

Approach to Climate Change and Related Initiatives

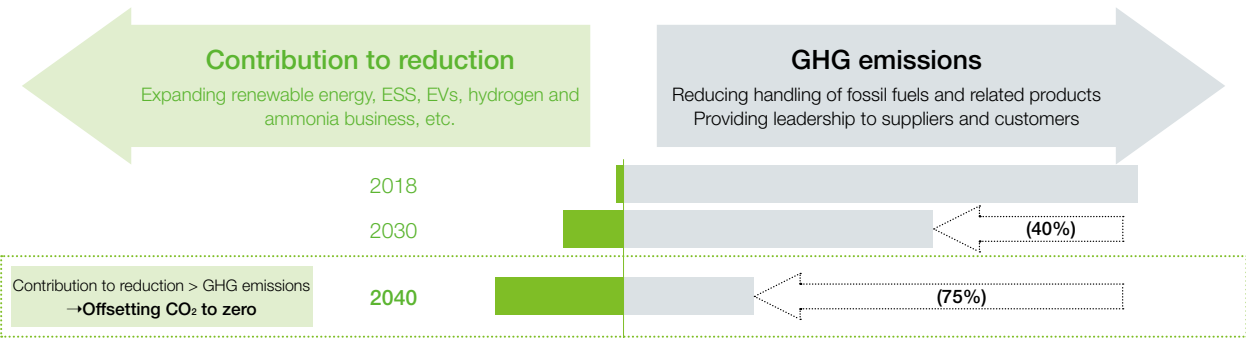
Climate Change Metrics and Targets

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 level 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.

\*1 Situations where reduction contributions exceed the Company's GHG emissions

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

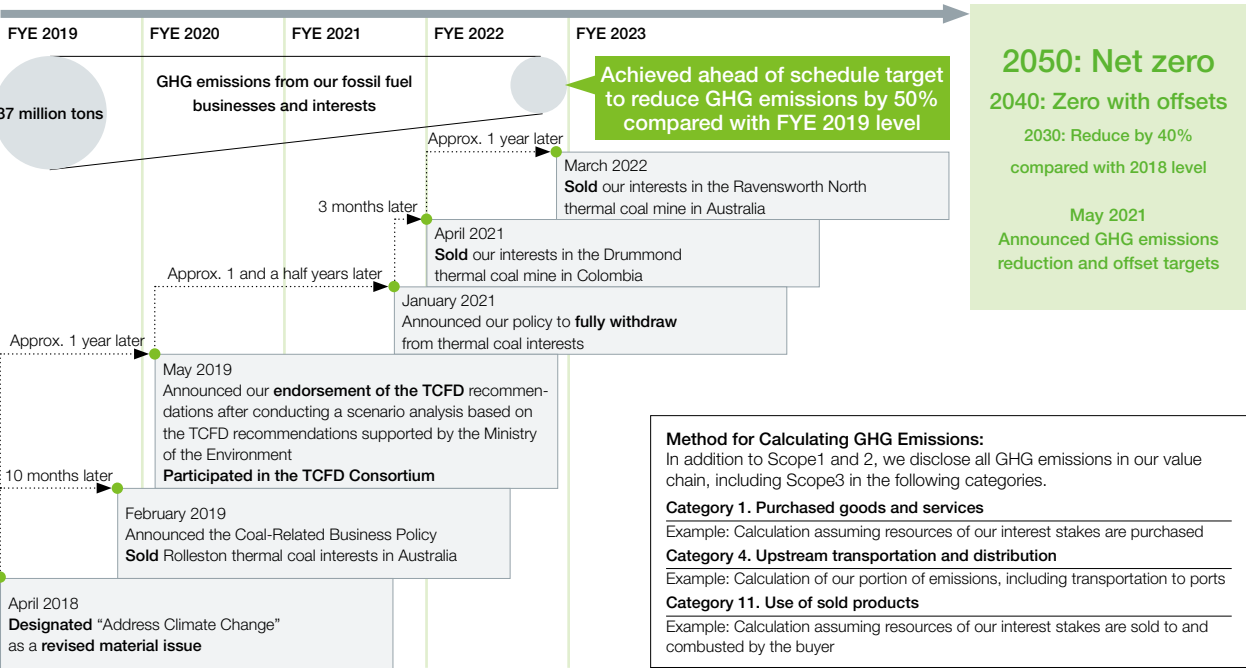


\*1 Scope of GHG emissions: Scopes1/2/3 + Fossil fuel businesses and interests (affiliates and general investments)

\*2 For environmental data on GHG emissions and other items, please see ▶ Page 116 ESG Data

Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

After announcing a policy of completely withdrawing from its thermal coal interests during the medium-term management plan, our Company proceeded to sell its Ravensworth North thermal coal interest in Australia following the sale of its Drummond thermal coal interest in Colombia, achieving a **50% reduction** in GHG emissions from fossil fuel businesses and interests\* **compared to those of FYE 2019** ahead of schedule. While fulfilling its responsibility for stable supplies of natural resources and energy, we will continue to actively promote efforts to reduce environmental impact.



\* 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

Business Initiatives to Help Reduce GHG Emissions

Clean-Tech Business Metrics and Targets

We have established “GHG emissions reduction and offset targets,” as well as individual targets for clean-tech businesses, and are steadily moving forward with swift and decisive climate change measures.

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy Business	<ul style="list-style-type: none"><li>• Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE 2031</li><li>• Invested in renewable energy generation of approximately 1,600 MW, such as in Cotton Plains (wind and solar power) and Prairie Switch (wind power), both of which are in the United States, and in Sarulla Operations (geothermal power) in Indonesia</li><li>• Currently newly developing renewable energy business of approximately 2,000 MW to achieve a renewable energy ratio of over 20%</li></ul>
Fuel Ammonia-Related Business	<ul style="list-style-type: none"><li>• Establish a value chain of fuel ammonia through integrated development including development, ownership, and operation of ammonia-fueled ships, development of fuel supply bases, and procurement of fuel ammonia</li><li>• After 2026, contribute to decarbonization of international shipping by promoting the spread of ammonia-fueled ships and their social implementation</li></ul>
Energy Storage Systems (ESS)-Related Businesses	<ul style="list-style-type: none"><li>• Aim for a cumulative capacity of ESS units sold of over 5 GWh by FYE 2031</li></ul>
Water Infrastructure-Related Business	<ul style="list-style-type: none"><li>• Expand our achievements in Europe and Australia to other regions. Continue to build up excellent assets</li></ul>
Waste Management Project	<ul style="list-style-type: none"><li>• Expand our achievements in Europe to the Middle East and other regions in Asia. Continue to build up excellent assets</li></ul>

Please refer to ITOCHU's website for detailed information.

<https://www.itochu.co.jp/en/business/cleantech/>



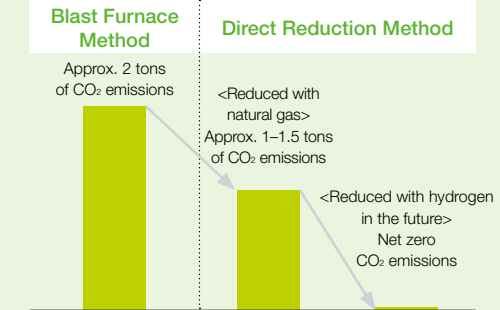
Creating a Supply Chain of the Ferrous Raw Material for Green Ironmaking with Low Carbon Emission

Steel is an irreplaceable material underpinning social infrastructure that is used by a wide range of industries, but reducing CO<sub>2</sub> emissions during its production processes has become an urgent issue in the industry. Compared with the conventional blast furnace method, the direct reduction method, which uses natural gas and high-grade iron ore for reduction, significantly reduces CO<sub>2</sub> emissions in the steelmaking process.

To ensure the stable supply of high-grade iron ore, which is indispensable raw material for the direct reduction method, ITOCHU acquired partial interests in the AMMC iron ore mining business operating in Canada, through ITOCHU Minerals & Energy of Australia Pty Ltd in December 2022. Ahead of this, ITOCHU, together with JFE Steel Corporation, our long-term business partner, agreed to jointly promote detailed commercialization surveys regarding the building of a low-carbon reduced steel supply chain with Emirates Steel Arkan, the largest steel manufacturer in the United Arab Emirates (UAE). In this business, we plan to utilize high-grade iron ore produced by CSN Mineração S.A., a Brazilian iron ore business that ITOCHU has invested in, as well. Conventional blast furnace steel produces approximately 2 tons of CO<sub>2</sub> emissions per ton of crude steel. The direct reduction method using natural gas competitively priced in the UAE, effectively cuts this to about 1 to 1.5 tons of CO<sub>2</sub> emissions. In addition, by processing the CO<sub>2</sub> emitted during the reduction process through carbon dioxide capture, utilization, and storage (CCUS) technologies that inject CO<sub>2</sub> into oil fields, we are able to further reduce CO<sub>2</sub> emissions. In the near future, by realizing reduction through hydrogen, we aim to achieve net zero CO<sub>2</sub> emissions.

Going forward, after conducting a detailed commercialization survey, we plan to begin producing low-carbon reduced iron from 2026 and will work to build a supply chain to serve the Asian market. To resolve various industrial issues, ITOCHU will help build a more robust decarbonized society through collaboration with customers and partners, including blue-chip companies, and the provision of new materials.

Comparison of CO<sub>2</sub> Emissions when Producing 1 Ton of Crude Steel



Low-carbon reduced iron



Exchange of MOU at the UAE Economic Mission