



Japan Petroleum Exploration Co., Ltd.

Integrated Report 2022

For the Year Ended March 31, 2022





Essential Energies for Essential Needs

Corporate Vision

Contribute to society through stable supply of energy and address social issues towards the Sustainable Development Goals.

- Explore, develop, produce, and distribute crude oil and natural gas at home and abroad.
- Further strengthen the natural gas supply chain, built on our domestic infrastructure, by combining the electric power supply business.
- Contribute to resolving energy and climate change related challenges towards a sustainable society through developing and commercializing new technologies, drawing on our expertise.
- Achieve sustainable growth and maximize corporate value, while placing top priority on maintaining trust with all stakeholders.

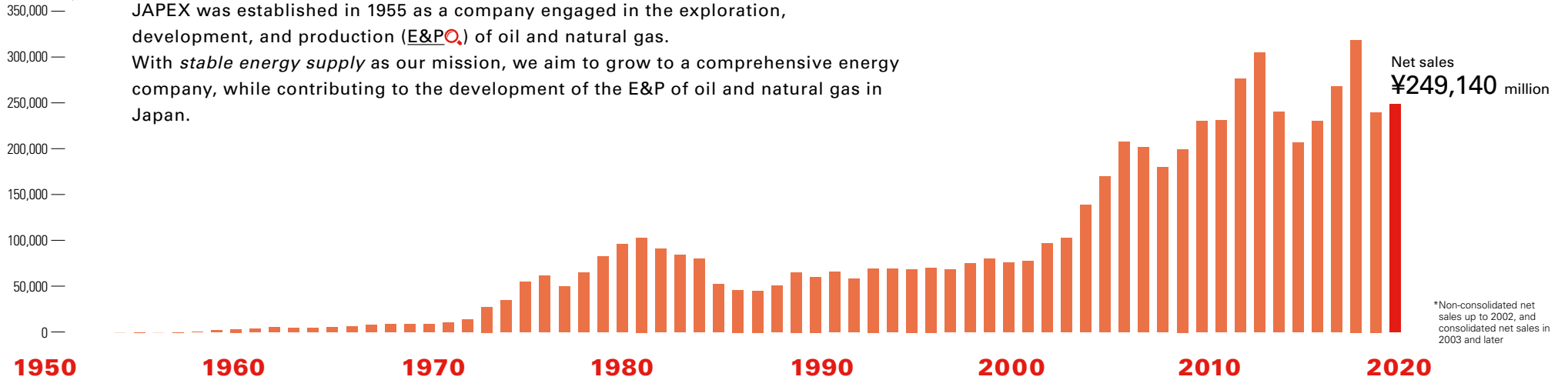
The JAPEX Group Code of Ethics and Conduct

To realize our Corporate Vision and remain a company trusted by society, we hereby establish the JAPEX Group Code of Ethics and Conduct, which provides corporate ethics standards and principles of action to be adhered to by all officers and employees.

1. Comply with applicable laws and regulations, and respect international codes of conduct.
2. Place top priority on HSE (health, safety, and environment).
3. Strive to maintain trust with stakeholders and to contribute to society.
4. Respect the human rights of all people.
5. Make efforts to create a good working environment.
6. Engage in fair and free competition and maintain appropriate trading practices.
7. Maintain sound and transparent relationships with politicians, political parties, and government officials/agencies.
8. Resolutely terminate any and all relationships with anti-social forces.
9. Pay careful attention to managing and protecting confidential information and personal/clients' data.

JAPEX's History

(Millions of yen)



1950

1960

1970

1980

1990

2000

2010

2020

Started as a national policy concern to promote domestic oil and gas exploration

Put its business on track by successively discovering oil fields in Japan

Expanded business regions and promoted business diversification

Aim to grow as a comprehensive energy company

E&P field

- 1955 Founded as a government-owned company by the Law of Japan Petroleum Exploration Co., Ltd.
- 1956 Discovered the Biratori Oil Field in Hokkaido, the first oil field discovered by JAPEX (In production from 1956 to 1961)



JAPEX foundation ceremony (First Chairman AIKAWA Yoshisuke on the left front, First President MIMURA Kiichi on right front)

E&P field

- 1972 Discovered the Aga-oki Oil and Gas Field in Niigata, the first ever offshore oil field discovered since the establishment of Japex Offshore Ltd. in 1971 (In production from 1976 to 1998)
- 1989 Discovered Yufutsu Oil and Gas Field in Hokkaido (In production from 1996)



Aga-oki Platform

E&P field

- 2003 Commenced commercial production of bitumen in Hangingstone leases in Canada (End of our operation in 2021)
- 2007 Participated in the Kangean Project in Indonesia

Infrastructure & Utility field

- 1996 Commenced operation of the Niigata-Sendai Gas Pipeline



Niigata-Sendai Gas Pipeline

- 2000 Commenced rail transportation of LNG tank containers

Carbon Neutral field

- 2008 Participated in funding Japan CCS Co., Ltd., which was established with the aim of creating practical applications for CCS technologies in Japan

E&P field

- 2013 Participated in the Shale Gas Project in Canada (End of our participation in 2021)
- 2013 Commenced production of crude oil at the Garraf Project in Iraq
- 2014 Participated in the Seagull Project in the United Kingdom's North Sea

Infrastructure & Utility field

- 2014 Commenced operation of the mega solar project at the Hokkaido District Office
- 2018 Commenced operation of the Soma LNG Terminal
- 2020 Commenced commercial operation of the Fukushima Natural Gas Power Plant



Fukushima Natural Gas Power Plant of Fukushima Gas Power Co., Ltd.

Carbon Neutral field

- 2019 Achieved our target of injecting 300,000 tons of CO₂ in the Tomakomai CCS pilot test conducted through Japan CCS Co., Ltd.

JAPEX's Strengths

JAPEX's three strengths comprise the JAPEX Group's comprehensive technical capabilities related to oil and gas exploration, development, production (E&P), transportation and sales; domestic infrastructure that undergirds the stable supply of natural gas; and trusted relationships with stakeholders that serve as the foundation of our business.

Technical capabilities in the E&P field

- The JAPEX Group possesses comprehensive technical capabilities that fully augment the entire E&P field.

Reference [P.26](#) ➔

Application of technical capabilities in the CN* field centered on CCS

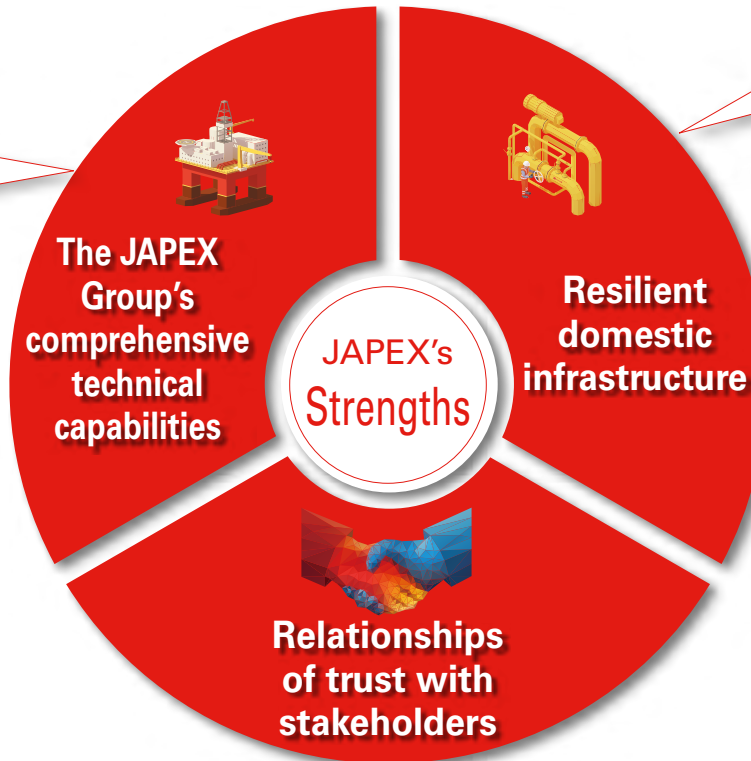
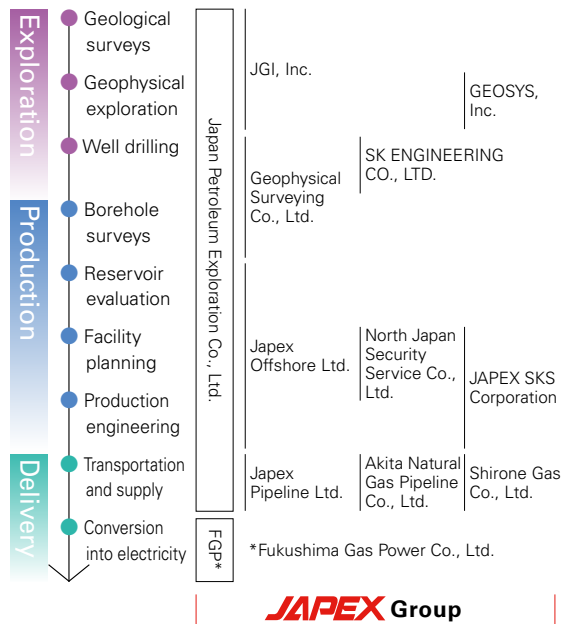
- We are working to create environmentally friendly businesses that contribute to society's decarbonization by leveraging the technologies and expertise cultivated in the E&P field.

*CN: Carbon Neutral Reference [P.31](#) ➔

Operator capabilities in the entire oil and gas supply chain

- We possess operator capabilities that span the Group's entire supply chain, including the E&P field, transportation, regasification of imported LNG, and natural gas power generation.

Operator capabilities in the entire oil and gas supply chain



Diverse gas supply network

- We provide a stable supply of environmentally low-impact LNG and natural gas through diverse means of transportation, such as JAPEX's own natural gas pipeline network and tank trucks, coastal vessel.

Resilient system for stable operation of infrastructure

- In the Shiunji Gas Field in Niigata Prefecture, we are storing domestic natural gas underground to help meet variable demand and ensure a stable supply of gas for emergencies.
- We are building a system for stable operation of infrastructure without major accidents and injuries. We have been able to ensure safety during crises, such as the Great East Japan Earthquake, achieving quick recovery and restart of supply. Reference [P.29](#) ➔

Contributing to a stable supply of energy, which is our mission, and the realization of a sustainable society by leveraging our three strengths

- The operation and additional development of domestic oil and gas fields drawing on the comprehensive technical capabilities we have nurtured for many years will remain the foundation for our stable cash flows. In addition, we aim for further growth in the E&P field by deploying our technical capabilities and experience in exploration, development, and production.
- We also remain committed to a stable supply of natural gas, which is growing in importance as transition energy, based on our resilient domestic infrastructure, including pipelines and the Soma LNG Terminal, as well as the optimal combination of domestic natural gas and overseas LNG. Moreover, faced with increasing severity of power shortage, we seek for further growth of our power business by expanding the renewable energy business, while ensuring the stable operation of the Fukushima Natural Gas Power Plant which commenced commercial operation in 2020.
- We have internally developed all the CCS/CCUS technologies, which have drawn attention as a last resort for achieving carbon neutrality and are necessary for operating the storage business. We also have worked to measure the storage potential of primarily domestic oil and gas fields, and aim to launch the domestic CCS/CCUS business by 2030 based on the trusted relationships with local communities we have nurtured for many years.

Thorough safety and quality management Contribution to local communities Environmental conservation initiatives Attractive workplace of choice

- Since our founding, we have built relationships of trust by contributing to local communities and holding dialogue with various stakeholders. These relationships have become the foundation of our business. Reference [P.52](#) ➔

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Editorial Policy

This report, positioned as an important communication tool with all our stakeholders including investors, is intended to convey in an easy to understand way our initiatives to sustainably enhance our corporate value.

In doing so, this report highlights their connection to our financial and non-financial data.

Integrated Report 2022 features the JAPEX Management Plan 2022–2030 published in March 2022 and includes an additional information about the Company's strengths, which are sources of its corporate value. The report is also enhanced to cover additional corporate governance information, such as the skills matrix of Directors and other officers and the round-table talks by outside officers concerning the evaluation of the effectiveness of the Board of Directors.

Reference Guidelines

METI, Guidance for Collaborative Value Creation
The Value Reporting Foundation (VRF),
International Integrated Reporting Framework



Organizations Covered by This Report

This report covers Japan Petroleum Exploration Co., Ltd. (JAPEX), its 18 consolidated subsidiaries, and other Group companies.

Reporting Period

Fiscal 2021 started on April 1, 2021 and ended March 31, 2022.

Some statements include data before March 31, 2021 or after April 1, 2022.

Issuing Date

October 2022 (Next issue: October 2023)

Disclaimer

This Integrated Report includes past and current facts about JAPEX and its subsidiaries and associates, their plans and prospects as of the issuing date, as well as forecasts based on their management plans and corporate management policies. These forecasts represent management's assumptions or decisions based on information currently available. Readers should be aware that actual results may differ from these forecasts due to changes in the business environment.

Disclosure Systems

Business- and Finance-related Data

Integrated Report



<https://www.japex.co.jp/en/ir/library/integratedreport/>

Website
IR
<https://www.japex.co.jp/en/ir/>

Annual Securities Report
<https://www.japex.co.jp/en/ir/library/report/>

Non-financial Data

Website

Sustainability
<https://www.japex.co.jp/en/sustainability/>

President's Message



JAPEX's growth strategy for a carbon-neutral society

Handwritten signature of Masahiro Fujita in black ink.

FUJITA Masahiro

Representative Director and President
Chief Executive Officer

Introduction

With stable energy supply as its mission, JAPEX has long been engaged in oil and natural gas E&P (Exploration & Production) in Japan and abroad. In Japan, we ensure stable supplies of gas by our infrastructure including pipelines and LNG terminals, and provide electricity generated from a natural gas-fired power plant and renewable energy sources. And we are struggling to realize early commercialization of CCS (Carbon dioxide Capture and Storage)/CCUS (Carbon dioxide Capture, Utilization and Storage) as our main contribution to a carbon-neutral society.

Our business environment has been changed significantly. The Japanese government declared the "Achievement of Carbon Neutrality by 2050" in October 2020 and it has been accelerating to transfer from low-carbon to decarbonization gradually in the global trend. While this rapid and vigorous change of the trend might be a risk factor for our business structure over the medium to long term, we will believe that this wave of momentum is an opportunity to make further progress of our business.

Even as accelerating the moves toward decarbonization, the importance of oil and natural gas will not change as the essential energy sources for the lives of people as well as demand for oil and natural gas will not have vanished in a carbon-neutral society by 2050. So we will carry out our mission, the stable supplies of oil and natural gas now and future.

President's Message

On the other hand, there is the issue of how we will tackle climate change to realize a carbon-neutral society. To resolve an issue to balance between the demand of oil/natural gas and the decarbonization trends, we will realize the practical application of CCS/CCUS by leveraging our technologies to the decarbonization of fossil fuels, for the contribution to solve climate change as a social issue.

Furthermore, we have been working to expand the utilization of natural gas as the lowest environmental impact of all fossil fuels, which is the response to meet the demand for lower environmental impact energies for a low-carbon society, including a shift from coal and petroleum fuels. We are also realizing to participate in several renewable energy projects of biomass power generation and others, as a new business foundation for a carbon-neutral society. These initiatives will be accelerated as well going forward.

Amid such increasing uncertainty in the external environment, our employees are the most important factor and essential property for the company, for responding to new business structures and fields and supporting the backbone of our business foundation. With this in mind, we have clarified the policies for the strengthen our human capital management: secure and assign human resources based on our business development, foster talents for new business fields, and utilize our personnel with considering the improvement of engagement. Of course, human resource development includes training/hiring people who can drive DX (digital transformation). We will proceed with our DX initiative from both perspectives of human resources and operational issues.

Currently, according to the emergence of geopolitical risks since Russia invaded Ukraine in February 2022, energy prices, including crude oil, have been remaining higher. The importance of energy security is becoming keenly and increasingly felt in Japan, which depends on imports of resources from overseas. While building a resilient business foundation to withstand volatile energy prices, we will steadily carry out the social mission we are taking part in to ensure stable energy supply.

Initiatives Taken in Fiscal 2021

In fiscal 2021, we made drastic decisions to adapt our business to the huge changes in the business environment.

As a means to improve our financial position executing from the previous medium-term business

plan, we had proceed with the review of our overseas E&P business portfolio without exceptions. Based on the conclusion that it would be difficult to early improve its earnings, we decided to transfer our interests in the Canada Shale Gas project in May 2021 and end our business in the Canada Oil Sands project in July 2021. Since both projects were the core business of our overseas E&P, we had made maximum efforts to improve their economic efficiency mainly by optimizing operations. But we had to make these decisions, unfortunately.

As a result, we reported loss attributable to owners of parent of ¥30.9 billion in the consolidated financial results in fiscal 2021, mainly due to extraordinary losses associated by the decision concerning the two projects. I, as President of JAPEX, am taking these facts that recorded such a large loss very seriously. We reflect on these experiences as facts and will use their learnings in our future corporate strategies and risk management.

As mentioned earlier, I have been conducting the business operations to realize every day that our business environment as well as we are in a period of great change. In the movement of further progress to the decarbonization era, our challenges and investments in new business fields are required for continuous growth. Moreover, a new management plan was necessary to reflect our financial situation following the review of our overseas portfolio. In light of those views, we formulated the JAPEX Management Plan 2022–2030 in March 2022, a medium- to long-term plan for the next nine years. From fiscal 2022, we are strengthening the efforts to make further growth in line with this management plan.

Formulation of New Management Plan

We believe that oil and natural gas will continue to be essential energy sources for people's daily lives and business activities even in a carbon-neutral society that aims to be realized by 2050. Based on this outlook, we formulated a new management plan to ensure stable energy supply of our corporate vision and contribute to the realization of net zero by 2050, with the effort of continuing to supply oil and natural gas as well as addressing the decarbonization of fossil fuels and development of various energy sources, including renewable energy.

In my recognition, our main business of E&P projects has an issue that is susceptible to volatility in oil and gas prices. Therefore, I have thought we need to transform our corporate and business structure to ensure stable earnings even in a low oil and gas price environment.

President's Message

At first, we lowered the crude oil CIF (cost, insurance, and freight) price assumption for our business strategy planning from USD60 per barrel to USD50 per barrel at the end of March 2021, recognizing the progress of global decarbonization and other factors. This change is based on our medium- to long-term vision of becoming a company that can grow even the oil price of USD50 per barrel.

The new management plan sets numerical targets to be achieved in fiscal 2030 and at the midpoint in fiscal 2026 to strengthen profitability over the medium term and build a business foundation for the long term beyond fiscal 2030. Assuming an oil price of USD50 per barrel, we aim to achieve a business profit target of ¥50.0 billion for fiscal 2030 (¥30.0 billion for fiscal 2026), an ROE of 8% for fiscal 2030 (5% for fiscal 2026), and an E&P vs. non-E&P profit composition of 5:5 for fiscal 2030 (6:4 for fiscal 2026).

For the achievement of the targets, we will focus on three key business fields: E&P, Infrastructure and Utilities (I/U), and Carbon Neutral (CN).

In the E&P field, we will emphasize acquiring new interests overseas and pursuing additional development and offshore potential in Japan, and will also work to reduce carbon emissions from our operations. About the overseas assets, we have already succeeded in acquiring new overseas E&P assets by executing to explore and examine projects focused on candidates with the potential of early returns. In January and May 2022, we acquired the well interests based on the tight oil development plan in Texas, the United States. Although a large investment of \$500 million for three years until 2024, this investment enable us to gain an early return and profit, due to begin and increase tight oil production in stages from fiscal 2022. We will continue to be proactive in seeking new opportunities, mainly focusing on North America and the North Sea, where having our experiences and expertise.

In the I/U field, we will continue to promote the use of natural gas, the lowest environmental impact among fossil fuels, including support of fuel switching demand and engagement of energy service provider contracts. We also aim to increase our participation in renewable energy projects. In fiscal 2021, we participated in four biomass power generating projects and invested a PV investment fund. We are currently proceeding with the development of these projects to the commercial phase, aiming to transfer our business structure to the less susceptible to oil price fluctuations.

In the CN field, our main target is early implementation and commercialization of CCS/CCUS, expected to be the game changer for cutting net CO₂ emissions reductions. We are working to launch model projects of hub-and-cluster CCUS in Japan by fiscal 2030, and to participate in

ongoing projects in systematically advanced countries such as America and Europe as well as in feasibility studies in emerging countries.

In fiscal 2021, we were involved in CCS/CCUS feasibility studies in the Tomakomai area of Hokkaido and the Niigata area in Japan, as well as in Indonesia and Malaysia overseas.

Our strength in promoting CCS/CCUS is the drilling obtained through E&P business experiences, such as subsurface investigation, excavation, and monitoring for underground storage of CO₂. And we can execute all of them within the JAPEX Group. In addition, we expect to leverage data on deep saline aquifers (layers where CO₂ is expected to be stored) acquired in investigations and explorations in Japan to date, experience in the construction and operation of gas supply facilities such as high-pressure pipelines for CO₂ transportation. Furthermore, we will be able to apply the expertise gained from a large-scale government CCS demonstration test in Tomakomai, Hokkaido conducted by Japan CCS Co., Ltd., in which JAPEX is the largest shareholder. We will continue to working for the realization of CO₂ underground storage, with our conscious of a leading company in this field.

We will steadily execute the new management plan, for the contribution to carbon-neutrality, a net-zero society through the social implementation of CCS/CCUS. And, through these works, we aim to be a comprehensive energy company with our uniqueness, supplying a variety of energy sources such as oil, natural gas, electricity, renewable energy, and others, as required by the times and society.

Aiming to respond to climate change, the achievement level of the corporate targets related to climate change has been included in the annual evaluations of executive officers and reflected in their officer compensation since FY2022. We have been clarifying the management attitude toward our commitment to contribute to net zero emissions by 2050 and achieve our target of GHG (greenhouse gas) emission reduction.

ESG Initiatives

Regarding ESG (Environment, Social, and Governance), companies are required to address higher-level actions, tackling the issues on environmental ones such as climate change, social, and governance.

For continuing to be a trust-worthy company, we formulated the five core CSR themes "SHINE" in 2014 and have been specifying the 12 individual challenges. Our ESG activities in

(See [p. 43](#) for details)

President's Message

the business have been set and executed annual target and action plan based on the above initiatives and challenges. Fiscal 2021 also saw progress.

Concerning *environment*, we are taking action mainly to wrestle with climate change. As worked to develop the new management plan, we did a scenario analysis based on the TCFD recommendations and held discussions about a sustainable business portfolio based on the results of the analysis. We are also expanding the climate-related disclosures, such as the disclosure of environmental data submitted to the CDP starting from FY2021.

As for *social*, we established the JAPEX Diversity, Equity & Inclusion (DE&I) Policy in December 2021, which is updated the JAPEX Diversity Policy established in 2016, to incorporate the concepts of equity and inclusion. Based on this policy, we have set targets and action plans for enabling diverse talent to thrive and for supporting career development, and are already taking concrete steps in these areas.

With respect to *governance*, we established the Risk Management Committee and the Sustainability Committee in April 2021 to strengthen our risk management structure. For more efficient use of our assets, we sold a portion of our cross-shareholdings in November 2021, based on the periodic checks on the rationale of cross-shareholdings. Furthermore, to return value to shareholders and improve our capital efficiency, we decided to repurchase our own shares and cancel all of them for the first time since becoming a listed company. A portion of the proceeds from the sale of cross-shareholdings is used to fund the acquisition.

In the new management plan, enhancement of human capital management and further persuasion of DX (digital transformation) are our initiatives for delivering sustainable management.

With regard to human capital management, we will focus on securing personnel with the skills required for new business fields and redeploying talent to growth fields in anticipation of the future development of our business. To address the need for personnel who are expected to develop new business domains, we will execute both recruit mid-career hires and develop existing human resources. To this end, we will support employees in developing their careers independently by offering career consulting and expanding the open recruitment system as well as early launching of the reskilling program.

As for DX, we recognize it as a critical management task for our future transformation. In the past few years, we have been focusing on the digitalization of corporate shared systems and operations to lay the groundwork for DX, and have also endeavored to develop DX-capable personnel by assigning people to work on these digitalization projects. From now on, under

the new management plan, we will make steady progress as we move on to the next step of devising and executing DX strategies that address actual operational issues.

Conclusion

As President since October 2019, I have been believed dialogue with employees about our current circumstances and direction to the future. So we have been held the town hall meetings twice a year, to report from me and enhance Q&A session. In addition, I have been sent my message since February 2021, named the "President's Channel," to all staffs of the JAPEX Group about once a month.

I also wanted to increase direct dialogue with individual employees and resumed to visit our business sites in Japan in October 2021, while considering the COVID-19 situation. We have also been held opinion-exchange meetings for employees and officers, including myself, who are matched with participants' wish. Participants of younger employees are increasing with each meeting.

Fiscal 2022 is very important year as the first year of a fresh start toward fiscal 2030 in line with the new management plan and the realization of a carbon-neutral society by 2050 as the goal of "JAPEX2050." By proactively communicating with and listening carefully to the voices of employees, I will foster a corporate culture in which all employees can work autonomously toward the same goals and aim to our further growth.

I would like to ask all our stakeholders for their continued understanding and support for the Company for many years to come.



At a Glance

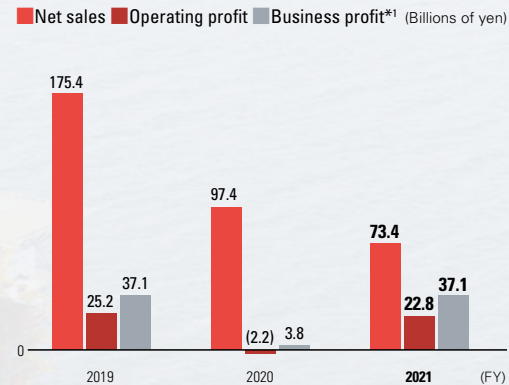
Taking internal and external environment into account, JAPEX will strive to grow, centered around the E&P, Infrastructure/Utility, and Carbon Neutral Businesses.

E&P Field

Overview

Since its founding, JAPEX has been involved in the upstream oil and natural gas of exploration, development, and production. Today, we operate 10 oil and natural gas fields in Japan, while pursuing additional development at existing oil and gas fields and their surrounding areas as well as exploration to discover new fields. Overseas, we are engaged in development and production at five locations as well as participating in development projects such as offshore or unconventional resources development, through which accumulate knowledge. We have racked up numerous accomplishments in Japan and overseas. The wide range of technologies and expertise we have accumulated over time have contributed to the stable supply of energy.

Financial Results of the E&P Business



Carbon Neutral Field*2

Overview

In order to contribute to smooth transition to a carbon-neutral society in 2050, we have been working to establish and commercialize CO₂ underground storage technology, which we have developed utilizing our accumulated knowledge of oil and natural gas development and production. Aiming for an early launch of the domestic CCS/CCUS model business where several companies and business locations have participated, we are conducting feasibility studies in Hokkaido, Niigata, and other locations. We have also newly participated in such feasibility studies overseas in Indonesia and Malaysia.

CO₂ separation and capture

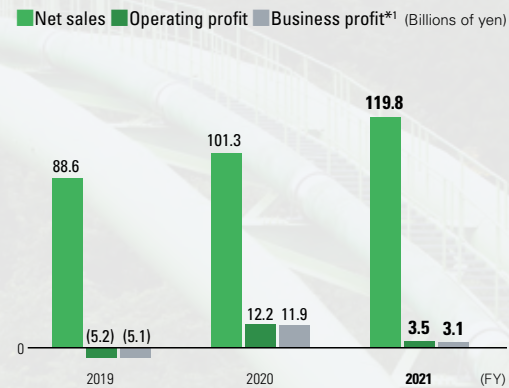
CO₂ injection and storage

Infrastructure/Utility Field

Overview

To meet energy demand in Japan, we utilize a combination of our supply infrastructure, such as high-pressure gas pipelines and LNG terminals, and transportation systems using tank trucks and coastal vessels, thereby securing stable supply of domestic natural gas, regasified LNG, and LNG in the broad areas including Hokkaido and Tohoku regions. In addition, we will seek to transform our business structure to withstand market changes such as oil price volatility through the natural gas-fired power generation at the Fukushima Natural Gas Power Plant located at Soma Port in Fukushima as well as the renewable energy business.

Financial Results of the Infrastructure/Utility Business

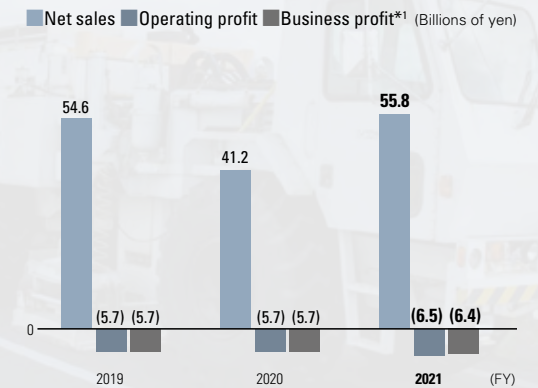


Other

Overview

Other businesses cover businesses not attributable to the E&P or Infrastructure/Utility fields, including contract services and sale of oil products. (Operating profit includes headquarters administrative expenses.)

Financial Results of the Other Businesses

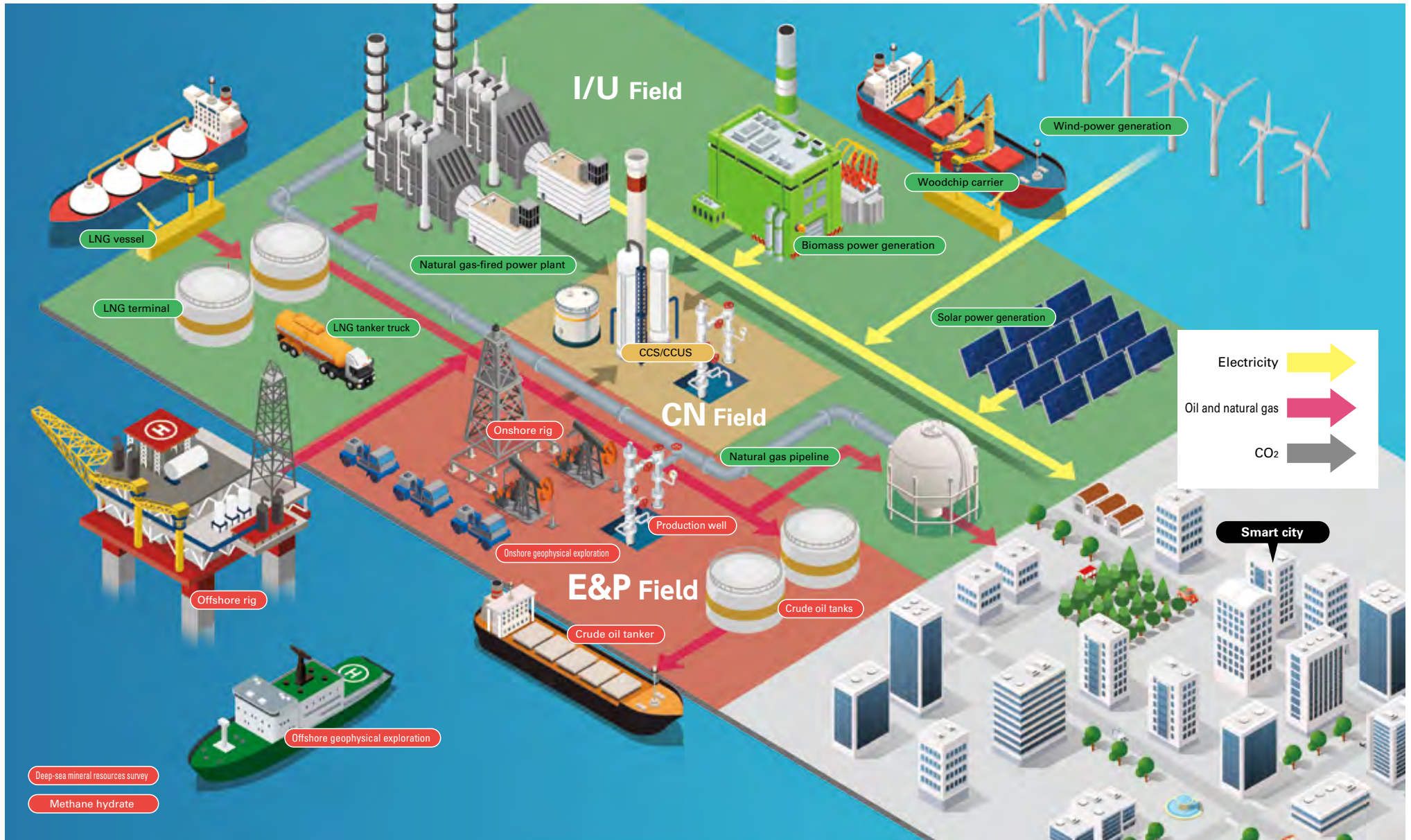


*1 The sum of operating profit and share of profit of entities accounted for using equity method (including profits to be distributed under limited partnership and silent partnership agreements)

*2 Although we consider the Carbon Neutral field as one of the "three main areas", our financial results are explained for the E&P, Infrastructure/Utility, and Other businesses because the Carbon Neutral field has not contributed to sales or profits.

What We Do

As indicated in JAPEX2050: Toward a carbon-neutral society, we have positioned the E&P field, the Infrastructure/Utility (I/U) field, and the Carbon Neutral (CN) field as areas of key importance as a comprehensive energy company that contributes to net-zero greenhouse gas emissions in 2050.



The JAPEX Group's Value Creation Process

Given changes in the economic and social environment, the JAPEX Group aims to contribute to all its stakeholders, achieving sustained and enhanced corporate value through business activities that take advantage of its strengths.

Realizing JAPEX2050: P.12 ▶ Toward a Carbon-Neutral Society

Awareness of the External Environment

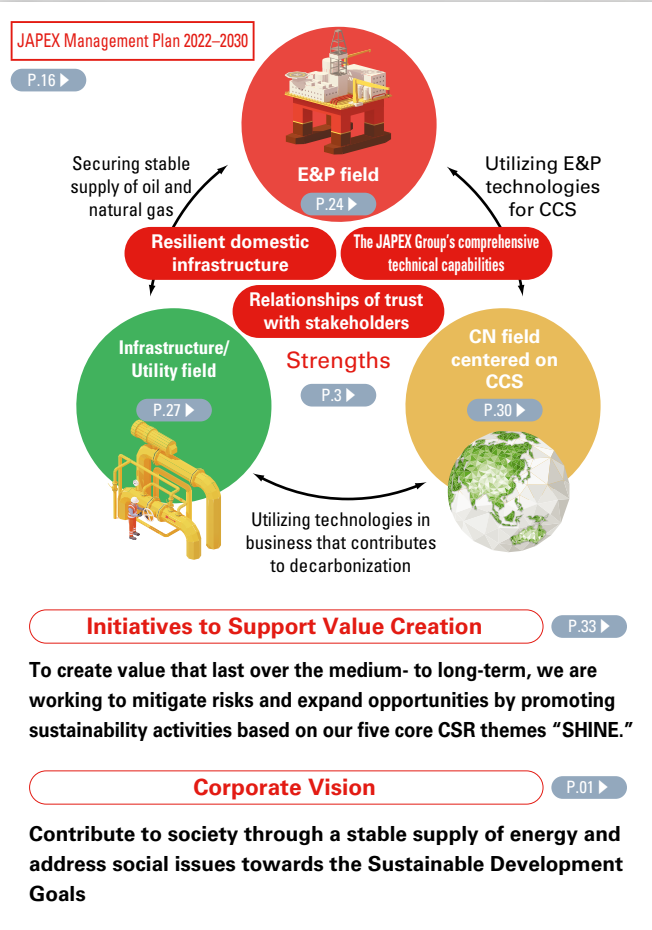
- Rapid transition to a decarbonized society
- Strengthening climate change countermeasures in each country
 - Rising demand for low-environmental-impact energy

- Increasing importance of ESG management
- Rising calls from stakeholders for enhanced disclosure and stronger responses

Input

- Financial capital** (FY2021 results) P.57 ▶
- Shareholders' equity: ¥323.6 billion
 - Interest-bearing debt: ¥6.1 billion
 - Equity ratio: 78.7%
- Production capital** P.27 ▶
- Very stable energy supply chain: Three LNG terminals (Hokkaido, Fukushima, Niigata) Gas pipeline spanning a total of over 800 km Power plant output: Total output from seven locations: 1,390 thousand kW Of which, total renewable energy output from six locations: 210 thousand kW
 - * Gross output
 - Transport by coastal vessels, LNG railway tank containers, and tanker trucks in addition to gas pipelines
- Intellectual and human capital** P.24-32 ▶
- Development and operational capabilities of the E&P Business: operation track record of 66 years
 - Comprehensive technical capabilities of the Group that fully augment the entire E&P field and highly knowledgeable geological and reservoir technicians
 - Operating results of the Infrastructure/Utility Business: high-pressure gas pipeline operation of 61 years; LNG terminal operation of 19 years; tanker truck transport of 39 years; railway container transport of 22 years; coastal vessel transport of 11 years
 - Expanding mid-career hires to expand new business development (percentage of mid-career hires: 20%)
- Social and relationship capital** P.52 ▶
- Relationships of trust with operating regions and clients
 - Support of the Japanese government
 - Continuous partnership with oil-producing countries for over 40 years
- Natural capital** P.24 ▶ P.31 ▶
- Proved reserves: 159 million boe
 - Domestic oil and gas fields that can be used for CCS/CCUS and adjusting supply and demand

Business Model



Output

- Financial achievement** (FY2021 results) P.57 ▶
- Consolidated profit: -¥30.9 billion
 - EBITDA: ¥57.3 billion
 - Cash flows from operating activities: -¥1.0 billion
- Production and supply of energy** P.24-27 ▶
- Production volume: 57 thousand boe/day
 - Natural gas transaction volume: 1.43 million tons (LNG equivalent)
 - Electricity sales volume: 3.0 billion kWh
- External evaluation** P.59 ▶
- Selected for the FTSE Blossom Japan Index
 - Selected for the FTSE Blossom Japan Sector Relative Index
 - Selected for the S&P/JPX Carbon Efficient Index
 - Selected for the MSCI Japan Empowering Women Index
 - Obtained B rating in the CDP Climate Change Questionnaire
- ESG performance** P.58 ▶
- LTI^{*1}: 0.00 (target: 0.18)
 - Percentage of female managers: 6.0%
 - Percentage of employees taking childcare leave: Male: 75.6%, Female: 100%
 - GHG emission reduction: Scope 1+2: 0.62 million ton-CO₂*², Scope 3, Category 11: 9.45 million ton-CO₂*², Emission intensity*³: 3.20 ton-CO₂/TJ (reduced by 19% compared with FY2019)
- ^{*1} Lost Time Injury Frequency: Calculated as the number of lost time injuries per 1,000,000 work hours.
^{*2} The reduction attributable to JACOS is based on data until the end of the project in August 2021.
^{*3} Emission intensity: Represents intensity within the scope of GHG emission goals.

Outcomes

- Economic value**
- Improve ROE to 8% or more by FY2030
 - Set a basic policy to target a consolidated dividend payout ratio of 30%
- Social and environmental value**
- Maintain a stable energy supply
 - Contribute to the realization of a carbon-neutral society through technology like CCS/CCUS
 - Reduce GHG emissions from JAPEX operations
- Three SDGs we focus our efforts on
-

JAPEX 2050

Toward a Carbon-Neutral Society







Background of JAPEX 2050 Formulation

Under the Long-term Vision 2030 formulated in 2018, JAPEX has targeted “Growth to a comprehensive energy company utilizing oil and gas E&P and its supply basis.” We have been working to transform into a business structure that enables sustainable growth even when oil prices are low and that can respond to the changing needs of society.

Meanwhile, since the formulation of the long-term vision, the global trend toward decarbonization has been gaining steam in response to the Paris Agreement. In line with this trend, in October 2020, the Japanese government announced its aim to realize carbon neutrality by 2050. It made us aware of the need to evolve our current initiatives, and thus we updated our medium- to long-term risk recognition.

As a result, we concluded that, in order to appropriately address identifies risks and achieve growth by taking advantage of opportunities, we need to clarify our responsibilities in the carbon-neutral society in 2050 as well as the business fields to focus on. Accordingly, we have formulated JAPEX2050: Toward a Carbon-Neutral Society and announced it in May 2021. JAPEX2050 comprises GHG emission reduction targets and focused efforts to realize a carbon-neutral society.

Recognition of Medium- to Long-term Risks and Policies for Addressing Such Risks

Business fields	Medium- to long-term risks recognized	Risk mitigation policies
Company-wide business portfolio	Fluctuations in crude oil and natural gas prices	<ul style="list-style-type: none"> Shift to a business portfolio that is resilient against low crude oil prices (by making the renewable energy business profitable; creating new businesses, such as CCS/CCUS; and expanding such businesses)
	Rapid transition to a decarbonized society	<ul style="list-style-type: none"> Pursue a low-carbon and decarbonized business portfolio (to reduce GHG emissions in line with JAPEX's target of achieving net-zero emissions in 2050)
E&P field 	Declining volume of oil and gas reserves	<ul style="list-style-type: none"> Develop remaining production potential in Japan Acquire new interests overseas
	Rapid transition to a decarbonized society	<ul style="list-style-type: none"> Shift the focus of the E&P field to natural gas Introduce CCS/CCUS in participating projects
Infrastructure/Utility field 	Decline in domestic natural gas production	<ul style="list-style-type: none"> Procure LNG with competitiveness
	Rapid transition to a decarbonized society	<ul style="list-style-type: none"> Expand the renewable energy business Decarbonize power generation and gas businesses (by introducing carbon-free LNG and carbon-neutral LNG ) Horizontally deploy various supply methods for natural gas and LNG targeting overseas markets
Carbon Neutral field 	Resolution of issues related to CCS/CCUS operations to achieve the early commercialization of these businesses in Japan	<ul style="list-style-type: none"> Push ahead with both technological and marketing endeavors, including securing CO₂ storage capacities, promoting cost reductions, and taking initiative in rule making

JAPEX2050

GHG Emission Reduction Targets

Scope 1: Direct greenhouse gas emissions by the reporting company itself, such as fuel combustion and industrial process
 Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others
 Scope 3: Other indirect emissions besides Scope 2
(emissions by others related to the company's activities that are further subdivided into 15 categories)



<h3>2030</h3> <p>Reduce CO₂ emission intensity of JAPEX operations by 40% compared to FY2019</p>	<h3>2050</h3> <p>Achieve net-zero emissions</p>
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Contribute to establishing new technologies and energy supply with low environmental impact, for achieving net zero CO₂ emissions by 2050

Scope 1+2^{*1}

We will reduce GHG emission intensity^{*2} of JAPEX operations by 40% in fiscal 2030 compared to fiscal 2019^{*3} and achieve net zero GHG emissions from JAPEX's operating locations by 2050.

To achieve these targets, we have set the following measures as priority action items.

Scope 1 emissions reduction measure: Consider injection of CO₂ emitted from domestic oil and gas fields

Scope 2 emissions reduction measure: Gradually shift to zero-emission electricity

To steadily achieve our GHG reduction targets, we set targets for every fiscal year in the CSR action plans [p.43](#) and manage their progress.

^{*1} Based on the GHG Protocol's operational control approach

^{*2} CO₂ emissions (ton-CO₂) per 1 terajoule (TJ) of energy supplied by JAPEX

^{*3} FY2019 intensity: 3.97 ton-CO₂/TJ

Scope 3

JAPEX's total Scope 1, 2, and 3 GHG emissions amounted to around 10.42 million tons of CO₂ in fiscal 2021, and Scope 3 emissions accounted for the vast majority at about 98%. Because Scope 3 category 11 (use of sold products) emissions were especially high at 93% of the total, the reduction of these emissions is an important issue for JAPEX. We aim to reduce Scope 3 emissions by promoting the efforts, focused on realizing a carbon-neutral society, which are explained on the following pages.

JAPEX2050

Focused Efforts to Realize a Carbon-Neutral Society



1. Turn Carbon Neutral into a profitable business based on CO₂ injection and storage technology

- Aim to achieve the early implementation and commercialization of CCS/CCUS as a pioneer in Japan
- Strive to collaborate and enter into carbon-neutral business areas, where synergies with CCS and CCUS can be expected
(focusing on BECCS^Q and natural gas-fired power plants with CCS, entering into business area of carbon-recycling, etc.)

2. Expand participation in renewable energy projects

- Aim to increase renewable energy projects in which JAPEX participates while utilizing knowledge and experience in conventional businesses

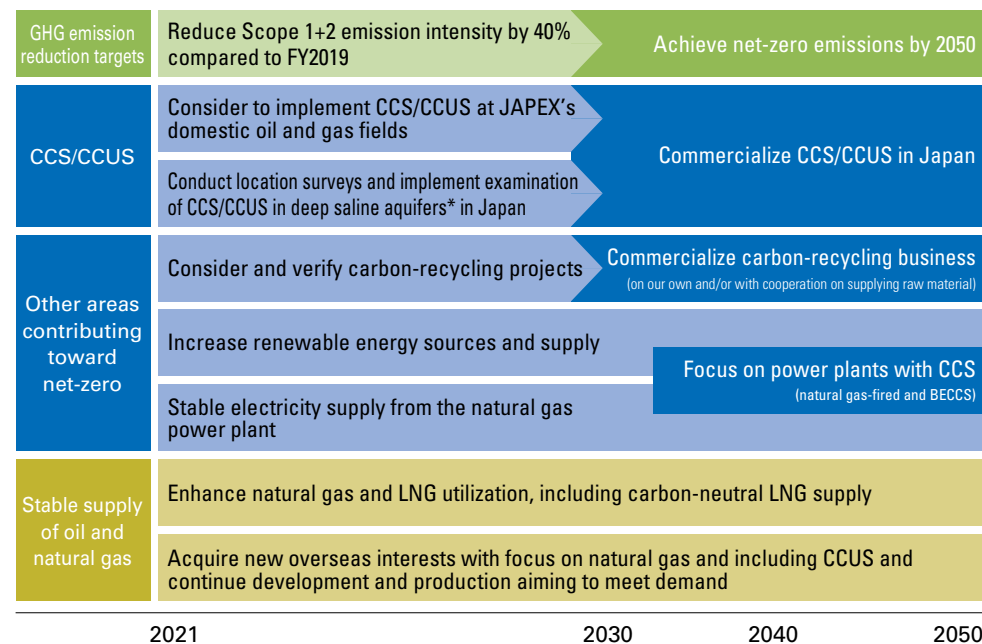
3. Stable supply of oil and natural gas

- Recognizing that oil and natural gas will remain as one of the major energy sources worldwide, continue to meet the demand for them
- As a comprehensive energy company, aim to achieve a carbon-neutral society through the use of CCS/CCUS and other decarbonization technologies, rather than through a complete shift away from oil and natural gas

For more details on JAPEX2050, please visit [our corporate website](#).

Also, for our specific initiatives to be taken by 2030, please refer to the JAPEX Management Plan 2022–2030, which is explained on the following pages.

JAPEX2050 Roadmap



* Deep saline acquirers represent a sandstone layer deep underground that includes ancient seawater (saltwater) which is not suitable for drinking. Its geographical distribution is broader compared to oil and natural gas reservoirs, and CO₂ storage capacity is anticipated.

Looking Back on Medium-term Business Plan 2018–2022 and Long-term Vision 2030

In the past four years, we made some meaningful progress, such as business portfolio optimization and improvement of financial soundness.

Meanwhile, faced with dramatic changes in external and our business environments, in March 2022, we formulated the JAPEX Management Plan 2022–2030 as a plan to replace the Medium-term Business Plan 2018–2022 (“Previous Medium-Term Plan”) and Long-term Vision 2030 before the Previous Medium-Term Plan period ends.

Formulated in May 2018	Medium-term Business Plan 2018–2022	Long-term Vision 2030
Basic Policy	Improve ROE to 5% or more by 2022 (assuming oil price of US\$60 per barrel)	Grow to a comprehensive energy company utilizing oil and gas E&P and its supply basis
I/U Business	Acquire new overseas interests, while maintaining or increasing reserves in Japan	Maintain an RRR  of >1
E&P Business	Achieve annual natural gas transaction volume in Japan of 1.60 million tons (LNG equivalent) and electricity sales volume of 2.8 billion kWh	Promote supply of energy with a low environmental impact
New businesses	Build a new business model, and identify new business seeds	Generate environmentally friendly new business

Quantitative targets and the status of progress and achievement of the Medium-term Business Plan by FY2021

Target items	Targets (by the end of FY2022)	FY2018	FY2019	FY2020	FY2021	Status of achievement (at the end of FY2021)
ROE	5% or more	3.5%	6.5%	—	—	Unachieved
Domestic natural gas transaction volume	1.60 million tons	1.13 million tons	1.20 million tons	1.48 million tons	1.43 million tons	Unachieved
Electricity sales volume	2.8 billion kWh	0 billion kWh	0 billion kWh	3.0 billion kWh	3.0 billion kWh	Achieved
Interest-bearing debt	Reduced to approx. ¥100.0 to 120.0 billion	¥151.7 billion	¥140.8 billion	¥118.7 billion	¥6.1 billion	Achieved
Debt-to-EBITDA ratio	Less than 2.0 times	3.6	2.4	3.2	0.1	Achieved
RRR (Reserve Replacement Ratio)	(Long-term target) More than 1	4.9	(0.1)	(0.7)	(0.059)	Unachieved

Major progress by FY2021

- Proceeded with **additional development in and outside Japan**, and **acquired new interests** in oil and natural gas E&P projects **overseas**
- **Expanded non-E&P business fields**, including the commercial operation of Soma LNG Terminal and Fukushima Natural Gas Power Plant, and launched full-fledged development of the renewable energy business
- Started **feasibility studies for multiple CCS/CCUS projects** in and outside Japan
- Improved profitability by **optimizing business portfolio**, mainly two projects in Canada
- Enhanced shareholder returns by **share buyback**

Changes in our balance sheet (decreases in business assets and interest-bearing debt)

Response to changes in external environment

- Lowered the crude oil price assumption for medium-to-long-term to US\$50 per barrel at the end of March 2021 in the face of irreversible changes in energy supply and demand structure driven by the progress in global decarbonization
- Formulated JAPEX 2050, which sets forth JAPEX's direction toward 2050, in May 2021

Long-term vision for transition of business structure based on JAPEX 2050

Formulated JAPEX Management Plan 2022–2030

JAPEX Management Plan 2022–2030

Based on its basic policy of “improving profitability and building a business foundation for 2030 and beyond,” JAPEX Management Plan 2022–2030 (“New Management Plan”) aims to achieve a reasonable profit level considering capital costs and enhance shareholder returns by strengthening efforts in three business fields of E&P, Infrastructure/Utility, and Carbon Neutral.

Achieve a Reasonable Profit Level Considering Capital Costs and Enhance Shareholder Returns

JAPEX Management Plan 2022–2030

Basic policy: Improve profitability and build a business foundation for 2030 and beyond

Business Foundation



E&P field

Contribute to early expansion of profit scale and respond to low-carbonization

Continue to invest in acquisition of new interests and promote low-carbon operations



Infrastructure/ Utility field

Transform business structure to withstand market changes such as oil price volatility

Expand the profit scale of renewable energy and other businesses



Carbon Neutral field

Contribute to smooth transition to a carbon-neutral society in 2050

Launch CCS/CCUS hub and cluster* model business utilizing existing oil and gas fields and others

* CCS/CCUS network that connects multiple CO₂ emission sources and CO₂ storage sites

Efforts to Strengthen Business Foundation

Enhancement of human capital management

Secure and develop human resources for DX

Organizational changes

Promote DX based on business issues

Measures to promote DX (Digital Transformation)

Management Goals

- Quantitative targets: business profit, ROE, profit composition

	FY2021 results	Medium-term targets by FY2026	Long-term targets by FY2030
Business profit (Operating profit + Share of profit of entities accounted for using equity method*1)	¥33.8 billion	¥30.0 billion	¥50.0 billion
Breakdown			
■ E&P field	¥37.1 billion	¥23.0 billion	¥27.0 billion
■ I/U field	¥3.2 billion	¥12.0 billion	¥27.0 billion
■ CN field	—	¥1.0 billion	¥2.0 billion
Other	-¥6.5 billion	-¥6.0 billion	-¥6.0 billion
ROE	—%	Approx. 5%	Approx. 8%
Profit composition ratio (E&P-to-non-E&Ps*2)	9-to-1	6-to-4	5-to-5
Assumption of crude oil price*3 (JCC: USD/bbl)	73.28	50.00	50.00
Exchange rate assumption (JPY/USD)	111.20	110.00	110.00

*1 Share of profit of entities accounted for using equity method includes profits to be distributed under limited partnership and silent partnership agreements.

*2 Non-E&Ps refer to I/U and CN fields.

*3 Numerical targets of the management goals are based on the assumption of crude oil price (JCC) of US\$50 per barrel.

- Carbon neutral related targets




- CCS/CCUS hub and cluster model business utilizing existing domestic oil and gas fields and others
Make a meaningful progress by 2026, aiming to launch as a model business by fiscal 2030
- Reduction of GHG emission intensity of JAPEX operations by 40% (compared to fiscal 2019)
Start CO₂ injection pilot trial at domestic oil and gas fields by 2026, aiming to achieve the target in fiscal 2030

JAPEX Management Plan 2022–2030

Priority Items and Profit Targets of Each Business Field

Based on the belief that oil and natural gas will remain important sources of energy, we will continue to play a part in the stable supply of these energy sources, while promoting low-carbon operations. At the same time, we aim to further expand business in the Infrastructure/Utility field, including renewable energy, and to launch the CCS/CCUS model business toward achieving JAPEX 2050.

* Items in bold are new initiatives.

Field	Domestic	Overseas
E&P field 	Business profit target: ¥23.0 billion as of FY2026 ▶ ¥27.0 billion as of FY2030	
	<ul style="list-style-type: none"> Conduct stable production of oil and natural gas in existing oil and gas fields 	<ul style="list-style-type: none"> Steadily promote existing projects
	<ul style="list-style-type: none"> Pursue additional development at existing oil and gas fields and their surrounding areas (including exploration overseas) 	<ul style="list-style-type: none"> Acquire new interests
	<ul style="list-style-type: none"> Reduce GHG emissions at oil and gas production locations 	
Infrastructure/Utility field 	Business profit target: ¥12.0 billion as of FY2026 ▶ ¥27.0 billion as of FY2030	
	Gas supply <ul style="list-style-type: none"> Maintain and expand gas supply volumes 	Gas supply <ul style="list-style-type: none"> Participate in an LNG supply infrastructure development project
	Gas power generation <ul style="list-style-type: none"> Continue stable operations of Fukushima Natural Gas Power Plant 	Renewable energy <ul style="list-style-type: none"> Consider possible participation in renewable energy projects
	Renewable energy <ul style="list-style-type: none"> Make steady progress in on-going development projects of renewable energy Participate in additional projects 	
Carbon Neutral field 	Business profit target: ¥1.0 billion as of FY2026 ▶ ¥2.0 billion as of FY2030	
	CO₂ storage <ul style="list-style-type: none"> Launch CCS/CCUS hub and cluster model business utilizing existing oil and gas fields and others Examine CO₂ storage capacity in existing oil and gas fields, etc. 	CO₂ storage <ul style="list-style-type: none"> Participate in CCS projects in systematically advanced areas Participate in feasibility studies on CCS/CCUS in emerging countries
	Other <ul style="list-style-type: none"> Consider next generation energy supply infrastructure, etc. 	

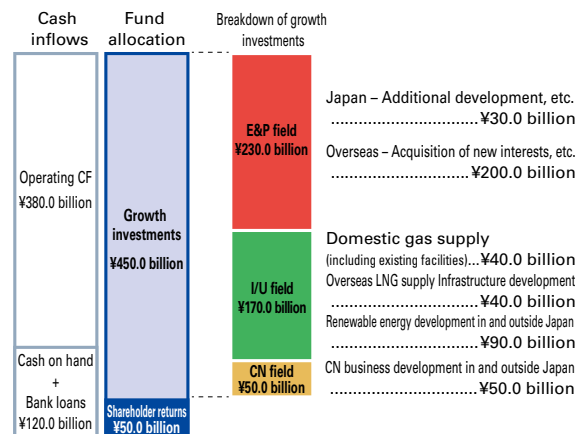
JAPEX Management Plan 2022–2030

Fund Allocation and Return to Shareholders

We anticipate that cash inflows by fiscal 2030 will amount to a total of ¥500.0 billion, consisting of ¥380.0 billion from cash flows from operating activities and ¥120.0 billion from cash on hand and bank loans. Out of a total of ¥500.0 billion in cash inflows, we will allocate ¥450.0 billion to growth investments and ¥50.0 billion to shareholder returns. Of the growth investments, ¥230.0 billion will be invested in the E&P field, ¥170.0 billion in the I/U field, and ¥50.0 billion in the CN field. As for return to shareholders, we will pay dividends totaling ¥50.0 billion during the period covered by the New Management Plan, with a target consolidated dividend payout ratio of 30%, starting from fiscal 2022.

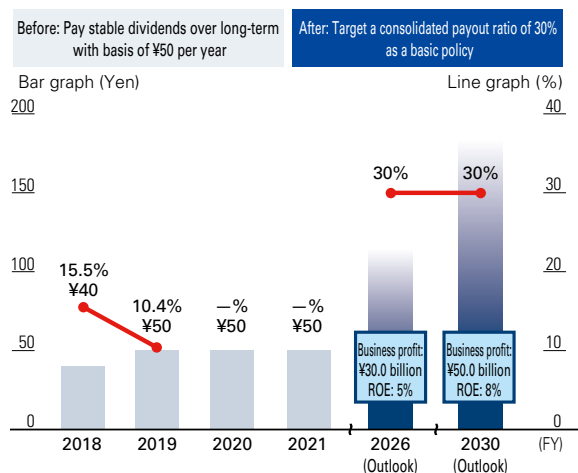
Allocate cash inflows of ¥500.0 billion to growth investments and shareholder returns

- Outlook for fund allocation (cumulative total of 9 years up to FY2030)



Adopt a dividend payout ratio to enhance shareholder returns

- Changes in Basic Policy
 - Pay dividends in line with business results for each fiscal year with a target consolidated dividend payout ratio of 30% starting from fiscal 2022
 - Strive to maintain an annual dividend of ¥50 per share even in the event of a temporary downturn in business performance



Efforts to Strengthen Business Foundation

Enhancement of human capital management

- **Secure and assign human resources following business changes**
Secure human resources with skills required in new business fields, and reassign to growth areas
- **Develop human resources for new fields**
Encourage each autonomous career development
 - Introduction of career consulting, expansion of internal personnel recruitment system, etc.
 Introduce reskilling program
 - Education on digital literacy, etc.
- **Utilize human resources based on the Diversity, & Inclusion (DE&I) Policy**
 - Promotion of women, youngers, and seniors

Organizational changes (as of April 1, 2022)

- **Reorganize business divisions to promote the New Management Plan**
Reorganize overseas business project divisions
Reflecting on our failure to make sufficient investments in growth during the period covered by the Previous Medium-Term Plan, we have reorganized overseas business project divisions into the Overseas Business Division I and Overseas Business Division II. The Overseas Business Division I is in charge of discovering new overseas projects, while the Overseas Business Division II is in charge of promoting existing overseas projects, etc.
- **Establish the Carbon Neutral Technology Dept.**

To accelerate the commercialization of carbon neutrality related business of each business division, we have set up the Carbon Neutral Technology Dept. under the Technical Division.

- **Strengthen company-wide support for business deal execution and management**
Establish the Deal Execution/PMI Support Dept.

By centralizing corporate divisions' expertise, we push forward with new deal execution by each business division. To raise the achievability of profit targets, we provide support throughout the process up to investment value realization after the establishment of a new project.

Promotion of DX

- **Position DX as a key management issue**

We will make company-wide efforts to promote DX in a bid to enhance corporate value by solving issues that have remained unsolved and are in the process of digitalization, and contributing to building a business foundation, which is aimed for in the New Management Plan.

Message from the Officer in charge of Finance & Accounting Dept.

Investment Strategy for Accelerating Growth and Policy on Use of Cash

Director, Senior Managing Executive Officer
In charge of Finance & Accounting Dept. and
Deal Execution/PMI Support Dept.

YAMASHITA Michiro



Financial Review of Fiscal 2021

In fiscal 2021, the world economy got back on track as the impact of COVID gradually subsided, and prices of crude oil and LNG trended upward. Our operating environment remained unstable, with oil prices soaring to around USD110 per barrel at the end of the fiscal year against a backdrop of turmoil in the energy market that began in February 2022, triggered by the Ukraine crisis and the imposition of economic sanctions against Russia.

In fiscal 2021, we worked to improve our balance sheet on various fronts.

Under the management goal to achieve sustainable growth even when oil price range from USD50–60 per barrel, we have been striving to improve profitability through the optimization of our business portfolio. As the environment surrounding the E&P business has become even more challenging due to rapid worldwide movement towards decarbonization, we decided to terminate two projects in Canada after evaluating that there was little prospect of earning returns commensurate with our cost of capital on an ongoing basis.

In November, from the viewpoint of asset efficiency, we decided to improve capital efficiency by selling some of our cross-shareholdings and using part of the proceeds to repurchase our own shares as a means of returning value to shareholders.

Looking back at our operating results for fiscal 2021, net sales increased ¥9.0 billion from the previous year to ¥249.1 billion. Operating profit, meanwhile, climbed ¥15.6 billion to ¥19.8 billion, mainly thanks to higher profits from domestic crude oil and diluted bitumen on the back of rising oil prices. However, we reported loss attributable to owners of parent of ¥30.9 billion, deterioration of ¥28.2 billion year on year due to posting extraordinary losses associated with the two projects in Canada, partially offset by gain on sale of investment securities and gain on forgiveness of debts as extraordinary income.

Regarding our consolidated financial position, total assets as of March 31, 2022 amounted to ¥471.9 billion, down ¥152.8 billion from the end of the previous fiscal year, mainly due to a decrease in business assets resulting from the termination of the Canadian projects. Liabilities decreased by ¥121.1 billion to ¥69.1 billion because of the elimination of debt related to the Canadian projects, and net assets fell ¥31.7 billion to ¥402.7 billion as a result of a decrease in retained earnings and the repurchase of our own shares.

Although our financial soundness has significantly improved with the near elimination of interest-bearing liabilities, we recognize that our most urgent task is to rebuild our business portfolio and restore profitability through further investment for growth, as our non-current assets have decreased significantly.

Message from the Officer in charge of Finance & Accounting Dept.

(Billions of yen, unless otherwise indicated)

	Fiscal 2020 (2021/3)	Fiscal 2021 (2022/3)	Change
Net sales	240.0	249.1	+9.0
Operating profit	4.1	19.8	+15.6
Extraordinary income (losses)	(17.3)	(62.1)	(44.8)
Profit (loss) attributable to owners of parent	(2.7)	(30.9)	(28.2)
Crude oil CIF price (JCC) (USD/bbl)	42.91	73.28	+30.37
Total assets	624.7	471.9	(152.8)
Liabilities	190.2	69.1	(121.1)
Net assets	434.4	402.7	(31.7)
Equity ratio (%)	64.0	78.7	+14.7
Interest-bearing debt ^{*1}	118.7	6.1	(112.5)
EBITDA ^{*2}	37.1	57.3	+20.2
Debt-to-EBITDA ratio (times)	3.2	0.1	(3.1)

*1 Interest-bearing debt includes lease obligations, retirement benefit liability, and contingent liabilities.

*2 EBITDA is the total of operating profit, depreciation, interest and dividends received based on investment cash flow statement.

Investment Policy in the JAPEX Management Plan 2022–2030

In the JAPEX Management Plan 2022–2030 (“new management plan”) formulated in March 2022, we set quantitative targets of ¥50.0 billion in business profit, 8% in ROE, and 5:5 in the E&P vs. non-E&P business profit composition in fiscal 2030. To achieve these targets, we plan to invest a total of ¥450.0 billion over the nine years from fiscal 2022 to fiscal 2030 in three areas: E&P, Infrastructure and Utilities (I/U), and Carbon Neutral (CN).

The plan is to invest ¥230.0 billion in the E&P field, with ¥30.0 billion to be allocated to additional development of domestic oil and gas fields and ¥200.0 billion earmarked for the acquisition of new overseas interests. We will pursue profit-earning opportunities in the E&P, as they offer the prospect of relatively high returns, and will aim to generate stable cash flows at an early stage, with the money earned to be allocated to new investments. We will be also working to get non-E&P fields, which are less susceptible to the effects of fluctuations in oil prices and other external factors, contributing to our bottom line.

¥170.0 billion will be allocated to the I/U field. Of this amount, ¥40.0 billion will be going into domestic gas supply infrastructure, ¥40.0 billion into overseas LNG supply infrastructure development, and ¥90.0 billion into domestic and overseas renewable energy development. In the CN field, we plan to ramp up our efforts toward the practical application of CCS/CCUS, and will be investing ¥50.0 billion in CN business development in Japan and overseas.

In fiscal 2022, the first year of the new management plan, we will move forward with projects that have already been approved for investment and look to acquire new projects in both the E&P and non-E&P fields.

In E&P, additional development investment is underway in Japan for the Katakai gas field in Niigata Prefecture, and overseas development investment is underway for the Seagull project in the U.K. North Sea. And in North America, we acquired new interests in January and May 2022 to expand our tight oil business in the U.S. We plan to invest approximately USD500 million in development between 2022 and 2024. Tight oil output peaks about three years from the start of production, which allows invested capital to be rapidly recouped and reduces balance sheet risk through early depreciation.

Message from the Officer in charge of Finance & Accounting Dept.

In I/U, decisions have been made to invest in four biomass power plants in Abashiri, Ozu, Chofu, and Tahara as part of efforts to pursue renewable energy projects in Japan, and development work is already underway at each of these sites. Overseas, progress is ongoing toward a final investment decision (FID^Q) concerning an LNG terminal construction project in northern Vietnam.

As our business domains and geographies expand, the challenges we face in project participation are also becoming more complex. To enable the various processes required to win deals, including project structure design, project valuation, and risk assessment, to be completed efficiently, and to make project management more sophisticated, in April 2022 we launched a dedicated organization (Deal Execution/PMI Support Dept.) to bolster support from corporate divisions. This department will also aim to enhance the value of investments by providing consistent support with post-deal business and operational integration processes.

Reflecting on the lessons learned from the termination of the two projects in Canada, as we execute the various investments envisioned by the new management plan, we will limit investment amounts to a certain size per project and reduce risk by diversifying the timing and regions of investment.

While prioritizing the use of cash on hand to finance investments necessary for growth, we will seek to reduce exposure and improve investment returns by structuring project financing for infrastructure and renewable energy projects. In addition, to finance the Abashiri Biomass Power Plants, we took out our first ever green loan, having undergone a third-party evaluation of the project's compliance with the Green Loan Principles and other standards. We will continue to diversify our financing instruments by making use of various sustainable finance schemes.

Approach to Shareholder Returns

In conjunction with the announcement of the new management plan, JAPEX has introduced a new dividend policy with a target consolidated payout ratio of 30% from fiscal 2022.

Until now, our basic policy has been to maintain stable dividends over the long term while emphasizing the need for ample retained earnings as a buffer against the various risks inherent in the E&P business. As we aim to establish a more stable earning structure by increasing our resistance to oil price fluctuations through the diversification of our business portfolio, under the new management plan, we will also review our dividend policy and strive to enhance shareholder returns through the payment of dividends commensurate with performance each fiscal year.

During the nine years of the new management plan, which runs until fiscal 2030, we intend to return a total of ¥50.0 billion to shareholders, based on a crude oil price of USD50 per barrel and dividend payments of 30% of profits for each fiscal year.

We are committed to meeting the expectations of our shareholders by continuously increasing our value as an enterprise through aggressive investment and the expansion of our business, and then returning the fruits of our efforts to our shareholders.

Human Resources Strategy Message from the Officer in charge of Human Resources Dept.

Strengthening Human Capital Management for Business Transformation

Human resources, the source of competitiveness and business creation, are vital to the basic policy of the JAPEX Management Plan 2022–2030, i.e., "strengthening profitability and building a business foundation for 2030 and beyond," and maximum utilization of diverse personalities will be the driving force behind the company's sustainable growth.

To achieve our medium-term goals for fiscal 2026 and long-term goals for fiscal 2030, we have declared three pillars for strengthening human capital management and will be accelerating the growth of individuals and organizations, thereby improving the efficiency and profitability of our existing E&P business and enhancing the resilience of the Infrastructure and Utilities (I/U) domain. Furthermore, we will push forward with the development of the Carbon Neutral (CN) business area, the centerpiece of which is the CCS/CCUS business, which is closely aligned with the core competence we have accumulated in our existing business fields.

Managing Executive Officer

In charge of Internal Control, Administration & Legal Dept., Human Resource Dept., and Information Technology Dept.

MATSUNAGA Tadashi



Personnel allocation and diversity for business transformation

Regardless of whether the technological innovations required for business transformation are incremental or disruptive, diversity of human resources is key to driving discontinuous innovation.

We have already increased the ratio of mid-career hires, including managers, in recent years, and will expand the size and diversity of our workforce ahead of the midpoint of the new management plan in fiscal 2026 to secure and deploy the talent we need to execute business under the plan. And through the promotion of diversity, equity, and inclusion (DE&I), we will foster an organizational culture in which the Company and individuals are headed in the same direction and can collaborate and coexist with one another.

For personal growth and autonomous career development

To utilize human capital to change our business structure and create new businesses, it is essential to promote reskilling and upskilling. It is also vital to actively support individuals in relearning on their own initiative so that they can shape their careers independently with an eye to the future. We will carry out a radical overhaul of our current education structure, which is centered on rank-based training, and introduce a reskilling program and expand skill development programs to boost digital literacy and build knowledge of the I/U and CN fields.

To support autonomous career development, we will revise and update our longstanding career guidelines, introduce career consulting, and expand our open recruitment system for internal personnel. Furthermore, we will promote the centralized management of Company-wide human resource information through a talent management system and the internal sharing/disclosure of human resource information that can contribute

to personal career development, thereby creating an environment in which human capital can be maximally utilized.

Increasing Engagement

To successfully execute the new management plan, it will be crucial to create an environment in which diverse human resources feel that their jobs and work are satisfying and meaningful, and can work independently and enthusiastically, giving full play to their respective abilities. We are working to create a favorable organizational climate through activities to propagate our corporate vision, DE&I, and Health and Productivity Management, as well as to make workplace environments more conducive to engagement. For example, we have introduced a full flex-time system (i.e. one without core working hours), telecommuting system, career support system, and system for confirming employees' willingness regarding transfers.

In addition, we will continue endeavoring to provide communication opportunities that consider psychological safety by regularly organizing Company-wide town hall meetings as forums for direct dialogue between officers, including the President and, and employees, as well as small-group opinion exchange meetings for more in-depth discussions.

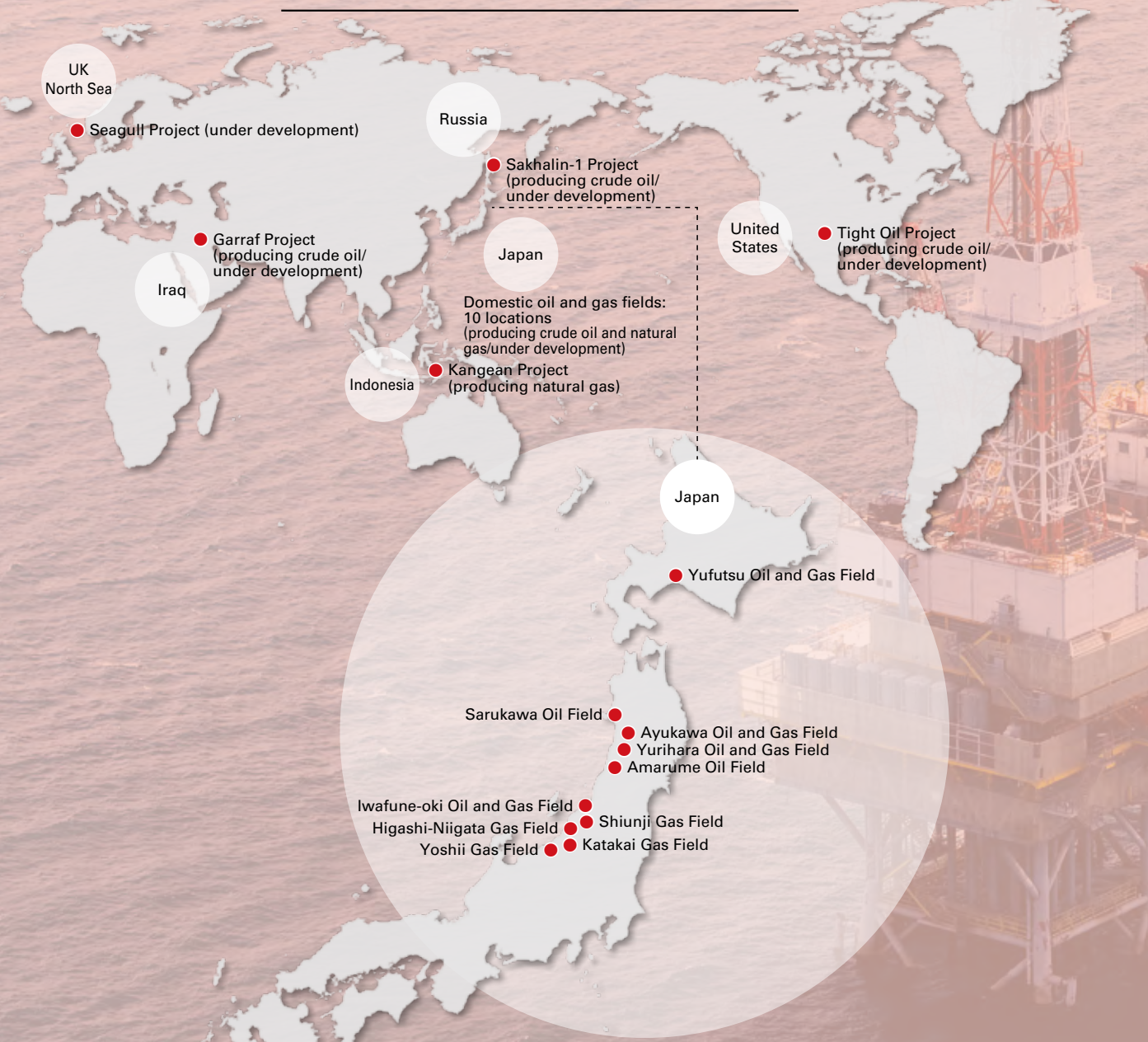
We recognize that we are going to face various challenges as we promote human capital management going forward, but by creating unique stories that leverage our corporate context, and through the provision of growth opportunities from our side and the ever-increasing contributions to our business that individuals will make through their personal development, we aim to *grow and further enhance our corporate value as a comprehensive energy company.*

Value Creation Through Business

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Status of blocks, leases, and projects in which the JAPEX Group participates



Strengths

- Comprehensive technical capabilities of the Group that fully augment the entire E&P field
- Relationships of trust with stakeholders, including clients, local communities, and oil-producing countries

JAPEX's Direction Toward JAPEX2050

- Stable supply of oil and natural gas**
- Interest acquisition and development
 - Promotion of natural gas use

JAPEX Management Plan 2022–2030

Profit targets and priority items

- Business profit target: ¥23.0 billion as of FY2026 → ¥27.0 billion as of FY2030
- Priority items
 - Domestic: Conduct stable production of oil and natural gas in existing oil and gas fields, Pursue additional development at existing oil and gas fields and their surrounding areas, and reduce GHG emissions at oil and gas production locations
 - Overseas: Steadily promote existing projects and acquire new interests

Current state

Net Production Volume and Net Proved Reserves			
Net production volume (FY2021 results)		Net proved reserves (as of March 31, 2022)	
Natural gas	22.4 thousand boe/d	Japan	54 million boe
Crude oil	36.1 thousand boe/d	Overseas	105 million boe
Total	58.5 thousand boe/d	Total	159 million boe

Units
boe: barrels of oil equivalent
boe/d: barrels of oil equivalent per day

E&P Field

JAPEX will continue to contribute to early expansion of profit scale and respond to low-carbonization.

We will also seek to diversify business risks by continuously acquiring assets of a certain size and holding various types of assets.

Risks

- Volatility in sales prices of oil and natural gas
- Volating difficulties in acquisition of interests
- Rise in exploration and development costs as well as carbon tax and other environmental response costs

Opportunities

- Pursuit of remaining production potential in oil and gas fields in Japan
- Acquisition of new projects in key overseas regions
- Increase in opportunities to enter markets by liquidizing E&P assets overseas



Drilling work site at Katakai Gas Field in Niigata Prefecture

FY2021 Activity Results

Domestic

- Decided an additional development around Katakai Gas Field in April

Overseas

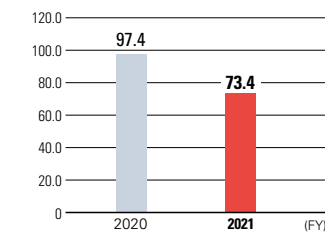
- Completed the sale of our interest in the Shale Gas Project in Canada in July
- Completed the sale of shares in a local subsidiary in the Oil Sands Project in Canada in September
- Acquired additional interest in a tight oil development project in the United States in January

In Japan, JAPEX decided to develop the remaining production potential around the Katakai Gas Field in Niigata Prefecture, which is currently in production.

Overseas, JAPEX ended its participation in two projects in Canada in the first half of this fiscal year to optimize its business portfolio. In addition, we newly acquired part of interests in a tight oil development project in the Eagle Ford Formation in southern Texas, where we have already participated in some other projects, as we can expect its early contribution to earnings.

Net Sales and Operating Profit of the E&P Business

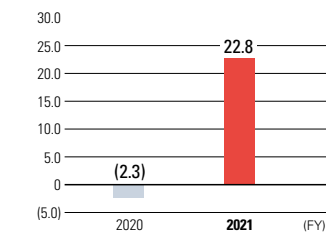
Net Sales (Billions of yen)



Factors for Change

Decrease in most of the crude oil purchase and sale due to the impact of the application of the Accounting Standard for Revenue Recognition

Operating profit (Billions of yen)



Factors for Change

Improvement in sales profit of diluted bitumen due to a rise in crude oil prices

Issues to be Addressed and Policy on Initiatives to be Taken Going Forward

■ Pursuit of Remaining Production Potential in Oil and Gas Fields in Japan

With the aim of supplementing our reserves and increasing production volume in Japan, we will consider conducting additional development at existing oil and gas fields and their surrounding areas. In addition to our efforts to maintain domestic production volume through the additional development of existing oil and gas fields, we will also strive to contribute to Carbon-Neutrality in coordination with initiatives such as re-injection of associated CO₂ generated from our oil and gas production and implementation examination of CCS/CCUS.

■ Acquisition of New Projects in Key Overseas Regions

We will steadily promote projects that are currently in production or under development. We will also pursue opportunities to acquire and invest in new mining interests. These initiatives will target assets from which we can expect early contribution to earnings mainly in North America and the North Sea, where we have already participated in some other projects. We aim to ensure a stable energy supply with a low environmental burden

over the medium to long term. We have an eye toward introducing CCS/CCUS to projects we participate in, as well as preferentially considering the acquisition of new natural gas projects.

In addition, from the perspective of improving equity efficiency, we will continue working to construct an optimal portfolio based on economic viability and environmental concerns.

E&P Field

JAPEX's Comprehensive Technical Capabilities across the Entire E&P Business

Since JAPEX's founding in 1955 as a specialized upstream oil and gas company, we have focused on oil and gas E&P.

To transport and supply the oil and gas JAPEX has produced or procured, we have also built up our own supply network in Japan. JAPEX's strength lies in the Group's ability to handle each step of E&P.

Flow of Oil and Gas E&P Business

Exploration

- **Surface geological surveys:** In areas targeted for exploration and their surrounding regions, we conduct surveys of their geologic structure, strata, petrophysical properties, and geochemical characteristics.
- **Geophysical exploration:** We assess the geologic structure through a seismic survey using electromagnetic waves and artificial vibrations underground.
- **Drilling of exploration wells:** Based on analyses of the geophysical exploration and surface survey, we drill test wells at promising sites to confirm the presence of oil and gas.
- **Evaluation:** If the test drilling is successful, to confirm the spread of the oil and gas and the scale of the reserves, we drill exploratory and evaluation wells to conduct more detailed evaluations of the reserves.

Development

- **Front End Engineering Design (FEED):** Development plans are formulated, and necessary facilities are designed.
- **Drilling of production wells:** Production wells are drilled in accordance with production plans.
- **Construction of facilities:** Facilities are constructed for processing, storing, and transporting oil and natural gas.

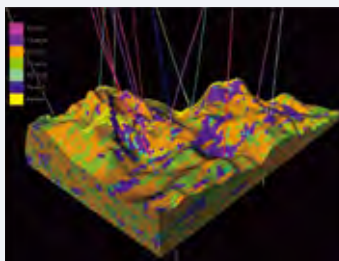
Production

- **Production:** Oil or natural gas is produced from production wells.
- **Separation and impurity processing:** We process oil or natural gas as necessary, and transport and sell it.
- **Enhanced Oil Recovery (EOR):** We apply this to production wells where production efficiency has declined with the age since the start of production.

JAPEX's Main Advanced E&P Technologies

Geologic Modeling Technology

We create geologic models based on data gathered from exploration and other various surveys. We use such data as geologic structures, reservoir rock characteristics, and oil and gas distribution



to create three-dimensional models on computers, estimate underground situations, and evaluate oil and gas reserves. In addition, we are now able to create more sophisticated geologic models by employing recent geostatistical methods. In part by drilling development wells, we gain underground data and create more detailed geologic models, which are used to determine sites for drilling new development and production wells as well as former wellheads.

Reservoir Simulation Technology

The reservoir simulation uses reservoir models that visualize the presence and movement of oil and gas based on geologic models to create future predictions through numerical calculations on computers. By carefully analyzing the safest and most economical recovery methods for reservoirs, the technology identifies projects that can be proposed as efficient and effective development plans.

Geomechanics

Geomechanics is a discipline to predict and control mechanical deformation and failure of underground rock. We collect various data during drilling and injection operations to evaluate the mechanical state of underground rock and its changes over time based on geomechanics and thereby ensure safe and efficient oil and gas development.

Well Stimulation Technology

This technology covers the phases from development to production in the production engineering (PE) field, which aims to improve production from each well for efficient oil and gas recovery.



JAPEX is currently applying the following PE mainly to the development and production of domestic oil and gas fields.

- Artificial lift: Producing crude oil using pumps and other machinery
- Well stimulation: Acidizing and fracturing
- Sand control: Preventing the flow of sand into wells during extraction by plugging gravel that has been artificially sized into the wells

The operation and additional development of domestic oil and gas fields based on our comprehensive technical capabilities cultivated over many years continue to serve as a solid cash flow foundation. In addition, we aim to further grow the E&P field by expanding our technical capabilities and experience in exploration, development, and production overseas.

* Please visit the following link to see the detailed information on other technologies. → <https://www.japex.co.jp/en/technology/>



Infrastructure/Utility Field

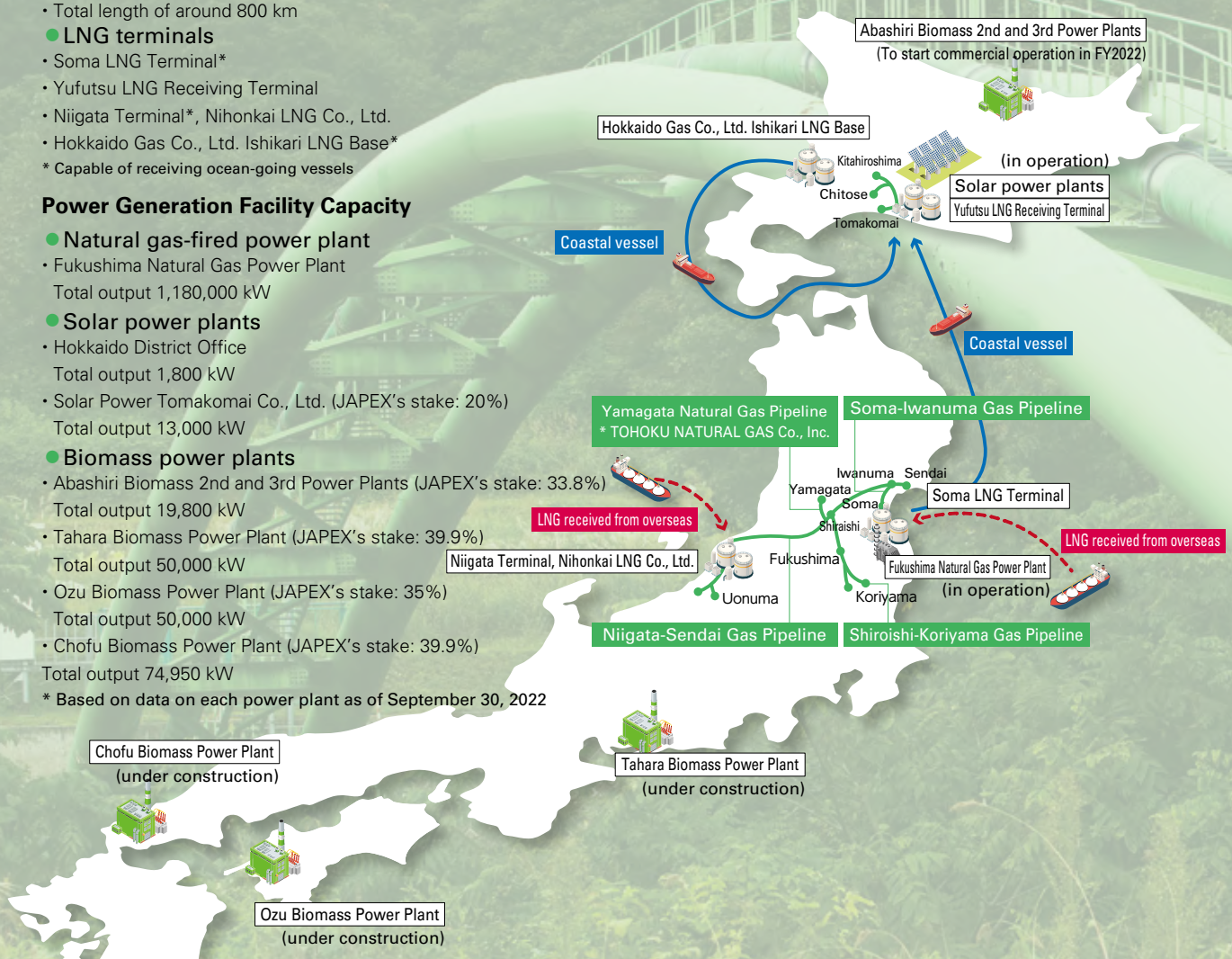
Main Facilities Comprising the Energy Supply Chain

Domestic Natural Gas Supply Network

- High-pressure gas pipeline
- Total length of around 800 km
- LNG terminals
- Soma LNG Terminal*
- Yufutsu LNG Receiving Terminal
- Niigata Terminal*, Nihonkai LNG Co., Ltd.
- Hokkaido Gas Co., Ltd. Ishikari LNG Base*
- * Capable of receiving ocean-going vessels

Power Generation Facility Capacity

- Natural gas-fired power plant
- Fukushima Natural Gas Power Plant
Total output 1,180,000 kW
- Solar power plants
- Hokkaido District Office
Total output 1,800 kW
- Solar Power Tomakomai Co., Ltd. (JAPEX's stake: 20%)
Total output 13,000 kW
- Biomass power plants
- Abashiri Biomass 2nd and 3rd Power Plants (JAPEX's stake: 33.8%)
Total output 19,800 kW
- Tahara Biomass Power Plant (JAPEX's stake: 39.9%)
Total output 50,000 kW
- Ozu Biomass Power Plant (JAPEX's stake: 35%)
Total output 50,000 kW
- Chofu Biomass Power Plant (JAPEX's stake: 39.9%)
Total output 74,950 kW
- * Based on data on each power plant as of September 30, 2022



Strengths

- JAPEX's own domestic natural gas supply chain connecting gas fields in production and LNG terminals through a high-pressure gas pipeline network
- An infrastructure and operational framework that strives to reduce risks related to major accidental and disaster-caused damages
- Domestic gas fields with underground storage capacity in case of supply-demand adjustments and emergencies

JAPEX's Direction Toward JAPEX2050

Stable supply of oil and natural gas

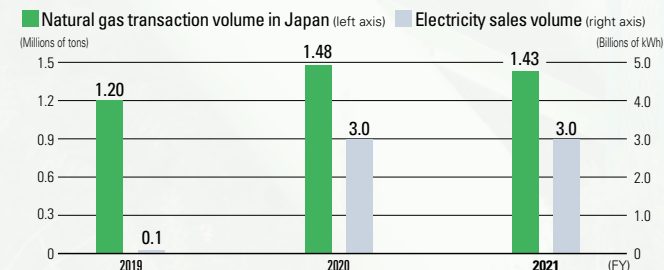
- Promotion of natural gas and LNG use

JAPEX Management Plan 2022-2030

Profit targets and priority items

- Business profit target: ¥12.0 billion as of FY2026
→ ¥27.0 billion as of FY2030
- Priority items
Domestic: Maintain and expand gas supply volumes, continue stable operations of Fukushima Natural Gas Power Plant, make steady progress in on-going development projects of renewable energy, and participate in additional projects
Overseas: Participate in an LNG supply infrastructure development project and consider possible participation in renewable energy projects

Current state



Infrastructure/Utility Field

In order to transform business structure to withstand market changes such as oil price volatility, we will work to diversify our gas supply by switching fuels, add new renewable energy development projects, and discover LNG supply infrastructure development projects overseas.

Risks

- Decreasing energy demand due to the declining population in Japan and subsequent decreases in sales volumes of natural gas and electricity
- Intensifying competition in the Japanese market due to the liberalization of electricity and gas businesses

Opportunities

- Expanding sales of natural gas by switching fuels (introducing natural gas with the aim of GHG emission reduction for industrial clients)
- Expanding the scope of services through contract businesses that utilize existing infrastructure and supply of energy with a low environmental impact



Abashiri Biomass 2nd Power Plant (under construction) in Hokkaido

FY2021 Activity Results

Domestic Gas Supply

- Signed a natural gas-based energy service provider contract with Boehringer Ingelheim Seiyaku in June
- Received the first carbon-neutral LNG cargo in October

Renewable Energy

- Participated in the Chofu Biomass Power Generation Project in September
- Participated in the Abashiri Biomass 2nd and 3rd Power Plants Project in September
- Established PHOTON Sustainable Solar investment limited Partnership in September

- Participated in the Ozu Biomass Power Generation Project in March
- Participated in the Tahara Biomass Power Generation Project in March

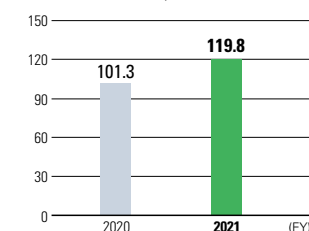
Overseas LNG Supply Infrastructure

- Participated in the examination of an LNG terminal construction project in northern Vietnam in January

For renewable energy development, we decided to invest in a total of five projects: four biomass power projects and one solar power project.

Net Sales and Operating Profit of the Infrastructure/Utility Business

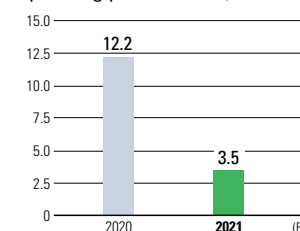
Net Sales (Billions of yen)



Factors for Change

Decrease in sales volume due to the application of the Accounting Standard for Revenue Recognition in the previous fiscal year; increase in sales price in this fiscal year

Operating profit (Billions of yen)



Factors for Change

Reactionary decline due to the absence of one-off profits from a surge in JEPX transaction prices in the previous fiscal year; higher cost arising from alternative cargo procurement in a spot market

Issues to be Addressed and Policy on Initiatives to be Taken Going Forward

■ Expanding Sales of Natural Gas by Switching Fuels

Leveraging our expertise and track record of operating our own domestic natural gas supply chain, we aim to increase the sales volume of gas by cultivating demand for natural gas, such as by diversifying supply methods for LNG and encouraging industrial clients to switch fuels from coal and fuel oil to natural gas. In addition, we will realize a competitive energy supply through LNG procurement combining long-term and spot contracts.

We will continue working to procure and supply carbon-neutral LNG* in line with client needs.

* Carbon-neutral LNG is liquefied natural gas that is deemed to generate zero CO₂ in use on a global scale by offsetting GHGs generated in the process, from extraction to combustion of natural gas, with CO₂ credits created through environmental conservation projects (carbon offset) in emerging and other countries.

■ Expanding the Supply of Energy with a Low Environmental Impact

Development of Renewable Energy Striving to expand the supply of electricity with a low environment impact, we aim to steadily promote projects currently in progress and add new projects, especially those for biomass power and offshore wind power generation. As for biomass power generation, we will work to study feasibility and acquire new projects and continue considering biomass power that realizes negative emissions by combining with CCS/CCUS (as called BECCS).

Infrastructure/Utility Field

JAPEX's Initiatives to Realize a Stable Energy Supply

With its mission to contribute to society through a stable supply of energy, JAPEX is working to assure the redundancy and earthquake-resistance of its facilities and upgrading its emergency-response systems to steadily provide clients with energy even amid crises. Going forward, we will continue to ensure a stable energy supply based on the Company's strengths of a diverse gas supply network and a resilient infrastructure and operation system, which we have built up with the technical capabilities and know-how cultivated through our many years of domestic operations.

Initiatives to Ensure a Secure, Safe, and Stable Energy Supply 24-Hour, 365-Day Monitoring and Emergency Response

■ Ensuring Our Stability amid Demand Fluctuations and Crises

We supply gas into the pipeline through multiple sources, including oil and gas fields located in the Sea of Japan; the Niigata Terminal of Nihonkai LNG Co., Ltd., which we participate in; and our Soma LNG Terminal situated on the Pacific coast. By utilizing these sources in a well-balanced way, we enable flexible response to demand volatility and ensure a supply system resilient to disasters, equipment malfunctions, and other adverse events.

In addition, at our Shiunji Gas Field (Shibata City, Niigata Prefecture), we bring in natural gas produced at other oil and gas fields through the pipeline network and inject and store it underground. This stored natural gas contributes to stable gas supply by being available for utilization during crises and to respond to demand volatility.

■ Pipeline Characteristics

In our pipelines, we use high tensile-strength steel pipes that are elastic and robustly resilient to internal pressure, external pressure, bends, and shocks. They are designed with strength that can withstand major earthquakes and have demonstrated their earthquake resilience during the Miyagi Prefecture Offshore Earthquake, the Niigata Prefecture Chuetsu Earthquake, and the Great East Japan Earthquake. In addition, we apply an anticorrosion coating on the surface of buried pipelines and mitigate the risk of natural corrosion by applying electric galvanic protection using an external electric method, achieving long-term use of buried pipelines.

■ Emergency Response System

We use a remote monitoring and control system to conduct 24-hour, 365-day monitoring that constantly ensures the proper conditions and safety of the Company's pipeline network, supply-related equipment, LNG terminals, and other facilities. In emergencies, we can shut off gas remotely. In addition, we have installed emergency shutoff valves to shut off gas remotely from a monitoring center when there is an abnormality in major valve stations or clients' receiving facilities. At key locations along the pipelines, we install vent towers to safely vent gas within the pipeline as necessary. In these and other ways, we have prepared our facilities to be able to safely respond to unusual events.

■ Safety Assurance Systems

To constantly assure safety, JAPEX's patrol personnel pay careful attention to daily pipeline patrols, safety inspections of peripheral facilities, inspections for gas leaks, the installation of safety signage and roadside signs, among other measures. We ensure that immediate precautions are taken in necessary areas when a disaster occurs, such as torrential rain, heavy snow, and earthquakes. After assuring

the safety at the site, we promptly assess whether there is any damage to facilities by conducting patrols along the pipeline and work to restore services.

In addition, when construction work is conducted in areas surrounding pipelines, we work to prevent accidents by visiting the construction sites to avoid injuries caused by insufficient precautions.

■ Examples of Responses to Natural Disasters

Although gas supply from the Soma LNG Terminal was temporarily suspended to conduct a safety check following the Fukushima Prefecture Offshore Earthquake on March 16, 2022, there was no supply disruption to clients by switching to a gas supply from another location.



Nagaoka Gas Transmission Monitoring Center

We remain committed to a stable supply of natural gas, which is growing in importance as transition energy, based on our resilient domestic infrastructure, including pipelines and the Soma LNG Terminal, as well as the optimal combination of domestic natural gas and overseas LNG. Moreover, faced with increasing severity of power shortage, we seek for further growth of our power business by expanding the renewable energy business, while ensuring the stable operation of the Fukushima Natural Gas Power Plant which commenced operation in 2020.



Carbon Neutral Field

Toward a Carbon-Neutral Society

JAPEX will contribute to realizing a carbon-neutral society based on its knowledge and experience gained from many years in the oil development business.

- Comprehensive technical capabilities cultivated in the E&P business
- Optimal combination of resilient domestic infrastructure and overseas LNG
- Relationships of trust with local community

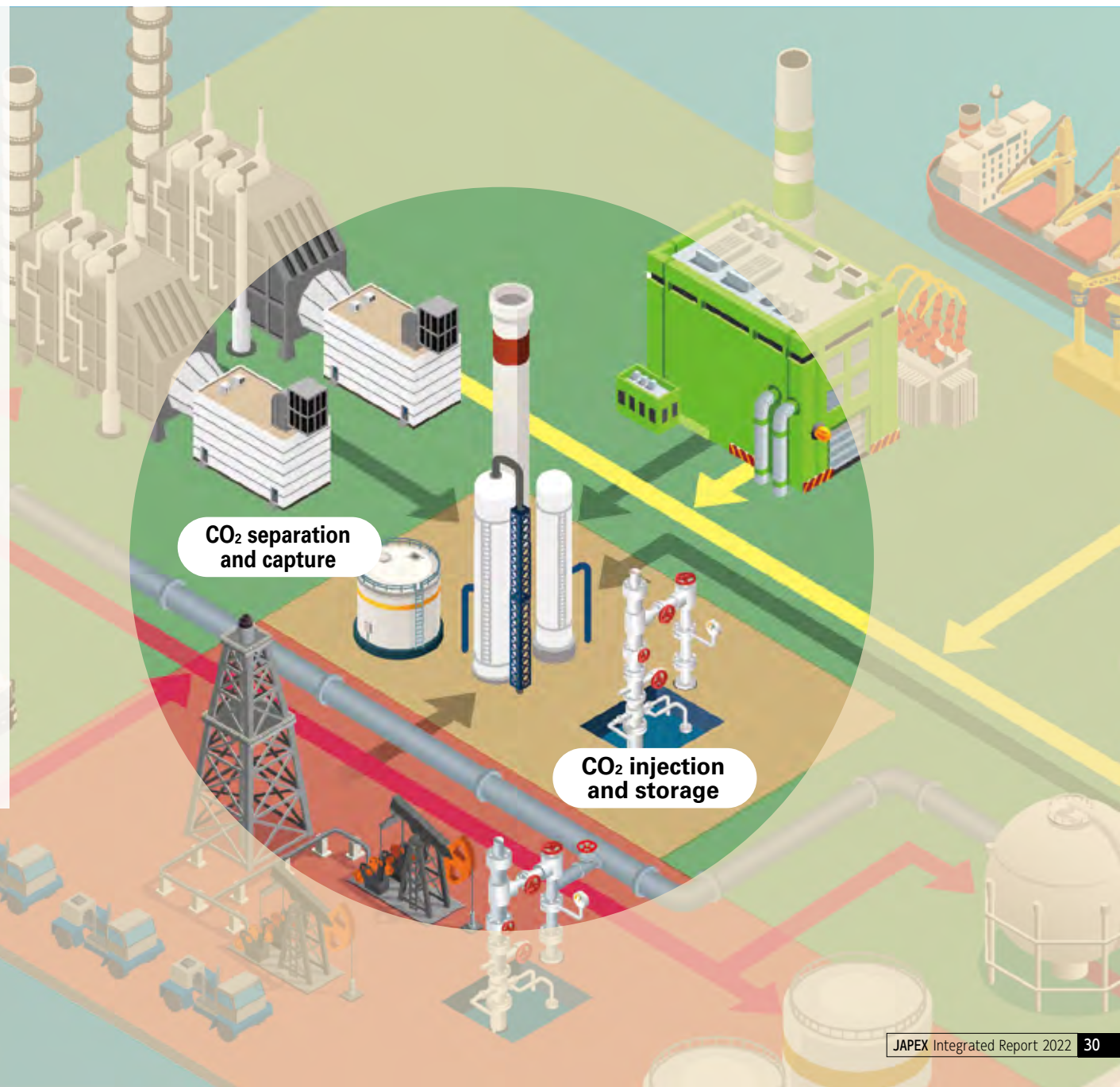
JAPEX's Direction Toward JAPEX2050

- Commercialization of CCS/CCUS
- Zero-emission electricity
- Negative-emission electricity
- Next-generation energy supply

JAPEX Management Plan 2022–2030

Profit targets and priority items

- Business profit target: ¥1.0 billion as of FY2026
→ ¥2.0 billion as of FY2030
- Priority items
 - Domestic: Launch CCS/CCUS hub and cluster model business utilizing existing oil and gas fields and others
 - Overseas: Participate in CCS projects in systematically advanced areas and participate in feasibility studies on CCS/CCUS in emerging countries



Carbon Neutral Field

JAPEX's Strengths and New Possibilities in CCS/CCUS

In line with JAPEX2050, we will promote initiatives, including feasibility studies on CCS/CCUS as a future business, in and outside Japan in order to contribute to smooth transition to a carbon-neutral society in 2050.

CCS/CCUS technologies are expected to help realize Carbon-Neutral. In Japan, they have been studied since the 2000s in Basic Energy Plans as an issue of the future. From the 2010s, this idea took shape as the government's CCS pilot test project, which promotes technological development and verification toward practical application.

In the government's pilot test for large-scale CO₂ injection under the seabed offshore Tomakomai in Hokkaido, Japan CCS Co., Ltd. (JCCS), a project company funded by JAPEX and other private-sector companies, was contracted by the government,

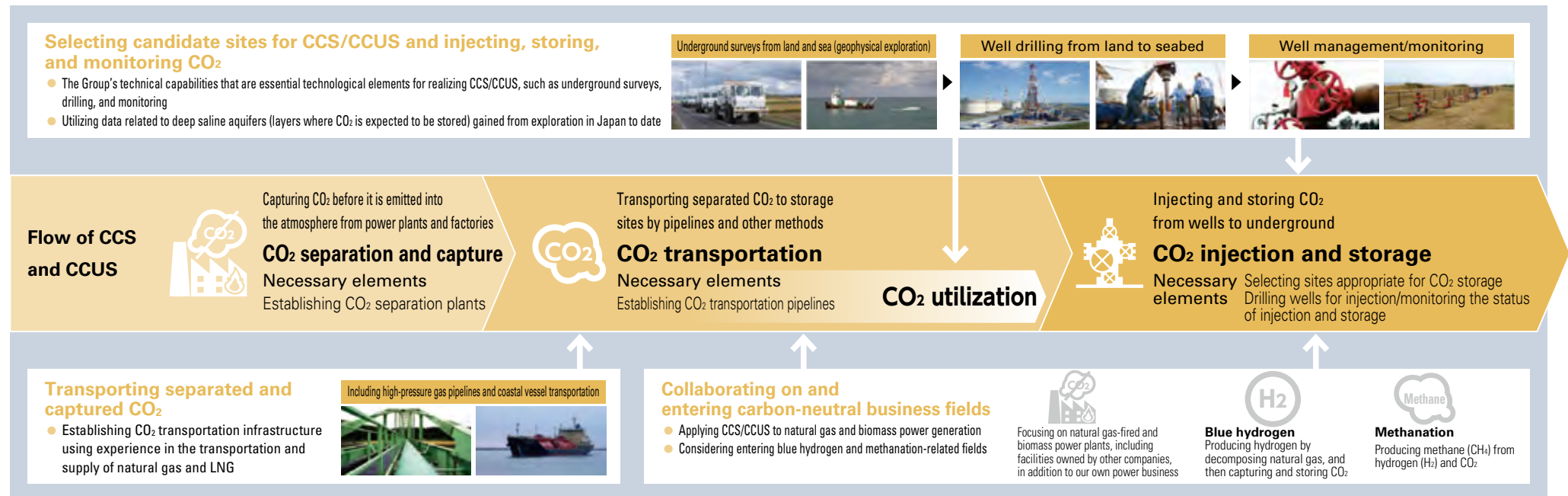
achieving 300,000 tons of CO₂ injection in 2019. To practically apply CCS/CCUS, it is necessary to establish technologies and expertise to survey geological layers appropriate for CO₂ injection, drill wells for injection, and stably store CO₂ over the long-term.

We can use all the technologies and expertise cultivated in oil and gas E&P as technologies used in CCS/CCUS, such as assessing underground structures, estimating petrophysical properties, drilling injection wells, conducting production and fluid movement simulations, and underground monitoring (including seismic survey). JAPEX therefore has provided this technological

know-how and dispatched key personnel to JCCS.

JAPEX's strengths in CCS/CCUS commercialization are its E&P-related technologies and personnel applicable to CCS/CCUS, the Group's ability to provide comprehensive services from selecting appropriate sites to monitoring, and its multiple oil and gas fields expected to be able to store a significant amount of CO₂ in Japan.

Besides participating in JCCS, by leveraging these strengths, we have begun studies aimed at commercializing CCUS and carbon recycling in Japan and overseas.



We have internally developed all the CCS/CCUS technologies, which have drawn attention as a last resort for achieving carbon neutrality and are necessary for operating the storage business.

We also have worked to measure the storage potential of primarily domestic oil and gas fields, and aim to launch the domestic CCS/CCUS business by 2030 based on the trusted relationships with local communities we have nurtured for many years.

Carbon Neutral Field

FY2021 Highlights about CCS/CCUS

Domestic CCS/CCUS

- Started a feasibility study on CO₂ utilization around the Niigata area in May 2021
* Joint study with Mitsubishi Gas Chemical Company, Inc.
- Started a joint study of technical issues in next-generation energy transportation and supply infrastructure in June 2021
* Joint study with JFE Engineering Corporation
- Established Tomakomai Sector-Coupling Study Committee in September 2021
* Part of a joint project contracted by NEDO with Deloitte Tohmatsu Consulting LLC

Overseas CCS/CCUS

- Agreed to promote a feasibility study of CO₂-EOR in the Sukowati Oil Field in Indonesia in June 2021
* Joint study with Pertamina and LEMIGAS
- Agreed to promote a feasibility study of CCS in Malaysia in January 2022
* Joint study with Petronas



Tomakomai CCS Demonstration Center (Japan CCS Co., Ltd.) in Hokkaido

Initiatives for Developing Next-generation Technology

Methane Hydrate

Methane hydrate is an ice-like substance formed by methane, which is the main component of natural gas, and water. It exists only in high-pressure and low-temperature environments, such as below the seabed in deep waters over 500 meters below the surface. In Japan, there are two types of methane hydrate beneath the seabed: "pore-filling type in sand" and "shallow type."

The Plan for the Development of Marine Energy and Mineral Resources that the Japanese government revised in February 2019 promotes the development of technologies to enable commercial production in the future and outlines the target of starting projects aimed at commercialization led by private-sector companies between fiscal 2023 and 2027.

To date, two pilot tests of offshore production of pore-filling type methane hydrate have been conducted, one at the Atsumi Peninsula in Aichi Prefecture and another at the Daini Atsumi Knoll offshore the Shima Peninsula in Mie Prefecture. For the first test, JAPEX was contracted to perform the offshore work, and for the second, the Japan Methane Hydrate Operating Co., Ltd. (JMH) participated in the test. JMH was founded with funds from private-sector companies, including JAPEX and other E&P companies as well as engineering companies.

In the first test in 2013, gas production from an offshore methane hydrate layer was successfully confirmed. In the second test in 2017, measures taken to address issues that arose during

the first test and the continuous production of gas over several weeks were confirmed.

Currently, based on the results of these offshore production tests, the MH21-S R&D Consortium, with the participation of Japan Oil, Gas and Metals National Corporation (JOGMEC), the National Institute of Advanced Industrial Science and Technology (AIST), and JMH, is working on preparations for the next offshore production test and developing production technologies aimed at commercialization.

Going forward, JAPEX will continue to contribute to the government's efforts to commercialize methane hydrate by participating in offshore production tests through JMH.

Survey Technologies for Deep-sea Mineral Resources

The existence of promising ocean mineral resources within Japan's exclusive economic zone (EEZ) has been confirmed. The Japanese government aims to establish the world's first methods for surveying these deep-sea mineral resources with high efficiency and at low cost and then transferring the technologies to private-sector companies.

Under the Cross-ministerial Strategic Innovation Promotion Program (SIP)*, the government selected "Next-generation Technology for Ocean Resources Exploration" as the first five-year plan in fiscal 2014 and "Innovative Technology for Exploration of Deep Sea Resources" for the second five-year plan in fiscal

2018. The research and development of these technologies are proceeding apace.

* A cross-organizational program that extends beyond the bounds of individual ministries and sectors. SIP was established to achieve scientific and technological innovation based on the "Comprehensive Strategy on Science, Technology and Innovation" and the "Japan Revitalization Strategy," which are major government policies. Under Phase 1 in 2014, 11 issues were decided, including Next-generation Technology for Ocean Resources Exploration. Under Phase 2 in 2018, 12 issues were decided, including Innovative Technology for Explorations of Deep Sea Resources.

In 2014, JAPEX and three other private-sector companies established the Research and Development Partnership for Next Generation Technology of Marine Resources Survey (J-MARES), a company certified by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Under SIP Phase 1, J-MARES succeeded in developing methods for exploring new hydrothermal deposits using its proprietary technologies. Due to its solid track record during SIP Phase 1, J-MARES is the only private research organization chosen to participate in SIP Phase 2. Under SIP Phase 2, J-MARES is promoting the development of exploration and production technologies for rare-earth deposits, a deep seafloor mineral resource, at water depth exceeding 5,000 meters. We will continue participating in the development of technologies to build a model for industrialization related to future deep-sea resource development and the practical application of various technologies developed under SIP Phase 2.

Initiatives to Support Value Creation

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Integrity and Governance Outside Directors' Roundtable Discussion

■ Evaluation of JAPEX Management Plan 2022–2030 (New Management Plan)

Kawasaki: As the new management plan was being formulated, all the outside directors and outside audit & supervisory board members received detailed explanations from time to time for a period of almost one year. These explanations covered the initial studies, the basic approach, and so on. And I feel we were given ample opportunity to ask questions and express our opinions. As a result, I think our views as outside officers have been reflected in the new management plan, but how about you two?

Yamashita: I feel that the Long-term Vision, Medium-term Business Plan, and Management Resource Allocation, in particular, were carefully explained from an early stage, and also that we were given time to discuss each of them. As an outside director, I was able to understand the series of processes involved in the development of the new management plan, and I was given plenty of chances to state my opinions.

Kawasaki: Regarding the content of the new management plan, in the area of CCS/CCUS in the Carbon Neutral (CN) business field, CCS/CCUS, JAPEX has taken on a new challenge by positioning as key tasks the launch of a model project in Japan, early participation in projects overseas, and involvement in CCS/CCUS feasibility studies in emerging countries in Southeast Asia. There is some debate as to when the project launch should take place, but with the Japanese government focused on helping to achieve carbon neutrality in Asia, I think the idea of leading the world in CCS, an area in which JAPEX can utilize its strengths, is a good one.

Yamashita: JAPEX has been stepping up efforts towards commercialization of CCS/CCUS, such as establishing CN Business Promotion Committee, chaired by Executive Vice President Ishii, in April 1, 2022. I felt that this sent a powerful message, both internally and externally, that JAPEX is serious about contributing to the carbon-neutral society. I think it's going to be important to carefully explain to both internal and external parties how CCS will be developed as a genuine business, and to base such explanations on



Outside Director
ITO Tetsuo



Outside Director
YAMASHITA Yukari

specific information, such as timelines.

Kawasaki: I view the creation of the CN Business Promotion Committee as hugely significant. It will be vital for the Committee to look at the big picture and identify any missing pieces. Carbon neutrality isn't going to become a successful business right away. Now is the time to plant the seeds, kickstarting a long-term effort that looks ahead to 2030 and 2050.

Ito: JAPEX is also expanding participation in renewable energy business, with the aim of increasing earnings from non-E&P businesses. In fiscal 2021, JAPEX participated in several domestic biomass power generation projects. Although not limited biomass power generation, the risks of the project must be carefully assessed and properly managed.

Yamashita: On the other hand, and this relates to the management of projects, in fiscal 2021 JAPEX made the major decision to end participation to the Canadian Shale Gas Project and the Canadian Oil Sands Project, which were JAPEX's main E&P projects. On ending our participation in two projects in Canada that JAPEX has been working on for many years, I think it's worth praising the careful reflection and discussions by the Board of Directors. Lessons to be learned for future overseas E&P projects were covered, and it was an important and constructive task for the future.

Ito: I think this new management plan for the run-up to 2030 is really well thought out. Though frankly speaking, I feel that JAPEX is lagging when it comes to DX (digital transformation). Other companies are already poaching digital talent from each other, so JAPEX needs to put together and resolutely execute a concrete plan as soon as possible to avoid being left behind.

■ Strengthening Corporate Governance

Kawasaki: Looking back on the administration of the Board of Directors in fiscal 2021, it functioned well overall, with members provided with explanations concerning agenda items in advance of meetings, for example. And on the flip side, I tell the executive directors that if there's anything they'd like us to do, to please let us know. Of course, we might

not be able to grant all their wishes, but we're willing to try. To further invigorate the Board of Directors and bring about improvement, I think it's important for all the members to be on the same page in terms of how they feel.

Outside Director
KAWASAKI Hideichi



Yamashita: Perhaps it's because the Executive Committee is so thorough in its deliberations, but I'm concerned that the Board of Directors could become little more than a forum where outside directors and outside audit & supervisory board members give their opinions and inside directors just respond to questions. So meetings should be invigorated to make it a forum where everyone, not only outside directors, is free to say what they think, such that debate takes place in a more flexible discussions.

Ito: As an outside officer, I would like to hear the opinions of inside directors or executive officers other than the executive officer presenting the proposal. It has been very effective to share materials related to the discussions that took place at Executive Committee meetings. During the COVID-19 pandemic, JAPEX took great care to prevent infection, though board meetings continued to be held face-to-face to ensure adequate communication. In addition, we outside directors share a common waiting area, so outside directors and outside audit & supervisory board members have a lot of opportunities to talk to each other, which has been very helpful when we are preparing to go into board meetings. In my view, meetings of the Board of Directors were kept simple and to the point during fiscal 2021, thanks to efforts to stimulate discussion. Going forward, it would be good for all outside officers and inside officers to have opportunities to exchange opinions on issues affecting the respective departments inside officers are in charge of and on the future of JAPEX as a whole.

Integrity and Governance: Messages from Newly Appointed Outside Directors and Outside Audit & Supervisory Board Members



Outside Director
KITAI Kumiko

I was involved in national government policy design and implementation, mainly in connection with labor, for more than 30 years. After retiring from government service, I qualified as an attorney, and have since accumulated experience serving as an outside officer at several companies. I feel inspired to be associated with JAPEX, whose mission is to contribute to a stable supply of energy and the realization of a carbon-neutral society. From the standpoint of an outsider, I intend to confirm, from a medium- to long-term perspective, whether swift and bold decisions are being made based on accurate risk analysis amid a dramatically changing operating environment. I am also committed to helping to secure, train, and promote diverse talent, manage risk appropriately, and enhance corporate governance. JAPEX's Board of Directors engages in lively discussions, and as a member of the Board, I will make every effort to contribute to the sustainable development of the JAPEX Group.



Outside Director
SUGIYAMA Yoshikuni

Reading JAPEX's history gives one an understanding of why JAPEX came into existence. General Headquarters, the Supreme Commander for the Allied Powers (GHQ) saw that securing oil and other energy sources was essential for Japan's postwar reconstruction. Responding to this issue, the government made the development of oil and other resources national policy, and JAPEX was born.

The war in Ukraine has caused oil and natural gas prices to soar, and Europe is seeking to break its dependence on Russia for energy. It has become clear that securing energy sources and stable supply is vital for security. It is no exaggeration to say that JAPEX's role has become increasingly important.

I served as a reporter for the Yomiuri Shimbun newspaper, participated in the management of a newspaper company, and currently chair Nippon Television Network. I am determined to make the most of my experience to contribute to the further development of JAPEX.



Outside Audit &
Supervisory Board Member
KAWAKITA Chikara

I have recently been appointed as Outside Audit & Supervisory Board Member. I worked for the government for many years before becoming a university professor. More recently, I have been involved in the administration of organizations and companies, including in the capacity of an outside officer. I intend to use this public- and private-sector knowledge and experience, as well as what I learn from JAPEX's operations, to contribute to JAPEX and its wide range of stakeholders.

The domestic and international energy situation has always been complex and uncertain, but recent events have made us keenly aware once again of the importance of a stable supply of energy. JAPEX must maintain a long-term outlook, and continue to respond to the trust and expectations of society based on the technology it possesses and the passion of all its employees. In this difficult operating environment, I believe it is also necessary to deepen business administration and financial risk management. I will make a sincere effort to ensure that JAPEX can fulfill its social mission.



Outside Audit &
Supervisory Board Member
MOTOYAMA Hiroshi

The global supply chains established since the end of the Cold War are becoming unsustainable due to COVID-19 related supply constraints and geopolitical fragmentation triggered by Russia's invasion of Ukraine, and stable procurement of energy resources is of particularly great importance for Japan. But at the same time, accelerating the trend toward decarbonization is essential, and I recognize that the business environment surrounding JAPEX is extremely challenging.

Having been appointed as Outside Audit & Supervisory Board Member of JAPEX at this juncture, I will utilize my experience and knowledge of governance, diversity, IT, and digitalization, which I have acquired through my involvement in the management of different companies, not only in the banking sector but also in the fields of securities and leasing, to properly oversee the implementation of the JAPEX Management Plan 2022–2030, which begins this fiscal year, and contribute to enhancing the value of JAPEX's business.

Integrity and Governance: Corporate Governance

Basic Concept

JAPEX recognizes contributing to society through a stable supply of energy as its mission and helping to realize the sustainable development goals by addressing social issues as its Corporate Vision. To achieve its Corporate Vision and maximize its corporate value from both the medium- and long-term perspective, it is necessary to ensure efficient and transparent corporate management and build the building of relationships of mutual trust with stakeholders, including shareholders, by fulfilling its accountability. Therefore, sound corporate governance, which is foundational to JAPEX, is one of its most important challenges.



Corporate Governance

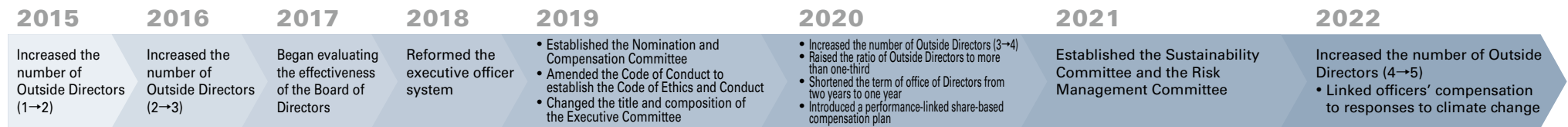
<https://www.japex.co.jp/en/sustainability/governance/cg/>



Corporate Governance Report

https://www.japex.co.jp/en/sustainability/uploads/pdf/JAPEX_CGreport_e.pdf

Initiatives to Strengthen Corporate Governance



Governance Structure

Overview of JAPEX's Governance Structure

- Company with an audit & supervisory board
- Introduced an Executive Officer System to clarify the business execution system
- The ratio of Outside Directors is more than one-third, the ratio of Outside Audit & Supervisory Board Members is more than half
- Held the Outside Officer Liaison Meeting as a place to provide explanations to, provide information to, and exchange information with outside officers in advance of the Board of Directors' proposals
- All Outside Directors and Audit & Supervisory Board Members who fulfill independent officer qualifications are designated as independent officers

1 Board of Directors (meetings held in FY2021: 16 times)
The Board of Directors discusses and makes decisions concerning important business execution as well as the exclusive prerogatives of the Board of Directors. It is regularly held once a month.

- Chair: Representative Director and President, FUJITA Masahiro
- Composition: 11 Directors (including five Outside Directors)

2 Executive Committee (meetings held in FY2021: 28 times)
From the standpoint of accelerating the speed of decision-making, we hold the Executive Committee is composed of Directors and other officers of JAPEX to make decisions on the matters not involved by the decision-making standard of the Board of Directors and to make a discussion to assist the decision-making in the Board of Directors. The Executive Committee is held twice a month in principle, with extraordinary meetings held as needed.

- Chair: Representative Director and President, FUJITA Masahiro
- Composition: Six Directors and six Executive Officers

3 Nomination and Compensation Committee (meetings held in FY2021: 3 times)

The Nomination and Compensation Committee discusses the procedures to make decisions concerning the nomination and compensation of Directors. It is organized under the Board of Directors, in order to further enhance the supervisory function of the Board of Directors.

- Chair: Representative Director and President, FUJITA Masahiro
- Composition: Five Directors (including three Outside Directors)

4 Audit & Supervisory Board (meetings held in FY2021: 10 times)
Four Audit & Supervisory Board Members, two of which are Outside Audit & Supervisory Board Members, attend the Board of Directors and Outside Officer Liaison meetings. Full-time Audit & Supervisory Board Members attend the Executive Committee and other important management meetings to perform the supervisory function over Directors and Executive Officers responsible for business execution.

- Chair: Full-time Audit & Supervisory Board Member, NAKAMURA Mitsuyoshi
- Composition: Two full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members

5 Sustainability Committee (meetings held in FY2021: 16 times)
The Sustainability Committee deliberates the Long-term Vision, the Medium-term Business Plan, and ESG management. The committee was formed by integrating and strengthening the existing structure of the former CSR Committee.

- Chair: Representative Director and President, FUJITA Masahiro

6 Risk Management Committee (meetings held in FY2021: 4 times)
The Risk Management Committee evaluates and manages various management risks from a cross-sectional perspective; monitors the progress of individual projects; formulates measures against challenges; and deliberates issues concerning internal control. The committee was formed by reorganizing and strengthening the former Internal Control Committee.

- Chair: Representative Director and President, FUJITA Masahiro

7 HSSEQ Committee (meetings held in FY2021: 9 times)
Deliberation of issues related to HSSE.

- Chair: Managing Executive Officer, NAKAMURA Tsuneta

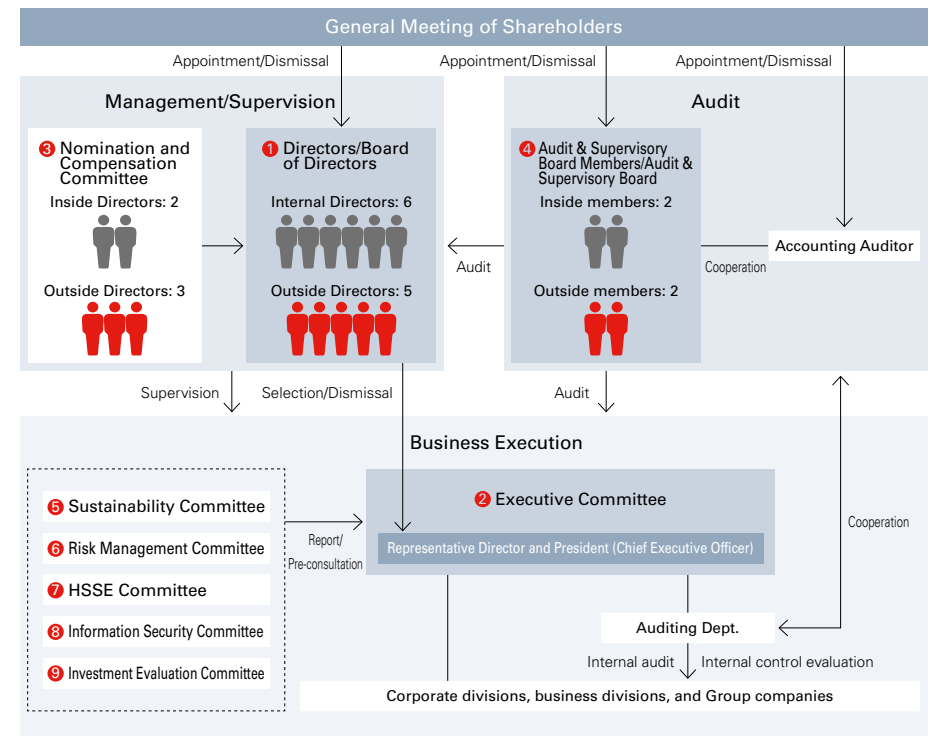
8 Information Security Committee (meetings held in FY2021: 1 time)
Deliberation of issues related to Information Security.

- Chair: Managing Executive Officer, MATSUNAGA Tadashi

9 Investment Evaluation Committee (meetings held in FY2021: 14 times)
Verification of risks and appropriateness of investments in important projects.

- Chair: Director and Senior Managing Executive Officer, YAMASHITA Michiro

Corporate Governance Structure (As of August 5, 2022)



Integrity and Governance: Corporate Governance

■ Evaluation of the Effectiveness of the Board of Directors

We evaluate the effectiveness of the Board of Directors once every year, and the results of the evaluation are confirmed at the Board of Directors meeting. The evaluation method and overview of the evaluation conducted in fiscal 2021 are as follows.

1. Evaluation Method

A survey created by the Board of Directors secretariat

- Scope of evaluation: All Directors and all Audit & Supervisory Board Members
- Period of evaluation: Between April 2021 and March 2022 (one year)
- Timing of evaluation: In April 2022
- Evaluation items
 - ① Issues related to the operation of the Board of Directors
 - ② Issues related to the operation of the Outside Officer Liaison Meeting

2. Overview of the Evaluation Results

The effectiveness of the Board of Directors was evaluated as being ensured overall. Of issues identified in the effectiveness evaluation conducted in fiscal 2020, the following issues were evaluated positively in general: ① issues related to the operation of the Board of Directors: holding discussions related to the Long-term Vision, the Medium-term Business Plan, and other topics; looking back on projects; and continually considering the status of diversity; and ② issues related to the operation of the Outside Officer Liaison Meeting: effectively operating liaison meetings to ensure lively discussions at Board meetings. On the other hand, for ① issues related to the operation of the Board of Directors, it is considered necessary to make ongoing efforts to improve information sharing related to discussions of the Executive Committee and discussions between divisions on agenda items, including organizing the scope and content of information to be shared. In addition, issues related to a succession plan and human resource development have not yet been discussed in detail and are considered to be long-term issues.

3. Initiatives Going Forward

Based on the results of this evaluation, we will respond to the issues that were identified. Going forward, we will continue working to further enhance the functionality of the Board of Directors by periodically identifying issues through surveys of attendees at Board of Directors meetings.

■ Compensation for Directors and other Officers

JAPEX has introduced a performance-linked share-based compensation plan for Directors, excluding Outside Directors, and Executive Officers who do not concurrently serve as Directors.

1. Compensation for Directors

Basic Policy

- Regarding the compensation of Directors, the compensation structure can function as an incentive to sustainably enhance corporate value. When deciding the compensation for individual Directors, our basic policy is to set an appropriate level in consideration of the roles aligned with their position. Compensation for Directors (excluding Outside Directors) comprises base compensation and performance-linked compensation (bonuses and share-based compensation). Meanwhile, compensation for Outside Directors is only base compensation, considering their duty of supervising management.

Policy for base compensation (monetary compensation)

- Base compensation of Directors is fixed monthly monetary compensation and is decided in comprehensive consideration of their position, balance with market standard and employees' salaries, number of years of service, and more.

Policy for performance-linked, or non-monetary compensation

- Of performance-linked compensation, bonuses are paid at certain times every year based on consolidated net income as an indicator measuring their contribution to results for the corresponding fiscal year. Specifics are decided in comprehensive consideration of their position, dividends, the level of employee bonuses, their contribution of directors to corporate management in each fiscal year, past results, payment record, and more. The above-mentioned contribution is measured based on the achievement of previously set annual goals and business plans (including GHG reduction target), human resource management, leadership, and execution ability, in addition to contribution to business performance.
- Of performance-linked compensation, share-based compensation is based on the Rules on Provision of Shares to Officers approved by the Board of Directors within the limit approved at the General Meeting of Shareholders. JAPEX shares equivalent to the number of points provided in line with their positions and performance (using annual dividend amounts as a general rule as an indicator of performance evaluation from the perspective of maintaining our basic policy on

long-term stable dividends*) and a monetary amount equivalent to the market price of said shares are provided as a general rule to Directors upon retirement.

2. Compensation for Audit & Supervisory Board Members

Compensation for Audit & Supervisory Board Members is determined after consulting with Audit & Supervisory Board Members, and within the limit approved at a General Meeting of Shareholders.

3. Targets and Actual Figures of Indicators Used for Performance-linked Compensation

For performance indicators used for calculating performance-linked compensation, consolidated profit is used for bonuses to measure contribution to business performance for the corresponding fiscal year, and annual dividend amount is used for share-based compensation as it reflects the evaluation of performance under the Company's basic policy of long-term stable dividend payment*. The specific target for consolidated profit has not been set, as our business performance is often affected by external factors such as fluctuations of crude oil and natural gas prices as well as foreign exchange rates, and therefore it is difficult to set an accurate figure that works as an incentive.

The actual figure of this indicator achieved for fiscal 2021 was consolidated loss of ¥30,988 million. The target for annual dividend amount was ¥50 per share, and the actual amount paid for fiscal 2021 was ¥50 per share.

* We are currently considering updating the policy based on the new dividend policy.

Amount of Compensation for Directors and Audit & Supervisory Board Members (FY2021)

Position	Total amount of consolidated compensation (Millions of yen)	Total amount of each type of compensation (Millions of yen)			Number of recipients (Persons)
		Base compensation	Bonus	Share-based compensation	
Directors (excluding Outside Directors)	335	303	18	13	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	41	41	—	—	3
Outside Officers	66	66	—	—	6

Note: The above number of recipients includes one Director and one Audit & Supervisory Board Member who retired upon the conclusion of the 51st Ordinary General Meeting of Shareholders held on June 25, 2021.

Integrity and Governance: Corporate Governance

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 29, 2022)

■ **Directors** (*1 The Executive Officer System was reformed in June 2018; *2 Directors ITO Tetsuo, YAMASHITA Yukari, KAWASAKI Hideichi, KITAI Kumiko, and SUGIYAMA Yoshikuni are Outside Directors as defined under Article 2, item 15 of the Companies Act; the dates the Board members were appointed are shown in parentheses next to their years in office.)

Representative Director and Chairman
WATANABE Osamu

1964 Joined the Ministry of International Trade and Industry, later became Vice Minister of International Trade and Industry and served as Chairman at Japan External Trade Organization (JETRO)
2007 Joined JAPEX, served as Executive Vice President and President and CEO
2016 Assumed his current position in June
Years in office: 15 years (June 2007)



Representative Director and President Chief Executive Officer
FUJITA Masahiro

1977 Joined the Ministry of International Trade and Industry, later became the Head of the Trade and Economic Cooperation Bureau at the Ministry of Economy, Trade and Industry and served as Representative Director, Executive Vice President at Sumitomo Corporation
2019 Joined JAPEX, served as Representative Director and Executive Vice President
2019 Assumed his current position in October
Years in office: 3 years (June 2019)



Representative Director Executive Vice President
ISHII Yoshitaka

Advisor to President, President of Power Business Division, responsible for Carbon Neutral Related Business

1981 Joined JAPEX, served as General Manager of Technical Dept., Nagaoka District Office, General Manager of Nagaoka District Office, In charge of the Gas Pipeline Transportation Dept., President of Inter-regional Gas Supply Division, President of Soma Project Division, President of Soma Project & Power Business Division
2021 Assumed his current position in June
Years in office: 4 years (June 2018)



Director
Senior Managing Executive Officer
YAMASHITA Michiro

Finance & Accounting Dept., Deal Execution/PMI Support Dept.

1982 Joined JAPEX, served as General Manager of Corporate Planning Dept., Vice President of Environment and Innovative Technology Projects Division, and Executive in charge of Finance & Accounting Dept.
2018 Became Director and Managing Executive Officer in June
2022 Assumed his current position in June
Years in office: 4 years (June 2018)



Director
Managing Executive Officer
HIRATA Toshiyuki

President of Overseas Business Division I

1981 Joined JAPEX, served as President of Canada Oil Sands Limited, Executive in charge of the Canada Oil Sands Project, and President of Middle East, Asia & Europe Project Division
2017 Became Managing Executive Officer^{*1} in June
2018 Assumed his current position in June
Years in office: 5 years (June 2017)



Director
Managing Executive Officer
NAKAJIMA Toshiaki

In charge of Corporate Communication Office, and Corporate Strategy Dept.

1986 Joined JAPEX, served as General Manager of Corporate Strategy Dept., In charge of the Corporate Strategy Dept.
2022 Assumed his current position in June
Years in office: — years (June 2022)



Outside Director
ITO Tetsuo^{*2}

1975 Appointed as a prosecutor, served as Head of Special Investigation Force, Tokyo District Public Prosecutors Office, and Deputy Prosecutor-General of Supreme Public Prosecutors Office
2016 Assumed his current position at JAPEX in June
Concurrently serves as a Registered Attorney (Daiichi Tokyo Bar Association), Of Counsel at Nishimura & Asahi, and Outside Auditor at Asahi Kasei Corporation
Years in office: 6 years (June 2016)



Outside Director
YAMASHITA Yukari^{*2}

1985 Joined the Institute of Energy Economics, Japan, reached the position of Director and Head of the Climate Change and Energy Efficiency Unit, and became Board Member at the Institute and Director in charge of the Energy Data and Modelling Center
2019 Assumed her current position at JAPEX in June
Concurrently serves as Managing Director in charge of the Energy Data and Modelling Center at the Institute of Energy Economics, Japan and Vice President of the International Association for Energy Economics, Inc.
Years in office: 3 years (June 2019)



Outside Director
KAWASAKI Hideichi^{*2}

1970 Joined Oki Electric Industry Co., Ltd., served as President, Representative Director and Chairman of the Board, Representative Director
2020 Assumed his current position at JAPEX in June
Years in office: 2 years (June 2020)



Outside Director
KITAI Kumiko^{*2}

1976 Joined Ministry of Labor, served as Deputy Governor of Shizuoka Prefecture; Director General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare; Director General of Secretariat, Central Labour Relations Commission, Executive Director of Japan Industrial Safety and Health Association
2022 Assumed her current position at JAPEX in June
Concurrently serves as a Registered Attorney (Daini Tokyo Bar Association), Attorney at Kachidoki Law Office, Corporate Auditor (External auditor) at TAKARA HOLDINGS INC., and Independent Auditor at OSAKI ELECTRIC CO., LTD.
Years in office: — years (June 2022)



Outside Director
SUGIYAMA Yoshikuni^{*2}

1978 Joined The Yomiuri Shimbun, served as Senior Managing Director at The Yomiuri Shimbun Tokyo Head Office; Representative Director, President at The Yomiuri Shimbun Seibu Head Office; Representative Director, President at The Yomiuri Shimbun Osaka Head Office
2022 Assumed his current position at JAPEX in June
Concurrently serves as Director of The Yomiuri Shimbun Holdings, Representative Director, Chairman of Nippon Television Holdings, Inc., and Representative Director, Chairman of Nippon Television Network Corporation
Years in office: — years (June 2022)



Integrity and Governance: Corporate Governance

Audit & Supervisory Board Members (* Audit & Supervisory Board Members KAWAKITA Chikara and MOTOYAMA Hiroshi are Outside Audit & Supervisory Board Members as defined under Article 2, item 16 of the Companies Act; the dates the Audit & Supervisory Board Members were appointed are shown in parentheses next to their years in office.)

Full-time Audit & Supervisory Board Member NAKAMURA Mitsuyoshi

1982 Joined JAPEX, served as General Manager of Iraq Project Dept., Middle East, Africa & Europe Project Division; Advisor to President of Middle East, Africa & Europe Project Division; Vice President of Middle East, Africa & Europe Project Division; General Manager of HSE Dept.; Advisor to President of Middle East, Africa & Europe Project Division and General Manager of Dubai Representative Office, Middle East, Africa & Europe Project Division; and Project Division Assistant to the Executive in charge of HSE Dept.

2021 Assumed his current position in June
Years in office: 1 year (June 2021)



Full-time Audit & Supervisory Board Member MOTOYAMA Yoshihiko

1983 Joined JAPEX, served as General Manager of Procurement Dept.; Executive Officer; Full-time Corporate Auditor at JAPEX Offshore, Ltd.

2022 Assumed his current position in June
Years in office: — years (June 2022)



Outside Audit & Supervisory Board Member KAWAKITA Chikara*

1977 Joined The Ministry of Finance, served as Commissioner of National Tax Agency; Professor at Graduate School of Law, Hitotsubashi University; Outside Director at ITOCHU Corporation; Deputy Chairperson of General Insurance Rating Organization of Japan; Outside Audit & Supervisory Board Member at KONAMI HOLDINGS CORPORATION; and serves as Chairman at the Salt Science Research Foundation and Chairman at Nomura Institute of Estate Planning

2022 Assumed his current position at JAPEX in June
Years in office: — years (June 2022)



Outside Audit & Supervisory Board Member MOTOYAMA Hiroshi*

1977 Joined The Industrial Bank of Japan, Limited (later Mizuho Bank, Ltd.), served as Managing Director of Mizuho Financial Group, Inc.; Deputy President, Representative Director of Mizuho Corporate Bank; President & CEO, Representative Director of Mizuho Securities Co., Ltd.; President & CEO of IBJ Leasing Company, Ltd. (later Mizuho Leasing Company, Limited); and serves as Advisor to Mizuho Leasing Company, Limited

2022 Assumed his current position at JAPEX in June
Years in office: — years (June 2022)



Executive officers who do not concurrently serve as Directors and Fellows (Fellows support the management with high degree of expertise in specialized fields)

Senior Managing Executive Officer SUGA Tsuyoshi	Managing Executive Officer KAKU Senichiro	Managing Executive Officer MATSUNAGA Tadashi	Managing Executive Officer NAKAMURA Tsuneta	Managing Executive Officer MIYADAI Takamasa	Fellow WASEDA Amane
Managing Executive Officer ABE Satoshi	Managing Executive Officer TEZUKA Kazuhiko	Executive Officer TAKAHATA Shinichi	Executive Officer IKENO Tomonori	Executive Officer KASA Hirofumi	Fellow ANRAKU Toshiyuki
Executive Officer YAMADA Tomomi	Executive Officer NAKANO Masanori	Executive Officer NAGAHAMA Yasushi	Executive Officer OHAMA Tadashi	Executive Officer YASUI Akira	

FY2021 Attendance Record for Board of Directors, Audit & Supervisory Board, and Nomination and Compensation Committee

	Name	Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committee
Directors	WATANABE Osamu	16/16	—	3/3
	FUJITA Masahiro	16/16	—	3/3
	OZEKI Kazuhiko*	16/16	—	
	ISHII Yoshitaka	16/16	—	
	ITO Hajime*	16/16	—	
	YAMASHITA Michiro	16/16	—	
	HIRATA Toshiyuki	15/16	—	
	KOJIMA Akira(Outside)*	15/16	—	3/3
	ITO Tetsuo(Outside)	15/16	—	3/3
Audit & Supervisory Board Members	YAMASHITA Yukari(Outside)	16/16	—	2/2
	KAWASAKI Hideichi(Outside)	16/16	—	
	SHIMOMURA Koichi*	16/16	10/10	
	NAKAMURA Mitsuyoshi	13/13	8/8	
	WATANABE Hiroyasu(Outside)*	7/16	5/10	
	NAKAJIMA Norio(Outside)*	16/16	10/10	

*Retired in June 2022

• Number of meetings attended/number of meetings held
• The number of meetings held during the period: Board of Directors meetings: 16 times and Audit & Supervisory Board meetings: 10 times
However, for NAKAMURA Mitsuyoshi, Board of Directors meetings: 13 times and Audit & Supervisory Board meetings: 8 times
Nomination and Compensation Committee meetings: 3 times
However, for YAMASHITA Yukari, 2 times

Reasons for Appointment of Outside Directors and Outside Audit & Supervisory Board Members

	Name	Reasons for Appointment
Directors	ITO Tetsuo	To use his extensive knowledge and experience as a legal specialist in the Company's management
	YAMASHITA Yukari	To use her deep insight in energy and environmental policies she acquired through survey and research activities in the Company's management
	KAWASAKI Hideichi	To use his abundant experience and deep insight in corporate management in general in the Company's management
	KITAI Kumiko	To use her deep insight that comes from her administrative experience as well as extensive knowledge on labor and other laws in the Company's management
	SUGIYAMA Yoshikuni	To use his deep insight and abundant corporate management experience he has acquired through his career at a newspaper company and others in the Company's management
	Audit & Supervisory Board Members	KAWAKITA Chikara
MOTOYAMA Hiroshi		To use his considerable knowledge on finance, accounting, tax affairs, risk management and other areas in the Company's management

Skills Matrix

No.	Name	Title	Corporate management	Finance/Accounting/Tax affairs	Legal affairs/Risk Management	ESG/Sustainability	Knowledge on the energy industry	Global business	Technologies/DX
1	WATANABE Osamu	Representative Director and Chairman	○			○	○	○	
2	FUJITA Masahiro	Representative Director and President	○		○	○	○	○	
3	ISHII Yoshitaka	Representative Director	○		○	○	○	○	
4	YAMASHITA Michiro	Director		○	○		○		
5	HIRATA Toshiyuki	Director					○	○	○
6	NAKAJIMA Toshiaki	Director		○	○	○	○		
7	ITO Tetsuo	Outside Director			○	○			
8	YAMASHITA Yukari	Outside Director			○	○	○	○	○
9	KAWASAKI Hideichi	Outside Director	○			○		○	○
10	KITAI Kumiko	Outside Director			○	○	○		
11	SUGIYAMA Yoshikuni	Outside Director	○		○	○	○		
12	NAKAMURA Mitsuyoshi	Full-time Audit & Supervisory Board Member			○		○		○
13	MOTOYAMA Yoshihiko	Full-time Audit & Supervisory Board Member			○		○		○
14	KAWAKITA Chikara	Outside Audit & Supervisory Board Member	○	○	○				
15	MOTOYAMA Hiroshi	Outside Audit & Supervisory Board Member	○	○	○				

Note: The table above indicates the major skills possessed by each individual and does not represent all the knowledge, experience, and abilities possessed by them.

Corporate management includes management experience at organizations or associations other than companies.

Integrity and Governance: Risk Management

Basic Concept

Our business environment is becoming more uncertain as the social environment changes rapidly. Nevertheless, it is inevitable to take risks properly in order to achieve the goals of our management plan and increase our corporate value. JAPEX has developed and maintains a company-wide integrated risk management process and a process for evaluating and managing business risks in the course of investment decisions associated with various projects, as well as the execution and operation stages of these projects. Other countermeasures against diverse risks include developing Business Continuity Plans (BCPs) and establishing and maintaining an information security management system.



Risk Management

<https://www.japex.co.jp/en/sustainability/governance/riskmgmt/>

Risk Management System

In April 2021, JAPEX established the Risk Management Committee to manage major company-wide risks. The Risk Management Committee meets once every three months in principle with the President as the Chair and the Officer in charge of Finance & Accounting Dept. as the Vice Chair. The primary items to be discussed by the Committee are as listed below.

- Identification and evaluation of company-wide risks
- Management of progress in key projects currently in the execution and operation stage and the determination of response to issues
- Verification of important matters related to internal control and that of compliance violation incidents

In fiscal 2021, the Committee held four meetings as scheduled, where it received and made reports and deliberated on the above issues. In addition to the above primary items, issues related to company-wide risks, such as the progress toward GHG emission reduction targets and the status of responses to the global LNG price hikes, were reported and deliberated as needed at the Committee meetings.

The Sustainability Committee is charged with managing JAPEX's Long-term Vision, Medium-term Business Plan, and its response to environmental, social, and governance (ESG) issues. Moreover, the Sustainability Committee engages in discussion regarding how to address risks identified by the Risk Management Committee and deemed to constitute management issues requiring particular attention over the long term.

In addition, risks associated with projects involving investment decisions that would entail a certain level of financial burden are discussed at the Investment Evaluation Committee. In these and other ways, JAPEX tasks committees other than the Risk Management Committee with risk management in specific areas on an as necessary basis.

The risk management system, including the secretariat of the Risk Management Committee, is jointly promoted by the Corporate Strategy Dept., Administration & Legal Dept., and Auditing Dept.

Integrated Risk Management

JAPEX prepares a risk matrix by identifying and evaluating company-wide risks. Each division identifies risks in light of such matters as the characteristics and geographical locations of its business operations as well as relevant regulatory conditions, then quantitatively assesses each risk from the perspectives of probability of its materialization and its estimated magnitude. The Risk Management Committee is tasked with annually deliberating and approving the risk matrix which is, in turn, reported to the Board of Directors and described in detail in the Annual Securities Report and on the corporate website.

To date, we have identified the following six major risks. Recognizing the possibility of the occurrence of these risks, we strive to avoid their occurrence and to take appropriate measures in the event of their occurrence.

1. Risks related to commodity prices and exchange rates
2. Risks related to business
 - E&P Business: Risks related to exploration and development investment, reserves, and those specific to overseas business
 - I/U Business: Risks related to natural gas sales and natural gas thermal power generation business
 - Overall business: Risks related to accidents and disasters, climate change, and establishment of new businesses, etc.
3. Specific laws and regulations
4. Risks associated with the variation in INPEX CORPORATION's stock price
5. The Company's shares held by the government
6. Compliance

In fiscal 2021, we have quantitatively assessed the financial impact of combined risks in the case of simultaneous occurrence of multiple risks of significant importance, in addition to updating the risk matrix.

Please visit the following link to see the detailed risk information posted on our corporate website.

Risk Management Process



Integrity and Governance: Risk Management

Business Risk Assessment

When making investment decisions that would entail a certain level of financial burden, we employ the Decision Gate (DG) process consisting of four phases (see the diagram below). This process identifies risks and opportunities associated with such decisions from technical, economical, commercial, organizational, and political-social (TECOP) perspectives, with Decision Gate Reviews (DGRs) being carried out to evaluate and discuss countermeasures to be implemented by the Company and other matters. Items examined via each DGR are also presented below. The Investment Evaluation Committee, which takes on DGR-4, evaluates the appropriateness of investment by taking into account not only the economic potential of the project but also a broad range of business risks, including those associated with ESG and geopolitical issues. Moreover, the recent shift in the business environment in connection with climate change has been radical. In conjunction with this shift, since fiscal 2020, efforts have been under way, in countries and regions where each project takes place, to step up monitoring of the status of carbon tax introduced along with government-led reduction targets for GHG emissions and other local regulatory trends. Results of each DGR are reported to the Executive Committee, which is authorized to give final approval on investment, and the Board of Directors.

The status of projects in the execution and operation stage is overseen by management and corporate divisions via monitoring at the Risk Management Committee, which employs a cross-sectional approach to quantitatively identify and assess each risk, with the aim of maintaining appropriate business management.

As part of reviewing the effectiveness of our risk management processes, insights and takeaways acquired in the course of business operations ("Lessons Learned") are reviewed via the DGR-5 to utilize such lessons in future investment decisions. The DGR-5 is mainly focused on identifying factors contributing to the success or failure of each project to strengthen and improve the business risks assessment and management process. Additionally, we report matters related to important projects to the Board of Directors.

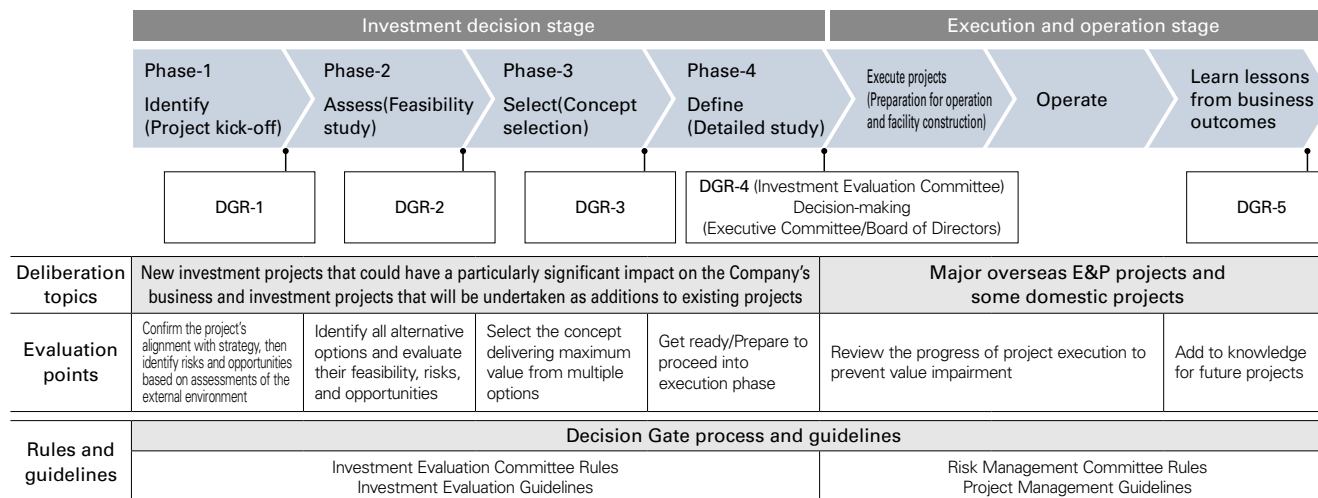
In fiscal 2021, we performed the DGR-5 regarding the transfer of interest in the shale gas project and the end of the promotion of the oil sands project in Canada, and reported the results to the Board of Directors.

Emergency Response and Business Continuity Plans

To ensure appropriate response to emergencies, we have in place the Emergency Countermeasure Regulations and relevant procedures in addition to various response manuals. At the time of an emergency, business divisions and major business locations play a central role in information gathering, intragroup communications, and employee instructions in accordance with processes set forth in the aforementioned documents. Depending on the situation, the Emergency Response Headquarters will be set up at JAPEX's Head Office and work together with Local Emergency Response Headquarters established at major business locations, including district offices. Moreover, emergency drills are conducted at least once a year at the Head Office, district offices, and other major business locations. Drawing on takeaways from these drills, we are continuously striving to improve our processes for emergency response.

We also develop Business Continuity Plans (BCPs) to respond to a major earthquake, an outbreak of infectious diseases such as COVID-19, and other incidents that would severely impact social activities. Furthermore, we have prepared manuals for initial responses to large-scale disasters. Based on these manuals, emergency drills are being conducted at each business site along with periodic employee safety confirmation drills and other drills.

DG Process Overview



Information Security

JAPEX has in place the Information Security Committee, which deliberates important matters associated with how to ensure the proper and secure management of information and facilitate its efficient utilization, thereby maintaining a robust information security management system. Under this system, we have formulated such documents as Information Security Policy, Personal Information Protection Policy, and Guidelines for the Handling of Personal Information while developing and maintaining our IT platforms. We also provide regular education on information security to our employees to raise their awareness and prevent the occurrence of security incidents.

As for crisis management, we are continuously reviewing and improving the technical aspects of cyber-attack countermeasures.

Integrity and Governance: Compliance and Respect for Human Rights

Basic Concept

To remain a company trusted by society, JAPEX is striving to establish a corporate culture of compliance with conventional wisdom and social norms where all officers and employees act ethically and with integrity. In line with the JAPEX Group Code of Ethics and Conduct, the Company has declared its commitment to respecting human rights and not tolerating any forms of discrimination and harassment, and is engaged in initiatives to advocate for human rights.



Compliance

<https://www.japex.co.jp/en/sustainability/governance/compliance/>



Respect for Human Rights

<https://www.japex.co.jp/en/sustainability/social/humanrights/>

Compliance

Promotion System

JAPEX has formulated the JAPEX Group Code of Ethics and Conduct, a compliance manual, and a booklet featuring commentaries on compliance case studies. In this way, we strive to promote thorough compliance and ensure that our action is always guided by corporate ethics. These documents are updated on an as necessary basis, with the latest versions distributed to all employees.

Chaired by the President, the Risk Management Committee discusses structures and policies related to compliance and verifies potential incidents of compliance violation.

Prevention of Bribery and Corruption

The JAPEX Group Code of Ethics and Conduct stipulates that the Company shall maintain sound and transparent relationships with politicians, political parties, and government officials/agencies. Based on this code, the compliance manual provides detailed requirements to be observed. These requirements are understood and practiced by all officers and employees.

The Group also established the Anti-Bribery Guidelines that stipulate such matters as the development of a system for ensuring strict compliance with relevant laws and regulations and the clarification of internal authorization procedures. In line with these guidelines, we implement periodic self-checks, anti-bribery training, and other measures to prevent bribery incidents in an effective manner.

There were no incidents involving the violation of the Anti-Bribery Guidelines in fiscal 2021. Furthermore, we do not make any political contributions.

Education

We have defined sustainability, compliance, and insider trading prevention as three basic items deserving attention of all officials and employees in the course of their daily operations. Accordingly, lectures on these topics are mandatory for all and incorporated into training for new hires and career stage training, both of which are conducted annually.

Report & Consultation System

The JAPEX Group has a system for receiving reports on and/or consultation about issues associated with compliance requirements, including respect for human rights, fair procurement and trade, as well as the maintenance of proper and appropriate relationships with politics and governments. The system secures an external helpline through which employees can directly report to or consult with corporate lawyers while ensuring strict confidentiality to enable anonymous reporting and consultation. We also prohibit the detrimental treatment of those who use the system and otherwise strive to protect whistleblowers.

In fiscal 2021, one case was reported via this system and was handled appropriately.



Report & Consultation Structure

<https://www.japex.co.jp/en/sustainability/governance/compliance/>

Respect for Human Rights

The JAPEX Group Code of Ethics and Conduct states that the Company shall "Respect the human rights of all people." Furthermore, based on this code, our compliance manual stipulates what must be complied with in accordance with international standards, including the Universal Declaration of Human Rights, the International Bill of Human Rights, the ILO International Labour Standards, and the United Nations Global Compact.

Overseas, we give consideration to and respect the rights of indigenous peoples, their cultures, and customs in the course of executing our business. Meanwhile, with regard to transactions with suppliers, our CSR Procurement Policy clarifies that they are asked to comply with human rights-related legal regulations in addition to adhering to relevant ethical standards and social norms. Thus, we strive to avoid transactions that debase the trust society has placed in us.

In fiscal 2021, as a starting point for conducting human rights due diligence, we assessed the gaps between international standards/guidelines and internal systems as well as conducted interview surveys on the response status of related divisions.

Countermeasures against Harassment

We have in place the Rules on the Prevention of Harassment and are working to create an inclusive working environment. If an incident involving harassment occurs, we carefully conduct interviews with individuals involved and take strict disciplinary action while issuing a reminder to employees to prevent similar incidents from recurring.

In fiscal 2021, we provided managers with three training sessions on harassment prevention. We also distributed periodic e-mail newsletters to all employees and provided them with relevant information via the intranet to raise their awareness.

Sustainability Management

Basic Concept

JAPEX believes that our mission is to provide a stable supply of energy and that our business activities themselves are a form of CSR. Under this recognition, we have been promoting sustainability activities based on a policy on sustainability activities, which is to actively work on solving social issues toward the realization of a sustainable society, and core themes to realize value creation in the medium- to long-term.



Sustainability Management

<https://www.japex.co.jp/en/sustainability/management/>

Promotion System

The Sustainability Committee has been established to deliberate and discuss medium- to long-term business issues and relevant sustainability matters that we should address to ensure the Company's sustainable growth.

The President serves as the Chair, the officer in charge of the Corporate Strategy Dept. serves as the Vice Chair, and the Corporate Strategy Dept. serves as the secretariat. The Committee meets multiple times per year. The Committee deliberates and discusses the following matters.

- Establishment and review of management plans
- Basic policies related to sustainability, including the Code of Ethics and Conduct
- Important environmental, social, and governance (ESG) issues
- Establishment and review of core CSR themes and CSR action plans
- Disclosure of sustainability information outside the Company, such as in the Integrated Report

Matters deliberated by the Sustainability Committee are reported to the Board of Directors, and resolutions on important matters are resolved. In addition, the status of activities related to ESG is reported every year to the Board of Directors.

Furthermore, the Sustainability Committee establishes and reviews CSR action plans every year.

We place managers and personnel responsible for sustainability in each department and established a promotion system to discuss and coordinate the formulation of action plans and the disclosure of information.

Five Core CSR Themes "SHINE"

The JAPEX Group, including subsidiaries and associates, places great importance on corporate social responsibility (CSR) in conducting our business. Based on this concept, we identified five core CSR themes "SHINE" and individual challenges in 2014 to meet the expectations and demands of our stakeholders and grow as a trusted global company. We review each challenge based on changes in society and its demands. We have currently identified 12 challenges. Every year, we establish CSR action plans in line with the core themes and individual challenges. The Sustainability Committee implements a PDCA cycle by reviewing the achievement progress and setting goals for the following fiscal year.

We set 44 targets for the Fiscal 2021 CSR Action Plans. We achieved 30 targets (100% and above), partially achieved 13 targets (80%–under 100%), and missed 1 target (under 80%).

Review Process for Each Challenge

1. Evaluating present status and identifying challenges

Comprehensively identify CSR challenges while referring to the GRI Standards and other guidelines.

2. Analyzing and evaluating the challenges

Set the priority of each challenge considering the business impact and the importance to stakeholders.

3. Conducting internal survey

Conduct an internal questionnaire survey to define the importance of each CSR challenge for management officers and managers.

4. Reviewing the items of CSR disclosure

Identify new each challenge based on the results of the evaluation and survey.

Five Core CSR Themes "SHINE"

Core CSR themes		Individual challenges	ESG
S	Stable and sustainable energy supply	① Stable energy supply ② Development of new technologies ③ Climate change response	E S
H	HSE ^Q as our culture	④ Occupational health and safety ⑤ Pollution prevention and resource recycling ⑥ Preserving biodiversity and ecosystems	E S
I	Integrity and governance	⑦ Governance ⑧ Crisis management ⑨ Compliance	G
N	Being a good Neighbor	⑩ Growing together with stakeholders	S
E	The Employer of choice	⑪ Respecting employee diversity and developing human resources ⑫ Creating a fair and good working environment	S

Sustainability Management



CSR Activities' Action Plans, Targets, and Achievements

<https://www.japex.co.jp/en/sustainability/management/materiality/>

Main CSR Action Plan Targets and Achievements in Fiscal 2021

Achievement Evaluation: Achievement rates of ○ (100% and above), △ (80% and above-under 100%), and × (under 80%)

Core CSR themes	ESG	Individual challenges	Fiscal 2021 Action Plans and targets	Fiscal 2021 achievements	Evaluation	SDGs
S Stable and Sustainable Energy Supply	E S	1 Stable energy supply 2 Development of new technologies 3 Climate change response	Secure stable supply electricity from the Fukushima Natural Gas Power Plant	<ul style="list-style-type: none"> Supplied electricity stably throughout the year and achieved the unplanned outage rate target. Although power generation was temporarily suspended to conduct a safety check following the Fukushima Prefecture Offshore Earthquake on March 16, 2022, we continued supplying electricity through procurement from the wholesale electricity market and other means. 	○	
			Achieve zero disruption to the supply of natural gas	<ul style="list-style-type: none"> Achieved zero supply disruption to clients. Although gas supply from the Soma LNG Terminal was temporarily suspended to conduct a safety check following the Fukushima Prefecture Offshore Earthquake on March 16, 2022, there was no supply disruption by switching to a gas supply from another location. We resumed a gas supply to the neighboring Fukushima Natural Gas Power Plant from the Soma LNG Terminal on March 19 after the safety was confirmed. 	○	
			Promote the study of CCS/CCUS commercialization in Japan and overseas	<ul style="list-style-type: none"> Worked on various activities as follows: <ul style="list-style-type: none"> Participated as a member of the Ministry of Economy, Trade and Industry's CCS Long-Term Roadmap Study Group and the Japan Petroleum Development Association's Task Force on CCS Promotion and offered opinions and proposals to develop the business environment. Launched the feasibility of a carbon recycling project utilizing the Yufutsu Oil and Gas Field in Hokkaido and an effective CO₂ utilization project utilizing the Higashi-Niigata Gas Field. Participated in a feasibility study of a CCUS project using the joint crediting mechanism in Indonesia. Participated in and a feasibility study of a CCS project in Malaysia. 	○	
			Achieve our GHG emission reduction target (Scope1+2) for FY2021: reduce the emission intensity by 7% compared to FY2019 (FY2019: 3.97 ton-CO ₂ /TJ; FY2021 target: 3.69 ton-CO ₂ /TJ)	<ul style="list-style-type: none"> Achieved the target with the intensity of 3.20 ton-CO₂/TJ, a 19% reduction from fiscal 2019, as a result of our emission reduction activities, such as reducing methane gas emissions into the atmosphere and conserving energy. 	○	
H HSE as Our Culture	E S	4 Occupational health and safety 5 Pollution prevention and resource recycling 6 Preserving biodiversity and ecosystems	Reduce domestic occupational injury frequency rate (10% lower than the average for the last three years) - Lost Time Injury Frequency (LTIF*1): 0.18 - Total Recordable Injury Rate (TRIR*2): 1.42	<ul style="list-style-type: none"> Achieved both targets through continued safety activities with the results as follows: LTIF: 0.00 TRIR: 0.88 	○	
			Continue KEI's efforts in Indonesia to earn the Blue ranking in the Program for Pollution Control, Evaluation and Rating (PROPER*3), a performance-level evaluation program for corporate environmental management	<ul style="list-style-type: none"> Earned the Blue ranking for 10 consecutive years by continuing environmental activities. 	○	
			Continue efforts to reduce negative impacts at business locations and their surrounding areas	<ul style="list-style-type: none"> Continued to implement measures and monitoring based on the results of biodiversity risk assessment in each operating area. Cooperated in wildlife monitoring activities*5 with the local community (IAG*4) through JACOS, Canada. 	○	
I Integrity and Governance	G	7 Governance 8 Crisis management 9 Compliance	Strengthen a highly efficient and transparent corporate governance system	<ul style="list-style-type: none"> Selected the Prime Market in the Tokyo Stock Exchange's new market segments. Enhanced the content of our Corporate Governance Report, such as the skills matrix of Directors and other officers. Worked to improve the effectiveness of the Board of Directors, such as by enhancing discussions on the management plan. 	○	
			Respond to the COVID-19 pandemic	<ul style="list-style-type: none"> Reviewed and adapted our action plan as appropriate to changes in government's policies, etc. Dealt with infected persons appropriately to prevent cluster infections. 	○	
			Implement initiatives for respecting human rights	<ul style="list-style-type: none"> Disclosed the UK Modern Slavery Act Statement as planned. Conducted a survey on internal processes in light of the international standards and guidelines for respecting human rights and identified issues, and formulated an improvement plan for the following fiscal year. Although we distributed email newsletters to all employees and provided in-house training sessions to prevent harassment, we failed to achieve some plans. 	△	
N Being a Good Neighbor	S	10 Growing together with stakeholders	<ul style="list-style-type: none"> Make contributions to local communities and engage in social activities in our domestic and overseas operating areas and projects 	<ul style="list-style-type: none"> Although we implemented the following activities in domestic and overseas projects, we failed to achieve some plans. <ul style="list-style-type: none"> Canada: Held regular meetings, but not as many times as scheduled due to the COVID-19 pandemic. *5 Indonesia: Provided free electricity and water, constructed and improved roads, and implemented port expansion work as planned. Iraq: Cooperated with operators to donate anti-COVID-19 supplies to local medical institutions. Japan: Cleaned up streets around the business locations, participated in volunteer cleanups, sponsored advertisements, made donations, held on-site tours for local parties concerned, participated in community events, ensured safety for children commuting to school, continued volunteering to stand guard, etc. 	△	
E The Employer of Choice	S	11 Respecting employee diversity and developing human resources 12 Creating a fair and good working environment	Implement measures to realize action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace - Increase the percentage of female new-graduates hired to 30% or more, etc.	<ul style="list-style-type: none"> Achieved the target with the percentage of female new-graduates hired at 35.3%. 	○	
			Implement human resource development training programs and professional courses	<ul style="list-style-type: none"> Although we implemented most of the training programs, including overseas business skills training, career stage training, and psychological safety training, as planned, we failed to achieve some plans for the professional education for technical employees due to the COVID-19 pandemic. 	△	
			Increase the rate of paid leave taken to 75% or more	<ul style="list-style-type: none"> Achieved the target with the rate of paid leave taken at 81.2%. 	○	
			Implement initiatives to maintain and improve employee health - Increase the percentage of employees walking at least 8,000 steps per day on average to 40% or more - Implement efforts to reduce the number of smokers - Maintain 100% of employees receiving annual medical checkups	<ul style="list-style-type: none"> Partially achieved the targets. The results of the various initiatives were as follows: <ul style="list-style-type: none"> Percentage of employees walking at least 8,000 steps on average per day: 12% Number of smokers: decreased by nine persons against the target of 10 persons Percentage of employees receiving annual medical checkups: maintained 100% Certified as one of the Health & Productivity Management Outstanding Organizations for the sixth year in a row through continued efforts for health management. 	△	

*1 Lost Time Injury Frequency: Calculated as the number of lost time injuries per 1,000,000 work hours.

*2 Total Recordable Injury Rate: Calculated as the number of total recordable injuries per 1,000,000 work hours.

*3 PROPER is a rating program by the Indonesian Ministry of Environment to evaluate companies' environmental measures and environmental regulation compliance, from the highest rating of gold to green, blue, red, and black.

*4 IAG: Indigenous Advisory Group

*5 Period of the activities: Until the end of the project, from January to August in 2021

Sustainability Management



CSR Activities' Action Plans, Targets, and Achievements

<https://www.japex.co.jp/en/sustainability/management/materiality/>

CSR Action Plan Targets in Fiscal 2022

Core CSR themes	ESG	Individual challenges	Fiscal 2022 Action Plans and Targets
Stable and Sustainable Energy Supply	E S	1 Stable energy supply	<ul style="list-style-type: none"> Promote the E&P Business toward stable supply of oil and natural gas Promote the I/U Business toward stable supply of natural gas and electricity Promote DX based on business challenges
		2 Development of new technologies	<ul style="list-style-type: none"> Promote the development of technologies to realize the early practical application of CCS/CCUS Continue the development of technology to be applied to domestic tight oil reservoirs through joint research with JOGMEC Continue measures toward commercialization of methane hydrate Continue working to develop deep-sea mineral resources through J-MARES
		3 Climate change response	<ul style="list-style-type: none"> Promote the study of CCS/CCUS commercialization in Japan and overseas Achieve GHG emission reduction targets FY2022 target based on JAPEX2050: reduce the GHG emission intensity (Scope1+2) by 10% compared to FY2019 FY2019 emission intensity: 3.97 ton-CO₂/TJ Reduce emissions to achieve the FY2030 GHG emission reduction target set by the Japan Petroleum Development Association based on the Japan Business Federation's Carbon Neutrality Action Plan Promote initiatives for the commercialization of the renewable energy power generation business (biomass, offshore wind power, etc.) Contribute to a low-carbon society by promoting the use of natural gas
HSE as Our Culture	E S	4 Occupational health and safety	<ul style="list-style-type: none"> Promote initiatives based on the Medium-term HSE Plan Reduce domestic occupational injury frequency rate (10% lower than the average for the last three years) Lost Time Injury Frequency (LTIF): 0.09 Total Recordable Injury Rate (TRIR): 0.88
		5 Pollution prevention and resource recycling	<ul style="list-style-type: none"> Continue measures to maintain a 45% reduction in VOC emissions compared to the base year (FY2000) Continue water stress assessments in our operating areas Promote measures to reduce water consumption Promote measures to reduce waste Continue KEI's efforts in Indonesia to earn the Blue ranking in the Program for Pollution Control, Evaluation and Rating (PROPER), a performance-level evaluation program for corporate environmental management
		6 Preserving biodiversity and ecosystems	<ul style="list-style-type: none"> Continue efforts in creating positive impacts in protected areas Continue efforts to reduce negative impacts at business locations and their surrounding areas

Core CSR themes	ESG	Individual challenges	Fiscal 2022 Action Plans and Targets
Integrity and Governance	G	7 Governance	<ul style="list-style-type: none"> Strengthen our corporate governance system Promote the Enterprise Risk Management (ERM) Framework Strengthen information security and promote personal information protection
		8 Crisis management	<ul style="list-style-type: none"> Continue to strengthen the Business Continuity Plan (BCP) Respond to the COVID-19 pandemic Strengthen cyber security Continue overseas security response
		9 Compliance	<ul style="list-style-type: none"> Ensure thorough compliance Promote initiatives for respecting human rights
Being a Good Neighbor	S	10 Growing together with stakeholders	<ul style="list-style-type: none"> Make contributions to local communities and engage in social activities in our domestic and overseas operating areas Promote supply chain management Promote constructive dialogue with stakeholders
The Employer of Choice	S	11 Respecting employee diversity and developing human resources	<ul style="list-style-type: none"> Promote diversity, equity, and inclusion (DE&I) Achieve targets based on the DE&I policy Percentage of female new-graduates hired: 30% or more Percentage of mid-career hires to total hires: 50% or more Number of female managers: 25 or more (by the end of FY2025) Percentage of mid-career hires in management positions: Maintain 20% or more (until the end of FY2025) Percentage of male employees taking childcare leave: 80% or more (by the end of FY2025) Strengthen human capital management Implement human resource development training programs
		12 Creating a fair and good working environment	<ul style="list-style-type: none"> Promote the creation of a good working environment Encourage employees to take paid leave (Foster a culture of taking at least one day off per month and encourage employees to take at least seven consecutive days off) Promote health management Maintain 100% of employees receiving annual medical checkups Support employees to prevent lifestyle-related diseases using a health management system Implement efforts to reduce the number of smokers (measures to prevent passive smoking) Implement efforts to promote women's health

Sustainability Management

Participation in Initiatives

■ UN Global Compact

JAPEX has participated in the UN Global Compact (UNGC) since 2020 and has been taking measures related to 10 principles in four areas of the UNGC covering human rights, labour, environment, and anti-corruption.

In fiscal 2021, we participated in 9 of the 14 subcommittees of the Global Compact Network Japan (GCNJ), which mainly comprises Japanese companies that have signed the UNGC. We have collected information related to the latest trends and best practices on sustainability and enhanced the networks of personnel in charge of promoting sustainability.



UN Global Compact (UNGC)

<https://www.unglobalcompact.org/>

The Ten Principles in Four Areas of the UN Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

FY2021 Subcommittee Activity Results

- Environmental Management Subcommittee
- Human Rights Subcommittee
- Human Rights Due Diligence Subcommittee
- Anti-corruption Subcommittee
- Disaster Risk Reduction (DRR) Subcommittee
- ESG Subcommittee
- WEPs Subcommittee
- Reporting Research Subcommittee
- Circular Economy Subcommittee



Global Compact Network Japan (GCNJ)

<http://www.ungcjp.org/>

■ Declaration of Partnership Building

JAPEX announced the Declaration of Partnership Building in fiscal 2021. We endorse the purpose of the Council on Promoting Partnership Building for Cultivating the Future, whose members consist of Chairman of the Japan Business Federation; Chairman of the Japan Chamber of Commerce and Industry; President of the Japanese Trade Union Confederation (RENGO), and relevant Ministers (Cabinet Office; Ministry of Economy, Trade and Industry; Ministry of Health, Labour and Welfare; Ministry of Agriculture, Forestry and Fisheries; and Ministry of Land, Infrastructure, Transport and Tourism), and will collaborate, co-exist, and co-prosper with our supply chain transaction partners.



Portal Website for Declaration of Partnership Building

<https://www.biz-partnership.jp/index.html>

■ GX League

In February 2022, JAPEX endorsed the GX* League Basic Concept announced by the Ministry of Economy, Trade and Industry. As many as 440 companies have declared their endorsement of the GX League Basic Concept. We will work with the endorsing companies and the government to realize GX for achieving carbon neutrality.



GX League official establishment preparation website

<https://gx-league.go.jp/>

* Green Transformation (GX): Transformation of the entire economic and social system to realize a carbon-neutral society

■ Global CCS Institute

In May 2022, JAPEX joined the Global CCS Institute (GCCSI), an international think tank whose mission is to accelerate the deployment of carbon capture and storage (CCS) globally. GCCSI's membership includes governments, private companies, and research bodies. GCCSI shares expertise and data regarding CCS. By utilizing insights and membership networks obtained through GCCSI, we will further advance our efforts regarding CCS/CCUS.



GCCSI Official Website

<https://www.globalccsinstitute.com/>

■ CCS+ Initiative

In June 2022, JAPEX joined CCS+ Initiative (CCS+), which is an international platform aiming to scale-up CCS projects. By developing carbon accounting methodologies for each phase of CO₂ capture, transport, and storage, CCS+ aims for the accurate measurement of CO₂ reduction in diverse CCS projects and the monetization of such projects. Through the participation in CCS+, we will strive to contribute to realizing a carbon-neutral society by establishing methodologies to generate carbon credits from CCS/CCUS.



CCS+ Official Website

<https://www.ccplus.org/>

Stable and Sustainable Energy Supply Climate Change Response

Basic Concept

JAPEX positions climate change response as one of its top management priorities. Aiming to contribute to global initiatives on climate change and the government's goal of achieving carbon neutrality by 2050, the entire JAPEX Group, including subsidiaries and associates, is working to transform its business portfolio by reducing GHG emissions and developing CCS and other new technologies.

Information on other individual challenges related to stable and sustainable energy supply is available on the following pages:

Stable and Sustainable Energy Supply (E&P field) [p. 24](#)

Stable and Sustainable Energy Supply (Infrastructure/Utility field) [p. 27](#)

Development of New Technologies (Carbon Neutral field) [p. 30](#)



Development of New Technologies

<https://www.japex.co.jp/en/technology/>

Climate Change Response

Policy on and Status of Climate Change Response

Policy on Climate Change Response

In May 2021, JAPEX formulated its carbon neutral direction and objective JAPEX2050 and clarified its direction to achieve net zero GHG emissions from its operations by 2050 and further expand its businesses to contribute to realization of a carbon-neutral society. As a concrete roadmap to 2030, we formulated the JAPEX Management Plan 2022–2030 in March 2022. Based on this new management plan, we will push forward with the transition to a carbon-neutral society and work to build a medium- to long-term business foundation.

In addition, we will continue to formulate strategies based on analyses of scenarios in line with the TCFD Recommendations*, strengthen internal processes, including governance structure and risk management, and strive to further enhance information disclosure.

Outline of Initiatives Taken in Fiscal 2021

Based on the supplementary guidance issued by the TCFD in October 2021, we worked to strengthen our internal processes and enhance disclosure information. Our major initiatives are described in the table below.

To enhance disclosure information, we received third-party assurance for disclosed data on our GHG emissions and energy consumption and disclosed GHG emissions from each of the 15 categories of Scope 3 activities. We also responded to the CDP Climate Change Questionnaire for the first time, obtaining a B rating.

* Recommendations aimed at facilitating information disclosure with regard to the financial impact of climate change that were issued in 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB; consisting of central bank representatives and financial authorities from major economic powers)

Status of Climate Change Response in Line with TCFD Recommendations

Governance

Climate change response is the priority of JAPEX's management, and we have built a system for appropriate decision-making under the supervision of the Board of Directors.

Key matters for business execution, including climate change response, are deliberated at the Executive Committee and various other committees before being resolved by or reported to the Board of Directors. Key matters for execution, including climate change response and other medium- to long-term policies and plans, are subject to resolution by the Board of Directors. The JAPEX2050 and the new management plan were all matters resolved by the Board of Directors. In addition, the progress toward GHG emission reduction targets, ESG external evaluation results, ESG activity status, and other such information are reported annually to the Board of Directors.

Climate change response is also addressed by the Sustainability Committee, Risk Management Committee, and Investment Evaluation Committee in addition to the Executive Committee. We have created a PDCA cycle for climate change response through deliberations at and reports to various committees as well as data collaboration and integrated management among business divisions and various committees.

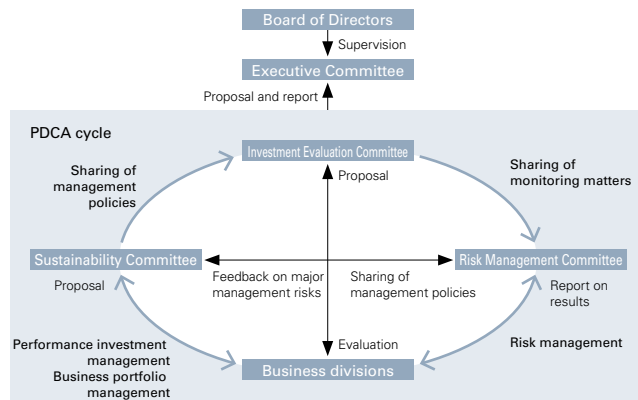
In fiscal 2021, we prepared a skills matrix that lists the knowledge, experience, and skills of each of our Directors and Audit & Supervisory Board Members. In this matrix, we also specified ESG and sustainability skills as items.

Major Initiatives Taken in Fiscal 2021 in Line with TCFD Recommendations

Governance	<ul style="list-style-type: none"> Established the Sustainability Committee and the Risk Management Committee Identified Directors and Audit & Supervisory Board Members with ESG and sustainability skills and disclosed such information as the skills matrix in the Corporate Governance Report Added the achievement level of company-wide climate change response objectives to annual evaluation items of Executive Officers (from fiscal 2022)
Strategy	<ul style="list-style-type: none"> Formulated the carbon neutral direction and objective JAPEX2050 and JAPEX Management Plan 2022–2030 Conducted a scenario analysis and used the results for the consideration of the management plan by the Sustainability Committee Calculated the percentage of growth investments to be allocated to risk and opportunity assets in the management plan Quantitatively assessed physical risks
Risk Management	<ul style="list-style-type: none"> Monitored climate change risks of major projects, progress towards GHG emission reduction targets, and climate change risks specified in the risk matrix through the Risk Management Committee
Metrics and Targets	<ul style="list-style-type: none"> Set targets for GHG intensity reduction targets Prepared and implemented GHG emission reduction action plans Calculated emissions from each of the 15 categories of Scope 3 activities

Stable and Sustainable Energy Supply Climate Change Response

PDCA Cycle Related to Climate Change



Linkage to Officer Compensation

To strengthen the linkage between the achievement of GHG emission reduction targets and management responsibility, we have added the achievement level of company-wide climate change response objectives to annual evaluation items of Executive Officers from fiscal 2022. The annual GHG emission reduction targets set forth in the CSR action plans serve as indicators.

Strategy

Formulation of New Management Plan

Because of the business characteristics of handling fossil resources, JAPEX has positioned climate change response as a key matter in the consideration of business strategies. We conduct scenario analyses to evaluate the medium- to long-term impact that climate change will have on the Company's business. In formulating the new management plan in fiscal 2021, we conducted a financial impact analysis under four scenarios, more scenarios than usual, to evaluate the impact of climate change risks will have on our medium- to long-term earnings in more details. Specifically, we conducted a scenario analysis using carbon and oil prices published in the World Energy Outlook (WEO) of the International Energy Agency (IEA) as parameters.

We used the analysis results for the consideration of the new management plan by the Sustainability Committee and also evaluated the percentage of investment allocated to risk assets from the perspective of climate change to develop a sustainable business portfolio, even under the NZE scenario with the most stringent conditions.

*1 Net Zero Emissions by 2050 Scenario
 *2 Sustainable Development Scenario
 *3 Announced Pledges Scenario
 *4 Stated Policies Scenario

Climate Change Risk Assessment

Based on the risk assessment results to date, we have recognized that transition risk has a greater impact than physical risk on our business. To cope with this, we have formulated the JAPEX2050 and the new management plan. In fiscal 2021, we also conducted a quantitative assessment of physical risks and confirmed that, at this moment, their impact is smaller than that of transition risks.

Main Climate Change Risks that Affect JAPEX and Countermeasures

Risk categories	Expected timing	Impact	Impact level	Countermeasures
Transition risks	Policy and legal risks	Increase in additional expenses due to carbon taxes and other environmental laws and regulations	Large	• GHG emission reduction based on the net zero target by 2050
	Market and technology risks	Decrease in revenue due to weaker oil and gas demand and lower prices	Large	• Assessment of transition risks through internal carbon pricing (ICP) during the investment stage
	Reputation risk	Divestment from the E&P Business	Medium	• Shift to a sustainable business portfolio based on the results of scenario analysis
Physical risks	Acute risks	Impacts on onshore and offshore facilities due to extreme changes in weather	Small	• As a result of the weather disaster risk assessment using hazard maps, the impact is limited, and no problem has currently been found in the existing countermeasures.
	Chronic risks	Impacts of sea-level rise on onshore and offshore facilities and impacts of water resources depletion	Small	• As a result of the risk assessment of sea-level rise using scientific data, the impact is limited, and no problem has currently been found in the existing countermeasures.

Note: Medium term is five or fewer years and long term is over five years.

Main Treatment of Climate Change Response at Various Internal Committees

Committee	Main issue (Matters inside parentheses are those related to climate change addressed in FY2021)	Frequency of action
Board of Directors	Resolution and report of key matters for major business execution related to climate change response (resolution of the JAPEX2050 and the new management plan, report on the management risk matrix, report on ESG activities, etc.)	Around 5 to 10 times per year
Executive Committee	Deliberation of key matters for business execution related to climate change response (deliberation of the JAPEX2050 and the new management plan and deliberation of the management risk matrix)	Around 4 times per year
Sustainability Committee	Deliberation of the Corporate Vision and the basic policies related to ESG (deliberation of the JAPEX2050 and the new management plan)	Around 10 times per year
Risk Management Committee	Cross-sectional assessment and management of management risks, including climate change response, monitoring of individual businesses*, and deliberation and report of countermeasures for various issues (deliberation of the risk matrix, report on the results of GHG emission targets) * Such as carbon tax trends in operating regions and GHG emission results at locations	Around 2 times per year
Investment Evaluation Committee	Deliberation of risks for major investments* and the appropriateness of investments * If carbon tax and GHG emission regulations emerge, we evaluate their impacts, and even if they do not emerge, we evaluate their impacts based on internal carbon pricing.	Convened as appropriate

Stable and Sustainable Energy Supply Climate Change Response

Risk Management

JAPEX manages climate change risks within its integrated risk management, which is a process for identifying and assessing company-wide risks. Within the risk matrix created by conducting a quantitative risk assessment based on the impact and probability of risks, we positioned transition risks as major risks with a large impact, and list them as business risks in our Annual Securities Report.

In addition to reviewing the risk matrix mentioned above, the Risk Management Committee also confirms the progress toward GHG emission reduction targets and manages risks of existing major projects. The Sustainability Committee addresses medium- to long-term climate change risks, and the Investment Evaluation Committee manages climate change risks such as carbon taxes in the investment evaluation of new projects. In this way, we develop and maintain processes to manage diverse climate change risks.

Reference: Risk Management [p.40](#)

Metrics and Targets

JAPEX Group's GHG Emission Reduction Targets

We established a net zero target by 2050 and a fiscal 2030 target as a milestone for GHG emissions (Scope 1+2) in our own operations.

- 2050: Achieve net zero
- FY2030: Reduce GHG emission intensity (Scope 1+2) in our operations by 40% compared to fiscal 2019

In addition, regarding emissions in our own supply chain (Scope 3), we established qualitative targets where we aim to strengthen business fields that contribute to emission reductions.

● Scope 1+2 Emission Intensity

The emission intensity for Scope 1+2 was reduced by 19% from fiscal 2019, being further reduced from the previous year. The main reasons were an increase in electric power sold (increase in intensity denominator) by JAPEX following the start of operations at the Fukushima Natural Gas Power Plant and a decrease in GHG emissions due to energy conservation, lower vent/flare emissions, etc.

Changes in Scope 1+2 Emission Intensity

	FY2019	FY2020	FY2021
GHG emission intensity (ton-CO ₂ /TJ) ^{*1}	3.97	3.44	3.20
Reduction rate from base year (%)	—	-13%	-19%

^{*1} In line with the base year emissions recalculation of the GHG Protocol, which is an international standard for GHG calculation and reporting, we reflected the end of our JACOS business in fiscal 2021, and for the base year emissions (FY2019) and all fiscal years thereafter, we calculate GHG emission intensity excluding these projects from emissions and energy supply volume.

● Scope 3 Emissions

The total emissions for the 15 categories of Scope 3 activities were 10,170 thousand tons, of which Category 11 emissions (use of sold products) accounted for 93% of the total. The total Scope 3 emissions were reduced by 38% from the previous fiscal year. Going forward, we will continue striving to reduce emissions by working to expand the supply of low-carbon energy resources such as renewable energy and natural gas.

Japan Petroleum Development Association Targets

The Japan Petroleum Development Association (JPDA), which JAPEX belongs to, participates in the Japan Business Federation's Carbon Neutrality Action Plan. JPDA's Carbon Neutrality Action Plan covers mining facilities of oil and natural gas development businesses in Japan. The fiscal 2030 target was revised in December 2021. The target was revised upward from the previous target of reducing 28% compared to fiscal 2013 to reducing 40% compared to fiscal 2013. In addition to our GHG emission intensity targets, we are also working to achieve the JPDA's emission reduction targets.

Initiatives for Reducing GHG Emissions

We have established priority action items for Scope 1 and 2 as an action plan for reducing GHG emissions. Scope 1 reduction measures include injection of emitted CO₂ in oil and gas fields in Japan, whereas Scope 2 reduction measures include the gradual shift to zero emission electricity consumption.

In fiscal 2021, we purchased a non-fossil fuel certificate for 239 tons-CO₂ equivalent to the electricity used at our Head Office and Research Center to reduce Scope 2 emissions and achieved zero emissions. In the future, in addition to purchasing non-fossil fuel certificates, we will work to further reduce emissions with an eye on energy conservation and increasing the amount of renewable energy introduced. For Scope 1 emissions, we will also continue our efforts to reduce self-consumed gases and vent/flare emissions, in addition to considering the injection of emitted CO₂.

HSE as Our Culture HSE

Basic Concept

The JAPEX prioritizes occupational health, safety, and environment (HSE) in its business activities in consideration of the business characteristics of handling natural gas and crude oil and works to reduce the risks of accidents and injuries and environmental pollution. Under the JAPEX HSE Policy, we have established an HSE management system to assess HSE risks and implement countermeasures, followed by periodic reviews by the HSSE Committee, thereby creating a PDCA cycle, in an effort to foster a culture of “HSE First” and “Safety First.”



Health, Safety, and Environment (HSE)

<https://www.japex.co.jp/en/sustainability/social/hse/>

Medium-term HSE Plan

To share the medium- to long-term vision and targets across the Group and simultaneously take action, we have formulated the Medium-term HSE plans and are working to reduce risks and foster an HSE culture. This medium-term plan consists of eight goals, with priority targets set for each goal. HSE targets at each of the Company's locations are set based on this medium-term plan. In addition, we set some of the targets in the CSR Action Plan and carried out activities.

In fiscal 2021, the first year of the Second Medium-term HSE Plan (FY2021–FY2023), we achieved our reduction targets of accident and injury frequency through various education and training programs, measures to address unsafe areas, and daily efforts to foster our HSE culture. In addition, we further enriched internal education and training, improved processes and optimized documentation to reduce HSE risks, conducted a water risk assessment, and worked on energy conservation, thereby achieving most of our targets for fiscal 2021.

Eight Goals of the Second Medium-term HSE Plan and Main Achievements

	Eight goals of the Second Medium-term HSE Plan	Priority targets by FY2023	Main achievements in FY2021
1	Reduction of injury frequency	<ul style="list-style-type: none"> Established targets for reducing the frequency of accidents and injuries at the end of FY2023: 0.14 for LTIF^{*1} and 1.15 for TRIR^{*2} Strengthen the analysis of accident factors and promote the “Stop Work Authority” approach Improve the health of employees and manage the hygiene of workplaces 	<ul style="list-style-type: none"> Achieved the targets for reducing the frequency of accidents and injuries LTIF target: 0.18, result: 0.00; TRIR target: 1.42, result: 0.88 Developed a manual for analyzing unsafe areas and reviewed the policy for introducing the “Stop Work Authority” approach
2	Legal compliance and HSE-MS optimization	<ul style="list-style-type: none"> Optimize HSE documentation Strengthen the contractor management system for small- to mid-sized construction 	<ul style="list-style-type: none"> Formulated the Corporate HSE Guideline Policy, etc. Strengthened the HSE management of small- to mid-sized construction contractors
3	HSE awareness raising and fostering of positive behavior	<ul style="list-style-type: none"> Foster positive behavior to enhance HSE leadership Clarify requirements for HSE-related education, experience qualifications and strengthen the human resource development program Optimize HSE staffing including the assignment and utilization of HSE officers 	<ul style="list-style-type: none"> Introduced HSE education into training for new managers Clarified the policy for assigning HSE officers Evaluated the HSE culture level within the Company through an all-employee questionnaire survey followed by consideration of improvements
4	Instillation of process safety and building of management systems	<ul style="list-style-type: none"> Instill process safety methods Put in place a process safety management system 	<ul style="list-style-type: none"> Completed the documentation of standards Completed the basic education of the HAZOP workshop
5	Enhancement of emergency response capabilities	<ul style="list-style-type: none"> Enhance employees' disaster prevention capabilities (knowledge and skills) Build a company-wide disaster prevention system 	<ul style="list-style-type: none"> Conducted comprehensive drills assuming an earthquake striking the Tokyo metropolitan area Revised the Emergency Countermeasure Regulations and other documents Signed an agreement to strengthen BCP alignment with consolidated subsidiaries
6	Strengthening of measures against climate change	<ul style="list-style-type: none"> Enhance activities for reducing GHG emissions for mitigation Strengthen efforts for adaptation 	<ul style="list-style-type: none"> Mitigation: continued efforts for energy conservation Adaptation: identified impacts of climate change and sorted out the situation for examining adaptation measures
7	Enhancement of environmental risk management	<ul style="list-style-type: none"> Promote initiatives for water resources, pollution prevention, and conservation of biodiversity Strengthen the environmental risk assessment system 	<ul style="list-style-type: none"> Conducted a water risk assessment Considered strengthening the process of environmental and social assessment of projects
8	Strengthening of overseas HSE governance	<ul style="list-style-type: none"> Strengthen HSE audits and HSE management in overseas business Boost physical security (facility security, mobile security, and personnel protection) 	<ul style="list-style-type: none"> Completed the formulation of the HSE evaluation policy for overseas business Developed an internal process for physical security

*1 Lost Time Injury Frequency: Calculated as the number of lost time injuries per 1,000,000 work hours.

*2 Total Recordable Injury Rate: Calculated as the number of total recordable injuries per 1,000,000 work hours.

HSE as Our Culture HSE



Water Resources

<https://www.japex.co.jp/en/sustainability/environment/water/>


Pollution Prevention

<https://www.japex.co.jp/en/sustainability/environment/pollution/>

HSE Management System

To comprehensively achieve the goals set out in the JAPEX HSE policy, we have been implementing our unique HSE management system (HSE-MS) since 2014. We are applying it to businesses in Japan and overseas where the JAPEX Group serves as an operator. The HSE-MS sets out promotion systems, risk assessment methods, targets, education, operation management, audits, and review methods by management. The HSE Department of the Head Office handles company-wide control. We also established relevant departments in each district office and subsidiaries to promote HSE. The HSSE Committee, which is chaired by the executive in charge of the HSE Dept. and attended by the President and labor union president, conducts an overall review of the HSE-MS and deliberates important matters and basic policies related to HSSE, which adds the 'S' of Security to HSE.

The status of HSE activities is reported annually to the Board of Directors.

■ Identification of and Countermeasures against HSE Risks

To reduce HSE risks, we conduct risk assessment and implement necessary countermeasures to address high risks. First, hazard sources are identified, and the possible risks from those hazard sources are assessed in six levels of likelihood of occurrence and five levels of severity in the event of occurrence. The risk level is categorized as H (high), M (medium), or L (low) according to the assessment results. For risks categorized as H and M, risk reduction measures are considered and implemented, and the process is repeated until the level is reduced to L. In addition, information is shared among district offices and countermeasures are rolled out at each location.

We review the list of hazard sources and risks every year to prevent accidents, disasters, and environmental pollution.

■ HSE Education

We established various HSE education programs aligned with different purposes under the HSE-MS and conduct them at each location. These include basic education for all employees,

career stage education such as for middle-level employees and new managers, professional education and training to prevent incidents for specific operational employees, and visitor education for contractors when they conduct operations on the premises of the Company or its locations for the first time. Furthermore, we conduct an annual questionnaire survey of all officers and employees regarding their level of HSE awareness and use the analysis results for the enhancement of education and awareness raising.

In fiscal 2021, we redefined the necessary experience and qualification requirements to improve the development of HSE specialists, formulated a policy and plan for the assignment of HSE officers, and examined career paths for HSE personnel, among others.

■ Process Safety

Assuring the process safety of production facilities is very important to prevent major accidents, such as explosions. In Japan, there has been an increase in production equipment that is decades old, and safety management at these kinds of locations has become an issue.

While JAPEX has fields that have continued oil production for over 60 years in Japan, there are also locations like the Soma LNG Terminal that have only been operational for a few years. Depending on the location, there are big differences in operational years and business characteristics. Therefore, we are working to set up comprehensive and systematic process safety in line with the status of each location.

In fiscal 2021, we provided basic education on risk assessment (HAZOP*, etc.) for technicians by holding workshops 24 times. In addition, dedicated software was introduced to improve the efficiency and accuracy of risk assessment and to ensure that the results are passed on to the next generation.

* HAZOP: Hazard and Operability Studies

Environmental Risk Management

We are working to voluntarily assess various environmental risks (pollution, water resources, biodiversity, climate change, etc.) that arise in the course of our business activities and implement countermeasures against them, on top of ensuring compliance with laws and regulations.

Reference [Climate Change Response P.47](#) →

■ Water Resource Management

JAPEX appropriately disposes of the water resources it uses. After purifying water used in the production of oil and natural gas, as well as pit water collected in the course of mining, to meet wastewater standards set by laws and regulations, we either expel it into public waterways or inject it back underground.

At our domestic operation locations, we strive to use water more effectively by promoting the recycling and reuse of water resources used as a coolant in production facilities and water used as boiler water.

To further strengthen water resource management, we started a periodic assessment of water risk in areas where the JAPEX Group serves as an operator of the development and production locations in fiscal 2021, using the water risk mapping tool (Aqueduct) of the World Resources Institute (WRI). The results confirmed that none of our operation locations are under high water stress.

■ Air Pollution Prevention

We are working to assess, manage, and limit emissions of the air pollutants VOCs (volatile organic compounds), NOx (nitrogen oxide) and SOx (sulfur oxide).

We have been participating in a voluntary action plan to reduce domestic VOCs emissions as a member of the Japan Natural Gas Association since fiscal 2005. As part of our ongoing drive to reduce VOC emissions, we are working to seal crude oil storage tanks better and incinerate VOCs that would otherwise be emitted from production facilities. Fiscal 2021 VOC emissions totaled 956 tons, a year-on-year decrease of 419 tons.

Being a Good Neighbor Relationship with Stakeholders

Basic Concept

JAPEX believes that in order to continue our business activities in a safe and stable manner, it is important to accurately understand social demands and build relationships of trust with our stakeholders. We are committed to building good relationships with our stakeholders through various contribution activities with respect for the cultures and customs of our operating regions in Japan and overseas, as well as through constructive dialogue and provision of information.



Relationship with Stakeholders

<https://www.japex.co.jp/en/sustainability/management/stakeholders/>

Relationship with Stakeholders

JAPEX continuously engages in dialogue with our stakeholders to gain their understanding and cooperation in our business activities. We also aim to contribute to the revitalization and development of local communities by responding to the expectations and requests from various stakeholders.

Stakeholders	Relationship with stakeholders	Main means of communication
Clients	<ul style="list-style-type: none"> Stable supply of energy Product safety and quality control 	<ul style="list-style-type: none"> Communication through marketing activities Provision of product information
Shareholders and investors	<ul style="list-style-type: none"> Timely and accurate disclosure Appropriate return of profits 	<ul style="list-style-type: none"> General meeting of shareholders Financial results briefing and management policy and strategy briefing One-on-one meetings with institutional investors and analysts Briefings for individual investors Disclosure through integrated reports and websites
Local communities	<ul style="list-style-type: none"> Social contribution activities Consideration for living environment Contribution to local economies 	<ul style="list-style-type: none"> Dialogues with local communities in operating regions in Japan and overseas Tours of our facilities Regular meetings with indigenous groups Participation in, support for, and sponsorship of local events Social contribution activities and volunteer activities
Oil- and gas-producing countries	<ul style="list-style-type: none"> Technological support Incident prevention 	<ul style="list-style-type: none"> Various meetings and briefings on the progress of projects Reports on environmental impact
Business partners	<ul style="list-style-type: none"> Formulation and operation of business plans for each project Checking and proposal of improvements for business activities in each project 	<ul style="list-style-type: none"> Workshops, meetings, and briefings related to operations and technologies Close communication about our business
Transaction partners	<ul style="list-style-type: none"> Fair transactions HSE awareness 	<ul style="list-style-type: none"> Disclosure of the CSR procurement policy and CSR procurement guidelines HSE management based on the contractor HSE management guidelines
Employees	<ul style="list-style-type: none"> Occupational health and safety Appropriate treatment Creation of a good working environment Human resource development Consultation between labor and management 	<ul style="list-style-type: none"> Provision of information through in-house intranet and in-house journal Training and seminars Townhall meetings and skull sessions between management and employees Employee awareness survey Regular meetings with the labor union Communication time program for remote work

Dialogue between Management and Employees

We hold a townhall meeting (JAPEX company-wide dialogue meeting) every year as an opportunity to conduct dialogues that foster direct communication from management to employees regarding our management policies and vision of the future. We also hold skull sessions conducted in small groups consisting of several officers and employees. Themes for the sessions are solicited from attending employees. At the session, they lively exchange opinions on various themes, including decarbonization, renewable energy, investment evaluation, human resource development, and DX. We will continue to work on creating opportunities for dialogue between management and employees so that such opportunities will help create an open working environment and act as a catalyst to bring them together to work to instill our Corporate Vision as well as to achieve goals set forth in management plans.



Skull session

The Employer of Choice Human Resource Development and Diversity

Basic Concept

JAPEX recruits and promotes diverse human resources regardless of gender or nationality. We are also developing a corporate and organizational culture where all employees can demonstrate their abilities, improving the working environment, and reviewing our personnel system. In addition, we are working on diversity, equity, and inclusion, career development, and human resource development to raise the awareness among individual employees.



Human Resource Development

<https://www.japex.co.jp/en/sustainability/social/hrdevelopment/>

Human Resource Development

Policies and Career Development

JAPEX supports the self-realization of individual employees through career development. For that purpose, the Career Development System and education programs are provided to them for the effective formation and improvement of required abilities and skills. The Career Development System defines the three human resource types needed to carry out our business, and the career development guidelines were established as a guide for acquiring skills and experience required for each human resource type. In addition, employees can choose courses tailored to their career goals and proceed with necessary experience and learning while checking their status and goals through an annual career development meeting with their managers.

Career Development System

Career development courses	Human resource categories (three types of human resources)
Management course Gaining and enhancing management capabilities	<ul style="list-style-type: none"> Global leaders who can be responsible for strategy formulation and business promotion Business leaders who can manage function-specific organizations
Professional course Enhancing specialization and gaining highly specialized capabilities	<ul style="list-style-type: none"> Advanced specialists who can contribute to businesses through expertise in specialized fields

Education Programs

Employees can have opportunities to participate in the company-wide training, depending on their seniority and role, which will help them develop their career. We conduct career design training for voluntarily setting their future career goals; career stage training for raising the awareness of employees' roles at each position; and business skills training for gaining necessary business knowledge and skills, such as logical thinking and better presentations. Employees can also use an e-learning system that allows them to choose courses related to new fields such as IT skills as well as basic business skills.

In addition, opportunities for overseas study and training (practical training at our overseas offices, dispatch to educational institutions in Europe and the United States) are provided in order to develop human resources responsible for overseas related businesses. At the same time, we implement systematic education programs for employees, from new hires to middle management, such as overseas business skill courses with the aim of enhancing employees' project management capabilities and commercial skills. Furthermore, we conduct the next-generation management personnel development program, an education program for selected employees to develop human resources responsible for the next generation with a view to future business development.

Education Courses by Specialists

We certify Specialists and Senior Specialists in administrative and technical fields. These certified individuals provide courses on basic knowledge and skills in their specialized fields for all employees every year. In addition, for administrative and technical employees with different specialization, the courses are not limited to basic items related to the Company's business. Through the courses, we help such employees deepen their understanding of the latest topics so that they can think about their performance of regular work and development of future career.

We also conduct advanced training provided by specialists in specific departments to facilitate follow-up for younger employees. Such training helps raise the level of knowledge and skills of employees in the entire department and develop individual employees.

The Employer of Choice Human Resource Development and Diversity



Diversity, Equity & Inclusion

<https://www.japex.co.jp/en/sustainability/social/diversity/>

Diversity, Equity & Inclusion

Policy

JAPEX established the JAPEX Diversity, Equity & Inclusion (DE&I) Policy in December 2021. This policy is a revision of the JAPEX Diversity Policy, which was established in 2016 and has been promoted since then, to incorporate the concepts of equity and inclusion in light of recent changes in the external and our business environment.

In order to respond to changes in the business environment and achieve further growth as a comprehensive energy company, we regard the promotion of DE&I as an important management issue, and aim to strengthen our corporate competitiveness and achieve sustainable development. To this end, we enable our diverse employees to create new value by encouraging each and every one to play their active role and grow their careers through fully demonstrating their inherent capabilities.

By respecting diversity in terms of gender, nationality, age, disability, career, personality, and values, and by correcting social imbalances caused by these characteristics and differences, we will realize an organizational culture in which all employees can be productive and active.

Direction of Initiatives

- Foster an organizational culture that makes the most of diversity
- Promote the activities of diverse human resources
- Create an environment that respects diversity

DE&I-related Targets

Number of female managers	25 or more by the end of FY2025
Percentage of female new-graduates hired	30% or more every year
Percentage of mid-career hires in management positions	Maintain 20% or more until the end of FY2025
Percentage of mid-career hires to total hires	50% or more every year
Percentage of male employees taking childcare leave	80% or more by the end of FY2025

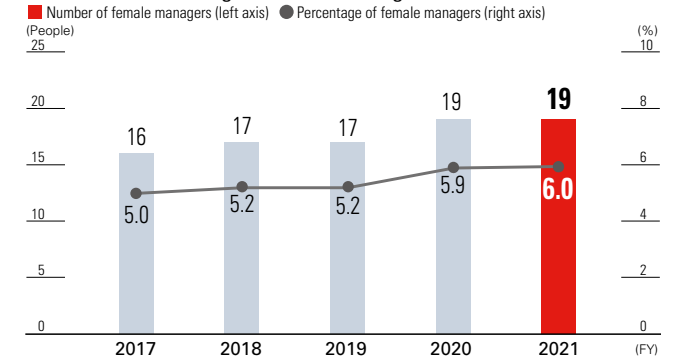
Major Initiatives

Foster an organizational culture that makes the most of diversity	<ul style="list-style-type: none"> • Unconscious bias training • Psychological safety training • Harassment training
Promote the activities of diverse human resources	<p>Efforts to recruit women to management positions</p> <ul style="list-style-type: none"> • Training for selected employees • Individual interviews for management candidates <p>Career development support</p> <ul style="list-style-type: none"> • Career training (by age group)
Create an environment that respects diversity	Creating a good working environment (see p.55 for details)

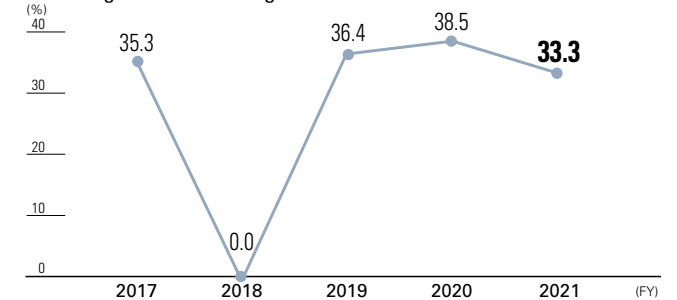
Efforts to Recruit Women to Management Positions

As part of our efforts to promote DE&I, we secure excellent human resources regardless of gender and promote them to positions with responsibilities. To promote women's participation and career advancement, we provide unconscious bias training and conduct individual interviews with female employees in pre-management positions. We also have introduced a system to support female employees in continuing their careers and career advancement by allowing them to demonstrate their inherent potential without being affected by various life events. In addition, we are working to improve environments to enable female employees to thrive as independent professionals and continue to grow without fear of change.

Number and Percentage of Female Managers



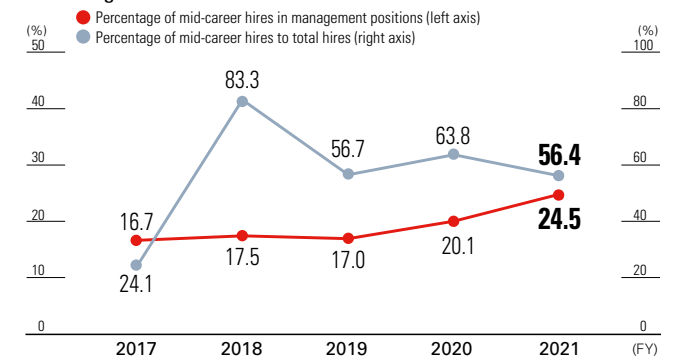
Percentage of female new-graduates hired



* Data as of April

* Only two female graduates were hired for electrical jobs in FY2018.

Percentage of Mid-career Hires



The Employer of Choice Health Management and Good Working Environment

Basic Concept

JAPEX practices health management based on the idea that consideration for the health of employees contributes to the growth and sustainability of the company. In addition, JAPEX is working to ensure a good work-life balance and to create a working environment where employees who have restrictions on working hours or locations due to childcare, caregiving, or disabilities can also play an active role.



Health Management

<https://www.japex.co.jp/en/sustainability/social/healthmgmt/>



Good Working Environment

<https://www.japex.co.jp/en/sustainability/social/workenvironment/>

Health Management

Promotion System

JAPEX has established a promotion system managed by the President to practice health management. Based on the JAPEX Group Code of Ethics and Conduct, the JAPEX Health Management Declaration, and the JAPEX HSE Policy, we work in cooperation with the health insurance association and the labor union to support employees in maintaining and promoting their health primarily by preventing industrial accidents, creating a good working environment, respecting the diversity in values, and preventing harassment.

Initiatives that Help Promote Employee Health

As for mental health, we carry out annual stress check tests for all employees. We recommend high-stress individuals for consultation with an industrial physician and provide them with periodic interviews with occupational health staff. We provide support for those with mental health problems in balancing work and treatment, as well as support for those on leave to return to work.

To prevent lifestyle-related diseases, we use a health promotion app to help employees voluntarily monitor their health status to improve their lifestyles and conduct health surveys for all employees. Based on the survey results, we set targets for preventing lifestyle-related diseases and reducing the smoking rate in CSR action plans. To achieve these targets, we took such measures as walking and dieting campaigns as well as health and smoking cessation classes lectured by industrial physicians.

Good Working Environment

Work-life Balance

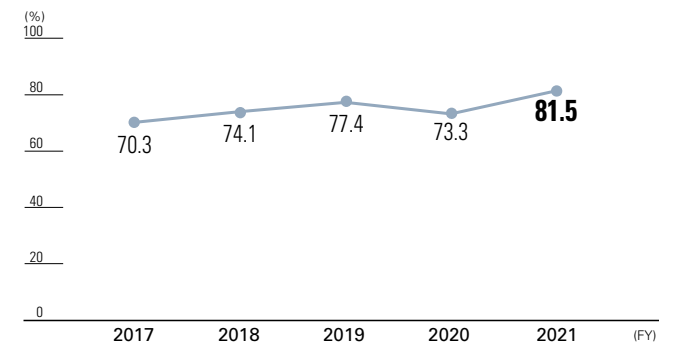
JAPEX is reviewing our systems and introducing new systems to respect the diversity in employees and realize an autonomous and flexible working style for each employee. We are working to create a good working environment where diverse human resources can play an active role. Our efforts include creating an environment that allows flexible working styles by combining work at office and work from home and promoting the active use of childcare and caregiving systems.

We are also encouraging employees to take paid leave to help them get enough rest so as to increase their productivity. We set recommended days for taking annual paid leave and encourage employees to take consecutive summer holidays. In fiscal 2021, the rate of paid leave taken was 81.5%, achieving the target of 75%. In addition, we aim to achieve the target of 80% or more of male employees taking childcare leave by the end of fiscal 2025. In fiscal 2021, the percentage exceeded 75% (average of 58 days of paid leave taken), showing progress in the taking of childcare leave. We will continue to work on improving the working environment to enhance work-life balance.

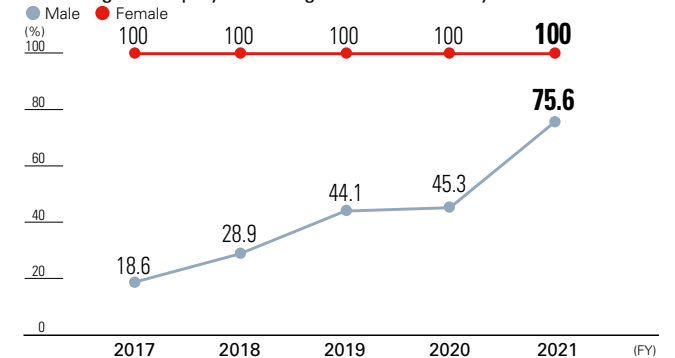
Main Working Systems Introduced by JAPEX

- Flextime system (no core time)
- Work-from-home system
- Setting of recommended days for taking annual paid leave and encouragement to take consecutive summer holidays
- Maternity leave for spouse
- Days off for child nursing care and shortened working hours for childcare (until the child enters the fourth grade of elementary school)
- Support for childcare costs for sick children and business trips
- Support for childcare costs for employees returning to full-time work after childcare leave
- Partial paid leave during childcare leave
- Unpaid leave when an employee's spouse is transferred overseas

Rate of Paid Leave Taken



Percentage of Employees Taking Childcare Leave by Gender



Financial and Other Information

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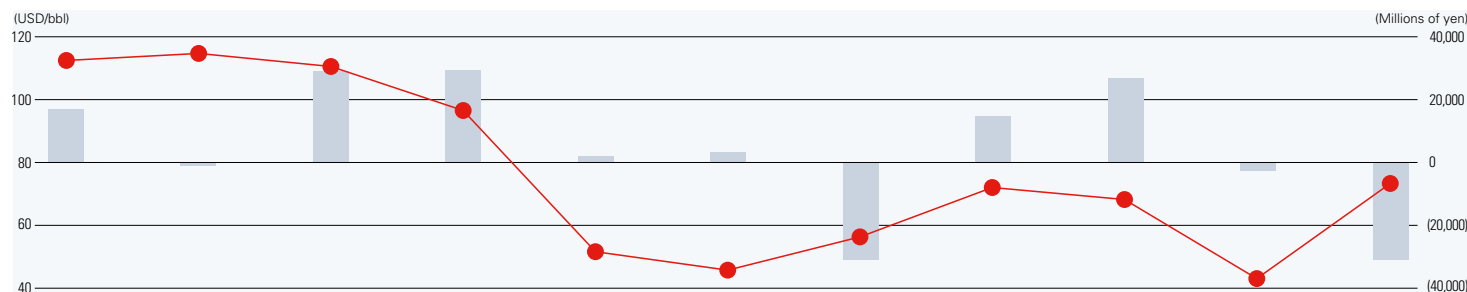
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Financial Highlights

(Fiscal years ended March 31)

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
Crude oil CIF price (JCC)*1 (USD/bbl)	112.43	114.67	110.51	96.48	51.48	45.60	56.20	71.94	68.11	42.91	73.28
Exchange rate*1 (JPY/USD)	78.93	81.71	99.31	106.23	121.06	108.53	111.67	110.35	109.15	105.86	111.20
For Fiscal Year (Millions of yen)											
Net sales	230,638	231,086	276,588	304,911	240,302	207,130	230,629	267,980	318,822	240,078	249,140
Cost of sales	174,359	172,075	210,460	234,649	193,022	174,957	191,366	233,133	271,780	203,543	199,237
Exploration expenses	7,805	13,086	9,800	4,489	6,516	1,512	1,324	788	893	989	359
Selling, general and administrative expenses	33,426	32,017	31,692	33,625	32,426	29,975	29,173	31,743	31,864	31,352	29,734
Operating profit	15,045	13,906	24,634	32,146	8,336	685	8,764	2,313	14,283	4,192	19,809
Ordinary profit	22,159	28,082	43,889	54,839	4,652	2,222	3,828	12,523	32,635	10,001	43,674
Profit (loss) attributable to owners of parent	17,027	(865)	29,015	29,567	2,090	3,443	(30,959)	14,770	26,815	(2,725)	(30,988)
EBITDA	46,042	43,046	53,905	61,963	31,200	21,887	33,211	41,736	58,296	37,150	57,391
Net cash provided by (used in) operating activities	37,172	34,254	45,226	78,666	57,659	43,672	52,881	30,970	69,895	43,263	(1,052)
Net cash provided by (used in) investing activities	(13,950)	(14,836)	(131,600)	(63,031)	(125,771)	(84,686)	(54,218)	(13,969)	(18,701)	(6,453)	52,067
Net cash provided by (used in) financing activities	9,856	(7,177)	71,680	18,475	54,816	18,360	(1,196)	(15,493)	(13,743)	(15,626)	(70,939)
Cash and cash equivalents at end of period	99,803	112,639	102,830	142,657	126,570	103,630	99,892	100,633	138,259	157,963	144,513
At Fiscal Year-end (Millions of yen)											
Total assets	532,890	525,172	663,038	736,862	707,601	746,739	699,536	655,288	627,132	624,786	471,941
Net assets	406,773	403,625	495,915	540,647	495,317	510,609	459,255	450,156	440,157	434,492	402,770
Long-term borrowings	26,198	24,197	21,636	20,726	130,030	141,903	135,959	127,715	118,774	50,180	510
Interest-bearing debt	82,165	77,325	98,345	121,827	163,575	176,012	170,193	151,726	140,848	118,710	6,156
Financial Ratios											
Basic earnings (loss) per share (Yen)	297.92	(15.14)	507.68	517.35	36.58	60.24	(541.70)	258.44	469.18	(47.73)	(545.64)
Return on Equity (%)	4.4	(0.2)	7.2	6.7	0.5	0.8	(7.2)	3.5	6.5	(0.7)	(8.0)
Debt*3-to-EBITDA*2 ratio (Times)	1.8	1.8	1.8	2.0	5.2	8.0	5.1	3.6	2.4	3.2	0.1
Net assets per share (Yen)	6,869.27	6,691.58	7,389.82	8,055.59	7,366.40	7,655.26	7,438.23	7,287.32	7,046.18	7,011.36	6,679.85
Annual dividends per share (Yen)	40.00	40.00	50.00	50.00	50.00	15.00	20.00	40.00	50.00	50.00	50.00
Production Volume in the Fiscal Year (daily) (Thousand boe/d)											
Natural gas	22.8	23.3	26.4	32.3	34.0	33.7	31.2	28.1	26.6	25.3	22.4
Crude oil*4	15.8	13.3	(21.8)	42.1	39.7	38.3	29.5	(33.4)	49.6	36.3	36.1
Total	38.6	36.6	48.3	74.4	73.7	72.0	60.7	61.5	76.2	61.7	58.5
Proved Reserve Volume at Fiscal Year-end (Millions of boe)											
Domestic	185	(147)	112	110	94	74	73	64	58	51	54
Overseas	38	(160)	(193)	203	255	277	(229)	(323)	296	266	(105)
Total	223	307	305	313	349	352	302	387	355	317	159

● Crude oil CIF price (JCC) (left axis)
 ■ Profit (loss) attributable to owners of parent (right axis)



*1 Domestic sales price of crude oil referring to crude oil (CIF) price (JCC) and its conversion exchange rate

*2 EBITDA is the total of operating profit, depreciation, and interest and dividends received based on investment cash flow statement.

*3 Interest-bearing debt includes lease obligations, retirement benefit liabilities, and contingent liabilities.

*4 Figures for crude oil include bitumen. These figures include production volumes of equity-method associates.

Conversion Factors and Units:

Crude oil 1 kL = 6.29 bbl

Crude oil 1 kL = Natural gas 1,033.1 m³

boe: barrels of oil equivalent

boe/d: barrels of oil equivalent per day

- ① Impairment loss related to the Yufutsu Oil and Gas Field
- ② Downward revision of reserves upon evaluation of the Yufutsu Oil and Gas Field
- ③ Decision to invest in development of Canadian Oil Sands
- ④ Investment in development of Canadian Oil Sands Project
- ⑤ Participation in Canadian Shale Gas Project

- ⑥ Commencement of commercial production in Iraq Garraf Oil Field
- ⑦ Downward revision of reserves upon evaluation of the Yufutsu Oil and Gas Field
- ⑧ Commencement of construction of Soma LNG Terminal
- ⑨ Impairment loss due to decision to end commercialization of Canadian LNG Project
- ⑩ Decision to end commercialization of Canadian LNG Project
- ⑪ Achievement of stable production of 20,000 barrels/d in Canadian Oil Sands Project
- ⑫ Decision on additional development in Iraq Garraf Oil Field

- ⑬ Impairment loss related to business assets of oil and gas fields in Japan
- ⑭ Extraordinary losses resulting from the end of our participation in two projects in Canada
- ⑮ End of our participation in two projects in Canada

Non-Financial Highlights

(Fiscal years ended March 31)

		2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	
Environment**1										
Greenhouse gas emissions (1,000 ton-CO ₂) (Scope1+Scope2)	Domestic	244	231	241	383	319	284	268	242	
	Overseas	/	/	/	205	481	582	548	379	
	Total (Domestic + Overseas)	244	231	241	589	800	866	816	620	
Energy consumption (TJ)	Domestic	2,516	2,374	2,453	2,610	2,873	2,971	3,102	3,052	
	Overseas	/	/	/	3,815	9,082	10,764	10,936	7,459	
	Total (Domestic + Overseas)	2,516	2,374	2,453	6,425	11,955	13,734	14,038	10,511	
Water withdrawal (1,000 kL)*2	Domestic	722	699	708	946	806	943	871	45,524	
	Overseas	/	/	/	200	406	201	293	166	
	Total (Domestic + Overseas)	722	699	708	1,146	1,212	1,144	1,164	45,690	
Waste discharge (1,000 kL)*2	Domestic	984	982	992	1,250	1,081	1,212	1,607	46,566	
	Overseas	/	/	/	140	260	282	210	121	
	Total (Domestic + Overseas)	984	982	992	1,390	1,341	1,494	1,816	46,687	
Society										
Occupational health and safety	Domestic*3	Frequency rate (mining field workers)*6	1.02	1.15	3.53	0.00	0.00	0.00	0.00	0.00
		Severity rate (mining field workers)*7	0.03	0.02	0.18	0.00	0.00	0.00	0.00	0.00
		Fatal Accident Rate (FAR)*8	/	/	/	/	0.00	0.00	0.00	0.00
	Domestic*4	Lost Time Injury Frequency (LTIF)*9	/	/	/	/	/	0.00	0.29	0.00
		Total Recordable Injury Rate (TRIR)*10	/	/	/	/	/	1.46	0.58	0.88
		Fatal Accident Rate (FAR)*8	/	/	0.00	0.00	0.00	0.00	0.00	0.00
	Overseas*5	Lost Time Injury Frequency (LTIF)*9	/	/	0.00	0.00	0.00	0.00	2.42	0.00
		Total Recordable Injury Rate (TRIR)*10	/	/	1.46	5.50	5.13	7.94	7.25	0.00
		Number of employees (Persons)	Consolidated	1,818	1,847	1,825	1,788	1,741	1,739	1,780
	Non-consolidated	886	902	897	920	904	919	937	965	
Number of mid-career hires (Persons)	Non-consolidated	17	20	9	7	10	17	30	31	
Turnover rate (voluntary) (%)	Non-consolidated	0.9	0.9	1.7	1.8	2.7	2.0	2.0	3.2	
Average length of service (Years)	Non-consolidated	17.6	16.6	17.2	17.3	17.9	17.1	16.6	16.0	
Percentage of female managers (%)	Non-consolidated	3.6	4.5	4.9	5.0	5.2	5.2	5.9	6.0	
Employment rate of people with disabilities (%)	Non-consolidated	2.0	2.2	2.0	2.0	2.8	2.6	2.8	2.6	
Annual paid leave	Non-consolidated	Average days of paid leave taken (Days)	12.9	13.8	13.6	13.5	14.3	14.7	14.0	15.4
		Average rate of paid leave taken (%)	66.5	72.0	70.5	70.3	74.1	77.4	73.3	81.5
	Percentage of male employees taking childcare leave (%)	3.2	2.4	21.1	18.6	28.9	44.1	45.3	75.6	
	Percentage of female employees taking childcare leave (%)	100	100	100	100	100	100	100	100	
	Percentage of employees returning to work after childcare leave (%)*11	100	100	100	100	100	100	100	100	
Childcare and caregiver leave	Non-consolidated	Retention rate after childcare leave (%)*12	100	100	100	100	100	100	100	
		Number of employees taking caregiver leave (Persons)	0	0	0	0	0	0	1	1
		Number of employees taking time off for caregivers (Persons)	6	11	12	24	19	12	13	20

*1 Scope of non-financial data
2015/3–2017/3: JAPEX and Japex Offshore Ltd.
2018/3–2020/3: JAPEX and its 12 consolidated subsidiaries
Domestic: Japex Offshore Ltd.; Akita Natural Gas Pipeline Co., Ltd.; SK Engineering Co., Ltd.; JAPEX SKS Corporation; North Japan Oil Co., Ltd.; Shirono Gas Co., Ltd.; Japex Pipeline Ltd.; JGI, Inc.; Geophysical Surveying Co., Ltd.; North Japan Security Service Co., Ltd.; and Japex Energy Co., Ltd.
Overseas: Japan Canada Oil Sands Limited (data collected from 2018/3)
2021/3–: JAPEX and its 13 consolidated subsidiaries (added GEOSYS Inc. to the scope of "Domestic" above)
Japan Canada Oil Sands Limited is based on data until the end of the project in August 2021.

*2 Changed the bases for measuring water withdrawal and waste discharge from 2022/3.

*3 Scope of report: JAPEX and Japex Offshore Ltd.

*4 Scope of report: JAPEX and Japex Offshore Ltd. and its contractors

*5 Scope of report: Japan Canada Oil Sands Limited and its contractors

*6 Frequency rate = (Number of fatalities and injuries caused by accidents / Number of hours worked) x 1,000,000

*7 Severity rate = (Number of days of work lost / Number of hours worked) x 1,000

*8 Fatal Accident Rate: Calculated as the number of fatal accidents per 100,000,000 work hours.

*9 Lost Time Injury Frequency: Calculated as the number of lost time injuries per 1,000,000 work hours.

*10 Total Recordable Injury Rate: Calculated as the number of total recordable injuries per 1,000,000 work hours.

*11 Percentage of employees returning to work after childcare leave = (Number of employees returning to work after taking childcare leave during the current fiscal year / Number of employees expected to return to work during the current fiscal year after taking childcare leave) x 100

*12 Retention rate after childcare leave = (Out of those returning to work in the previous fiscal year after taking childcare leave, Number of employees who remained employed as of March 31 of the current fiscal year / Number of employees returning to work after taking childcare leave in the previous fiscal year) x 100



ESG Performance Data

<https://www.japex.co.jp/en/sustainability/management/esgdata/>

Third-Party Assurance of Data

To ensure the reliability of our disclosed information, JAPEX has obtained independent third-party assurance for certain data accessible in "ESG Performance Data" on our website.

External Evaluation

Credit Rating

Moody's:

Baa1 (Stable)

Rating & Investment Information
(long-term rating):

A+ (Stable)

Rating & Investment Information
(short-term rating):

a-1

ESG Indices of which JAPEX is a Constituent



FTSE Blossom Japan Index

FTSE Blossom Japan Index

This is a general ESG index that reflects the performance of Japanese companies that demonstrate strong ESG practices, which are evaluated using the ESG rating scheme developed by FTSE Russell. The index is one of the ESG indices adopted by the General Pension Investment Fund (GPIF).



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

This is a general ESG index that reflects the performance of Japanese companies that demonstrate relatively strong ESG practices in each sector. Companies are evaluated from three perspectives: ESG rating by FTSE Russell, GHG emissions per unit of net sales, and management attitude toward climate-change risks and opportunities. The index is one of the ESG indices adopted by GPIF.



S&P/JPX Carbon Efficient Index

This is an index developed by S&P Dow Jones Indices LLC, and the weighting of its components is determined based on their status of environmental information disclosure and carbon efficiency (carbon emissions per unit of net sales). The index is one of the ESG indices adopted by GPIF.

MSCI Japan Empowering Women Index (WIN)

This is an index developed by MSCI Inc. to select companies with higher Gender Diversity Score, which is calculated from multiple perspectives based on data related to female employment as disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace, from each sector. The index is one of the ESG indices adopted by GPIF.

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

※MSCI ESG Indexes

THE INCLUSION OF Japan Petroleum Exploration Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Japan Petroleum Exploration Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Evaluation for Sustainability



CDP

CDP is a UK-based non-profit organization that works with institutional investors around the world to encourage companies to disclose climate change and other environmental information. CDP also publishes its scoring date to the world. It is one of the key indicators to measure a company's commitment to the environment. JAPEX obtained a B rating for its response to the CDP Climate Change Questionnaire.



Health & Productivity Management Outstanding Organizations

JAPEX has been certified as one of the Health & Productivity Management Outstanding Organizations (Large Enterprise Category) for the sixth year in a row from 2017 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, in which companies that practice health and productivity management are commended by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



"Kurumin" certification

In August 2018, JAPEX obtained the Next-Generation Certification Mark (nicknamed "Kurumin") certification from the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare as a childcare support company that balances work and childcare according to the action plan (from April 2016 to March 2018) based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



"Eruboshi" certification

In February 2021, JAPEX acquired the "Eruboshi" certification mark (third level) from the Tokyo Labor Bureau of the Ministry of Health, Labor and Welfare, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, as a company with excellent implementation of initiatives to promote women's activities.

Glossary

Bioenergy with carbon capture and storage (BECCS)

A term coined to refer to a technology that links CCS and biomass energy. When biomass is burned for energy use, CO₂ is emitted, but it is not counted as CO₂ emissions because the amount of CO₂ emitted during the entire life cycle of biomass remains the same. If the CO₂ from biomass combustion is captured, transported, and stored underground, there will be a net reduction in atmospheric CO₂.

Carbon dioxide capture and storage (CCS)

Carbon dioxide capture, utilization, and storage (CCUS)

CCS technologies separate and capture CO₂ from gas emissions of electric power plants, factories, and other facilities, then inject and store the CO₂ in stable underground geological layers. CCUS technologies effectively use the separated and captured CO₂ to enhance oil recovery and for other applications and then store it.

Carbon-Neutral LNG (CNL)

CNL is liquified natural gas that is deemed to generate zero CO₂ in use on a global scale by offsetting GHGs generated in the process, from extraction to combustion of natural gas, with CO₂ credits created through environmental conservation projects (carbon offset).

Cost, insurance, and freight (CIF)

The CIF price for crude oil consists of the Free on Board (FOB) price, insurance, and freight costs to the destination port. The CIF price for crude oil is the FOB price plus insurance and tanker transportation costs to the destination port.

Enhanced/Improved oil recovery (EOR/IOR)

EOR, also known as tertiary recovery, involves the injection of heat, gaseous carbon dioxide or other chemicals into the reservoir. While primary recovery uses natural oil emission energy and secondary recovery increases the volume of oil recovered by maintaining or raising pressure in the oil sands layer, EOR alters the physical or chemical behavior of the residual crude oil, thereby enhancing oil recovery. IOR is a broader term referring to a range of methods aimed at improving oil recovery, including secondary recovery.

Exploration & Production (E&P)

Businesses that engage in the exploration, development, and production of oil and gas.

Final investment decision (FID)

In the context of oil and gas projects, FID often refers to the final decision regarding investment before entering the development phase (i.e., facility design, procurement, and construction). Prior to FID, relevant parties must meet all requirements, such as formulating robust plans for development, marketing, and fundraising; signing necessary contracts; obtaining approval from authorities; and securing sufficient human resources.

Greenhouse gas (GHG)

A gas in the atmosphere that absorbs a portion of the infrared radiation emitted from the earth's surface, thereby producing a greenhouse effect. Water vapor and carbon dioxide (CO₂) fall into this category. In recent years, the concentration of some of these gases in the atmosphere has been increasing, and they are considered to be the main cause of global warming.

Health, safety, and environment (HSE)

An acronym for Health, Safety and Environment that refers to occupational safety, health, and the environment.

Health, safety, security, and environment (HSSE)

HSE with the addition of security, refers to occupational health, safety, security, and the environment.

Japan Crude Cocktail (JCC)

The average price of crude oil imported by Japan and determined in reference to cost, insurance and freight (CIF).

Japan Electric Power Exchange (JEPX)

Japan Electric Power Exchange mediates spot trades and forward swaps of electric power.

Negative emissions technologies (NET)

Technologies that contribute to the removal of atmospheric CO₂, i.e., carbon dioxide removal (CDR), by separating and capturing CO₂ from the atmosphere and storing it underground.

Operator

A contractual term used in the exploration, development, and production of oil and gas via collaboration between multiple partners; the "operator" is the partner commissioned to handle and manage actual operations. Any partner to the contract other than the operator is a "non-operator." Signing a joint operation contract, both the operator and non-operator determine methods for making operational decisions and raising necessary funds before they launch the project.

Reserve replacement ratio (RRR)

RRR is the ratio of growth in volume of proved reserves against production volume in a single fiscal year or other specific period of time. As a numerical indicator for measuring business performance in terms of oil and gas exploration and development, RRR is calculated by dividing growth in the volume of proved reserves by the production volume.

Corporate Data (As of March 31, 2022)

Corporate Profile

Company Name Japan Petroleum Exploration Co., Ltd (JAPEX)

Established April 1, 1970

Share Capital ¥14,288,694,000

Fiscal Year April 1 to March 31 of the following year

Number of Employees 1,634 (consolidated basis)

Main Businesses Exploration, development, production, and sale of oil, natural gas, and other energy resources, contract service-related operations such as drilling; development of solar, wind, geothermal, biomass, and other renewable energy resources; and supply of electric power

(The Articles of Incorporation were partially amended at the 52nd Ordinary General Meeting of the Shareholders held on June 28, 2022)

Main Offices Head Office (see below), Hokkaido, Akita, Nagaoka, Soma, JAPEX Research Center (Chiba), Sendai, Houston, Jakarta, Aberdeen, Dubai, Singapore

Head Office SAPIA Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
TEL: +81-3-6268-7000 (Administration & Legal Dept.)

Stock Information

Exchange Listing Tokyo Stock Exchange, Prime Market (Securities Code: 1662)

Common Stock (Authorized) 120,000,000 shares

Common Stock (Issued) 57,154,776 shares

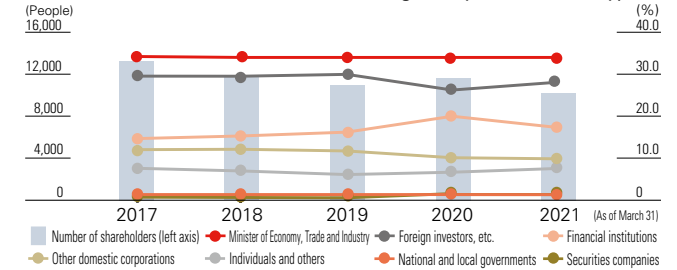
Number of Shareholders 10,138

Major Shareholders

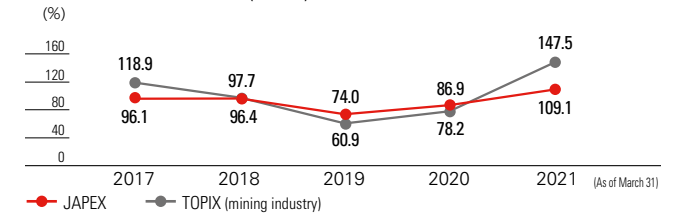
Shareholder name	Number of shares	Voting rights* (%)
Minister of Economy, Trade and Industry	19,432,724	34.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,548,100	11.75
INPEX CORPORATION	2,852,212	5.12
CEP LUX-ORBIS SICAV	2,269,118	4.07
Custody Bank of Japan, Ltd. (Trust Account)	1,410,400	2.53
NORTHERN TRUST CO. (AVFC) SUB A/C USL NON-TREATY	1,307,830	2.35
JFE Engineering Corporation	924,012	1.66
STATE STREET BANK AND TRUST COMPANY 505103	898,020	1.61
SSBTC CLIENT OMNIBUS ACCOUNT	739,634	1.33
Mizuho Bank, Ltd.	720,152	1.29

*Voting rights are calculated by excluding treasury shares (1,442,982 shares).

Number of Shareholders and Shareholding (%) by Shareholder Type



Total Shareholder Returns (TSR*) over Five Years**

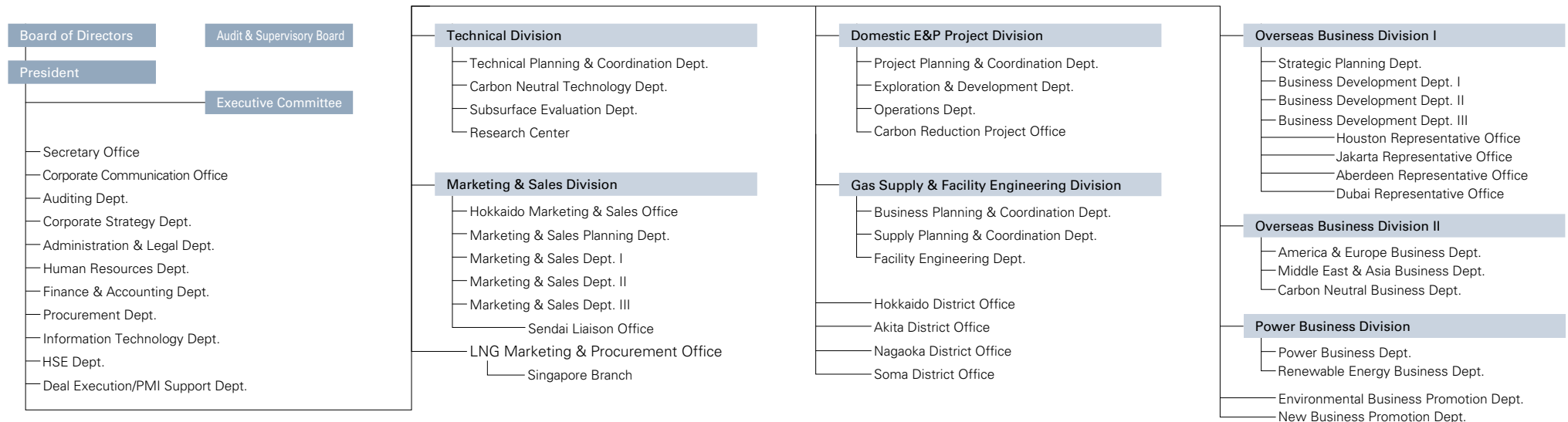


(Comparative index: TOPIX (mining industry) Total Return Index by industry)

*1 Calculated using the formula set by the Cabinet Office Order for total returns for shareholders, combining capital gains and dividends.

*2 The year-end value from fiscal 2017 onward if invested at the final price as of March 31, 2017.

Organization (As of April 1, 2022)



Corporate Data (As of March 31, 2022)

Group Companies

Consolidated Subsidiaries

Company name	Share capital (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held (%)	
			Stake	Percentage of voting rights held
Akita Natural Gas Pipeline Co., Ltd.	250	Transportation of natural gas by pipeline in Akita Prefecture	100.00	
SK ENGINEERING CO., LTD.	300	Provision of contracted well drilling and engineering services	100.00	
JAPEX SKS Corporation	90	Manufacture and sale of oil products; real estate management; and insurance agency	100.00	
North Japan Oil Co., Ltd.	80	Sale of crude oil, recycling of waste oil, contracted transportation of crude oil	100.00	
Shirone Gas Co., Ltd.	3,000	Production, supply, and sale of gas in Tsubame City and Niigata City, Niigata Prefecture	100.00	
Japex Pipeline Ltd.	80	Pipeline maintenance and management	100.00	
JGI, Inc.	2,100	Conduct of contracted geophysical exploration work and development of geophysical exploration technology	100.00	
Geophysical Surveying Co., Ltd.	446	Conduct of contracted geophysical logging and mud-logging work	100.00	
Japex (U.S.) Corp.	thousand US dollars 53,000	Exploration, development, and production of petroleum resources in the United States, and capital participation in the Malaysia LNG project	100.00	
Canada Oil Sands Co., Ltd.*4	34,863	Exploration and development of oil sands through Japan Canada Oil Sands Limited	100.00	
JAPEX UK E&P Ltd.	thousand British pounds 110,662	Exploration, development, and production of petroleum resources in the UK North Sea	100.00	
North Japan Security Service Co., Ltd.	30	Industrial safety services, security services	89.42	
Japex Offshore Ltd.	5,963	Exploration and development of petroleum resources on the continental shelf of the Sea of Japan	70.61	
GEOSYS, Inc.*2	49	Conduct of contracted geophysical exploration work; and sale of geophysical exploration equipment	57.82	(57.82)
Japex Energy Co., Ltd	90	Purchase and sale of LNG, oil products, etc.	90.00	
Japex Garraf Ltd.	20,930	Exploration, development, and production of petroleum resources in the Garraf Oil Field, Iraq	55.00	

Equity-method Associates

Company name	Share capital (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held (%)	
			Stake	Percentage of voting rights held
TOHOKU NATURAL GAS Co., Inc.	300	Purchase and sale of natural gas in the Tohoku region	45.00	
TELNITE CO., LTD.	98	Manufacture and sale of drilling fluid chemicals; and provision of mud services	47.00	
Fukushima Gas Power Co., Ltd.	537	Operation and contract work of power generation business using a natural gas power plant	33.30	
Sakhalin Oil and Gas Development Co., Ltd.	22,592	Exploration, development, and production of petroleum resources on Sakhalin Island and its land shelf in the Russian Federation	15.29	
Energi Mega Pratama Inc.	thousand US dollars 1,000	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	25.00	
Kangean Energy Indonesia Ltd.*1.*3	thousand US dollars 10	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	—	[100.00]
EMP Exploration (Kangean) Ltd.*1.*3	British pounds 100	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	—	[100.00]
Diamond Gas Netherlands B.V.*2	thousand US dollars 5,536	Investment in Malaysia LNG Tiga Sdn Bhd's businesses, which produce LNG in Malaysia	20.00	(20.00)
Three other companies				

*1 The figure inside the square brackets under "Percentage of voting rights held" represents the percentage held by parties who are closely related to or aligned with the Company and is excluded from the above percentage.

*2 The figure inside the parentheses under "Percentage of voting rights held" represents the percentage of indirectly held voting rights and is included in the above percentage.

*3 The company is considered to be an associate because JAPEX has a substantial influence thereon despite having a stake therein that is less than 20%.

*4 We closed the liquidation of the company on June 24, 2022.



10 Year Financial Data

https://www.japex.co.jp/ir/uploads/JAPEX_10yearFinancialData_e.xlsx

Financial Results

<https://www.japex.co.jp/en/ir/library/result/>

Security Report

<https://www.japex.co.jp/en/ir/library/report/>

Explanatory Materials

<https://www.japex.co.jp/en/ir/library/explanatory/>

Management Plan

<https://www.japex.co.jp/en/ir/management/managementplan/>

ESG Data

<https://www.japex.co.jp/en/sustainability/management/esgdata/>



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