

## Approach to Climate Change and Related Initiatives

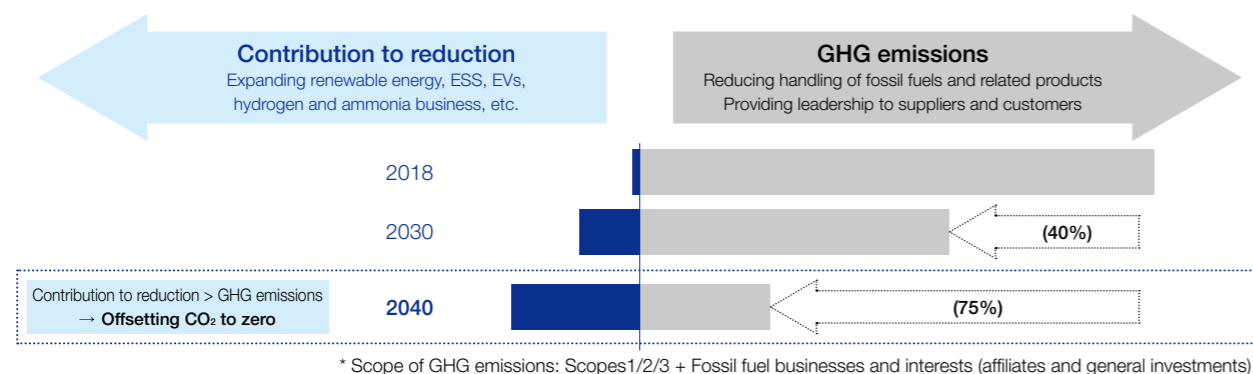
ITOCHU discloses GHG emissions from all of its owned fossil fuel businesses and interests, and intends to completely withdraw from thermal coal interests during the medium-term management plan. By reducing GHG emissions and proactively advancing businesses that help reduce emissions, ITOCHU will contribute to help realize the Japanese government's 2050 Carbon Neutral goal.

### GHG Emissions Reduction and Offset Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government's target. In addition, aiming to offset CO<sub>2</sub> to zero\*<sup>1</sup> by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government's interim target\*<sup>2</sup> by achieving a 40% reduction from 2018 levels by 2030.
- Based on the understanding that ongoing initiatives to reduce GHG emissions are key, **flexibly and dynamically adjusting "reduction pathways" while paying attention to the unique traits of client industries**, assuming it is possible to expand business while addressing societal demands at the same time.
- **Steadily reducing emissions from a medium- to long-term perspective through initiatives in supply chains**, including reviews of products handled in light of changes in client industries, and transitions to improve fuel economy in logistics networks, centered on the non-resource sector where the Company has strengths.

\*<sup>1</sup> Offsetting CO<sub>2</sub> to zero by subtracting "contribution to reduction" accompanying the expansion of renewable energy business, etc., from GHG emissions.

\*<sup>2</sup> The Japanese government's target of a 46% reduction from the 2013 level by 2030 is a 39% reduction based on the year 2018.

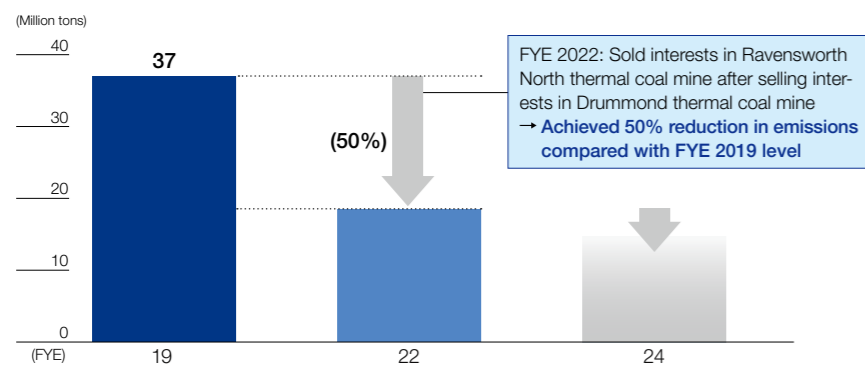


### Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

- From early on, we stated our intention to voluntarily discontinue existing operations in fossil fuel businesses and interests\*, in which there are strong societal demands, and we have made steady progress in this regard.
- In FYE 2022, after selling our interests in the Drummond thermal coal mine in Colombia, we sold our interests in the Ravensworth North thermal coal mine in Australia. We achieved, ahead of schedule, our target **for reducing GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level**.
- We will actively promote efforts to reduce environmental impact while fulfilling our responsibility to ensure a stable supply of resources and energy.

\* Fossil fuel businesses and interests (consolidated subsidiaries, affiliates, and general investments): (1) Coal interests (thermal and coking coal), (2) Coal-fired power generation, and (3) Oil and gas interests

### GHG Emissions from Fossil Fuel Businesses and Interests



**Method for Calculating GHG Emissions**  
In addition to Scope 1 and 2, we disclose all GHG emissions in our value chain, including Scope 3 in the following categories.

**Category 1. Purchased goods and services**  
Example: Calculation assuming resources of our interest stakes are purchased

**Category 4. Upstream transportation and distribution**  
Example: Calculation of our portion of emissions, including transportation to ports

**Category 11. Use of sold products**  
Example: Calculation assuming resources of our interest stakes are sold to and combusted by the buyer

### Climate Change (Information Disclosure Based on TCFD Recommendations)

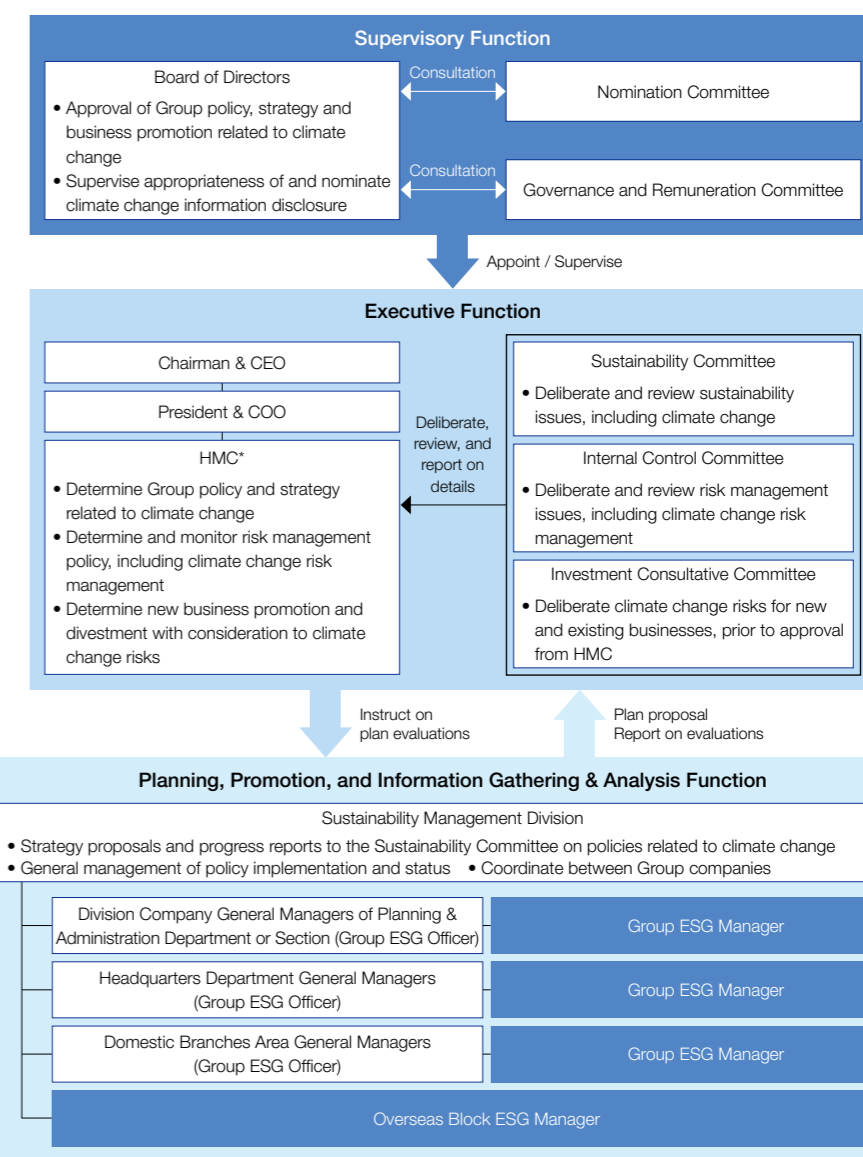
In May 2019, ITOCHU announced its support for the TCFD\* recommendations in recognition of the importance of climate-related financial disclosures. Since then, we have endeavored to disclose information based on TCFD recommendations.

\* The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB)

### Climate Change Governance

At ITOCHU, the Sustainability Management Division plans and proposes measures and initiatives to address risks and opportunities related to climate change, and the Sustainability Committee deliberates and decides these measures and initiatives. The CAO, the director responsible for climate-related issues, chairs the Sustainability Committee, and is responsible for presenting and reporting to the Board of Directors the matters duly deliberated and decided upon by the Sustainability Committee. This structure allows the Board of Directors to properly supervise progress on business strategies to address environmental and social risks and opportunities based on the deliberations of and decisions on related matters by the Sustainability Committee. The Board of Directors deliberates and decides important matters, such as management plans, taking into consideration targets and initiatives for reducing GHG emissions.

As for matters regarding climate change policy, initiatives, and systems, ITOCHU aims to engage in dialogue with external stakeholders, such as the Sustainability Advisory Board, on a periodic basis with the intention of better understanding the expectations, demands, etc., of society for the Company, which strives to incorporate this feedback into measures addressing climate change.



\* Headquarters Management Committee

Approach to Climate Change and Related Initiatives

Climate Change Strategy

ITOCHU sets GHG emissions reduction and offset targets (Page 86) and analyzes scenarios based on TCFD recommendations when considering changes in its business strategy and asset replacement. In our scenario analysis, we evaluate businesses that could see considerable changes in business conditions due to climate change. We identified the power generation business, energy business, and coal business as businesses that would be significantly impacted by transition risks such as political and regulatory risks. We then selected the Dole business and the pulp business for inclusion in our scenario analysis as businesses highly susceptible to physical risks related to climate change. The results of our scenario analysis for the power generation business and the Dole business are as follows.

Please see ITOCHU's website for detailed information about its scenario analysis for the energy, coal, and pulp businesses.

[https://www.itochu.co.jp/en/csr/environment/climate\\_change/](https://www.itochu.co.jp/en/csr/environment/climate_change/)



		Businesses with Significant Exposure to Transition Risk	Businesses with Significant Exposure to Physical Risk
Business		Power generation business	Dole business
Time frame		through 2040	through 2030
Temperature rise scenario		< 2°C scenario	4°C scenario
Main risks and opportunities	Transition	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Thermal power generation costs may increase due to the impact of carbon taxes and mandatory CCUS* technology.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>The competitive advantage of renewable energy may increase owing to technological progress and cost reduction.</li> <li>More business opportunities from increasing investment in energy storage systems and grids for a significant shift to renewable energy.</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>There might be an expansion in the use of recycled clean energy (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana, and other food residues, and factory waste liquids) and growth in renewable energy such as solar power generation.</li> </ul>
	Physical	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Power generation facilities may be damaged by natural disasters (abnormal weather).</li> </ul>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) affecting banana and pineapple plantations in the Philippines.</li> </ul>
Business environment in the scenario and business impact assessment		<p>Transition risks might squeeze profit of thermal power generation significantly due to higher carbon taxes and CCUS costs. However, by actively promoting renewable energy projects, earnings should improve on greater sales of renewable energy and lower carbon taxes and CCUS costs.</p> <p><b>Analysis Using EBITDA Indicator (%)</b></p>	<p>The decrease in crop harvests attributable to climate change can be supplemented by increasing per-unit crop harvest volume through improvements to production methods. We also started pineapple production in West Africa (Sierra Leone, etc.) as part of production site diversification to prepare for weather risks. The above initiatives will make it possible to increase earnings.</p> <p><b>Analysis Using EBITDA Indicator (%)</b></p>
Adaptation / mitigation measures and policies business opportunities		<ul style="list-style-type: none"> <li>We will reflect in future initiatives our aim of achieving a renewable energy ratio of over 20% (equity-interest basis) by FYE 2031.</li> <li>We will not develop any new coal-fired power generation business in order to contribute to the realization of a sustainable society.</li> </ul>	<ul style="list-style-type: none"> <li>We will diversify production areas in preparation for weather risks (e.g., Sierra Leone in West Africa, etc.)</li> <li>We will increase per-unit harvest volume by improving production methods, such as by selecting breeds that are viable in high-temperature climates, improving seedling cultivation, and installing irrigation equipment.</li> <li>We will use drones and ICT (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization) to increase productivity.</li> <li>We will expand renewable energy, such as solar power, to achieve low carbon and protect water resources.</li> </ul>

\* Carbon Capture, Usage and Storage

Climate Change Risk Management

Engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, the status of abnormal weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for the entire Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and abnormal weather information, as one of many major 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 a structure for risk identification, evaluation, information management, and monitoring for the consolidated group.

Climate Change Indicators and Targets

ITOCHU sets GHG emissions reduction and offset targets and moves steadily forward to address climate change issues with speed and decisiveness while setting individual targets for the clean-tech business.

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy	<ul style="list-style-type: none"> <li>Raise the renewable energy ratio in the power generating capacity of our equity interests to over 20% by FYE 2031</li> <li>Currently participating in a renewable energy business with a total capacity of approximately 1,000 MW, such as in Cotton Plains, Texas in the U.S. (wind and solar power) and in Sarulla Operations in Indonesia (geothermal power)</li> <li>Currently developing a new renewable energy business with capacity of approximately 2,000 MW to achieve a renewable energy ratio of over 20%</li> </ul>
Fuel Ammonia	<ul style="list-style-type: none"> <li>Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing fuel supply bases</li> <li>Promote the reduction of GHG emissions from the maritime industry by promoting the spread of ammonia-fueled ships from FYE 2026 onward</li> </ul>
Energy Storage System-Related Businesses	<ul style="list-style-type: none"> <li>Aim for a cumulative capacity of energy storage system units sold of over 5 GWh by FYE 2031</li> </ul>
Waste Management Project	<ul style="list-style-type: none"> <li>Expand to the Middle East and other regions in Asia, leveraging our achievements in Europe, and continue to build up high-quality assets</li> </ul>

Initiatives to Address Climate Change

