News Release

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Participation in Carbon Neutral Technology Development and Verification Project in Osaka Prefecture
-Utilizing Renewable Diesel in Construction and Transport Fields, Towards the Osaka, Kansai, Japan Expo-

ITOCHU (headquartered in Minato-ku, Tokyo; Keita Ishii, President & COO; hereinafter "ITOCHU") and ITOCHU ENEX CO., LTD. (headquartered in Chiyoda-ku, Tokyo; Kenji Okada, President & Chief Executive Officer; hereinafter, "ITOCHU ENEX") jointly applied to participate in the Carbon Neutral Technology Development and Verification Project offered publicly by Osaka Prefecture and have been chosen. The companies will implement verification for the achievement of carbon neutrality utilizing renewable diesel (hereinafter, "RD") in the construction and transport fields, looking ahead to the Osaka, Kansai, Japan Expo (hereinafter the "Expo").

Leveraging the opportunity of the Expo, a global event being held in 2025, this project will be implemented with the support of Osaka Prefecture, which supports companies taking on the development and verification of technologies that contribute to carbon neutrality. Additionally, recent international events are emphasizing sustainability management from the preparation phase for these events to their dismantling. The basic plan for this Expo includes a policy of embodying carbon neutrality under the concept, "People's Living Lab."

In collaboration with ITOCHU ENEX, ITOCHU will promote the introduction of RD procured from Neste OYJ (headquartered in Finland; Matti Lehmus, President and CEO; hereinafter "Neste"), the world's leading producer of RD.* The goals are to reduce greenhouse gas (GHG) emissions derived from the construction work for the Expo and the transport of goods, materials, and visitors, etc. The companies will work to establish a fuel supply system and verify the fuel's use for construction and transport in cooperation with small- and medium-sized companies in Osaka Prefecture while assessing the fuel's compatibility with engines, vehicles, and machinery.

Since 2020, ITOCHU and ITOCHU ENEX have been actively involved in initiatives related to renewable fuels such as RD and Sustainable Aviation Fuel (SAF), which has high expectations as a fuel reducing GHG emissions in airline industry. Through these initiatives, ITOCHU will accelerate the establishment and expansion of a next-generation fuel supply chain and seek to create a decarbonized society.

*Neste's RD is produced using waste oils and animal oils which do not have any competition with foods as raw materials and realizes up to 90% reduction of GHG emissions compared with the petroleum-based diesel oil on a life-cycle assessment basis. RD can be a "drop-in" fuel and does not require the modification of existing vehicle/fueling-related facilities to begin use. RD is already commonly used mainly in Europe and the US. As a next-generation renewable fuel that can minimize the introduction costs related to decarbonization measures and greatly contribute to the reduction of GHG emissions, the expansion of its use is expected in the future of the construction and land transport industry.