

September 2, 2024

Investment of up to US\$25 million in Climate Asset Management's Nature Based Carbon Fund to create high-quality nature-based carbon credits

Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd. (President: SASAYAMA Shinichi, hereinafter referred to as "Tokyo Gas") announces its investment^{*1} in Climate Asset Management's Nature Based Carbon Fund (hereinafter referred to as "the Fund") to create high-quality nature-based carbon credits^{*2} with verified co-benefits. We plan to invest up to \$25 million USD.

The Fund is managed by Climate Asset Management (located in London, United Kingdom and CEO: Martin Berg,) under its experienced fund management system^{*3} with respect to carbon credits, and realizes the provision of carbon credits that collateralize the integrity for companies and investors that aim to achieve a net zero objective. The Fund has a globally balanced offering of investors, and we are the only investor^{*4} from Asia.

Tokyo Gas is making efforts to socially implement and expand the e-methane and other decarbonization technologies while promoting the advanced use of natural gas in the decarbonization of heat to achieve CO2 Net-Zero in 2050. As one of the key measures in the transition period, Tokyo Gas provides "Carbon offset City Gas^{*5}" which uses high quality carbon credits^{*6}. Moreover, the Company plans to diversify its carbon credit procurement methods in order to develop various menus in response to customer needs and changes in the external environment, and this investment will be part of this plan.

Carbon credits supplied by the Fund are generated from afforestation, restoration and other nature based initiatives. Nature based carbon credits require extensive and continuous land for their creation, so the supply of carbon credits is limited. Among them, it is expected that removal carbon credits that fix and absorb carbon in vegetation will be difficult to procure over the medium to long term. Through its investment of up to US\$ 25 million in the Fund, Tokyo Gas aims to raise a substantial amount of this scarce high-quality nature-based carbon credits over the 12-year period ending in 2037.

In Tokyo Gas Group management vision of "Compass 2030", we will work to achieve Net-Zero CO2 emissions including customer emissions in its overall business activities and contribute to the realization of the government's goal of carbon neutrality by 2050 by achieving a responsible transition.

Comment from Climate Asset Management's CEO Martin Berg

"We are delighted to welcome Tokyo Gas as an investor into our Nature Based Carbon Fund. Their commitment further extends the international profile of our investor base, which includes investors from the US, the UK, Europe, Australia and Asia. We look forward to working with them and in helping to support their climate goals. "

Comments from SUGESAWA Nobuhiro, Senior Executive Officer, General Manager of Solution Co-Creation Division, Customer & Business Solutions Company, Tokyo Gas

"We are very pleased to join the team as the investor of the Fund managed by Climate Asset Management, a company with outstanding expertise and discernment. By utilizing the high quality carbon credits that the Fund will create, we will further evolve our carbon offset menu and contribute to our customers' prosperous future and sustainable business operations as part of the new solutions business brand "IGNITURE"."

<Profile of the Nature Based Carbon Fund>

Date of Establishment	December 2022
Address	Luxembourg
GP	NBCF General Partner S.à r.l. which is established by Climate Asset Management
Description of Businesses	Investment in nature-based projects that generate carbon credits

<Outline of Climate Asset Management >

Date of Establishment	August 2020
Registered Office Address	3 More London Riverside, London SE1 2AQ, uk
Shareholders	HSBC Asset Management Co., Ltd ^{*7} , Pollination ^{*8}
Representative	CEO Martin Berg
Description of Businesses	Asset management specializing in natural capital

*1: Investment via Tokyo Gas United Kingdom Ltd (100% subsidiary of Tokyo Gas).

*2: Carbon credits are values generated by issuing credits for reducing greenhouse gases (reductions and removals), such as CO2 via forest conservation, afforestation, and the introduction of energy-saving equipment. Nature-based carbon credits are those created by activities such as forest conservation and afforestation

*3: Climate Asset Management's Natural Capital Strategy named Environmental Fund of the Year: Global, and Nature Based Carbon Strategy named Environmental Fund of the Year: EMEA in the Sustainable Investment Awards 2024

*4: As of September 2, 2024

*5 : Launch of "Carbon Offset City Gas," a generic name for a city gas offset menu that utilizes carbon credits (announced September 2, 2024)

*6(1) Tokyo Gas has formulated its own credit assessment standards and, in addition to internationally reliable standards such as Verra and Gold Standard, it also conducts assessments by referring to and adding to ICVCMs CCPs and guidelines for related rating services. (2) Prepares the Tokyo Gas Carbon Neutral City Gas Calculation Rules, and based on these, implements third-party verifications by the Japan Quality Assurance Organization

*7: Investment management business of HSBC Group, one of the world's largest banking and financial services organizations

*8: Specialist global climate change investment and advisory firm