

Annual Report 2022

Ukrainian crisis reshapes the world,
elevates energy security concerns



Japan's GX is greenwashing

International developments

Russia launched its invasion of Ukraine in February 2022, the third year of the COVID-19 pandemic, and prospects for an end to the crisis are still unclear. For energy independence and security, the world needs to shift away from fossil fuels and toward renewable energy. Amid rising energy prices and supply disruptions, the EU decided in May to accelerate its expansion of renewable energy. Germany had initially postponed plans to end its use of nuclear power, but did go ahead with the plans at the end of March 2023. The 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) agreed to maintain the 1.5°C target and create a new fund to support "loss and damage" in countries and regions that are vulnerable to the effects of climate change, such as droughts in eastern Africa and major flooding in Pakistan. The COVID-19 pandemic boosted the Zoom video app, which we have been using to gather information. We also sent young staff to attend COP27, and have used opportunities to issue press releases and hold webinars to convey information about crucial developments happening around the world. We believe these are important activities to ensure that we don't misjudge where Japan stands.



The aims of GX Promotion Act and Decarbonization Electricity Act

Japan has continued to adopt climate policies that run counter to global trends. In the three years since the government made its 2050 carbon neutral declaration in October 2020, it is regrettable that Japan has solidified its regulatory and economic support for thermal (fossil fuel) and nuclear power, and has adopted measures that will hinder any transition to renewable energy. These are reckless actions that could waste a crucial decade.

The 2050 carbon neutral declaration itself was an integral part of plans spearheaded by JERA to achieve what it calls "zero emission thermal power" by co-firing coal with hydrogen and ammonia and the blurring of reality using carbon capture and storage. With Japan's 6th Strategic Energy Plan, the government declared this all to be part of its emissions reduction measures and worked to draw in other Asian countries. In May 2022, with amendments to the Act on Rationalizing Energy Use, Japan added hydrogen and ammonia made with fossil fuels to its definition of "non-fossil energy" and incorporated them into various incentives. The finishing touch was the GX bundled bill under the "Green Transformation" label, with a commitment of 20 trillion yen in government bonds over the next ten years to economically support ammonia co-firing, carbon capture and storage, and develop and construct new types of nuclear reactors. Kiko Network responded by publishing position papers and conducting webinars, pointing out that the policies would not reduce emissions, and that the policies made no economic sense and would only prolong the use of thermal power (fossil fuels). The media did pick up on these problems, but the legislation ended up being passed by the ruling Diet majority in May 2023. The legislation is named the Act on Promotion of a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure (GX Promotion Act), and the GX Decarbonization Electricity Act, but the actual contents are a far cry from what their names suggest. At the G7 Summit in 2022, Japan committed to "achieving a fully or predominantly decarbonized power sector by 2035" and "steps towards the goal of accelerating phase-out of domestic unabated coal power generation." In lawsuits opposing new coal power construction, however, the courts accepted that obfuscation of meaning and rejected the rights of citizens to object.

Seeing through the greenwashing

Meanwhile, the Japanese government insists that these policies are consistent with the 1.5°C target. The aim of the GX bill is to achieve a 20% to 22% ratio for nuclear in the government's power mix by 2030 and to set the target power mix for 2050 (renewable energy limited to only 50% to 60%, with the remainder coming from nuclear, plus hydrogen and ammonia thermal power combined with CCS). This all amounts to greenwashing. To achieve a real transformation, the international community is focused on promoting a "just transition" for workers and local communities, along with the transformation of industrial structure, and the elimination of "greenwashing" (fake emission reductions). This is because, to limit the temperature rise to 1.5°C, real emission reductions are what is needed, not pretense. At COP27, expert recommendations were compiled under the leadership of Secretary-General António Guterres. Japan cannot stand alone from these developments. Besides bolstering monitoring from the investor's perspective, we must also see through and criticize greenwashing from the consumer's point of view.

Mie Asaoka
President, Kiko Network

浅岡美恵

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Ukrainian crisis reshapes the world, elevates energy security concerns

The year 2022 was a difficult reality for voices like ours calling for an end to coal by 2030.

Russia's invasion of Ukraine triggered a global energy crisis

The world's energy situation has changed dramatically due to increased energy demand with the recovery of economic activity from the COVID-19 pandemic, along with the Russian invasion of Ukraine. While this has created headwinds for decarbonization efforts, particularly in European countries that have been heavily dependent on Russia (a major energy exporter), efforts are being made to advance the spread of renewable energy in the interest of improving energy self-sufficiency and promoting a "just transition" in the power sector. Meanwhile, purportedly in recognition of the importance of a stable energy supply, Japan is promoting the restart and the extension of nuclear power plant operations, the development of next-generation ("innovative") nuclear reactors, and the preservation of coal and gas-fired thermal power plants by co-firing with hydrogen and/or ammonia.

All this for a "stable energy supply"?

Electric Power Development Co. (J-POWER) is making steady preparations to start constructing the GENESIS Matsushima Project in 2024 despite many objections from citizens at the environmental assessment stage, and JERA will start a demonstration project for ammonia co-firing (20% mix) at its Hekinan Thermal Power Station (coal-fired) in fiscal 2023. Research institutes and think tanks have pointed out that Japan's use of hydrogen and ammonia as fuels is inconsistent with the goals of the Paris Agreement. However, in December 2022, the Japanese government compiled the "Basic Policy toward the Realization of GX" based on the major premise of securing a stable energy supply, and in it included renewable energy as a main power source, but also the use of nuclear power and the introduction of hydrogen and ammonia as decarbonization efforts. Kiko Network expressed its objections to these false climate solutions via channels such as press releases and newspaper opinion advertisements (see below). Concerns also came in from around the world.



A climate action in front of the Sumitomo Mitsui Financial Group headquarters
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Growing impact of SDGs and ESG

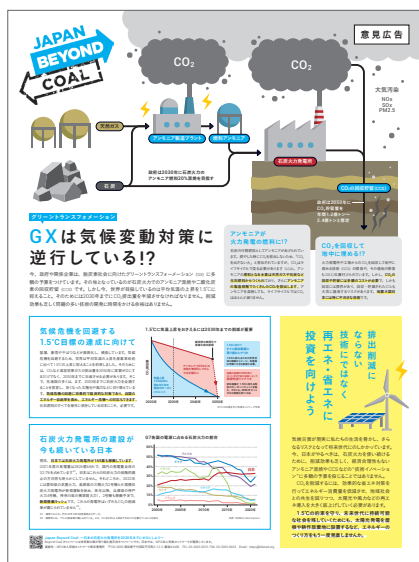
The rise of the SDGs and ESG can no longer be ignored, and corporate management is increasingly recognizing them in Japan as well. Initiatives such as RE100 (a global corporate initiative seeking 100% renewable energy) and RE Action are attracting a growing number of members, and as the Task Force on Climate-related Financial Disclosures (TCFD) attracts more members, progress is also being made in information disclosure.

In 2022, Kiko Network submitted shareholder resolutions to strengthen corporate climate measures, targeting four companies in the finance, trading, and electric power sectors (Sumitomo Mitsui Financial Group, Mitsubishi Corporation, and Tokyo Electric Power Company Holdings and Chubu Electric Power Co., the latter two being shareholders of JERA). Each resolution was rejected at its respective shareholder meeting, however investors and asset management companies are increasingly monitoring and seeking engagement on corporate responses to climate change-related risks. The submission of these resolutions to carbon-intensive electric power companies was a bold move, and combined with the fact that three institutional investors from Europe and an Australian NGO submitted shareholder resolutions calling on J-POWER to boost its decarbonization efforts, Japanese power companies were put on notice that they too are expected to take stronger climate action.

Net zero by 2050: One step at a time

International developments this year include reports from Working Groups II (impacts, adaptation and vulnerability) and III (mitigation) of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and a decision at COP27 to call for stronger climate actions by the Parties in areas such as mitigation, adaptation, loss and damage, and climate finance.

Based on these scientific findings on climate change and agreements made at international conferences, we will continue our efforts, one step at a time, to realize a sustainable society in Japan.



Building an international framework



Civil society action at the COP27 climate conference venue

A world facing complex crises

International negotiations on climate change took place under challenging global conditions, including the global energy crisis triggered by the Russian invasion of Ukraine and the escalating loss and damage caused by frequent climate disasters. The Synthesis Report of the IPCC's Sixth Assessment Report released in March 2023 sounded the alarm, stating that "The choices and actions implemented in this decade will have impacts now and for thousands of years," and called for all possible measures to be taken by 2030. In the G7 Leaders' Communiqué from Elmau, Germany, leaders made commitments relating to phasing out coal power generation and decarbonization of the power sector.

The world is under pressure to implement large-scale emission reduction measures and switch to renewable energy to avert the climate crisis, but Japan is using GX policies to promote ammonia and hydrogen co-firing in an attempt to prolong the life of coal power plants. Some coal power plants in Japan also started commercial operation, such as the new Unit 4 of the Kobe Power Station. Meanwhile, Japan received the Fossil of the Day Award at COP27 for being the world's top provider of public funds for fossil fuels. There is a growing gap between Japan's actions and international consensus aimed at achieving the 1.5°C target under the Paris Agreement.

In FY 2022, we worked on the following activities in cooperation with NGO networks in Japan and other countries.

Participating in international climate meetings

In November 2022, two Kiko Network staff members went in person to Sharm El-Sheikh (Egypt) to attend COP27. On site, they monitored the meeting proceedings and worked with staff back in Japan to publish a total of four "Kiko" conference newsletters to report the latest meeting details and negotiation points back to Japan. They also engaged in activities in collaboration with CAN-Japan, CAN, and other groups, and communicated with government delegations.

After COP27, we provided a summary report on the meeting results and assessments. While one major focus at COP27 was establishment of a new loss and damage fund, the topic was not yet widely known in Japan, so we organized a webinar on loss and damage, with guest speakers from Asia and Africa.

Conveying Japan's situation to the world

We also made an effort to share information globally on issues with Japan's climate change policies. On the topic of what is wrong with ammonia and hydrogen co-firing in thermal power generation, Kiko Network participated in discussions with international NGO networks, took interviews with foreign media, and communicated with foreign embassies and government officials. We believe our efforts contributed to the fact that the issue of ammonia and hydrogen co-firing in Japan was picked up internationally prior to the G7 meetings hosted by Japan in 2023.

Collaborating with Japanese and international NGOs and research institutes

It is crucial to be connected with Japanese and international NGO networks and research institutes to be able to inform Japanese audiences about the global situation on climate change measures, and to inform overseas audiences about what is going on in Japan. Our many activities include being involved in joint international campaigns with Beyond Coal, and as a member and the secretariat of CAN-Japan, we have organized webinars and issued statements to urge the Japanese government to strengthen policies to achieve the 1.5°C target, and have joined in dialog with parliamentarians and policymakers. We have also cooperated in various studies and the preparation of reports.

Cooperation in international research

Just Transitions in Japan (February 2023)

(Kiko Network was interviewed several times, participated in meetings, and assisted in report translation.)

*This was a part of Just Transitions to Decarbonisation in the Asia-Pacific region, a research programme by the British Academy.

Example of cooperation in report writing on Japan

Boom And Bust Coal 2023 (translated into Japanese, published April 2023)

We are now in the midst of a crucial decade for climate action, but Japan is still far from where it needs to be as an OECD member country in terms of phasing out coal by 2030. In FY 2023, we will continue working with Japanese and overseas networks to convey international trends to Japan and communicate the situation from Japan to overseas, so as to realize policy changes to make Japan coal-free and embrace 100% renewable energy.

Promoting climate actions in Japan

In 2022, the Kishida administration consolidated policies for the decarbonization of Japan under the banner of a Green Transformation (GX). The various policies promoted as “GX” heavily emphasize the use of hydrogen, ammonia, carbon capture, utilization and storage (CCUS), and nuclear power, all of which will be ineffective in reducing emissions. Thus, the gap between international consensus about the 1.5°C target and Japan’s policies widened significantly this year. It was in this context that Kiko Network has worked actively to fill that gap.

Working to transform energy policy

During the 2022 ordinary session of Diet, amendments were made to the purpose of the Act on Rationalizing Energy Use and the Act on Sophisticated Methods of Energy Supply Structures, and the Diet passed amendments to add ammonia and hydrogen to the definition of “non-fossil energy” and promote them. The problem is that “non-fossil energy” was redefined to lump fossil-derived “gray” ammonia and hydrogen together with renewable energy. By promoting ammonia and hydrogen co-firing in thermal power generation, coal- and LNG-fired power generation will effectively persist into the future.

Currently, ammonia and other fuels used for thermal power generation are derived from fossil fuels, involving large amounts of CO₂ being generated through the Haber-Bosch process, under high pressure and temperature. Kiko Network has pointed out that there is only a 4% reduction in CO₂ emissions by 20% co-firing with gray ammonia, and hydrogen and ammonia production come at a very high cost. We conveyed these points at Diet deliberations and appealed for a policy shift to rapidly end the use of coal power and achieve 100% renewable energy. Unfortunately, amendments to the Act on Rationalizing Energy Use and other amendments were passed as originally proposed, although the government stated in its responses to the Diet that it aims to achieve “green” ammonia in the future.

Criticism of Green Transformation (GX)

In August 2022, the government established the GX Implementation Council under the Cabinet Secretariat, and held five meetings to complete a draft GX Basic Policy. This policy was then adopted by Cabinet decision along with the GX Promotion Bill on February 10, 2023. During this time, Kiko Network analyzed and spoke out



publicly about the various problems with GX. At the end of 2022, we placed front-page opinion ads in the newspapers Asahi Shimbun, Chunichi Shimbun and Tokyo Shimbun on problems about co-firing with hydrogen and ammonia, as well as CCUS. Leading up to the policy being adopted, there were opportunities for public comment and briefings or consultations starting in early 2023, but they were mere formalities and did not reflect public opinion. We made many attempts to reach out to stimulate deliberations in the Diet. Unfortunately, the government issued a huge release of GX transition bonds and set up a system to direct massive funds toward major Japanese power companies, plant manufacturers, and other operators that emit large amounts of CO₂.

Supporting climate litigation in Japan

Lawsuits targeting coal power plant construction filed in Kobe in 2018 and in Yokosuka in 2019 reached major milestones during the reporting period. In the Kobe lawsuit, on March 9, 2023, the Supreme Court dismissed an appeal on an administrative lawsuit against the government, and claims made in a civil lawsuit were dismissed in a first-instance verdict on March 20. In the Yokosuka administrative lawsuit, the case was dismissed on January 27, 2023. The citizen plaintiffs have appealed, and Kiko Network is supporting their efforts. In climate litigation, citizens in various parts of the world have won a number of lawsuits, making claims for climate damage and seeking substantial emission reductions. The Japanese court decisions stand in stark contrast to global trends.



Decarbonizing communities, building capacity



Open Forum on Community Decarbonization (Mar 15)

In Japan, as a result of the country's carbon neutral declaration, more than 900 local governments have made a "Zero Carbon Cities" pledge to achieve net zero CO₂ emissions by 2050, as a step toward a decarbonized society. In these regions, local governments need to take the lead in implementing measures to achieve region-wide decarbonization, in cooperation with communities and industries. Kiko Network has been supporting the decarbonization efforts of local governments and other regional actors.

Support and cooperation for local governments to decarbonize

We provided advice on local governments' climate policies, countermeasures and staff trainings, as well as workshops for citizens, in cooperation with local organizations.

In response to a growing need for local government climate policies, we created policy assessment indicators as a tool to evaluate and support local governments' climate and energy policies. We plan to release these indicators for anyone to use in the future.

- Omihachiman City (Shiga Prefecture) - Citizen workshops (3 times)
- Takashima City (Shiga Prefecture) - Participated/advised joint proposal project study group
- Takahashi City (Okayama Prefecture) - Staff training
- Gojome Town (Akita Prefecture) - Staff training

Networking and supporting new power producers

Since 2018, we have continued to support and collaborate with efforts to establish new power producers in order to galvanize local communities and promote renewable energy. In FY 2022, electricity prices in Japan continued to soar from the impact of rising global energy prices due to the Russian invasion of Ukraine. There were also other major issues, including revelations about a cartel of major power companies, and a power transmission company leaking customer information. In response to such issues, through the Power Shift campaign, we issued statements calling for reviews and proper implementation of measures to deal with rising electricity prices and reform Japan's power systems. We have been working closely with TANTAN Energy since even its establishment. Continuing from its

work the previous year, in FY 2022 it contributed to decarbonization and local resilience by installing solar power generation and storage batteries at public facilities (junior high school and municipal offices) in Fukuchiyama City (Kyoto Prefecture) based on a power purchase agreement (PPA) model. TERA Energy, with which we have also been closely associated since before its launch, created a 100% renewable energy menu and launched an initiative to promote 100% renewable energy for temples and shrines in cooperation with Kyoto City. Meanwhile, the OUR ENERGY company in Tokushima has expanded its "zero-yen" solar projects in Tokushima Prefecture to install solar power at zero initial cost.

Human resource and network development for decarbonization

While progress is being made with decarbonization efforts by local governments and companies, the lack of trained human resources to support them has become an urgent issue. To address this, we held or supported a series of lectures, webinars, and forums, to develop human resources, share expertise, and build networks. In March, Kiko Network held an Open Forum on Community Decarbonization as our first face-to-face event in many months.

- "Decarbonization management starting today" - Four-part webinar series
- "Decarbonized community development" - Four-part webinar series
- "Go to Decarbonization" - webinar (Mie Prefecture) (Jul 25)
- Ryukoku University - Climate Citizens' Conference, Student Edition (Dec 10 and 17)
- Nara - Zero Carbon Realization Support Seminar (Feb 14)
- Open Forum on Community Decarbonization (Mar 15)

Implementation and support of climate change education

For the "Children's Eco-Life Challenge," a climate change education school program in Kyoto City, we continued a program of creating educational videos for school teachers to use in class. We also developed and tested a system that uses electronic learning devices for children to enter their eco-life activity results, and have plans for full implementation in FY 2023.

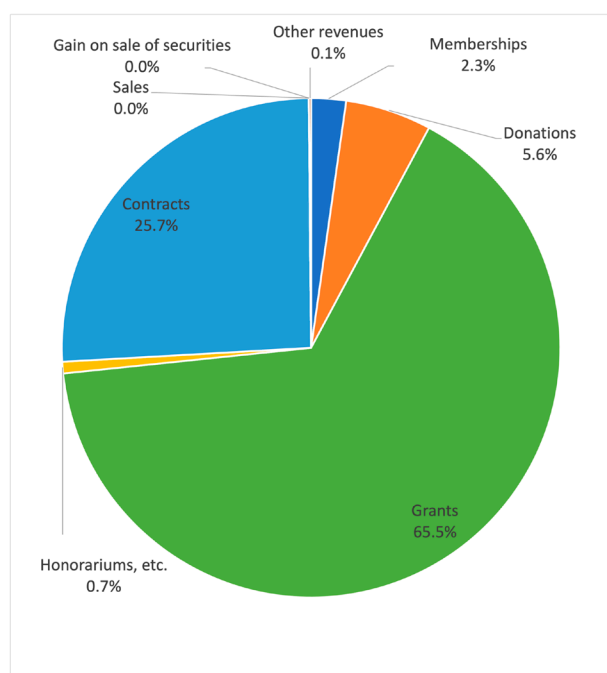
We supported the development and implementation of a program based on the children's Eco-Life Challenge in Shimane Prefecture.

Financial report and list of Board members

Kiko Network Financial Report for 2022

In FY 2022, overall revenue increased due to a significant rise in grant and project funding in line with an expansion of our activities. Revenues from membership fees were almost unchanged from the previous year, while donations were significantly down compared to FY 2021 when we received special donations, but still exceeded donations projected in the initial budget for this year. A portion of FY 2021 grant funding was carried over to 2022, so we were able to balance our finances by averaging those funds over two years. Expenditures also increased as our activities expanded. In-person international negotiations and meetings resumed with the COVID-19 situation easing, so we had some additional travel and accommodation expenses this year. We continued to conduct activities online, purchased communication-related equipment, and were able to conduct many webinars.

The world has limited time left to limit warming to 1.5°C, so to further accelerate the transition to a decarbonized world, we will strive our utmost to maintain stable operations, increase our supporter base, and make the most effective use of our financial resources.



Revenue Breakdown

FY2022 Revenues	
Category	Amount (JPY)
Memberships	3,385,000
Donations	8,373,040
Grants	98,269,769
Honorariums, etc.	1,119,512
Contracts	38,610,453
Sales	2,200
Gain on sale of securities	0
Other revenues	219,702
Total	149,979,676

FY2022 Expenditures	
Category	Amount (JPY)
1. Program expenditures	
Outreach	5,571,634
Research and advocacy	5,041,002
Network building	1,459,238
International negotiations and policy work	2,653,159
Community and NGO support	1,193,922
Grant-funded programs	63,075,573
Expenses related to the sale of securities	10,070
Contract-funded programs	40,269,217
Program subtotal	119,273,815
2. Administrative expenditures	
Salaries	5,148,450
Retirement benefits	288,500
Travel	255,109
Communications and shipping	98,940
Supplies	74,754
Office rent	171,545
Printing	169,487
Employee benefits	554,428
Tax and public dues	121,416
Other expenditures	101,648
Administrative subtotal	6,984,277
3. Income taxes – current	140,000
Total	126,398,092

Revenues and expenditures	FY2022 results
Opening balance	23,770,074
Total revenues	149,979,676
Total expenditures	126,398,092
Closing balance (March 31, 2023)	47,351,658
Closing balance (restricted portion)	27,946,010
Closing balance (unrestricted portion)	19,405,648

List of Board Members

President Mie Asaoka
 Kuniyasu Inoue
 Takuma Kani
 Hiroshi Kanda
 Ayako Sakurada
 Yoshitsugu Sasaki
 Kenro Taura
 Ken Tsuzuku
 Oomi Nishizono
 Ikumi Hara
 Tsuyoshi Hara

Shunichi Hiraoka
 Kimiko Hirata
 Takako Momoi
 Motohiro Yamazaki
 Naoyuki Yamagishi
 Juta Wada

Auditor: Toshiyuki Ueda
 Auditor: Yoshimichi Sakakibara
 Auditor: Shigenori Fukushima

As of July 2023, in random order

/Kiko! Kiko!/\



Change the rules, not our **climate**.

The mission of Kiko Network can only be achieved with your support.

There are many ways you can support: by becoming a member, donating, volunteering, assisting with joint research, spreading our campaigns, etc. There are many ways to help.

We at Kiko Network thank all our supporters for their past and future contributions to changing the world as we move toward a sustainable global society.

Inquiries:

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