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 pollutwants, 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.

Tomokuni Nishiguchi
Member of the Board
Senior Executive Officer
Chief Administrative Officer

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

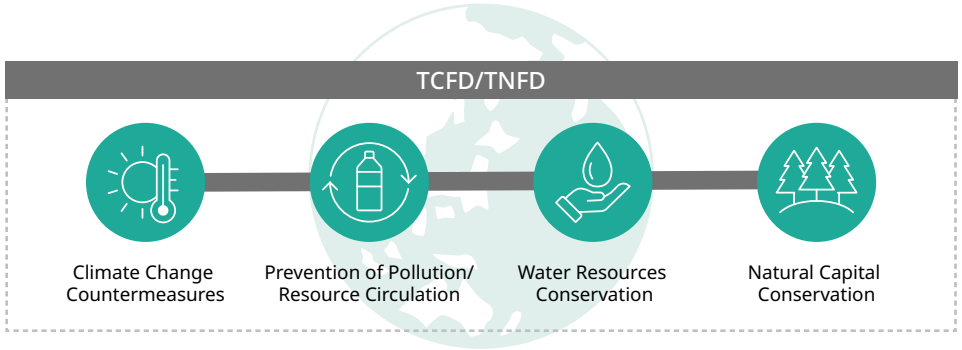
Environmental Management

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 sustainab ility in line with the revision of our Environmental Policy in April 2018. We have built and are maintaining and operating an efficient environmental management system (EMS) in accordance with the ISO 14001 standards. The interrelated global environmental problems must be addressed from a comprehensive perspective to solve them. Through the EMS, we comprehensively identify various environmental and social issues and risks at each phase of our business. We strive to avoid trade-offs whereby resolving one problem creates other problems and instead promote "trade-on" business development characteristic of a general trading company—pursuing solutions that deliver multiple, mutually reinforcing benefits across complex, interrelated issues. Over the medium- to long-term, we expect these initiatives to help lower our cost of capital and expand investment by strengthening stakeholders' trust and credibility, thereby contributing to the sustainable enhancement of corporate value.

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: Governance (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/ISO14001

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.

- 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

Percentage of ISO 14001 certified sites

93%

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 50 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.

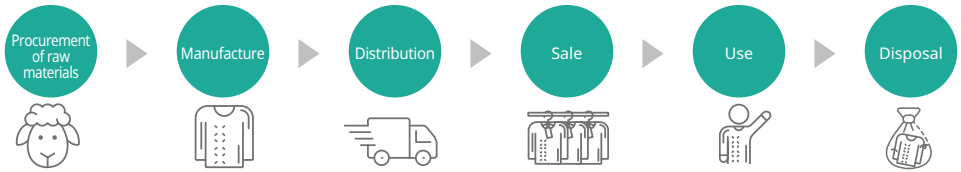
Environmental Management

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.



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 307 offices over the past 25 years up to the end of FY2025. We assess companies in these investigations by conducting factory and warehouse facilities investigations and river drainage situation investigations, and evaluating 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 environmental and social 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 (organizational governance, human rights, labor practices, environment, fair business practices, consumer issues, community involvement and development), 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.

Environmental Management

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 (FY2025)

Inquiries from outside parties
58

- 3 from government authorities
- 50 from companies
  (business partners: 32, finance-related: 3, others: 15)
- 1 from industry associations
- 4 from NGOs

Requests for submission of ISO 14001 certification copy
34

Serious environmental accidents, troubles, lawsuits or penalties within ITOCHU Group
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.

We entered into a green loan financing agreement with The Bank of Yokohama, Ltd. in December 2025, with The Juhachi-Shinwa Bank, Ltd. in January 2026, with The Bank of Fukuoka, Ltd. in February 2026, and with The Shiga Bank, Ltd. in August 2026. 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 (P265)

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.

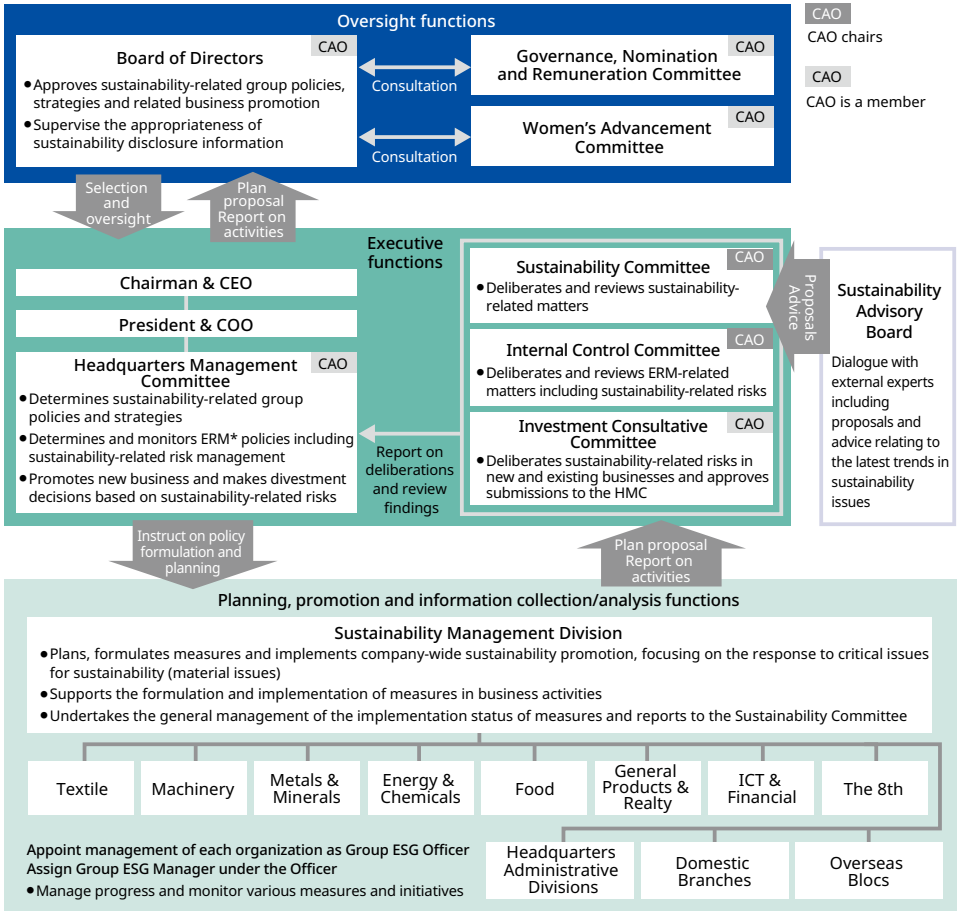
The ITOCHU Sustainability Committee is the body delegated with general management responsibilities concerning the proposal and implementation of the various policies that will enable us to respond to climate change and other sustainability matters. This Committee ascertains, manages, and evaluates climate-related 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 Change (Information Disclosure Based on TCFD Recommendations)

■ **Governance System Concerning Climate Change (As of June 19, 2026)**



*ERM: Enterprise Risk Management
• CEO: Chief Executive Officer
COO: Chief Operating Officer
CAO: Chief Administrative Officer
HMC: Headquarters Management Committee

Climate-related Meetings Held by the Board of Directors and Committees	Frequency of Meetings and Reports	Main Items Deliberated or Reported on (FY2018 to FY2025)
The Board of Directors	• Periodic reports are made at least once a year • Results • Once in FY2018 • 2 times in FY2019 • Once in FY2020 • 2 times in FY2021 • 3 times in FY2022 • 4 times in FY2023 • 3 times in FY2024 • 4 times in FY2025	• FY2018 • Announcement of support for the TCFD recommendations • FY2019 • Disclosure based on the TCFD recommendations, calculation of Scope3 emissions • FY2020 • GHG reduction target, Disclosure based on the TCFD recommendations • FY2021 • 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 • FY2022 • Confirmation of the Material Issues • Policy for GHG emissions reduction • Monitoring of Scope1/2/3 results • FY2023 • Status of GHG emissions reduction roadmap • Results and forecast of avoided emissions • FY2024 • Response to new information disclosure requests • Response to climate change • FY2025 • Status of GHG emissions reduction roadmap • Scope 3 Disclosure
Sustainability Committee	• Usually held 1 to 2 times a year • Results • Once in FY2018 • 2 times in FY2019 • Once in FY2020 • Once in FY2021 • 3 times in FY2022 • 3 times in FY2023 • 2 times in FY2024 • 3 times in FY2025	• FY2018 • Announcement of support for the TCFD recommendations • FY2019 • Disclosure based on the TCFD recommendations, calculation of Scope3 emissions • FY2020 • GHG reduction target, Disclosure based on the TCFD recommendations • FY2021 • Confirmation of Scope1/2/3 results, status of progress on reduction targets • FY2022 • Confirmation of the Material Issues • Policy for GHG emissions reduction • Monitoring of Scope1/2/3 results • FY2023 • Status of GHG emissions reduction roadmap • Results and forecast of avoided emissions • FY2024 • Revision of The ITOCHU Group Environmental Policy • Revision of Sustainability Action Guidelines for Supply Chains and expansion of distribution • GHG-related reporting • FY2025 • Revision of The ITOCHU Group Environmental Policy • Sustainability Disclosure Policy in Alignment with SSBJ Standards • Scope 3 Disclosure Policy

Climate Change (Information Disclosure Based on TCFD Recommendations)

Strategy

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

Climate-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

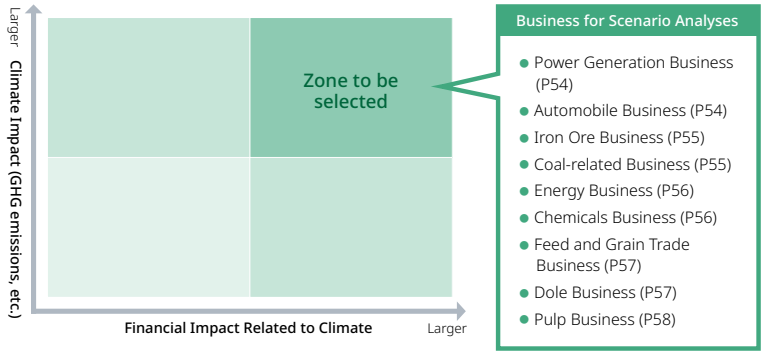
*Short-term: less than one year, medium-term, up to three years, long-term: four or more years

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℃ 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℃	1.5℃
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℃. 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℃ 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*)	• 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 (IPCC AR6), 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℃ 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℃ Scenario	1.5℃ Scenario
Carbon price	• N/A	• US$205/t-$CO_2$
Thermal power generation	• Coal: 5,650TWh • Gas: 6,405TW	• 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)

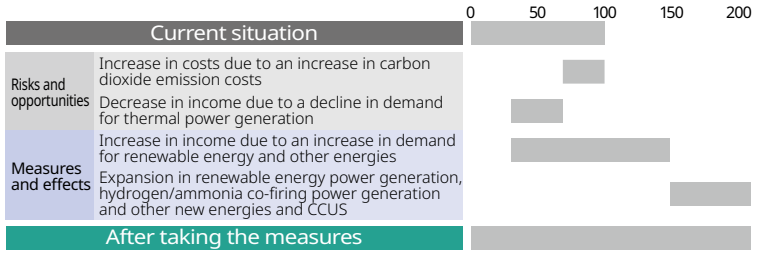
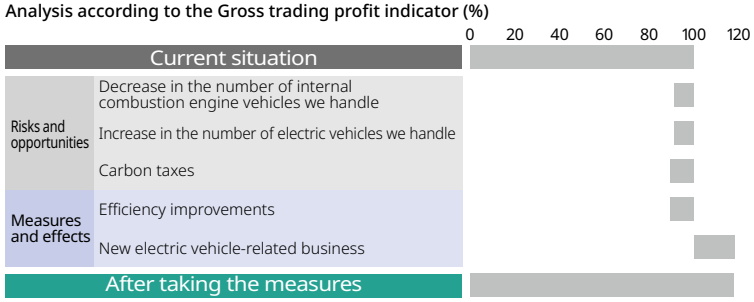
Scenario Analysis and Results

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.

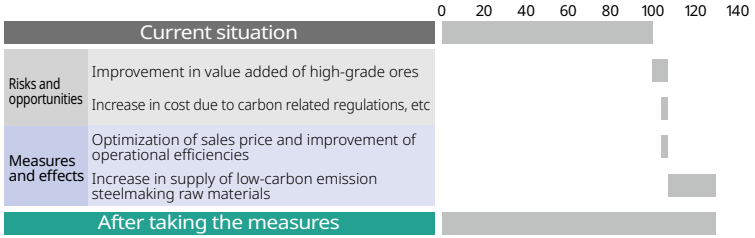
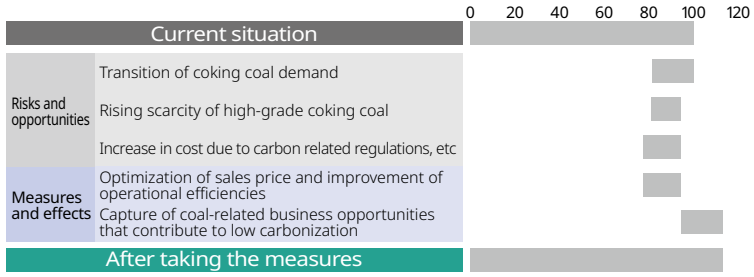
1. Businesses for Which Transition Risks Are the Main Issues

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

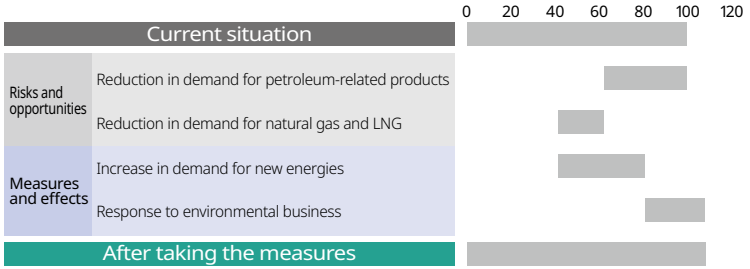
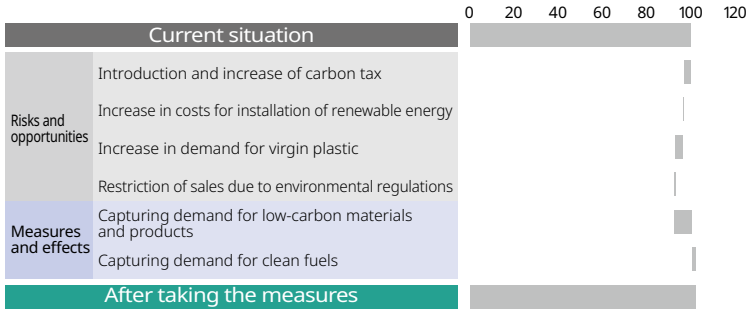
Business Profile		Power Generation Business	Automobile Business
Timeframe		By 2040	By 2030
Temperature Band Scenario		1.5℃ Scenario	
Main risks and opportunities	Transition	Risk: Decrease in thermal power station earnings due to effects such as an increase in carbon dioxide emission costs Risk: Decline 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 FY2030. 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): 63.9 bn yen (Plant Project, Marine & Aerospace Division/FY2025 Results) • Total assets in segment of applicable business: 2,603.5 bn yen (Machinery Company/March 2026)	• Profit in segment of applicable business (consolidated net profit): 91.7 bn yen (Automobile, Construction Machinery & Industrial Machinery Division/FY2025 Results) • Total assets in segment of applicable business: 2,603.5 bn yen (Machinery Company/March 2026)

*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℃ 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℃ 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): 143.5 bn yen (Metals & Minerals Company/ FY2025 Results) • Total assets in segment of applicable business: 1,793.4 bn yen (Metals & Minerals Company/March 2026)	• Profit in segment of applicable business (consolidated net profit): 143.5 bn yen (Metals & Minerals Company/ FY2025 Results) • Total assets in segment of applicable business: 1,793.4 bn yen (Metals & Minerals Company/March 2026)

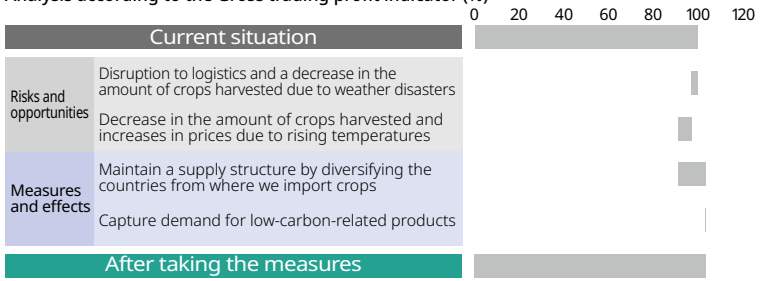
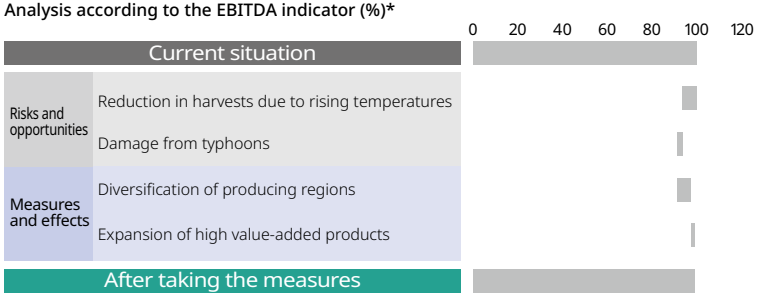
Climate Change (Information Disclosure Based on TCFD Recommendations)

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): 22.2 bn yen (Energy Division/FY2025 Results) • Total assets in segment of applicable business: 1,819.4 bn yen (Energy & Chemicals Company/March 2026)	• Profit in segment of applicable business (consolidated net profit): 42.3 bn yen (Chemicals Division/FY2025 Results) • Total assets in segment of applicable business: 1,819.4 bn yen (Energy & Chemicals Company/March 2026)

Climate Change (Information Disclosure Based on TCFD Recommendations)

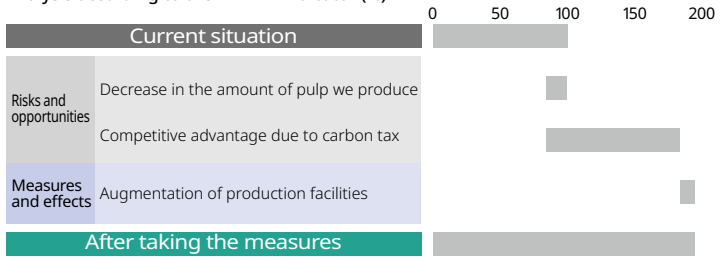
2. Businesses for Which Physical Risks Are the Main Issues

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

Business Profile		Feed and Grain Trade Business	Dole Business
Timeframe		By 2030	
Temperature Band Scenario		4℃ 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): 41.8 bn yen (Provisions Division/FY2025 Results) • Total assets in segment of applicable business: 2,403.4 bn yen (Food Company/March 2026)	• Dole International Holdings net profit: 2.8 bn yen (FY2025 Results) • Total assets in segment of applicable business: 2,403.4 bn yen (Food Company/March 2026)

*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): 35.3 bn yen (Forest Products, General Merchandise & Logistics Division/FY2025 Results) • Total assets in segment of applicable business: 1,628.7 bn yen (General Products & Realty Company/March 2026)

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

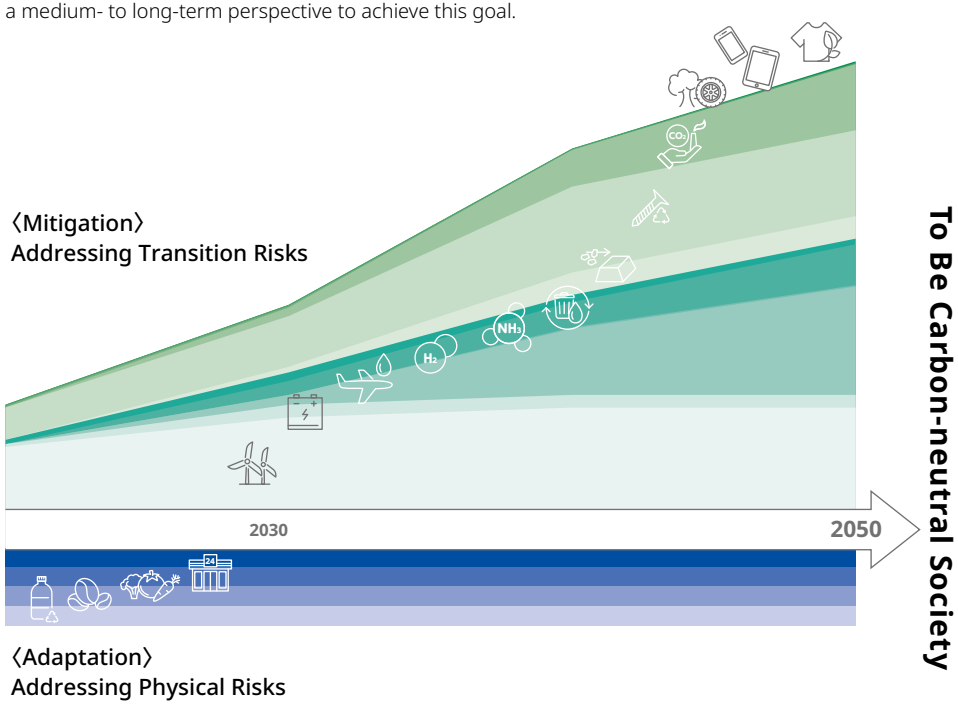
Impact on Existing Strategies and Business Transition Plans

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/Energy Storage Systems	● 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 1,000 locations in North America. ● Promoting next-generation clean power services and environmental value trading by utilizing AI-driven charge/discharge control of energy storage systems and distributed solar power generation networks.
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.
Sustainable Aviation Fuel/Renewable Diesel Fuel	● Realized Japan's first initiatives for the sale and supply of Sustainable Aviation Fuel (SAF) to airlines and Renewable Diesel (RD) to commercial vehicles.
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 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.
Waste Reduction from Fruits Production and Processing	● Promoting the reuse and recycling of low-grade products and residues generated during 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. ● Promoting PROJECT TREE, an initiative to enhance the sustainability of natural rubber, to the entire value chain.
Secondhand Mobile Device Distribution	● Operating the secondhand device distribution business by taking advantage of market trends such as increased environmental impact due to device replacement.
IT Device Recycling	● Entering the IT device recycling business through a partnership with the largest IT device recycler in the U.S.
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

We entered into a green loan financing agreement with The Bank of Yokohama, Ltd. in December 2025, with The Juhachi-Shinwa Bank, Ltd. in January 2026, with The Bank of Fukuoka, Ltd. in February 2026, and with The Shiga Bank, Ltd. in August 2026. 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 (P265)

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 below 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 (P250)

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 (P255)

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 eight 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.

Climate Change (Information Disclosure Based on TCFD Recommendations)

Review Business Strategy

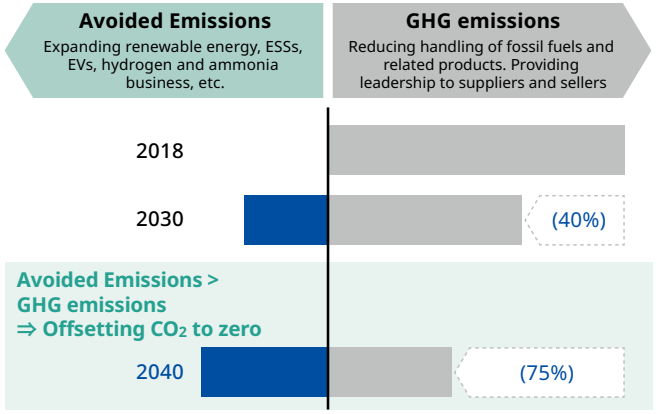
Reviews of business strategy related to climate change are conducted by DMC, and then by the HMC via the Investment Consultative Committee on which the CAO, who serves as the chair of the Sustainability Committee, also participates as a key member. Final decisions are made following deliberation by the 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.

Metrics and Targets and Action Plan

ITOCHU has set the following metrics and targets for GHG emissions 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 (P135)

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 Future 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 Future League, and contribute to the decarbonization of our own and other companies.

(Unit: t-CO_2e)

	FY2021 (Base Year)	FY2030 (Target)
Scope1	77	70
Scope2	5,946	5,431
Scope1+2 Total	6,022	5,501

*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 FY2030.
- 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 installed storage capacity of 3.5 GWh by FY2030.)

Refer to: Our clean-tech business (P118)

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.	FY2030: Target to achieve a renewable energy ratio more than 20% (equity interest basis, company-wide figure including the Energy & Chemicals Company) and reflect this to the future strategy.	• Tyr Energy Development Renewables, the U.S. based renewable energy development company established in FY2022, sold two developed solar assets in FY2025, bringing the cumulative total of sold solar assets to 15, and is currently developing 24 solar projects (approximately 4.3 GW) across 10 states in the United States. • NAES Corporation, the U.S. subsidiary and world's largest independent power plant operation and maintenance service company, provides operation & maintenance services for approximately 1,000 renewable power generation sites (equivalent to 3 GW). • In June 2023, a fund investing in North American renewable energy assets was established. The fund made one additional investment in FY2025, bringing the cumulative total to 3 executed investments (406 MW). • In January 2025, we agreed to invest in the Bowman Wind Project (208 MW) under construction in North Dakota, and in October 2025, agreed to invest in the Black Hollow Sun Project (258 MW) under construction in Colorado, steadily executing investments in renewable energy assets. • As of March 2026, the ratio of renewable energy based on generation capacity share is 19.9% (1.2% increase 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 supply chains to contribute to the decarbonization of the maritime industry.	• To contribute to decarbonization in international shipping, Machinery Company is involved in an integrated project for ammonia-fueled vessels aimed at follows. (i) developing ammonia-fueled vessels (ii) owning and operating (iii) developing fuel supply chains (iv) procuring/producing clean ammonia • Development of an ammonia-fueled engine for large bulk carrier was completed in February 2026. In FY2026, the project will move to discussions with shipyards on specifications and shipbuilding cost estimates. • Development of ammonia fuel supply chains is being prioritized in Singapore, followed by major ports in Europe / the Suez Canal / the Panama Canal and others. Machinery Company was selected by the Singapore government as a potential ammonia-fuel bunkering operator in July 2024. An ammonia bunkering vessel for this business was ordered in July 2025 and is scheduled to be completed in September 2027. Discussions with relevant parties, including authorities, are ongoing toward demonstration in Singapore. • Green ammonia production projects in Indonesia, India, and other countries are being advanced to support bunkering hubs in Singapore and Europe.
• 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.	• Based on insights from the EVision demonstration conducted in the previous fiscal year, SmartEVer, an energy management service that integrates EV charging operations with facility power demand control, was co-developed with Isuzu Motors Limited and I-Grid Solutions Inc., and the service was launched. • Starting in November 2025, in collaboration with Isuzu Motors Limited, FamilyMart Co., Ltd., and the City of Yokohama, a delivery demonstration began in Yokohama using Japan's first battery swapping station enabling simultaneous swaps on both sides and three ELF EV vehicles. Through deliveries to approximately 80 stores, the project will verify high-utilization operation of commercial EVs, reduced downtime through battery swapping, business feasibility, and decarbonization effects, aiming for early commercialization of battery-swappable EV trucks.

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 improving 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, supplying approximately 30% of Melbourne's water demand and about 30% of the water demand of 1.5 million people in Oman's Muscat metropolitan area. **Environmental Field** • UK: We operate three municipal waste incineration and power generation projects (Energy-from-Waste/EfW projects), processing 850,000 tons of municipal waste annually and providing electricity to 100,000 households. • Serbia: Machinery Company established the first integrated waste management project in Serbia. It contributes to addressing Serbia's major environmental and social issues by reducing GHG emissions and polluted water leakage. Commercial operation of the EfW project began in July 2024, and the carbon credits from the project have been accredited by Gold Standard. In FY2025, the contribution to GHG reductions is approximately 100,000 t-CO_2e per year. • UAE: We operate the first EfW project in Dubai. The project is a world-leading plant designed to process 1.9 million tons of municipal waste per year, equivalent to about half of the waste generated in UAE. Commercial operation began in August 2024 and is expected to contribute approximately 2.17 million t-CO_2e per year in GHG reductions. • Saudi Arabia: We are participating in an integrated hazardous waste management service in Jubail Industrial City.
• 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	Aerospace business	We will 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	• Development and commercialization of hydrogen fuel cell–electric engines for small and large propeller aircraft. • Utilization of key components for electric propulsion systems, including fuel cells and electric motors.	• In January 2024, we invested in ZeroAvia, an aerospace venture that develops hydrogen fuel cell engines for aircraft. We are promoting sales of the engines in Japan and Asia and supporting the development of hydrogen infrastructure centered on airports. • In November 2025, ZeroAvia obtained a Design Organisation Approval from the UK Civil Aviation Authority as the world's first hydrogen-related company. This demonstrates ZeroAvia's eligibility toward type certification, and engine development is progressing steadily.
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 GHG, such as 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 GHG 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 GHG 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 have signed a Joint Development and Operating Agreement with Osaka Gas, Toho Gas, and others to participate in large-scale facility to produce electric natural gas (e-NG) (Live Oak Project), which TotalEnergies and Tree Energy Solutions have been promoting in Nebraska in the United States, starting from the Front-End Engineering Design (FEED) phase. Through the project, we aim to begin commercial operations and export e-NG to Japan by 2030. • 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 Carbon, 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. • Steadily promoted aluminum trade business that contributes to automobile weight reduction and electrification. We have traded approx. 500,000 tons in FY2025, 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)		• 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 GHG. We will provide a stable supply of energy to contribute to the development of industry and the construction of infrastructure.	Work on resource development projects in collaboration with superior partners who have advanced technical capabilities and abundant experience.	Pursue opportunities to participate in gas projects with a relatively low environmental burden in fossil fuels and as raw material source of the low-carbon fuel while keeping in mind the stable supply of energy in the transition phase toward the realization of a sustainable society.	To realize a sustainable society through the stable supply of energy, we continue to discuss with competent partners ways to participate in new upstream projects and collaborate on decarbonization as raw materials for a transition fuel.
Address Climate Change (Contribute to a Decarbonized Society)		Climate Change Opportunities	Energy use that takes into consideration local communities and the environment	District heating and cooling	We will promote initiatives toward environmentally friendly regional energy use.	• Communicate appropriately with neighboring stakeholders in the Jingu Gaien district. • 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.	• Ongoing discussions with stakeholders to promote efficient heat supply to neighboring areas. • Due to the headquarters relocation after August 2026, heat/cool supply from the current plant will end; a temporary plant will be constructed to ensure stable supply to customers from January 2027 onward.
Address Climate Change (Contribute to a Decarbonized Society)		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)	**Residential Battery Storage Systems** • As of the end of March 2026, cumulative sales of residential battery storage systems reached approximately 64,000 units, equivalent to about 635 MWh. • GridShare Japan provides AI-based remote battery control services and is promoting the development of next-generation power businesses, including VPP and P2P electricity trading, together with participating partners; electric utilities and battery manufacturers. **Utility-Scale Battery Storage Systems** • As of the end of March 2026, cumulative sales of utility-scale battery storage systems exceeded 500 MWh, achieving the original 2028 target ahead of schedule. • Japan's first fund dedicated to grid-scale battery storage projects has been established, with investment projects already selected, and development of storage facilities will be promoted going forward. • Two subsidies from METI and one subsidy from the Tokyo Metropolitan Government have been secured, and projects funded by our company and the ITOCHU Group are being promoted together with investment partners.
• Address Climate Change (Contribute to a Decarbonized Society) • Ensure Stable Procurement and Supply		• 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 GHG 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 production and 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 undertaking activities related to partnership formation, market approach strategies, and technology selection. **Sustainable Aviation Fuel (SAF) and Renewable Diesel (RD)** • Seven companies including us, conducted the demonstration testing for trading Scope3 environmental value using the SAF and have completed its first phase during the period from August 2024 to March 2025. In addition, we started a new scheme for trading Scope3 environmental value, which we had originally created in this regard. • Through collaboration with Neste OYJ and GS Caltex, we conducted the supply/sales of the fuel that complies with the Carbon Offsetting and Reduction Scheme for International Aviation, imported to Narita International Airport. • We continued the supply of RD to heavy machineries/commercial vehicles, imported from Neste OYJ. We aim at improving the supply chain & strengthening the branding power of RD, based on diesel fuel that is a maximum of 40% renewable diesel, with the name change from RD40 to FINE DIESEL. **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. • Based on the supplemental budget for FY2024, we won the tender for the material procurement and started the supply to Institute of Laser Engineering (ILE) of the University of Osaka.

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)		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 GHG 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.	ITOCHU Oil Exploration Co., Ltd., 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 FY2023 and Engineering Design Work for Japanese Advanced CCS Project in FY2024 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.
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 1,300 on-site solar power plants (as of the end of January 2026: combined output of approximately 330 MW +20% year on year). • Expanded the third party-owned distributed renewable power generation across Japan through Clean Energy Connect, Inc. which operates approximately 2,500 off-site solar power plants (as of the end of January 2026: combined output of approximately 220 MW +25% year on year).
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 emissions reduction amount by introduction of clean energy.	**Result in FY2025** • Utilization of processed pineapple residue: 117,666 t Due to improved pineapple yield, the amount of residue input has decreased. • GHG emissions reduction from Renewable Energy installation: 68,526 t-CO_2e Reduction volume decreased due to lower residue input volume.
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 GHG.	Handle certified or highly controlled forest products.	Ensure a 100% handling ratio of certified or highly controlled forest products.	In FY2025, 100% of our Pulp, Woodchips and Wood Products & Materials transactions were handled as certified or highly controlled forest products.
• 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. • The total slag volume we handled was 1.68 Millon tons in FY2025, 13% increase from the previous year.

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 FY2020. 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 FY2025 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 (P232)

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	FY2021	FY2022	FY2023	FY2024	FY2025
Logistics-related GHG emissions (1,000t-CO_2e)	10	12	11	15	10
SEC (crude oil equivalent kl/1,000t·km)	0.020	0.019	0.019	0.019	0.022
year-on-year	93.0%	94.0%	102.4%	99.2%	117.2%
5-year average rate of change in SEC	102.8%				

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).
- 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** (FY2025)

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 FY2002 to FY2004) over five years from FY2021 to FY2025 based on the Ordinance on Environmental Preservation. Our energy-related CO_2 emissions in FY2024 was 6,058t-CO_2. This is approximately 43% reduction compared to the reference value.

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

- GHG Emission Reduction Plan for FY2021 to FY2025 (Submitted in November 2025) (Japanese Only) (https://www.itochu.co.jp/en/csr/pdf/ondanka-202511.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

6,058 t-CO_2 (FY2024)

Reduction from the reference value

Approximately **43**%

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 FY2030 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.

FY2030 Reduction Targets for Domestic Business Activities (Trading Industry)

By FY2030, we will strive to reduce unit CO_2 Emissions (CO_2 Emissions per floor area for the entire company) by 60% compared with FY2013. (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 CDP (Climate Change)

- Refer to: Participation in Initiatives (P41)

Participation in GX Future Consortium/GX Future 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 FY2025 are as follows:

Qualitative Targets

Item		Boundary	Target	FY2025 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 FY2025 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	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 FY2019	29% Reduction Compared to FY2019	Achieved
	Recycling Rate		March 2031	More than 90%	93%	Achieved
Resource Conservation	Paper Consumption	ITOCHU Corporation*2	March 2031	33% Reduction Compared to FY2019	62% Reduction Compared to FY2019	Achieved

*1 ITOCHU Corporation, Overseas offices, Group companies subject to compliance
*2 Following the relocation of the Tokyo Headquarters building in August 2026, we plan to set new targets after carefully considering the management status and other relevant factors at the new 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 FY2025).
								  • Waste volume to be made into RENU: equivalent to 4.8 million pieces of T-shirts
								  • CO_2 reduction: 1,491 tons
								  • Water usage reduction: 5,018 kiloliters
								• Approximately 6,000 collection points for Wear to Fashion, the clothing recycling service (as of March 2026).
								• 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. At Expo 2025 Osaka, Kansai, some of the used uniforms from the Expo staff were recycled through this project, contributing to the realization of a circular society.

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 improving 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: We operate three municipal waste incineration and power generation projects (Energy-from-Waste/EfW projects), processing 850,000 tons of municipal waste annually and providing electricity to 100,000 households. • Serbia: Machinery Company established the first integrated waste management project in Serbia. It contributes to addressing Serbia's major environmental and social issues by reducing GHG emissions and polluted water leakage. Commercial operation of the EfW project began in July 2024, and the carbon credits from the project have been accredited by Gold Standard. In FY2025, the contribution to GHG reductions is approximately 100,000 t-CO_2e per year. • UAE: We operate the first EfW project in Dubai. The project is a world-leading plant designed to process 1.9 million tons of municipal waste per year, equivalent to about half of the waste generated in UAE. Commercial operation began in August 2024 and is expected to contribute approximately 2.17 million t-CO_2e per year in GHG reductions. • Saudi Arabia: We are participating in an integrated hazardous waste management service 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 GHG, such as 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 continue to supply PCR (Post-Consumer Recycled) polyethylene and polypropylene resins and promote the handling of environmentally friendly food packaging materials.

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 FY2025** • Reuse of waste bananas in Philippines: 35,975 t • Reuse of waste bananas in Japan: 5,082 t • Reuse volume increased due to progress of Mottainai bananas project.
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.	• Food waste generation in FY2025 is projected to be 51.8% lower than in FY2016, representing a 6.7% decrease from the previous year. • In addition to adjusting supply and demand based on retail store sales and order data and increasing the volume of products donated to food banks, we also strengthened awareness-raising activities to reduce food loss, and plan to continue these reduction measures even after achieving the target.
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. • The total slag volume we handled was 1.68 Millon tons in FY2025, 13% increase from the previous year.
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 947 models in FY2024 to 1,494 models in FY2025. • Procurement Sources: Maintained at 12 companies from FY2024 to FY2025. • 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 environment and society 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.

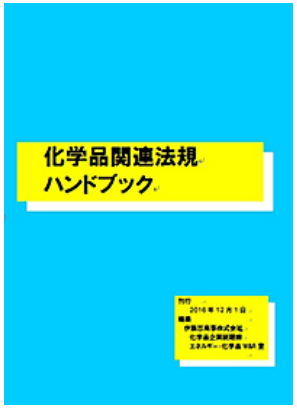
Management of Chemical Substances

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 FY2025, 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 FY2030 by 50% from FY2019 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.

Launch of Pilot Project for Cellulose Nanofiber-Reinforced Plastic Logistics Materials

ITOCHU, in partnership with Sanko Co., Ltd. (Japan's leading plastic logistics materials manufacturer), Professor Hiroyuki Yano of Kyoto University (a leading expert in cellulose nanofiber (CNF)), has developed logistics materials utilizing CNF. CNF is an advanced nanomaterial derived from sustainable wood that enhances the strength and reduces the weight of plastics. With Japanese universities and companies are leading global research and development in this field, positioning CNF as a key technology for decarbonization. ITOCHU conducted demonstration trials using these CNF-based logistics trays at FamilyMart warehouses and stores in Shizuoka Prefecture, confirming the practicality of CNF materials and the potential to reduce greenhouse gas (GHG) emissions by over 27 kg per tray compared with conventional products.


A shallow transport container mainly used for transporting food (tray), currently made of plastic

CNF-composite tray used in the demonstration project in Shizuoka Prefecture in 2025

Moving forward, building on these achievements, ITOCHU aims to reduce the thickness and weight of bats by more than 15%, while also accelerating the development of CNF-reinforced logistics materials. By addressing logistics challenges such as reducing workload and improving loading efficiency, and by promoting broader collaborations among industry, government, and academia, we will contribute to the dissemination and global advancement of Japan's leading-edge material technologies.

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 FY2025, sales of nocoo in the 47 prefectures of Japan totaled 6,190 tons, contributing to a reduction in plastic use of 1,485 tons and a reduction in CO_2 emissions (when incinerated) of 4,025 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)

Prevention of Pollution and Resource Circulation

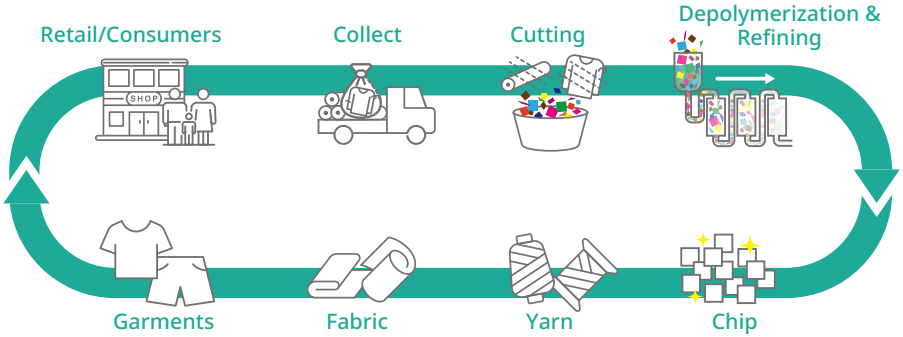
2. Reuse/Recycle

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:

	FY2021	FY2022*	FY2023*	FY2024*	FY2025*
Feedstock equivalent to T-shirt (million pieces)	6.0	6.3	6.5	5.5	6.4
Reduced CO_2 (t)	893	1,931	2,010	1,715	1,962
Reduced Water (kL)	1,500	6,500	6,760	5,770	6,604

*Adopted LCA (FY2021 version)

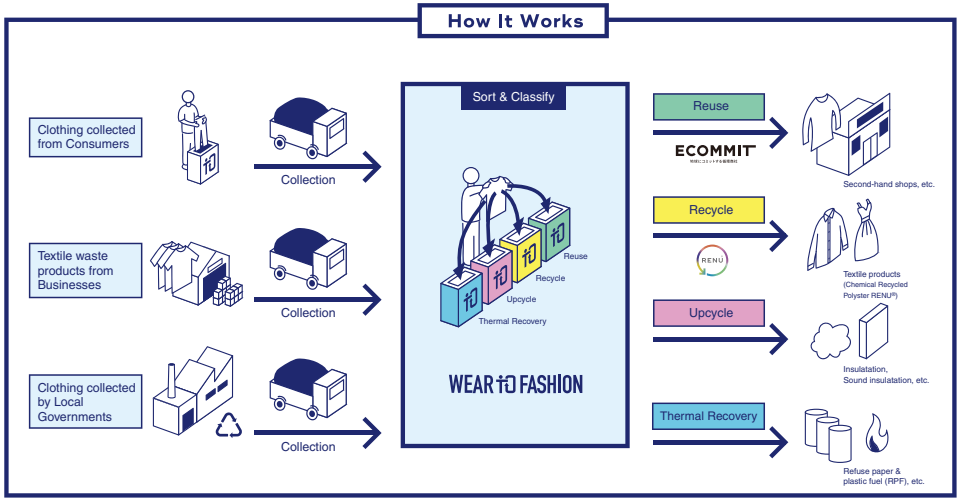
Expansion of the Textile Collection Service for a Circular Economy

ITOCHU and ECOMMIT Co., Ltd., which develops resource circulation businesses through reusing and recycling, have signed an agreement to expand the textile collection service "Wear to Fashion" in the Japanese market. Starting in spring 2022, the service is being gradually offered to all companies and local governments in Japan. As of March 2026, ITOCHU is collecting textiles from about 6,000 locations. We collected approximately 11,375 tons of clothing in FY2025.

Additionally, in FY2025, we expanded our collection efforts at GMS (General Merchandise Stores) and installed collection boxes at Shimamura, Alpen Group, and SHIPS Group stores. We also continued to strengthen partnerships with local governments, signing new mutual agreements to promote reuse activities with Matsudo City, Ashiya City, and Kanoya City.

With this 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**

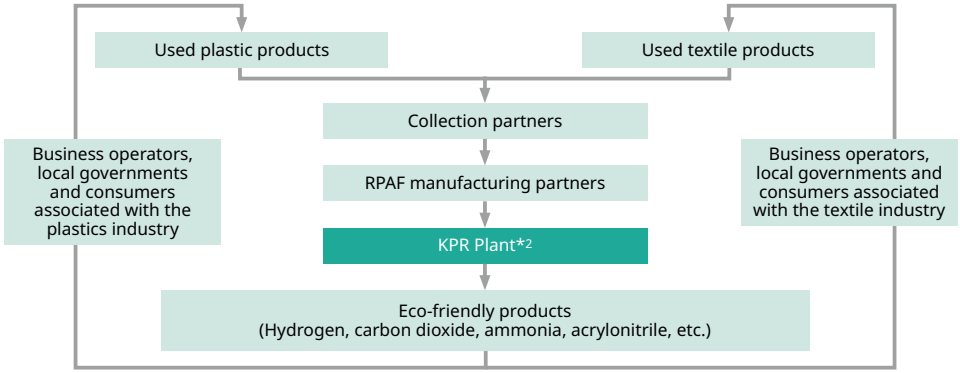


Prevention of Pollution and Resource Circulation

ARChemia Project, a Recycling Project for Used Plastics and Textiles

In March 2023, ITOCHU signed a Memorandum of Understanding with Resonac Corporation regarding a joint study aimed at promoting a used plastic and textile recycling business. Based on this memorandum, we launched the ARChemia Project and began a collaboration to supply Resonac with recycled solid raw materials containing a mix of used plastics and textiles known as RPAF*1 and turn it into chemical products such as low-carbon ammonia with high environmental added value. At the Expo 2025 Osaka, Kansai, Japan, a portion of the used uniforms worn by Expo staff was recycled through this project, and this scheme is being implemented in various other fields. Through the ARChemia Project, a joint project between chemicals and textiles, we will solve the social issue of waste and contribute to the development of circulating society.

■ **ARChemia project outline**



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

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

The Recovery of Nylon Waste to ECONYL® Nylon Products

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

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

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.

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 have established Aquafil's nylon recovery scheme using its existing sales chain and are also advancing the partnership from the perspective of the stable supply of raw materials to Aquafil. Through our collaboration with Aquafil from the recovery of waste to the sale of Aquafil's products, we aim to expand the businesses of nylon circularity.

Fishing nets used as raw material for ECONYL

Recycled zippers and recycled buttons

Prevention of Pollution and Resource Circulation

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

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 broadly adopted as a bearing surface for wooden houses.

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 all over Japan 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

Prevention of Pollution and Resource Circulation

The License Business of Polyester Chemical Recycling Technology

ITOCHU, Teijin Limited, and JGC Holdings Corporation have established a joint venture company, RePEaT Co., Ltd., to license technology for the chemical recycling of polyester products in January, 2023. Our first licensee, Zhejiang Jianxin Jiaren New Materials Co., Ltd., has completed construction of a new plant with a capacity of 50,000 tons. The plant has commenced trial operations and is scheduled to reach full capacity in July 2026.

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.

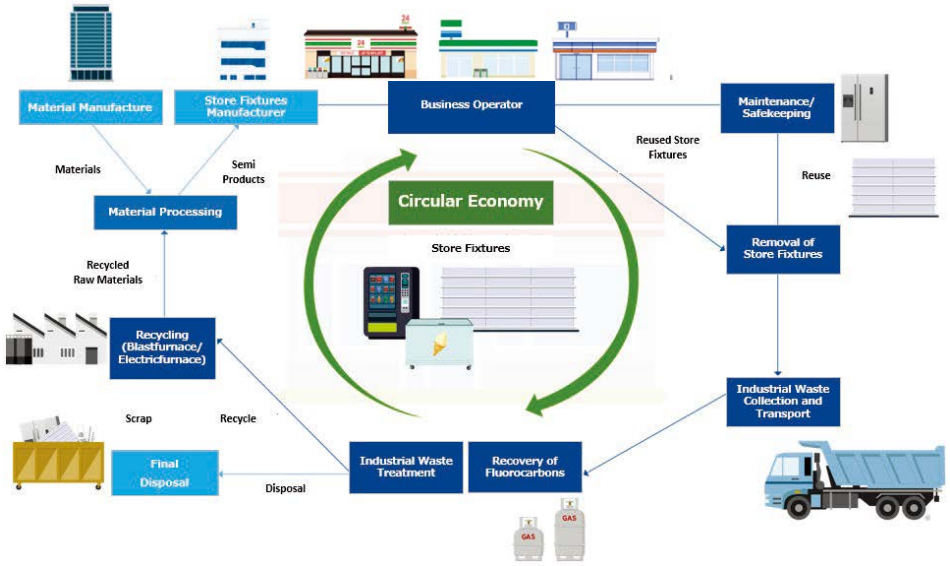
In addition, RePEaT will provide consulting services to help customers establish ecosystems that collect used polyester fiber products for reuse as raw materials, thereby contributing to a more sustainable world through recycling.

Providing One-Stop Waste Management Services

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

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

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



Prevention of Pollution and Resource Circulation

Leading United Kingdom for Collecting and Recycling End-of-life Tyres

Murfitts Industries Ltd, a subsidiary of ITOCHU's UK-based European Tyre Enterprise Limited (ETEL), operates automotive servicing, tyre retail and wholesale businesses mainly in the UK and is one of the largest tyre collection and recycling processors in the country, handling over 20 million end-of-life tyres annually.

PRO-gran crumb rubber made by end-of-life tyres

Leveraging the ETEL Group's industry-leading nationwide network across the UK, the company secures a stable supply of feedstock and has established a robust tyre collection infrastructure. Recycled materials derived from collected end-of-life tyres are utilised in various applications, including sports surfaces, pavements, and playground materials, and are supplied to multiple markets globally. The company is also engaged in the development and demonstration of proprietary pyrolysis technology for the conversion of end-of-life tyres into recovered carbon black —one of the principal raw materials for tyres— and recovered fuel products. Through the potential use of recovered carbon black derived from end-of-life tyres, the company contributes to improved sustainability in tyre manufacturing.

With strengths in its extensive logistics framework, diversified end-use applications and sales channels for recycled outputs, and a structured compliance system, Murfitts Industries goes beyond the role of a conventional recycling business. It serves as critical infrastructure supporting the UK's tyre circular economy, contributing to the transition toward a sustainable, circular economy.

3. Renewable

One of the World's Leading Trader in the World for the Cement Substitute of 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.

Structure made with 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 globally recognized 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

As a specified business operator prescribed by the Containers and Packaging Recycling Law, ITOCHU pays a recycling fee to the Japan Containers and Packaging Recycling Association for the recycling containers and packaging. The aim of this is to contribute to promoting the formation of a circulating society.

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

(Unit: Yen)

Fiscal Year		FY2020			FY2021				FY2022				FY2023				FY2024			
Recycling Fee/ Contribution Fee		Recycling	Contribution	Total Amount	Recycling	Contribution	Total Amount	Weight (t)	Recycling	Contribution	Total Amount	Weight (t)	Recycling	Contribution	Total Amount	Weight (t)	Recycling	Contribution	Total Amount	Weight (t)
Glass Bottles	Colorless	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	94,693	0	94,693	8.998
	Brown	-	-	-	-	-	-	-	114,234	0	114,234	13.314	2,446,217	0	2,446,217	289.594	1,608,109	0	1,608,109	119.649
	Other Colors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	319,093	0	319,093	16.782
PET Bottles		-	-	-	630	0	630	0.084	-	-	-	-	-	-	-	-	-	-	-	-
Paper Containers and Packaging		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	17,520	0	17,520	0.977
Plastic Containers and Packaging		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	2,957,799	0	2,957,799	55.985
Total		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	4,997,214	0	4,997,214	202.391

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**

		FY2021	FY2022	FY2023	FY2024	FY2025
Quantity recycled	Amount of food waste generated (Unit: t)	955.9	939.4	1,944.3	813.6	784.2
	Amount of recycling (Unit: t)	762.0	854.6	1,747.6	759.4	683.1
	Amount of disposal (Unit: t)	193.9	84.8	196.7	54.2	101.1
Target (recycling rate target by individual food related operator)	Reference rate	80.8%	80.8%	80.8%	80.8%	80.8%
Percentage recycled	Recycle rate*1	81.9%	91.0%	89.9%	93.3%	86.6%

*1 Recycle rate is calculated as in below formula defined by the Ministry of Agriculture, Forestry and Fisheries.
(Amount of suppressed waste + Amount of recycling + Amount of heat recovery × 0.95 + Amount of weight reduction)/(Amount of suppressed waste + Amount of waste food generated)
*FY2026 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 FY2030 in Domestic Business Activities (Trading Company Industry)

- Disposal Amount: Reduce 88% compared to FY2000
- Generation Amount: Reduce 78% compared to FY2000
- Recycling Rate: 80% 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 (public-private partnership (PPP) operation projects), 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	FY2025 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 631 Group Companies, 99 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 39 cases. Requests for corrective actions due to concerns were 0 case.

Targets in Water Stressed Regions

Item		Boundary	Target	FY2025 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	FY2025 Results	Target	
					Period	Contents
ITOCHU Corporation	**Water Withdrawal (Clean Water)**	ITOCHU Corporation*1	Average annual reduction of 1% in total volume	4.7% reduction compared to FY2018	March 2031	11% reduction compared to FY2018
Water Stressed Regions*2	**Water Withdrawal (Clean Water)**	ITOCHU Group	Average annual reduction of 1% in total volume	29% reduction compared to FY2023	March 2031	7% reduction compared to FY2023

*1 Following the relocation of the Tokyo Headquarters building in August 2026, we plan to set new targets after carefully considering the management status and other relevant factors at the new 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 improving 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, supplying approximately 30% of Melbourne's water demand and about 30% of the water demand of 1.5 million people in Oman's Muscat metropolitan area.

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 environment and society 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, increase in water usage, and the risk of stricter regulations, etc.

■ **Distribution of Water Risk at Group's Sites as of March 2026**

Overall Water Risk	Number of Sites
Low risk (<10%)	73
Low to medium risk (10-20%)	100
Medium to high risk (20-40%)	79
High risk (40-80%)	6
Extremely high risk (>80%)	4
Total	262

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 15.1 m^3/ton in FY2022, 15.6 m^3/ton in FY2023, and 16.0 m^3/ton in FY2024.

Refer to: Prima Meat Packers, Ltd. website "ESG Data" (https://www.primaham.co.jp/en/sustainability/data/esg.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 (currently, TOYOBO MC Middle East Industries 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 m3 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.

Currently, the plant serves as a vital infrastructure, meeting approximately 30% of the water demand in the Muscat metropolitan area and about 23% of Oman's total water demand. Strategically positioned as a key water supply hub for the capital, Muscat, the plant provides safe and reliable drinking water on a daily basis to a region where severe water shortages had posed significant challenges. Through these efforts, the facility is making a substantial contribution to the well-being of Omani citizens and the country's sustainable development.

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 (FY2025) disclosed in the Environmental Accounting (P140), associated with water are as follows:

Cost for water pollution prevention, wastewater treatment cost, grey water production cost, monitoring measurement cost and management cost	10,332 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

CHU 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.

Tomokuni Nishiguchi
Member of the Board
Senior Executive Officer
Chief Administrative Officer

Established in April 2022

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

TNFD General Requirements

We considered the following items based on TNFD recommendations:

1. **Application of Materiality**
   We apply the concept of double materiality to nature-related information disclosures, considering both the financial impacts of natural capital on us (financial materiality) and our impacts on natural capital (environmental and social materiality).

2. **Scope of Disclosures**
   We conducted a comprehensive assessment across our entire value chain of upstream and downstream, as well as direct operation. In addition, we perform detailed analysis of risks and opportunities for individual operations that have high impacts and dependencies on natural capital based on the LEAP approach.

3. **Location of Nature-related Issues**
   Given our wide range of business areas, we first identified high-priority businesses, then determined priority locations associated with these businesses, and conducted specific analyses for each business.

4. **Integration with Other Sustainability-related Disclosures**
   Nature-related issues intersect with other environmental factors, including climate change and water. To build a comprehensive view, we use appropriate tools to identify and assess complex environmental issues. In parallel, we are considering integrated disclosures for TNFD and TCFD to enhance clarity, comparability and usability for stakeholders.

5. **The Time Horizons Considered**
   We assess risks and opportunities over the short term and the medium-to-long term, including consideration of 2030 or 2040 future scenario, in consistent with TNFD recommendations.

6. **Engagement with Indigenous Peoples, Local Communities and Affected Stakeholders**
   We place high priority on dialogue with a wide range of stakeholders, including Indigenous Peoples, Local Communities and other affected stakeholders. For further details, please refer to “Nature-related Human Rights and Stakeholder Engagement.” (P88)

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: Governance (P16)

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

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 FY2019 to FY2025 in our food-related business (Food Company), textile-related business (Textile Company), forest goods and materials-related business (General Products & Realty Company) with their high dependency on natural capital, and metals-related business (Metals & Minerals Company), consumer business (The 8th Company) and machinery-related business (Machinery 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 (P171)

Strategy

Business Evaluation Based on the TNFD Framework

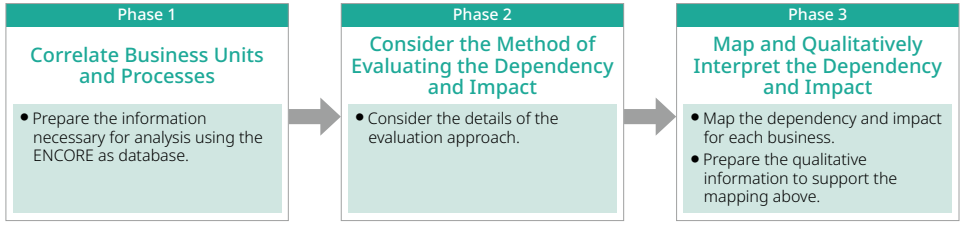
ITOCHU Corporation analyzes its business as follows based on the TNFD recommendations.

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**

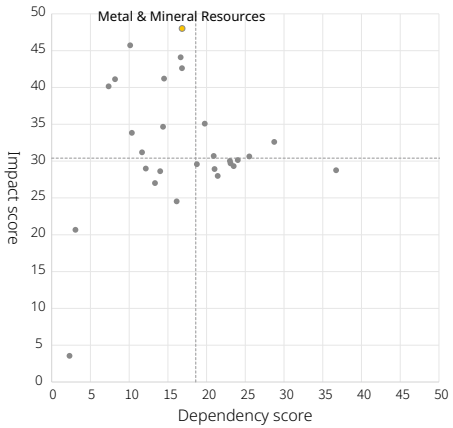


Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

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.

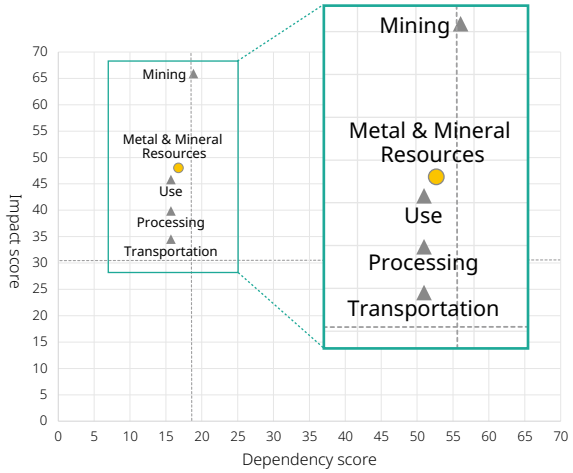
We organized these results with the impact score on the vertical axis and the dependency score on the horizontal axis, creating a "dependency and impact mapping" as well as a breakdown of dependency and impact scores for each part of the value chain. As shown in the figure below, the Metals and Mineral Resources business, which was identified as having high-impact on natural capital among all our businesses, was selected for trial analysis.

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



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

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



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 (P173)

*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

Through the trial analysis conducted for the Metals & Mineral Resources business, we confirmed the applicability of the LEAP approach in analyzing our businesses. Going forward, we will sequentially analyze and disclose each of our businesses using the LEAP approach, taking into account their respective levels of dependency and impact on nature.

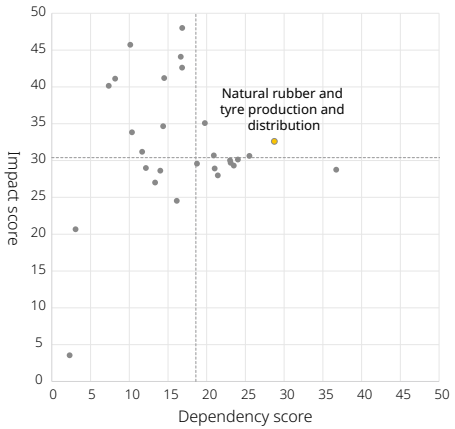
The businesses analyzed using the LEAP approach are as follows.

Natural Rubber Business

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.

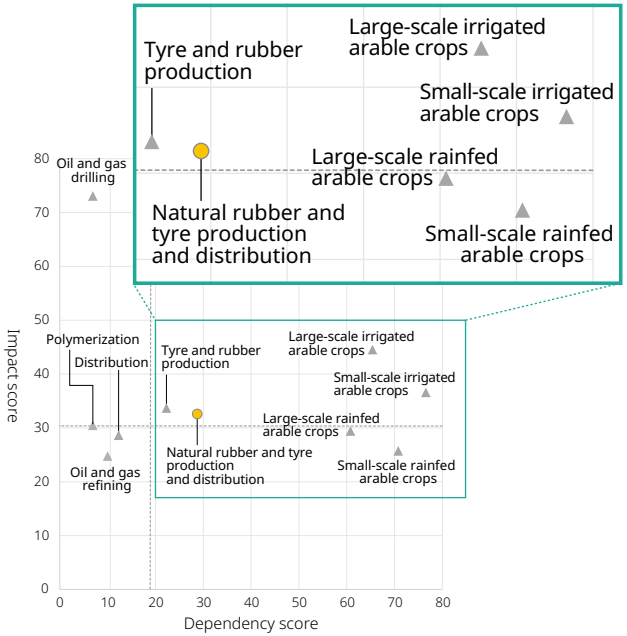
*Global initiative to develop science-based targets for nature

■ **Dependency and impact mapping (natural rubber business)**



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

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



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, 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.

Assess

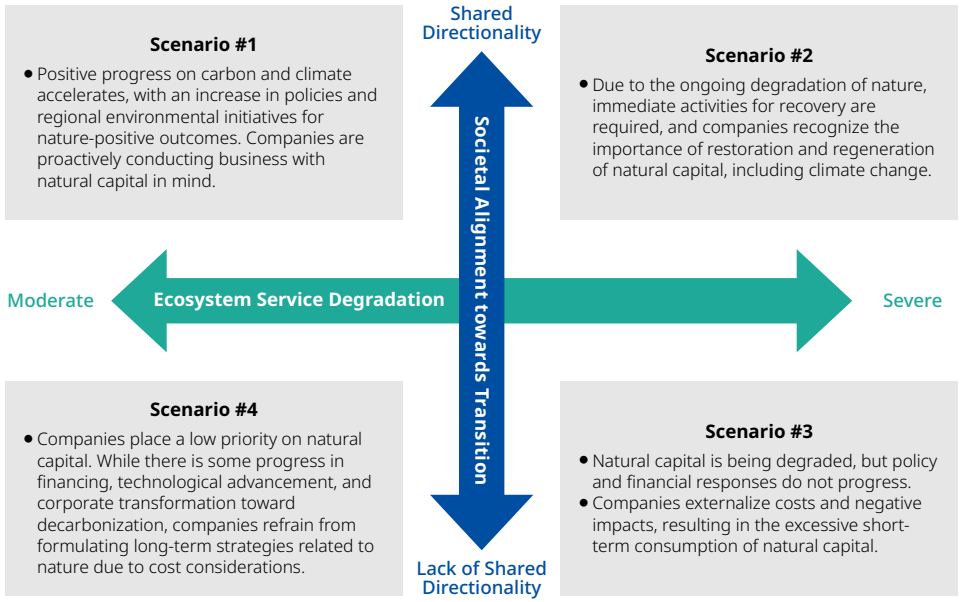
Based on the findings of the general dependencies and impacts of natural rubber cultivation and processing processes identified in the Evaluate phase, we examined the nature-related risks and opportunities for our business. Specifically, using the LEAP approach guidance and Additional Sector Guidance – 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 Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital) 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



※ Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

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

Finally, for risks and opportunities evaluated as having medium importance or more, we organized and considered response measures. Specifically, to ensure effective risk identification and mitigation, this section focused on those rated "Medium" and "High" for risks, and those rated "High" for opportunities.

Detailed responses to each risk and opportunity are summarized in the table below. In our natural rubber business, including the Group companies, comprehensive measures are taken for nature-related risks and opportunities. Additionally, we work to realize opportunities by launching a sustainable natural rubber production project called PROJECT TREE 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 CO2 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 sales volume 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 sales volume 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

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 • 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	• 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 appropriately assess and manage dependencies and impacts on natural capital, and 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. To further promote this initiative, we established PT PROJECT TREE INDONESIA (PTI), a sustainability services company, which began operations in June 2025. Going forward, PTI will play a central role in expanding PROJECT TREE and advancing sustainability across the natural rubber supply chain, contributing to the overall sustainability of the industry. PROJECT TREE utilizes a blockchain-based traceability system developed by our company.

This initiative utilizes our proprietary system developed in-house based on blockchain technology. Through a smartphone application, information such as farm locations, transaction details, dates, and other supply chain data is recorded on the blockchain and can be checked on a map, thus achieving advanced traceability across the supply chain. Raw materials delivered from smallholders via collectors and dealers are processed by ABP, our subsidiary, and sold to tire manufacturers as natural rubber with information of origin. A portion of the sales proceeds from PROJECT TREE supporting tires is returned to participating smallholders in the form of additional incentive, helping to improve their livelihoods and economic resilience. Additionally, as part of the project, we conduct training activities on capacity building of farm management and wastewater treatment, collaborating with farmers to realize a sustainable society in harmony with nature.

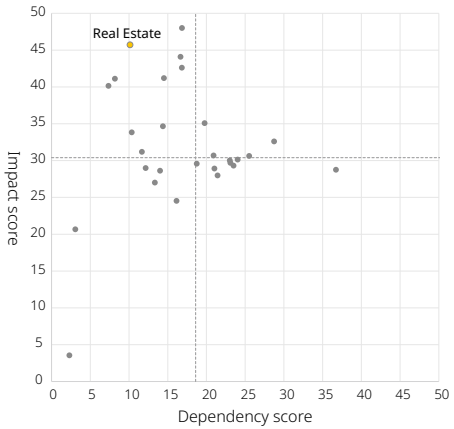
- Refer to: PROJECT TREE (https://project-tree-natural-rubber.com/)

Real Estate Business

The real estate business utilizes various natural capital—including land and water—through land development, utilization, and building operations. ITOCHU recognizes that our business both depends on and impacts natural capital, creating potential nature-related risks. In particular, risks associated with ecosystem loss or degradation due to land use change, as well as environmental pollution from construction work, are identified as significant. In the mapping of dependency and impact, the real estate business is classified as having a high impact score.

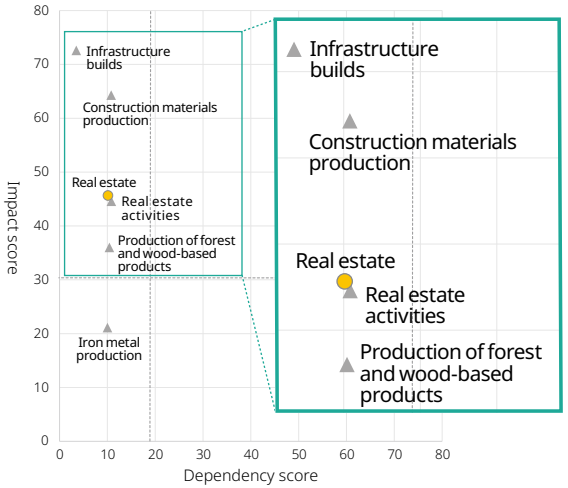
Based on these considerations, we conducted a LEAP analysis of the real estate business to deepen our understanding of its dependency and impact on natural capital to reduce risk and create opportunities. Our real estate business centers on the development of commercial facilities and residential properties. Accordingly, this analysis focused on real estate development and the upstream procurement of building materials.

■ **Dependency and impact mapping (Real Estate Business)**



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

■ **Breakdown of dependency and impact for each value chain in the Real Estate Business**



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

Locate

For the Locate phase in the real estate business, ITOCHU focused the analysis specifically on timber procurement activities. The evaluation results are detailed in the subsequent Commodity Analysis section.

Upstream production activities in the building materials ("Construction materials production" and "Production of forest and wood-based products") are identified as having significant nature-related issues, such as logging and landslides. Among these, ITOCHU and our subsidiaries are engaged in "Production of forest and wood-based products". Given its strategic importance to us, we conducted a dedicated analysis for this sector, independent of the broader real estate business. Furthermore, timber is also included in the Science Based Targets Network (SBTN)* High Impact Commodity List, which identifies commodities with substantial dependency and impact on natural capital.

For risk assessments related to each residential property developed by the Group's real estate, please refer to the ESG report of ITOCHU REIT Management Co., Ltd. (Climate Change and Natural Capital Initiatives (https://www.itc-rm.co.jp/burger_editor/burger_editor/dl/58__RVNHIFJlcG9ydF9FTkc-d-.pdf)).

*Global initiative to develop science-based targets for nature.

Evaluate

Working with real estate business personnel, ITOCHU subdivided business activities along the value chain according to ISIC (International Standard Industrial Classification). For each industrial activity, we mapped the dependencies and impacts identified in ENCORE, assigning importance on a five-level scale (Very low, Low, Medium, High, and Very high).

Upstream procurement of building materials depends heavily on ecosystem services such as rainfall patterns and water purification. The extraction of raw materials for construction—such as timber, sand, and minerals—may negatively impact habitats through their natural capital use and the emission of pollutants. Regarding direct operations in real estate development, there is a dependency on water purification, and noise and dust could adversely affect the natural environment.

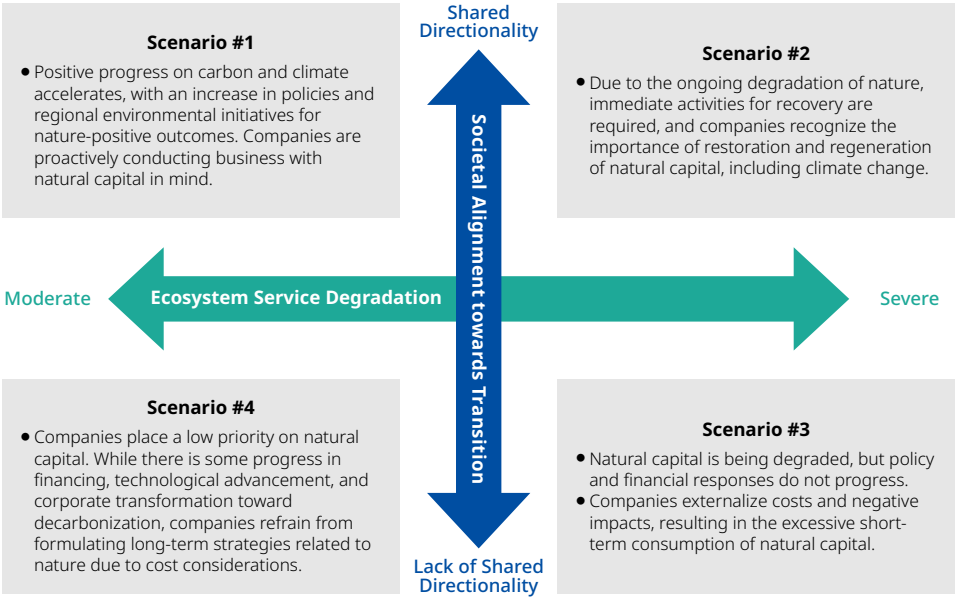
Assess

Based on the results of the Evaluate phase and the TNFD recommendations, ITOCHU identified nature-related risks and opportunities across the entire value chain of our real estate business. Furthermore, assuming a future scenario as of 2030, we evaluated the significance of these risks and opportunities on a three-point scale (Low, Medium, and High).

The TNFD developed four scenarios based on two critical uncertainties: "Ecosystem Service Degradation (physical risk)" and "Societal Alignment towards Transition." We determined that we are in the Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital) and assessed the magnitude and likelihood of these risks and opportunities. This assessment was conducted by personnel of real estate business, reflecting actual business situation.

In scenario analysis for real estate development, one example of risk identified was potential damage from flooding or landslides due to high dependency on rainfall patterns. However, since we conduct rigorous disaster risk assessments during site selection process, and review of past cases confirmed that both the likelihood and significance of these risks remain low.

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



Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

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

Finally, for risks and opportunities evaluated as having medium importance or more, we organized and considered response measures. Specifically, to ensure effective risk identification and mitigation, this section focused on those risks and opportunities rated as “Medium” and “High”.

Detailed responses to each risk and opportunity are summarized in the table below. In our real estate business, including the Group companies, comprehensive measures are taken for nature-related risks and opportunities.

■ **Risk**

Type		Business Process	Description	Status of Response	Importance
Physical Risks	Acute Risks	Upstream	Construction delays due to extreme weather or natural disasters	• Site selectionconsidering hazard maps • Establishment of design and construction plans that take into account meteorological risks • Formulation of BCP <Examples> DAIKEN CORPORATION: BCM initiatives (Japanese only) (https://www.daiken.jp/sustainability/governance/riskmanagement.html) • Development of disaster-resistant building materials and construction using such materials <Examples> ITOCHU Kenzai Corporation: Sky Metal Roof (Japanese only) (https://www.skymetalroof.com/)	Medium
			Project delays due to supply chain disruptions caused by natural disasters	• For key materials, procurement networks have already been established with multiple suppliers, with alternative routes secured in advance <Example> ITOCHU Kenzai Corporation: Proprietary domestic timber supply chain (Japanese only) (https://htonline.sohjusha.co.jp/670-055/)	Medium
	Chronic Risks		Tighter underwriting and increasing premium rate in the construction and liability insurance market	• Site selection considering hazard maps • Proactive implementation of disaster risk reduction measures (such as disaster-resistant design) • Enrollment in long-term insurance policies	Medium
Transition Risks	Policy/Laws and Regulations	Upstream	Construction period restrictions or changes to planned construction sites due to the discovery of habitats for natural monuments or rare species	• Conduct thorough pre-assessment to prevent development in habitats of natural monuments or rare species, including compliance with the Act on Protection of Cultural Properties • Sufficiently examine project site selection and choose areas where negative impacts on ecosystems are considered relatively minor	Medium
	Reputation		Criticism from local residents and society due to destruction or negative impact on valuable ecosystems at construction sites, affecting not only contractors but also clients	• Conduct thorough pre-assessment to prevent development in habitats of natural monuments or rare species, including compliance with the Act on Protection of Cultural Properties • Secure opportunities for dialogue and explanations with stakeholders (local residents and municipalities) from the pre-construction phase • Sufficiently examine project site selection and choose areas where negative impacts on ecosystems are considered relatively low	Medium
	Market		Increase in material and energy prices due to strengthened regulations, including EUDR	• Distribution of procurement sources • Monitor price fluctuations • Stabilize procurement prices through long-term contracts and futures transactions • Utilize recycled or alternative materials • Monitor trends in lows and regulations	Medium
			Instability in material procurement due to increased demand for decarbonized and sustainable materials	• Distribution of procurement sources • Secure certified materials in advance • Stabilize procurement volumes through long-term contracts and futures transactions • Utilize recycled or alternative materials <Examples> ITOCHU Kenzai Corporation: “Chikyugi” products (Japanese only) (https://www.ick.co.jp/chikyugi/#anchor2)	Medium
	Policy/Laws and Regulations		Increase in upstream costs and changes in requirements due to nature-related regulations and standards (biodiversity considerations, offsets, TNFD, etc.)	• Actively collect information on revisions to laws and standards • Refine cost estimation at the project planning stage	Medium
	Policy/Laws and Regulations		Growing social pressure for sustainable procurement	• Establish and operate procurement policies for timber • Confirm supplier compliance with ESG requirements (sustainability surveys) • Utilize certification systems (FSC, PEFC, etc.) and set quantitative introduction targets <Examples> ITOCHU Kenzai Corporation: “Chikyugi” products (Japanese only) (https://www.ick.co.jp/chikyugi/#anchor2/2)	Medium

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

Type		Business Process	Description	Status of Response	Importance
Transition Risks	Laws and Regulations/ Liability Risks	Upstream	Identification of soil and groundwater pollution due to inadequate environmental due diligence	• Engage experienced consultants and conduct preliminary environmental due diligence and environmental assessments for soil and groundwater	Medium
	Policy/Laws and Regulations		Tightening regulations and permits for public land, urban parks, preserved trees, and protected areas	• Conduct prior research on relevant laws and ordinances • Conduct preliminary consultations with authorities • Confirm and strictly comply with the licensing and permitting process <Examples> DAIKEN Corporation's participation in public greening projects	Medium
	Technology		Introduction of energy-saving building materials, equipment, and green technologies (technologies and methods that mitigate negative impacts on nature)	• Energy-efficient and environmentally high-performance products are integrated as standard across all operations.	Medium
			Delays in the introduction of energy-saving building materials, equipment, and green technologies (technologies and methods that mitigate negative impacts on nature)	• Energy-efficient and eco-friendly products are integrated as standard across all operations. • Actively monitor and promote the adoption of new technologies and construction methods on a routine basis.	Medium
	Laws and Regulations		Strengthened biodiversity protection and invasive species controls (tighter quarantine and customs clearance)	• Implement invasive species prevention measures as part of routine operations (material management, plant selection, etc.) • Ensure strict plant quarantine and customs clearance procedures	Medium
Physical Risks	Acute Risks	Direct Operation	Damage to company-owned properties caused by floods, landslides, typhoons, and other natural disasters	• Site selection considering hazard maps <Examples> For sites identified as high risk on hazard maps, equipment is installed in locations that do not flood during the development period, and disaster response during construction is meticulously implemented • Formulation of BCP • Introduction of disaster prevention and mitigation facilities (such as flood barriers and enhanced drainage) • Enrollment in insurance covering natural disasters	Medium
Transition Risks	Policy/Laws and Regulations	Direct Operation	Increased difficulty in site selection and planning due to tighter land use regulations from a nature conservation perspective	• Conduct thorough research on land use and regulations at the site selection stage	Medium
	Reputation		Environmental destruction and reputational damage due to modification of natural environments.	• Implementation of low-environmental impact construction methodologies <Examples> Nishimatsu Construction Co., Ltd.: Designed and constructed our environmentally high-performance women's dormitory (https://www.itochu.co.jp/en/news/press/2025/250303.html) • External communication of environmental management initiatives	Medium
	Policy/Laws and Regulations		Compliance with nature-related standards and disclosure requirements (such as TNFD, CSRD, etc.)	• Actively collect information and respond promptly to disclosure-related laws and standards • Promoting the insourcing of information disclosure processes	Medium
			Strengthening regulations related to greening, nature conservation, and biodiversity	• Actively collect information on revisions to laws and standards • Enhancing the accuracy of cost estimations at the project planning phase.	Medium
	Policy/ Reputation/ Liability Risks		Inadequate contractual risk allocation forof nature-related risks	• Clarification of the demarcation of responsibilities in contracts.	Medium
	Reputation/ Liability Risks		Identification of arbitrary use of manipulated nature-related information or data	• Strengthen internal controls and information management systems <Examples> ITOCHU Corporation: Information Security Policy (https://www.itochu.co.jp/en/security/index.html) • If an incident occurs, promptly provide explanations and compensations, etc., to all relevant parties	Medium
	Policy/Laws and Regulations		Inconsistency with regional planning and green requirements	• Confirm regional development plans and green requirements in advance (third-party checks as needed)	Medium
	Market/ Reputation		Stricter terms of investment and financing by investors and financial institutions due to rising social environmental awareness (expansion of the green bond market)	• Strengthen information disclosure on sustainability and dialogue with investors <Example> ITOCHU Corporation: Enhanced sustainability disclosure (https://www.itochu.co.jp/en/ir/doc/annual_report/online2022/sustainability.html)	Medium
	Market		Market value erosion of properties with poor environmental performance	• Maintain asset value through environmental certification <Examples> ITOCHU Urban Development Corporation: Acquisition of BELS, etc. (Japanese only) (https://ipd.co.jp/company/sustainability/environment/) • Environmentally conscious design and construction	Medium

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

Type		Business Process	Description	Status of Response	Importance
Physical Risks	Chronic Risks	Downstream	Operational disruptions due to natural disasters such as heavy rainfall, flooding, and storm surges	• Site selection considering hazard maps • Formulate BCP/BCM <Examples> ITOCHU REIT Management Co., Ltd.: Resilience Certification (https://www.itc-rm.co.jp/en/sustain/initiative/) • Introduce disaster prevention and mitigation facilities (such as flood barriers and enhanced drainage) <Examples> ITOCHU Urban Community Ltd. (Japanese only) (https://www.itc-uc.co.jp/search/development/) ITOCHU Urban Development Corporation: Crevia Life Hug (Japanese only) (https://www.itochu-sumai.com/about/quality/life-hug/) • Backup and redundancy of critical equipment	Medium
	Chronic Risks	Downstream	Deterioration of the surrounding environment, such as worsening urban heat island effect.	• Promote environmentally conscious design <Examples> ITOCHU Kenzai Corporation: "Chikyugi" products (Japanese only) (https://www.ick.co.jp/chikyugi/#anchor2) DAIKEN Corporation: Everyone's Eco Farm (Japanese only) (https://www.daiken.jp/ecofarm/)	High
			Underwriting restrictions in the insurance market for properties (such as in areas frequently affected by flooding)	• Site selection considering hazard maps • Formulate BCP/BCM • Introduce disaster prevention and mitigation facilities (such as flood barriers and enhanced drainage) • Backup and redundancy of critical equipment	Medium
Transition Risks	Market	Downstream	Tenant attrition and rent decline due to insufficient consideration for natural capital	• Implement environmental measures for tenants (enhancing comfort, energy saving, etc.) • Promote green leases • Implementing environmental management that integrates natural capital <Examples> ITOCHU Corporation distributes the "Supply Chain Sustainability Action Guidelines" to all business partners (P190)	Medium
	Policy/Laws and Regulations		Changes and strengthening of local governments' regional biodiversity strategies (such as changes in administration or plan revisions)	• Monitor trends in regional policy (build and strengthen relationships with local governments through communication with them)	Medium

■ **Opportunity**

Type		Business Process	Description	Status of Response	Importance
Opportunity	Resource Efficiency	Upstream	Promotion of sustainable material procurement (e.g., certified timber)	Appropriately implement within business activities	Medium
	Products and Services		Collaboration with construction contractors to introduce green technologies		Medium
	Reputation		Implementation of environmental measures based on engagement with local residents and NGOs		Medium
	Sustainable Use of Natural Resources		Introduction of recycling technologies for construction materials		Medium
	Products, Services and Reputation	Direct Operation	Increased demand for wooden structures using domestically certified timber		Medium
			Construction plans that consider nature and biodiversity		Medium
			Acquisition of biodiversity certification systems (e.g., JHEP certification, ABINC certification)		Medium
	Capital Flow and Financing		Expansion of sustainability finance through enhanced disclosure of nature-related information and initiatives		Medium
	Reputation		Gaining customer trust and securing talent through the promotion of "nature-positive management," and improving employee retention by enhancing job satisfaction, motivation, and loyalty		Medium
		Downstream	Increase in rent and occupancy rates of facilities designed with consideration for nature and biodiversity		Medium
	Products and Services		Stabilization of facility operations by strengthening disaster resilience of facilities and surrounding environments		Medium

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

Prepare

For the real estate business, ITOCHU is currently collecting information on the following indicators recommended for disclosure by TNFD.

Metrics

Metric No.	Category/Indicator	Collection Metrics	(Reference) Related Risks and Opportunities
EH.A1.0 RE.A1.1	Green space creation	Track record of "Chikyugi" forest creation activities (Japanese only) (https://www.ick.co.jp/chikyugi/#anchor4)	• Strengthening regulations related to greening, nature conservation, and biodiversity • Deterioration of the surrounding environment, such as worsening urban heat island effects • Implementation of environmental measures based on engagement with local residents and NGOs • Acquisition of biodiversity certification systems (e.g., JHEP certification, ABINC certification)
A22.0	N/A	Ratio of suppliers cooperating with sustainability surveys in real estate-related businesses	• Instability in material procurement due to increased demand for decarbonized and sustainable materials • Growing social pressure for sustainable procurement • Promotion of sustainable material procurement (e.g., certified timber) • Introduction of recycling technologies for construction materials
EH.A22.0	Value chain certification	• Timber handled by a certified forest supplier or timber approved as a management material by a certification body (P200) • Timber harvested in countries or regions assessed as "Low Risk" based on the forest certification system (P200) • Timber whose legality has been confirmed by documents proving that it was cut in compliance with the laws of the place of origin (P200) • Materials whose legality has been confirmed by "additional measures" (P200)	• Instability in material procurement due to increased demand for decarbonized and sustainable materials • Growing social pressure for sustainable procurement • Promotion of sustainable material procurement (e.g., certified timber) • Introduction of recycling technologies for construction materials
A22.1	N/A	Ratio of suppliers cooperating with sustainability surveys in real estate-related businesses	• Instability in material procurement due to increased demand for decarbonized and sustainable materials • Growing social pressure for sustainable procurement • Promotion of sustainable material procurement (e.g., certified timber)
FP.A22.1	Non-certified wood/fiber covered by due diligence and traceability systems	• Timber handled by a certified forest supplier or timber approved as a management material by a certification body (P200) • Timber harvested in countries or regions assessed as "Low Risk" based on the forest certification system (P200) • Timber whose legality has been confirmed by documents proving that it was cut in compliance with the laws of the place of origin (P200) • Materials whose legality has been confirmed by "additional measures" (P200)	• Instability in material procurement due to increased demand for decarbonized and sustainable materials • Growing social pressure for sustainable procurement • Promotion of sustainable material procurement (e.g., certified timber)
A22.2	N/A		
A22.3	N/A		
A22.4	N/A	Ratio of suppliers cooperating with sustainability surveys in real estate-related businesses	• Instability in material procurement due to increased demand for decarbonized and sustainable materials • Growing social pressure for sustainable procurement • Promotion of sustainable material procurement (e.g., certified timber)
MM.A23.4	Suppliers screened for nature-related risks		• Project delays due to supply chain disruptions caused by natural disasters • Growing social pressure for sustainable procurement • Introduction of energy-saving building materials, equipment, and green technologies (technologies and methods that mitigate negative impacts on nature) • Promotion of sustainable material procurement (e.g., certified timber)

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

Real Estate Development Case Studies

PPP Projects

ITOCHU is strengthening its value chain in the construction and real estate sectors, positioning public facility development as a key initiative. Through the ITOCHU Group's comprehensive capabilities and business development expertise, and in collaboration with diverse stakeholders, we promote PPP (Public Private Partnership) projects tailored to the specific needs of local government. Building design incorporates disaster resilience and environmental performance. For example, at the Shibata Town Gymnasium in Miyagi Prefecture, we have introduced high-efficiency underfloor air conditioning system, manufactured by DAIKEN Corporation, a Group company. By delivering conditioned air directly from the floor to the occupied zone, this system optimizes comfort and achieves approximately 10% energy savings compared to conventional convection-based systems.

Shibata Town Gymnasium in Miyagi Prefecture

Introducing DAIKEN's High-Efficiency Flooring for Improved Air Conditioning Performance

Employee Dormitories

ITOCHU's employee dormitories also feature designs focused on decarbonization. For the women's dormitory completed in March 2025, designed and constructed by Nishimatsu Construction Co., Ltd., a Group company. By adopting a new timber construction method and using timber for the majority of the structural frame (excluding joints), CO_2 emissions were reduced by 458 tons compared to steel structures. This method offers high strength, rigidity, and toughness compared to conventional timber construction, contributing to disaster resilience, longevity, and reduced materials and costs for repairs.

ITOCHU women's dormitory built with timber construction

Commodity Analysis

ITOCHU handles a wide range of products and commodities, including agricultural and forestry products with high dependencies and impacts on nature in the upstream value chain. For these commodities, we individually conducted detailed assessments of nature-related risks as "commodity analysis". While the LEAP approach focused on direct operations and assessed risks and opportunities on a business-unit basis, the commodity analysis targets the procurement stage of the upstream value chain, which directly interfaces with the natural environment. For each commodity, we considered the geographical characteristics of key procurement sites and relevant regulations. Based on this, we identified dependencies and impacts on nature and the risks that could arise if these materialize. Based on scenario analysis, we then organized the potential risks to our company and the corresponding response measures. The commodities subject to the analysis have significant impacts on the natural environment and stakeholders, and fall under the SBTN High Impact Commodity List, and are related to procurement regulations or certification schemes. As a result, timber, palm oil, cocoa beans, and coffee beans were selected.

Identification of Commodity-Specific Dependencies and Impacts	• Identify the characteristics of each commodity's dependency and impact on natural capital through ENCORE analysis and desktop research. • Examine how each dependency and impact may translate into risks, taking into account the characteristics of each region
Evaluation of Natural Conditions in Procurement Regions	• Extract items with high dependency or impact and aggregate those with similar characteristics. • Link aggregated results to the TNFD's priority region criteria, and use appropriate databases to identify priority regions.
Scenario Analysis of Business Impacts	• Identify key external environmental factors for each assumed scenario and examine possible changes. • Assess potential business impacts and their likelihood in procurement regions, as well as the financial impact on the company.
Confirmation of Responses and Measures	• Link identified risks and business impacts with the company's existing measures. • Ensure that efforts are being made to reduce nature-related risks and negative impacts, and that risks are being appropriately managed.

In addition, for commodities with high dependencies and impacts on nature, such as products of relevance to forest conservation, food products, and textile raw materials, we have established procurement policies for each product and strive to procure products certified by international third-parties which allow us to identify the procurement area through traceability.

Reference: Procurement Policies by Product Type (P198)

The details of the commodity analysis are as follows:

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

Timber

Identification of Commodity-Specific Dependencies and Impacts

First, ITOCHU identified the dependencies and impacts on natural capital and their importance in general timber procurement and processing, using ENCORE with a five-point scale: Very Low, Low, Medium, High, and Very High.

As a result, we found that the procurement stage is highly dependent on the supply of biomass from trees and on the function of maintaining soil quality. We also confirmed that timber procurement and harvesting activities can have significant impacts on nature through land-use change caused by logging and the release of air pollutants through the use of agrochemicals and heavy machinery.

Evaluation of Natural Conditions in Procurement Regions

We procure timber mainly from North America and Southeast Asia. We have identified the location of procurement areas and processing plants for these timber products using satellite imagery and other sources, and examined the extent to which the procurement areas correspond to dependencies and impacts assessed as "High" or "Very High," as well as the types of risks that could arise.

In this assessment, we compared the dependencies and impacts related to timber procurement described above and processing with the TNFD criteria for sensitive locations, and used the following databases:

- BII (Biodiversity Intactness Index)
- Global Forest Watch
- WWF Biodiversity Risk Filter
- Ecoregion Intactness Index
- Landmark
- WWF Water Risk Filter

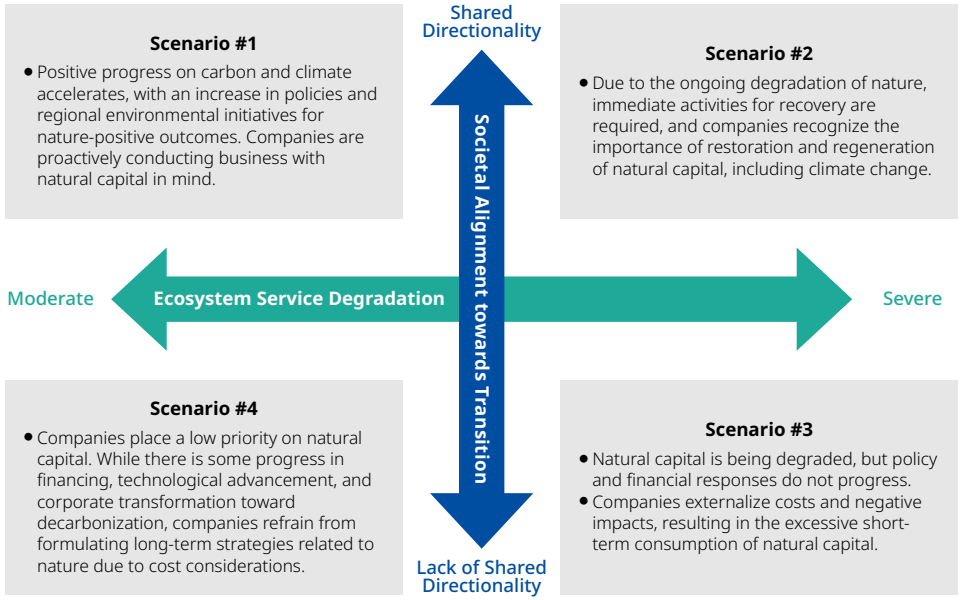
Through desktop analysis using these databases, we evaluated the natural conditions in the procurement areas and examined potential risks. As a result, we confirmed that our procurement areas are particularly highly dependent on hazard regulation functions of nature. In addition, we determined that in approximately 70% of the areas, there is a high risk that floods and landslides may destabilize production and procurement volumes, and that the biological resource extraction and the discharge of pollutants may adversely affect local communities.

Scenario Analysis of Business Impacts

Nature-related risks are expected to materialize as external conditions change. For each of the six external factors affecting the business environment—political, economic, social, technological, legal, and environmental—we developed future scenarios for 2040 based on the above risk assessment results for the procurement areas and relevant literature. We then assessed what kinds of business impacts could arise in the procurement areas and evaluated their likelihood on a three-point scale: Low, Medium, and High. These results were reviewed in detail by those in charge of timber-related businesses based on actual conditions on the ground.

The scenario used in this analysis, consistent with the LEAP approach, was "Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital)" as assumed in the TNFD guidelines.

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



Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

Furthermore, with regard to impacts assessed as having a "High" likelihood, those in charge of timber-related businesses also closely examined the financial risks that we could potentially bear if such impacts were to occur in the procurement areas. Regarding the instability of production and procurement volumes due to natural disasters, which was identified above as a high risk in many procurement areas, financial risks to the company such as reduced sales are the concerns. However, our suppliers have dispersed their procurement and manufacturing sites and therefore have resilience against production and procurement instability caused by natural disasters. Accordingly, we concluded that the likelihood of such financial risks materializing is extremely low. In addition, in the timber business, a reduction in available forest resource areas due to overharvesting, disease, and other factors is generally regarded as a financial risk because it may lead to lower transaction volumes. However, the suppliers with whom we conduct business are primarily companies of sufficient scale to proactively address regulatory requirements and implement sustainable forest management, such as obtaining certifications, reforestation, and long-term forest resource planning. Furthermore, government support for forestry is available, and the limited number of new entrants due to scale advantages contributes to stable, long-term management aligned with natural capital. Therefore, we have confirmed that the level of sustainability maturity in this sector is very high.

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

Confirmation of Responses and Measures

With respect to the impacts of the timber business on nature, as described above, the characteristics of our suppliers generally prevent our financial risks from materializing. In addition, as preventive measures, we have established a Sustainable Procurement Policy on Natural Forests and Forest Resources and have notified suppliers of the Sustainability Action Guidelines for Supply Chains. We have also implemented sufficient measures, including commitments to sustainable forest management and enhanced traceability, such as the procurement of certified timber.

Based on these analyses, details of the impacts judged to have a high likelihood of materializing in the procurement stage, the factors on the supplier side that help suppress the materialization of risks, and our initiatives to mitigate risk are as follows:

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Main Factors for Suppressing the Manifestation of Risks	Initiatives to Reduce ITOCHU's Risks
Political / Legal	• Stricter supplier selection criteria due to strengthened climate-related regulations and increased carbon costs. • Growing demand for low-carbon and environmentally friendly production in production regions.	• The procurement region is an area where forestry is a key industry, and responses through administrative cooperation are possible. • Business partners mainly consist of major forestry companies and have sufficient capacity to adapt to regulatory strengthening and changes in the social environment. • Wood procurement has large scale merits, and high entry barriers limit new entrants.	• Formulation of procurement policy regarding natural forest and forest resource. • Notification of the Sustainability Action Guidelines for Supply Chains. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers.
	• Expansion of land use restrictions, including new land development, due to the expansion of protected areas and stricter land use regulations. • Short-term decrease in production volume due to promotion of ecosystem management and restoration at existing sites.		
	• Increase in inspections in logistics due to the routine implementation of quarantine and biosecurity measures. • Prolongation of transportation periods due to stricter material management.	• Measures such as heat treatment and fumigation have already been implemented. • Wood procurement has large economies of scale, and high entry barriers limit new entrants.	-
	• Increase in the local procurement ratio of wood through expanded use of recycled materials and by-products. • Promotion of stricter waste disposal, and mandatory measures for soil erosion and runoff risk.	• Business partners mainly consist of major forestry companies and have sufficient capacity to adapt to regulatory strengthening and changes in the social environment. • Wood procurement has large scale merits, and high entry barriers limit new entrants.	• Formulation of procurement policy regarding natural forest and forest resource protection. • Notification of supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Expansion of the use of by-products and local procurement. <Examples> MDF production at DAIKEN Corporation utilizing wood offcuts and residues. (https://www.daiken-ad.com/industrialmaterials/mdf/)
	• Concentration of procurement in certified regions where traceability to primary production is ensured. • Acceleration of producer withdrawal and consolidation in regions not meeting strict traceability requirements.		• Formulation of procurement policy regarding natural forest and forest resource protection. • Notification of supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers.
	• Strengthened monitoring from external stakeholders due to standardization of public disclosure of nature-related data. • Increased operational burden for data collection for disclosure.		• Appropriate information gathering and disclosure under the supervision of the CAO.
Economic / Social	• Concentration of demand for certified and low-impact materials for EUDR compliance and similar requirements. • Non-certified production areas are excluded from the market as high-risk products, leading to a widening gap in brand value.	-	• Formulation of procurement policy regarding natural forest and forest resource protection.
	• Establishment of joint monitoring by NGOs, companies, and local governments. • Growing demand for highly transparent reporting through enhanced monitoring of grievance mechanisms and their procedures and timeliness.		• Formulation of procurement policy regarding natural forest and forest resource protection. • Notification of supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers.

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

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Main Factors for Suppressing the Manifestation of Risks	Initiatives to Reduce ITOCHU's Risks
Economic / Social	• Expansion of financing for conservation and restoration projects, and preferential treatment of nature-conscious projects by local financial institutions. • Acceleration and standardization of the establishment of a sustainable supply chain foundation.	• Business partners mainly consist of major forestry companies and have sufficient capacity to adapt to regulatory strengthening and changes in the social environment.	-
	• Enhancement of environmental requirements in procurement regions. • Active implementation of long-term contracts and collaborative projects involving purchasing companies.		• Formulation of procurement policy regarding natural forest and forest resource protection. • Notification of supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers.
Technological	• Stabilization of wood production and curbing of wood prices due to technological innovation. • Decline in demand for wood due to the spread of alternative materials.	• Demand for wood is maintained regardless of the spread of alternative materials in the market. • Wood procurement has large scale merits, and high entry barriers limit new entrants.	-
Environmental	• Reduction in available resources due to overharvesting and the spread of diseases. • Progression of supply instability due to longer logging bans. • Greater vulnerability to external environmental factors and increased quality variability due to loss of genetic diversity.	• Proper management is implemented in procurement regions to ensure that the volume of logging does not exceed the growth volume. • Business partners mainly consist of major forestry companies with the systems and capabilities to implement sustainable forest management.	-
	• Increase in turbidity, pathogens, and chemical load in rivers and irrigation water. • Increase in shipment suspension of wood due to growth disorders and exceeding chemical/ agrochemical residue limits . • Decline in soil fertility due to reduced soil organic matter and salt accumulation.		
	• Expansion of overharvesting and illegal, unreported, and unregulated (IUU) logging of wood. • Intermittent implementation of logging bans and supply suspension due to depletion of mature timber.	• Business partners mainly consist of major forestry companies with the systems and capabilities to implement proper forest management and appropriate logging volume control.	• Formulation of procurement policy regarding natural forest and forest resource protection. • Notification of supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Implementation of human rights due diligence for business partners*. *Initiatives to address the impact on local communities in procurement regions.
	• Deterioration of wildlife habitats and disruption of ecosystem balance around production areas due to night lighting and noise. • Lawsuits from local communities due to decline in ecosystem services.	• Business activities in protected areas and regions important for biodiversity are extremely limited.	
	• Instability in quality and yield, and increased control costs due to invasion and establishment of alien species and pests. • Prolongation of transportation periods due to strengthened quarantine.	• The procurement region is an area where forestry is a key industry, and responses through administrative cooperation are possible in case of problems.	
	• Fragmentation of ecosystems due to expansion of land use prioritizing efficiency. • Collapse of ecosystem balance due to decrease in native species, uneven distribution of water resources, and severe soil degradation. • Health hazards and conflicts over water resources caused by environmental deterioration in local communities.	• Business partners mainly consist of major forestry companies with the systems and capabilities to implement proper forest management.	
	• Instability in production volume due to increased soil runoff and damage to forestry infrastructure caused by floods, landslides, and cyclones, and reduced yield due to wildfires.	-	• Dispersal of business locations to mitigate the risk of simultaneous damage from disasters.

Going forward, we will continue stable procurement through the conservation of the natural environment, harmonious coexistence with local communities, increasing the ratio of certified products procured, deepening collaboration with suppliers, and monitoring trends in environmental regulations in procurement areas.

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

Palm Oil

Identification of Commodity-Specific Dependencies and Impacts

First, ITOCHU identified the dependencies and impacts on natural capital and their importance in general palm oil procurement using ENCORE, TNFD's Food & Agriculture Sector Guidance, and academic papers on environmental risks in oil palm cultivation. The assessment was conducted on a five-point scale: Very Low, Low, Medium, High, and Very High. As a result, it was found that oil palm, which is often cultivated in tropical, humid, and high-rainfall regions, is highly dependent on water flow regulation functions, as drainage management is crucial to prevent growth stress and disease caused by waterlogging.

Evaluation of Natural Conditions in Procurement Regions

We procure palm oil mainly from Malaysia. We have identified these major procurement areas as the subjects of the analysis. We examined the extent to which the procurement areas correspond dependencies and impacts assessed as "High" or "Very High," as well as the types of risks could arise.

In this assessment, we compared the dependencies and impacts related to palm oil production described above with the TNFD criteria for sensitive locations, and selected the following databases:

- BII (Biodiversity Intactness Index)
- Ecoregion Intactness Index
- Landmark
- WWF Biodiversity Risk Filter
- WWF Water Risk Filter

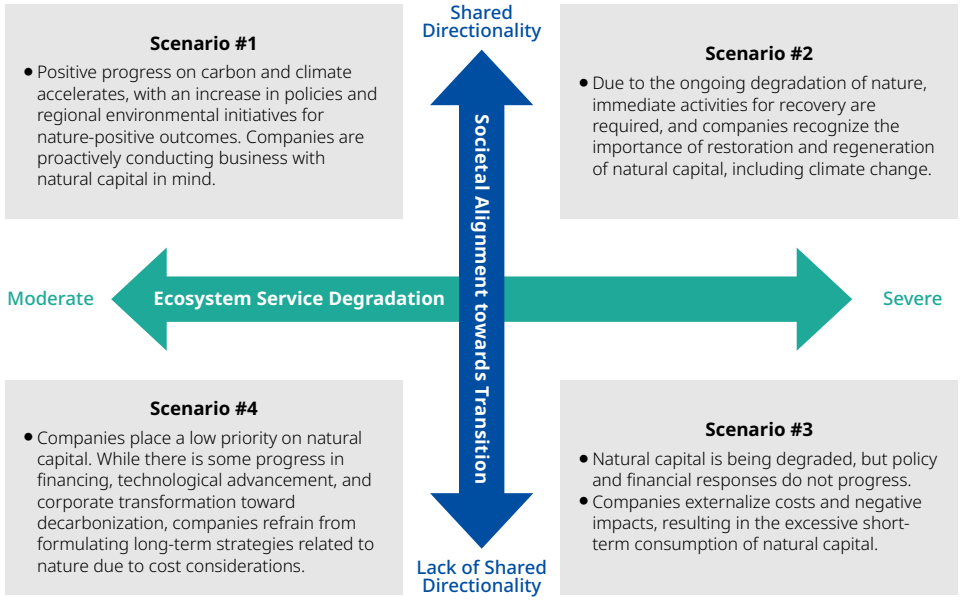
Through desktop analysis using these databases, we evaluated the natural conditions and potential risks in the procurement areas. As a result, we found that major procurement areas for palm oil are exposed to risks such as floods, landslides, and outbreaks of pests and diseases.

Scenario Analysis of Business Impacts

Nature-related risks are expected to materialize as external conditions change. For each of the six external factors affecting the business environment—political, economic, social, technological, legal, and environmental—we developed future scenarios for 2040 based on the above risk assessment results for the procurement areas and relevant literature. We then assessed what kinds of business impacts could arise in the procurement areas and evaluated their likelihood on a three-point scale: Low, Medium, and High. These results were reviewed in detail by those in charge of sustainability for food-related businesses.

The scenario used in this analysis, consistent with the LEAP approach, was "Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital)" as assumed in the TNFD guidelines.

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



Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

Furthermore, with regard to impacts assessed as having a "High" likelihood, those in charge of sustainability for food-related businesses also closely examined the financial risks that we could potentially bear if such impacts were to occur in the procurement areas. The analysis indicated that landslides and the invasion of pests and diseases in procurement areas could lead to decreased yield and quality of palm oil. When these risks materialize, the impact on sales would be the main financial risk for us. However, as oil palm cultivation is often undertaken by smallholder, there are certain limitations to the risk mitigation measures that suppliers can implement.

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

Confirmation of Responses and Measures

As described above, regarding the risks in palm oil procurement, it is important not only to rely on preventive measures by suppliers, but also to proactively implement our own countermeasures. We engage in activities through the Roundtable on Sustainable Palm Oil (RSPO) and supplier surveys to prevent the materialization of significant financial risks that could affect our business.

Details of the impacts evaluated to have a high likelihood of materializing in the procurement process, the risks to us, and our responses are as follows:

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Risks for ITOCHU	Adaptation and Countermeasures for Risks
Political / Legal	• Strengthened monitoring from external stakeholders due to standardization of public disclosure of nature-related data. • Increased operational burden for data collection for disclosure.	• Loss of trust from stakeholders, decline in corporate reputation, and drop in stock price if information disclosure is insufficient.	• Proactive information gathering and prompt response to disclosure-related laws and standards. • Enhancement and streamlining of disclosure responses.
Economic / Social	• Establishment of joint monitoring by NGOs, companies, and local governments. • Growing demand for highly transparent reporting through enhanced monitoring of grievance mechanisms and their procedures and timeliness.	• Loss of sales opportunities due to changes in procurement sources by business partners resulting from delayed responses or lack of transparency.	• Formulation and notification of palm oil procurement policy and the supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers • Procurement of certified raw materials • Strengthening traceability (achievement of 100% traceability at the mill level). • Membership in the Roundtable on Sustainable Palm Oil (RSPO). • Disclosure of fact sheets regarding sustainable procurement of palm oil. • Implementation of human rights and environmental due diligence for primary to tertiary suppliers in FY2024.
Technological	• Stabilization of crop production and suppression of crop prices due to technological innovation. • Delay in the introduction of new technologies among small suppliers.	• Temporary decline in gross profit margin due to increased crop cultivation management costs from the introduction of advanced technologies and their reflection in direct procurement prices.	• Rapid information gathering and prompt response to market fluctuations.
Environmental	• Occurrence of crop failures due to higher frequency of high temperatures, heat waves, localized heavy rainfall, and storms. • Increased fruiting failure and lodging damage in existing production areas due to shifts in suitable growing regions.	• Loss of sales opportunities due to inability to secure the required volume to meet customer needs. • Penalties and deterioration of contract terms if unable to fulfill contracted quantity due to reduced yield. • Lower gross profit margin and disposal losses due to repeated inspection failures and returns caused by quality deterioration.	• Rapid information gathering and prompt response to market fluctuation. • Diversification of procurement areas.
	• Instability in production volume due to increased soil runoff and damage to agricultural infrastructure caused by floods, landslides, and cyclones.		
	• Increased GHG emissions due to peat fires, land conversion, and fertilization. • Instability in production due to frequent localized disasters caused by climate change.	• Sales decrease due to changes in procurement sources by customers concerned about the land conversion history of new farmland suppliers, stricter contract renewal conditions, and suspension of contract renewals. • Temporary losses such as compensation payments, import suspension, and sales suspension due to lawsuits arising from farmland conversion in production areas.	• Formulation and notification of palm oil procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers. • Procurement of certified raw materials. • Strengthening traceability (achievement of 100% traceability at the mill level). • Membership in the Roundtable on Sustainable Palm Oil (RSPO). • Disclosure of fact sheets regarding sustainable procurement of palm oil. • Implementation of human rights and environmental due diligence for primary to tertiary suppliers in FY2024.
	• Instability in quality and yield, and increased control costs due to the invasion and establishment of alien species and pests. • Prolongation of transportation periods due to strengthened quarantine.	• Temporary losses such as compensation payments, import suspension, and sales suspension due to lawsuits arising from environmental destruction in production areas.	
	• Fragmentation of ecosystems due to expansion of land use prioritizing efficiency. • Collapse of ecosystem balance due to decrease in native species, uneven distribution of water resources, and severe soil degradation. • Health hazards and conflicts over water resources caused by environmental deterioration in local communities.	• Sales decrease due to changes in procurement sources by customers avoiding suppliers suspected of deteriorating living environments of residents in procurement regions, stricter contract renewal conditions, and suspension of contract renewals. • Temporary losses such as compensation payments, import suspension, and sales suspension due to lawsuits arising from human rights violations in production areas.	

We will continue to ensure stable procurement of palm oil through the procurement of certified products and sustainability assessments.

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

Cocoa Beans

Identification of Commodity-Specific Dependencies and Impacts

First, ITOCHU identified the dependencies and impacts on natural capital and their importance in general cocoa bean procurement using ENCORE, TNFD's Food & Agriculture Sector Guidance, and academic papers on environmental risks in cocoa cultivation. The assessment was conducted on a five-point scale: Very Low, Low, Medium, High, and Very High. As a result, it was found that cocoa beans are extremely sensitive to waterlogging; floods can cause root rot, indicating a high dependency on the natural water flow regulation functions.

Evaluation of Natural Conditions in Procurement Regions

We procure cocoa beans from Ghana and other West African countries. We have identified these major procurement areas as subjects of the analysis. We examined the extent to which the procurement areas correspond dependencies and impacts assessed as "High" or "Very High," as well as the types of risks could arise.

In this assessment, we compared the dependencies and impacts related to cocoa bean production described above with the TNFD criteria for sensitive locations, and selected the following databases:

- BII (Biodiversity Intactness Index)
- Landmark
- WWF Water Risk Filter
- Ecoregion Intactness Index
- WWF Biodiversity Risk Filter

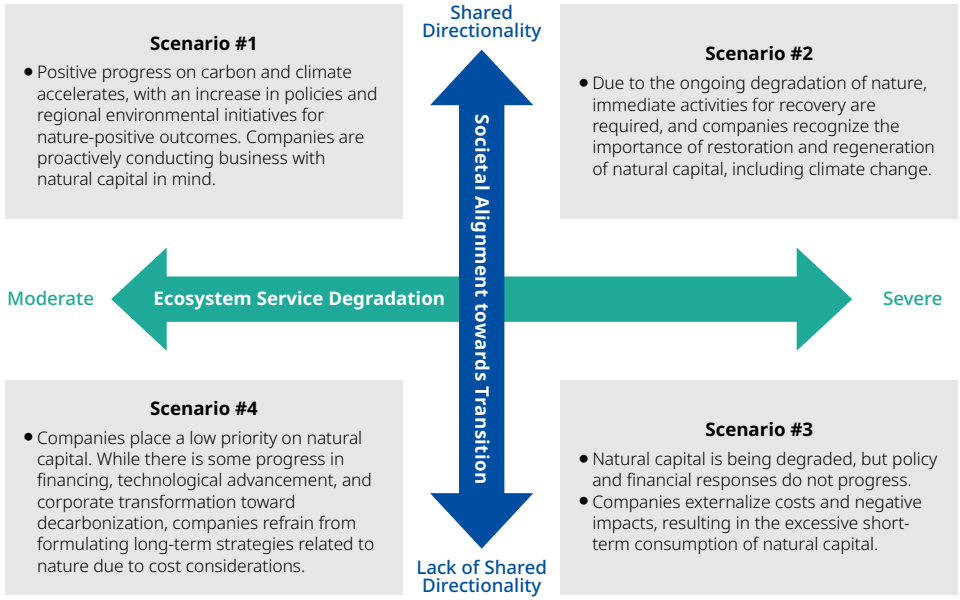
Through desktop analysis using these databases, we evaluated the natural conditions and potential risks in the procurement areas. As a result, we found that in the major cocoa bean procurement areas, there is a high risk of natural disasters such as floods, landslides, and droughts, as well as a risk of decreased yield and quality due to deterioration of soil and water quality caused by agrochemicals and waste.

Scenario Analysis of Business Impacts

Nature-related risks are expected to materialize as external conditions change. For each of the six external factors affecting the business environment—political, economic, social, technological, legal, and environmental—we developed future scenarios for 2040 based on the above risk assessment results for the procurement areas and relevant literature. We then assessed what kinds of business impacts could arise in the procurement areas and evaluated their likelihood on a three-point scale: Low, Medium, and High. These results were subsequently reviewed in detail by those in charge of sustainability for food-related businesses.

The scenario used in this analysis, consistent with the LEAP approach, was "Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital)" as assumed in the TNFD guidelines.

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



Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

Furthermore, with regard to impacts assessed as having a "High" likelihood, those in charge of sustainability for food-related businesses also closely examined the financial risks that we could potentially bear if such impacts were to occur in the procurement areas. The analysis indicated concerns about decreased yield and quality of cocoa beans due to water and soil quality deterioration and natural disasters in many procurement areas. When these risks materialize, reduced sales would be the main financial risk for us. However, cocoa bean cultivation is often undertaken by smallholder, there are certain limitations to the risk mitigation measures that suppliers can implement.

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

Confirmation of Responses and Measures

As described above, regarding the risks in cocoa bean procurement, it is important not only to rely on preventive measures by suppliers, but also to proactively implement our own countermeasures. We provide guidance to suppliers with high nature-related risks through supplier surveys, promote the procurement of sustainable cocoa beans, and diversify procurement areas to prevent the materialization of significant financial risks that could affect our business.

Details of the impacts evaluated to have a high likelihood of materializing in the procurement process, the risks to us, and our responses are as follows:

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Risks for ITOCHU	Adaptation and Countermeasures for Risks
Political / Legal	• Concentration of procurement in certified regions where traceability to primary production is ensured. • Acceleration of producer withdrawal and consolidation in regions not meeting strict traceability requirements.	• Occurrence of temporary losses due to export suspension, confiscation, fines, or contract breaches if handling raw materials not complying with local regulations.	• Proactive information gathering and prompt response to relevant laws and regulations. • Formulation and notification of cocoa bean procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Strengthening traceability.
	• Strengthened monitoring from external stakeholders due to standardization of public disclosure of nature-related data. • Increased operational burden for data collection for disclosure.	• Loss of trust from stakeholders, decline in corporate reputation, and drop in stock price if information disclosure is insufficient.	• Proactive information gathering and prompt response to disclosure-related laws and standards. • Promotion of operational efficiency and in-house handling of disclosure responses.
Economic / Social	• Expansion of financing for conservation and restoration projects, and preferential treatment of nature-conscious projects by local financial institutions. • Acceleration and standardization of the establishment of a sustainable supply chain foundation.	• Decline in corporate reputation and stock price due to insufficient sustainability efforts or greenwashing.	• Monitoring of market trends. • Implementation of environmental measures at industry standard levels.
Technological	• Stabilization of crop production and suppression of crop prices due to technological innovation. • Delay in the introduction of new technologies among small suppliers.	• Temporary decline in gross profit margin due to increased crop cultivation management costs from the introduction of advanced technologies and their reflection in direct procurement prices.	• Rapid information gathering and prompt response to market fluctuations,
Environmental	• Reduction in available resources due to the spread of diseases. • Increased frequency of cultivation suspension and greater supply fluctuations among production areas. • Decline in genetic diversity and uneven resistance to environment and diseases, leading to greater variability in quality.	• Loss of sales opportunities due to inability to secure the required volume to meet customer needs. • Penalties and deterioration of contract terms if unable to fulfill contracted quantity due to reduced yield. • Lower gross profit margin and disposal losses due to repeated inspection failures and returns caused by quality deterioration.	• Rapid information gathering and prompt response to market fluctuations. • Diversification of procurement areas.
	• Chronic shortage of irrigation water due to uncertainty of rainfall and excessive pumping of groundwater. • Increased suspension of water intake and more restrictions on water distribution due to intensified competition for water.		
	• Occurrence of crop failures due to higher frequency of high temperatures, heat waves, localized heavy rainfall, and storms. • Increased fruiting failure and lodging damage in existing production areas due to shifts in suitable growing regions.		
	• Increase in turbidity, pathogens, and chemical load in rivers and irrigation water. • Increase in shipment suspension due to growth disorders and exceeding pesticide residue limits. • Decline in soil fertility due to reduced soil organic matter and salt accumulation.		
	• Instability in production volume due to increased soil runoff and damage to agricultural infrastructure caused by floods, landslides, and cyclones.		
	• Progression of eutrophication, pesticide runoff, and accumulation of heavy metals. • Quality deterioration due to disease occurrence caused by worsening irrigation water quality or exceeding pesticide residue limits. • Increased burden of water and soil restoration costs and monitoring expenses.	• Sales decrease due to changes in procurement sources by customers avoiding suppliers with a history of environmental pollution incidents or suspected environmental contamination, stricter contract renewal conditions, and suspension of contract renewals.	• Formulation and notification of cocoa bean procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Strengthening traceability.
	• Increase in open burning and illegal dumping of agricultural residues and waste. • Lawsuits from local communities due to decreased productivity of surrounding farmland caused by soil and water deterioration.	• Sales decrease due to changes in procurement sources by customers avoiding inappropriate management of agricultural residues and waste, stricter contract renewal conditions, and suspension of contract renewals. • Temporary losses such as compensation payments and import suspension due to lawsuits arising from inappropriate waste management in production areas, and sales suspension.	
	• Fragmentation of ecosystems due to expansion of land use prioritizing efficiency. • Collapse of ecosystem balance due to decrease in native species, uneven distribution of water resources, and severe soil degradation. • Health hazards and conflicts over water resources caused by environmental deterioration in local communities.	• Sales decrease due to changes in procurement sources by customers avoiding suppliers suspected of deteriorating living environments of residents in procurement regions, stricter contract renewal conditions, and suspension of contract renewals. • Decline in reputation and stock price due to criticism by NGOs and media attributing responsibility to the procuring side.	

We will continue to ensure stable procurement of cocoa beans through the procurement of certified products and sustainability assessments.

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

Coffee Beans

Identification of Commodity-Specific Dependencies and Impacts

First, ITOCHU identified the dependencies and impacts on natural capital and their importance in general coffee bean procurement using ENCORE, TNFD's Food & Agriculture Sector Guidance, and academic papers on environmental risks in coffee cultivation. The assessment was conducted on a five-point scale: Very Low, Low, Medium, High, and Very High. As a result, it was found that coffee cultivation requires large amounts of water, resulting in a high dependency on water resources, and that irrigation is also necessary in dry seasons and high-altitude areas.

Evaluation of Natural Conditions in Procurement Regions

We procure coffee beans mainly from Brazil and Guatemala. We have identified these major procurement areas as subjects of the analysis. We examined the extent to which the procurement areas correspond dependencies and impacts assessed as "High" or "Very High," as well as the types of risks could arise. In this assessment, we compared the dependencies and impacts related to coffee bean production described above with the TNFD criteria for sensitive locations, and selected the following databases:

- BII (Biodiversity Intactness Index)
- Landmark
- WWF Water Risk Filter
- Ecoregion Intactness Index
- WWF Biodiversity Risk Filter

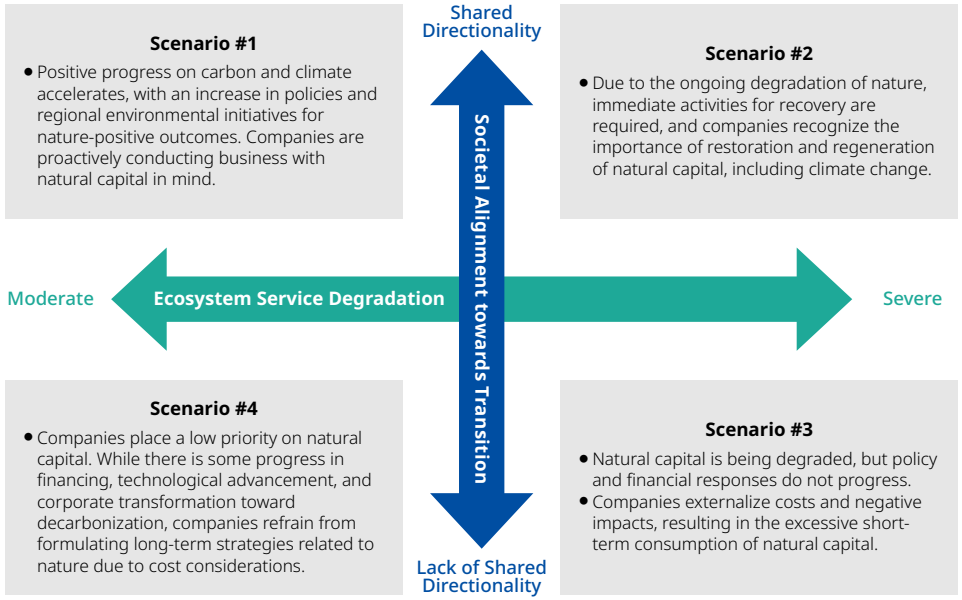
Through desktop analysis using these databases, we evaluated the natural conditions and potential risks in the procurement areas. As a result, we found that in major coffee bean procurement areas, there are high risks of water and soil quality deterioration due to excessive agrochemical use, as well as risks of decreased yield and quality from natural disasters such as landslides, forest fires, and floods.

Scenario Analysis of Business Impacts

Nature-related risks are expected to materialize as changes in the external conditions change. For each of the six external factors affecting the business environment—political, economic, social, technological, legal, and environmental—we developed future scenarios for 2040 based on above risk assessment results for the procurement areas and relevant literature. We then assessed what kinds of business impacts could arise in the procurement areas and evaluated their likelihood on a three-point scale: Low, Medium, and High. These results were subsequently reviewed in detail by those in charge of sustainability for food-related businesses.

The scenario used in this analysis, consistent with the LEAP approach, was "Scenario #2 (characterized by the significant damage from nature destruction, and high corporate interest in natural capital)" as assumed in the TNFD guidelines.

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



● Overview of the four scenarios based on the Guidance on scenario analysis (https://tnfd.global/wp-content/uploads/2023/09/Guidance_on_scenario_analysis_V1.pdf?v=1695138235) : ITOCHU's Approach

Furthermore, with regard to impacts assessed as having a "High" likelihood, those in charge of sustainability for food-related businesses also closely examined the financial risks that we could potentially bear if such impacts were to occur in the procurement areas. The analysis indicated concerns about decreased yield and quality of coffee beans due to deterioration of water and soil quality as well as water shortages in many procurement areas. When these risks materialize, reduced sales would be the main financial risk for us. However, coffee cultivation is often undertaken by smallholder, there are certain limitations to the risk mitigation measures that suppliers can implement.

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

Confirmation of Responses and Measures

As described above, regarding the risks in coffee bean procurement, it is important not only to rely on preventive measures by suppliers, but also to proactively implement our own countermeasures. We provide guidance to high nature-related risk suppliers identified through supplier surveys. In addition, through UNEX, S.A., we provide technical support to smallholder and promote environmentally regenerative agriculture—such as the use of shade trees and compost—in harmony with the natural environment. These efforts help popularize sustainable coffee production and stabilize farmers' livelihoods (preventing farm abandonment), thereby establishing a framework to proactively prevent the materialization of risks that could have significant financial impacts on our business.

Details of the impacts evaluated to have a high likelihood of materializing in the procurement process, the risks to us, and our responses are as follows:

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Risks for ITOCHU	Adaptation and Countermeasures for Risks
Political / Legal	• Concentration of procurement in certified regions where traceability to primary production is ensured. • Acceleration of producer withdrawal and consolidation in regions not meeting strict traceability requirements.	• Occurrence of temporary losses due to export suspension, confiscation, fines, or contract breaches if handling raw materials not complying with local regulations.	• Proactive information gathering and prompt response to relevant laws and regulations. • Formulation and communication of coffee bean procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Procurement of certified raw materials (KPI: switching to sustainable coffee beans by 2030 to 50%). • Strengthening traceability.
	• Strengthened monitoring from external stakeholders due to standardization of public disclosure of nature-related data. • Increased operational burden for data collection for disclosure.	• Loss of trust from stakeholders, decline in corporate reputation, and drop in stock price if information disclosure is insufficient.	• Proactive information gathering and prompt response to disclosure-related laws and standards. • Promotion of operational efficiency and in-house handling of disclosure responses.
Economic / Social	• Establishment of joint monitoring by NGOs, companies, and local governments. • Growing demand for highly transparent reporting through enhanced monitoring of grievance mechanisms and their procedures and timeliness.	• Loss of sales opportunities due to changes in procurement sources by business partners resulting from delayed responses or lack of transparency.	• Formulation and notification of coffee bean procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Procurement of certified raw materials (KPI: switching to sustainable coffee beans by 2030 to 50%). • Strengthening traceability.
Technological	• Stabilization of crop production and suppression of crop prices due to technological innovation. • Delay in the introduction of new technologies among small suppliers.	• Temporary decline in gross profit margin due to increased crop cultivation management costs from the introduction of advanced technologies and their reflection in direct procurement prices.	• Rapid information gathering and prompt responses to market fluctuations.
Environmental	• Reduction in available resources due to the spread of diseases. • Increased frequency of cultivation suspension and greater supply fluctuations among production areas. • Decline in genetic diversity and uneven resistance to environment and diseases, leading to greater variability in quality.	• Loss of sales opportunities due to inability to secure the required volume to meet customer needs. • Penalties and deterioration of contract terms if unable to fulfill contracted quantity due to reduced yield. • Lower gross profit margin and disposal losses due to repeated inspection failures and returns caused by quality deterioration.	• Rapid information gathering and prompt response to market fluctuations. • Diversification of procurement areas. • Technical support for smallholder farmers (initiatives by UNEX (Guatemala), S.A.)
	• Chronic shortage of irrigation water due to uncertainty of rainfall and excessive pumping of groundwater. • Increased suspension of water intake and more restrictions on water distribution due to intensified competition for water.		
	• Occurrence of crop failures due to higher frequency of high temperatures, heat waves, localized heavy rainfall, and storms. • Increased fruiting failure and lodging damage in existing production areas due to shifts in suitable growing regions.		
	• Increase in turbidity, pathogens, and chemical load in rivers and irrigation water. • Increase in shipment suspension due to growth disorders and exceeding pesticide residue limits. • Decline in soil fertility due to reduced soil organic matter and salt accumulation.		
	• Instability in production volume due to increased soil runoff and damage to agricultural infrastructure caused by floods, landslides, and cyclones.		
	• Decrease in beneficial microorganisms and increased habitat fragmentation due to reduced ecosystem integrity and connectivity, leading to more pest and disease outbreaks and lower seedling establishment rates.		• Rapid information gathering and prompt response to market fluctuations. • Diversification of procurement areas.

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

External Factors	Impact Judged Likely to Manifest in the Procurement Process	Risks for ITOCHU	Adaptation and Countermeasures for Risks
Environmental	• Loss of biodiversity and carbon emissions due to farmland conversion and peatland development. • Expansion of production areas subject to increased international criticism, loss of certification, or import restrictions.	• Sales decrease due to changes in procurement sources by customers concerned about the land conversion history of new farmland suppliers, stricter contract renewal conditions, and suspension of contract renewals. • Sales decrease due to suspension of contract renewals. • Temporary losses such as compensation payments, import suspension, and sales suspension due to lawsuits arising from farmland conversion in production areas.	• Formulation and notification of coffee bean procurement policy and supply chain sustainability action guidelines. • Annual sustainability surveys for key suppliers and requests for corrective actions to non-compliant suppliers. • Procurement of certified raw materials (KPI: switching to sustainable coffee beans by 2030 to 50%). • Strengthening traceability. • Implementation of human rights due diligence for business partners (2020)*. *Initiatives to address impacts on local communities in procurement regions.
	• Fragmentation of ecosystems due to expansion of land use prioritizing efficiency. • Collapse of ecosystem balance due to decrease in native species, uneven distribution of water resources, and severe soil degradation. • Health hazards and conflicts over water resources caused by environmental deterioration in local communities.	• Sales decrease due to changes in procurement sources by customers avoiding suppliers suspected of deteriorating living environments of residents in procurement regions, stricter contract renewal conditions, and suspension of contract renewals. • Temporary losses such as compensation payments, import suspension, and sales suspension due to lawsuits arising from human rights violations in production areas. • Decline in reputation and stock price due to criticism by NGOs and the media attributing responsibility to the procuring side.	

We will continue to ensure stable procurement of coffee beans through the procurement of certified products and sustainability assessments.

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

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 (P198)

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/companies/take-action/act/) and TNFD Recommendations (https://tnfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf?v=1695118661)

*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.

■ Analysis on Our Initiatives in Line with the AR3T Action Framework

Major Category	Commodity	Specific Initiatives	
Forest resources	Timber (P199)	Avoid	Achieving a handling ratio of certified or highly controlled materials of 100%
		Transform	Engaging with NPOs
	Natural rubber (P201)	Transform	Participating in GPSNR as a founding member and cooperating in formulating and operating platform standards
	Palm oil (P202)	Avoid	Achieving 100% traceability at the mill level
		Transform	Joined RSPO and promoting initiatives
	Biomass fuel (P204)	Avoid	Procuring legally accepted woody biomass fuel according to PEFC, FSC and other third-party certification
Food	Cocoa beans and coffee beans (P204)	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 (P205)	Reduce	Reducing ecological degradation by raising dairy cows while changing their grazing land regularly in New Zealand
	Meat (P206)	Avoid	Built a system to enable 100% trace back to the production stage for all meat suppliers
	Marine products (P207)	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 (P208)	Avoid	Acquired GOTS certification and achieving 100% traceability for our procurement of organic cotton in India
	Environmentally-friendly materials (P208)	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/csr/society/value_chain/activity/#h3_10
*2 https://www.itochu.co.jp/en/csr/social/conservation/index.html#h2_05

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

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)

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 (P250)

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

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

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.

Metrics and Targets

ITOCHU is committed to preserving biodiversity by promoting product certification and ensuring traceability including throughout the supply chain. In addition, we conducts social contribution activities 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	FY2025 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 by 2025. • 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 10,000 tons per year by 2026.	• The handling ratio of certified or highly controlled forestry products are 100% for pulps, chips and woods. • Palm oil has 100% traceability to mill level in FY2025. • The ratio of sustainable coffee beans in our coffee bean procurement in FY2025 was 34%. • The volume of MSC/CoC in fisheries raw materials in FY2025 was 10,600 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 (P198)

Targets in Business-related Areas

• Targets for Each Key Field in Social Contribution Activities (P210)

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

Performance Data

Performance Data in Business Activities

- Performance Data Regarding Forest Certification and Legal Compliance, Sustainable Procurement Performance Data of Raw Materials for Papermaking (P200)
- Performance Data on Natural Rubber (P202)
- Performance Data Regarding Sustainable Palm Oil Procurement (P203)
- Performance Data on Sustainable Coffee Bean Procurement (P205)
- Performance Data on Traceability of Meat (P206)
- Performance Data Related to Certification of Marine Products (P207)
- Performance Data on Organic Cotton Procurement (P208)

Performance Data on Business-related Areas

- Collaborative Conservation Project for Rare Freshwater Fish Ayumodoki (P212)
- Project for Protecting Green Turtles, an Endangered Species (P212)
- Amazonian Manatee Reintroduction Project
  (https://www.itochu.co.jp/en/csr/social/amazon/index.html#table01)

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 FY2025). • Waste volume to be made into RENU: equivalent to 4.8 million pieces of T-shirts • CO_2 reduction: 1,491 tons • Water usage reduction: 5,018 kiloliters • Approximately 6,000 collection points for Wear to Fashion, the clothing recycling service (as of March 2026). • 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. At Expo 2025 Osaka, Kansai, some of the used uniforms from the Expo staff were recycled through this project, contributing to the realization of a circular society.
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 nine existing projects and one another resource-related project. • We carried out social activities at the communities where our projects are located.

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								
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 emissions reduction amount by introduction of clean energy.	**Result in FY2025** • Utilization of processed pineapple residue: 117,666 t Due to improved pineapple yield, the amount of residue input has decreased. • GHG emissions reduction from Renewable Energy installation: 68,526 t-CO_2e Reduction volume decreased due to lower residue input volume.
• 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. **Targets for 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.	**Result in FY2025** • Coffee Beans (certified products): procurement ratio 34% • Cacao beans (traceable products): procurement ratio 55% • RSPO Certified Palm Products/Oleo chemicals: Palm Oils 38% Oleo Chemical Products 63% **Support Achievements to Each Producing Country (Qualitative)** • Coffee Beans To contribute more directly to Ethiopia's coffee industry, we partnered with related company to donate coffee seedlings.
• 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.	In FY2025, we handled 10,600 t of MSC certified tuna in total. (Increasing to 9% volume in our total handling)
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 GHG.	Handle certified or highly controlled forest products.	Ensure a 100% handling ratio of certified or highly controlled forest products.	In FY2025, 100% of our Pulp, Woodchips and Wood Products & Materials transactions were handled as certified or highly controlled forest products.
• 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 the modern slavery issue.	• We will establish a traceability system to make uncertain raw material procurement supply chains 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 2028 through an original block chain-based traceability system.) • We will increase the number of smallholders receiving 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. • Implemented sustainability training and education for 8,223 smallholders (based on the performance from January 2025 to December 2025), accumulatively 28,135 smallholders (*based on the performance from January 2021 to December 2025).

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.

Keidanren Initiative for Biodiversity

Cooperation with External Organizations

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

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

In addition, we also joined as a founding member in the 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" (P114) 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 (P207)
- International Seafood Sustainability Foundation (ISSF)
  - Refer to: Sustainable Procurement: Policies and Initiatives by Product Type (P207)

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 actively adopt cutting-edge technologies from a medium- to long-term perspective. We will also take the lead in promoting concrete measures to contribute to a transformation in social structure toward a decarbonized and circular society, and which are expected to lead to sustainable growth in the future. 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 FY2030. ● Invest in renewable energy generation of totaling approximately 2,700 MW. ● Developing over 40 solar power plants, totaling 6,500 MW as of March 2026, 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 vessels, development of fuel supply bases, and procurement and production development 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 through the promotion and social implementation of ammonia-fueled vessels.
Energy Storage Systems (ESS)	● Aim for a cumulative installed storage capacity of approximately 3.5 GWh by FY2030.
Water Infrastructure	● Expand our achievements in Europe, Middle East and Australia to other regions. Continue to build up excellent assets.
Waste Management Project	● Expand our achievements in Europe and Middle East and other regions. Continue to build up excellent assets.

Renewable energy ratio

19.9% (FY2025) → over 20% by FY2030

Cumulative energy storage system capacity

over 3.5 GWh by FY2030

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.

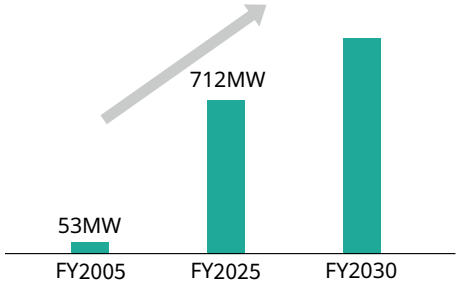
Introduction to Individual Businesses

1. Renewable Energy

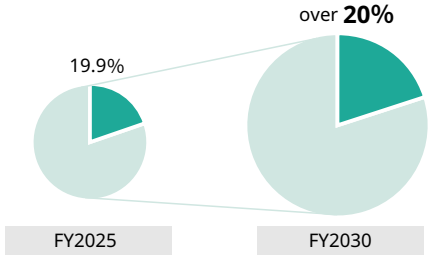
ITOCHU globally enhances decarbonization-related businesses such as renewable power, hydrogen and ammonia. In the United States, leveraging more than 20 years of experience in the power business, we have established a value chain centered on Tyr Energy, Inc. and NAES Corporation, covering development, construction, investment, operation and maintenance. By strengthening renewable energy mainly in solar and onshore wind —which are experiencing strong private-sector demand— and combining development with engineering, O&M and repair and overhaul functions, we aim to build earnings across the value chain.

Renewable Energy Power Generation

■ 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 FY2030

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2030 (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	122	164	196	240	213	19.9%	20%>
Solar/PV Power	112	132	164	225	360		
Geothermal	83	83	83	83	83		
Biomass	57	57	57	57	57		
Renewable Energy (Total)	**373**	**436**	**500**	**605**	**712**		
Natural Gas	1,258	1,258	1,466	1,666	1,897	80.1%	80%<
Oil-fired Power	315	315	315	315	315		
Coal-fired Power	640	640	640	640	640		
Thermal Power (Total)	**2,213**	**2,213**	**2,421**	**2,621**	**2,852**		
Grand Total	2,586	2,648	2,921	3,226	3,564	100%	100%

For a list of our renewable energy-related businesses please visit here (P125).
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

Aomori Mutsu Ogawara Onshore Wind Farm

In March 2026, commercial operation of an onshore wind farm (maximum output capacity: 64.5 MW) began 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 expect this wind farm to generate approximately 170 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

Oita-Hiyoshibaru solar power plant

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). In 2025, we decided to convert the aforementioned power plant in Saga Prefecture to the FIP scheme and operate it with an integrated battery storage system. Under the existing FIT scheme, electricity generated is purchased by electric power companies at a fixed price set by the government, whereas the FIP scheme allows electricity to be sold at market prices, with a certain premium paid on top of the market price. This transition enables flexible supply by storing electricity, thereby contributing to the stable supply of renewable energy. 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.

Distributed Solar Power Supply Business

On-site distributed power supply operated by i GRID SOLUTIONS

Off-site distributed power supply operated by Clean Energy Connect

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.

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 FY2025, we have introduced solar power plants with “additionality” at approximately 2,700 locations in Japan. These solar power plants are widely distributed across 352 municipalities in 25 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 236 million kWh per year, with CO_2 reductions amounting to 107,000 tons of CO_2 annually.

Clean-tech Business

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 FY2026.

Exterior of Ichihara Biomass Power Plant

Wind Power Business

ITOCHU invests in seven wind power projects in total, including six in the United States and one in Japan. In 2023, we established a fund targeting renewable energy assets in North America. Through this fund, we invested in the Grandview Wind Power Plant (211 MW) in February 2024 and Dan's Mountain Wind Project (55MW) in May 2025. We plan to build out a renewable energy portfolio worth approximately US 2 billion dollars through this fund.

Bowman Wind Power Plant in North Dakota

In January 2026, we also invested in the Bowman Wind Power Plant (208MW) in North Dakota, one of the highest wind resource regions in the United States. For this project, we have entered into power purchase agreements (PPAs) with a total of eight entities, including universities and medical institutions. By supplying renewable energy equivalent to the electricity consumption of approximately 100,000 households, we are making a direct contribution to the development of a sustainable local community.

Solar Panel Recycling Business

ITOCHU undertook a capital increase through a third-party allotment from ROSI SAS. – a French company engaged in reuse and developing and holding 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 has been 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.

Sarulla Geothermal Power Plant (2nd/3rd Unit)

Solar Power

ITOCHU is actively expanding its solar power business, mainly in the United States and Japan. In October 2025, we invested in Phase 1 (150 MW) of the Black Hollow Sun Power Plant (Platte River Solar Power Project), which will become the largest solar power facility in Northern Colorado, USA. Phase 2 (108 MW) is currently under construction and is scheduled for completion by the end of 2026. Once both phases are operational, the total capacity will reach 258 MW. Through a power purchase agreement (PPA) with a local utility company, the project will supply renewable energy equivalent to the electricity consumption of approximately 70,000 households.

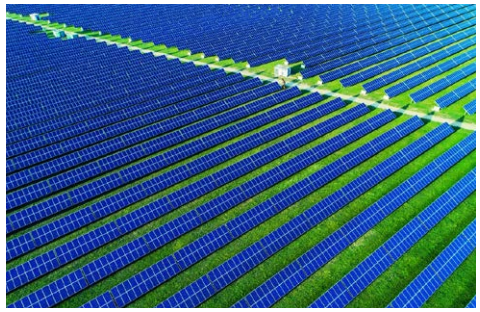
Clean-tech Business

Operation and Maintenance for Renewable Power in North America

Through NAES Corporation, ITOCHU's wholly owned subsidiary and the world's largest independent O&M provider, ITOCHU provides operation and maintenance services and asset management for approximately 1,000 solar, battery storage and wind power facilities in the United States, representing about 3,000 MW in aggregate. By utilizing remote monitoring systems, NAES delivers services to distributed renewable generation sites across the country.

Renewable Power Developments in North America

Through Tyr Energy Development Renewables, LLC (TED), a dedicated greenfield renewable energy development platform established in the United States in 2022, we are currently developing renewable energy projects of 40 solar projects approximately totaling 6,500 MW, including projects already sold. TED has full suite function of greenfield development including land acquisition, permitting, grid interconnection process, Power Purchase Agreements origination, contractor and equipment selection and financing arrangements, thereby accelerating development in the North American renewable energy market.



Utility scale solar projects developed in USA

Solar and Battery Hybrid IPP Project in Timor-Leste

ITOCHU in partnership with EDF power solutions of the EDF Group, is participating in solar (72 MW) and battery storage (36 MW / 36 MWh) project in Timor-Leste, which will be the country's first full-scale renewable energy IPP project. In July 2025, ITOCHU signed a 25-year long-term power purchase agreement with the Timor-Leste Electric Utility. Currently, Timor-Leste relies almost entirely on imported diesel fuel for its electricity supply, resulting in substantial financial burdens and significant greenhouse gas emissions. The project involves the construction of a 72 MW solar power plant and a 36 MW / 36 MWh battery energy storage system in Manatuto Province with construction scheduled to commence in FY2026. The plant is expected to supply renewable energy equivalent to the typical consumption of approximately 80,000 households (around 400,000 people) in Timor-Leste, contributing not only to improved living infrastructure through stable power supply, but also to the realization of Timor-Leste's clean energy policy goals.

Waste Management Project

Aerial view of Serbia/Belgrade waste management public-private partnership project

A portion of municipal solid waste generated globally is neither properly collected nor appropriately treated, and is instead left scattered or disposed of through uncontrolled landfilling or open burning. As a result, decomposition gases may accumulate and spontaneously ignite, causing fires, while hazardous substances can leach into rivers, lakes and groundwater, adversely affecting the health of local communities and surrounding ecosystems. With rapid urbanization and population growth, particularly in emerging economies, global waste volumes are expected to continue to increase. ITOCHU therefore positions the waste-to-energy business as a strategic focus area, contributing to the realization of sustainable local communities and the reduction of environmental impact.

In the United Kingdom, ITOCHU invests in three waste-to-energy projects for municipal authorities. These projects collectively treat approximately 850 thousand tons of waste annually and supply electricity equivalent to the consumption of around 100,000 households. In the Republic of Serbia, in collaboration with the Government of Serbia and the City of Belgrade, ITOCHU develops promotes an integrated waste management project that includes a waste-to-energy facility. This project closes and properly manages the Vinča landfill, which had caused severe environmental damage and was one of the country's most significant environmental and social challenges. The project incinerates municipal solid waste generated in the City of Belgrade and utilizes the heat generated to produce clean electricity. Financing has been arranged from an international consortium comprising the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and the Austrian Development Bank (OeEB). Construction of the waste management facility, including the waste-to-energy plant, has been completed, and commercial operation commenced in July 2024. The waste-to-energy plant treats approximately 340 thousand tons of waste annually and supplies electricity equivalent to the consumption of around 30,000 households.

In addition to these initiatives, ITOCHU is also engaged in a waste-to-energy project in the Emirate of Dubai, UAE. This project is one of the largest waste-to-energy facilities in the world, treating approximately 1.9 million tons of municipal solid waste annually, equivalent to about 45% of the total waste generated in the emirate. The facility incinerates municipal solid waste and utilizes the heat generated during the process to produce electricity. Construction of the facility was completed in August 2024, and commercial operation has commenced. Through 35 years of operation, the project is expected to contribute to the achievement of the Dubai government's environmental and sanitary policy objectives, including the reduction of waste sent to landfill, the promotion of sustainable and environmentally sound waste management, and the advancement of alternative energy sources that do not rely on fossil fuels.

Clean-tech Business

Energy Storage Systems (ESS)

ITOCHU is advancing the integration and control of distributed energy resources centered on energy storage systems, in response to the increasing need for grid stabilization accompanying the widespread adoption of renewable energy. Through these initiatives, we aim to optimize electricity supply and demand, realize a decarbonized society, and mitigate environmental risks. In particular, we position the battery storage business as a core pillar for our business growth and are focused on building a robust social infrastructure to support stable power supply.

In the residential sector, we are enhancing our virtual power plant (VPP) business through GridShare, our AI-based control software. By integrally managing a diverse array of distributed energy resources, including residential batteries, heat pump water heaters (EcoCute), and other home appliances, we are working to establish a new energy management model. These efforts contribute to reinforcing regional power systems and improving overall energy efficiency.

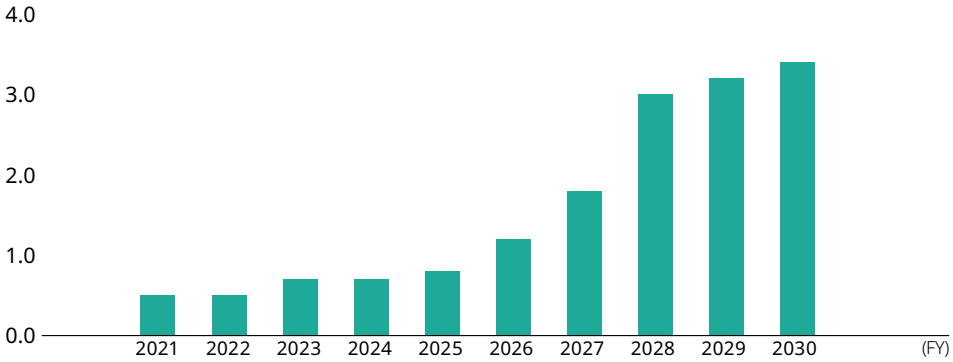
In the grid and industrial sectors, we leverage our strong procurement capabilities and extensive sales network for battery-related equipment to invest in and operate grid-scale storage plants. In addition, we offer Bluestorage, a solution that supports corporate decarbonization and resilience enhancement. We are also committed to building a resource-circulating business by advancing battery recycling and establishing robust traceability systems for used batteries. By FY2030, we aim to achieve a cumulative installed storage capacity of approximately 3.5 GWh, thereby contributing to the sustainable enhancement of our corporate value.

Cumulative Energy Capacity of Our ESS Products

In cooperation with business partners, ITOCHU developed and commercialized Smart Star series of residential ESS. As of the end of March 2026, approximately 60,000 distributed units can be controlled through our platform.

We have also begun to build up a track record of installations of Bluestorage, an energy storage system for C&I (Commercial and Industrial) 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 Installed Capacity of Distributed Energy Resources (GWh)**



Other Initiatives

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 deployment 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 generation 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 9 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.

Joint Promotion of a Utility-scale Energy Storage Project in Chikuzen, Fukuoka

ITOCHU, in collaboration with Mitsubishi Estate Co., Ltd. and Tokyo Century Corporation, has commenced construction of a utility-scale battery energy storage facility in Chikuzen-machi, Asakura-gun, Fukuoka Prefecture. The project is scheduled to begin commercial operation in FY2027.

Image of energy storage

As renewable energy sources, particularly solar power, continue to expand in the Kyushu region, large fluctuations in power output depending on weather conditions and time of day have created challenges for maintaining a stable electricity supply. To address these challenges and help stabilize the power grid, this project will flexibly participate in multiple electricity markets, including the Capacity Market, Wholesale Electricity Market, and Balancing Market, and aims to achieve both stable profitability and grid stability through advanced operations utilizing our proprietary AI system. By providing supply-demand balancing capacity, we will help build a sustainable energy society.

As Japan advances toward its 2050 carbon neutrality target under the Seventh Strategic Energy Plan formulated by the Ministry of Economy, Trade and Industry, the deployment of renewable energy—particularly solar power—is accelerating. In this context, the battery storage market is expected to continue expanding significantly.

Clean-tech Business

Expansion of the Distributed Energy Platform "GridShare"

ITOCHU has been a pioneer in the residential energy storage sector, advancing a capital and business alliance since 2018 with UK-based Moixa Energy Holdings Ltd. (now part of the Lunar Energy Limited), the developer of GridShare, software for the optimal charge and discharge control of energy storage systems. Today, through GridShare Japan Co., Ltd., ITOCHU is deploying GridShare, a platform that uses AI to optimally control distributed energy resources, including residential batteries and heat pump water heaters.

GridShare connects approximately 40,000 batteries across Japan through a cloud-based network and uses AI to remotely optimize charging and discharging based on each household's electricity usage patterns and weather data, thereby improving self-consumption rates. In addition, these individually small distributed energy resources are integrated and controlled so that they function like a single large-scale storage system and are utilized as a virtual power plant (VPP). Through this mechanism, demand response is carried out in accordance with electricity supply-demand conditions. By designing the integration, control, aggregation and market linkage of distributed energy resources as one unified framework, we are creating new forms of energy value.

In December 2025, five companies—Kyushu Electric Power Company, Incorporated, Chubu Electric Power Miraiz Company, Incorporated, TOKYU LAND CORPORATION, OMRON Social Solutions Co. Ltd., and Lunar Energy Limited—newly joined as shareholders, further strengthening the business foundation. Going forward, in addition to supporting grid stability through participation in the Capacity Market, Balancing Market, and other electricity markets, we will expand the platform's scope beyond batteries to include a wider range of energy resources such as water heaters and EVs, and continue evolving it into a platform that supports next-generation power infrastructure. Through this initiative, we will help promote the wider adoption of energy management systems that enable more effective use of distributed energy storage and contribute to the realization of a society in which green electricity circulates.

Equity Participation in TRENDE Inc. and Future Collaboration

With the mission of "lighting up the future," TRENDE Inc. offers leasing services ("Teraris") that enable customers to install residential solar power systems and energy storage systems with no upfront cost, while also engaging in the technological development and social implementation of P2P power trading*1 aimed at promoting the efficient utilization and broader adoption of renewable energy.

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.

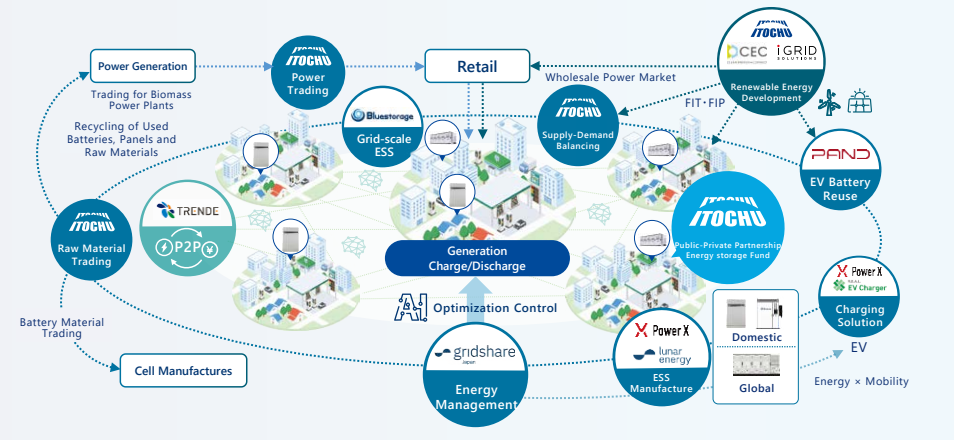
*1 P2P power trading: Abbreviation for Peer to Peer. Refers to direct transactions of electricity between electricity consumers and power generation facility owners.
*2 Non-fossil value: Environmental value given to power sources that do not use fossil fuels for power generation. A trading market was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

Energy Management Business Using AI Technology

As renewable energy adoption continues to expand, achieving both a decarbonized society and a stable electricity supply has become an increasingly important challenge. Because renewable energy output varies depending on weather conditions and time of the day, the importance of energy storage systems that can flexibly charge and discharge in response to electricity supply-demand fluctuations is growing. Leveraging its accumulated expertise in the battery storage business and power trading, ITOCHU is advancing energy management businesses that utilize AI.

Specifically, by analyzing weather forecasts, electricity demand, electricity market prices, and other data, ITOCHU optimizes the charging and discharging of batteries in order to maximize the use of renewable energy, stabilize the supply-demand balance, and optimize energy costs. In addition, ITOCHU is also working to build a new energy management model that integrates and controls distributed energy resources such as residential batteries, EVs, and water heaters, and utilizes them as balancing capacity.

Going forward, ITOCHU will continue to promote the wider adoption of renewable energy and the realization of a sustainable society through the implementation of new systems powered by digital technologies.



Overview of next-generation energy management integrating renewable energy and AI

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	43MW	100,000 t/year
	Cotton Plains Wind Power Project	USA	202MW	480,000 t/year
	Prairie Switch Wind Power Project	USA	160MW	380,000 t/year
	Grandview Wind Power Project	USA	211MW	500,000 t/year
	Bowman Wind Power Project	USA	209MW	500,000 t/year
	Dan's Mountain Power Project	USA	55MW	130,0000 t/year
	Mutsu Ogawara Wind Power Project	Japan	64.5MW	150,000 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	210,000 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	2,170,000 t/year
Geothermal	Sarulla Operations Ltd	Indonesia	330 MW	1,850,000 t/year
Solar	Cotton Plains Solar Power Project	USA	15MW	20,000 t/year
	Rosamond South Solar and Storge Battery Project	USA	140MW	150,000 t/year
	Black Hollow Sun (Platte River Solar Project) (Phase 1: in Operation, Phase 2: Under Construction)	USA	258MW	280,000 t/year
	Rooftop Solar Projects	Vietnam	22MW	30,000 t/year
	Oita Hiyoshibaru Solar Power Plant Large-Scale Solar Power Plant	Japan	45MW	50,000 t/year
	Shin-Okayama Solar Power Plant Large-Scale Solar Power Plant	Japan	37MW	40,000 t/year
	Saijo Komatsu Solar Power Plant Large-Scale Solar Power Plant	Japan	26MW	30,000 t/year
	Saga-Ouchi Solar Power Plant Large-Scale Solar Power Plant	Japan	21MW	20,000 t/year
	i-Grid Solutions, Inc.	Japan	364MW	390,000 t/year
	Clean Energy Connect	Japan	244MW	260,000 t/year
Biomass	Ichihara Biomass Power Plant	Japan	• 49.9 MW • Scale of power generation: Equivalent power consumption of 120,000 households	370,000 t/year
	Hyuga Biomass Power Plant	Japan	50MW	370,000 t/year
	Tahara Biomass Power Plant (Under Construction)	Japan	50MW	370,000 t/year

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

	FY2025 Net profit attributable to ITOCHU	FY2026 Forecast Net profit attributable to ITOCHU
Energy & Power Solutions Division*1	27.0 billion JPY	29.5 billion JPY
North American Electric-power-related Business*2	26.5 billion JPY	27.8 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.

Clean-tech Business

2. Next-Generation Energy

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.

Joint Development of Ammonia-Fueled Vessels and Development of the Supply Chain for Marine Ammonia Fuel

ITOCHU is pursuing an integrated project for ammonia fuel with the aim of contributing to the decarbonization of international shipping. This integrated project comprehensively covers (i) development of vessels fueled primarily by ammonia, (ii) ownership and operation of such vessels, (iii) development of fuel supply bases, and (iv) procurement and production development of fuel ammonia. Through this integrated approach, we aim to build a global ammonia value chain and contribute to the social implementation of ammonia as a marine fuel.

Development of Ammonia-Fueled Vessels

In October 2021, ITOCHU, together with Kawasaki Kisen Kaisha, Ltd., NS United Kaiun Kaisha, Ltd., Nihon Shipyard Co., Ltd. and Mitsui E&S Co., Ltd., applied for and was selected under NEDO's Green Innovation Fund Project for the Development of Next-Generation Ships / Development of Ammonia-Fueled Ships. In November 2022, the five companies jointly obtained Approval in Principle from ClassNK (Nippon Kaiji Kyokai) for the basic design of an ammonia-fueled 200,000 deadweight ton bulk carrier.

Illustration of an Ammonia Bunkering Vessel

In February 2026, the ammonia engine for a large ammonia-fueled bulk carrier entered its final onshore testing phase, and we are proceeding with finalization of vessel specifications and discussions with shipyards toward placement of a shipbuilding order.

Development of the Supply Chain for Marine Ammonia Fuel

ITOCHU is advancing the development of marine ammonia fuel supply globally. We are prioritizing Singapore and are also progressing initiatives in major European ports, the Suez Canal, the Panama Canal and other locations. In Singapore, ITOCHU was selected in July 2024 as a candidate ammonia bunkering player by the Maritime and Port Authority of Singapore. In June 2025, through Clean Ammonia Bunkering Shipping Pte. Ltd., our wholly owned Singapore-based subsidiary, we ordered the world's first newbuilding ammonia bunkering vessel with a tank capacity of 5,000 m^3. This vessel is expected to be delivered in September 2027.

In April 2026, the Maritime and Port Authority of Singapore granted authorisation to conduct ammonia bunkering trials in Singapore. Based on this authorisation, ITOCHU plans to conduct demonstration trials in collaboration with Mitsui O.S.K. Lines, jointly with CMB.TECH NV, supplying ammonia fuel from the dedicated bunkering vessel to dual-fuel Capesize bulk carriers in Singapore.

Outside Singapore, ITOCHU is promoting collaborative initiatives for marine ammonia fuel supply with Peninsula Petroleum in Spain and Orascom Construction PLC in Egypt. At the same time, we are progressing green ammonia production projects in Indonesia and India as supply sources for bunkering hubs in Singapore and other major ports, thereby promoting the establishment of a safe fuel supply system and a global supply chain.

Clean-tech Business

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.

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.

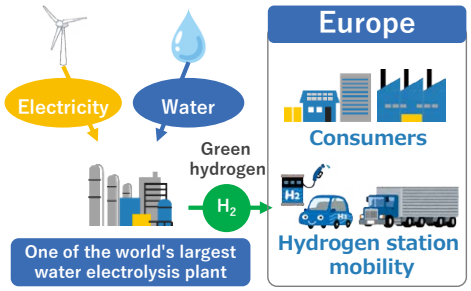


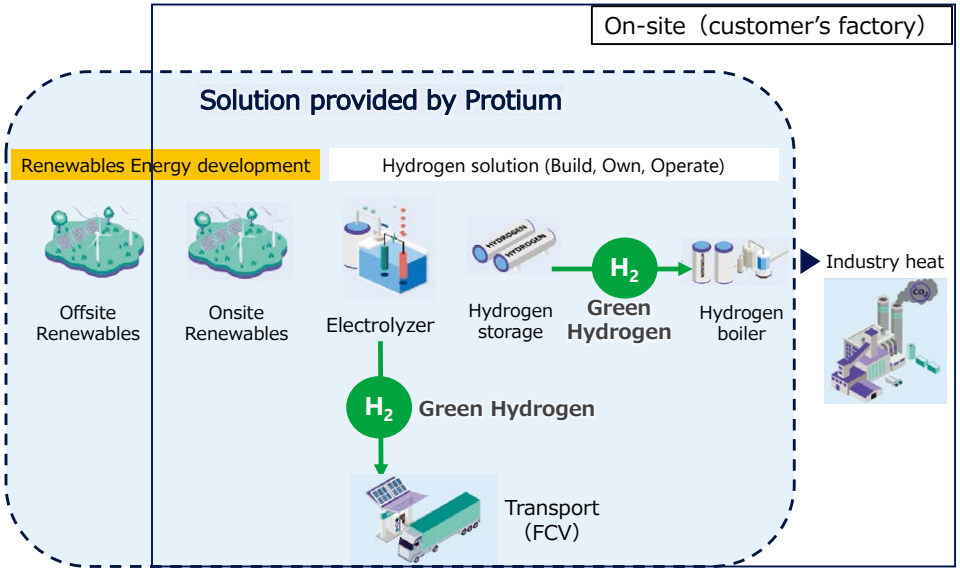
Diagram of the flow of green hydrogen delivered to consumers

Inside the plant

Investment in Protium Green Solutions

In December 2024, ITOCHU invested in Protium Green Solutions Limited, a UK-based company engaged in distributed green hydrogen production based on a local production and local consumption model. Since Protium Green Solutions started hydrogen production in 2023, the company has been providing hydrogen solutions to a number of customers in the industrial and transportation sectors by offering intensive consultation on hydrogen usage which is specific to each individual customer. Through this investment, ITOCHU looks to promote green hydrogen solutions in Asian markets, including Japan, with the ultimate aim of realizing a low-carbon society.

Electrolyzer



Illustrative scheme of Protium's green hydrogen solutions (example)

Clean-tech Business

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

In 2024, ITOCHU 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. In 2025, ZeroAvia became the first developer of hydrogen-electric engines in the world to receive Design Organization Approval (DOA) from the UK Civil Aviation Authority. ZeroAvia aims to obtain certification sequentially for engines for 9–19 seat aircraft, then 40–80 seat aircraft, and ultimately larger aircraft (200 seats) in the future. Compared with conventional jet fuel engines, hydrogen fuel cell engines are expected to reduce GHG emissions by more than 90% and to lower operating costs by approximately 40% due to the smaller number of components. Through collaboration with aircraft manufacturers, energy companies and airports, ZeroAvia has already secured more than 2,400 pre-orders for 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

Low-Carbon Fuel 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

Clean-tech Business

Supply of Low-Carbon Methanol Fuel to NYK Line at the Port of Ulsan, South Korea

As part of its efforts to build an alternative low-carbon fuel supply chain in the maritime sector, on September, 2025, ITOCHU Corporation sold low-carbon methanol fuel to NYK Line at the Port of Ulsan, South Korea and supplied it via the Ship-to-Ship (STS)* method to a methanol dual-fuel bulk carrier time-chartered by NYK BULK & PROJECTS CARRIERS LTD., a wholly owned subsidiary of NYK Line.

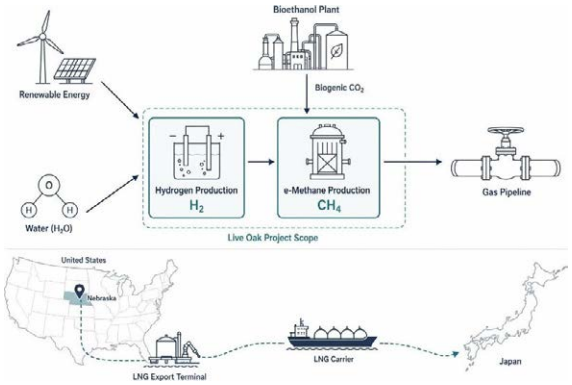
The low-carbon methanol fuel we supplied this time can significantly reduce carbon emissions compared to conventional fossil fuels such as heavy fuel oil. As reducing GHG emissions in the maritime industry becomes an urgent issue due to the global increase in cargo volume, this fuel achieves an approximately 65% reduction in GHG emissions compared to conventional heavy fuel oil. Through this, we are striving to achieve the goal of net-zero GHG emissions from international shipping by around 2050. Moving forward, we will expand our supply network, focusing on major Asian ports, to contribute to the decarbonization of international shipping and the achievement of the SDGs.

*STS method: A method of supplying fuel directly from a bunkering vessel.

TotalEnergies, TES, Osaka Gas, Toho Gas and ITOCHU Partner Up to Develop the Live Oak Project for e-NG Production in Nebraska

ITOCHU has entered into a joint development agreement with TotalEnergies SE, Tree Energy Solutions Belgium B.V., Osaka Gas Co., Ltd., and Toho Gas Co., Ltd. to conduct a front-end engineering design (FEED) for an e-methane (e-NG) production project in Nebraska, U.S. In this project, ITOCHU aims to produce e-NG using green hydrogen generated from renewable energy and biogenic CO_2 captured at bioethanol production plants, with plans to begin commercial operations by FY2030 with a capacity of approximately 75 ktpa of methanation and to export e-NG to Japan.

e-NG is chemically identical to methane, the primary component of conventional city gas. As such, existing LNG liquefaction and transportation facilities, city gas infrastructure and customers' combustion equipment can be used in the same manner as before. Therefore e-NG can facilitate a smooth transition to carbon neutrality while helping minimize overall social costs. We will coordinate Japanese companies and contribute to the societal implementation of e-methane and the realization of a carbon-neutral society.



e-Methane Production and Export Scheme to Japan in the Live Oak Project

3. Water Infrastructure

ITOCHU positions water-related business as a strategic priority in anticipation of growing demand driven by economic development, population growth and changes in rainfall patterns caused by climate change, particularly in emerging economies. We are engaged globally in businesses such as seawater desalination and water utility concessions.

Seawater Desalination

ITOCHU has invested in a seawater desalination project in Victoria, Australia. The plant has supported stable water supply to Melbourne since 2012 and is capable of meeting approximately 30% of the city's water demand. We have also invested as the largest shareholder in a seawater desalination project in Barka, Oman, promoted by Oman's public water procurement entity.

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, signed a contract for a seawater desalination project in Barka, northern Oman, with a capacity of 281,000 m^3 per day. The project is a public-private partnership with the Government of Oman to provide potable water in a region facing severe water stress. Using reverse osmosis membrane technology, the plant and associated facilities are operated over a 20-year period and commenced commercial operation in June 2018. With a total project cost of approximately US$300 million, it is the largest seawater desalination project in Oman. In February 2022, the company was listed on the Muscat Stock Exchange.

Aerial view of Oman seawater desalination plant

Currently, it serves as a vital piece of infrastructure, meeting approximately 30% of the water demand in the Muscat metropolitan area and about 23% of Oman's total water demand. The plant is strategically positioned as a key water supply hub for the capital, Muscat. It provides safe and reliable drinking water essential to daily life to the region, where severe water shortages had been a major challenge, and makes a significant contribution to the well-being of Omani citizens and the country's sustainable development.

Clean-tech Business

Water Treatment Plant Business

Sewerage Construction Project in the Kurdistan Region of Iraq

ITOCHU has been awarded the contract for the construction of a sewerage treatment facility project promoted by the Kurdistan Regional Government, and, in August 2025, signed a construction contract with the Directorate of Water and Sewerage. This project utilizes a Japanese ODA loan, which was agreed between the Japan International Cooperation Agency (JICA) and the Government of Iraq in June 2015, and aims for completion in 2028.

Erbil, with a population of approximately 2 million, has faced serious issues such as contamination of drinking water caused by underground infiltration of human waste and deterioration of public river water quality. The development of this facility will fundamentally improve the sanitary environment of the region and realize the securement and effective use of water resources. By actively promoting environmental business, ITOCHU will continue to contribute to the realization of a sustainable society through the effective utilization of environmental resources and efforts to solve social issues.

4. Low-carbon Iron Supply Chain

Creating a Low CO_2 Emission Supply Chain for Ferrous Raw Material

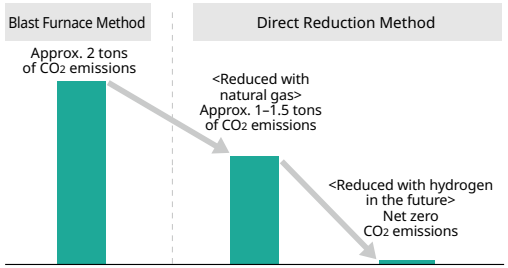
Reducing CO_2 emissions during the steelmaking process has become an urgent issue in the steel industry. The direct reduction route is a ironmaking process that can significantly reduce CO_2 emissions in the steelmaking process compared to the conventional blast furnace route by using high-grade iron 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

5. 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 mineral carbonation 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 "Myrtle" 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 has developed the "Myrtle" demonstration plant in Newcastle, Australia as the next step beyond its earlier pilot facilities. With a CO_2 processing capacity of approximately 2,000 tons per year, Myrtle is regarded as one of the world's largest and most advanced mineral carbonation demonstration plants, featuring automated and continuous operation capabilities. The plant will serve as a key platform for process validation and operational data collection to support the design and commercialization of future large-scale facilities. Looking ahead, MCi aims to scale up to commercial plants around 2030, first in Australia and subsequently in Japan.

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 FY2023 and the "Design Work Related to Advanced CCS Projects" for FY2024 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 FY2013 level) in FY2035, and ITOCHU is committed to focusing on its social implementation.

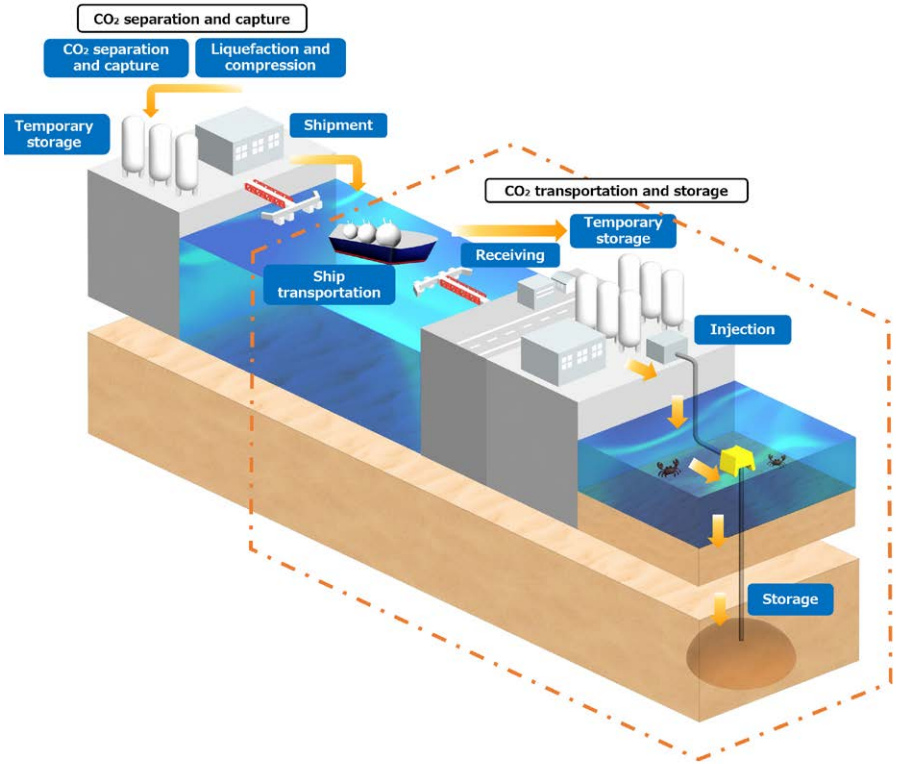


Image of large-scale and wide-area CCS value chain project using ship transportation

Clean-tech Business

6. 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, utilizing smart city concepts and IoT technologies.

The 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 five real estate assets with Building-Housing Energy-efficiency Labeling System (BELS) certification which accounts to 33.4% in surface area, and 11.1% in number of units among its entire portfolio. At Advance Private Investment Corporation, an unlisted open-ended REIT, we own seven real estate assets with CASBEE real estate valuation certification, which accounts to 49.9% in surface area, and 36.8% in number of units among its entire portfolios.

*Each figure is information as at end of January 2026.

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. As of May 2026, the alliance has 18 regular member companies and 56 supporting member companies. 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.

ESG Data (Environment)

Independent Assurance

The data below marked with ★ is independently assured by Deloitte Tohmatsu 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).

Independent Assurance Report (https://www.itochu.co.jp/en/csr/pdf/independent_assurance_report_e.pdf)

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: FY2021: 8, FY2022: 6, FY2023: 6, FY2024: 6, FY2025: 3 (Data coverage at the end of FY2025: 100%).
Ippeki Villa Area is not included in the scope of the data FY2022 due to business transfer during the fiscal period.
*2 The number of companies covered: FY2021: 233, FY2022: 225, FY2023: 241, FY2024: 241, FY2025: 265 (Data coverage at the end of FY2025: 100%)*5.
*3 The number of overseas offices covered: FY2021: 46, FY2022: 43, FY2023: 43, FY2024: 41, FY2025: 82 (Data coverage at the end of FY2025: 100%).
*4 The number of companies covered: FY2021: 254, FY2022: 257, FY2023: 261, FY2024: 263, FY2025: 274 (Data coverage at the end of FY2025: 100%)*5.
*5 In principle, the number of companies covered includes all the subsidiaries. However, GHG emissions, water withdrawal and discharge, and hazardous waste emissions from certain subsidiaries that do not require independent management as standalone entities, as well as water withdrawal and discharge and hazardous waste emissions from non-manufacturing site offices with 10 or fewer employees are not included in the aggregation due to their quantitative insignificance.

ESG Data (Environment)

Climate Change Performance Data

Energy Consumption

Energy Consumption

		FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Corporation	Purchased and Consumed Non-Renewable Fuel (Unit: MWh)	580	331	156	182	190
	Purchased Non-renewable Power (Unit: MWh)	27,107	26,332	22,367	22,411	22,314
	Other Purchased Non-renewable Energy (e.g., Steam, Heat and Cooling Water) (Unit: MWh)	6,869	7,046	7,993	8,371	8,540
	Generated Renewable Energy (Solar Power Generation*1) (Unit: MWh)	63	61	66	63	63
	Total of Energy Consumption Cost (Unit: million JPY)	573	652	612	625	614

*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)

	FY2021	FY2022	FY2023	FY2024	FY2025
Tokyo Headquarters	118,419	118,627	103,751	105,648	106,584

- The figures for the Tokyo Headquarters had been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation until FY2022, and from FY2023 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)

	FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Corporation*1	10,214	9,269	9,386	9,401	9,360
Group Companies in Japan	1,202,311	975,320	1,014,274	1,052,086	1,046,043
Overseas Offices	3,469	3,126	3,096	3,040	2,742
Overseas Group Companies	422,880	538,683	645,863	777,543	787,985
Grand Total of ITOCHU Group	1,638,874	1,526,398	1,672,619	1,842,070	★1,846,129

*1 Since January 2020, the Tokyo Headquarters has been sourcing its actual CO_2-free electricity along with a FIT Non-Fossil Fuel Certificate

Heat and Steam Consumption

(Unit: GJ)

		FY2021	FY2022	FY2023	FY2024	FY2025
ITOCHU Group	Industrial Steam	520,936	851*1	797	20,191	18,805
	Non-industrial Steam	14,532	14,593	15,636	17,323	16,546
	Hot Water	6,285	4,745	4,373	3,868	4,364
	Cold Water	62,874	22,353*2	25,420	26,759	25,730

*1 In FY2022, a Group company became non-consolidated subsidiaries and is not included in the calculation, which causes significant decrease from FY2021.
*2 Decreased in FY2022 due to sales of some business sites of a Group company.

Fuel Consumption

			FY2021	FY2022	FY2023	FY2024	FY2025
ITOCHU Group	Kerosene (Unit: kL)		3,086	2,151	1,944	1,920	1,346
	Light Oil (Unit: kL)		46,262	48,762	42,671	46,656	69,162
	Gasoline (Unit: kL)		11,547	11,619	11,751	11,081	14,526
	Heavy Oil A (Unit: kL)		58,137	19,292	19,324	18,389	20,493
	Heavy Oil B and C (Unit: kL)		13,595	20,784	13,959	13,614	14,742
	Coal (Unit: t)		292,371	192,663	180,851	191,625	196,924
	Petroleum gas	Liquefied Petroleum Gas (LPG) (Unit: t)	13,575	14,661	13,350	12,687	11,727
		Liquefied Petroleum Gas (LPG) (Unit: thousand m^3)	1,200	578	1,409	1,276	778
		Liquefied Petroleum Gas (LPG) (Unit: kL)	660	564	1,283	1,151	2,281
		Petroleum Hydrocarbon Gas (Unit: thousand m^3)	3	3	3	1	0
	Combustible Natural Gas	Liquefied Natural Gas (LNG) (Unit: t)	11,654	2,534	4,540	5,483	4,629
		Other Combustible Natural Gas (Unit: thousand m^3)	7,101	27,749	28,035	50,215	42,761
	City Gas, etc.	City Gas (Unit: thousand m^3)	37,107	33,931	28,688	31,738	30,797
		Other Gas (Unit: thousand m^3)	0	0	0	0	0

ESG Data (Environment)

Energy Intensity

Energy Consumption from ITOCHU's Domestic Sites (Intensity)

	FY2021	FY2022	FY2023	FY2024	FY2025
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/employee)	15.245	14.418	14.931	15.179	15.42
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: GJ/m^2)	0.564	0.539	0.559	0.580	0.588

- The denominators of intensity figures per one square meter of all floor space are as follows: FY2021: 113,434 m^2, FY2022: 111,945 m^2, FY2023: 111,893 m^2, FY2024: 110,224 m^2, FY2025: 110,026 m^2

GHG Emissions

Scope1/Scope2

(Unit: thousand t-CO_2e)

		FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Corporation	Scope1	0	0	0	0	★ 0
	Scope2	6	6	2	2	★ 2
	Scope1+2	6	6	2	2	★ 2
ITOCHU Group	Scope1	1,485	1,166	1,062	1,087	★ 1,162
	Scope2	716	600	627	640	★ 699
	Scope1+2	2,201	1,766	1,690	1,726	★ 1,861

- GHG emissions are calculated and aggregated with reference to the GHG Protocol and the operational control approach, which were developed under the leadership of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
  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_2e)

	FY2021	FY2022	FY2023	FY2024	FY2025
Tokyo Headquarters	6	6	2	2	2
Japanese Bases of ITOCHU Corporation	6	6	2	2	★ 2
Group Companies in Japan	1,507	1,133	1,111	1,134	1,131
Overseas Offices	3	3	3	3	3
Overseas Group Companies	684	625	573	587	726
Grand Total of ITOCHU Group	2,201	1,766	1,690	1,726	★ 1,861

- 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 FY2022, CO_2 emissions had been calculated using emission factors before the enforcement of the Revised Act, and from FY2023 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 FY2023, and FY2025 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 30, 2025.
- 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 FY2020 and adjusted emission factors by electric utility for data from FY2021 and onward. The data for FY2025 is based on the adjusted emission factors for each electric utility published by the Ministry of the Environment on January 9, 2026.
- CO_2 emissions from electricity of Overseas Offices and Overseas Group Companies are calculated based on CO_2 emission coefficient according to the Emission Factors 2025 of the International Energy Agency (IEA 2025). We used 2023 data from IEA 2025 for calculating the figures for FY2025. However, when specific emission factors provided by electricity suppliers are available, those factors are used instead.
- 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 FY2023, and FY2025 was calculated with the emission factors by heat supplier as of June 30, 2025.
- The figures for the Tokyo Headquarters had been calculated based on the Tokyo Metropolitan Ordinance on Environmental Preservation until FY2022, and from FY2023 with the emission factors specified in the Revised Act.
- CO_2 emissions in FY2025 that are not included in any of the Scope1,2 and 3 emissions are 434 thousand t-CO_2e, which are CO_2 emissions from the combustion of biomass fuels such as wood and vegetable residues.
- For FY2025, Scope 1 and 2 emissions for some subsidiaries are calculated using estimated values.

Scope1 Total Emissions Breakdown by GHG Type

(Unit: thousand t-CO_2e)

			FY2021	FY2022	FY2023	FY2024	FY2025
Scope1 Total Emissions			1,485	1,166	1,062	1,087	1,162
Energy-Related CO_2			1,214	907	845	902	965
Total GHG Emissions other than Energy-Related CO_2			270	259	218	185	198
	Breakdown	Non-Energy-Related CO_2	0	16	14	16	16
		Methane (CH_4)	136	122	106	83	81
		Dinitrogen Monoxide (N_2O)	108	103	82	72	78
		Hydrofluorocarbon (HFCs)	26	18	16	14	23
		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 FY2021-2022, GWP100 of the IPCC 5th Assessment Report (AR5) for FY2023-2025.
- GHG emissions other than energy-related CO_2 from Group companies that emit 3,000 or more t-CO_2e per year are aggregated and disclosed.
- We started including "CH_4 and N_2O emissions associated with pig breeding and excrement management" and "HFC emissions due to leaks from refrigerating equipment, etc." from FY2018, and started further including "CH_4 emissions associated with wastewater treatment", "CH_4 emissions associated with composting and landfilling waste" and "N_2O emissions associated with the use of fertilizer on farms" from FY2021.
- 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: million t-CO_2e)

	FY2021	FY2022	FY2023	FY2024	FY2025
1. Purchased Goods and Services	-	-	-	60	59
2. Capital Goods	0.6	0.5	0.5	0.6	0.8
3. Fuel & Energy Related Activities not included in Scope1 and Scope2	0.3	0.3	0.3	0.3	0.3
4. Upstream Transportation & Distribution (Non-consolidated: Domestic contracted transportation where the company acts as the shipper*1)	0.01	0.01	0.01	0.02	★ 0.01
4. Upstream Transportation & Distribution (Consolidated: Domestic and international transportation arranged by the company and its subsidiaries)	-	-	-	7	7
5. Waste Generated in Operations	0.3	0.2	0.2	0.2	0.2
6. Business Travel*2	0.03	0.04	0.1	0.1	0.1
7. Employee Commuting	0.02	0.02	0.03	0.03	0.03
8. Upstream Leased Asset	-	-	-	Including Scope1, 2	Including Scope1, 2
9. Downstream Transportation and Distribution	-	-	-	0.2	0.2
10. Processing of Sold Products*3	-	-	-	16	15
11. Use of Sold Products	-	-	-	70	73
12. End-of-life Treatment of Sold Products	-	-	-	2	2
13. Downstream Leased Assets	-	-	-	0.4	0.2
14. Franchises*4	1	1	0.9	1	1
15. Investments	-	-	-	16	11
Total	2	2	2	175	171

The total values of each category and the overall total may not match due to rounding.
- GHG emissions are calculated with reference to the GHG Protocol developed by WRI (the World Resources Institute) and WBCSD (the World Business Council for Sustainable Development). GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.
- The scope of aggregation covers ITOCHU Corporation (non-consolidated) and its consolidated subsidiaries.
- Regarding the calculation categories, only Categories 2, 3, 4 (domestic contracted transportation only), 5, 6, 7, and 14 were disclosed up to FY2023. From FY2024, all categories are disclosed.
- The following transactions are excluded from calculation, if applicable:
  - Transactions treated as agency transactions in accounting and recognized as agency revenue.
  - Transactions with so-called traders where neither the processor nor end-consumer can be identified as the buyer.
  - Transactions between companies included within the scope of aggregation.
- Emission factor 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) developed by National Institute of Advanced Industrial Science and Technology (AIST), etc.

*1 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.
*2 Calculated based on the consolidated accounting data of the ITOCHU Group. The emissions factor is used for each type of business trip. In FY2024, 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.
*3 For processing of sold intermediate products, calculations are included if the downstream use can be identified and the emissions from the processing process can be reasonably estimated. For iron ore and metallurgical coal (ferrous raw materials), emissions from crude steel production are allocated proportionally by weight.
*4 The difference between Scope1 and Scope2 of franchisees of related consolidated subsidiaries of the ITOCHU Group and Scope1 and Scope2 of those subsidiaries is calculated.

GHG Emissions (Scope1+2) Intensity

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

	FY2021	FY2022	FY2023	FY2024	FY2025
Per Employee (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/employee)	1.540	1.439	0.468	0.437	0.474
Per One Square Meter of All Floor Space (Total of Japanese Bases of ITOCHU Corporation) (Unit: t-CO_2e/m^2)	0.057	0.054	0.018	0.017	0.018
Per MWh of Electricity Consumption (Grand Total of ITOCHU Group) (Unit: t-CO_2e/MWh)	0.437	0.393	0.375	0.347	0.379

- The denominators of intensity figures per one square meter of all floor space are as follows: FY2021: 113,434 m^2, FY2022: 111,945 m^2, FY2023: 111,893 m^2, FY2024: 110,224 m^2, FY2025: 110,026 m^2

CO_2 Emissions by Beverage Manufacturing Companies (Intensity)

Business Profile	Company Name (Boundary)	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	t-CO_2e/production capacity in kL	0.080	0.073	0.073	0.061	0.062

ESG Data (Environment)

Avoided Emissions

Avoided emissions is a quantification of the amount of GHG emissions that could be reduced or prevented across the value chain by replacing conventional products and services with those that have lower emissions. 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	FY2025	Baseline	Calculation Method
Renewable Energy Power Generation	12,863 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	368 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	9 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.

Pollution Prevention and Resource Circulation Performance Data

Pollution Prevention

NOx, SOx, VOC

(Unit: t)

		FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Group*1	NOx (Nitrogen Oxides)*2	1,437	1,108	982	986	★ 1,070
	SOx (Sulfur Oxides)*2	416	370	298	347	★ 335
	VOC (Volatile Organic Compounds)*3 *4	400	219	312	376	★ 349
Overseas Bases of ITOCHU Group	NOx (Nitrogen Oxides)*2	1,656	131	65	122	162
	SOx (Sulfur Oxides)*2	545	284	235	521	243
	VOC (Volatile Organic Compounds)*3	192	222	215	3,676	3,759
Grand Total of ITOCHU Group	NOx (Nitrogen Oxides)*2	3,093	1,239	1,047	1,109	1,232
	SOx (Sulfur Oxides)*2	961	653	534	869	578
	VOC (Volatile Organic Compounds)*3 *4	592	441	527	4,052	4,109

*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.

ESG Data (Environment)

Resource Circulation

Waste Generated and Waste Recycling Rate

		FY2021	FY2022	FY2023	FY2024	FY2025
Tokyo Headquarters	Waste Generated (Unit: t)	469	428	451	418	★ 541
	Waste Non-recycled	30	39	34	35	★ 39
	Waste Recycled	439	389	417	383	★ 502
	Recycling Rate (Unit: %)	93.7	90.9	92.5	91.7	★ 92.7
Osaka Headquarters, Branches and Other Business Facilities in Japan	Waste Generated (Unit: t)	2,265	3,160	1,722	1,168	3,741
Group Companies in Japan	Waste Generated (Unit: t)	141,355	110,911	108,968	115,346	110,767
Overseas Offices	Waste Generated (Unit: t)	238	449	412	143	135
Overseas Group Companies	Waste Generated (Unit: t)	504,296	525,187	498,016	538,249	533,993
Grand Total of ITOCHU Group	Waste Generated (Unit: t)	648,623	640,135	609,568	655,324	649,148
	Waste Non-recycled	194,374	132,496	141,219	109,951	99,408
	Waste Recycled	454,249	507,639	468,349	545,372	549,740
	Recycling Rate (Unit: %)	70	79	77	83	85

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

Hazardous Waste Generated

(Unit: t)

	FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Corporation·Japanese Bases of ITOCHU Group*1 *2	251	226	267	384	★ 347
Overseas Offices·Overseas Bases of ITOCHU Group	1,063	4,374	3,462	3,621	5,537
Grand Total of ITOCHU Group	1,314	4,600	3,730	4,004	5,884

*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))

		FY2021	FY2022	FY2023	FY2024	FY2025
Japanese Bases of ITOCHU Corporation	Copy Paper Consumption	14,916	14,383	12,720	12,190	10,289

Water Resources Performance Data

Water Withdrawal and Wastewater Discharge

Volume of Water Withdrawal & Wastewater Discharge

(Unit: thousand m³)

		FY2021	FY2022	FY2023	FY2024	FY2025
Tokyo Headquarters	City Water Usage	30	37	40	40	44
	Treated Water Production Volume*1	27	32	38	39	★ 34
	Wastewater Discharge	41	50	54	55	56
Osaka Headquarters, Branches and Other Business Facilities in Japan	Water Withdrawal	84	4	7	6	6
	Wastewater Discharge	169	6	7	6	6
Japanese Bases of ITOCHU Corporation	Water Withdrawal*2 *3	115	41	62	61	★ 63
	Wastewater Discharge*2 *4	210	56	60	61	★ 62
Group Companies in Japan	Water Withdrawal	25,228	14,833	15,315	16,379	15,991
	Wastewater Discharge	14,926	9,835	9,871	10,805	10,345
Overseas Offices	Water Withdrawal	31	39	36	22	23
	Wastewater Discharge	31	39	35	22	22
Overseas Group Companies	Water Withdrawal	32,747	30,208	35,251	33,674	34,447
	Wastewater Discharge	16,319	14,347	13,275	10,551	11,311
Grand Total of ITOCHU Group	Water Withdrawal	58,120	45,121	50,663	50,136	50,524
	Wastewater Discharge	31,486	24,277	23,241	21,438	21,740

*1 The treated water production volume partly contains "City water usage".
*2 In FY2022, 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 FY2023.
*4 The amount of wastewater discharge from Japanese Bases of ITOCHU Corporation until FY2021 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.

ESG Data (Environment)

Water Withdrawal Amount by Withdrawal Source

(Unit: thousand m³)

		FY2021	FY2022	FY2023	FY2024	FY2025
ITOCHU Group	Supplied Water Usage, Industrial Water	11,655	11,669	12,618	14,099	13,676
	Groundwater Withdrawal	16,702	15,349	18,652	15,575	14,868
	Water Taken from Rivers, Lakes, Rainwater	19,729	18,079	19,340	20,427	21,932
	Water Taken from Seawater	10,015	0	0	0	0
	Others (External wastewater, Produced Water, etc.)	19	25	54	35	47
	Grand Total	58,120	45,121	50,663	50,136	50,523

Discharge Amount by Discharge Destination

(Unit: thousand m³)

		FY2021	FY2022	FY2023	FY2024	FY2025
ITOCHU Group	Water Discharged to Treatment Facility (e.g., Sewage)	9,893	7,052	7,416	7,878	7,437
	Water Discharged to Groundwater	6,464	3,912	4,069	1,872	1,787
	Water Discharged to Rivers, Lakes	12,581	10,730	9,009	8,595	9,525
	Water Discharged to Sea	1,905	1,857	2,355	3,068	2,967
	Others	642	725	392	24	24
	Grand Total	31,486	24,277	23,241	21,438	21,740

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) (P83) is as follows:

		FY2021	FY2022	FY2023	FY2024	FY2025
High Risk (40-80%)	Number of Sites	4	5	8	9	6
	Water Withdrawal (thousand m³)	2,449	2,478	139	264	243
Extremely High Risk (>80%)	Number of Sites	3	5	7	8	4
	Water Withdrawal (thousand m³)	1,362	1,167	3,920	1,909	1,141

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

Category	Boundary	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Beverage Manufacturing	Clear Water Tsunan Co., Ltd. (Soft drink manufacturing and sales business)	(Water Consumption m³/Production Volume in kL)	1.82	1.83	1.81	1.82	1.78

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

		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
ITOCHU Group discharge amount into Water	BOD load	t	28,622	52,612	31,511	5,761	621
	COD load	t	135,710	231,914	123,785	20,948	430

Chemical Oxygen Demand (COD)

Category	Boundary	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Chemical	C.I. TAKIRON Corporation (factory)	mg/L	2.80	1.50	1.67	1.60	1.80

ESG Data (Environment)

Environmental Accounting

Environmental Conservation Costs

(Unit: thousands of yen)

	Classification	Items	FY2025
Japanese Bases of ITOCHU Corporation	Costs inside Business Areas	Costs related to pollution prevention, global environmental conservation, and resource recycling	168,882
	Upstream & Downstream Costs	Additional costs for reducing environmental impact, green procurement costs, and containers and packaging recycling.	56,050
	(Green Procurement Costs)		5,267
	Management Activity Costs	Costs for the development and operation of environmental management systems and environmental education for employees	583,716
	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	4,768
	Costs to Address Environmental Damage	Costs for nature restoration, compensation for damages related to environmental conservation, etc.	440
	Grand Total of Japanese Bases of ITOCHU Corporation		814,356

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

Environmental Conservation and Economic Effects

		FY2025	
		Environmental Conservation Effects	Economic Effects (Unit: thousands of yen)
Japanese Bases of ITOCHU Corporation	Paper Usage	1,901 thousand sheets	1,024
	Electricity Usage	41 MWh	11,249
Tokyo Headquarters	Waste Generated	-124 t	-5,686
	Water Usage	-5,370 m^3	-1,397

- 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. We estimate the cost of waste disposal at JPY 25 million, which is an estimable amount (shadow cost) for future environmental liabilities.