

## Integrated Report Briefing Q&A Summary

Date : December 4, 2024(Wed.) 14:45 to 15:45

Respondents : Kazunori Harada, General Manager, Investor Relations Division

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Q: This year's Integrated Report was as impressive as ever, and it felt even more evolved. The overview that clearly indicates what content is included in which section and for what purpose is particularly easy to understand, deepening my understanding of ITOCHU as an investor. The most impressive content was the one about WECARS. Considering the background of this project, it seems to be a project with uncertain prospects. There are not many companies that proactively explain projects with high uncertainty; most companies explain them after they have achieved certain results, which is so-called product-out. In the relationship between investors and companies, it can be said that investors are considered downstream. I feel that by addressing the voices of investors located at downstream and explaining what they look for ITOCHU truly embodies the essence of the market-oriented perspective. I hope for further improvement in areas related to climate change. While aiming for offset zero by 2040, where avoided emissions surpass GHG emissions, I think that it would be better to have a roadmap indicating by when and to what extent GHG emissions will be reduced, excluding avoided emissions.

A: We have formulated and announced GHG emissions reduction targets including Scope 1, 2, and 3 in the previous medium-term management plan. We aim to reduce GHG emissions by 75% compared to 2018 levels by 2040 and offset the remaining emissions with avoided emissions to achieve offset zero. Additionally, we aim to reduce GHG emissions by 40% by 2030 and achieve net zero by 2050. As a general trading company, a significant portion of our GHG emissions comes from Scope 3 due to our extensive involvement in the supply chain, but we have set reduction targets including Scope 3 as well as Scope 1 and 2. The background behind aiming for offset zero by 2040 is that the more we actively promote initiatives such as renewable energy to reduce overall societal GHG emissions, the more our own GHG emissions increase, creating a dilemma. To demonstrate our contribution to the decarbonization of society through our business, we set targets including avoided emissions. We have been verifying avoided emissions since then, and from this year we started disclosing the actual avoided emissions in the three areas of renewable energy, energy storage system, and renewable fuels. We believe the progress in accumulating avoided emissions towards the 2040 goal is going smoothly.

Q: This topic is important for investors. I hope you include the content you just explained in the Integrated Report concisely.

A1: We will take your advice into consideration for the next year's report.

A2: We have received similar opinions from other investors regarding the disclosure of GHG emissions, and we believe there is room for improvement. We will continue to discuss this internally and work towards improvement.

Q: What points did you focus on changing compared to last year's Integrated Report?

A: The overall structure of the Integrated Report has not changed significantly, with a basic structure

centered on the CEO message and based on the corporate value calculation formula. This year, we particularly focused on incorporating frequently discussed themes from dialogues with investors into the content. For example, "Track Record of Profit Growth" on page 38-39 is a typical one, and we actually receive questions about the topic in this content in the meetings. We create the Integrated Report with a strong desire to respond the needs of investors. However, while other companies are also experimenting with the creation of their reports, I get the impression that the channel and presentation format are evolving and changing significantly. Moving forward, while utilizing the strengths of our Integrated Report, we try to flexibly challenge ourselves to find new ways of presentation without being bound by past formats.

Q: The corporate governance section includes "Messages from Outside Directors," but it is difficult to see from outside the company how the opinions of outside directors are conveyed to the executive side and how they are reflected in company's management. Could you share examples of communication that improves the company and instances where the opinions of outside directors were reflected?

A: Starting this year, we have been holding small meetings between outside directors and investors or analysts to expand opportunities for their dialogue. Outside directors perform their roles with their strong will to improve ITOCHU and are committed to management as part of the Company. They are close to the executive side, and because they understand each other well, a good relationship has been built where they can express their opinions frankly. As noted in the Integrated Report, there has been a case where a project was rejected based on the opinions of outside directors. The four outside directors maintain close communication even as members change, sharing their thoughts about the Company. We believe this sense of unity is one of the strengths of our governance.

Q: Looking back, it seems that there have been changes often in the themes and tones of past medium-term management plans and management strategies, such as China strategy, reinvention of business, and key investment areas. To understand current management correctly, I would like to see detailed explanations about current initiatives on past themes, turning points, and reasons for the changes in officer messages, etc.

A: In this year's Integrated Report, the page 36-37 includes a review of past medium-term management plans, but it mainly focuses on reviewing achievements and does not provide the in-depth analysis or review of unmet goals as you pointed out. Indeed, Brand-new Deal 2017 focused on the China strategy with the investment in CITIC, and Brand-new Deal 2020 focused on reinvention of business through DX and new investments. While the past medium-term management plans have achieved certain outcomes within 2-3 years, there may have been things that could not be completed or achieved. I think that connecting past reflections to the next steps is one of the key points of management, and it will lead to the changes. Thanks to your advice, we realized that it is important to clearly explain this thought process in the Integrated Report. We will try to reflect this as much as possible in future reports.