PROJECT TREE.	High
			Develop business strategies aligned with Kunming-Montreal Global Biodiversity Framework (GBF) 2030 and 2050 goals.	PROJECT TREE aims to “halt agricultural land development and illegal logging around protected areas,” and can promote GBF “Target 1: Plan and Manage all Areas To Reduce Biodiversity Loss.”	High
	Capital Flow and Financing	Procurement	Access to nature-related and environmentally-conscious funds, bonds, or loans.	Expecting financial institutions to offer and increase the overall financing capacity, such as proposing sustainability-linked loans for companies participating in PROJECT TREE.	High
Sustainability Performance	Sustainable Use of Natural Resources	Procurement	Transition to processes that increase positive impacts and reduce negative impacts on nature.	PROJECT TREE contributes to being nature-positive by avoiding illegal logging in protected forests and is constantly considering a transition to nature-positive production methods.	High
		Processing	Transition to processes that increase positive impacts and reduce negative impacts on nature through the establishment of recycling systems.	Aiming to reduce environmental impact by reusing tires that were previously discarded.	High

Note that this section focused on those rated “Medium” and “High” for risks, in order to ensure proper identification and mitigation of risks, and those rated “High” for opportunities.

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

Prepare

In order to mitigate significant risks and create opportunities, it is important to ensure traceability and reduce environmental impacts in collaboration with farmers. The core global indicators that TNFD recommends for disclosure and our specific collection indicators that we have considered based on the results of our analysis are as follows:

■ Metrics

Metric No.	Category/Indicator	Collection Metrics	(Reference) Related Risks and Opportunities
C3.1	Quantity of high-risk natural commodities sourced from land/ ocean/freshwater	• A procurement of natural rubber through ABP (approximately 197 thousand tons)	• Loss of continuity in natural rubber cultivation due to the increase in natural disasters such as heavy rainfall, floods, and typhoons. • Extension of capital investment cycle period due to reduced deterioration of own infrastructure.
C1.1 FA.C1.0	Land/freshwater/ ocean-use change (regenerative and sustainable land management) Deforestation-free Products	• Total area held by farmers registered with PROJECT TREE (52,600ha as of February 2025) • PROJECT TREE products rate in ABP (maximum 24%) • Number of smallholders participating in PROJECT TREE (https://project-tree-natural-rubber.com/activity-report/2501/AR-25/)	• Loss of continuity in natural rubber cultivation due to the increase in natural disasters such as heavy rainfall, floods, and typhoons. • High efficiency of natural rubber supply by PROJECT TREE. • Extension of capital investment cycle period due to reduced deterioration of own infrastructure. • Stabilization of factory operations through the availability of a stable amount of water by the development of reservoirs to store rainwater and river water, etc. • Expanding the use of electricity derived from PKS (Palm Kernel Shell), a renewable energy source from biomass. • Improving efficiency of waste tires collecting process and reconditioning processing.
A22.0, A22.1, A22.2, A22.3, A22.4	Value Chain	• Traceability rate in ABP (P183) • FSC certification rate (https://www.ptabp.co.id/sustainability/projecttree)	• Loss of continuity in natural rubber cultivation due to the increase in natural disasters such as heavy rainfall, floods, and typhoons. • High efficiency of natural rubber supply by PROJECT TREE. • Improvement of business continuity against natural disasters through the development of infrastructure such as reservoirs, rice paddies, and water sprinklers. • Extension of capital investment cycle period due to reduced deterioration of own infrastructure. • Stabilization of factory operations through the availability of a stable amount of water by the development of reservoirs to store rainwater and river water, etc.
Company-specific	Physical Risks	• Number of farmers participating in educational activities on pollution prevention and farm management in PROJECT TREE • Status of local government certification for pollution prevention (https://www.ptabp.co.id/business/certification)	• Decrease in natural rubber yield due to the spread of pathogens and viruses, resulting from the vulnerability to diseases of rubber farm formed by clone individuals. • Poor growth and lower yields of rubber trees due to deviation from optimal growing temperatures, lack of sunlight, changes in rainfall patterns caused by climate change. • Decrease in yield and quality due to reduced microbial diversity in the soil and spread of white root rot disease, resulting from the continued monoculture of Para rubber tree. • Pollution of rivers and watershed soil due to discharge of wastewater exceeding water quality standards into rivers. • Decrease in natural rubber yield and quality resulting from degradation of surrounding water and soil quality due to excessive use of chemical fertilizers by the plantation, and industrial activities in the area. • Decrease in natural rubber yields due to increased pathogens, pests, and vermin. • Increased criticism from consumers and investors and decrease in brand value due to procurement of natural rubber from rural village with inadequate nature management practices.
	Transition Risks	• Number of smallholders participating in PROJECT TREE (https://project-tree-natural-rubber.com/activity-report/2501/AR-25/) • Amount of biomass usage (25mt/day) • procurement amount of rubber produced by PROJECT TREE • Number of farmers participating in educational activities on pollution prevention and farm management in PROJECT TREE • Number of factories and offices with ISO 14001 certification (https://www.ptabp.co.id/business/certification) • Status of local government certification for pollution prevention (https://www.ptabp.co.id/business/certification)	• Response to the introduction and tightening of regulations on sustainability and traceability. • Introduction or modification of laws and regulations to protect the environment around rubber farm, and strengthening of reporting requirements. • Changing customer preferences for products produced and manufactured in sustainable methods with less negative impact on nature. • Actions to shift to nature-positive production methods, including the establishment of manufacturing processes with less environmental impact and the introduction of equipment to improve resource efficiency. • Stagnation in promotion of traceability assurance due to slow growth of smartphone penetration among rubber farmers. • Increased criticism from consumers and investors and decrease in brand value due to procurement of natural rubber from rural village with inadequate nature management practices. • Cancellation of certification or damage to corporate value due to poor environmental management or resulting from environmental accidents. • Lawsuits and fines from surrounding communities due to toxic pollutants by the plant and health hazards derived from disturbances.

In addition, we collect other metrics on water consumption, CO_2 emissions, etc. We also intend to consider setting measurable targets.

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

PROJECT TREE

To sustainably procure natural rubber, it is important to reduce negative impacts on both the environment and human rights. To this end, it is important to ensure that natural rubber is not produced in protected areas and that child labor is not employed in its production. However, since most natural rubber cultivation is carried out by smallholders, ensuring traceability is challenging. We have established the Natural Rubber Procurement Policy (https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf), and joined GPSNR, a new global platform for sustainable natural rubber, as the only Japanese trading company founding member.

In addition, we are focusing on PROJECT TREE, which utilizes a supply chain management system uniquely developed for our natural rubber business. This initiative leverages a traceability system we developed based on blockchain technology. Through a smartphone application, the location of each farmer's farm, transaction details of natural rubber, date and time, and location information are recorded on the blockchain and can be checked on a map. Raw materials delivered from smallholders via collectors and dealers are processed by ABP, our subsidiary, and sold to tire manufacturers as natural rubber materials with origin information. A portion of the sales from tires sponsored by PROJECT TREE is paid as a premium to the smallholders who supply raw materials, thereby contributing to improve their living standards. Furthermore, to increase the volume of natural rubber handled in this project, we are working to expand the number of participating farmers and further enhance traceability by distributing smartphones to smallholders free of charge. Additionally, as part of the project, we conduct educational activities on proper farm management and wastewater treatment, collaborating with farmers to promote sustainable agriculture.

Refer to: PROJECT TREE (https://project-tree-natural-rubber.com/)

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.

Refer to: Procurement Policies by Product Type (P179)

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

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 & Regenerate	• 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 • 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 organizations can contribute to needed systemic change inside and outside their value chains. Example: Develop sales and manufacturing models and participate in initiatives

Organized by ITOCHU based on the Science Based Targets Network website (https://sciencebasedtargetsnetwork.org/how-it-works/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)

* 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 (P180)	Avoid	Achieving a handling ratio of certified or highly controlled materials of 100%
		Transform	Engaging with NPOs
	Natural rubber (P182)	Transform	Participating in GPSNR as a founding member and cooperating in formulating and operating platform standards
	Palm oil (P183)	Avoid	Achieving 100% traceability at the mill level
		Transform	Joined RSPO and promoting initiatives
	Biomass fuel (P185)	Avoid	Procuring legally accepted woody biomass fuel according to PEFC, FSC and other third-party certification
Food	Cocoa beans and coffee beans (P185)	Avoid	Enhancing traceability of cocoa beans
		Avoid	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 (P186)	Reduce	Reducing ecological degradation by raising dairy cows while changing their grazing land regularly in New Zealand
	Meat (P187)	Avoid	Built a system to enable 100% trace back to the production stage for all meat suppliers
	Marine products (P188)	Avoid	Acquired distributor certification from MSC and CoC
		Transform	Encouraging fishermen about skipjack and yellowfin for which MSC certification is limited
	Fruits and vegetables*1	Reduce	Using clean energy in our Dole business
Textile raw materials	Cotton (P189)	Avoid	Acquired GOTS certification and achieving 100% traceability for our procurement of organic cotton in India
	Environmentally-friendly materials (P189)	Reduce	Launched the RENU® project with the aim of realizing a circular economy and started to develop recycled polyester
Apparel	Outdoor apparel*2	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

*1 https://www.itochu.co.jp/en/news/press/2018/181213.html
*2 https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_05

Initiatives in Business-related Areas

ITOCHU is working with stakeholders to protect endangered wildlife.

- Mangrove Planting Project with Uken Village of Amami Oshima Island
  (https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_01)
- Collaborative Conservation Project for Rare Freshwater Fish with Shiga Prefecture and Shiga Prefectural Lake Biwa Museum
  (https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_04)
- Hunting World's Wildlife Conservation Activities
  (https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_05)
- Support of Amazon Ecosystem Conservation Program
  (https://www.itochu.co.jp/en/csr/social/amazon/index.html)
- Project for Protecting Green Turtles, an Endangered Species
  (https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_06)
- Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem
  (https://www.itochu.co.jp/en/csr/social/150_anniversary/borneo/index.html)

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

Metrics and 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 2025 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. • Coffee Beans: Aim to achieve 50% procurement of sustainable coffee beans by 2030. • Fisheries raw materials handled by ITOCHU: Increase the MSC*3 /CoC*4 certified products to 15,000 tons per year by FYE 2026.	• 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 2025. • The ratio of sustainable coffee beans in our coffee bean procurement in FYE 2025 was 32%. • The volume of MSC/CoC in fisheries raw materials in FYE 2025 was 12,500 tons.	

*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.
*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

• Refer to: Procurement Policies by Product Type (P179)

Targets in Business-related Areas

• Targets and Action Plans of Social Contribution Activities (P191)

Performance Data

Performance Data in Business Activities

• Performance Data Regarding Forest Certification and Legal Compliance, Sustainable Procurement Performance Data of Raw Materials for Papermaking (P181)
• Performance Data on Natural Rubber (P183)
• Performance Data Regarding Sustainable Palm Oil Procurement (P184)
• Performance Data on Sustainable Coffee Bean Procurement (P186)
• Performance Data on Traceability of Meat (P187)
• Performance Data Related to Certification of Marine Products (P188)
• Performance Data on Organic Cotton Procurement (P189)

Performance Data on Business-related Areas

• Collaborative Conservation Project for Rare Freshwater Fish Ayumodoki (P193)
• Project for Protecting Green Turtles, an Endangered Species (P193)
• Amazonian Manatee Reintroduction Project
(https://www.itochu.co.jp/en/csr/social/amazon/index.html#table01)

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

Action Plan

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		Prevention of Pollution and Circulating Society	Reducing our environmental burden by circulating society	Textile products in general	We will contribute to realize a Circulating 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 2025). Waste volume to be made into “RENU”: equivalent to 6.2 million T-shirts, CO_2 reduction: 1,906 tons, Water usage reduction: 6,416 kiloliters. • Approximately 4,300 collection points for “Wear to Fashion”, the clothing recycling service (as of March 2025). • We are currently operating a joint project called the “ARChemia Project”, which involves textiles and chemicals, and transforms used clothing into chemical products with high environmental added value. To date, more than 10 companies have adopted this project, and we are continuing to promote its expansion.
Metals & Minerals Company								
• Respect and Consider Human Rights • Ensure Stable Procurement and Supply		• Mining • Electric Power・Mining・Oil and Gas Fields	Sustainable mine development that pays continuous careful attention to the risks in occupational safety and health and environmental risks, and that contributes to local communities’ well-being	Mining business	• We will promote sustainable development of natural resources by fully committing to EHS (environment, health, occupational safety) and harmonious coexistence with local communities in areas which our mines operate. • We will improve local infrastructure such as medical care and education.	• Ensure the thorough application of the EHS guidelines and employee education. • Contribute to local communities through activities for improving medical care, education and infrastructure.	• Implementation of annual internal seminars to ensure our employees are fully aware of the EHS guidelines. • EHS seminar attendance rate: 100%. • Rate of checks implemented on EHS compliance in existing and operating projects to be possessed in long term and new mining business: 100%. • Donations to medical care and education, and building infrastructure in local communities. • Carry out CSR activities in all existing and operating projects to be possessed in long term (100%).	• We held internal EHS (environment, health and occupational safety) guidelines training courses for supervisors and staffs engaged in mining projects. The attendance rate of the training was achieved 100%. • We checked the proper compliance to the EHS guidelines for one new project, nine existing projects, and one another resource-related project. • We carried out social activities at the communities where our projects are located.
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.	• Residue input volume to the Dole Philippines biogas plant. • GHG reduction amount by introduction of clean energy.	**Result in FYE 2025** • Utilization of processed pineapple residue: 128,984 tons. Due to decrease of pineapple production, utilization quantity was less than last fiscal year. • GHG reduction from Renewable Energy installation: 126,786t CO_2e Thanks to the utilization of biomass*1, GHG reduction quantity got more than last fiscal year. *1 We utilize rice hull for the boiler as the alternative energy source of diesel.
• Respect and Consider Human Rights • Ensure Stable Procurement and Supply		Supply Chain	Establishing a supply chain reflecting consideration for human rights and the environment	Provisions field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	• We will promote procurement compliant with supplier-specific codes of conduct in coffee bean and cacao bean producing countries. • We will strengthen the handling of oil certified by the RSPO - a third-party certification organization for palm oil. • We will support the establishment of a promotion and distribution system in Japan for MSPO/ISPO in cooperation with domestic industrial associations. The aim of this is to encourage the use of certified oil systems in producing countries.	• Coffee beans: Promotion of procurement of products compliant with supplier-specific codes of conduct or certified products based on our procurement policy. • Cacao beans: Promotion of procurement of products compliant with supplier-specific codes of conduct (sustainable products) based on our procurement policy. • Palm oil: Procurement of palm oil based on our procurement policy. Promotion of the disclosure of the set KPI indicators and supplier information. **2030** • Coffee beans: Aim for a 50% switch to sustainable coffee beans. • Cacao beans: Aim for a 100% switch to sustainable coffee beans. • Aim for a 100% switch to sustainable palm oil.	• Coffee beans: procurement ratio of FYE 2025:32% The coffee market has reached an all-time high, leading various client companies to reduce the usage ratio of certified raw materials for cost-cutting purposes. Although the handling ratio decreased compared to the previous year, the target value (over 30%) was achieved. • Cacao beans (traceable products): procuremen ratio of FYE 2025: 65% (4,984 tons of traceable beans out of 7,728 tons total.) • Palm oil: Check supplier’s sustainable palm oil sourcing policies through regular surveys, and continue purchasing based on our procurement policies. At the same time, we continue to publicize the ratio of RSPO certified Palm Oils and Traceable To Mill etc. • Ratio of RSPO Certified Palm Products/Oleo chemicals of FYE 2025 • Palm Oils 36% • Oleo Chemical Products 69% **Support Achievements to Each Producing Country (Qualitative)** • Coffee Beans:Next Generation Support/Ethiopia To contribute to the improvement of sanitary and educational standards in Ethiopia, the toilets at schools are constructed and the educational materials to preserve the history and culture of coffee are provided in the coffee bean production areas of Ethiopia.

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

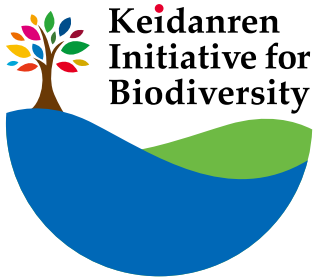
Materiality	SDGs Targets	Impact Classification	Issues to Address	Business Area	Commitment	Specific Approach	Performance Indicators	Degree of Progress
Food Company								
• Respect and Consider Human Rights • Ensure Stable Procurement and Supply		Supply Chain	Responsible Fisheries Procurement	Fresh food field	We will develop a procurement structure compliant with third-party body certification and supplier-specific codes of conduct.	Promote procurement in accordance with the supplier's own code of conduct in the country of origin of the tuna.	Develop a tuna procurement policy and promote procurement of products and certified products that comply with the policy.	• One vessel was added to existing MSC fisheries certification in February 2025. • In FYE 2025, we handled 12,500 tons of MSC certified tuna in total. (Around 6% volume in total) (Reference) We have acquired the MSC fisheries certification for six fishing vessels as of July 2022, and MSC fisheries certification for an additional 19 fishing vessels in June 2023.
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.	Handle certified lumber or lumber for which a high level of control can be verified.	Ensure a 100% handling ratio of certified or high-level management confirmed materials.	In FYE 2025, 100% of our Pulp, Woodchips and Wood Products & Materials transactions were handled as certified material or were intensively managed.
• Respect and Consider Human Rights • Ensure Stable Procurement and Supply		• Forest • Supply Chain	Realization of sustainable supply of natural rubber	Natural Rubber	• We will endeavor to establish measures to identify and avoid procuring rubber from any suppliers who dispossess indigenous people and develop High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatland. • We support or offer a training to improve yields and quality for natural rubber producers, especially smallholders. We also offer a risk-assessment education that includes modern slavery issue.	• We will establish a traceability system to make uncertain raw material procurement supply chain transparent. • We will achieve our commitment through the sustainability activity of our unique initiative "PROJECT TREE (https://project-tree-natural-rubber.com/)."	• We aim to procure raw materials with traceability and sustainability ensured in our natural rubber processing business. (Aiming to achieve 100% traceability for the natural rubber raw materials which we procure by 2025 through an original block chain-based traceability system.) • We will increase the number of smallholders implementing sustainability training and education, and contribute to achieving sustainability in the natural rubber industry.	• Traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%. • Traceability of the natural rubber raw materials' procurement using our system reached 24% of the monthly purchasing volume up to the smallholders. • 11,991 of smallholders implemented sustainability training and education. * Based on the performance from January to December 2024.

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

Collaboration with Outside Initiatives

Initiative Participation (Activities Through Business and Industry Groups)

ITOCHU participates 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 symposiums, 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 TNFD. In October 2024, ITOCHU registered as TNFD Adopters, declaring our intent to disclose information based on TNFD recommendations.



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 GPSNR. We have agreed to the 12 principles stipulated by this platform about natural rubber and comply with the applicable policy components.

Initiatives related to forest commodities are also disclosed in the form of responses to CDP questionnaires, a global corporate disclosure system for companies and organizations.

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 and Targets" (P97) section.

- Roundtable on Sustainable Palm Oil (RSPO)
  - Refer to: Initiative Participation (P42)
- Global Platform for Sustainable Natural Rubber (GPSNR)
  - Refer to: Commitment to the Global Platform for Sustainable Natural Rubber (GPSNR) (https://www.itochu.co.jp/en/csr/pdf/natural_rubber_policy.pdf)
- CDP
  - Refer to: CDP Climate Change, Water Security and Forests (P41)
- Organization for the Promotion of Responsible Tuna Fisheries (OPRT)
  - Refer to: Sustainable Procurement: Policies and Initiatives by Product Type (P188)
- International Seafood Sustainability Foundation (ISSF)
  - Refer to: Sustainable Procurement: Policies and Initiatives by Product Type (P188)

Clean-tech Business

Basic Policy and Strategy

ITOCHU Corporation 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 clean-tech 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. Furthermore, "The Brand-new Deal" identifies one of the pillars of our strategy to sustainably enhance corporate value as "Grow Earnings - No Growth without Investment," and we aim to expand our business areas.

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. As a general trading company, our policy is to pursue environmental and economic value at the same time by leveraging our broad value chain and making diversified business investments to increase the overall profitability of our projects. Therefore, we apply the same rigorous investment criteria to the clean-tech business as to other businesses.

We also monitor trends of the amount of avoided emissions from the clean-tech business and the external environment that affects this amount, and review our operation according to the progress of each business and market conditions.

Targets (Transition Plans)

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

* Offset zero: When the amount of GHG emissions we contribute to reducing exceeds our GHG 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 2,500 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). ● Developing over 40 solar power plants, totaling 6,800 MW as of March 2025, including projects that have been sold.
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. ● In 2024, commenced commercial operation of Belgrade Waste Management Public-Private Partnership Project, Republic of Serbia, as well as the world's largest energy-from-waste (EfW) project in Dubai.

Renewable energy ratio

18.7% (FYE 2025) → over 20% by FYE 2031

Cumulative energy storage system capacity

over 2 GWh by FYE 2031

Clean-tech Business

Initiatives

Top Management Involvement: Decarbonization and Carbon Neutral Task Force

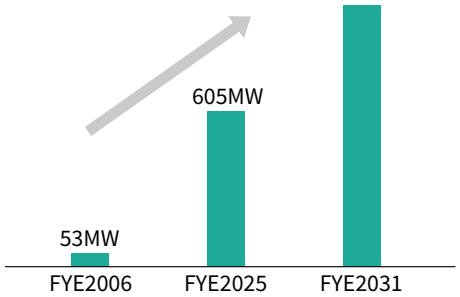
ITOCHU stated a strong commitment to being the first in the industry to realize a decarbonized society by enhancing contribution and engagement with the SDGs in our previous medium-term management plan, Brand-new Deal 2023, and carried it forward into the current Management Policies formulated in April 2024, which serve as a medium to long term compass. At ITOCHU, we launched 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, in principle, every month. 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 GHG emissions and whose market is expected to grow.

Introduction to Individual Businesses

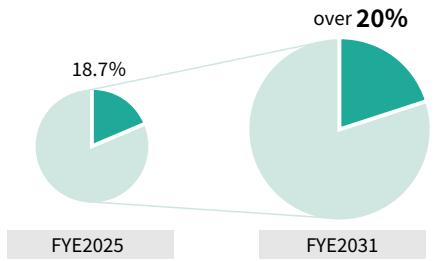
1. Renewable Energy

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 (Equity Interest Basis)**



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

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2025	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	179	122	164	196	240	18.7%	20%<
Solar/PV Power	80	112	132	164	225		
Geothermal	83	83	83	83	83		
Biomass	33	57	57	57	57		
Renewable Energy (Total)	**375**	**373**	**436**	**500**	**605**		
Natural Gas	1,258	1,258	1,258	1,466	1,666	81.3%	80%>
Oil-fired Power	315	315	315	315	315		
Coal-fired Power	640	640	640	640	640		
Thermal Power (Total)	**2,213**	**2,213**	**2,213**	**2,421**	**2,621**		
Grand Total	**2,588**	**2,586**	**2,648**	**2,921**	**3,226**	100%	100%

For a list of our renewable energy-related businesses please visit here (P114).
We have announced a policy not to develop any new coal-fired power generation business*.

* Policy statement regarding our involvement in coal-fired power generation business (https://www.itochu.co.jp/en/csr/news/2019/190214.html)

Clean-tech Business

Renewable Energy Highlights

Wind Power

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

Offshore Wind Farm in Europe and the United States

In response to the renewable market growth in Europe, ITOCHU 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

We established a fund in 2023 targeting renewable energy assets in North America. Through this fund, we invested in the first project, the Grandview Wind Power Plant (211 MW), in February 2024. We will continue to solicit investors and plans to conduct a renewable energy project worth approximately US 2 billion dollars through this fund. (Signed an investment agreement for the second investment project (new solar and battery storage assets) in September 2024.)

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 Kanadevia 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 Japanese 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

Distributed Solar Power Supply Business

ITOCHU operates 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.

On-site distributed power supply operated by i GRID SOLUTIONS

Clean-tech Business

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, contributing to their decarbonization and RE100 targets. By FYE 2025, we have introduced solar power plants with “additionality” at approximately 2,000 locations in Japan. These solar power plants are widely distributed across 293 municipalities in 24 prefectures nationwide, aiming to stabilize power generation fluctuations due to weather and mitigate risks such as disasters through a diversified power plant portfolio. The total power generation is expected to be 188 million kWh per year, with CO_2 reductions amounting to 79,000 tons of CO_2 annually.

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 French 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 solar 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 area.

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 Japanese households. In addition, Hyuga Biomass Power Plant (power generation output: 50 MW) in which ITOCHU participates has begun commercial operation in Hyuga in Miyazaki Prefecture in October 2024. Additionally, in Tahara in Aichi Prefecture, a biomass power plant (power generation output: 50 MW) is under construction and scheduled to start operation in FYE 2026.

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 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.

In May 2023, ITOCHU has signed a trademark licensing agreement and a collaboration agreement for brand enhancement with Neste OYJ, the world's largest renewable fuel manufacturer. The purpose of these agreements is to expand the distribution of their renewable diesel, 'Neste MY Renewable Diesel,' within Japan.

Image of an aircraft flying using SAF

Refueling SAF

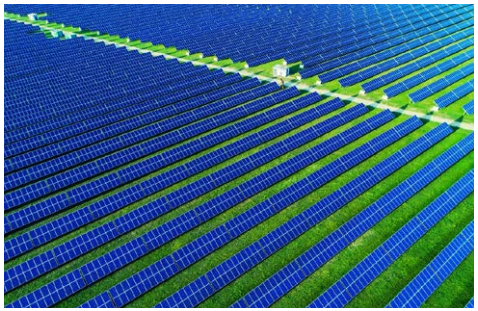
Sample Bottle of Neste My Renewable Diesel

Operation and Maintenance for Renewable Power in North America

ITOCHU provides operation and maintenance service as well as asset management for solar, battery storage and wind generation (totaling 3,000 MW) 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 (TED), dedicated in greenfield renewable energy development in the United States, was established in 2022 and is currently developing renewable energy projects of approximately 5,000 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

Clean-tech Business

2. Fuel Ammonia

With international momentum towards the transition to a decarbonized society, the International Maritime Organization (IMO) has set a 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.

Development of Ammonia Fuel Ship

ITOCHU has agreed with Nihon Shipyard Co., Ltd., Mitsui E&S Machinery Co., Ltd. (Currently, Mitsui E&S Co., Ltd.), ClassNK, ITOCHU ENEX Co. Ltd., and MAN Energy Solutions (MAN) on jointly developing commercial ships equipped with a main engine that uses ammonia as its main fuel, which is under development by MAN.

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 has been promoting the development of ammonia fuel supply all over the world. In Singapore, we were selected as one of the bunkering players by the Maritime and Port Authority of Singapore in July 2024. For the joint development of an ammonia bunkering, we have signed in 2023 a Memorandum of Understanding (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 eight companies and organizations in September 2023. All three Joint Study frameworks were concluded at the end of March 2024 and ITOCHU has transitioned to working on individual projects.

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 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 will pursue the creation of a decarbonized society by establishing manufacturing sites and a supply chain for clean ammonia, which is expected to reduce GHG 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 had started operation in May 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.

Motomiya Interchange Hydrogen Station

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.

Business Model Development of a Local Hydrogen Production for Local Consumption

ITOCHU is considering 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). We have 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 derived from waste plastic 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

Green Hydrogen Production Project with Everfuel of Denmark

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) has started commercial operation in February 2025 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.

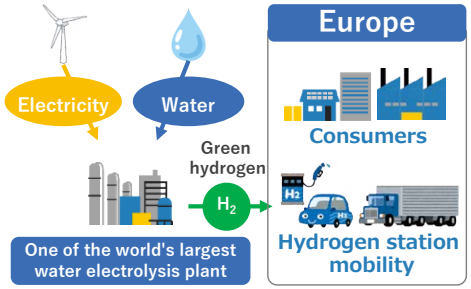


Diagram of the flow of green hydrogen delivered to consumers


Inside the plant

Investment in ZeroAvia, Distribution Agreement in Asia, and Strategic Partnership for Hydrogen Infrastructure Development and Maintenance System Establishment

In 2024, ITOCHU has invested in ZeroAvia, Inc., a US-based company engaged in the development and manufacturing of hydrogen-electric engines for aircraft. Additionally, we have signed a representative agreement for Asia and a Memorandum of Understanding with ZeroAvia to jointly promote the establishment of maintenance systems, airport infrastructure, and hydrogen infrastructure, with the goal of achieving decarbonization in the aviation sector. ZeroAvia is developing hydrogen-electric engines with extremely low environmental impact. In 2023, the company successfully conducted a demonstration flight using its engine installed on a 19 seat Dornier 228 aircraft. The company aims to obtain engine certification for 9 to 19 seat aircraft by 2026, 40 to 80 seat aircraft by 2028, and eventually for 200 seat aircraft in the future. Compared to conventional jet fuel engines, hydrogen-electric engines can reduce GHG emissions by more than 90%. Additionally, they have fewer components and are expected to reduce operating costs by approximately 40% compared to traditional jet engines. Collaborating with aircraft manufacturers, energy companies, and airport operators, the company has already secured pre-orders for over 2,000 engines.

To support the commercialization of ZeroAvia's hydrogen-electric engines, which contribute to decarbonization in the aviation industry, ITOCHU will collaborate with hydrogen infrastructure partners and airlines both domestically and internationally. Through these efforts, we aim to contribute to the realization of sustainable local communities and the reduction of environmental impact on a global scale.

Demonstration flight with ZeroAvia's hydrogen-electric engines installed on a 19 seat Dornier 228 aircraft


Efforts toward obtaining certification for engines capable of installation on future 40 to 80 seat aircraft

Clean-tech Business

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 around 2GWh by FYE 2031.

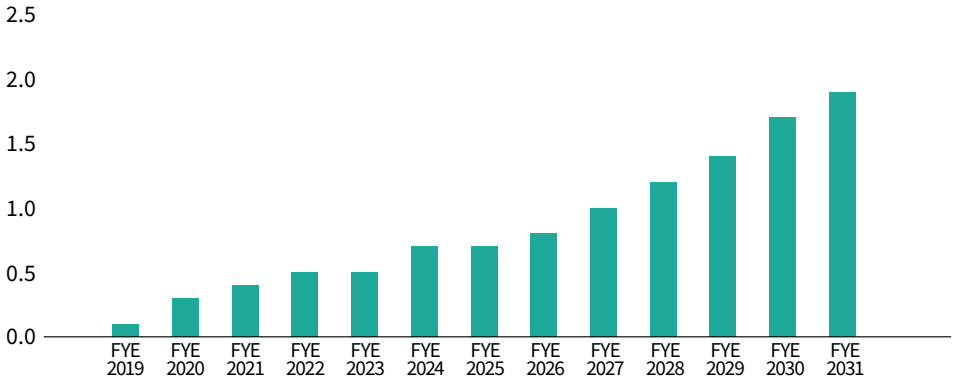
Moving forward, ITOCHU will strengthen our global battery procurement including reusable batteries and dealer network, in order to accelerate the development of energy storage systems for households and industries, and the development of systems for utility scale energy storage that connect renewable 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 business partner, ITOCHU developed Smart Star ESS series, which have been sold for approximately 60,000 units as of January 2025.

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.

■ **Cumulative Capacity of ESS Units Sold (GWh)**



Other Initiatives

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

ITOCHU 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: https://www.smartstar.jp/ (Japanese only)

External view of the Smart Star L


External view of the Smart Star 3

Demand Response Using GridShare

Through Gridshare Japan Co., Ltd., in which ITOCHU has a capital participation, users who provide optimal remote-control services are bundled together and demand response is implemented to adjust 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.

Clean-tech Business

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 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.

Operation 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. The fund came into full operation after investment of more than 8 billion yen from private institutional investors.

The fund has goals of making maximum use of renewable energy power sources, stabilizing power demand and supply, enlarging the energy storage plant market and establishing a finance model. With capital participation from many different business sectors including real estate, services, automobiles and finance, the fund will work with these partners to achieve these goals.

Strategic Business Alliance with Akaysha 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

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, in which ITOCHU has invested, 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 desalination plant

Clean-tech Business

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 three energy-from-waste projects for municipal governments in the United Kingdom, which together treat 850 thousand tons of waste annually and generate enough electricity to power 100,000 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"), an energy-from-waste facility completed construction and commenced commercial operation as of July 2024. 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 has started an energy-from-waste project in the Emirate of Dubai, the United Arab Emirates in 2020, completed construction and commenced commercial operation as of August 2024. 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

7. Low-carbon Iron Supply Chain

Creating a Low CO_2 Emission Supply Chain for Ferrous Raw Material

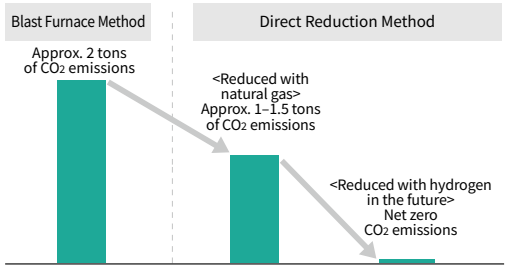
Reducing CO_2 emissions during the steelmaking process has become an urgent issue in the steel industry. The direct reduction route is a ironmaking process that can significantly reduce CO_2 emissions in the steelmaking process compared to the conventional blast furnace route by using high-grade iron ore, which has high iron content, as the raw material and natural gas for its reduction.

ITOCHU is 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 EMSTEEL, the largest steel and building materials company in the UAE. 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.

In this venture, we plan to utilize high-grade iron ore produced by CSN Mineração S.A. (CM), a superior iron ore producer in which ITOCHU has invested. In November 2024, we made an additional investment in CM. The Casa de Pedra mine owned by CM is a rare, operating mine that can produce high-grade iron ore on a large scale and at low cost. Through this additional investment, we will strengthen our cooperative relationship with CM to develop and expand its production system, thereby building a low CO_2 emission supply chain for ferrous raw material.

In addition to this, we have been participating in an iron ore project in Canada since 2022, producing high-grade iron ore which is essential for the production of reduced iron.

* JFE Environmental Vision 2050, page 9



Comparison of CO_2 emissions when producing one ton of crude steel

Image of low-carbon direct reduced iron

Clean-tech Business

8. CCUS/Carbon Fixation

Mineral Carbonation Project with MCi of Australia

ITOCHU invested in the Australia-based company, MCi Carbon Pty Ltd (MCi), and has been collaborating with MCi in promoting its technology which produces carbon embodied products by combining steelmaking slag (by-products of the steelmaking processes), waste concrete and/or serpentinite with CO_2, to utilize as building materials. MCi, established in October 2013, is a pioneer in this field, aiming at the fixation of 100 million tons of CO_2 annually in the future, as its company mission.

MCi's demonstration plant in Newcastle, Australia (photo taken in January 2025)

In July 2022, ITOCHU, TAISEI CORPORATION, and MCi concluded a Memorandum of Understanding (MoU) and are proceeding with verification of the use of these carbon embodied products as raw materials for concrete. In January 2025, ITOCHU, Mitsubishi UBE Cement Corporation, and MCi concluded a MoU with the aim of establishing a supply chain such as construction of a manufacturing plant, securing feedstocks and sales of raw materials in Japan. MCi and ITOCHU are also in discussions with other CO_2 emitters and raw material suppliers both in Japan and foreign countries for commercialization.

MCi already has a pilot plant for testing and is currently constructing a demonstration plant in Newcastle that will be fully automated and capable of continuous operation, with plans to begin full-scale operation in June 2025, processing more than 1,000 tons of CO_2 per year. Thereafter, the company aims to build its first commercial plant in Austria around 2028.

About a Study and Design Work Contract Related to an Advanced CCS Project

A joint proposal by ITOCHU (lead company), NIPPON STEEL CORPORATION, TAIHEIYO CEMENT CORPORATION, Mitsubishi Heavy Industries, Ltd., INPEX CORPORATION, TAISEI CORPORATION, and ITOCHU Oil Exploration Co., Ltd. for the Tohoku Region West Coast CCS Initiative has been selected for the "Survey for the Implementation of Advanced CCS Projects" for FYE 2024 and the "Design Work Related to Advanced CCS Projects" for FYE 2025 by the Japan Organization for Metals and Energy Security (JOGMEC).

CCS (Carbon dioxide Capture and Storage) is positioned as a means for decarbonization that should be fully harnessed to achieve two targets set by the Japanese government: carbon neutrality in 2050 and a 60% reduction in GHG emissions (from the FYE 2014 level) in FYE 2036, and ITOCHU is committed to focusing on its social implementation.

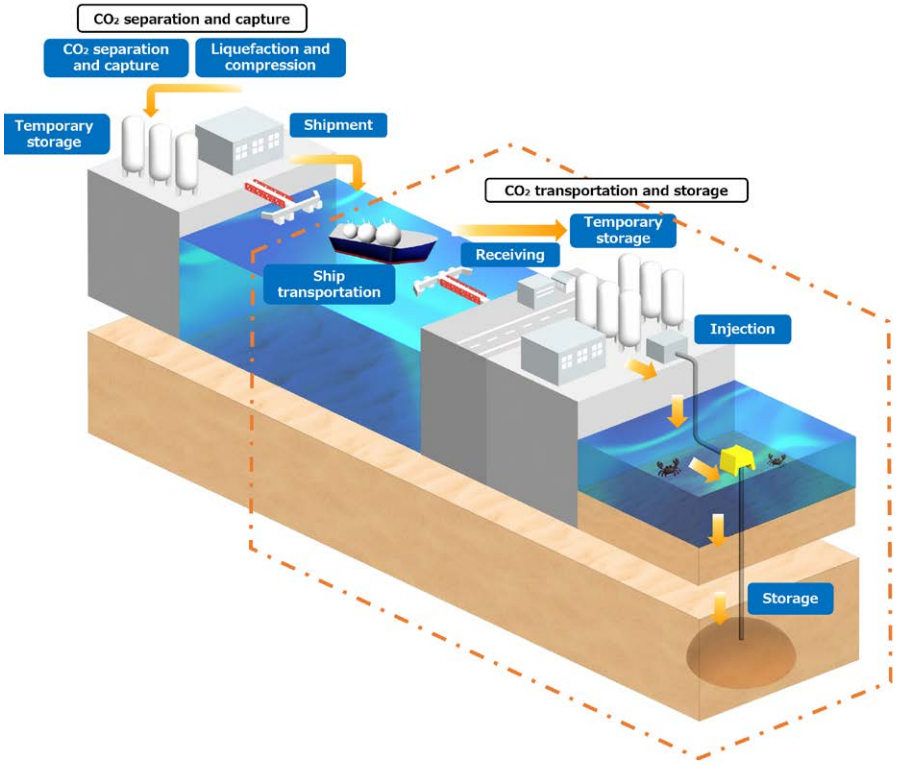


Image of large-scale and wide-area CCS value chain project using ship transportation

Clean-tech Business

9. Green Buildings

ITOCHU's construction and real estate group is 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 Real Estate Assessment, 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 27 real estate assets with CASBEE real estate valuation certifications, one real estate asset with DBJ Green Building certification, and four real estate assets with Building-Housing Energy-efficiency Labeling System (BELS) certification which accounts to 33.1% in surface area, and 10.7% in number of units among its entire portfolio. At Advance Private Investment Corporation, an unlisted open-ended REIT, we own three real estate assets with CASBEE real estate valuation certification, which accounts to 37.7% in surface area, and 21.4% in number of units among its entire portfolios.

* Each figure is information as at end of January 2025.

10. Collaboration with Outside Initiatives

ITOCHU is 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, a general incorporated association established in August 2019, believes that further efforts are necessary to achieve carbon neutrality by 2050 by using CO_2 as a carbon source. The institute aims to simultaneously solve the problem of global warming and improve energy access around the world. It supports the creation of carbon recycling innovation through research assistance and publicity activities related to carbon recycling, with ITOCHU also participating as a member.

Japan CCS Co., Ltd.

In response to the national policy to develop and promote CCS technology, Japan CCS Co., Ltd. (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 has been supporting this project. Also, separate from this project in Hokkaido, We are 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 / Investment Project	Country	Generating Capacity / Size	Estimated GHG Reduction Figures (Project 100% Basis)
Wind	Aspenall Wind Power Project	USA	43 MW	100,000 t/year
	Cotton Plains Wind Power Project	USA	202 MW	480,000 t/year
	Prairie Switch Wind Power Project	USA	160 MW	380,000 t/year
	Grandview Wind Power Project	USA	211 MW	500,000 t/year
	Bowman Wind Power Project (Under Construction)	USA	209 MW	500,000 t/year
	Mutsu Ogawara Wind Power Project (Under Construction)	Japan	64.5 MW	150,000 t/year
Offshore Wind	Butendiek Offshore Wind Power Project	Germany	● 288 MW ● Scale of power generation: Equivalent power consumption of 370,000 households	750,000 t/year
Waste Management	ST&W Waste Management Project / South Tyne & Wear Energy Recovery Holdings Limited	UK	● Incineration treatment of 260,000 t/year of general waste ● Scale of power generation: Equivalent power consumption of 31,000 households	60,000 t/year
	Cornwall Waste Management Project / Cornwall Energy Recovery Holdings Limited	UK	● Incineration treatment of 240,000 t/year of general waste ● Scale of power generation: Equivalent power consumption of 21,000 households	60,000 t/year
	West London Waste Management Project / West London Energy Recovery Holdings Limited	UK	● Incineration treatment of 350,000 t/year of general waste ● Scale of power generation: Equivalent power consumption of 50,000 households	80,000 t/year
	Serbia Waste Management Project / Beo Cista Energija	Serbia	● Incineration treatment of 340,000 t/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	100,000 t/year
	Dubai Waste Management Project / Warsan Waste Management Company P.S.C.	UAE	● Incineration treatment of 1,900,000 t/year ● 200 MW ● Scale of power generation: Equivalent power consumption of 135,000 households	1,090,000 t/year
Geothermal	Sarulla Operations Ltd	Indonesia	330 MW	2,150,000 t/year
Solar	Cotton Plains Solar Power Project	USA	15 MW	20,000 t/year
	Rosamond South Solar and Storge Battery Project (Under Construction)	USA	140 MW	150,000 t/year
	Rooftop Solar Projects	Vietnam	15 MW	20,000 t/year
	Oita Hiyoshibaru Solar Power Plant Large-Scale Solar Power Plant	Japan	45 MW	50,000 t/year
	Shin-Okayama Solar Power Plant Large-Scale Solar Power Plant	Japan	37 MW	40,000 t/year
	Saijo Komatsu Solar Power Plant Large-Scale Solar Power Plant	Japan	26 MW	30,000 t/year
	Saga-Ouchi Solar Power Plant Large-Scale Solar Power Plant	Japan	21 MW	20,000 t/year
	i-Grid Solutions, Inc.	Japan	291 MW	300,000 t/year
	Clean Energy Connect	Japan	193 MW	200,000 t/year
	Solaben Concentrating Solar Power	Spain	100 MW	180,000 t/year
Biomass	Ichihara Biomass Power Plant	Japan	● 49.9 MW ● Scale of power generation: Equivalent power consumption of 120,000 households	360,000 t/year
	Hyuga Biomass Power Plant	Japan	50 MW	360,000 t/year
	Tahara Biomass Power Plant (Under Construction)	Japan	50 MW	360,000 t/year

Results of Green Revenue (Organizational Performance Including Clean-tech Business Revenue)

	FYE 2025 Net profit attributable to ITOCHU	FYE 2026 Forecast Net profit attributable to ITOCHU
Power & Environmental Solution Division*1	8.9 billion JPY	7.5 billion JPY
North American Electric-power-related Business*2	11.5 billion JPY	14.8 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 ★ 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 & its total, the volume of water withdrawal and wastewater discharge 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.

Independent Assurance Report (P251)

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 and Shikoku, Kyushu).
The number of offices including domestic branches: FYE 2021: 6, FYE 2022: 8, FYE 2023: 6, FYE 2024: 6, FYE 2025: 6 (Data coverage in FYE 2025: 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 2021: 232, FYE 2022: 233, FYE 2023: 225, FYE 2024: 241, FYE 2025: 241 (Data coverage in FYE 2025: 100%)*5.
*3 The number of overseas offices covered: FYE 2021: 49, FYE 2022: 46, FYE 2023: 43, FYE 2024: 43, FYE 2025: 41 (Data coverage in FYE 2025: 100%).
*4 The number of companies covered: FYE 2021: 274, FYE 2022: 254, FYE 2023: 257, FYE 2024: 261, FYE 2025: 263 (Data coverage in FYE 2025: 100%)*5.
*5 The number of companies covered includes all the consolidated subsidiaries, including those held for investment management purposes. However, non-manufacturing site offices with 10 or fewer employees are not included in GHG Emission, Water Withdrawal and Wastewater Discharge, and Hazardous Waste due to their quantitative insignificance.

ESG Data (Environment)

Climate Change Performance Data

Energy Consumption

Energy Consumption

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Corporation	Purchased and Consumed Non-Renewable Fuel (Unit: MWh)	640	580	331	156	182
	Purchased Non-renewable Power (Unit: MWh)	27,320	27,107	26,332	22,367	22,411
	Other Purchased Non-renewable Energy (e.g., Steam, Heat and Cooling Water) (Unit: MWh)	7,401	6,869	7,046	7,993	8,371
	Generated Renewable Energy (Solar Power Generation*1) (Unit: MWh)	60	63	61	66	63
	Total of Energy Consumption Cost (Unit: million JPY)	571	573	652	612	625

*1 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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Tokyo Headquarters	121,290	118,419	118,627	103,751	105,648

- 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 Act on Promotion of Global Warming Countermeasures effective April 1, 2024 (the "Revised Act")

Electricity Consumption

(Unit: MWh)

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Corporation*1	10,231	10,214	9,269	9,386	9,401
Group Companies in Japan	1,248,258	1,202,311	975,320	1,014,274	1,052,086
Overseas Offices	3,515	3,469	3,126	3,096	3,040
Overseas Group Companies	437,030	422,880	538,683	645,863	777,543
Grand Total of ITOCHU Group	1,699,034	1,638,874	1,526,398	1,672,619	★1,842,070

*1 The Tokyo Headquarters is sourcing its real CO_2-free electricity together with a FIT Non-Fossil Fuel Certificate since January 2020

Heat and Steam Consumption

(Unit: GJ)

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
ITOCHU Group	Industrial Steam	488,429	520,936	851*1	797	20,191
	Non-industrial Steam	15,462	14,532	14,593	15,636	17,323
	Hot Water	5,710	6,285	4,745	4,373	3,868
	Cold Water	67,618	62,874	22,353*2	25,420	26,759

*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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
ITOCHU Group	Kerosene (Unit: kL)		3,387	3,086	2,151	1,944	1,920
	Light Oil (Unit: kL)		48,460	46,262	48,762	42,671	46,656
	Gasoline (Unit: kL)		12,688	11,547	11,619	11,751	11,081
	Heavy Oil A (Unit: kL)		18,969	58,137	19,292	19,324	18,389
	Heavy Oil B and C (Unit: kL)		25,546	13,595	20,784	13,959	13,614
	Coal (Unit: t)		325,431	292,371	192,663	180,851	191,625
	Petroleum gas	Liquefied Petroleum Gas (LPG) (Unit: t)	11,294	13,575	14,661	13,350	12,687
		Liquefied Petroleum Gas (LPG) (Unit: thousand m^3)	469	1,200	578	1,409	1,276
		Liquefied Petroleum Gas (LPG) (Unit: kL)	1,209	660	564	1,283	1,151
		Petroleum Hydrocarbon Gas (Unit: thousand m^3)	3	3	3	3	1
	Combustible Natural Gas	Liquefied Natural Gas (LNG) (Unit: t)	4,524	11,654	2,534	4,540	5,483
		Other Combustible Natural Gas (Unit: thousand m^3)	12,761	7,101	27,749	28,035	50,215
	City Gas, etc.	City Gas (Unit: thousand m^3)	46,793	37,107	33,931	28,688	31,738
		Other Gas (Unit: thousand m^3)	404	0	0	0	0

ESG Data (Environment)

Energy Intensity

Energy Consumption from ITOCHU's Domestic Sites (Intensity)

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/employee)	15.536	15.245	14.418	14.931	15.179
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/m^2)	0.576	0.564	0.539	0.559	0.580

- The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2021: 114,920 m^2, FYE 2022: 113,434 m^2, FYE 2023: 111,945 m^2, FYE 2024: 111,893 m^2, FYE 2025: 110,224 m^2

GHG Emissions

Scope1/Scope2

(Unit: thousand t-CO$_2$e)

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Corporation	Scope1	0	0	0	0	★0
	Scope2	6	6	6	2	★2
	Scope1+2	7	6	6	2	★2
ITOCHU Group	Scope1	1,522	1,485	1,166	1,062	★1,087
	Scope2	800	716	600	627	★640
	Scope1+2	2,322	2,201	1,766	1,690	★1,726

- 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 quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

GHG Emissions from Business Facilities (Scope1+2)

(Unit: thousand t-CO$_2$e)

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Tokyo Headquarters	6	6	6	2	2
Japanese Bases of ITOCHU Corporation	7	6	6	2	★2
Group Companies in Japan	1,611	1,507	1,133	1,111	1,134
Overseas Offices	3	3	3	3	3
Overseas Group Companies	701	684	625	573	587
Grand Total of ITOCHU Group	2,322	2,201	1,766	1,690	★1,726

- Energy-related CO$_2$ emissions included in the ITOCHU Group's Scope1 emissions are calculated by applying the emission factors specified in the Act on Promotion of Global Warming Countermeasures. Until FYE 2023, CO$_2$ emissions had been calculated using emission factors before the enforcement of the Revised Act, and from FYE 2024 with the emission factors specified in the Revised Act. However, CO$_2$ emissions from city gas had been calculated by applying the emission factors (City gas: 2.23 t-CO$_2$/thousand m^{3}N) that were effective prior to the enforcement of the Revised Act until FYE 2024, and FYE 2025 was calculated with the emission factors by gas utility published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry as of June 28, 2024.
- 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 2025 is based on the adjusted emission factors for each electric utility published by the Ministry of the Environment on March 18, 2025.
- CO$_2$ emissions from electricity of Overseas Offices and Overseas Group Companies are calculated based on CO$_2$ conversion coefficient according to the Emission Factors 2024 of the International Energy Agency (IEA 2024). We used 2022 data of IEA 2024 for calculation of the figures of FYE 2025.
- CO$_2$ emissions from heat (Non-industrial Steam, Hot Water, and Cold Water) had been calculated using emission factors (Non-industrial Steam, Hot Water, and Cold Water: 0.057 t-CO$_2$/GJ) that were effective prior to the enforcement of the Revised Act until FYE 2024, and FYE 2025 was calculated with the emission factors by heat supplier, which were published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry on June 28, 2024, and partially revised on July 12, 2024.
- 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 Act.
- CO$_2$ emissions in FYE 2025 that are not included in any of the Scope1,2 and 3 emissions are 410 thousand t-CO$_2$e, 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$_2$e)

			FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Scope1 Total Emissions			1,522	1,485	1,166	1,062	1,087
Energy-Related CO$_2$			1,234	1,214	907	845	902
Total GHG Emissions other than Energy-Related CO$_2$			288	270	259	218	185
	Breakdown	Non-Energy-Related CO$_2$	0	0	16	14	16
		Methane (CH$_4$)	118	136	122	106	83
		Dinitrogen Monoxide (N$_2$O)	119	108	103	82	72
		Hydrofluorocarbon (HFCs)	51	26	18	16	14
		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 energy-related CO$_2$ is based on GWP100 of the IPCC 4th Assessment Report (AR4) for FYE 2021-2023, GWP100 of the IPCC 5th Assessment Report (AR5) for FYE 2024-2025.
- GHG emissions other than energy-related CO$_2$ from Group companies that emit 3,000 or more t-CO$_2$e per year are aggregated and disclosed.
  We started including "CH$_4$ and N$_2$O 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$_2$O 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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Capital Goods*1	660	621	598	506	626
Fuel & Energy Related Activities*2	310	389	342	378	381
Upstream Transportation & Distribution*3	12	10	12	11	★15
Waste Generated in Operations*4	369	350	298	232	210
Business Travel*5	21	25	44	133	133
Employee Commuting*6	25	23	18	27	28
Franchises*7	1,089	1,048	1,025	947	1,019

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 Inventory Database for Environmental Analysis (IDEA) Ver.3.3 developed by National Institute of Advanced Industrial Science and Technology (AIST), etc.
GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

*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 Scope1 and Scope2 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 2025, the GHG reduction effect of 100 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 Scope1 and Scope2 of franchisees of related consolidated subsidiaries of the ITOCHU Group and Scope1 and Scope2 of those subsidiaries is recorded.

GHG Emissions (Scope1+2) Intensity

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

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/employee)	1.552	1.540	1.439	0.468	0.437
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/m^2)	0.058	0.057	0.054	0.018	0.017
Per MWh of Electricity Consumption (Grand Total of ITOCHU Group) (Unit: t-CO_2e/MWh)	0.471	0.437	0.393	0.375	0.347

- The denominators of intensity figures per one square meter of all floor space are as follows: FYE 2021: 114,920 m^2, FYE 2022: 113,434 m^2, FYE 2023: 111,945 m^2, FYE 2024: 111,893 m^2, FYE 2025: 110,224 m^2

■ CO_2 Emissions by Beverage Manufacturing Companies (Intensity)

Business Profile	Company Name (Boundary)	Unit	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	t-CO_2e/ production capacity in kL	0.088	0.080	0.073	0.073	0.061

Avoided Emissions

Avoided emissions is a quantification of the amount of GHG emissions 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 2025	Baseline	Calculation Method
Renewable Energy Power Generation	9,505 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	164 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	4 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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Group*1	NOx (Nitrogen Oxides)*2	1,569	1,437	1,108	982	★ 986
	SOx (Sulfur Oxides)*2	416	416	370	298	★ 347
	VOC (Volatile Organic Compounds)*3 *4	445	400	219	312	★ 376
Overseas Bases of ITOCHU Group	NOx (Nitrogen Oxides)*2	1,458	1,656	131	65	122
	SOx (Sulfur Oxides)*2	333	545	284	235	521
	VOC (Volatile Organic Compounds)*3	182	192	222	215	3,676
Grand Total of ITOCHU Group	NOx (Nitrogen Oxides)*2	3,027	3,093	1,239	1,047	1,109
	SOx (Sulfur Oxides)*2	749	961	653	534	869
	VOC (Volatile Organic Compounds)*3 *4	627	592	441	527	4,052

*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).
*4 VOC emissions from facilities that are not classified as VOC emission facilities under the Air Pollution Control Act are calculated as the total handling amount of VOCs without taking into account the removal rate, even if the facility is equipped with local exhaust ventilation or similar equipment.

Resource Circulation

Waste Generated and Waste Recycling Rate

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Tokyo Headquarters	Waste Generated (Unit: t)	465	469	428	451	★ 418
	Waste Non-recycled	31	30	39	34	★ 35
	Waste Recycled	434	439	389	417	★ 383
	Recycling Rate (Unit: %)	93.4	93.7	90.9	92.5	★ 91.7
Osaka Headquarters, Branches and Other Business Facilities in Japan	Waste Generated (Unit: t)	1,226	2,265	3,160	1,722	1,168
Group Companies in Japan	Waste Generated (Unit: t)	248,465	141,355	110,911	108,968	115,346
Overseas Offices	Waste Generated (Unit: t)	41	238	449	412	143
Overseas Group Companies	Waste Generated (Unit: t)	504,085	504,296	525,187	498,016	538,249
Grand Total of ITOCHU Group	Waste Generated (Unit: t)	754,283	648,623	640,135	609,568	655,324
	Waste Non-recycled	584,567	194,374	132,496	141,219	109,951
	Waste Recycled	169,716	454,249	507,639	468,349	545,372
	Recycling rate (Unit: %)	23	70	79	77	83

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

Hazardous Waste Generated

(Unit: t)

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Corporation・Japanese Bases of ITOCHU Group*1 *2	750	251	226	267	★ 384
Overseas Offices・Overseas Bases of ITOCHU Group	1,111	1,063	4,374	3,462	3,621
Grand Total of ITOCHU Group	1,861	1,314	4,600	3,730	4,004

*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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Japanese Bases of ITOCHU Corporation	Copy Paper Consumption	19,167	14,916	14,383	12,720	12,190

ESG Data (Environment)

Water Resources Performance Data

Water Withdrawal and Wastewater Discharge

Volume of Water Withdrawal & Wastewater Discharge

(Unit: thousand m³)

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Tokyo Headquarters	City water usage	29	30	37	40	40
	Treated water production volume*1	25	27	32	38	★39
	Wastewater Discharge	41	41	50	54	55
Osaka Headquarters, Branches and Other Business Facilities in Japan	Water withdrawal	61	84	4	7	6
	Wastewater discharge	133	169	6	7	6
Japanese Bases of ITOCHU Corporation	Water withdrawal*2 *3	90	115	41	62	★61
	Wastewater discharge*2 *4	173	210	56	60	★61
Group Companies in Japan	Water withdrawal	24,540	25,228	14,833	15,315	16,379
	Wastewater discharge	14,269	14,926	9,835	9,871	10,805
Overseas Offices	Water withdrawal	16	31	39	36	22
	Wastewater discharge	15	31	39	35	22
Overseas Group Companies	Water withdrawal	48,494	32,747	30,208	35,251	33,674
	Wastewater discharge	21,723	16,319	14,347	13,275	10,551
Grand Total of ITOCHU Group	Water withdrawal	73,140	58,120	45,121	50,663	50,136
	Wastewater discharge	36,181	31,486	24,277	23,241	21,438

*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 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
ITOCHU Group	Supplied Water Usage, Industrial Water	12,119	11,655	11,669	12,618	14,099
	Groundwater Withdrawal	20,516	16,702	15,349	18,652	15,575
	Water Taken from Rivers, Lakes, Rainwater	31,402	19,729	18,079	19,340	20,427
	Water Taken from Seawater	9,068	10,015	0	0	0
	Others (External wastewater, Produced Water, etc.)	34	19	25	54	35
	Grand Total	73,140	58,120	45,121	50,663	50,136

Discharge Amount by Discharge Destination

(Unit: thousand m³)

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
ITOCHU Group	Water Discharged to Treatment Facility (e.g., Sewage)	7,181	9,893	7,052	7,416	7,878
	Water Discharged to Groundwater	11,639	6,464	3,912	4,069	1,872
	Water Discharged to Rivers, Lakes	10,251	12,581	10,730	9,009	8,595
	Water Discharged to Sea	6,679	1,905	1,857	2,355	3,068
	Others	431	642	725	392	24
	Grand Total	36,181	31,486	24,277	23,241	21,438

ESG Data (Environment)

Water Withdrawal in Water Stressed Regions

The amount of water withdrawal at sites with high risk and extremely high risk identified using the WRI Aqueduct tool developed by WRI (World Resources Institute) (P82) is as follows:

		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
High Risk (40-80%)	Number of Sites	7	4	5	8	9
	Water Withdrawal (thousand m^3)	2,786	2,449	2,478	139	264
Extremely High Risk (>80%)	Number of Sites	3	3	5	7	8
	Water Withdrawal (thousand m^3)	1,096	1,362	1,167	3,920	1,909

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

Category	Boundary	Unit	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	(Water Consumption m^3/Production Volume in kL)	1.85	1.82	1.83	1.81	1.82

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

		Unit	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
ITOCHU Group discharge amount into Water	BOD load	t	39,099	28,622	52,612	31,511	5,761
	COD load	t	213,808	135,710	231,914	123,785	20,948

Chemical Oxygen Demand (COD)

Category	Boundary	Unit	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Chemical	C.I. TAKIRON Corporation (factory)	mg/L	2.20	2.80	1.50	1.67	1.60

Environmental Accounting

Environmental Conservation Costs

(Unit: thousands of yen)

	Classification	Items	FYE 2025
Japanese Bases of ITOCHU Corporation	Costs inside Business Areas	Costs related to pollution prevention, global environmental conservation, and resource recycling	143,459
	Upstream & Downstream Costs	Additional costs for reducing environmental impact, green procurement costs, and containers and packaging recycling.	54,555
	(Green Procurement Costs)		6,873
	Management Activity Costs	Costs for the development and operation of environmental management systems and environmental education for employees	535,400
	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	25,244
	Costs to Address Environmental Damage	Costs for nature restoration, compensation for damages related to environmental conservation, etc.	5,080
	Grand Total of Japanese Bases of ITOCHU Corporation		764,238

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

Environmental Conservation and Economic Effects

		FYE 2025	
		Environmental Conservation Effects	Economic Effects (Unit: thousands of yen)
Japanese Bases of ITOCHU Corporation	Paper Usage	530 thousand sheets	-140
	Electricity Usage	-16 MWh	-13,464
Tokyo Headquarters	Waste Generated	23 t	1,050
	Water Usage	-2,192 m^3	-1,197

• 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 2025, we estimate the cost of waste disposal at JPY 25 million, which is a reasonably estimable amount (shadow cost) for future environmental liabilities.