



CO₂ emissions reduction targets to achieve by 2030

We have set the following three CO₂ emissions reduction targets to achieve by 2030.

Target ①

CO₂ emissions from the LP gas industry
Approx. 50% reduction

Reduction of CO₂ emissions through high-efficient LP gas operations (halving emissions compared to other companies). Sharing our operations with other companies to aim for a halving of CO₂ emissions across the industry.

Target ②

CO₂ emissions per household
Approx. 50% reduction

Reduction in CO₂ NICIGAS' emissions due to each household's energy optimization and non-fossil electric power sources. Targeting customers who use our E&G bundled services. For LP gas customers, this includes the benefits of CO₂ emission reduction through efficient operations.

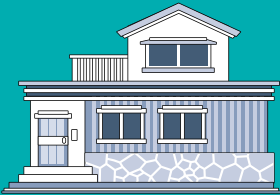
Target ③

Reduction contribution
Approx. 1,450 thousand t-CO₂
(by 2030)

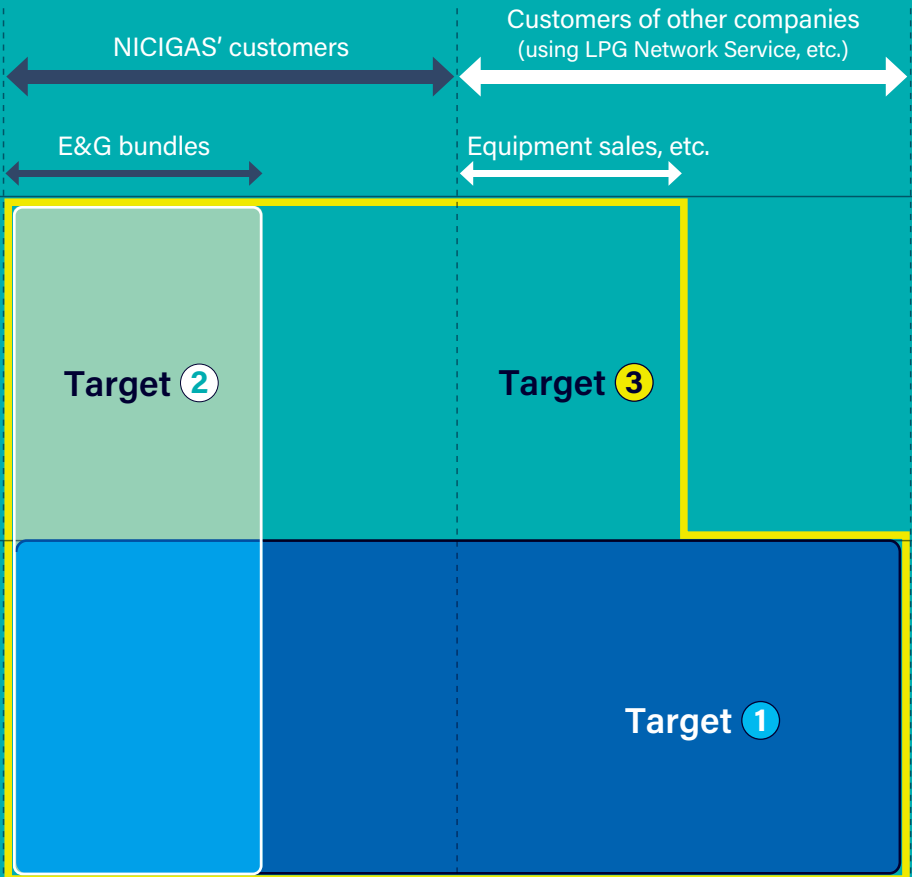
Reduction in CO₂ emissions through high-efficient LP gas operations (halving emissions compared to other companies), as well as the reduction due to each household's energy optimization and non-fossil electric power sources.

Organization of
targets ①, ②, and ③

Customers' CO₂ emissions
(Scope3)



Reduction in CO₂ emissions
through high-efficient
LP gas operations
(Scope1)

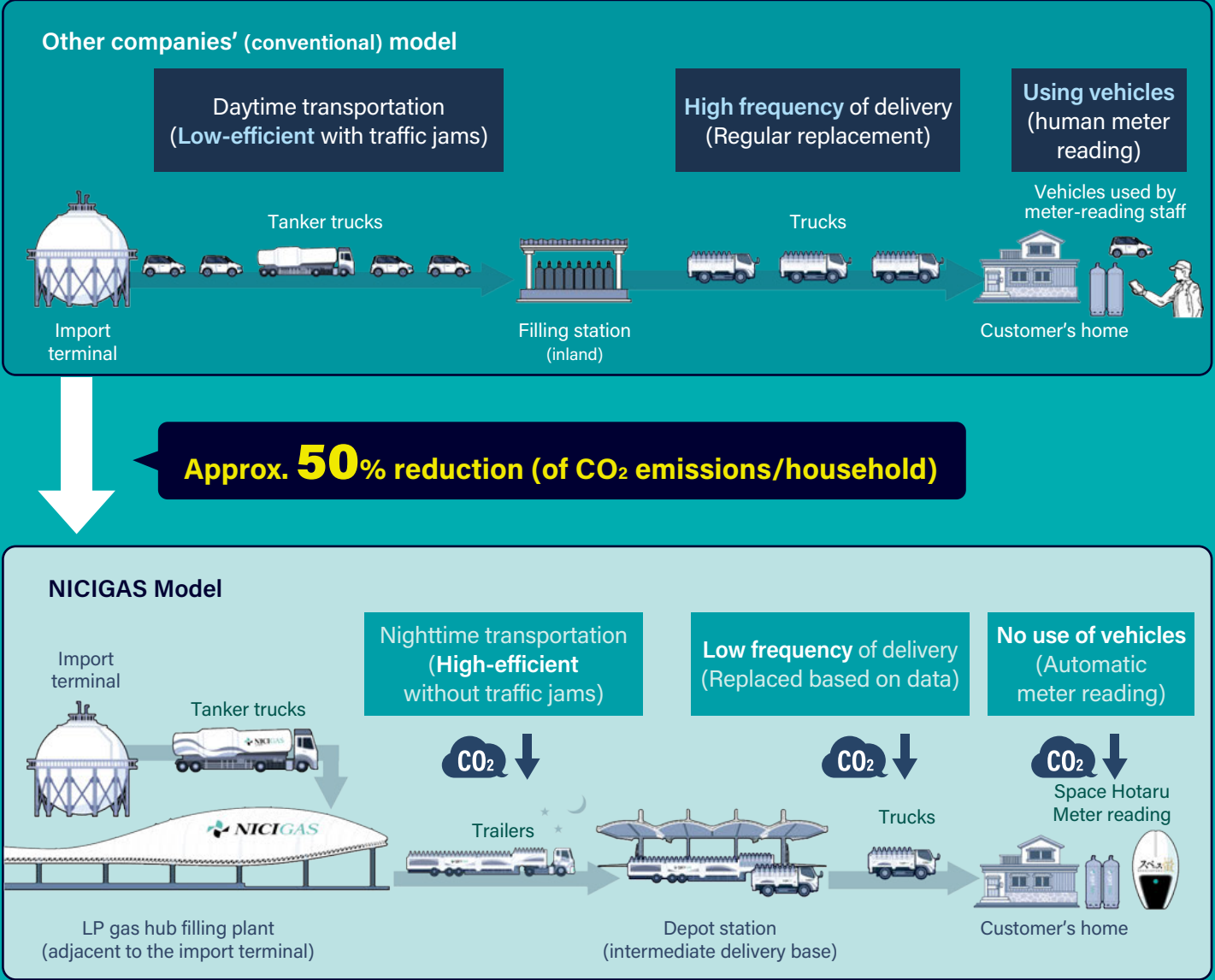


Target ① CO₂ emissions from the LP gas industry/LPG Network Service

CO₂ emissions from the LP gas industry

Approx. 50% reduction

Our efficient LP gas operations reduce filling and delivery costs, as well as CO₂ emissions per household for customers, by half compared to other companies' conventional operations. We share these operations with other companies (LPG Network Service), thereby halving the industry's overall CO₂ emissions while earning service fees and contributing to the enhancement of corporate value.



Progress

In November 2022, we began sharing our LP gas operations with other companies, filling their cylinders at Yume no Kizuna Kawasaki. Following the Group's reorganization in January 2024, we will accelerate our Platform business, expand the use of our Platforms by other companies, and contribute to the reduction of CO₂ emissions across the industry.



Target ② CO₂ emissions per household

CO₂ emissions per household **Approx. 50% reduction**

We will reduce CO₂ emissions per household for customers who have contracts for E&G bundled services, implementing measures at every stage of the value chain.

► Progress

For our progress toward these targets, please see "Specific measures for CO₂ emissions reduction (pages 33-34)".

CO₂ emissions per household*

FYE 03/19	FYE 03/20	FYE 03/21	FYE 03/22	FYE 03/23
4.3 t-CO ₂	4.3 t-CO ₂	3.5 t-CO ₂	3.5 t-CO ₂	3.1 t-CO ₂

* Going forward, CO₂ emissions per household will be assured by KPMG AZSA Sustainability Co., Ltd., an independent assurance provider, and will be published on our sustainability website.

We have concluded sustainability linked loan agreements with several financial institutions. These loans' borrowing conditions, such as interest rates, vary depending on the achievement of pre-set ESG targets, and we have set "CO₂ emissions per household" as a target.

Target ③ Reduction contribution

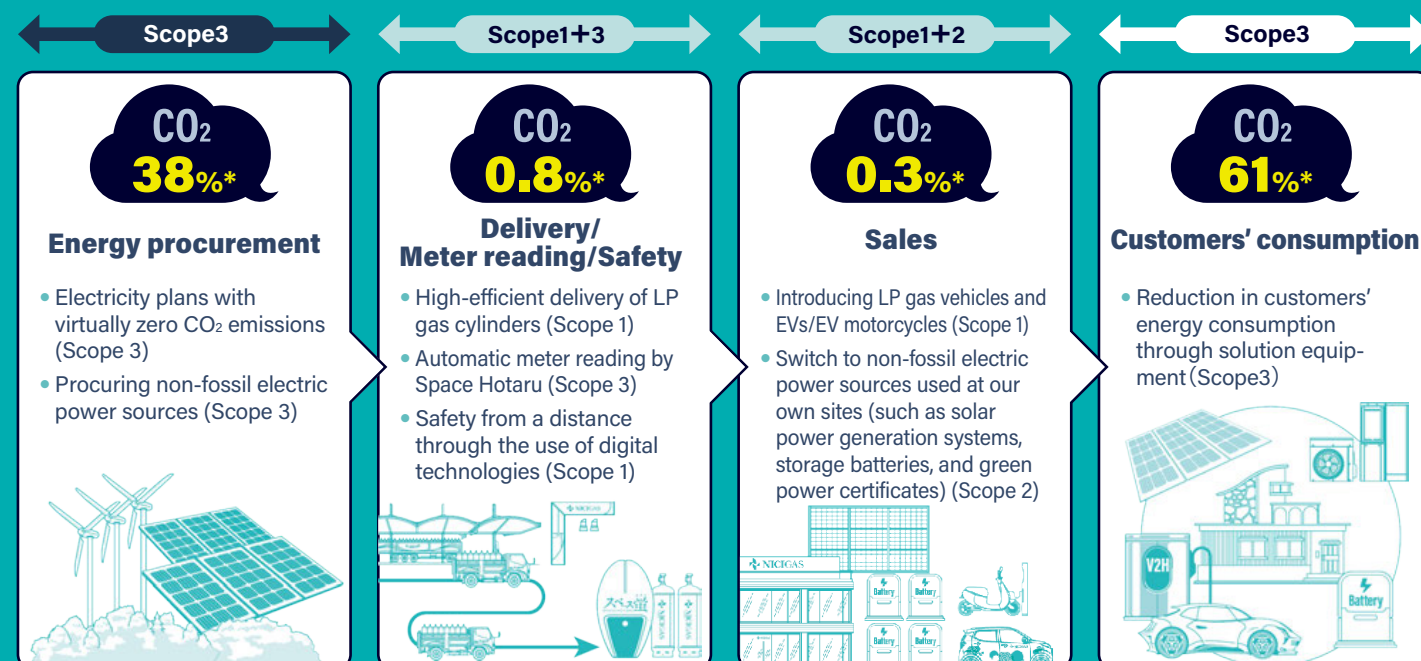
Reduction contribution **Approx. 1,450 thousand t-CO₂**

By implementing reduction measures, we will reduce CO₂ emissions. Furthermore, compared to the FY 2013 baseline used by the Japanese government for its target of 46% CO₂ emissions reduction by 2030, our Group's CO₂ emissions are expected to be reduced by approx. 55%.

► Progress

For our progress toward these targets, please see "Specific measures for CO₂ emissions reduction (pages 33-34)".

Specific measures for CO₂ emissions reduction



* Percentage in our total CO₂ emissions for FYE 03/22 (details on page 29)



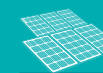
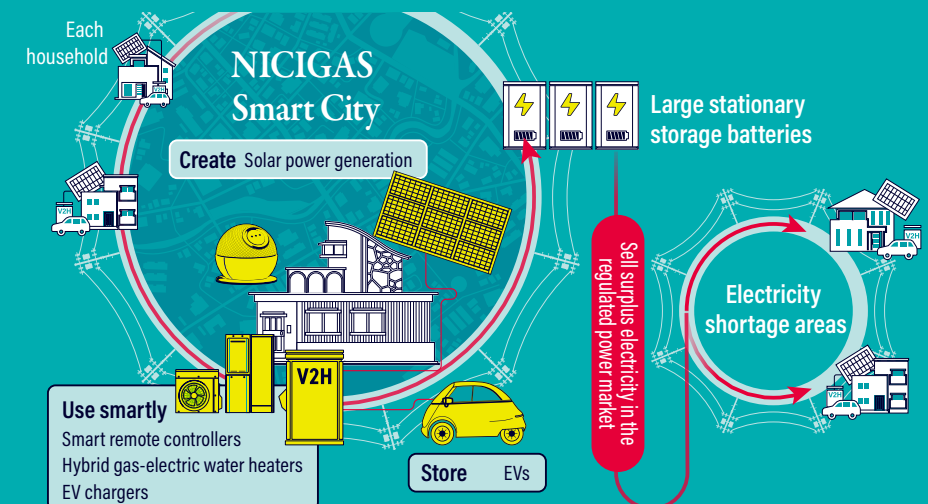
Customers' consumption (61% of CO₂ emissions for FYE 03/22)

► CO₂ emissions reduction at customers through solution provision

We promote the conversion of households into smart homes by providing solution equipment, thereby reducing CO₂ emissions at customers. Furthermore, we link communities through the power distribution network and engage in wholesale electricity market transactions to achieve optimal energy usage and CO₂ emissions reduction in local communities (NICIGAS Smart City).

► Specific initiatives

We focus on the sales of solution equipment as the first step towards the conversion of homes into smart homes. By generating electricity with solar power, storing it in storage batteries, and smartly using electricity and gas with hybrid gas-electric water heaters, we reduce the use of fossil fuels and CO₂ emissions. Additionally, we promote development in collaboration with ventures to introduce smart remote controllers that appropriately control each device according to the power supply and demand, weather conditions, etc., optimizing energy usage in each household. In FYE 03/23, we sold approx. 1.2 thousand hybrid gas-electric water heaters and a total of 33 units of EV chargers, solar power generation systems, storage batteries, contributing to CO₂ emissions reduction in households. Going forward, we will accelerate the sales of solution equipment, aiming to sell approx. 8 thousand hybrid gas-electric water heaters and a total of 2,200 units of EV chargers, solar power generation systems, storage batteries by FYE 03/26, achieving both CO₂ reduction and business expansion.



Energy procurement (38% of CO₂ emissions for FYE 03/22)

► Electricity plans with virtually zero CO₂ emissions

Since February 2022, we have been offering the DEGAWARI 007 electricity plan, which results in virtually zero CO₂ emissions (by purchasing non-fossil fuel certificates) for the electricity used by our contracted customers. As of the end of March 2023, approx. 2,300 customers are using this plan.

► Procuring non-fossil electric power sources

By FYE 03/31, we plan to increase the ratio of non-fossil electric power sources to the electricity delivered to customers to approx. 50%. In FYE 03/23, we purchased 50 GWh of non-fossil fuel certificates, corresponding to approx. 4% of the electricity volume sold. In FYE 03/24, we plan to purchase non-fossil fuel certificates with the aim to achieve a ratio of non-fossil electric power sources of 16%.

	FYE 03/22	FYE 03/23	FYE 03/24	FYE 03/31
Electricity plans with virtually zero CO ₂ emissions				• Provision of virtually zero CO ₂ emissions plan DEGAWARI 007 (Feb. 2022 onward)
Procuring non-fossil electric power sources	• Start of purchasing non-fossil fuel certificates	• Ratio of non-fossil electric power sources Approx. 4% (FYE 03/23)		• Ratio of non-fossil electric power sources → Approx. 50%



Delivery, meter reading, safety (0.8% of CO₂ emissions for FYE 03/22)

► Efficient LP gas cylinder delivery (details on page 32)

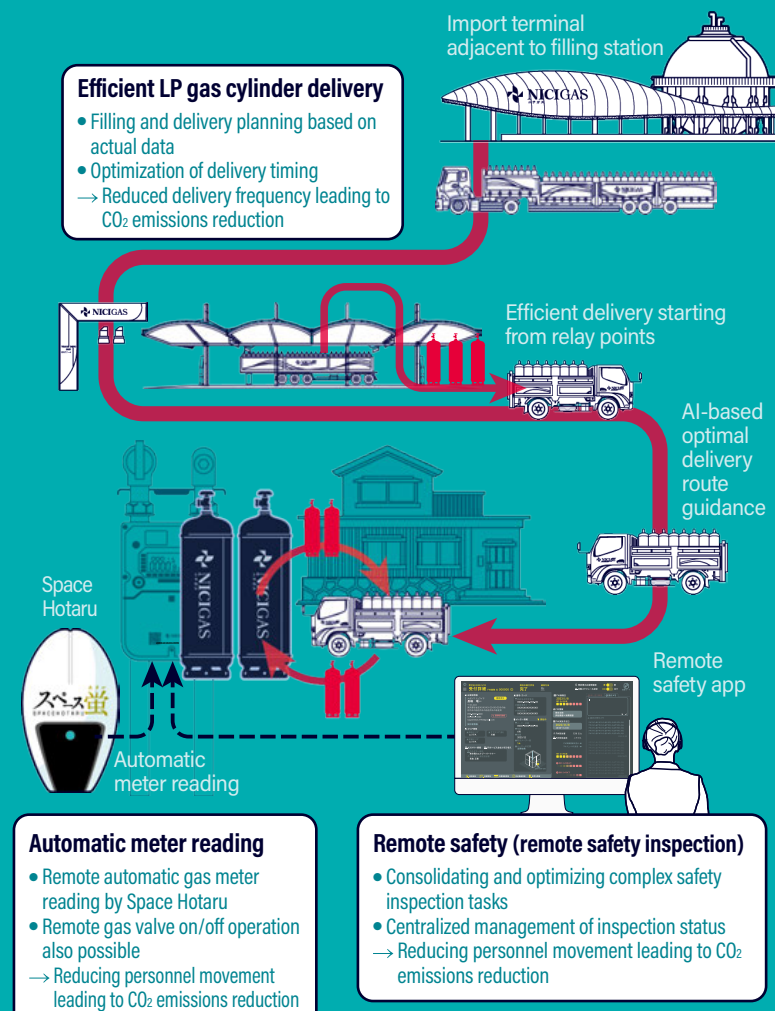
Our LP gas operations halve CO₂ emissions compared to other companies (emissions associated with the filling and delivery of LP gas per customer household). In July 2023, we consolidated the filling operations from the Kofu Plant to Kawasaki (Yume no Kizuna) and transformed the Kofu Plant into a depot station, further enhancing delivery efficiency, reducing costs, and reducing CO₂ emissions.

► Automatic meter reading by Space Hotaru

NICIGAS automatically reads gas consumption of all customers of LP Gas and Existing City Gas using Space Hotaru. This eliminates the need for meter readers to travel by car or motorcycle to visit customers, reducing the CO₂ emissions associated with their transportation.

► Remote safety

Since March 2022, we have been conducting remote safety inspections (remote safety). This eliminates the need for safety personnel to travel by car or motorcycle to visit customers, reducing CO₂ emissions. We optimize operations and increase the number of inspections we can handle, thus increasing the contracting of safety operations from other companies (Safety Platform). This in turn contributes to revenue.



Sales (0.3% of CO₂ emissions for FYE 03/22)

► Introduction of EVs and EV motorcycles

We are working to convert all company vehicles and motorcycles to EVs. This is expected to reduce our CO₂ emissions by approx. 85% compared with gasoline, and by approx. 80% compared with LP gas. As of May 2023, we have introduced 80 EVs (including 6 regional head cars (Tesla Model 3), 6 general manager cars (Hyundai Ioniq 5), and 1 general manager car (BYD ATTO3)).

From around December 2023, we plan to introduce battery-type ultra-fast EV chargers manufactured by PowerX, our capital and business alliance partner, at seven of our sales offices.



EV cars



EV charger by PowerX (image)

► Switch to non-fossil power sources at our sales offices (solar power generation, storage batteries, green power certificates)

We are installing EV chargers, solar power generation systems and storage batteries at our sales offices as we promote the switch to non-fossil fuel power sources. As of September 2023, solar power generation facilities are in place at more than 10 locations, and we plan to introduce them at places like Yume no Kizuna Kawasaki in the future. In April 2023, the newly opened Tsurumi Sales Office was equipped with EV chargers, solar power generation systems, storage batteries, and other solution equipment, generating electricity on-site and achieving energy self-sufficiency.

Additionally, we are promoting the switch to non-fossil power sources at our own facilities by purchasing green power and non-fossil fuel certificates. In FYE 03/23, we purchased certificates corresponding to the electricity usage of our head office building (approx. 700,000 kWh) and the LP gas hub filling plant Yume no Kizuna Kawasaki (approx. 900,000 kWh).



Green power
certificate
(350,000 kWh)

Smart office "Tsurumi Sales Office"

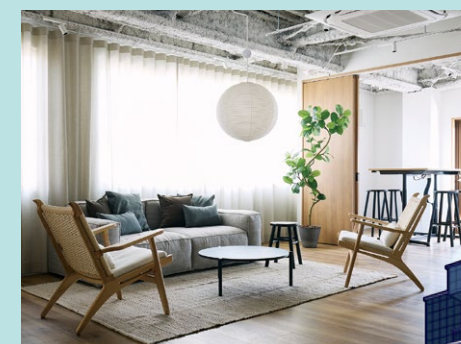
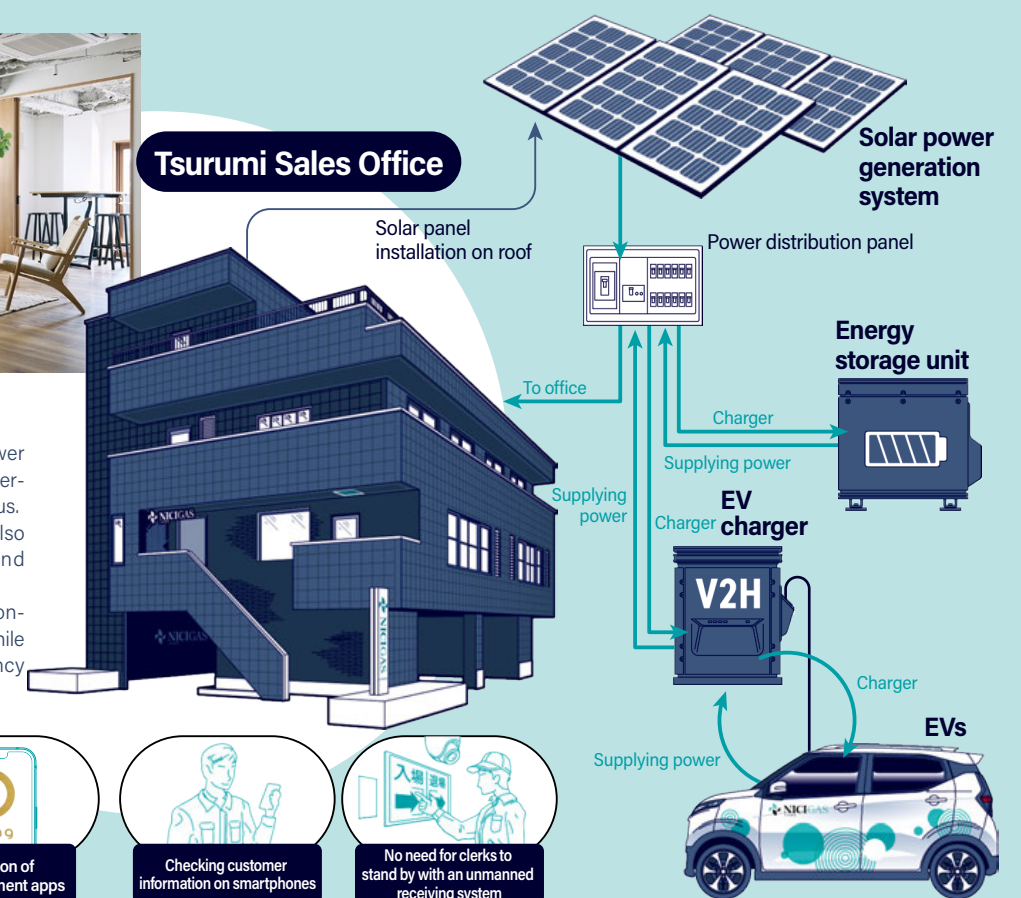


photo by Takuya Nagata

By installing EV chargers, solar power generation systems and storage batteries, we are making offices autonomous. The digitalization of operations is also enabling cashless, paperless, and administrative processes-less. In our sales activities, we aim to contribute to CO₂ emission reduction, while also aiming for operational efficiency and the reduction of risks and costs.



Efforts to achieve net zero emissions by 2050 (introduction of new technologies)

We will invest in and collaborate with venture companies specializing in environmental technology, and collaborate with gas equipment manufacturers to introduce new technologies toward achieving net zero CO₂ emissions by 2050. Specifically, we will focus on new domains where technology is being developed toward commercial use, such as CCUS (CO₂ Capture, Utilization, and Storage), hydrogen energy, ammonia, and carbon-free methane, in addition to renewable energy (natural energy) and storage batteries, and we will introduce these new technologies while evaluating their practical applicability.