

Approach to Climate Change and Related Initiatives

Recognizing that climate change is one of the most urgent global environmental issues, ITOCHU is committed to adapting to changes in the business environment caused by climate change, which the Company views as an opportunity for further growth. To achieve our GHG emissions reduction targets for 2030, 2040, and 2050, we aim to reduce GHG emissions as much as possible. To this end, we will work with stakeholders in the value chain; save energy and use renewable energy; replace assets, including withdrawal from thermal coal interests; and offer products and services in environment-friendly ways. Also, we will actively promote businesses that contribute to the reduction of GHG emissions in society as a whole, thereby enhancing our corporate value.

We also recognize the importance of disclosing climate-related financial information and have worked to disclose information based on the TCFD*1 framework since expressing support for them in May 2019.

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



Please visit ITOCHU's website for details on our approach and initiatives regarding climate change, including the governance system and scenario analysis.
https://www.itochu.co.jp/en/csr/environment/climate_change/

Governance for Climate Change

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. Depending on the agenda item, the CAO, who is a Representative Director and chairs the Sustainability Committee, submits and reports to the Board of Directors the matters duly deliberated and decided at the Sustainability Committee. This allows the Board of Directors to refer to the deliberations and decisions of the Sustainability Committee and thereby properly supervise the appropriate promotion of business strategies that respond to environmental and social risks and opportunities. The Board of Directors deliberates and decides important matters, such as management plans based on GHG emissions reduction goals and initiatives.

Additionally, regarding our policies, initiatives, and systems related to climate change, we periodically engage in dialogue with external stakeholders, such as the Sustainability Advisory Board, to understand society's expectations and demands, etc., for the Company and incorporate them into measures addressing climate change.

Climate Change Strategy

Given the importance of disclosure in line with the TCFD framework, ITOCHU has extended the scope of analysis and disclosure since it began scenario analysis with the establishment of below 2°C and 4°C scenarios for the power generation business in FYE 2020. The results of scenario analysis have confirmed that we will be able to maintain a strong business foundation over the long term by transitioning to environment-friendly products and services that customers demand, replacing assets, and revising our business portfolio. In FYE 2024, we reanalyzed existing scenarios for the power generation business and other businesses using a 1.5°C scenario. This confirmed that the mitigation and response measures we are currently advancing will continue to be effective and that there is significant room for business growth. By conducting scenario analysis on a regular basis, we will continue to promote sustainable management that reflects climate change risks and opportunities.

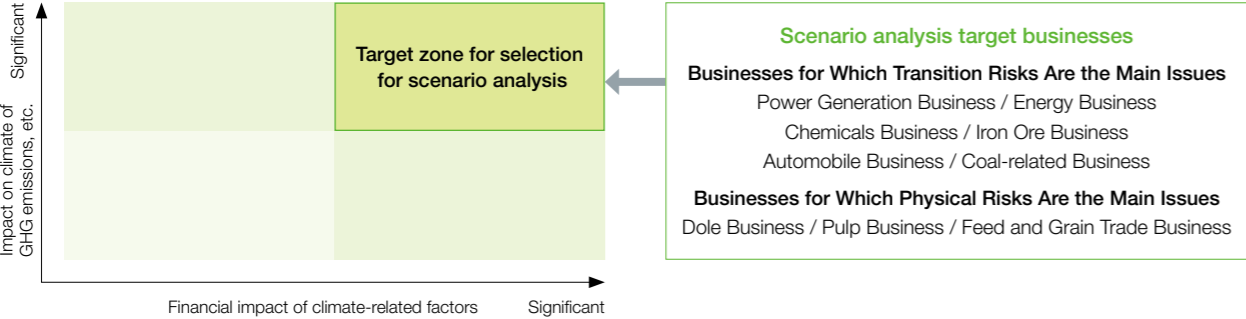


Photo courtesy of BHP

Climate Change Risk Management

Engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, abnormal weather conditions around the world, or changes in average temperatures. Climate change risks identified from information regarding climate change-related regulations and abnormal weather, etc., are managed as one of the major risks, “environmental and social risks,” in risk analyses conducted across the entire Group. Additionally, the identified climate change risks are evaluated and examined during the investment decision-making process, and each department in charge of risk management is responsible for constructing a consolidated basis to identify, evaluate, manage, and monitor risks.

Climate Change Risk Management and Assessment Method for Each Business Stage

Business Stage	Assessment Method
Business commencement	<ul style="list-style-type: none">Environmental and social risk assessments including climate change risk of new investment projectsCalculations of carbon tax costs, etc., using shadow pricing and implementation of stress tests (internal carbon pricing)
Business operation	<ul style="list-style-type: none">Environmental risk assessments of products handled (life cycle assessment of the entire supply chain)Environmental status surveys of Group companies (two or three companies per year)Supply chain sustainability surveys (ITOCHU and its subsidiaries)Internal environmental audits based on ISO 14001 (Environmental Management System) (ITOCHU and three Group companies; once a year)Scope 1, 2, and 3 aggregation and assessment over time, and internal carbon pricing impact assessment (Example: \$205/t-CO₂e for power generation business (the United States))
Business strategy review	<ul style="list-style-type: none">Examination of business strategies and asset replacement

Climate Change Metrics and Targets

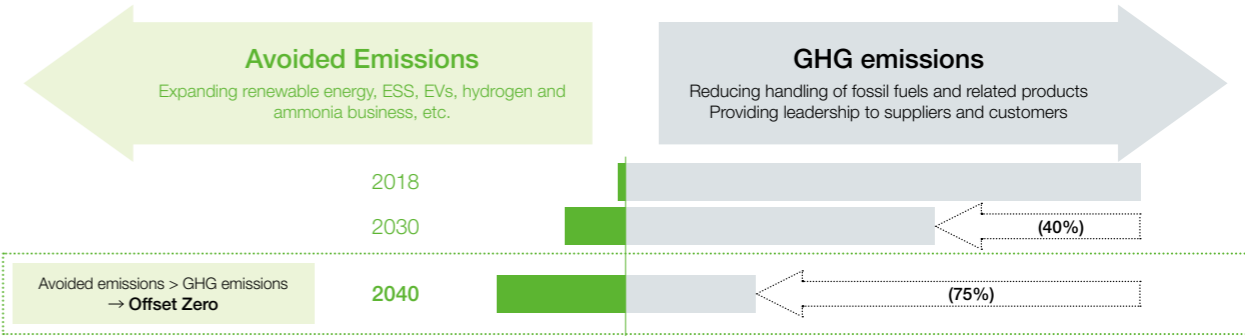
In its previous medium-term management plan, Brand-new Deal 2023, ITOCHU positioned itself ahead of other companies by establishing GHG emissions reduction targets that included Scope 3 emissions. Announced in April 2024, “The Brand-new Deal” Management Policy states that we remain committed to achieving our GHG emissions goals of net zero by 2050 and offset zero by 2040*2 and that we will continue reducing emissions from a medium- to long-term perspective through active dialogue with stakeholders involved in the supply chain.

In addition, to expand businesses that contribute to the reduction of GHG emissions for society as a whole, we have established metrics and targets for our clean-tech business, which generates avoided emissions, and we are working to achieve these targets through our core businesses. (► Page 63 Clean-Tech Business with Swift and Steady Execution)

GHG Avoided Emissions and Offset Targets

- Achieving net zero GHG emissions by 2050
- Reducing emissions 75% by 2040 compared with 2018 level and aiming for offset zero by actively promoting businesses that result in avoided emissions
- Achieving a 40% reduction compared with the 2018 level by 2030

*2 Offset zero: Situations where avoided emissions exceed the Company's GHG emissions



* Scope of GHG emissions: Scope 1, 2, and 3 + Fossil fuel businesses and interests (affiliates and general investments)
* For environmental data on GHG emissions and other items, please see ► Page 118 ESG Data