

Energy & Chemicals Company

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), biomass fuel, and other related materials)



Masaya Tanaka
President, Energy & Chemicals Company;
Chief Operating Officer,
Power & Environmental Solution Division



From left: **Hisato Okubo**,
Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division
Nobuyuki Tabata,
Chief Operating Officer, Chemicals Division
Kenji Takai,
Chief Financial Officer
Isao Nakao,
General Manager, Planning & Administration Department

Company Strengths

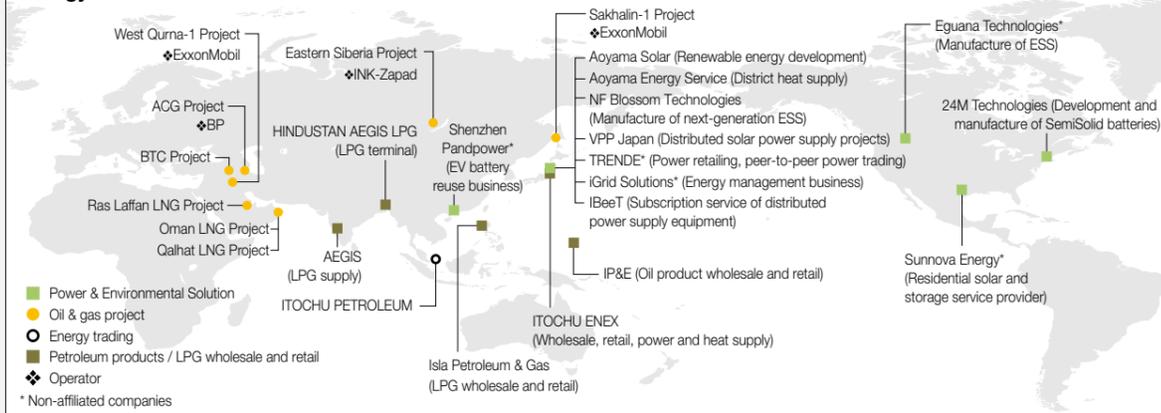
- Development and trading of eco-friendly energy
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consists of both investments and trade businesses

Business Development

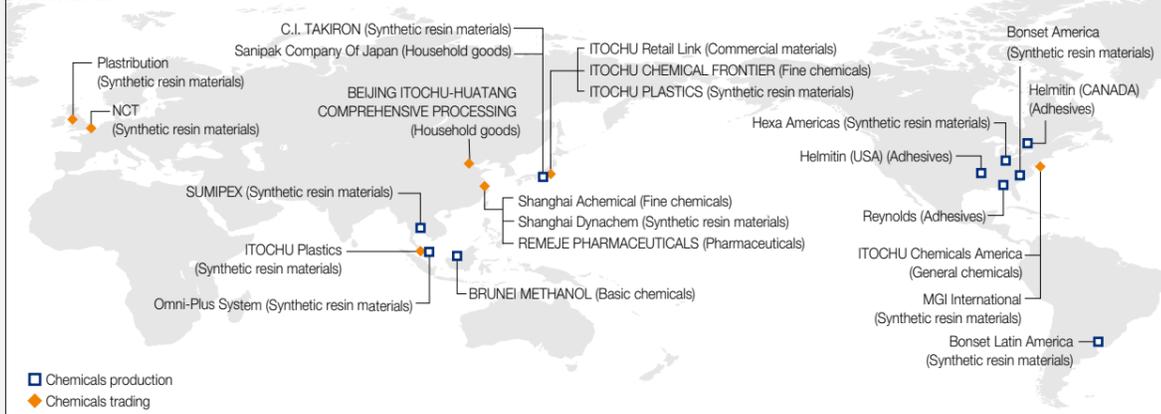
Percentage of Earnings from Domestic Business (image)

60%

Energy / Power & Environmental Solution



Chemicals



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Supplied sustainable aviation fuel on commercial flight scale for the first time Japan
- Promoted the joint development and branding of products using eco-friendly materials with brand owners
- Started development of a hydrogen value chain through strategic joint venture with Air Liquide Japan G.K.
- Strengthened capital and business alliance with reputable partners in ESS businesses and launched new products which contribute its users to utilize environmental value
- Promoted commercialization of large-scale renewable energy projects, such as starting operations at biomass power plants and inviting reputable partners for wind power generation, and development of solar distributed power sources

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
- Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
- Developing new products using reused EV batteries for industry and business, and promoting next-generation battery business including SemiSolid batteries
- Realizing the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants; expanding electric power and biomass fuel trade in line with the needs of the SDGs
- Promoting CCUS-related projects by utilizing our expertise and collaborating with global leading companies

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Accelerating initiatives for environment-related business, such as sustainable fuel and renewable energy, to contribute to decarbonization across society
- Enhancing activities to further minimize environmental burden in our existing portfolio

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

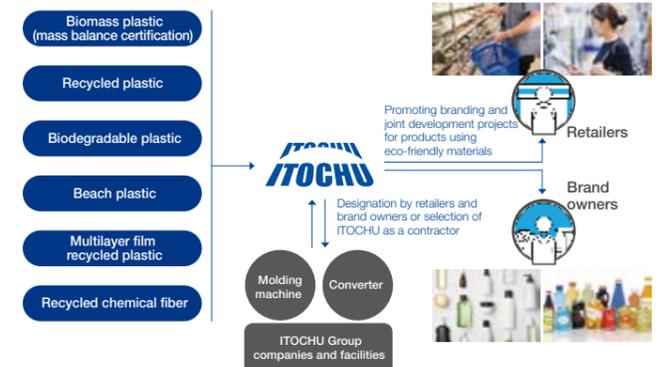
- Evolve Businesses Through Technological Innovation
- Address Climate Change (Contribute to Realization of a Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Promoting a Market-Oriented Environmental Business

ITOCHU is proactively addressing environmental problems. We are working with U.S.-based TerraCycle, Inc. to develop recycled plastic derived from marine waste and build a recycle-reuse model, and also working with European companies to introduce eco-friendly materials, such as biomass plastic and recycled nylon. We are currently promoting branding and joint development projects for products using eco-friendly materials with retailers and brand owners. By leveraging our global sales network and top-tier synthetic resin sales in the industry, we will contribute to realizing a sustainable society by promoting environment-related businesses from a market-oriented perspective, in order to build a new supply chain based on "Sampo-yoshi" from downstream to upstream.

A New Supply Chain Based on "Sampo-yoshi" from Downstream to Upstream



Takuya Kobayashi
Chemical Projects
Development Team