

**Global decarbonization: big steps forward,  
Japan's coal exit: one step forward,  
one step back**



**Kiko Network**

# **Annual Report 2021**

# The world targets 1.5°C

## But Japan stumbles on ending coal



### Glasgow Climate Pact is adopted.

### Security concerns accelerate decarbonization moves.

In 2021, significant progress was made toward the 1.5°C target as part of global efforts to tackle climate change. With momentum building for carbon neutrality by 2050 and the emergence of the Biden administration in the United States, a key theme of the year was how to raise the emission reduction targets for 2030. While the COVID-19 pandemic continued to disrupt life around the world and face-to-face activities were limited, an increasing number of online webinars in Japan and overseas boosted opportunities for citizens to learn, making this a year of expanding and evolving climate change awareness. Kiko Network also held many webinars and Zoom meetings.

In August 2021, Working Group I of the United Nations Intergovernmental Panel on Climate Change (IPCC) released its part of the Sixth Assessment Report, stating that it was unequivocal that human activity is causing climate change. It also showed more precisely the differences between the impacts of 1.5°C and 2°C of warming and presented the paths for reducing emissions to meet those targets. In November 2021, the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) was held in person and online after a year's delay, completing the Paris Agreement, and adopting the Glasgow Climate Pact with the 1.5°C goal. Just as attention should have been turning toward further raising decarbonization targets and implementing actions, Russia invaded Ukraine in February 2022. The world is now dealing with geopolitical imbalances in fossil fuels and food supplies, as well as underlying issues of interdependency. To respect the sovereignty of other countries and human rights, and to ensure energy and food security, we need to accelerate the momentum toward decarbonization by expanding the role of energy conservation and renewable energy.

### Japan's policy fixation on hydrogen and ammonia versus electricity system reforms toward a decarbonized society

Japan announced in April 2021 that it would raise its 2030 emission reduction target to 46% (compared to 2013) and aim to increase it further to 50%. However, the scenario for achieving this is similar to 2015's announcement of a 2030 reduction target of 26% compared to 2013: based on the use of nuclear and coal power, and relying on new technologies that are less effective in reducing emissions. Japan remains unwilling to pursue systemic reforms to expand the role of renewable energy. In particular, policies promoting co-firing of ammonia derived from fossil fuels with coal-fired thermal power generation still have coal accounting for 19% of the energy mix in 2030. This approach makes no sense in terms of emission reductions and economics. Nor is it consistent with the 1.5°C target, which requires a 50% emissions cut in the next decade. Throughout the year, we issued many press releases calling for changes in these policies.

Japan's "Green Growth Strategy Through Achieving Carbon Neutrality in 2050" relies on the preservation of thermal power generation by using hydrogen, ammonia and CCUS, and actually threatens Japan's hopes for decarbonization by 2050. In fact, amendments to the Act on Rationalizing Energy Use in May 2022 designated hydrogen and ammonia produced from fossil fuels as "non-fossil energy sources." The government is still trying to reinforce its long-standing policies. These are all complex and difficult problems, but it is crucial for citizens to continue calling for an end to coal.

In 2021, we promoted our efforts to decarbonize Japan in various regions around the country. Decarbonization has the potential to be a pillar of sustainable regional development. The crisis in the Japanese electrical power system triggered by rising fuel prices as a result of the war in Ukraine requires an urgent systemic review. For our children, we have the responsibility to achieve the 1.5°C target. Japan faces many challenges, and much work remains.

Mie Asaoka  
President, Kiko Network

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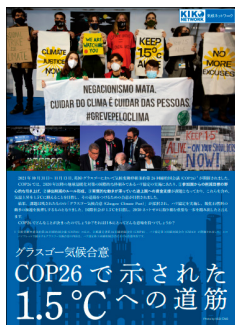
# Global decarbonization: big steps forward, Japan's coal exit: one step forward, one step back

## Expanding from Ending Coal to Decarbonizing Japan

The year 2021 began with the inauguration of the Biden administration and the United States' return to the Paris Agreement. In the context of climate change being a crucial issue requiring attention, alongside responses to COVID-19, efforts toward decarbonization around the world are accelerating. The Glasgow Climate Pact was adopted at COP26 in Glasgow, Scotland, with the international community's target effectively being to limit global warming to 1.5°C.

### Brochure published: "Glasgow Climate Pact:

#### The Path to 1.5°C as Shown at COP26"



The Glasgow Climate Pact is an important step toward the international community's efforts to limit warming to 1.5°C and decarbonize to achieve net zero by 2050. This pamphlet explains the path to the 1.5°C target and policy issues facing Japan.

<https://www.kikonet.org/info/publication/glasgow-climate-pact-brochure>

## Some progress on decarbonization, but some policies set Japan back

Meanwhile, Japan is the only G7 country to continue its support for coal-fired power generation, and its coal policies have taken one step forward and one step back. Two new coal-fired power generation projects were canceled, temporarily leaving Japan with no new domestic coal power projects in the works. (The cancelled projects were the Nishi-Okinoyama [provisional name] involving J-POWER and Ube Industries, and the Akita Port Thermal Power Plant [provisional name] being considered by Kanden Energy Solutions and Marubeni Corporation). However, the Genesis Matsushima project by J-POWER suddenly surfaced, with proposals to continue using coal by adding gasification facilities to the aged and inefficient Matsushima coal-fired power plant, exposing the problem of so-called "next generation" thermal power generation that would burn hydrogen and ammonia. There are huge problems with Japan purportedly trying to end the use of coal by co-firing with ammonia or hydrogen, and trying to use hydrogen and ammonia in power generation under the banner of "green innovation," both domestically and internationally, especially in Asian countries. While several international organizations have issued papers questioning the use of hydrogen and ammonia in the power sector, Japan's growing commitment to hydrogen and ammonia is like a burning ember ready to set off a new fire. The fact that coal would still sit at

19% of the power mix in 2030 (based on the Sixth Strategic Energy Plan) has attracted criticism to Japan because developed countries are being called upon to exit coal by 2030. It will also undermine efforts to achieve net zero by 2050.

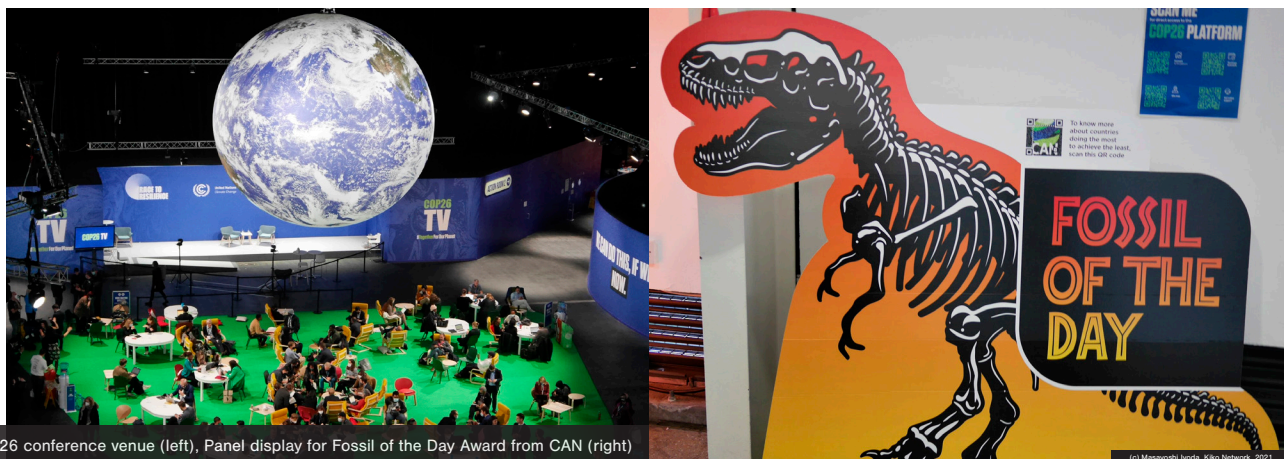
## Expanding corporate engagement

However, there are also some positive changes. Having submitted a shareholder resolution to Mizuho Financial Group in March 2020, we submitted a resolution in 2021 as well, together with three individual investors affiliated with domestic and overseas NGOs, calling on the Mitsubishi UFJ Financial Group to adopt and disclose a plan to align its financing and investments with the goals of the Paris Agreement. The vote was rejected at the shareholders' meeting on June 29, but it won the support of approximately 23% of the shareholders with voting rights, once again showing that investors are concerned about climate change and are demanding corporate action.



At the same time, Market Forces, an Australian environmental organization, submitted a similar shareholder resolution to Sumitomo Corporation on climate change. In these ways, NGOs as shareholders have been engaging to improve corporate value, targeting a range of companies, from financial institutions that fund the fossil fuel industry to companies that actually do the work. With climate-related shareholder resolutions being submitted around the world, some garnering high vote counts, we can see growing support for net zero commitments. We will continue our activities with the conviction that this new form of engagement will lead to stronger measures toward decarbonization to address climate change.

# Building an International Framework



COP26 conference venue (left), Panel display for Fossil of the Day Award from CAN (right)

## Latest warnings from climate science say action needed now

During 2021 and 2022, three Working Groups released their parts of the IPCC's Sixth Assessment Report. The report concluded that "It is unequivocal that human influence has warmed the atmosphere, ocean and land," and served as a call for urgent action in every sector to significantly reduce greenhouse gas emissions, particularly CO<sub>2</sub>, in order to minimize the adverse impacts of climate change.

## Decarbonization efforts gaining momentum globally

Against the backdrop of these scientific warnings, decarbonization efforts are gaining momentum globally. At the Climate Summit in April 2021, the United States, Canada, United Kingdom, European Union, and other countries announced greater GHG reduction targets, and Japan's then-prime minister Yoshihide Suga announced a reduction target of 46% by 2030. The G7 Summit communiqué in June also included the acceleration of efforts toward the 1.5°C target and an end to new direct government support for unabated international thermal coal power generation by the end of 2021.

Under the Glasgow Climate Pact adopted at COP26, 1.5°C effectively became the goal. For the first time, the pact also included a phasedown of unabated coal power and a phase-out of inefficient subsidies for fossil fuels. Implementation guidelines for the Paris Agreement were also agreed upon, and although many national emission reduction targets are still insufficient, it can be said that the world has moved into the implementation phase of decarbonization measures. Meanwhile, efforts to decarbonize are accelerating by civil society, local governments and the private sector, and various new initiatives were announced and actions done during COP26 in a push toward decarbonization.

## Japan has made progress, but also faces challenges

The Japanese government did show some progress. At the Climate Summit, then-prime minister Suga announced that Japan would raise its target for 2030, and just before COP26, Japan resubmitted its nationally determined contribution stating that the 2030 target would

be a 46% to 50% reduction compared to 2013.

Nevertheless, this reduction target is still not consistent with the 1.5°C target of the Paris Agreement, and Japan has been reluctant to completely end coal power. Under Japan's Sixth Strategic Energy Plan, the energy mix for 2030 still shows coal at 19%, and even that will be a difficult reduction to achieve given the current situation. At COP26, Prime Minister Kishida announced additional assistance of up to US\$10 billion over five years for decarbonization in Asia and beyond, but he did not mention the 1.5°C target or decarbonization. Rather, he emphasized that support to Asian countries would be for co-firing with hydrogen and ammonia (purportedly "zero emissions") in thermal power generation. Japan was criticized internationally and was presented the "Fossil of the Day Award" for blocking the achievement of the 1.5°C target by continuing to use coal-fired power generation.

Kiko Network monitored international discussions and engaged in policy advocacy toward the Japanese government. At COP26, we monitored negotiations and reported back to Japan through reports and information sessions. We have also conducted collaborative international activities with Beyond Coal campaigns overseas, and together with CAN-Japan member organizations, we have urged Japan to raise its emission reduction targets and strengthen the relevant policies, and have engaged in dialog with various stakeholders. Despite all this, much still needs to change in order for Japan to make a policy shift.

With the conflict in Ukraine and the growing awareness that renewable energy needs to expand rapidly and energy independence must be urgently promoted to improve security, we will continue to work with other organizations, convey information to Japan about international momentum to end coal power, and encourage Japan to adopt more concrete policies.



# Promoting climate actions in Japan



Kobe Coal Fired Power Plant

### Science-based action

For the IPCC's Sixth Assessment Report, Working Group I released its report in August 2021, and Working Group II in March 2022. It was the first update since the Fifth Assessment Report eight years ago. The core science remains the same, but with this report the IPCC determined that it is unequivocal that global warming is due to human activities (Working Group I), and warned that its impacts were intensifying, with the most vulnerable populations being hit the hardest (Working Group 2).

Kiko Network has been asserting that policymakers should accept the science and base their policy on science. In particular, we have repeatedly emphasized that if the world is to limit the temperature rise to 1.5°C relative to preindustrial levels, there is no room for Japan to continue using fossil fuels as in current policy. We have repeatedly told policymakers that policy changes are needed.

### Toward a change in energy policy

On April 22, 2021, ahead of the Climate Summit hosted by US president Biden, then-prime minister Yoshihide Suga announced that Japan's GHG emission reduction target for 2030 would be raised from the previous 26% to 46% relative to 2013, and that Japan would consider raising it to 50%. Japan does need to raise its reduction target as a responsible country, but a 46-50% reduction is still not consistent with the 1.5°C target and is therefore not enough. Therefore, we have been calling for a further increase.

Meanwhile, Japan's Sixth Strategic Energy Plan, adopted by cabinet decision in October 2021, was revised in line with the goal of carbon neutrality by 2050 and the 2030 target. However, the process did not reflect citizen input, and failed to include any hint of ending coal and nuclear power, which Kiko Network and other organizations have been calling for. This means that no significant changes were made to the existing planned power mix. In addition, because Japan has come out in strong support of hydrogen, ammonia, CCUS and measures to extend the life of coal, our activities in 2021 have specifically addressed these issues through reports, seminars, and other activities.

### The rise of climate litigation in Japan

Targeting plans to construct coal-fired power plants in Kobe and Yokosuka, local residents became plaintiffs and filed lawsuits demanding the government cancel its notices of finalization of environmental assessment for the plants. In Kobe, after launching the administrative lawsuit (naming the government), citizens filed a civil lawsuit demanding the cancellation of the project, naming Kobelco Power No. 2 Inc. (the operator), Kobe Steel Corporation (its parent company), and Kansai Electric Power Co. (which has entered into a power contract). Kiko Network has been working to support these lawsuits. Activities conducted jointly with the plaintiffs and legal teams include inviting people to join the lawsuits, holding information sessions, helping explain the lawsuits, operating related websites, and issuing newsletters. The lawsuits were launched in 2018 and 2019 and are now in their final stages. The hurdles for climate litigation are high in Japan, so they are very rare in this country, but these lawsuits have shone a spotlight on policy contradictions and systemic issues in this country. Japan is swimming against the global tide of ending the use of coal in power generation.

On June 15, 2021, Kimiko Hirata, Kiko Network's International Director at the time, was awarded the Goldman Environmental Prize. The award recognizes her collaborative efforts and achievements with Kiko Network and local community groups to prevent the construction of new coal-fired power plants.



(c) Kimiko Hirata, Kiko Network, 2021

# Decarbonizing Communities, Building Capacity

### “Go To Decarbonization” seminars in 47 prefectures

In response to the government’s public commitment to become carbon neutral, we have been holding “Go to Decarbonization” seminars since November 2020, with the aim of working with local actors to explore the potential to create decarbonized communities. In FY 2021 we held events in Aichi, Shizuoka, Kagawa, Hokkaido, and Miyagi Prefectures. The events help promote information sharing and collaboration on issues at the regional level, and also provide opportunities for more than 200 people from around the country to participate in each event.

### Networking and supporting new energy producers

We have continued since 2018 to support efforts to establish new energy producers in order to activate local communities and promote renewable energy. In 2021, in conjunction with the Power Shift campaign, we called for market reforms, pointing out the failures of the current electricity market and the need to strengthen oversight functions, which were revealed by electricity market price surges in January 2020. We also supported the development of new business models in Japan that go beyond just electricity retailing. In 2020, the OUR ENERGY company, operating in cooperation with new power producer TERA Energy, started “zero-yen” solar projects installing solar power equipment at zero initial cost in Tokushima Prefecture.

Meanwhile, TANTAN Energy, which aims to develop a new wide-area electric power business in northern Kyoto Prefecture, and which Kiko Network has been involved in since its inception, is developing a power purchase agreement (PPA) project to provide electricity directly to the community from solar panels installed on a gymnasium and a food services center in Fukuchiyama City.



### Education for climate action

The “Children’s Eco-Life Challenge” is a climate change education program we have been providing to Kyoto schools. Adjusting to the COVID-19 pandemic, we continued from 2020 to create educational videos, which teachers then use for practical learning sessions.

Inspired by our Eco-Life Challenge work in Kyoto, Takarazuka City commissioned Kiko Network to work with local organizations to create “Takaracko Eco-Life Note”, educational material for elementary school students about preventing global warming.

### Collaboration and networking

We collaborated with and supported many other initiatives,

including the Power-Shift campaign, Green Alliance Japan, and Fridays for Future groups around the country.

### “Essay for Future” children’s essay contest

Continuing from 2019 and 2020, we held a new round of our essay contest for primary, middle and high school students on the theme of stopping climate change. In the third year of the competition, we created an “Action” category with an emphasis on actions that can be done to change society. From Hokkaido in the north to Okinawa in the south, we received 629 submissions from all over the country (primary school: 209, middle school: 383, high school: 37). From the submissions, a total of 17 recipients were selected for the grand prizes, awards of excellence, future awards, and special awards in each category. An online award ceremony and commemorative mini-seminar were held on October 17 under the title of “Work that Protects the Environment,” which provided opportunities for recipients to interact and think about their future careers. The winners’ works are published on the Kiko Network website.

<https://www.kikonet.org/local/education/essay-for-future-2021result>



### Seminar commemorating the publication “Energy self-sufficiency and sustainable community planning: Learning from environmental leader Austria”

Based on six years of research, a research group in which a Kiko Network member (staff and director) also participates published a book through the publisher Showado in March 2020 with the above title. Five seminars were held to commemorate the publication, with a wide range of participants from citizens’ groups, local governments, companies, researchers, and students.

### Climate communication

We published the Climate Action Guide, a booklet that introduces effective actions people can take alone or together with others to stop climate change.

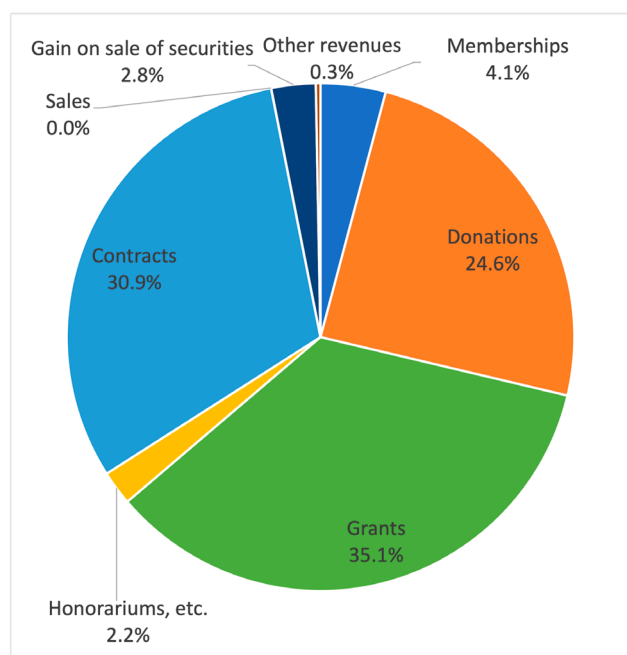
<https://www.kikonet.org/info/publication/kiko-action-guide>



# Financial Report & List of Board Members

## Kiko Network Financial Report for 2021

Due to the continued impact of the COVID-19 pandemic, in FY 2021 we conducted our activities based on remote work and online activities. Income from membership fees rose with an increase in the number of members, and donations increased significantly. Although grant revenues declined significantly due to some grants covering more than one fiscal year, grant income is anticipated in the first half of FY 2022, so the net result is not a large reduction. Due to an expansion of activities, total expenditures increased in all categories of program expenditures. The closing balance at the end of the fiscal year was down from the opening balance, but this is equivalent to the reduction in grant funds. The net effect will be balanced out by grants expected in the first half of FY 2022. In order to further accelerate the transition to decarbonization, we will strive our utmost to maintain stable operations, increase our supporter base, and make effective use of our financial resources.



**Revenue Breakdown**

FY2021 Revenues	
Category	Amount (JPY)
Memberships	3,497,847
Donations	20,721,248
Grants	29,597,716
Honorariums, etc.	1,844,787
Contracts	26,093,800
Sales	7,200
Gain on sale of securities	2,379,765
Other revenues	249,179
<b>Total</b>	<b>84,391,542</b>

FY2021 Expenditures	
Category	Amount (JPY)
1. Program expenditures	
Outreach	3,636,151
Research and advocacy	3,742,161
Network building	1,038,900
International negotiations and policy work	1,452,340
Community and NGO support	731,470
Grant-funded programs	67,600,120
Expenses related to the sale of securities	0
Contract-funded programs	28,970,376
Program subtotal	107,171,518
2. Administrative expenditures	
Salaries	3,016,275
Retirement benefits	139,300
Travel	56,012
Communications and shipping	264,803
Supplies	305,973
Office rent	157,166
Printing	129,146
Employee benefits	466,565
Tax and public dues	74,391
Other expenditures	44,388
Administrative subtotal	4,654,019
3. Income taxes - current	140,000
<b>Total</b>	<b>111,965,537</b>

Revenues and expenditures	FY2021 results
Opening balance	51,344,069
Total revenues	84,391,542
Total expenditures	111,965,537
Closing balance (March 31, 2022)	23,770,074
Closing balance (restricted portion)	10,443,318
Closing balance (unrestricted portion)	13,326,756

## 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 2022, in random order

**Kiko!Kiko!**



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

The work 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, and spreading our campaigns, etc.

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

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