October 16, 2025

Press release

KANEMATSU CORPORATION

Kanematsu begins verification of rice paddy methane emissions reductions in the Philippines for JCM credits

Kanematsu Corporation (hereinafter "Kanematsu") has launched a project with Green Carbon, Inc. (hereinafter "Green Carbon") to verify rice paddy methane emissions reduction technologies in Bukidnon Province, Philippines. This project aims to apply the Joint Crediting Mechanism (JCM).

◆ Background

The JCM is an international system whereby Japan and a partner country cooperate to reduce greenhouse gas (GHG) emissions and share the resulting benefits, thereby contributing to achievement of the nationally determined contributions (NDCs: GHG emissions reductions target by country) of both countries.

The Japanese government positions the JCM as a pillar for achieving its NDC, aiming to reduce and/or remove 100 million tons of CO_2 emissions by FY2030 on a cumulative basis, and reduce and/or remove 200 million tons of global CO_2 emissions by FY2040. As the government has outlined a policy to enable companies to use JCM credits to offset emissions exceeding their quota under Japan's Green Transformation Emission Trading Scheme (GX-ETS), demand is expected to grow further going forward.

Approximately 25% of the Philippines' GHG emissions derive from its agricultural sector, of which around 70% is attributable to rice paddy methane emissions. Methane is a greenhouse gas with 28 times the warming effect of CO_2. Alternate wetting and drying (AWD), a method for periodically draining paddy fields, is considered effective in reducing methane emissions. AWD, which is utilized for rice cultivation in Japan, can reduce methane emissions by approximately 30% as compared to before and, according to some studies, can even enhance yields.

Following the official approval of the AWD-based rice paddy methane emissions reduction method (methodology) by the governments of Japan and the Philippines in February 2025, we are now able to issue the world's first agricultural JCM credits.

◆ Context and purpose

Under the vision of "Save the earth with the power of nature", Green Carbon operates a business developing and selling nature-based carbon credits. In May 2024, Green Carbon and Kanematsu entered into a partnership agreement for reducing rice paddy methane emissions and promoting the distribution of environmentally friendly rice, and have advanced these initiatives in Japan and Vietnam.

One of the focus areas of Kanematsu's GX (Green Transformation) initiatives in the medium-term management plan "integration 1.1" is "GX for Agriculture and Food." Aiming to reduce

GHG emissions across our entire supply chain, we have been advancing multiple projects utilizing the carbon insetting* mechanism, including biochar and a feed additive that reduces cattle methane emissions.

We have carried out 10 JCM projects in the energy field, in countries such as the Philippines, Vietnam, Thailand, Indonesia, and Saudi Arabia. Building on the insights and experience gained through these initiatives, we will expand our reach and accelerate our business development as a GX solutions provider by creating and selling JCM credits in our first ever project led by a private sector enterprise.

*A strategy whereby the benefits of GHG emissions reduction and elimination efforts carried out within a supply chain are leveraged within the same supply chain. Antonym of carbon offsetting, which involves tapping into environmental value created outside of the supply chain.

◆ Outlook

Aiming for full-scale commercialization in 2026, Kanematsu and Green Carbon will assess the commercialization feasibility of the project over one year. We plan to offer the generated JCM credits to companies participating in the GX-ETS League, which have substantial GHG emissions reduction needs. Through this technology verification project, we hope to realize sustainable agriculture and contribute to the reduction of GHG emissions in the Japanese and Philippine agricultural sectors.

【Green Carbon | Corporate Profile】

Name	Green Carbon, Inc.
Establishment	December, 2019
Representative	Jun Okita, CEO
Address	Hanzomon PREX North 9F 2-3-2, Kojimachi,Chiyoda-ku,Tokyo, Japan
Business	Development and sale of carbon credits, agriculture-related projects, environmental projects, other related businesses, and ESG consulting
URL	https://green-carbon.co.jp/en/

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