

ITOCHU Corporation SDGs Bond (USD500M) / Allocation and Impact Report

1. Efforts to reduce greenhouse gas emissions (Eligible Green Project Categories)

Eligible Category	Eligibility Criteria	Allocation of Proceeds	Impact
Renewable Energy	Increase Renewable Energy Use	331	
	<ul style="list-style-type: none"> Development, construction, acquisition, management, and/or Operation & Maintenance of solar and wind (onshore and offshore) with direct emissions of less than 100g-CO₂ / kWh 		Power generation amount/Estimated power generation amount 2,428,216MWh Estimated achieved reduction in CO ₂ emissions 1,426,767 t-CO ₂ e
	<ul style="list-style-type: none"> Supply energy storage systems (ESS) which contribute to the spread of self-consumption solar power generation R&D and manufacturing of next-generation lithium-ion batteries mainly for storage of solar power generation 		Estimated achieved reduction in CO ₂ emissions 265,573 t-CO ₂ e

2. Efforts to reduce greenhouse gas emissions in FamilyMart (Eligible Green Project Categories)

Renewable Energy	Introduction of Renewable Energy	27	Estimated achieved reduction in CO ₂ emissions 336 t-CO ₂ e
	<ul style="list-style-type: none"> Investments in property plant and equipment (PP&E) for installing solar panels on the roof of stores at FamilyMart 		
Energy Efficiency	Improved Energy Efficiency		Estimated achieved reduction in CO ₂ emissions 8,467 t-CO ₂ e
	<ul style="list-style-type: none"> Introduction of freezers and refrigerators using natural or climate friendly refrigerant at FamilyMart stores Investments in property plant and equipment (PP&E) for LED at FamilyMart stores 		

3. Sustainable Food System (Eligible Social Project Categories)

Sustainable Food System	Procurement of externally certified coffee beans	142	Ratio of supplied/sourced products with eligible certifications 26%
	<ul style="list-style-type: none"> Procurement of externally certified coffee beans for the purpose of improving the status of producers and growing sustainable coffee 		
Sustainable Management of Food Waste	Procurement of externally certified bonito and tuna		Ratio of supplied/sourced products with eligible certifications 3%
	<ul style="list-style-type: none"> Procurement of certified bonito and tuna from MSC (Marine Stewardship Council) for the purpose of protecting marine resources 		
Sustainable Management of Food Waste	Procurement of grape seed oil		-
	<ul style="list-style-type: none"> Procurement of French grape seed oil using grape seeds after winemaking for disposal 		

4. Providing access to essential services - medical and infrastructure (Eligible Social Project Categories)

Healthcare	Providing medical services	0	-
	<ul style="list-style-type: none"> Planning, designing, maintenance of medical institutions intended to provide medical services, education and training support for doctors and nurses, education support for patients 		
Affordable Basic Infrastructure	Mini Grid		-
	<ul style="list-style-type: none"> Sales and operation of small-scale power generation and distribution systems intended to supply electricity to people living in non-electrified areas of Africa 		

500

※ITOCHU's SDGs Bond was issued based on the SDGs Bond Framework (the "Framework"), established by ITOCHU in March, 2021, in alignment with the Green Bond Principles, 2018, the Social Bond Principles, 2020 and the Sustainability Bond Guidelines, 2018 as administered by the International Capital Market Association (ICMA).

※Use of Proceeds

ITOCHU allocated the amount equal to the net proceeds from the issuance of SDGs Bond to the eligible projects set forth above. For allocation to existing projects, projects financed up to 36 months prior to the date of the SDGs bond issuance are eligible.

※Process for Project Evaluation and Selection

ITOCHU's Finance Division and Sustainability Management Division cooperated and decided on the eligible projects which the proceeds from the issuance of SDGs Bonds were allocated, in alignment with the categories and criteria set forth above. For the purpose of the environmental and social risk management, ITOCHU holds the Sustainability Committee and discusses ESG risks, reports to the Board of Directors, evaluates ESG risks, and conducts surveys and reviews in alignment with Sustainability Action Guidelines for Supply Chains.

※Management of the Proceeds

The Finance Division will allocate and manage the proceeds from the issuance of SDGs Bonds to Eligible Projects. The Finance Division will also monitor an amount equal to the net proceeds from the issuance of SDGs Bonds based on the Framework to applicable Eligible Projects and periodically adjusted to match allocations to eligible projects/categories. Any pending allocation will be invested temporarily in cash and cash equivalents.

The share of refinancing for "Efforts to reduce greenhouse gas emissions" and "Sustainable Food System" was 95% while "Efforts to reduce greenhouse gas emissions in FamilyMart" was a newly financed projects. The proceeds from the issuance of SDGs Bond were allocated to the refinanced projects as of the end of March, 2021 and to the newly financed projects as of the end of March, 2022. The proceeds were invested temporarily in cash and cash equivalents until the allocation.