

Tokyo Metropolitan Government
Voluntary Carbon Credits Utilization Webinar



The Potential of Voluntary Carbon Credits for Corporate Decarbonization

March 5, 2026
Tokyo Gas Co., Ltd.
Senior Manager
Decarbonization Advisory Business Sect.
Solution Business Dept.
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Voluntary Carbon Credit Use at Tokyo Gas

Offsetting CO₂ Emissions from Operational Vehicles at Our LNG Terminals

Tokyo Gas calculated its CO₂ emissions from the use of operational vehicles and other equipment at its LNG terminals for FY2025, **and used carbon credits purchased from the Carbon Credit Market of Tokyo** as part of its carbon offset.



Project Type
Voluntary Credit (REDD+ Forest Conservation)
Volume Purchased 200t-CO₂

At its LNG terminals and head office building, Tokyo Gas also uses carbon offset city gas — one of its own products, offset with voluntary carbon credits — to further promote carbon offsetting through the use of credits.

Carbon Credit Business Initiatives at Tokyo Gas

Tokyo Gas aims to become “The Energy That Weaves the Future” by ensuring a stable supply of decarbonized energy and providing forward-looking solutions

The First Era

Expanding Applications and Scale

Since 1885

Bringing light to people's lives during Meiji-era modernization

Founded Tokyo Gas



Founder:
Eiichi Shibusawa
©Tokyo Gas Museum

The Third Era

Contributing to the Global Environment through Decarbonization
Expanding Revenue Opportunities through Digitalization
Building a New Ecosystem

Since 2023

Delivering solutions to realize a prosperous future for customers
Launch of solution brand “IGNITURE”

IGNITURE
IGNITE YOUR FUTURE

2025

- CO₂ Reduction Contribution: **12 million tonnes**
- Renewable Power Source Transaction Volume: **22million kW**

Compass Transformation 23-25:
Transforming Our Business Model

Evolution of the LNG Value Chain

Scale Expansion (Geographic &
Application Expansion)

Compass2030

Providing Energy and Energy Solutions for Future Lifestyles, Society, and the Earth

The Energy That Weaves the Future.

Full-Scale Rollout of Solutions

IGNITURE
Decarbonization
Optimization
Resilience

Stable Supply of Decarbonized Energy

2050 • CO₂ Net Zero

2040

- CO₂ Emissions: **60% reduction***
- Carbon-Neutral Rate in Domestic Gas/Electricity supply: **50%**

- ROE: **10% or above**

2030

- CO₂ Reduction Contribution: **17million tonnes**
- Renewable Power Source Transaction Volume: **6million kW**
- Number of Customer Accounts: **20 million**

*Calculated by converting total supply chain GHG emissions — including upstream, related to domestic energy supply (gas and electricity) — into CO₂-equivalent. Reduction rate is relative to FY2022. above

In November 2023, Tokyo Gas launched IGNITURE, a solution business brand delivering the values of "Decarbonization," "Optimization," and "Resilience."

Solution Business Brand

IGNITURE

"Ignite" + "Future"

**Value
Delivered**

De
carboni
zation

Optimi
zation

Resi
lience

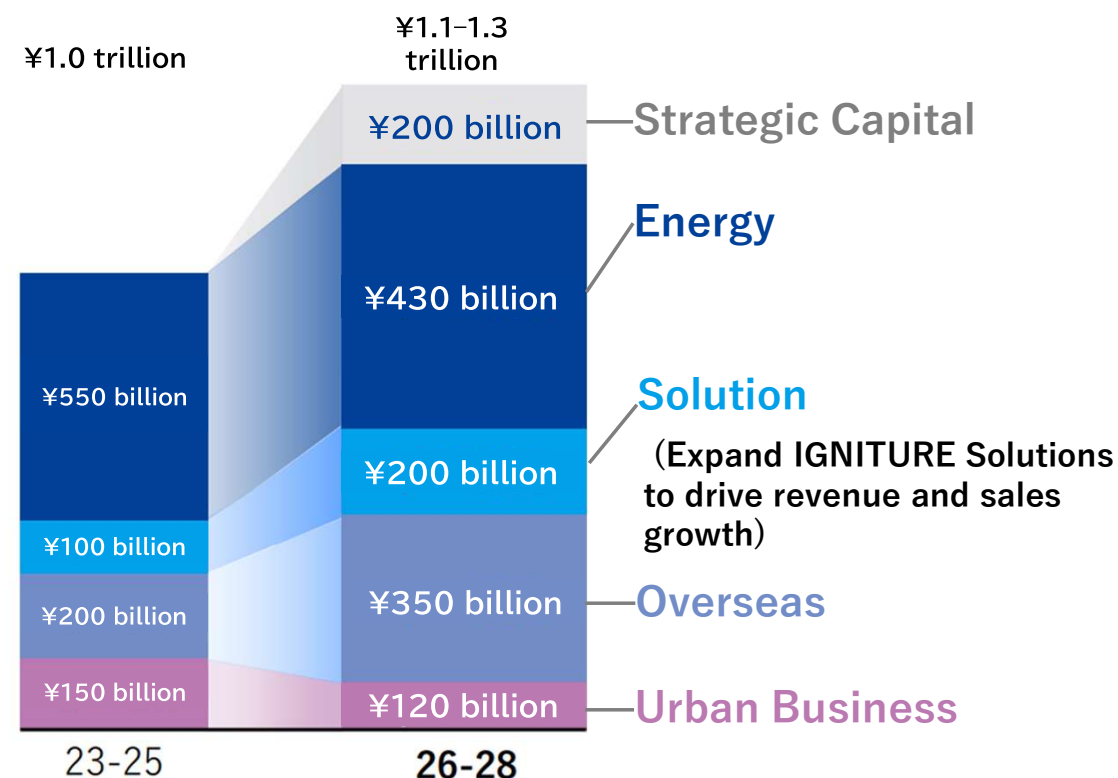
Our Group's Strengths

- Decarbonization technologies & construction management of renewable energy facilities
- Energy optimization expertise
 - Stable energy supply
- Infrastructure construction & operations management

**Social
Challenges**



New Investment Allocation (3-year cumulative):

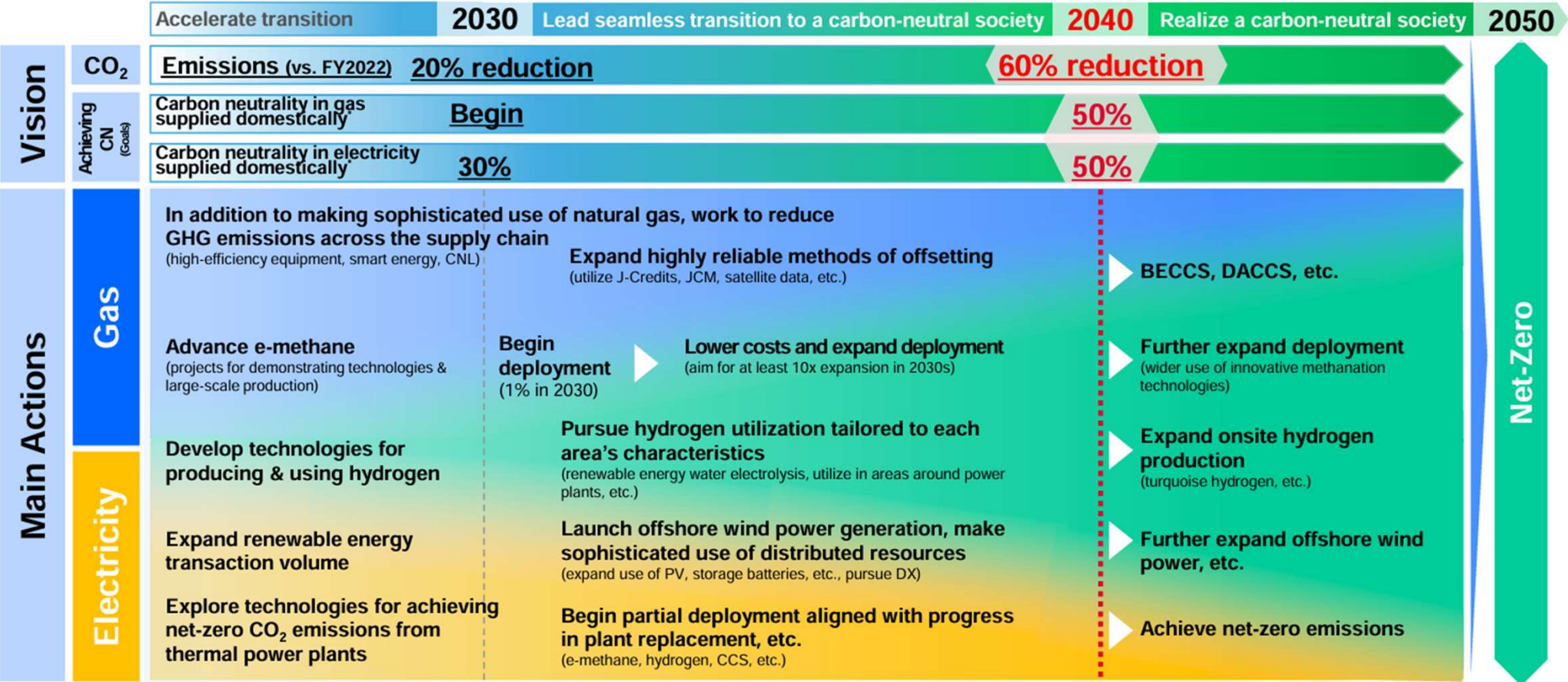


Aim to grow the Solutions business into the third pillar of the company alongside gas and electricity by 2030

Tokyo Gas Carbon Neutrality Roadmap (published March 2024)

Key Point

In the 2020s, we are laying the groundwork for decarbonizing gas and electricity while pursuing further efforts for making **sophisticated use of natural gas**. **In the 2030s, we will deploy decarbonization technologies in the real world and expand them**. We will seek to achieve a **60% reduction in CO2 emissions and 50% carbon neutrality in both gas and electricity by 2040**. Subsequently, we will further increase those improvements to achieve carbon neutrality by 2050.



Background to Launching Our Carbon Credit Business

Today's gas, for a better tomorrow.
Carbon Offset City Gas.



As an energy company, the Tokyo Gas Group is advancing a responsible transition to a decarbonized society through two pillars:

"Low-carbonization through natural gas" and "Decarbonization of gas and electricity."

Pathway to Decarbonizing Gas

Reducing CO₂ emissions through **sophisticated utilization of natural gas**, including energy efficiency, fuel switching, and smart energy networks

Providing carbon offset city
that is offset using carbon credits



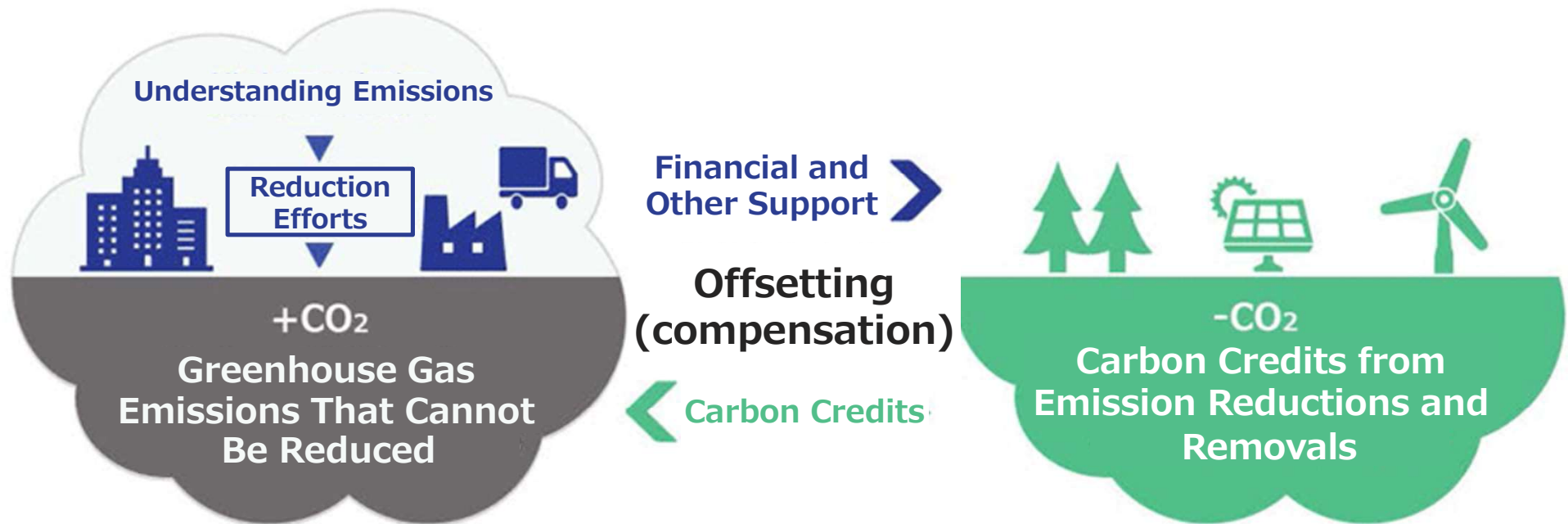
The Role of Carbon Credits:

Carbon credits are one means of **addressing a wide range of global social challenges*** by **channeling funding to where it is needed most**. The expanded use of carbon offset city gas can help accelerate the transition to a sustainable society.

*Contributing to the achievement of the SDGs, including CO₂ emissions reduction, biodiversity conservation, and respect for human rights in developing countries..

What Is Carbon Offsetting?

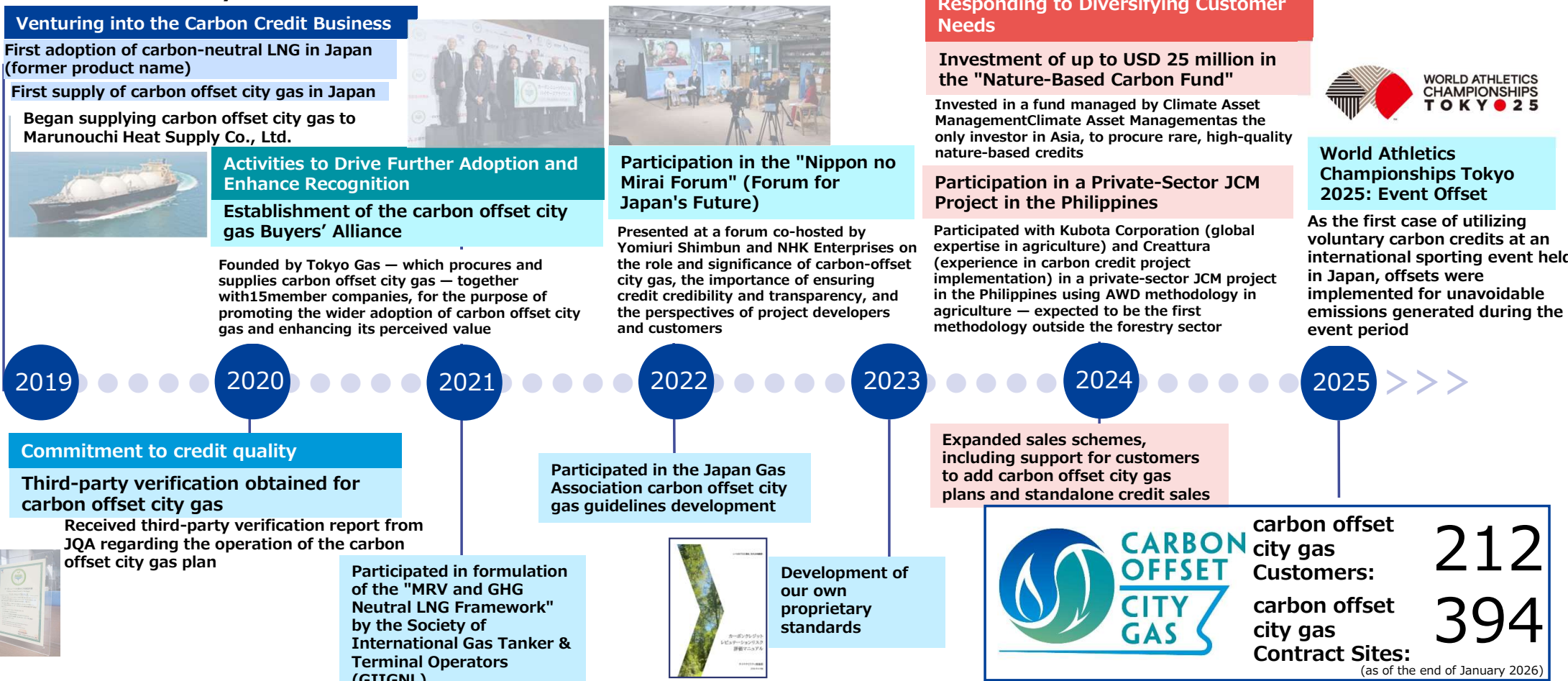
Carbon offsetting refers to the action in which individuals, corporations, NPOs/NGOs, local governments, and national governments **recognize their own greenhouse gas emissions, make efforts to reduce them, and then offset all or part of the emissions that cannot be reduced through the use of carbon credits or other mechanisms.**



Source: Guidelines on Carbon Offsetting in Japan, 4th edition — <https://www.env.go.jp/content/000209286.pdf>

Our Journey So Far (1)

The number of companies receiving carbon offset city gas has now grown to **212 companies, 394 sites** as of the end of January 2026. In terms of carbon credit retirement volume, Tokyo Gas has established itself as one of the leading buyers both domestically and internationally.



Our Journey So Far (2)

- The carbon offset city gas Buyers' Alliance is a **free-to-join alliance** formed by Tokyo Gas — which procures and supplies carbon offset city gas — together with the corporate and municipal customers who have adopted it.
- Members can **participate in seminars and public awareness activities, and receive the latest information through newsletters.**

Alliance Activities

- Monthly newsletter delivering the latest information on carbon credits
- Educational seminars on carbon credits (held multiple times per year)
- External communications to promote member company PR and enhance the perceived value of carbon offset city gas



December 11, 2022
Appeared at the "Nippon no Mirai Forum" hosted by Yomiuri Shimbun and NHK Enterprises!

Member companies also participated.
(Lumine Co., Ltd. / Sakai Chemical Industry Co., Ltd.)



October 26, 2023
Hosted a lecture featuring the CEO of a carbon credit generation project based in Indonesia!

Member networking was also conducted.

Alliance Member Companies

(as of end of January 2026, 120+ companies)

■ Manufacturing

Asahi Group Holdings, Ltd. / Isuzu Motors Ltd. / Olympus Corporation / Sakai Chemical Industry Co., Ltd. / Duskin Co., Ltd. / Toshiba Corporation / Yakult Honsha Co., Ltd. / T&K TOKA Co., Ltd. / Miyoshi Alloy Works Co., Ltd. / Aida Engineering, Ltd. / Tajima Roofing Inc. / Hosokawa Yoko Co., Ltd. / Taiho Pharmaceutical Co., Ltd. / Nihon Generic Co., Ltd. / Kojima Chemical Reagents, Inc. / Kikkoman Corporation / Riken Vitamin Co., Ltd. / Daiichi Netsushori Kogyo Co., Ltd. / Suntory Malting Ltd. / Mitsubishi Kakoki Kaisha, Ltd. / Arakawa Chemical Industries, Ltd. / Tokiwa Phytochemical Co., Ltd. / Zeon Corporation / Nippon Steel Metal Products Co., Ltd. / HARIO Co., Ltd. / Tokyo Allied Coffee Roasters Co., Ltd. / Tokyo Seisen Co., Ltd. / Maxell, Ltd. / Kanae Co., Ltd. / Cleanup Corporation / Tokyo Gas Chemicals Co., Ltd. / Honda Techno Fort Co., Ltd. / NIPPO / NIPPO Corporation / Taisei Rotec Corporation / Yokohama Ascon Joint Venture / Toda Ascon Co., Ltd. / Omiya Ascon / Yokohama Bay Ascon Co., Ltd. / Sunamachi Ascon Co., Ltd. / Sato Watanabe Co., Ltd. / Daiseki MCR Co., Ltd. / Prime Delica Co., Ltd. / Fukuoka Kyodo Seian Co., Ltd. / Kureha Environmental Solutions Co., Ltd. / Morinaga Milk Industry Co., Ltd. / NSK Ltd. / Marutai Co., Ltd. / Shiseido Company, Limited / Nippon Kinzoku Co., Ltd.

■ Hotels, Commercial Facilities, Buildings, etc.

Hotel New Otani Co., Ltd. / Marunouchi Heat Supply Co., Ltd. / Sumitomo Mitsui Trust Bank, Limited / Mitsubishi Estate Co., Ltd. / Lumine Co., Ltd. / Imperial Hotel, Ltd. / Paru Social Welfare Corporation / Central Sports Co., Ltd. / Dai-ichi Life Insurance Company, Limited / Iino Kaiun Kaisha, Ltd. / Toko Electric Construction Co., Ltd. / Kawamoto Kogyo Co., Ltd. / Seibu Realty Solutions Co., Ltd. / Nikken Sekkei Ltd. / Shimizu Corporation / Sotetsu Holdings, Inc. / Saemon Co., Ltd. / Keio Corporation / Keikyu Corporation / East Japan Railway Company / Joyful Honda Co., Ltd.

■ Educational Institutions

Tamagawa Gakuen / Juntendo University & Juntendo Hospital / Gakushuin / Tokai University / Waseda University / Obirin University / Meiji University / Hosei University / Keio University / Shibaura Institute of Technology

■ Government & Municipal Bodies

Hadano City / Moriya City / Akishima City / Tsuchiura City / Kokubunji City / Kodaira City. Sodegaura City / Fujisawa City / Shinagawa Ward / Sayama City / Koto Ward

Purchasing Carbon Credits Requires Expertise and Discernment

Challenges in purchasing carbon credits

A wide range of credits exists in the international market, including some of low-quality.

Purchasing low-quality credits **poses a reputational risk** for buyers.

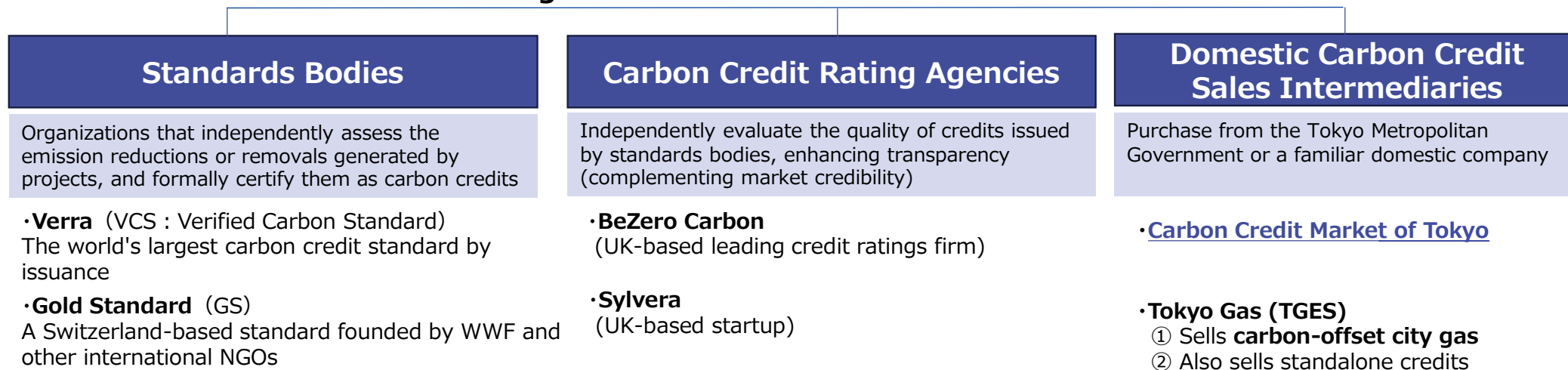
It is therefore essential to **carefully assess whether a credit meets the necessary criteria**.

Ex. Additionality (Would the emission reductions/removals have occurred without the credit?)

Leakage (Risk that emissions increase outside the project boundaries)

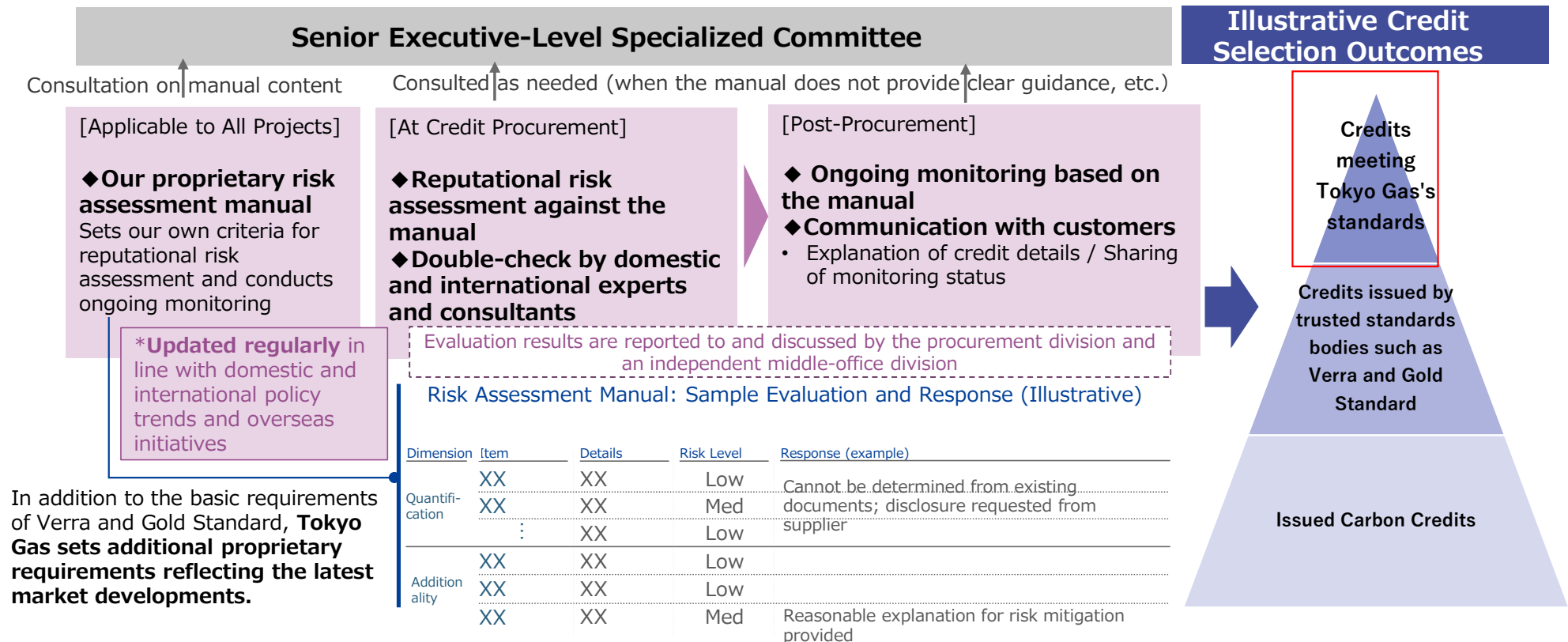
Permanence (Will CO₂, once reduced or removed, stay out of the atmosphere permanently?)
(and more...)

**Solutions: "Leverage information from organizations that support purchasing decisions" or
"Purchase credits through a sales intermediaries."**



Tokyo Gas's Framework: Procuring and Using High-Quality Credits

- Tokyo Gas has established a framework for procuring and using **high-quality carbon credits** — including the establishment of a **senior executive-level specialized committee** and the development of a **proprietary risk assessment manual** — to strengthen and advance risk management governance.
- Given the wide diversity of carbon credits in terms of both methodology and project type, **it is essential to identify and utilize credits** that align with customer needs and **genuinely contribute to emission reductions across society**.



Tokyo Gas Products Utilizing Carbon Credits

Offered as “Carbon offset city gas” tailored to gas consumption



Environmental Contribution Model

- Enables PR and branding through contributions to the SDGs, beyond CO₂ reduction alone
- Utilizes highly credible **voluntary credits equivalent to the top 1% globally*** (*Based on data from BeZero Carbon and Sylvera)
- By structuring the implementation conditions, **initial costs can be adjusted**



Emission Factor Adjustment Model

- Enables **the adjusted emission factor to be set to zero** under Japan's Greenhouse Gas Accounting and Reporting System (SHK)
- Also applicable under **GX-ETS and the Tokyo Metropolitan Government's Ordinance**
- Enables **stable procurement** of J-Credits, which have limited issuance volumes

For those seeking more ambitious offsetting ↓



Carbon Removal Credits*

- The only credit type expected to be eligible under SBTi
- Forward-looking industries and companies are beginning to adopt this approach
- Credits representing activities that remove and sequester greenhouse gases from the atmosphere, rather than simply reducing existing emissions

*Please contact us for consultation on sales as carbon offset city gas calibrated to gas volume.

*Standalone credit sales are also available.

Customer Testimonials: Carbon offset city gas (Environmental Contribution Model) Customer



[Tajima Roofing Inc.]

As part of our CO₂ emissions reduction initiatives — one of the key SDG priorities linked to our medium-term management plan — we have set a target of reducing CO₂ emissions by 50% by 2030 compared with a 2013 baseline. In FY2024, our CO₂ emissions declined further from the previous year, achieving a 42.7% reduction across Scopes 1 and 2. Beyond energy efficiency improvements and renewable energy introduction, we have also contracted carbon offset city gas at multiple sites, contributing to global CO₂ reduction efforts.



[Arakawa Chemical Industries, Ltd.]

According to our Sustainability Report 2025, against our FY2025 CO₂ reduction target of 50% below FY2015 (upgraded from the previous SLB target of 30%), FY2024 results show that carbon offset city gas accounted for 9,600 tonnes of the total 26,700 tonnes of emissions reductions achieved, bringing our cumulative reduction to 55.2% below FY2015. We are also a member of the carbon offset city gas Buyers' Alliance, where we continue to learn best practices in disclosure and remain committed to co-creating a carbon-neutral society.



[Hotel New Otani Co., Ltd.]

At Hotel New Otani (Tokyo), carbon offset city gas has been used for its gas cogeneration system since 2020—ahead of others in the industry—achieving approximately 35,000 tonnes of CO₂ reductions over five years. Under the theme of “Reconomy*,” we strive for harmony with the global environment by reducing our environmental impact and maintaining a strong awareness of the SDGs. As one of Japan’s leading hotels, we will continue to pursue various environmental initiatives to remain a hotel that values both our guests and the planet.
* A system advocated by Hotel New Otani that promotes energy conservation and resource recycling (an economy in harmony with the environment)

IGNITURE

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