November 20, 2025
Cosmo Energy Holdings Co., Ltd.
Cosmo Oil Marketing Co., Ltd.

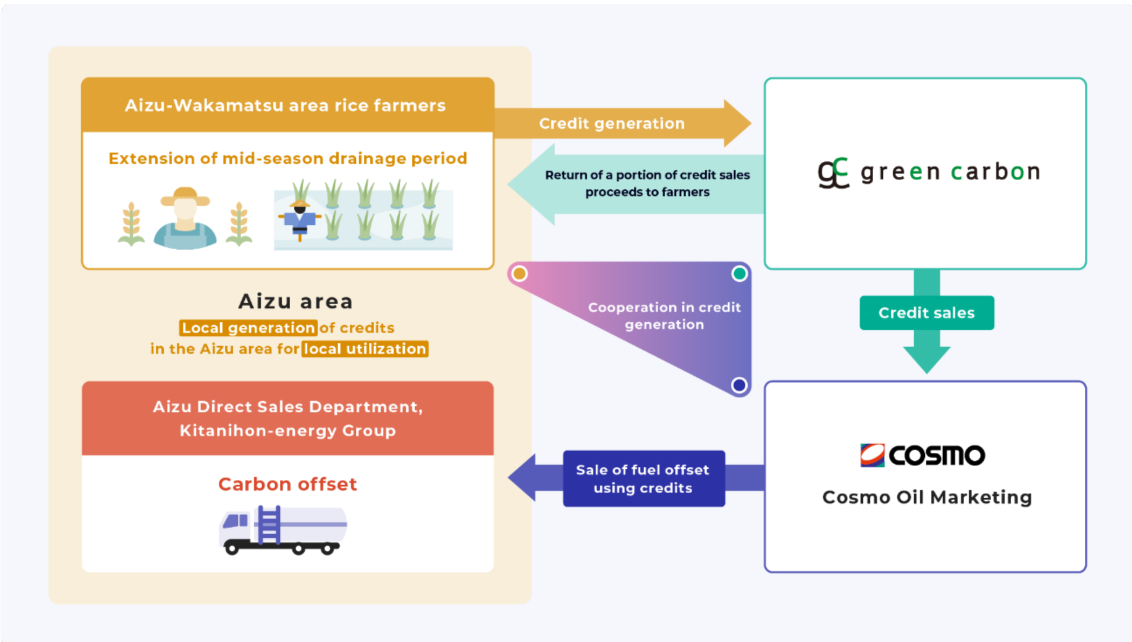
Cosmo Oil Marketing Utilizes Agriculture-Derived Carbon Credits to Offset Fuel Under Local Generation for Local Utilization Scheme
~Promoting Regional Revitalization and Decarbonization with “Cosmo Zero Carbon Credit”~

Cosmo Oil Marketing Co., Ltd. (hereafter, “the Company”), a subsidiary of Cosmo Energy Holdings Co., Ltd., has offset carbon dioxide (CO_2) emissions from tanker trucks operated by the Aizu Direct Sales Department of Kitanihon-energy, Ltd. The initiative utilizes *Nakaboshi* credits generated with the Company’s participation in the Aizu area of Fukushima Prefecture, and is part of “Cosmo Zero Carbon Credit,” a carbon credit trading service which has been undergoing validation by the Company since FY2024. It represents the first use in Japan[1] of agriculture-derived carbon credits for fuel oil offsetting under a “local generation for local utilization” scheme. By simultaneously promoting carbon offsetting and regional revitalization, the initiative aims to help realize a recycling-oriented, decarbonized society.

■ Validation Flow

The Company’s Aizu Innovation Office[2] is a member of the Paddy Field Consortium run by Green Carbon Inc., which engages in nature-based carbon credit generation and sales. Through the Consortium, the Office participates in generating *Nakaboshi* credits in the Aizu area. These credits are used to offset CO_2 emissions from tanker trucks operated by Kitanihon-energy’s Aizu Direct Sales Department.

This latest validation initiative is expected to result in an approximately 100% reduction in CO_2 emissions from the department’s land transportation division. In addition, a portion of the proceeds from *Nakaboshi* credit trading is returned to the local farmers who have been involved in generating the credits, thereby contributing to the revitalization of the local economy.



Tanker truck for which emissions are being offset

■About Nakaboshi Credits

Nakaboshi Credits is a scheme that reduces methane emissions, a greenhouse gas, by extending the *Nakaboshi,* or mid-season drainage period, in paddy field-based rice cultivation beyond the usual duration. The government has certified the resulting reduction as a “credit.”

Methane released by Japan’s rice paddies accounts for roughly 40% of the country’s total methane emissions. Since methane has approximately 25 times the greenhouse effect of CO_2, extending the mid-season drainage period is considered an effective approach to significantly reduce methane emissions. In 2023, the Ministry of Agriculture, Forestry and Fisheries (MAFF) approved the “extension of the mid-season drainage period in rice cultivation” as a new methodology under the J-Credit Scheme. Under this scheme, farmers can practice environmentally friendly rice cultivation, generate credits based on their greenhouse gas reductions, and earn income by selling these credits to companies and other entities.

■ About Kitanihon-energy, Ltd.

A leading authorized dealer of Cosmo Oil Marketing, Kitanihon-energy has operated as an integrated energy company for the past 60 years. In addition to operating service stations, the company holds the largest market share in northern Japan for sales of petroleum products for industrial and shipping use.

Aiming for a sustainable future, Kitanihon-energy actively promotes the adoption of renewable energy, particularly through solar power. The company also strives to contribute to an environmentally friendly society by helping lower energy costs and reduce greenhouse gas emissions.

■ About Green Carbon Inc.

Representative:	Jun Okita, Representative Director
Address:	Hanzomon PREX North 9F, 2-3-2 Kojimachi, Chiyoda-ku, Tokyo
Established:	December 12, 2019
Business overview:	Carbon credit generation and sales business, agriculture business, environment business, other related businesses, ESG consulting business
Website:	http://green-carbon.co.jp/en/

1. According to research conducted by the Company
2. Press release issued on May 21, 2021
   Cosmo Oil Marketing Opens Aizu Innovation Office (available in Japanese only)
   https://www.cosmo-energy.co.jp/ja/information/topics/2021/210521-1.html

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