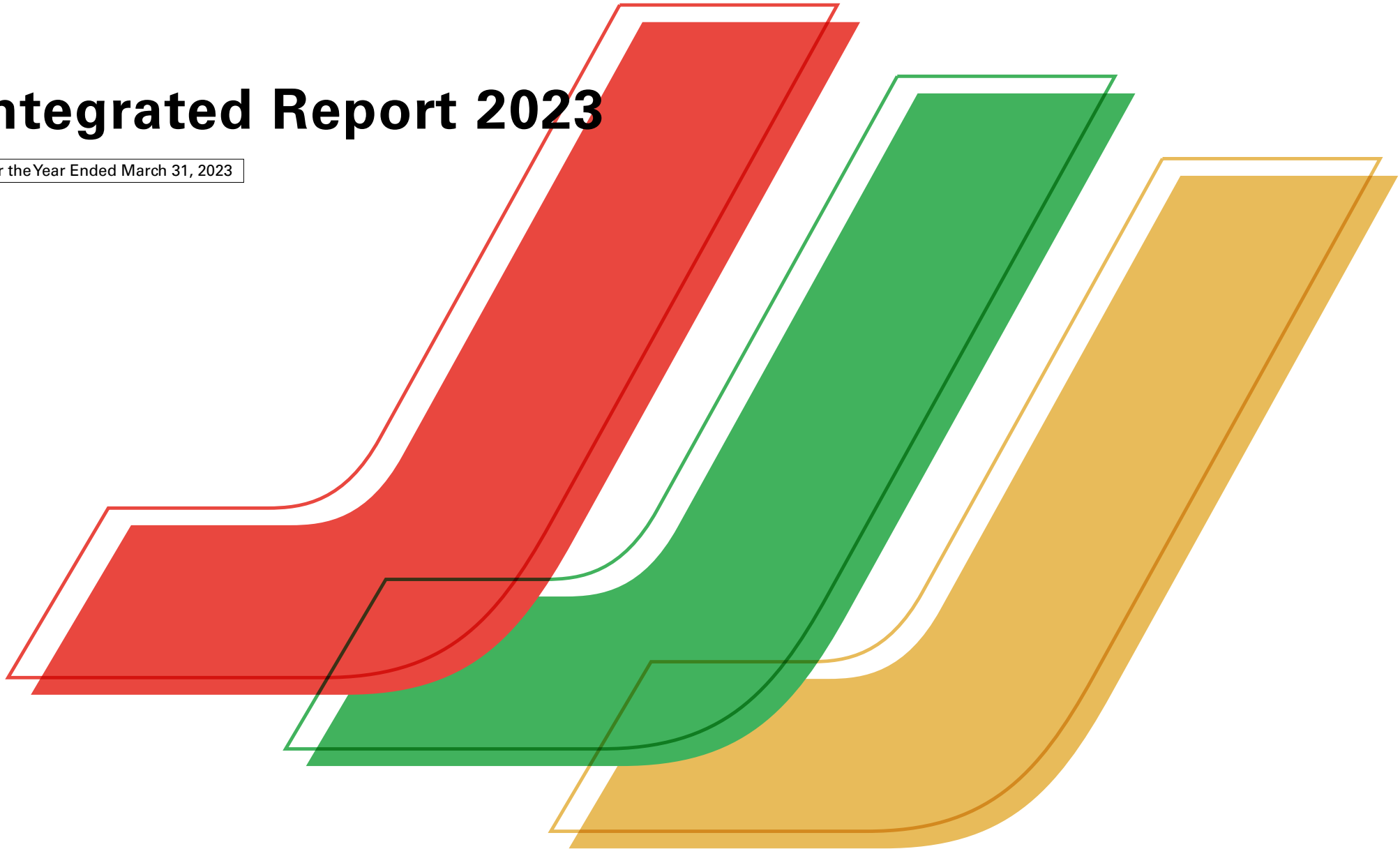




Japan Petroleum Exploration Co., Ltd.

Integrated Report 2023

For the Year Ended March 31, 2023



Essential Energies for Essential Needs

Corporate Vision

Contribute to society through stable supply of energy and address social issues towards 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 infrastructures, 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 sustain as 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 by all officers and employees.

1. Comply with applicable laws and regulations, and respect international code 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. Stand firmly and exclude relationship to any anti-social forces.
9. Pay careful attention to managing and protecting confidential information and personal/clients' data.

JAPEX's History

JAPEX was founded in 1955 as a company engaged in the exploration, development, and production (E&P) of oil and natural gas.

With *stable energy supply* as our mission, we aim to grow to a comprehensive energy company, while contributing to the development of the E&P of oil and natural gas in Japan.

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)

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)



Aga-oki Platform

Infrastructure/Utility field

1996 Commenced operation of the Niigata-Sendai Gas Pipeline



Niigata-Sendai Gas Pipeline

E&P field

2007 Participated in the Kangean Project in Indonesia

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 Commenced production of crude oil at the Garraf Project in Iraq
2014 Participated in the Seagull Project in the United Kingdom's North Sea
2023 Decided on capital participation in a subsidiary of U.K.-based Longboat Energy PLC which promotes exploration and development businesses in offshore Norway

Infrastructure/Utility field

2018 Commenced operation of the Soma LNG Terminal
2020 Commenced commercial operation of the Fukushima Natural Gas Power Plant



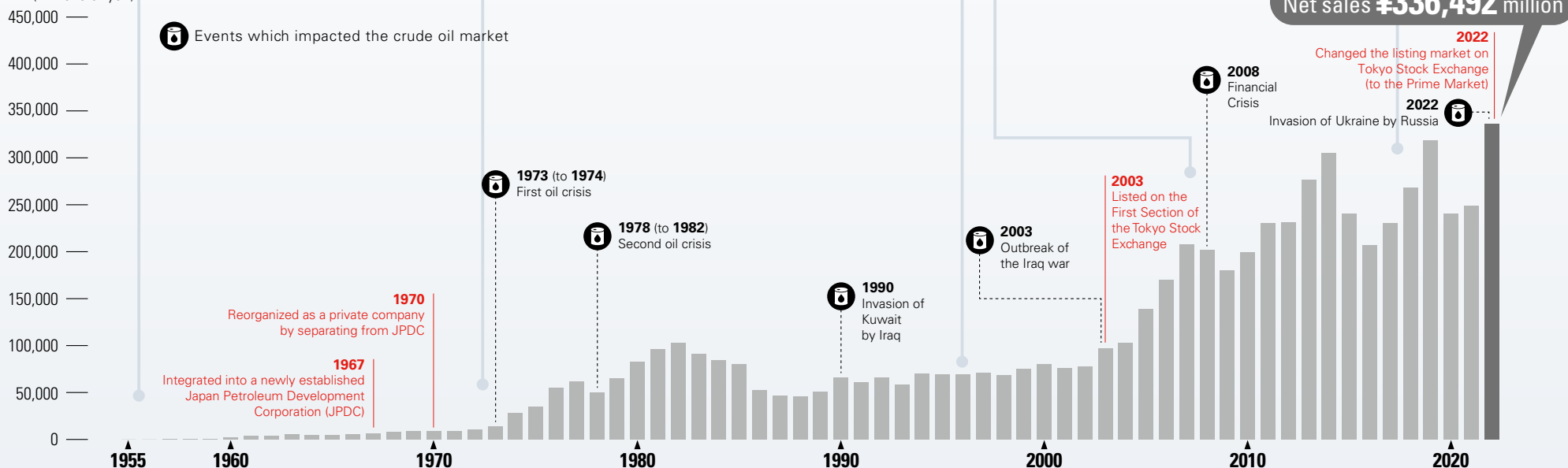
Fukushima Natural Gas Power Plant of Fukushima Gas Power Co., Ltd.

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.

Transition of net sales*

■ Net sales (Millions of yen)



* Non-consolidated net sales up to 2002, and consolidated net sales in 2003 and later

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; resilient 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 cover the entire E&P field. [P.29](#)

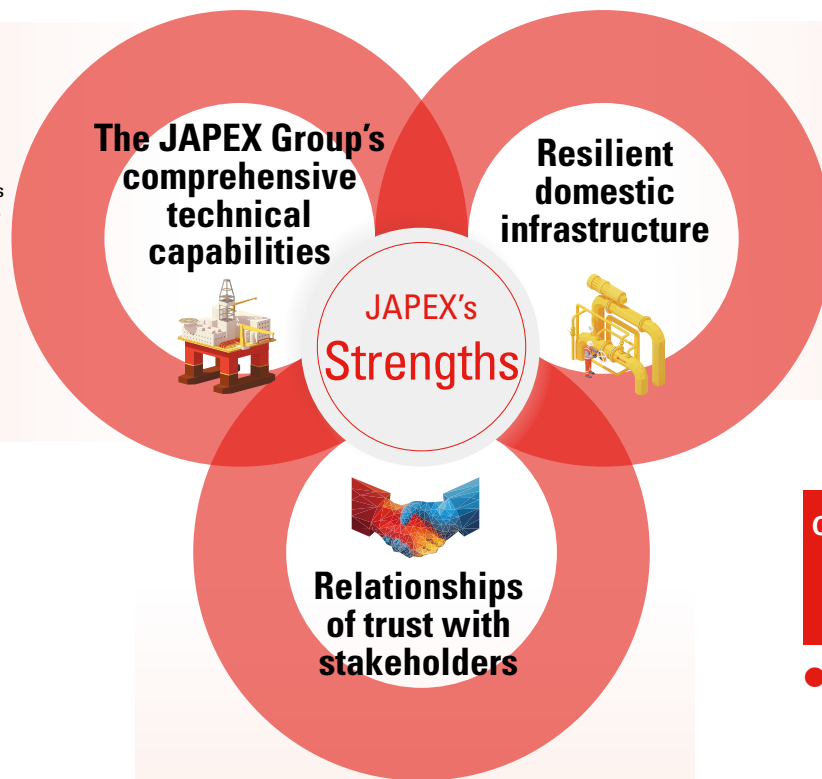
Application of technical capabilities in the CN* field centered on CCS

- 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 [P.34](#)

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, oil and gas transportation, regasification of imported LNG, and natural gas power generation.



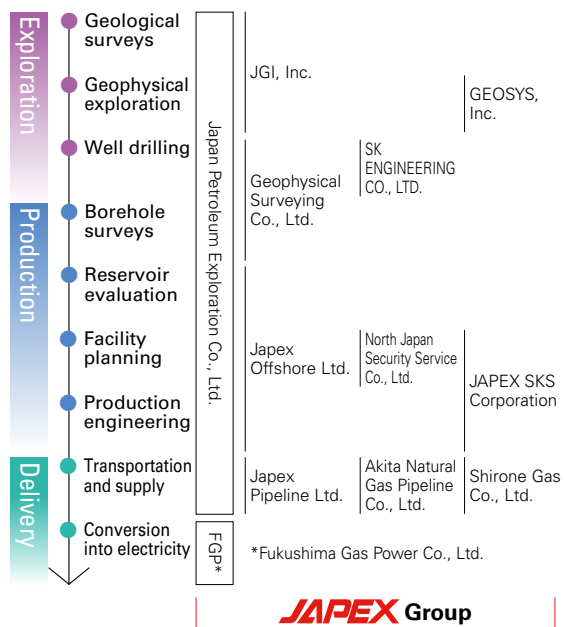
Diverse gas supply network

- 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. [P.32](#)

Operator capabilities in the entire oil and gas supply chain



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. [P.58](#)

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 are the source of solid cash flows. We aim to further grow the E&P field by expanding our technical capabilities and experience in exploration, development, and production overseas based on our comprehensive technical capabilities cultivated over many years as the foundation of JAPEX.
- We remain committed to a stable supply and promotion of utilization of natural gas based on our resilient domestic infrastructure, including pipelines and the Soma LNG Terminal, and by procurement of domestic natural gas and overseas LNG. Moreover, 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.
- With regard to CCS/CCUS technologies which have drawn attention as a last resort for achieving carbon neutrality, we have internally developed necessary technologies for storage work. We also have worked to measure and examine the storage potential and transportation in the Business Feasibility Study on Japanese Advanced CCS Project entrusted by JOGMEC, 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.



Foreword

Corporate Vision & Code of Ethics and Conduct.....	01
JAPEX's History	02
JAPEX's Strengths	03

JAPEX's Vision

President's Message	05
At a Glance	10
What We Do	11
The JAPEX Group's Value Creation Process	12
JAPEX2050	13

Strategy

JAPEX Management Plan 2022–2030	16
Message from the Officer in charge of Finance & Accounting Dept.	20
Digital Transformation (DX)	22
• Message from the Officer in Charge of Corporate Strategy Dept.	22
Human Resources Strategy.....	24
• Message from the Officer in charge of Human Resources Dept.	24

Value Creation Through Business

E&P Field	27
Infrastructure/Utility Field.....	30
Carbon Neutral Field.....	33

Initiatives to Support Value Creation

Sustainability Management.....	37
Integrity and Governance.....	42
• Outside Directors' Roundtable Discussion.....	42
Stable and Sustainable Energy Supply.....	53
HSE as Our Culture.....	56
Being a Good Neighbor	58
The Employer of Choice.....	59

Financial and Other Information

Financial Highlights	62
Non-Financial Highlights.....	63
External Evaluation.....	64
Glossary	65
Corporate Data	66

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 2023 presents JAPEX's views on corporate value enhancement with the theme of innovation on pages of President's Message, Message from the Officer in charge of Finance & Accounting Dept., and Outside Directors' Roundtable Discussion. Moreover, it provides the progress of JAPEX's DX and human resources strategies, together with messages from the responsible officers as part of the material issues identified as current priority matters, in particular, that should be addressed for our sustainable growth and the strengthening of our business foundation.

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 16 consolidated subsidiaries, and other Group companies.

Reporting Period

Fiscal 2022 started on April 1, 2022 and ended March 31, 2023.

Some statements include data before March 31, 2022 or after April 1, 2023.

Issuing Date

October 2023 (Next issue: October 2024)

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/>

Non-financial Data

Website
IR

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



Annual Securities Report

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

Website

Sustainability

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



President's Message



**Transforming JAPEX to
achieve both a stable and
sustainable energy supply
and decarbonization**

Masahiro Fujita

FUJITA Masahiro

Representative Director and President
Chief Executive Officer

President's Message

JAPEX's Social Responsibility

Fiscal 2022 was a year that gave us a renewed appreciation for the importance of energy, due to the situation in Ukraine as well as the LNG supply challenges faced by the United States and Malaysia, among other factors.

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. In addition to oil and natural gas E&P (exploration, development, production) in Japan and abroad, we have also been engaged in strengthening the domestic gas supply chain and developing and commercializing new technologies.

The realization of a carbon-neutral society by 2050 can be seen as a global responsibility shared by all, but we believe that there are various ways to play a part in its realization by utilizing our own individual strengths. Needless to say, the development of renewable energy sources and the promotion of energy conservation are important contributions.

We recognize that oil and natural gas will continue to play a significant role as key energy sources in the future. For our part, we hope to leverage our strengths and fulfill our corporate social responsibility (CSR) by decarbonizing the use of oil and natural gas to achieve both a stable and sustainable energy supply and a carbon-neutral society by 2050.

JAPEX is a company that contributes to the stable and sustainable supply of energy in Japan while flexibly evolving our role with the changing times. We will continue to achieve further growth while doing our utmost to meet society's expectations.

Four Major Challenges Identified as Material Issues for Sustainable Growth

We are committed to corporate management with a strong emphasis on CSR. To meet the expectations and demands of our stakeholders and continue to grow as a highly trusted company, we have established CSR themes collectively called "SHINE."

We have identified material issues that link SHINE and the JAPEX Management Plan 2022–2030 (the "Management Plan"). Specifically, from the SHINE themes, we have identified "supply

energy stable" and "establishment of carbon neutral (CN) business" as key business issues for our sustainable growth, and "promotion of human resources (HR) development and diversity" and "digital transformation (DX)" as key issues for our business foundation.

By making progress in addressing these four issues, we will be able to achieve the Management Plan quickly and surely.

Supply Energy Stable

As oil and natural gas continue to be indispensable energy sources for our daily lives and industries, it is our social responsibility to contribute to the stable and sustainable supply of energy. Realizing that we are exposed to geopolitical risks as well, we exist to continue providing and striving to provide oil and natural gas, including those domestically produced, to those who need it.

Establishment of Carbon Neutral (CN) Business

In Japan, the Basic Policy for the Realization of GX (Green Transformation) was formulated to simultaneously achieve the three goals of decarbonization, stable energy supply, and economic growth. In May 2023, the GX Promotion Act and the GX Decarbonization Electricity Act were enacted, and GX activities have been ramping up.

As the move toward decarbonization accelerates in Japan, companies that handle fossil resources (which will still be necessary in 2050) are facing the question of how to achieve decarbonized use of oil and natural gas and create an environment that enables stable use of these resources.

In JAPEX 2050, which outlines our direction toward a carbon-neutral society by 2050, and in the Management Plan, we have identified CCS (Carbon dioxide Capture and Storage)/CCUS (Carbon dioxide Capture, Utilization and Storage) as one of the most effective ways to reduce CO₂ emissions without significantly affecting our lifestyles and economic activities when decarbonizing our oil and natural gas use.

JAPEX is one of the few corporate groups with the technology and operational capabilities to select sites appropriate for CO₂ storage, drill wells for injection, and monitor the status of injection and storage conditions. To realize a stable energy supply even in the future, we will contribute to the carbon-neutral society by establishing CCS/CCUS as our business by 2030.

President's Message

Promotion of Human Resources (HR) Development and Diversity

Our goal is to achieve both a stable and sustainable energy supply and decarbonization simultaneously, but this is easier said than done. It is our employees who will take on the challenge of achieving this goal. Human resources are the source of value creation, and based on this consideration, we will maximize the ability of each employee for value creation through human resource development and strengthen the company-wide capabilities through diversity promotion.

To promote human resource development and diversity, we intend to invest in skilling and reskilling and strengthen the employee training system, and we will continue to adopt good ideas and actively work on them.

Until now, we have provided training programs for each job, but we have taken a step further to establish an in-house "JAPEX UNIVERSITY" with two new faculties: Skilling and Reskilling. We offer a wide range of educational programs conducted by both internal and external instructors as an opportunity for all employees to learn on their own initiative. In particular, the Reskilling Faculty has created a new Carbon Neutral Department, Renewable Energy Department, and DX Department to encourage employees to explore areas beyond E&P.

In terms of diversity, we actively recruit highly experienced mid-career hires and promote them to management positions to ensure diverse perspectives and ideas. This initiative has produced results that have exceeded our goals. On the other hand, to promote women's participation and career advancement, we disclose the ratios of women in new hires and women promoted to management positions, and increasing the number of women appointed to management positions is a future challenge. In addition, five outside directors (including two female directors) were elected out of 11 directors at the Ordinary General Meeting of Shareholders in June 2022. The presence of outside directors with diverse backgrounds has led to an increase in relevant questions and candid opinions, fostering more active discussions within the Board of Directors.

Digital Transformation (DX)

To get new businesses like CCS/CCUS on track, we cannot continue operating in the same way we have until now. We need to realize the working environment for added-value businesses

through the strategic utilization of data and digital technologies and make continuous challenges for further increasing our corporate value.

As a first step toward DX, we are working to transform our work style through Business Process Reengineering (BPR). To succeed in this endeavor, it is essential that each and every employee take initiative. First, we will strengthen our efforts to integrate and streamline operations and systems with the aim of being "DX-Ready" by 2025.

Although there are generational differences in terms of knowledge about DX, it is important that all employees enthusiastically embrace DX. To this end, we started a DX basic training program in January 2023 to help employees improve their IT skills. In addition, we also provide career- and work-related online courses to increase opportunities for learning. I am also continuing to learn to acquire new knowledge, and I hope that these efforts will be a force for improving corporate value.

Review of the Management Plan for Fiscal 2022 and Outlook for Fiscal 2023

Strong Start to the First Year of the Management Plan

Looking back at our operating results for fiscal 2022, the first year of the Management Plan, we got off to a good start with a return on equity (ROE) of 16.9% and business profit of ¥69.0 billion (and profit attributable to owners of parent of ¥67.3 billion). However, we recognize that these achievements are heavily influenced by the one-off factor of a surge in energy prices fueled primarily by the situation in Ukraine.

As for fund allocation, we allocated ¥44.1 billion to growth investments and ¥13.8 billion to shareholder returns (share buyback, year-end dividend for fiscal 2021, and interim dividend for fiscal 2022).

In particular, we have revised our shareholder return policy from the previous policy of stable dividends to a consolidated payout ratio of 30% basically starting in fiscal 2022, resulting in a dividend of ¥370 per share for fiscal 2022. This is an increase of ¥320 per share compared to fiscal 2021 and the highest amount since our listing.

President's Message

In March 2023, the Tokyo Stock Exchange called for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." Our price to book ratio (PBR) is 0.57x as of March 31, 2023 (based on the share price of ¥4,465). Despite achieving a record high ROE of 16.9%, our PBR is still below 1x.

To address this issue, we have already begun quantitative analysis and are making comparisons not only with companies in the domestic energy sector, but also with international oil majors. The results have been reported to and discussed by the Board of Directors. We will continue to look for ways to address this issue while achieving the business goals set forth in the Management Plan, and we will announce and implement appropriate countermeasures.

Progress in the E&P Field

In the E&P field, we have made progress in the [tight oil](#) development project in the United States, which was the first case of acquiring new interests after establishing the Management Plan. Its production volume has steadily expanded since the latter half of 2022 as planned, contributing to earnings. We have also worked on the additional development of the Katakai Gas Field in Niigata Prefecture, the development of the Seagull Project in the UK North Sea, and the additional development of the Garraf Project in Iraq in a bid to reach 230,000 barrels per day.

In fiscal 2023, we plan to further expand growth investments. In May 2023, we decided to further expand our investment in the tight oil development project in the United States and took a stake in a local company that promotes exploration and development in the Norwegian offshore mining area. We will continue to aggressively pursue new acquisitions while appropriately managing risk by diversifying the regions and timing of investments, as well as asset types.

Progress in the Infrastructure/Utility (I/U) Field

In the I/U field, we have made progress in biomass power generation projects, a renewable energy business. The Abashiri Biomass 2nd Power Plant started commercial operation in October 2022, and the 3rd Power Plant in February of the following year. The Ozu, Chofu, and Tahara Biomass Power Plants are also currently under construction, with the aim of beginning commercial operation in 2024 or 2025.

In fiscal 2022, there was also a profit contribution through LNG procurement. Our LNG procurement strategy is to build a competitive LNG procurement portfolio with an appropriate mix of term and spot contracts depending on market conditions, while diversifying risk to avoid bias in terms of region, timing, and price. We believe this strategy worked well in fiscal 2022, and we will continue to promote competitiveness of LNG procurement under the supervision of our Head Office and Singapore Office.

We believe that the non-E&P business, which is less easily influenced by energy price fluctuations, will help stabilize our business, and we will aim to further expand our I/U business to build an ideal portfolio.

Progress in the Carbon Neutral (CN) Field

In the CN field, we continue to conduct feasibility studies on CCS/CCUS projects in Japan and overseas.

In Japan, we were commissioned by the Japan Organization for Metals and Energy Security (JOGMEC) in July and August 2023 to conduct CCS feasibility studies in Tomakomai and Higashi-Niigata areas, which we proposed jointly with other companies in response to JOGMEC's request for proposals on "Business Feasibility Studies on Japanese Advanced CCS Projects." In fiscal 2023, with support from the government, we will work with the joint proposal companies to detail the specifics of the feasibility study.

Overseas, in Indonesia, we have begun discussions with partners to conduct a pilot test of CCUS, and in Malaysia, we are continuing studies with a view to bringing CO₂ from Japan and storing it there.

Although the CN field does not currently contribute to profits, we believe that CCS/CCUS will become social capital that supports a carbon-neutral society in the medium to long term. Therefore, we will continue upfront investments for this purpose.

Challenges in Achieving the Management Plan

In the Management Plan, we aim for bold transformation of our business structure while building a business foundation that can secure ROE of 8% or more, even assuming an oil

President's Message

price of \$50 per barrel, as a strategy for sustainable growth in the context of accelerating decarbonization.

Although we were able to finish fiscal 2022 with strong operating results thanks to the tailwind of soaring energy market prices, we are still in the process of building a robust corporate structure that is resilient against low crude oil prices and creating a sustainable business foundation, which is the goal of the Management Plan.

In particular, it is an important issue to invest in new potential flagship projects to replace the two Canadian projects that we withdrew from (Oil Sands Project and Shale Gas Project). While taking into account the trend toward decarbonization, we believe that the acquisition of projects that are competitive and expected to contribute to earnings in the medium to long term must be given top priority and addressed promptly.



To realize our vision for the future, we will establish a solid growth path by making timely and prompt investment decisions in E&P, I/U, and CN fields, in accordance with the Management Plan.

Conclusion

Since becoming President in October 2019, I have always been vocal about the need for JAPEX to change. Currently, each industry is trying to transform itself to survive, and the energy industry in particular is evolving rapidly. In this context, it is important to maintain our culture of "Safety First" while remaining sensitive to environmental changes and pursuing new ideas and endeavors.

My ideal vision for JAPEX is to become a company that surprises everyone with its innovative approach. We aim to transform ourselves into a company that makes people think, "JAPEX does all this?" I believe the key to our growth lies in allowing each employee to think freely and work passionately. For this reason, I do take leadership as a pioneer in this field.

Every business in its fundamental has trust and support among people. In other words, business is not an undertaking that can be accomplished alone, but only with the trust of our stakeholders and cooperation of our colleagues. In doing so, what matters most, is direct face-to-face communication. While making effective use of the preexisting work-from-home system, I would like to emphasize direct communication both inside and outside the workplace.

We value communication with our stakeholders and are committed to meeting their expectations by not only achieving the goals of our Management Plan, but also by enhancing our corporate value through the achievement of both a stable and sustainable energy supply and decarbonization.

At a Glance

Taking internal and external environment into account, JAPEX aims to grow in the following three fields: E&P, Infrastructure/Utility (I/U), and Carbon Neutral (CN).

E&P Field

Overview

Since its founding, JAPEX has been involved in exploration, development, and production of the upstream processes of the oil and natural gas industry. 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 exploration, development, and production at 6 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.

Business foundation of the E&P

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

Business profit*¹ target

¥23.0 billion as of FY2026 ▶ ¥27.0 billion as of FY2030

Infrastructure/Utility Field

Overview

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.

Business foundation of the Infrastructure/Utility

Transform business structure to withstand market changes and oil price volatility

Expand the profit scale of renewable energy and other businesses

Business profit target

¥12.0 billion as of FY2026 ▶ ¥27.0 billion as of FY2030

Carbon Neutral Field

Overview

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. In Japan, aiming for an early launch of the CCS/CCUS model business where several companies and business locations have participated, we are conducting feasibility studies in Hokkaido, Niigata, and other locations. In 2023, we were commissioned by JOGMEC to conduct CCS feasibility studies in the Tomakomai and Higashi-Niigata areas for the publicly solicited "Business Feasibility Study on Japanese Advanced CCS Project" for 2023 (July and August). We have also participated in such feasibility studies overseas in Indonesia and Malaysia.

Business foundation of the Carbon Neutral

Achieve CCS/CCUS that contributes to smooth transition to a carbon-neutral society in 2050

Launch CCS/CCUS hub and cluster*² model business utilizing existing oil and gas fields and others

Business profit target

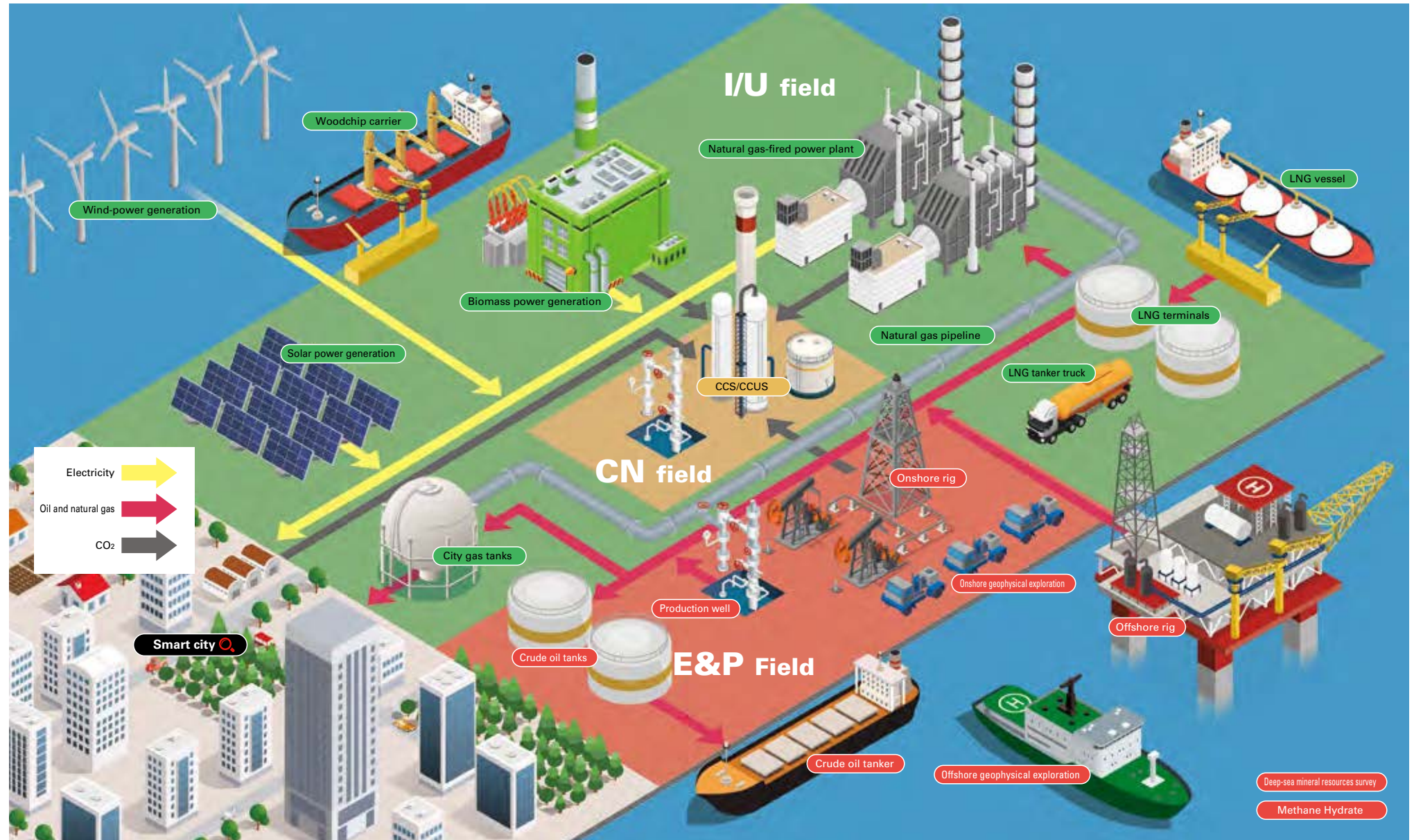
¥1.0 billion as of FY2026 ▶ ¥2.0 billion as of FY2030

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

What We Do

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



The JAPEX Group's Value Creation Process

By making the most of various resources possessed by the JAPEX Group, we will fulfill our corporate social responsibility (CSR) to achieve both a stable and sustainable energy supply and a carbon-neutral society while aiming for sustainable enhancement of our corporate value.

Realizing **JAPEX2050:** P.13 ▶
Toward a Carbon-Neutral Society

Enhancing Corporate Value

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

(FY2022 results) P.62 ▶

Financial capital

- Shareholders' equity: ¥377.1 billion
- Interest-bearing debt: ¥10.4 billion
- Equity ratio: 74.9%

Production capital

- Three LNG terminals (Hokkaido, Fukushima, Niigata)
 - High-pressure 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 dedicated tanker trucks and coastal vessels in addition to the above

Intellectual capital

- Development and operational capabilities of the E&P Business: operation track record of 67 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 62 years; LNG terminal operation of 20 years; tanker truck transport of 40 years; coastal vessel transport of 12 years

Human capital

- Increase in the number of new graduates and mid-career hires
- Skill acquiring education: advanced business skill education
- Launch reskilling program (DX education, etc.)
- Increase in the educational budget

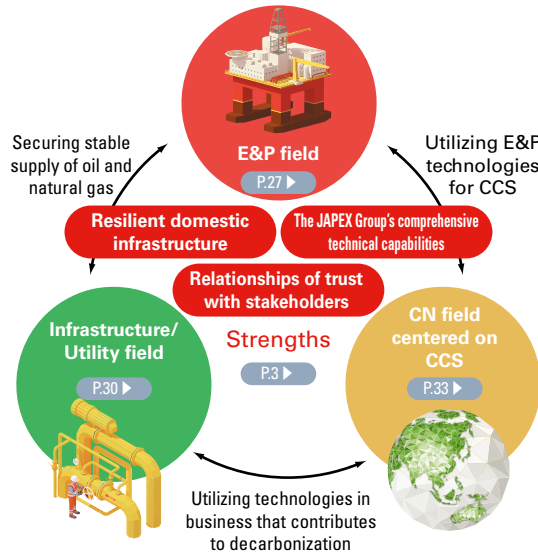
Social and relationship capital

- 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

- Proved reserves: 137 million boe
- Domestic oil and gas fields that can be used for CCS/CCUS and adjusting supply and demand

Business Model



JAPEX Management Plan 2022–2030

Materiality

Core CSR Themes "SHINE"

Corporate Vision

Output

(FY2022 results) P.62 ▶

Financial achievement

- Consolidated profit: ¥67.3 billion
- EBITDA: ¥85.3 billion
- Cash flows from operating activities: ¥104.5 billion
- ROE: 16.9%

Production and supply of energy

- Production volume: 28 thousand boe/day
- Domestic natural gas and LNG sales volume: 1.08 million tons
- Electricity sales volume: 3.0 billion kWh

External evaluation

- 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 A- rating in the CDP Climate Change Questionnaire

ESG performance

- LTIF*1: 0.84 (target: 0.09)
- Percentage of female managers: 6.0%
- Percentage of employees taking childcare leave: 58.9%
Male: 58.9%
Female: 100%
- GHG emission P.55 ▶ P.63 ▶
Scope 1+2: 0.251 million ton-CO₂
Emission intensity*2: 3.56 ton-CO₂/TJ (reduced by 11% compared with FY2019)

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

*2 Emission intensity: Represents intensity within the scope of GHG emission goals.

Outcomes

Economic value

- ROE to 8% or more in 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 emission intensity from JAPEX operations

Three SDGs we focus our efforts on



Capital Improvement

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-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 (GHG) 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)



2030

Reduce CO₂ emission intensity of JAPEX operations by 40% compared to FY2019

2050

Achieve net-zero emissions

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 and manage their progress. [P.39](#) → [CSR Action Plan](#)

*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 7.49 million tons of CO₂ in fiscal 2022, and Scope 3 emissions accounted for the vast majority at about 97%. Because Scope 3 category 11 (use of sold products) emissions were especially high at 86% 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

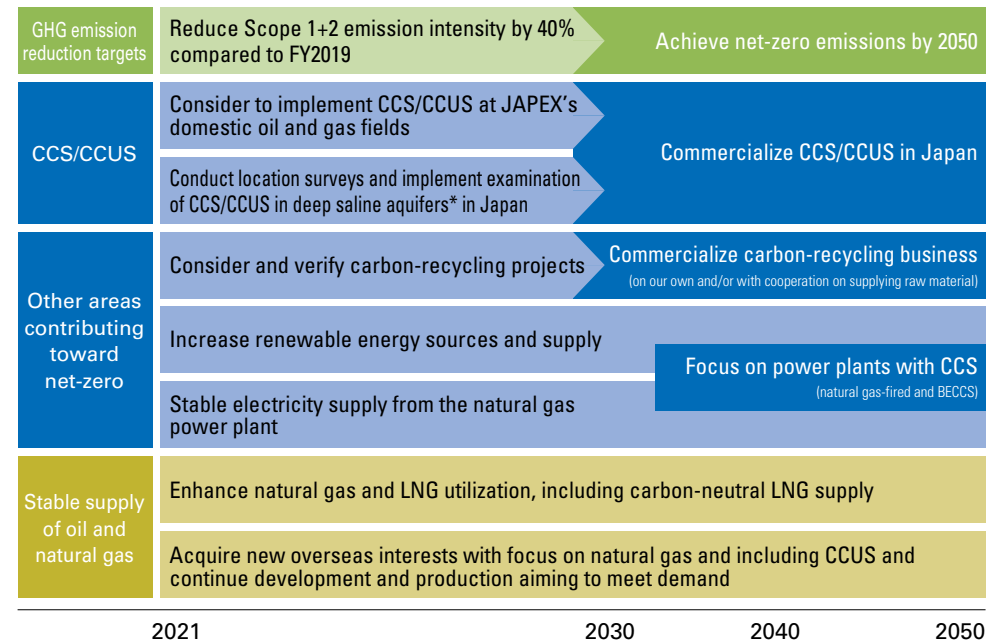
- Recognizing that oil and natural gas will remain as one of the major energy sources worldwide, continue to meet the demand for them
- As a comprehensive energy company, aim to achieve a carbon-neutral society through the use of CCS/CCUS and other decarbonization technologies, rather than through a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

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 (“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 (I/U),” and “Carbon Neutral (CN).”

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 (an advanced CCS project) utilizing existing oil and gas fields and others

Efforts to Strengthen Business Foundation

Enhancement of human capital management

Secure and develop human resources for DX

Organizational changes
* Conducted on April 1, 2022.

Promote DX based on business issues

Measures to promote DX (Digital Transformation)

Management Goals

● Quantitative targets: business profit, ROE, profit composition

	FY2022 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*)	¥69.0 billion	¥30.0 billion	¥50.0 billion
Breakdown			
E&P field	¥49.9 billion	¥23.0 billion	¥27.0 billion
I/U field	¥24.5 billion	¥12.0 billion	¥27.0 billion
CN field	—	¥1.0 billion	¥2.0 billion
Other*2	-¥5.4 billion	-¥6.0 billion	-¥6.0 billion
ROE	16.9%	Approx. 5%	Approx. 8%
Profit composition ratio (E&P-to-non-E&Ps*3)	7-to-3	6-to-4	5-to-5
Assumption of crude oil price (JCCO: USD/bbl)	102.26	50.00	50.00
Exchange rate assumption (JPY/USD)	132.86	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 Other revenue(contract service and oil products sales, etc.) less head office administrative expenses

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

● Carbon neutral related targets

- CCS/CCUS hub and cluster model business (an advanced CCS project) 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



Four material issues identified in 2023




We have identified material issues that link **the core CSR themes “SHINE”** and **the JAPEX Management Plan 2022–2030**.

P.37 ➔

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 expand business in the Infrastructure/Utility field, including renewable energy, and to launch the CCS/CCUS model business toward achieving JAPEX2050.

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 Pursue additional development at existing oil and gas fields and their surrounding areas (including offshore exploration) 	<ul style="list-style-type: none"> Steadily promote existing projects 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 ongoing 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 (an advanced CCS project) 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

Major FY2022 Results and FY2023 Outlook on Priority Items of Each Business Field

Field	FY2022 results		FY2023 outlook	
E&P field 	Pursuit of domestic potentials	<ul style="list-style-type: none"> Started additional development work of the first well of Katakai Gas Field in Niigata (Jul) 	Pursuit of domestic potentials	<ul style="list-style-type: none"> Additional development of Katakai Gas Field: Start production of the first well (second half of the year)/ Start drilling of the second well (after mid-2023)
		<ul style="list-style-type: none"> Decided to expand our investment for tight oil businesses in U.S. (May) <ul style="list-style-type: none"> Development and production to start up incrementally, including acquired in January 2022 		Promote development of overseas project
	Acquisition of new overseas interests	<ul style="list-style-type: none"> Decided to expand our investment for tight oil businesses in U.S. (May) <ul style="list-style-type: none"> Development and production to start up incrementally, including acquired in January 2022 	Acquisition of new overseas interests	<ul style="list-style-type: none"> Capital participation in a subsidiary of U.K.-based Longboat Energy PLC to promote exploration and development businesses in offshore blocks of Norway (May) Acquisition of additional well interests in a tight oil development in the U.S. (May)
	Ongoing	<ul style="list-style-type: none"> Considering low-carbon measures for domestic operations Ongoing overseas development project Garraf project in Iraq: additional development to 230,000 barrels per day 		
Infrastructure/Utility field 	Maintain and expand gas supply volumes	<ul style="list-style-type: none"> Conducted an LNG Bunkering Trial at Tomakomai Port (Sep) Signed a basic agreement regarding LNG supply to MOL Group ferries (Jan) 	Maintain and expand gas supply volumes	<ul style="list-style-type: none"> Started providing natural gas based ESP service for Boehringer Ingelheim Seiyaku's Yamagata Plant (Apr) (Joint implementation with YAMAGATA GAS Co., Ltd.) P.32
	Domestic renewable energy development, etc.	<ul style="list-style-type: none"> Commenced commercial operation of Abashiri Biomass 2nd and 3rd Power Plants at Hokkaido (Oct and Mar) Invested in a venture capital fund "ANRI-GREEN No. 1" (Dec) 		<ul style="list-style-type: none"> + Focus on participation in new renewable energy projects in Japan and overseas
	Ongoing	<ul style="list-style-type: none"> Domestic renewable energy development (Under construction) Ozu Biomass Power Plant in Ehime (Commercial operation scheduled to start in 2024), Tahara Biomass Power Plant in Aichi (2025), Chofu Biomass Power Plant in Yamaguchi (2025). Overseas LNG midstream and downstream business development Vietnam LNG terminal construction project with ITECO: considering final investment decision 		
Carbon Neutral field 	Feasibility studies of CN business in Japan	<ul style="list-style-type: none"> Started the feasibility study of CCUS project in Tomakomai area with Idemitsu Kosan and Hokkaido Electric Power Company (Jan) Completed the feasibility study on carbon recycling business utilizing inter-industry collaboration in the Tomakomai area with Deloitte Tohmatsu Consulting as a NEDO*-commissioned project (Mar) 	Feasibility studies of CN business in Japan	<ul style="list-style-type: none"> Commissioned by JOGMEC to conduct CCS feasibility studies in the Tomakomai and Higashi-Niigata areas for the publicly solicited "Business Feasibility Study on Japanese Advanced CCS Project" for 2023 (Jul and Aug)
	Ongoing	<ul style="list-style-type: none"> Feasibility studies of CN business in Japan Participating in joint study of CO₂-EGR at Higashi-Niigata Gas Field and Niigata area CO₂ effective utilization project, etc. with Mitsubishi Gas Chemical Company, Inc. Overseas CCS/CCUS feasibility study Indonesia Sukowati Oil Field CO₂-EOR with Pertamina Group and Lemigas/Malaysia CCUS with PETRONAS, etc. 		

* New Energy and Industrial Technology Development Organization

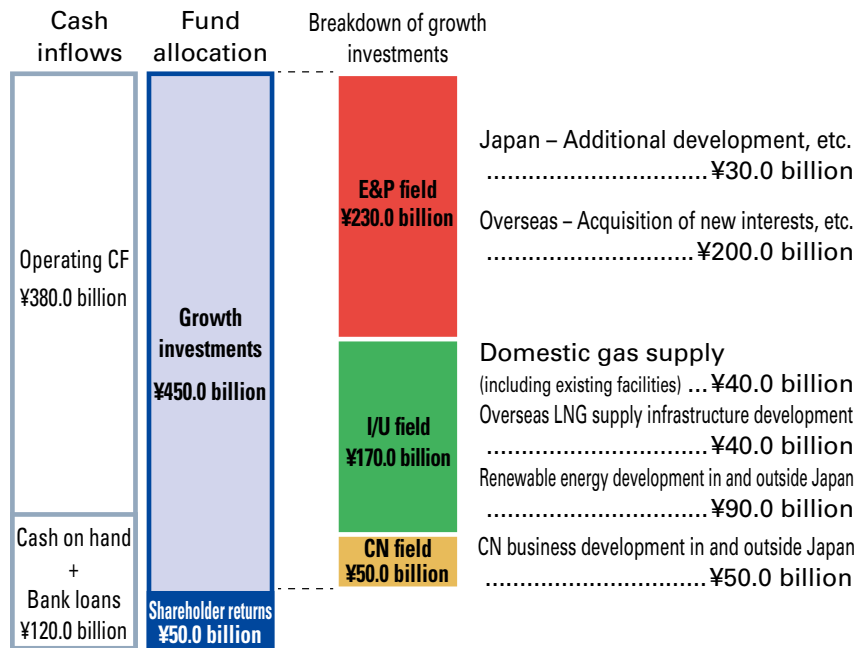
JAPEX Management Plan 2022–2030

Fund Allocation and Return to Shareholders

We anticipate that cash inflows (CF) 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 Management Plan. In fiscal 2022, we made an investment of ¥44.1 billion and return to shareholders of ¥13.8 billion.

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

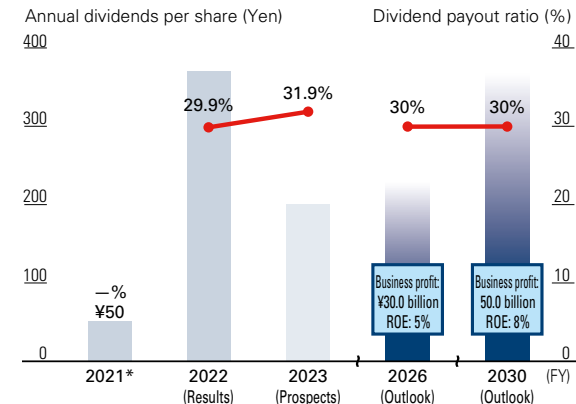
- Outlook for fund allocation (cumulative total of 9 years up to FY2030)



Adopt a dividend payout ratio to enhance shareholder returns

- 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



* Pay stable dividends over long-term with basis of ¥50 per year

Efforts to Strengthen Business Foundation

Enhancement of human capital management [P.24](#)

Promotion of DX [P.22](#)

Organizational changes (Conducted on April 1, 2022)

- Reorganize business divisions to promote the 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 (discovering new overseas projects) and the Overseas Business Division II (promoting existing overseas projects).

- 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.

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 2022

Fiscal 2022 was a year marked by instability, with ongoing political and economic turmoil due to sanctions against Russia, a substantial increase in global commodity prices, and significant yen depreciation driven by widening interest rate differentials with overseas currencies. Crude oil prices, which soared to nearly \$120 per barrel against a backdrop of supply concerns, fell back down to around \$80 per barrel in the second half of the fiscal year due to fears of recession in the U.S. and China.

Looking back at our consolidated operating results for fiscal 2022, net sales increased ¥87.3 billion from the previous fiscal year to ¥336.4 billion due to higher selling prices for the Group's products in response to rising energy prices. The natural gas crisis in Europe elevated global LNG spot prices to unprecedented levels, which in turn raised Japan Liquefied Natural Gas Cocktail (JLC) to a high level. This contributed to our revenue growth, mainly due to domestic sales of natural gas and electricity, whose selling prices are linked to JLC. Meanwhile, since our gas and electricity businesses are mainly sourced from domestic natural gas and imported LNG based on term contracts, the impact of LNG spot price hikes on our procurement costs was limited. The relative cost advantage of using the sources at a time of soaring market prices contributed to an increase in profits for the current fiscal year, resulting in operating profit of ¥62.0 billion (up ¥42.2

billion year on year) and ordinary profit of ¥83.1 billion (up ¥39.4 billion year on year). Profit attributable to owners of parent amounted to ¥67.3 billion, an improvement of ¥98.3 billion from the previous fiscal year, mainly due to the absence of the extraordinary losses posted in the previous fiscal year from the termination of the Canadian projects.

Regarding our consolidated financial position, total assets as of March 31, 2023 amounted to ¥568.1 billion, up ¥96.2 from the end of the previous fiscal year. Of this amount, non-current assets amounted to ¥286.3 billion (up ¥41.3 billion) due to investments in the tight oil development project in the U.S., the Seagull Project in the U.K. North Sea, and other projects. Liabilities amounted to ¥111.0 billion (up ¥41.8 billion) mainly due to a temporary increase in trade payables, and net assets amounted to ¥457.1 billion (up ¥54.3 billion) as a result of an increase in retained earnings for the most part.

In terms of shareholder returns, we paid an annual dividend of ¥370 per share based on the dividend policy we introduced in fiscal 2022, which aims for maintaining a consolidated payout ratio of 30% basically, and also repurchased ¥4.2 billion of our own shares.

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

Investment Results for Fiscal 2022

In fiscal 2022, the first year of the new Management Plan, we aggressively invested in both the E&P and non-E&P fields to achieve the profit targets set forth in the Management Plan.

In the E&P field, we invested ¥24.6 billion in the development of the U.S. tight oil well interests acquired in January and May 2022, ¥6.3 billion in the development of oil and gas fields in the Seagull Project in the U.K. North Sea, and ¥6.2 billion in the additional development of the Katakai Gas Field in Niigata Prefecture. The tight oil development project in the U.S. has already started producing crude oil and natural gas and contributing to earnings in the current fiscal year, and both the Seagull Project in the U.K. North Sea and the additional development of the Katakai Gas Field are expected to start production in fiscal 2023.

In the non-E&P field, we invested ¥1.8 billion in renewable energy related business, primarily in biomass power generation projects in Japan. Of the biomass power generation projects, the Abashiri Biomass 2nd and 3rd Power Plants have both started commercial operation during the period of fiscal 2022, and the remaining three plants in Ozu, Chofu, and Tahara are scheduled to start operation sequentially between fiscal 2024 and fiscal 2025. Overseas, we invested for the final investment decision (FID[○]) of an LNG terminal operation project in northern Vietnam, which we decided to enter into in December 2021.

Investment Plan for Fiscal 2023 and Beyond

In the E&P field, we will continue our efforts to acquire projects mainly in North America and the North Sea area. In North America, in addition to the acquisition of well interests in the first half of 2022 (total investment of US\$500 million), we already decided to acquire additional interests (US\$300 million) in May 2023, and profit levels for about the next three years can be expected with a high degree of certainty. Our immediate task is to increase the sustainability of profits by further expanding our asset base.

Likewise, in the overseas E&P field, we made a decision in May 2023 to take a share in an independent E&P company engaged in exploration and development projects in Offshore Norway, and we made a commitment to invest up to US\$150 million in the company. The new joint venture, in which we hold a 49.9% share, has been making decisions in rapid succession to build up its business portfolio in the area, including the decision to acquire production asset interests in July and start exploratory drilling in a promising exploration area in August.

In the I/U field, we will steadily proceed with the biomass power generation projects in Japan and the LNG terminal project overseas, which are currently underway, and continue our efforts in Japan and overseas to acquire further projects.

In the CN field, two domestic CCS joint projects in which we are participating have been officially selected by JOGMEC for its 2023 "Business Feasibility Studies on Japanese Advanced CCS Projects," and we will work to realize these projects in these regions by 2030. Overseas, we will aim for early profit and knowledge acquisition in countries like the U.K. and the U.S., which are ahead of Japan in the design and operation of the CCUS system, and continue efforts toward future commercialization in Indonesia, Malaysia, and other countries with high storage potential.

Toward Enhancing Corporate Value

We recognize that our most important management issue is to achieve sustainable growth of the JAPEX Group and increase its corporate value through appropriate allocation of management resources.

Under this context, we understand that we should respond to the Tokyo Stock Exchange's call for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," or the so-called PBR problem, from the perspective of both the ROE issue of increasing the equity spread and the PER issue of gaining the market's trust in profit sustainability. Meanwhile, we decided to terminate our two projects at Canada in 2021, which resulted in significant impairment of our business assets. The new Management Plan announced in March 2022 set forth guidelines for fund allocation through fiscal 2030 to repair the balance sheet and build a solid business portfolio that can withstand future changes in the business environment.

At present, the business portfolio envisioned in the Management Plan is only partially complete, so the ratio of cash and deposits (¥177.2 billion) to total assets (¥556.2 billion) at the end of the first quarter of fiscal 2023 remained high at 31.8%. By directing this liquidity on hand and the cash flow generated from future business activities toward high-quality business assets, we can raise profit levels and gain sustained trust to improve ROE and PER, respectively. This way, we will fulfill the commitments outlined in the Management Plan.

Digital Transformation (DX) Message from the Officer in charge of Corporate Strategy Dept.

Surviving the Transition Period

Director, Managing Executive Officer
In charge of Corporate Communication Office,
Corporate Strategy Dept., and Information Technology Dept.

NAKAJIMA Toshiaki



Strengthening of the Business Foundations with Digital Transformation

In 2021, we announced JAPEX2050, which outlines the responsibilities and challenges we need to address in order to achieve net-zero CO₂ emissions by 2050. Following this, in 2022, we developed JAPEX Management Plan 2022–2030 (the “Management Plan”) for realizing this vision.

Furthermore, in 2023, we have identified four key material issues for implementing the Management Plan. Among these, we have singled out two elements as particularly important for strengthening our business foundations: “Digital Transformation (DX)” and “Promotion of Human Resource (HR) Development and Diversity.” We believe that these material issues contain elements that are interrelated in the context of corporate transformation.

[P.37](#) ⇒ Materiality for JAPEX

Digital Transformation

Establishing an optimal digital infrastructure to efficiently connect the entire company has been a long-standing challenge for us.

Beginning in fiscal 2022, we initiated Business Process Reengineering (BPR) with a view to improving operational efficiency, aggregating our informational assets, as well as exploring new digital business opportunities. By the mid-2020s, the halfway point of the Management

Plan, we aim to be a “DX-Ready” corporate group, prepared to digitally transform our business. To achieve this, we are working to build an integrated database that consolidates key internal information and data. Additionally, we have also introduced an advanced digital human resource development program and digital workplace tools in order to promote sharing closed information across the company. Beyond being DX-Ready, we aim to leverage our digital assets to accomplish “Stable Energy Supply” and “Establishment of Carbon Neutral (CN) Business” such as making our existing business smarter, creating new digital business opportunities.

Whilst, the Corporate Strategy Dept. is responsible for digital strategy as of the beginning of 2023, once we transition to the system development phase, close collaboration with the Information Technology Dept., a team of IT specialists, will be indispensable. As the officer responsible for both departments, my primary role is to manage the organization in a way that advances digital transformation without disrupting the operation of existing systems, as well as to secure appropriate budgets, and to bridge between operational staff and the management team. DX momentum is rapidly gaining ground, and we further accelerate this progress going forward.

Digital Transformation: Major Initiatives

Toward the Realization of Data-Driven Management

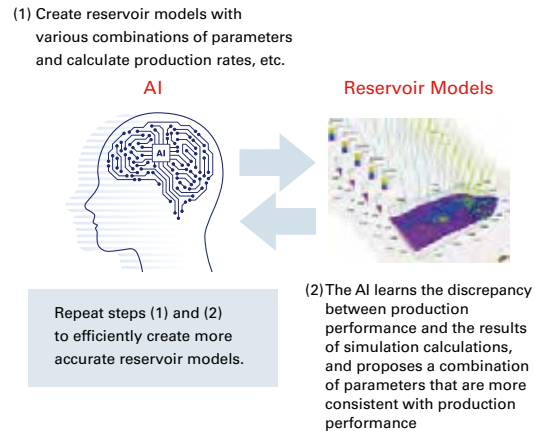
■ Enhancing Reservoir Simulation Models

Since most part of reservoir data is not available, particularly for large reservoirs, it is essential to build numerical models (reservoir simulations) from limited subsurface information to replicate and predict fluid behavior for the evaluation of oil and gas field reserves and the formulation of development plans. However, there exists considerable uncertainty in a vast number of parameters and an infinite number of combinations.

Traditionally, predictions were made through the experience and intuition of engineers, coupled with lengthy trial and error. However, we are now advancing efforts to complete the process in a shorter time frame through the use of machine learning. As a result, this has made it possible to quickly formulate development plans and make decisions on acquiring interests, etc.

■ Building an Integrated Database

We aim to construct an integrated database by the mid-2020s that can output management and operational data on demand. Currently, we are working on streamlining business processes

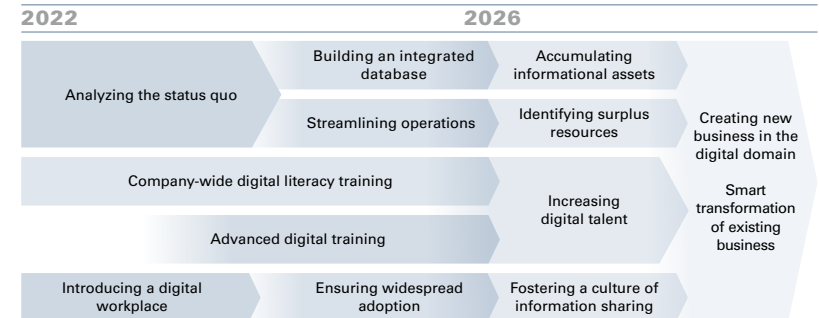


and conceptualizing the system architecture.

■ Introducing a Digital Workplace

We have implemented a digital workplace in anticipation of fostering emergent communication across the company, whereby information that may have historically been siloed

Roadmap

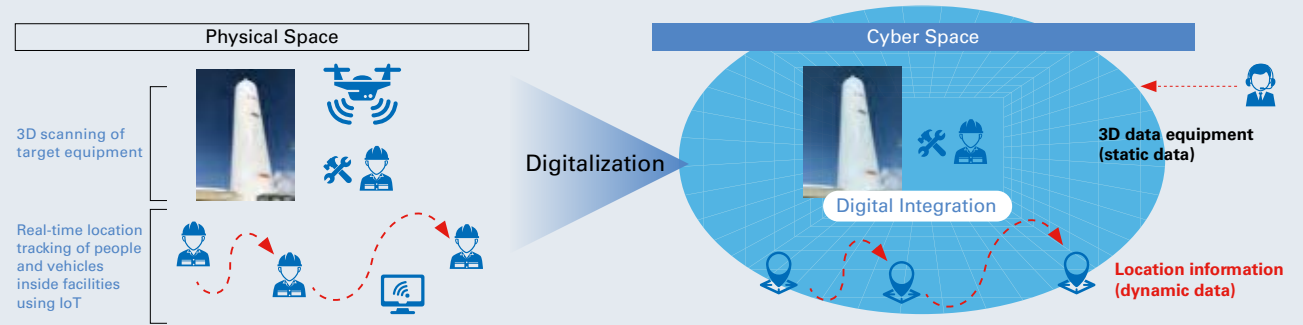


within individual departments is widely shared. We are considering various measures aimed at cultivating a culture of information sharing, such as the formation of internal communities and the placement of technological evangelists throughout the company.

Remote Operational Support Utilizing Digital Technology

In conjunction with the Northern Vietnam Liquefied Natural Gas (LNG) Terminal Project that we entered into in January 2022, we are considering offering remote operational support services in our energy service business. These services would combine our operational expertise with digital technology.

By utilizing 3D equipment scanning technologies such as drones and Internet of Things (IoT) technologies like beacons, we aim to recreate the physical location of customer equipment and workers on-site in a digital space. This will enable us to conduct operation monitoring and training simulations from Japan.



■ Implementing Digital Talent Training

With a view to nurturing approximately 10% of all our employees to have advanced digital literacy by the mid-2020s, we have introduced an educational program consisting of foundational learning and hands-on training using our company data.

We aim to cultivate two types of talent: Business Architects who plan and promote digital transformation projects by combining business with digital technologies, and Data Scientists with advanced skills in data collection and analysis.

Additionally, in order to transform all of our employees into digital talent, we have implemented e-learning and are encouraging the acquisition of certifications such as "IT Passport," "Data Scientist Certification," and "Deep Learning for General" to enhance IT literacy.

*JAPEX Conducts Feasibility Study of Energy Service Utilizing LNG to the Industrial Park in Northern Vietnam https://www.japex.co.jp/en/news/detail/20230810_02/

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

Strengthening Human Capital Management to Achieve Business Transformation

Executive Officer
In charge of Internal Control, Administration & Legal Dept.,
and Human Resources Dept.

FUNATSU Jiro



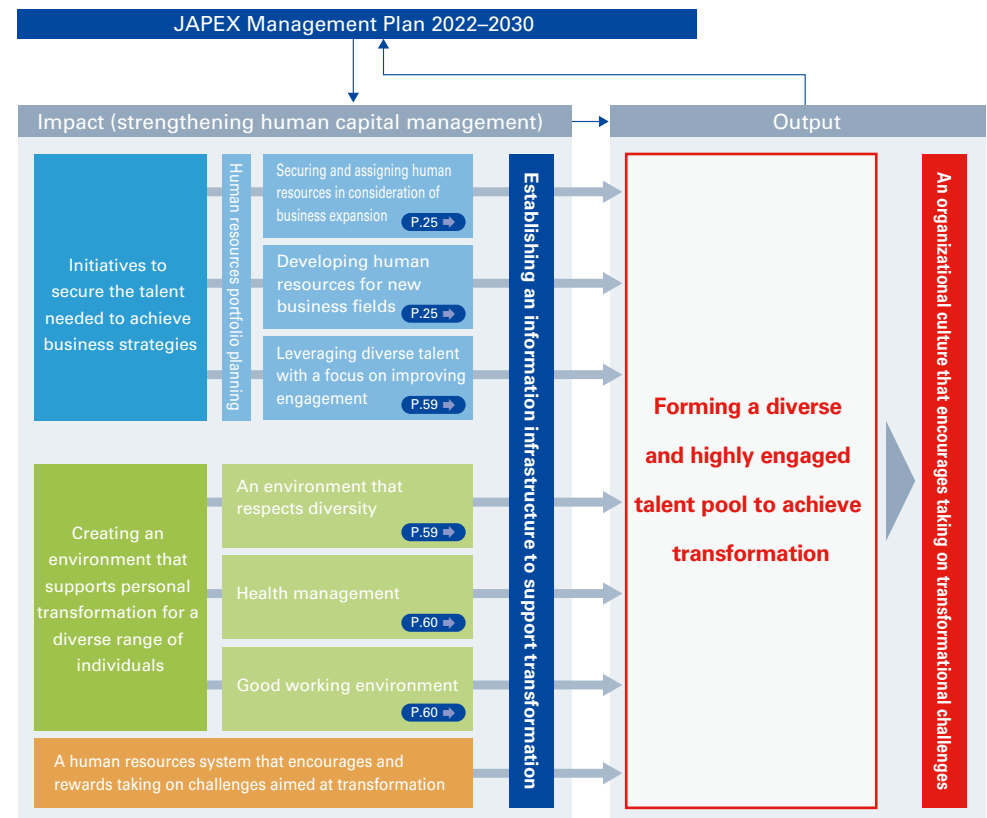
Forming a Diverse and Highly Engaged Talent Pool to Achieve Transformation

While we have primarily focused on the E&P business, we are now aiming to grow into a comprehensive energy company in light of rapid changes in the business environment and the trend toward decarbonization. We are actively working on expanding the infrastructure/utility business, including renewable energy, as well as establishing the carbon-neutral business. To achieve this transformation and improve our sustainable corporate value, we are focusing on “strengthening human capital management” and investing in our people.

Our goal is to cultivate a corporate culture where diverse individuals are flexible in adapting to change, boldly take on challenges, and mutually encourage each other to drive transformation. To achieve this in today’s rapidly changing environment, in which we have an aging population and growing job mobility while making maximum use of current human resources, it is important to build a relationship whereby employees proactively pursue sustainable growth through self-improvement, while the company provides appropriate opportunities and rewards for them.

To foster a culture in which employees are motivated and highly engaged in bringing about transformation, we are specifically focusing on the following measures. Firstly, to secure the talent needed to achieve our business strategy, we will adopt diversity-focused hiring practices, support proactive career development and the nurturing of talent, as well as construct a talent portfolio, while ensuring that the right people are placed in the right place. Additionally, to secure diversity of talent for driving innovation, we will work on creating an internal environment that values both work-style reform and the health and productivity management, focusing on open and constructive discussions as well as attention to health. Furthermore, we will review our human resources system, which can often favor seniority, to ensure that talent who take on the challenges of transformation and improvement are rewarded appropriately.

Through these initiatives, we will pursue the creation of a workplace of choice both internally and externally, thereby contributing to the realization of a carbon-neutral society and the stable supply of energy.



Human Resources Strategy: Major Initiatives

Initiatives to Increase Employee Engagement and Secure the Talent Needed to Achieve Business Strategies

Securing and assigning human resources in consideration of business expansion

We are engaged in the strategic and methodical recruitment and placement of talent, identifying the quality and quantity of personnel needed to achieve the Management Plan.

■ Recruitment

We will continue to ensure diversity of talent within our workforce. We are committed to recruiting new graduates with high potential for growth and success within the Company, with a view to enhancing corporate value in the medium to long term. At the same time, we will undertake mid-career recruitment of immediate contributors who can support future business expansion. In fiscal 2023, we have also initiated role-specific recruitment for new graduates, aiming to secure specialized talent in view of our business expansion. This allows individuals to deepen their expertise according to their own career aspirations. Furthermore, to invigorate the organization and secure immediate contributors, we are strengthening our “alumni recruitment” program, which rehires individuals who have previously left the Company for personal reasons or other circumstances.

■ Placement of Talent

As a fundamental principle, we promote the right person for the right job while respecting the career aspirations of our employees. Additionally, we provide ample information and guidance to reassigned employees regarding their new positions, taking care to ensure that the individuals can smoothly and enthusiastically engage in their new roles.

Developing human resources for new business fields

To address changes in business structure and new business creation, we have outlined our approach in our “Human

Resources Development Policy” and “Internal Environment Development Policy,” whereby both the Company and our employees fulfill their respective responsibilities, aiming for mutual growth as a comprehensive energy company. Additionally, for employees to continue to excel and adapt to rapid changes in the business, it is crucial for them to proactively think about their careers and continuously cultivate their expertise and strengths through ongoing self-improvement. To help employees think about their own careers, we have identified three different types of career path. We

have also established a framework that leverages our talent management system to support career development (①).

In addition, under our policy of actively investing in talent with an eye toward future business expansion (②), we are enhancing various programs aimed at supporting employees’ career development through reskilling and upskilling (③). Furthermore, through our selective next-generation management personnel development program, we are committed to the systematic development of leaders who will undertake and drive forward future business initiatives.

Various human resource development initiatives

① Supporting career development

We are committed to various initiatives that support employees in shaping their careers, enabling them to achieve self-fulfillment through proactive career development.

- Publishing the career development guidelines, which serve as a guide for individual career advancement
- Twice-yearly career development meetings with supervisors to confirm career goals and take stock of the experience and skills needed to achieve them
- Recommending one-to-one meetings between supervisors and their direct reports
- Establishing a career consultation desk staffed by internal career consultants
- Internal sharing of employees’ careers, job responsibilities, work experience, and skills through the utilization of the talent management system
- Implementing career design training tailored to each generation

② Expanding investment in talent

(Thousands of yen)

	FY2021	FY2022
Training expenses per employee	69	107

③ Reskilling and upskilling

● JAPEX University

To achieve the Management Plan, we believe that self-growth through proactive and autonomous learning by our employees is essential. With this in mind, we have launched “JAPEX University,” which primarily features video content delivered by in-house instructors. To facilitate effective learning tailored to individual interests and career aspirations, we leverage our talent management system by systematically providing content related to reskilling in new business areas like digital transformation, as well as upskilling in existing business areas like E&P and business skills.

● Other initiatives

As part of our efforts to develop DX talent, we are offering digital literacy training through e-learning and providing subsidies for fees paid to obtain IT-related certifications.

Additionally, we are implementing programs that systematically teach advanced business skills in areas such as accounting, taxation, finance, and legal affairs. These programs aim to develop talent that will drive the expansion of business areas toward achieving the Management Plan.

In addition to this, our Specialists and Senior Specialists provide “introductory courses by specialists,” covering basic knowledge and skills in their respective fields, which are offered to all our employees. We also provide various upskilling opportunities in line with employees’ desires for learning and career aspirations, such as external MBA and doctoral programs within Japan through open recruitment.

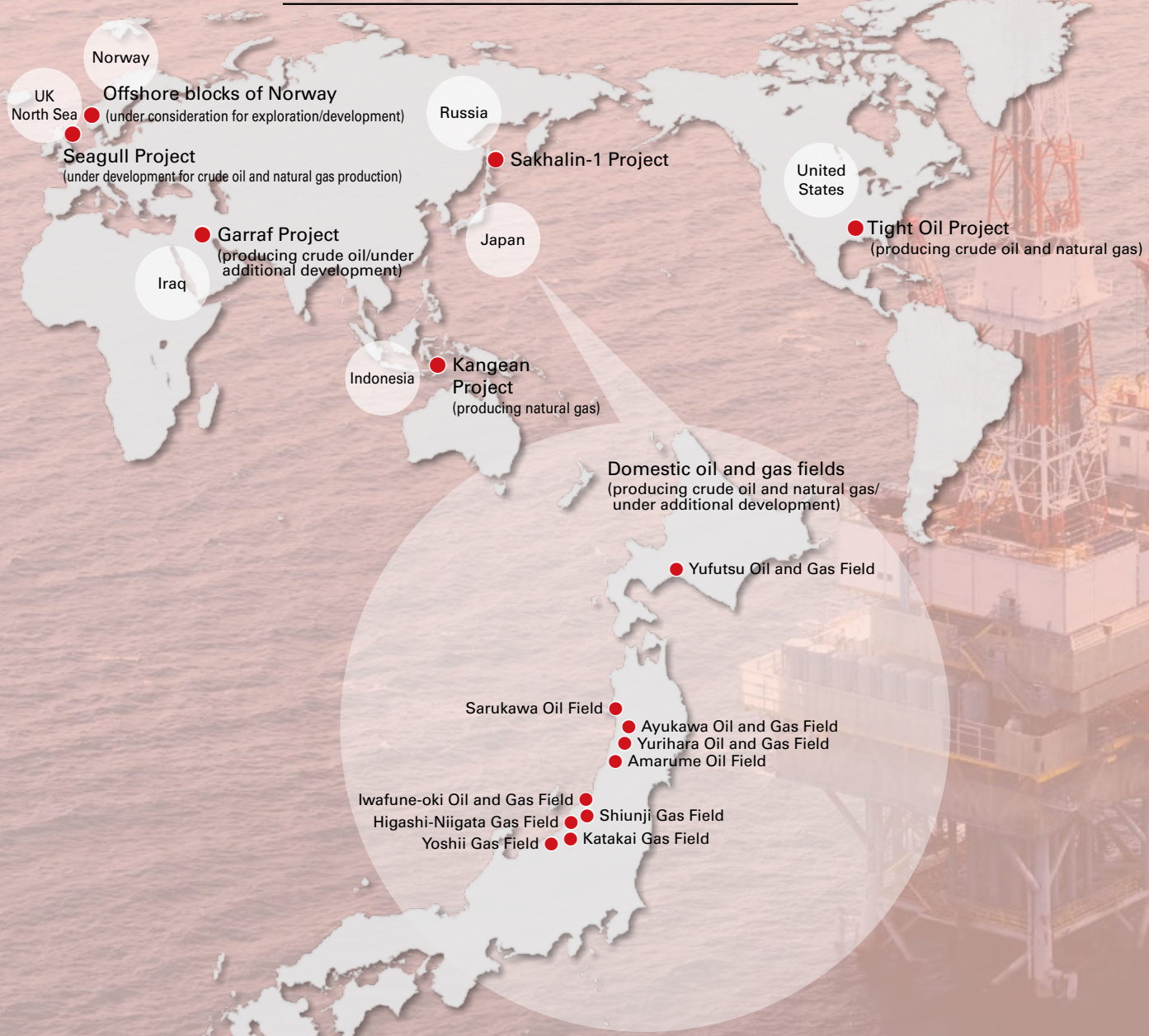
Value Creation Through Business



INDEX

E&P Field	27
Infrastructure/Utility Field	30
Carbon Neutral Field	33

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



Strengths

- Comprehensive technical capabilities of the Group that fully cover 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
- Promotion of low-carbon operations

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
- Business profit results: ¥49.9 billion as of FY2022
- 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 (FY2022 results)		Net proved reserves (as of March 31, 2023)	
Total	28.4 thousand boe/d	Total	137 million boe
<i>(Breakdown)</i>		<i>(Breakdown)</i>	
Japan	13.0 thousand boe/d	Japan	52 million boe
Overseas	15.4 thousand boe/d	Overseas	85 million boe
Crude oil	14.3 thousand boe/d	Crude oil	89 million boe
Natural gas	14.1 thousand boe/d	Natural gas	48 million boe

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

E&P Field

JAPEX will continue to contribute to early expansion of profit scale and reduce GHG emissions in our operations. We will also seek to diversify business risks by continuously acquiring assets of a certain size and holding various types of assets.

Risks

- Decrease in demand and volatility in sales prices of oil and natural gas due to the progress of decarbonization
- Increasing 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



Drilling work site at Katakai Gas Field in Niigata Prefecture

FY2022 Activity Results

Japan

- Adopted as an operator of the “Joint Study for Acid Stimulation in Onnagawa Tight Oil Formation,” a publicly solicited project by the Japan Organization for Metals and Energy Security (JOGMEC) in April
- Began drilling for the additional development work of Katakai Gas Field in Niigata in July

Overseas

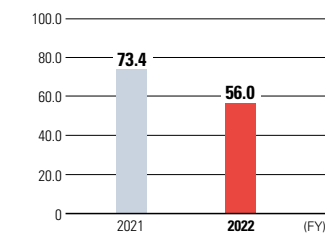
- Acquired additional interest in a tight oil development project in the United States in May

In Japan, one of the largest drilling rigs in Japan owned by a JAPEX Group company was put into operation to drill at great depths for additional development of the Katakai Gas Field in Niigata Prefecture. The production of natural gas will begin in the latter half of 2023.

Overseas, we newly acquired part of well interests in a tight oil development project in the Eagle Ford Formation in southern Texas and the Woodford Formation in southern Oklahoma of the United States. Together with the interests already acquired in January 2022, development work is progressing smoothly, and we have started production in phases.

Net Sales and Operating Profit of the E&P Business

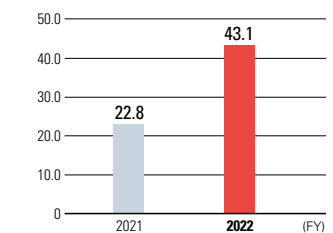
Net Sales (Billions of yen)



Factors for Change

Decrease in sales volume due to ending our participation in two projects in Canada

Operating profit (Billions of yen)



Factors for Change

Upward swing in sales balance due to rising crude oil and natural gas 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 conduct additional development at existing oil and gas fields and their surrounding areas (including offshore exploration). We expect to invest ¥30.0 billion by FY2030 in domestic oil and gas fields.

In addition to maintaining domestic production volume through the additional development of existing oil and gas fields, we will also strive

to contribute to carbon-neutrality through re-injection of associated CO₂ generated from our oil and gas production and by launching CCS/CCUS projects that utilize oil and gas fields.

■ Acquisition of New Projects in Key Overseas Regions

For overseas E&P, we will steadily promote projects that are currently in production or under development and pursue opportunities to acquire and invest in new mining interests, mainly in North America and the North Sea, where we have already participated in some other

projects. We expect to invest ¥200.0 billion by FY2030 for overseas E&P.

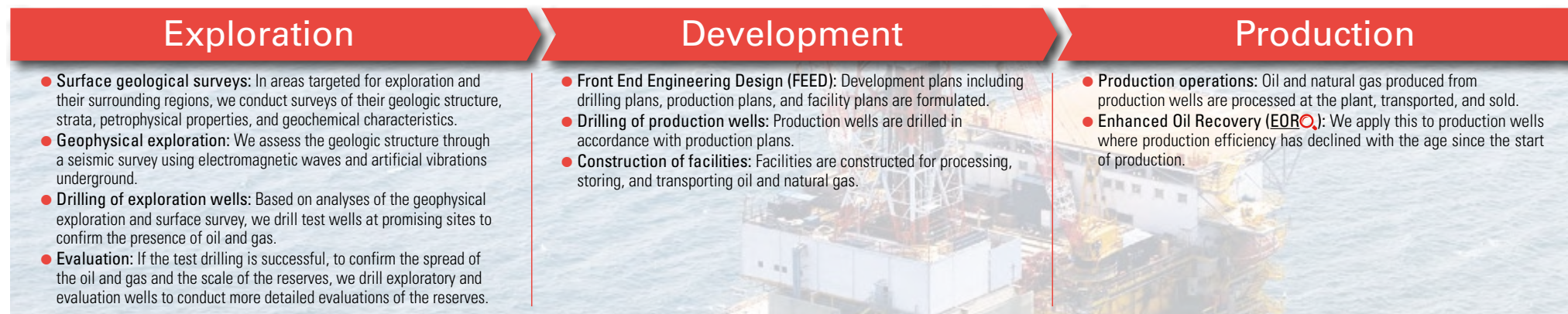
In the short term, we will seek to acquire projects with short payback periods that can be expected to contribute to earnings quickly. Over the medium to long term, we aim to ensure a stable energy supply with a low environmental burden, with an eye toward introducing CCS/CCUS to projects we participate in, as well as preferentially considering the acquisition of new natural gas projects.

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 the entire E&P process of exploration, development, and production.

Flow of Oil and Gas E&P Business



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 wells, we gain underground data and create more detailed geologic models, which are used to determine sites for drilling new production wells as well as former wellheads.

Reservoir Simulation Technology

The movement of oil and natural gas underground is visualized by simulations based on geological models to create future predictions. By carefully analyzing the best recovery methods for reservoirs, the technology formulates 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 Production Technology

This technology covers the phases from drilling wells 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: Application of gravel packs, etc.

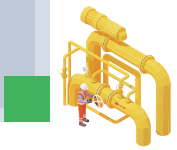
Additional development at the Katakai Gas Field in Niigata Prefecture

At the Katakai Gas Field, drilling operations are targeted at depths of over 5,000 meters below the surface using the latest evaluation techniques. We are carefully drilling using a 60-meter-tall drilling rig, the largest in Japan, and various materials and equipment that can withstand high pressure, high temperatures, and high hardness. This will allow us to identify the sites where there is still a lot of gas remaining after this additional development, and we plan to begin production in the latter half of 2023. We also plan to drill the second well after the middle of 2023.



The operation and additional development of domestic oil and gas fields are the source of solid cash flows. We aim to further grow the E&P field by expanding our technical capabilities and experience in exploration, development, and production overseas based on our comprehensive technical capabilities cultivated over many years as the foundation of JAPEX.

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



Infrastructure/Utility Field

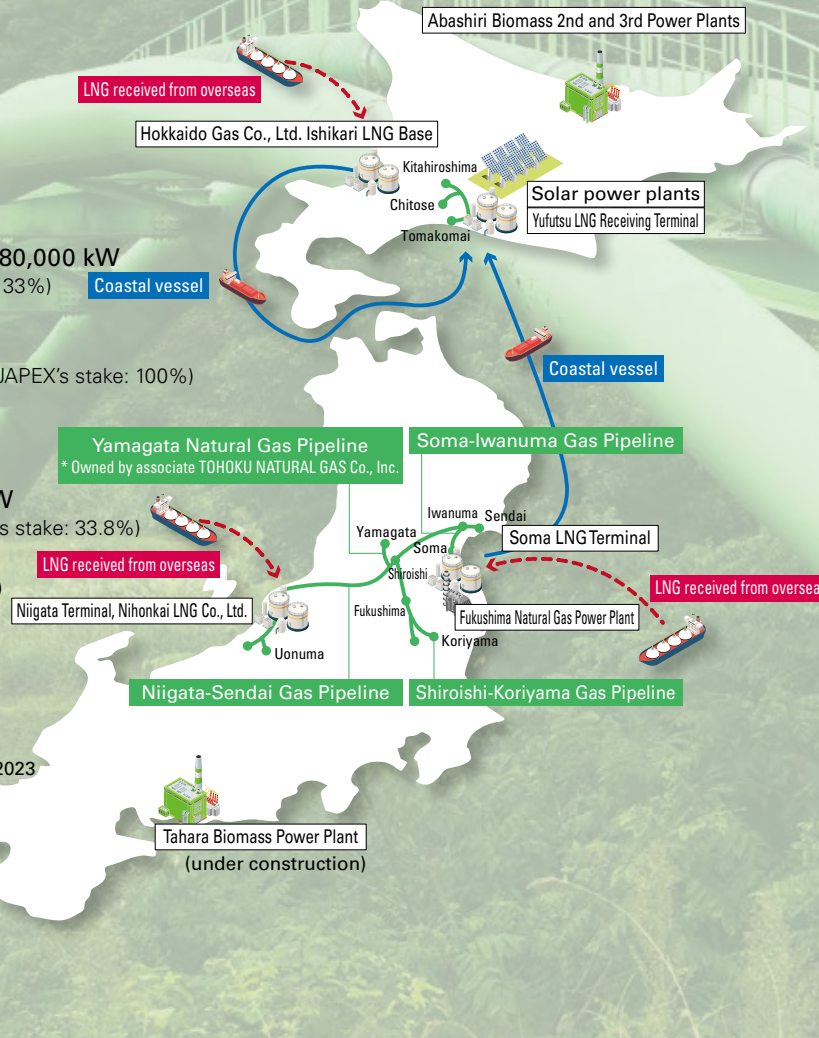
Main Facilities Comprising the Energy Supply Chain

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 Total 1,180,000 kW
 - Fukushima Natural Gas Power Plant (JAPEX's stake: 33%) Total output 1,180,000 kW
 - Solar power plants Total 14,800 kW
 - JAPEX Hokkaido District Office mega solar project (JAPEX's stake: 100%) Total output 1,800 kW
 - Yufutsu Solar Power Plant (JAPEX's stake: 20%) Total output 13,000 kW
 - Biomass power plants Total 194,750 kW
 - 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 March 31, 2023



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

Promotion of natural gas and LNG use

- Switching from other fossil fuels
 - Meeting diverse demand for LNG
- Expand participation in renewable energy projects

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
- Business profit results: ¥24.5 billion as of FY2022
- Priority items
 - Domestic: Maintain and expand gas supply volumes, continue stable operations of Fukushima Natural Gas Power Plant, make steady progress in ongoing 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

FY2022 results

Domestic natural gas and LNG sales volume:	1.08 million tons
Electricity sales volume:	3.0 billion kWh

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 3rd Power Plant in Hokkaido

FY2022 Activity Results

Domestic Gas Supply

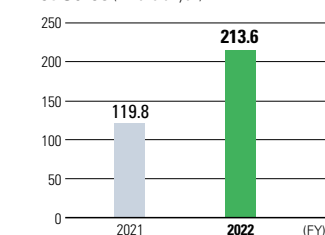
- Conducted an LNG bunkering trial at Tomakomai Port in September
- Conducted third-party verification to enhance the reliability of carbon-neutral LNG sales and operations in September
- Signed a basic agreement to supply LNG fuel to two new LNG-fueled ferries on the Oarai-Tomakomai route in January

Renewable Energy

- Signed a green loan financing agreement for the Abashiri Biomass 2nd and 3rd Power Plants Project in June
- Began construction of Chofu Biomass Power Plant in July
- Commenced commercial operation of Abashiri Biomass 2nd Power Plant in October
- Commenced commercial operation of Abashiri Biomass 3rd Power Plant in March

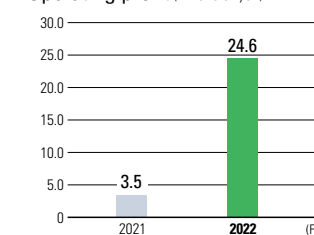
Net Sales and Operating Profit of the Infrastructure/Utility Business

Net Sales (Billions of yen)



Factors for Change
Higher domestic gas, LNG, and electricity sales prices due to higher JLC

Operating profit (Billions of yen)



Factors for Change
Increase in gain on LNG procurement

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 experience in the domestic natural gas supply chain, we aim to increase the sales volume of gas by focusing on cultivating demand, such as by diversifying supply methods for LNG and promoting the switch of fuels from coal and fuel oil to natural gas. In addition, we will realize a competitive energy supply by combining long-term and spot contracts for LNG and continue working to procure and supply carbon-neutral LNG in order to meet client needs.

■ Carbon-neutral LNG Initiatives

Carbon-neutral LNG is an initiative to reduce emissions of greenhouse gases generated in the process from extraction to combustion of natural gas to zero by offsetting them with credits from forest conservation and afforestation projects. For projects, CO₂ emission reductions and absorption are certified and credited by a reliable inspection agency.

■ 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

■ Ensuring Our Stability amid Demand Fluctuations and Crises

We supply gas through the pipeline from 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.

■ Emergency Response System

We use a remote monitoring and control system to conduct 24-hour, 365-day monitoring that maintains 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.

■ Provision of Natural Gas Based Energy Service to Boehringer Ingelheim Seiyaku Yamagata Plant

Kirsche Energy Service LLC. (KES), a special purpose company invested by JAPEX and YAMAGATA GAS Co., Ltd. started providing the natural gas based energy service to Boehringer Ingelheim Seiyaku Co., Ltd. (BIS) Yamagata Plant on April 1, 2023, under the Energy Service Provider (ESP) contract.

KES has constructed an energy center fueled by LNG to provide the first ESP service using natural gas based co-generation system in Yamagata Prefecture. Under this service, KES will not only provide electricity, steam, and cold water but also procure LNG and operate the facilities. BIS Yamagata Plant will receive a comprehensive energy supply meeting the needs of the plant, just paying a fee contracted with KES. KES, JAPEX, and YAMAGATA GAS Co., Ltd. will continue to provide energy services with lower environmental impact.



Yamagata Prefecture ESP service energy center for BIS

We remain committed to a stable supply and promotion of utilization of natural gas based on our resilient domestic infrastructure, including pipelines and the Soma LNG Terminal, and by procurement of domestic natural gas and overseas LNG. Moreover, 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.



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
- Establishing CO₂ infrastructure using experience in the transportation and supply of natural gas and LNG

JAPEX's Direction Toward JAPEX2050

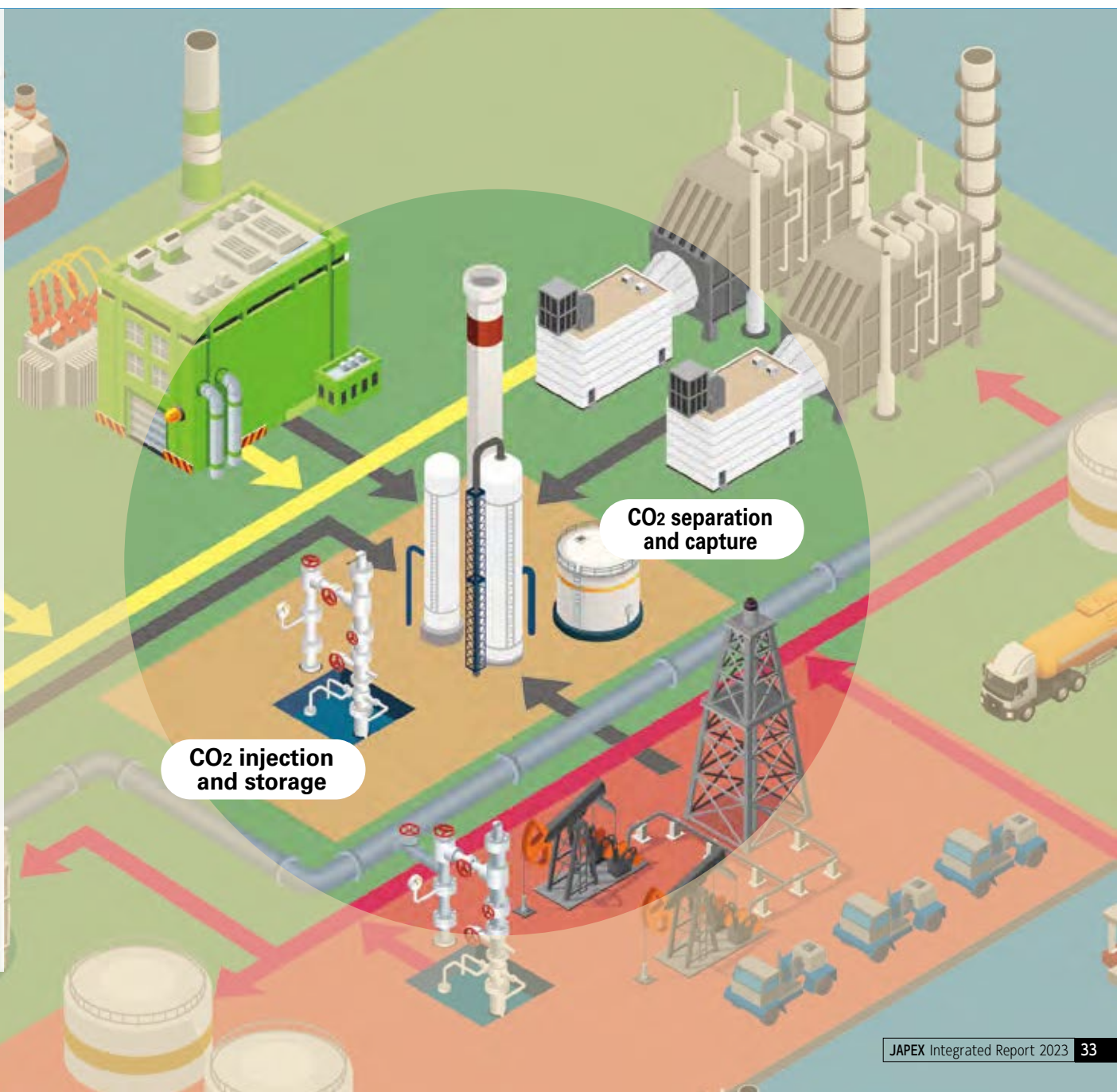
Recognizing that oil and natural gas will continue to be major sources of energy in the future, JAPEX aims to achieve both a stable supply of these resources and the realization of a carbon-neutral society.

- **CCS/CCUS**
Practical application and commercialization of CCS/CCUS
- Renewable energy
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 (an advanced CCS project) 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 Strategic 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.

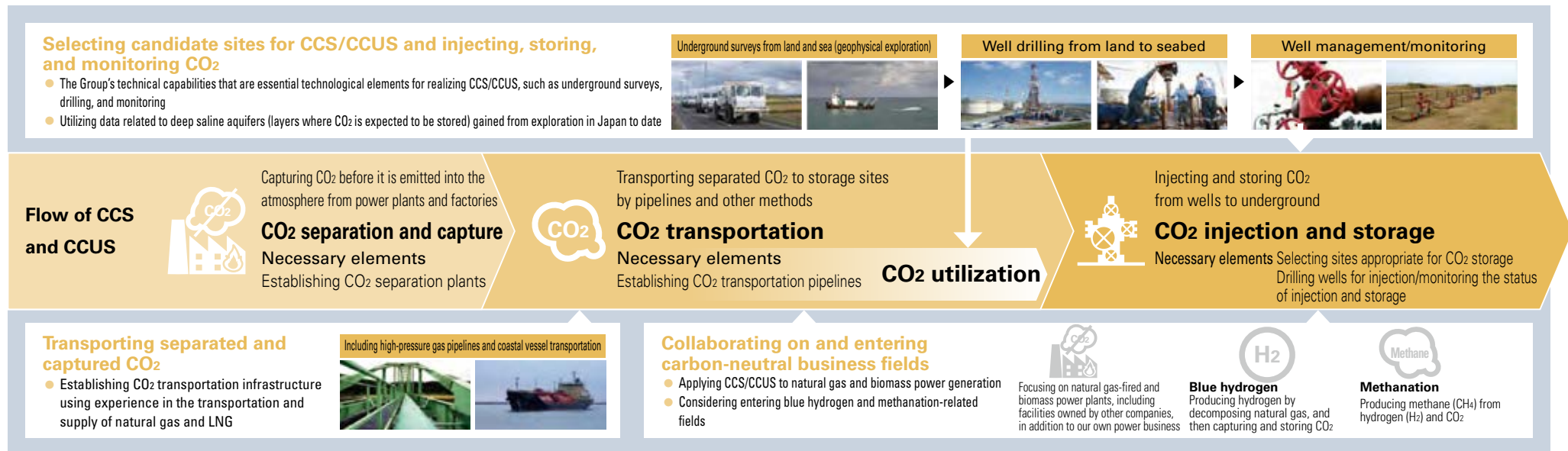
In the government's pilot test for large-scale CO₂ injection under the seabed offshore Tomakomai in Hokkaido, Japan CCS Co., Ltd. (JCCS), a project company funded by JAPEX and other private-sector companies, was contracted by the government, achieving 300,000 tons of CO₂ injection in 2019. To practically

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.



With regard to CCS/CCUS technologies which have drawn attention as a last resort for achieving carbon neutrality, we have internally developed necessary technologies for storage work. We also have worked to measure and examine the storage potential and transportation in the Business Feasibility Study on Japanese Advanced CCS Project commissioned by JOGMEC, 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

Highlights about CCS/CCUS

Domestic CCS/CCUS

- Started a joint study for CCUS implementation in the Tomakomai area of Hokkaido with Idemitsu Kosan Co., Ltd. and Hokkaido Electric Power Co., Inc. in January 2023
- Presented a carbon-recycling scenario utilizing sector-coupling in Tomakomai in July 2023
- Commissioned by JOGMEC to conduct CCS feasibility studies in the Tomakomai and Higashi-Niigata areas for the publicly solicited "Business Feasibility Study on Japanese Advanced CCS Project" for July and August 2023

Overseas CCS/CCUS

- Agreed on joint evaluation with JFE Steel Corporation to establish CCS value chain originated from Japan aligned with CCS study in Malaysia in June 2023



https://www.japex.co.jp/en/news/detail/20230619_01/



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

Advancement of CCS Technology in Japan and the First Domestic Commercialization Efforts

Advancement of CCS Technology in Japan and Its Importance in Energy Policies

In October 2020, the government set a carbon neutrality goal to reduce greenhouse gas emissions to net zero by 2050, and in April 2021, it declared its aim for a 46% reduction in greenhouse gas emissions by 2030 compared to fiscal 2013.

In the Sixth Strategic Energy Plan (revised in 2021), CCS is positioned as a technology for reducing greenhouse gas emissions in fields where decarbonization of thermal power plants, electrification, and hydrogenation are difficult to achieve and is considered an important tool for realizing both decarbonization and industrial and energy policies.

In response to this, the Ministry of Economy, Trade and Industry has established the CCS Long-Term Roadmap Study Group and the CCS Business and Domestic Laws Study Working Group to discuss technology and policy. In March 2023, the final summary of the CCS Long-Term Roadmap Study Group was presented, laying an important foundation for the practical application of CCS and the promotion of sustainable energy policies.

First Domestic CCS Commercialization Efforts

In February 2023, the government adopted the Basic Policy for the Realization of GX and is working to create an environment in which CCS business can begin by 2030. More specifically, JOGMEC is supporting the spread and expansion of CCS.

JOGMEC has selected seven project proposals as candidates to conduct feasibility studies in FY2023 for projects to start CO₂ storage in Japan. The seven selected projects target a wide range of industries, such as electric power, oil refinery, steel, chemicals, pulp and paper, and cement, and will capture CO₂ emitted from industrial clusters in regions including Hokkaido, Kanto, Chubu, Kinki, Setouchi, and Kyushu. The projects aim to store approximately 13 Mtpa of CO₂ in total. Out of these projects, five plan storage in Japan, and the remaining two plan storage in the Asia and Oceania regions.

JAPEX has been commissioned to conduct CCS feasibility studies in the Tomakomai area of Hokkaido and the Higashi-Niigata area of Niigata Prefecture to support the spread of CCS technology and CO₂ storage. In this way, we will contribute to achieving the government's CO₂ storage targets, promote a stable supply of resources and energy, and support carbon neutrality.

CCS Long-Term Roadmap

Basic Principles

To implement CCS systematically and rationally to promote sound development of CCS business in Japan with minimal social costs, thereby contributing to the development of Japan's economy and industry, as well as the securing of stable energy supply and achieving of carbon-neutrality.

Goals

The government will improve the business environment (cost reduction, public understanding, overseas CCS promotion, and CCS business legislation) toward the start of CCS business by 2030 on the assumption that the rough estimate of annual CO₂ storage capacity in 2050 is in the range of 120 to 240 million tons, and the CCS business will be fully developed after 2030.

Concrete Actions

- (1) Support from the government for CCS business
- (2) Efforts aimed to reduce CCS costs
- (3) Promotion of public understanding on CCS business
- (4) Promotion of overseas CCS business
- (5) Study of the legislation of the CCS Business Law (tentative name)
- (6) Formulation and review of the CCS Action Plan

- October 22, 2021 Ministry of Economy, Trade and Industry



Cabinet Decision on the Sixth Strategic Energy Plan

https://www.meti.go.jp/english/press/2021/1022_002.html

- February 10, 2023 Ministry of Economy, Trade and Industry



Cabinet Decision on the Basic Policy for the Realization of GX

https://www.meti.go.jp/english/press/2023/0210_003.html

- June 13, 2023 JOGMEC



First Step to Launch Japanese CCS Project - JOGMEC selected 7 projects, starting CO₂ storage by FY2030 -

https://www.jogmec.go.jp/english/news/release/news_10_00036.html

Initiatives to Support Value Creation



INDEX

Sustainability Management.....	37
Integrity and Governance	42
Stable and Sustainable Energy Supply	53
HSE as Our Culture.....	56
Being a Good Neighbor	58
The Employer of Choice.....	59

Sustainability Management –Materiality–

Basic Concept

With a mission to provide a stable supply of energy, JAPEX believes that our business activities themselves are a form of CSR. Under this recognition, we have been promoting sustainability activities to aim at both solving social issues toward the realization of a sustainable society and enhancing our corporate value in the medium- to long-term.

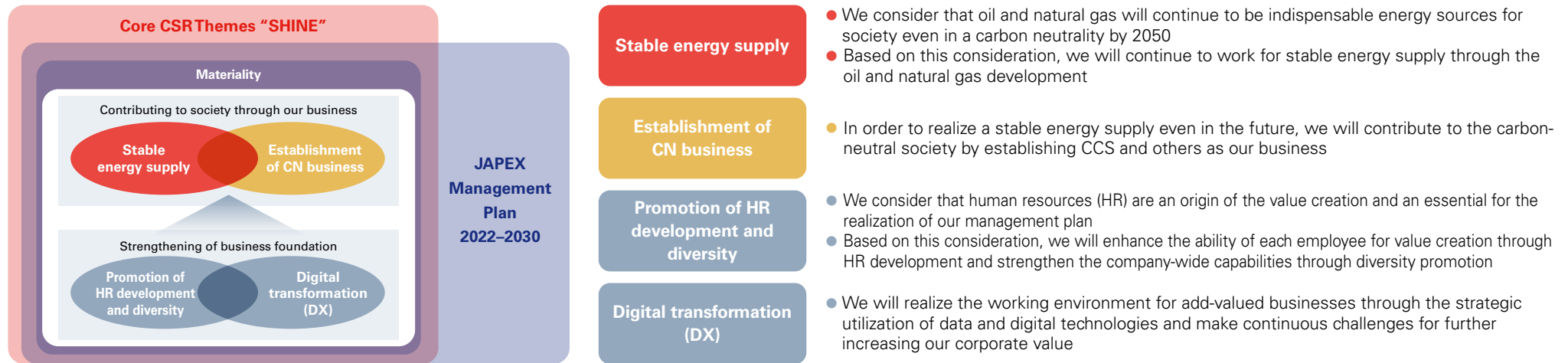


Sustainability Management

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

Overview of Materiality

Under the basic concept of sustainability management, we have identified our material issues in 2023 as what connects core CSR themes “SHINE” and “JAPEX Management Plan 2022–2030,” which were established in 2014 and 2022, respectively. Among the core CSR themes, which are focused on building relationships of trust with stakeholders, challenges that should be particularly addressed now to achieve JAPEX’s sustainable growth are identified as material issues.



Process for identifying material issues

STEP 1. Evaluating present status and identifying challenges

- Recognize social issues and monitor JAPEX’s responses thereto based on the external ESG evaluation results and various guidelines
- Conduct sustainability workshops and questionnaire surveys for management officers
- Prepare a draft of material issues based on the above processes

STEP 2. Holding discussions at the Sustainability Committee

- Hold discussions based on the draft of material issues among general managers and officers
- Identify four material issues as challenges that should be particularly addressed now to achieve JAPEX’s sustainable growth

STEP 3. Reviewing the items of CSR disclosure

- Describe the material issues in the Annual Securities Report and summarize their relations with the core CSR themes “SHINE”
- Summarize the correlation of specific action items with the material issues in the CSR Action Plan

Sustainability Management –Materiality–

Relations between Core CSR Themes “SHINE” and Materiality

In the core CSR themes “SHINE,” we identified five core themes and 12 individual challenges under the core themes. We review each individual challenge as needed based on changes in society and its demands. The individual challenge of “Respecting employee diversity and developing human resources” was changed to “Promotion of HR development and diversity” in line with the corresponding material issue.

Correlation between Core CSR Themes “SHINE” and Materiality

Core CSR themes	Individual challenges	Materiality	ESG
S Stable and sustainable energy supply	<ul style="list-style-type: none"> ① Stable energy supply ② Development of new technologies ③ Climate change response 	<ul style="list-style-type: none"> ● Stable energy supply ● Establishment of CN business ● Digital transformation (DX) 	E S
H <u>HSEQ</u> as our culture	<ul style="list-style-type: none"> ④ Occupational health and safety ⑤ Pollution prevention and resource recycling ⑥ Preserving biodiversity and ecosystems 	—	E S
I Integrity and governance	<ul style="list-style-type: none"> ⑦ Governance ⑧ Crisis management ⑨ Compliance 	—	G
N Being a good Neighbor	<ul style="list-style-type: none"> ⑩ Growing together with stakeholders 	—	S
E The Employer of choice	<ul style="list-style-type: none"> ⑪ Promotion of HR development and diversity ⑫ Creating a fair and good working environment 	<ul style="list-style-type: none"> ● Promotion of HR development and diversity ● Digital transformation (DX) 	S

- “Stable energy supply” corresponds to matters related to development of oil and natural gas that are covered by the individual challenge ①.
- “Establishment of CN business” corresponds to matters related to CCS/CCUS that are covered by the individual challenges ② and ③.
- “Promotion of HR development and diversity” corresponds to development of human resources, diversity and matters related thereto that are covered by the individual challenges ⑪ and ⑫.
- “Digital transformation (DX)” corresponds to all individual challenges of SHINE, but to the individual challenges of ① and ⑫ with respect to specific stated goals.

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 to deliberate and discuss the items listed on the right.

Matters deliberated by the Sustainability Committee are reported to the Board of Directors as needed, and important

matters are resolved. Also, the status of activities related to ESG is reported every year to the Board of Directors.

CSR action plans are established and reviewed every year on a company-wide basis, and disclosed through the Sustainability Committee in the Integrated Report and as the CSR Action Plan. On this occasion, we place managers and personnel responsible for sustainability in each department and discuss and coordinate the formulation of the action plans and the disclosure of information.

Primary Items to Be Deliberated by the Sustainable Committee

- Establishment and review of a management plan
- 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 to outside the Company, such as in the Integrated Report

Sustainability Management –CSR Action Plan–



CSR Activities' Action Plans, Targets, and Achievements

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

Main Targets and Achievements in Fiscal 2022

Core CSR themes	ESG	Individual challenges	Fiscal 2022 action plans and targets	Fiscal 2022 achievements	Materiality	SDGs
Sustainable Energy Supply	E S	1 Stable Energy Supply 2 Development of new technologies 3 Climate change response	Promote E&P business	May 2022: Acquired the well interest in southern Texas (Eagle Ford Shale) and southern Oklahoma (Woodford Shale), USA; continued measures toward achieving 230,000 barrels per day at Garraf Oil Field in Iraq; progressed a crude oil and natural development project in Seagull Block in the British North Sea; addressed energy demand in Eastern Java, Indonesia; implemented additional development projects in Japan (Katakai Gas Field, etc.)	• Stable energy supply • Establishment of CN business • DX	
			Promote DX based on business challenges	Analyzed the current status to identify major business issues across the company, including operations and implemented multiple measures (implementation of a system necessary for operation and energy intensity management; introduction of predictive maintenance using AI in production facilities; implementation of 3D visualization tools at plants).		
			Promote the study of CCS/CCUS commercialization in Japan and overseas	Overseas • Continued the implementation of feasibility studies for realization of CCS/CCUS projects in emerging countries. Domestic • May 2022: Conducted a feasibility study for a hub and cluster type CCUS project at the Niigata East Port area. • December 2022: Invested in a specialized venture capital fund, "ANRI-GREEN No. 1," for the issues of climate change and environment. • January 2023: Idemitsu Kosan, Hokkaido Electric Power Company, and JAPEX initiated a joint study for implementation of CCUS in the Tomakomai area of Hokkaido.		
			Achieve our GHG emission intensity target (Scope 1 + 2) of 3.58 ton-CO ₂ /TJ based on the JAPEX 2050	Result: 3.56 ton-CO ₂ /TJ		
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) • LTIF*1: 0.09 • TRIR*2: 0.88	LTIF: 0.84 TRIR: 1.39	-	
			Continue KEI's efforts in Indonesia to earn the Blue ranking in the Program for Pollution Control, Evaluation and Rating (PROPER)*3	Maintained earning the Blue ranking by continuing environmental activities.		
			Continue efforts to create positive impacts in protected areas	Continued monitoring of mangrove forests planted in 2019 for environmental protection around Pagerungan Island in Indonesia.		
Integrity and Governance	G	7 Governance 8 Crisis management 9 Compliance	Strengthen our corporate governance system	Conducted an evaluation of the effectiveness of the Board of Directors; linked part of officer compensation to company-wide climate change response objectives; promoted diversity in the Board of Directors: increased the number of outside directors (4→5), increased the number of female directors (1→2).	-	
			Continue to strengthen the Business Continuity Plan (BCP)	Awareness-raising and educational activities on disaster prevention: Company-wide lectures by external authorities on disaster prevention, disaster prevention education for general employees, and dissemination of disaster prevention information using the JAPEX's IT platform.		
			Promote efforts to respect human rights	Disclosed the UK Modern Slavery Act Statement; established the Human Rights Policy; conducted a human rights due diligence. Conducted questionnaires on harassment (twice a year); the percentage of those who feel they have been harassed decreased compared to the previous year.		
Being a Good Neighbor	S	10 Growing together with stakeholders	Make contributions to local communities and engage in social activities in our domestic and overseas operating areas	Overseas projects • Garraf: Constructed and repaired facilities at schools and educational facilities, conducted an education campaign in elementary schools, distributed food items for local events, donated facilities and equipment to medical institutions. • Kangean: Implemented projects as planned including measures related to COVID-19, donations of scholarship to high schools, support for fisheries, agriculture and small and medium enterprises, and infrastructure improvements such as mosque renovations. Domestic operating areas • 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.	-	
			Promote supply chain management	Established the CSR procurement policy and CSR procurement guidelines and disseminated them to existing suppliers; conducted a CSR procurement survey to suppliers; ensured and created a fair trading and competitive environment.		
			Promote constructive dialogue with stakeholders	Provided information to the Tokyo Stock Exchange and the press in timely and appropriate manner and produced and distributed publications; maintained and created opportunities for dialogue, including IR site tours for securities analysts and institutional investors and IR briefings for individual investors; selected as a "Company of Remarkable Improvement in Disclosure" of the "Selection for Excellence in Corporate Disclosure by Securities Analysts."		
The Employer of Choice	S	11 Promotion of HR development and diversity 12 Creating a fair and good working environment	Achieve targets based on the DE&I Policy • Percentage of female new-graduates hired: 30% or more	Percentage of female new-graduates hired: 33.3%	• Promotion of HR development and diversity • DX	
			Strengthen human capital management	Started reskilling and skilling programs.		
			Implement human resource development training programs	Implemented measures to support career development (established a career consultation desk; implemented a talent management system; expanded the number of departments applicable to internal open personnel recruitment).		
			Promote the creation of a good working environment	Rate of paid leave taken: 83.2% (up 1.7% year-on-year); started a personnel system reform and measures for employee engagement.		
			Promote health management	Certified as one of the Health & Productivity Management Outstanding Organizations in 2023; certified as a Sports Yell Company 2023.		

*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.

Sustainability Management –CSR Action Plan–



CSR Activities' Action Plans, Targets, and Achievements

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

Targets in Fiscal 2023

Core CSR themes	ESG	Individual challenges	Fiscal 2023 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 to develop technology for Onnagawa Formation in Ayukawa Oil Field through joint research with JOGMEC. Expand into Akita tight oil and other tight reservoir development projects in Japan Continue measures toward commercialization of methane hydrate Continue efforts to develop deep-sea mineral resources through new Horizon Ocean Research & Technology Co., Ltd.
		3 Climate change response	<ul style="list-style-type: none"> Promote CCS/CCUS commercialization studies in Japan and overseas Achieve our GHG emission intensity target (Scope 1 + 2) of 3.42 ton-CO₂/TJ based on the JAPEX 2050 Reduce emissions to achieve the GHG emission reduction target set by the Japan Petroleum Development Association based on the Japan Business Federation's Carbon Neutrality Action Plan Scale up the renewable energy business 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 <ul style="list-style-type: none"> Lost Time Injury Frequency (LTIF): 0.00 Total Recordable Injury Rate (TRIR): 0.86 (10% lower than the average for the last three years)
		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) Promote efforts to reduce water consumption Promote efforts 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 2023 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) <ul style="list-style-type: none"> Maintain and enhance disaster prevention capabilities (improvement and enhancement of emergency response capabilities) Strengthen cyber security Continue overseas security response
		9 Compliance	<ul style="list-style-type: none"> Ensure thorough compliance Promote efforts to respect 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 Promotion of HR development and diversity	<ul style="list-style-type: none"> Promote diversity, equity, and inclusion (DE&I) Achieve targets based on the DE&I policy <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Promote reskilling and skilling programs (promote DX education, make use of the learning platform as JAPEX UNIVERSITY, etc.)
		12 Creating a fair and good working environment	<ul style="list-style-type: none"> Promote the creation of a good working environment Promote health management Make consideration on side jobs/second jobs Improve office environment

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 2022, we participated in 11 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/)
<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.

FY2022 Subcommittee Activity Results


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

 [Global Compact Network Japan \(GCNJ\)](https://www.ungcjin.org/)
<https://www.ungcjin.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)
<https://www.biz-partnership.jp/index.html>

■ GX League

The GX* League was established based on the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry in February 2022 as a forum for companies actively engaged in green transformation (GX) activities to work together with players from government, academia (universities, etc.), and financial institutions which are taking on challenges toward GX to discuss, as a unit, the transformation of the entire economic and social system, and to take the lead in the creation of new markets.



As the GX League's objective is consistent with the JAPEX2050, we have declared our participation in the GX League in 2023, following the declaration of our endorsement in 2022. We will work to contribute to realizing a carbon-neutral society in cooperation with the endorsing companies, the government, and other institutions through the GX League.

 [GX League official website](https://gx-league.go.jp/)
<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/)
<https://www.globalccsinstitute.com/>

■ CCS+ Initiative

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



 [CCS+ Initiative official website](https://www.ccsplus.org/)
<https://www.ccsplus.org/>

Integrity and Governance Outside Directors' Roundtable Discussion



Outside Director
KAWASAKI
Hideichi

Outside Director
KITAI
Kumiko

Outside Director
SUGIYAMA
Yoshikuni

1 Commenting on the way the Board is run

May I ask for your comment on the way JAPEX's Board is run?

Kawasaki: Since the appointment of a new director in 2022, I've noticed a more open atmosphere in our board meetings allowing for frank and constructive discussion. We appreciate the detailed explanations and allowed to ask questions concerning agenda items in advance of each meeting so that we can sort out our thoughts beforehand.

However, given the volume of items on our agenda and the constraints of time, it's challenging to delve into every topic deeply. I believe it's crucial to allocate more dedicated time for significant matters. But the reality is that it's difficult for outside directors to have a thorough debate on each agenda item at the level executive directors do. In this regard, we, as outside directors, need to consider how to fulfill our management supervisory function and engage in constructive discussions at board meetings.

Sugiyama: The Board of Directors discusses matters that have already been repeatedly deliberated in depth by executive officers at the Executive Committee and other meetings. Thus,

the role we must play as outside directors is to evaluate at high level the reasonableness of investment and other management issues from a unique, outside point of view. Because JAPEX is a group of highly technically skilled professionals and mainly engaged in BtoB business, technical discussions and explanations given at board meetings tend to be complex and are sometimes hard to understand for outside directors. We are always provided with various explanations in advance of each meeting. However, going forward, technical issues should be explained more clearly during deliberations to deepen the debate for improvement to further enhance the Board effectiveness.

Kitai: JAPEX's Board of Directors consists of seven outside directors, including five outside directors and two outside audit & supervisory board members, comprising almost half of the board members. I feel this Board composition contributes to having a diverse and lively exchange of ideas at the meetings. At the start of my appointment as an outside director, I felt there were too many investment projects to be decided and approved by the Board of Directors. However, the threshold of amount for investment projects subject to the Board's

deliberation was revised this fiscal year. This created time to have more productive discussions on the priorities for JAPEX's corporate strategies, such as sustainability, human capital, digital transformation (DX), and the issue of trading below 1x PBR. I think it deserves high praise. Of course, this kind of issues cannot be fully discussed in one meeting. In order to facilitate in-depth discussions on important issues at board meetings, it will be worth considering not only increasing the amount of time spent on such discussions, but also trying other measures, such as creating a structure like a council or a meeting for all members to align vectors separate from the Board of Directors, and having in-depth discussions on such issues by the same board members.

Furthermore, I believe our discussions could be greatly enriched by visiting our operational sites in Hokkaido, Akita, Niigata, and Fukushima. Observing the ground realities will undoubtedly deepen our understanding. Of course, it may be difficult to visit all these places at once, but I do hope we will be given opportunities to visit even some of them.

2 Developing a management practice conscious of the cost of capital and stock price

As already mentioned above, the Board of Directors has just started a discussion on developing a management practice conscious of the cost of capital and stock price to address the Tokyo Stock Exchange (TSE)'s call for action. What is your view on this?

Kawasaki: In the past, many Japanese companies, including JAPEX, had a long-term business perspective of 20 or 30 years, supported by their sound capital bases. Also, it was considered good for them to return profits to many stakeholders in various ways and continue stable business management even when unexpected events occur. On the other hand, it's also true that they accumulated internal reserves through that process and did not provide sufficient shareholder returns. For instance, JAPEX once consistently paid a fixed dividend of 50 yen per share. Needless to say, companies should maintain an adequate level of capital, but there's no need to build it up too much. In this regard, I will listen to calls for sufficient shareholder return, and express my opinions from a comprehensive perspective.

In terms of improving PBR, I think it's also very important for JAPEX to have a "dream" to be presented to investors. Investors want companies to give a clear picture of how they grow in the future and what kind of story they envision for the future. They want to know what our vision is and what kind of

Integrity and Governance Outside Directors' Roundtable Discussion

future we envisage. In that sense, I believe JAPEX has a grave responsibility to clearly present its "dream" and share it with investors.

Sugiyama: We must heed the call from TSE regarding action to address trading below 1x PBR. At the same time, what I want to particularly emphasize here is the social significance of JAPEX. Looking back on the origin of JAPEX, it was originally founded under the clear national policy to aim at securing energy sources and providing a stable supply of energy in Japan. Therefore, it is important to let investors know that such missions are proclaimed even in JAPEX's Articles of Incorporation.

In order to fulfill these missions through its business activities, JAPEX needs to make more efforts to secure energy sources through many investment projects. However, the current competition among companies in this sector is very intense, and they are also exposed to high business risks. In this context, further consideration will be necessary to identify the adequate levels of internal reserves and equity to hedge these business risks.

Regarding the issue of trading below 1x PBR, I'd like to make note that a company is valued by the market based fundamentally on its "growth potential." Therefore, it's essential to give investors a detailed "blueprint" that depicts JAPEX's growth potential to win their understanding and agreement that JAPEX is further going to grow in the years ahead. I believe this will eventually be positively valued by investors.



Outside Director
SUGIYAMA
Yoshikuni



Outside Director
KAWASAKI
Hideichi

3 Assessing JAPEX's initiatives to address material issues

JAPEX has identified four material issues in achieving its management plan. So, what kind of initiatives will JAPEX have to take?

Kawasaki: Among the four material issues, "Stable energy supply" and "Establishment of Carbon Neutral (CN) Business" are exactly what JAPEX exists for and at the core of our business viability. It would be vital to present these visions in a comprehensible form to people outside the company. I think this can also facilitate the active participation of talented women and lead to "Promotion of human resources (HR) development and diversity" I'd like to also share my views on "DX" based on my experience. JAPEX has just started its business process reform in fiscal 2022, while reviewing systems that serve as a foundation for DX. It seems we are slightly lagging when compared to other companies in DX, but it cannot achieve true DX unless the foundation is in place. So, I believe diligently developing the foundation for DX is an extremely important task. Meanwhile, digital technologies evolve at very fast speed. Therefore, I hope JAPEX will lay the foundation for DX steadily and speedily, while keeping a close watch on the evolution of generative AI and other technologies.

Sugiyama: As to "Promotion of HR development and diversity," within the overall context of our material issues, how a company acts depends on people who works for the company. Employees are the company's human capital. In this sense, I'd like to stress that recruitment and other personnel affairs are vital elements for companies.

In order for JAPEX to grow in a variety of aspects, it is necessary to bring together bright and talented human resources with high aspirations to achieve a stable and

sustainable energy supply, which is one of the top national priorities. In doing so, JAPEX should focus more on revising its personnel and salary systems. Because JAPEX is a BtoB company, it is challenging for students and other ordinary people to understand what the company does, and this makes difficult for JAPEX to listen to their voices. To solve this problem, JAPEX should work out better ways of practicing public relations and investor relations and actively work on such activities going forward.



Outside Director
KITAI
Kumiko

Kitai: "Promotion of HR development and diversity" is the core of human capital management, so it should be aligned with corporate and business strategies. While making proactive efforts of reskilling individuals is drawing growing attention, such individuals' efforts won't enhance a company's collective strength by themselves unless linked with the development and securing of human resources the company wants. In this respect, JAPEX has visualized each department's work description, desired human resources, and skills that can be obtained from work, and made them known to everyone in the company under the initiative of the Human Resources Dept. I think this is quite an admirable initiative, aside from the introduction of an internal job posting system and a career consultation desk. However, when it comes to promoting female employees to higher ranks, there's more work to be done. JAPEX has many female employees with remarkable abilities and has come up with various measures to promote their career development and active participation in workplaces. So, hopefully, all that remains is to implement these measures and notch up a run of achievements.

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

2015	2016	2017	2018	2019	2020	2021	2022
Increased the number of Outside Directors (1→2)	Increased the number of Outside Directors (2→3)	Began evaluating the effectiveness of the Board of Directors	Reformed the executive officer system	<ul style="list-style-type: none"> Established the Nomination and Compensation Committee Amended the Code of Conduct to establish the Code of Ethics and Conduct Changed the title and composition of the Executive Committee 	<ul style="list-style-type: none"> Increased the number of Outside Directors (3→4) Raised the ratio of Outside Directors to more than one-third Shortened the term of office of Directors from two years to one year Introduced a performance-linked share-based compensation plan 	Established the Sustainability Committee and the Risk Management Committee	<ul style="list-style-type: none"> Increased the number of female Directors (1→2) Increased the number of Outside Directors (4→5) Linked officers' compensation to responses to climate change

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 FY2022: 14 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, two of which are female)

2 Executive Committee (meetings held in FY2022: 24 times)
 From the standpoint of accelerating the speed of decision-making, we hold the Executive Committee that is composed of Chairman, President and some Executive 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 FY2022: 2 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 FY2022: 12 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 FY2022: 11 times)
 The Sustainability Committee deliberates the Management Plan and ESG management.
 • Chair: Representative Director and President, FUJITA Masahiro

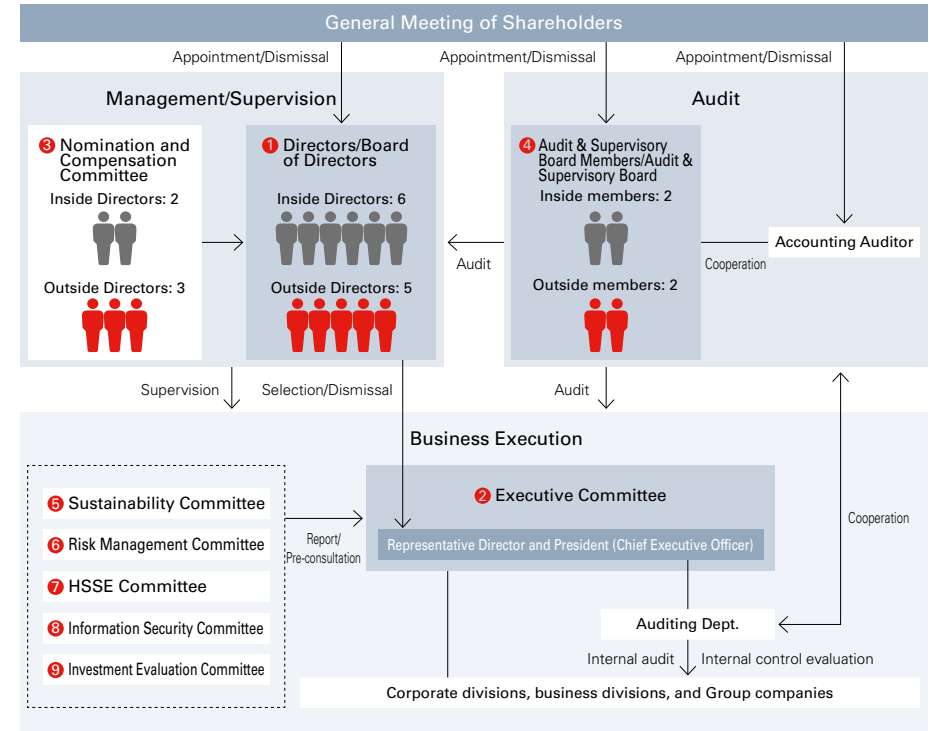
6 Risk Management Committee (meetings held in FY2022: 4 times)
 The Risk Management Committee evaluates and manages various management risks from a cross-sectional perspective; monitors the progress of individual projects; formulates measures against challenges. Deliberation of issues related to internal control.
 • Chair: Representative Director and President, FUJITA Masahiro

7 HSSE Committee (meetings held in FY2022: 3 times)
 Deliberation of issues related to HSSE.
 • Chair: Executive Officer, TAKAHASHI Toshihiro

8 Information Security Committee (meetings held in FY2022: 1 time)
 Deliberation of issues related to Information Security.
 • Chair: Director and Managing Executive Officer, NAKAJIMA Toshiaki

9 Investment Evaluation Committee (meetings held in FY2022: 3 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 June 27, 2023)



Integrity and Governance—Corporate Governance—

Activities of Board of Directors and Nomination and Compensation Committee

Board of Directors

Pursuant to the provisions of the Companies Act, the following matters were discussed: matters regarding the General Meeting of Shareholders, matters regarding the settlement of accounts, matters regarding officers, matters regarding participation in specific projects and loans to relevant subsidiaries, and so forth.

In addition to the foregoing, the Board of Directors received reports of specific items for discussion, including the Management Plan, sustainability, IR, HSE (health, safety, and environment), personnel strategies, DX (digital transformation), health management, and the whistleblowing system, as well as regular reports of the status of production and sale of gas and other energies in Japan and the overseas business, and then discussed matters such as the status of efforts.

Nomination and Compensation Committee

The committee discussed matters regarding officers (appointment of candidates for Directors and Audit & Supervisory Board Members to be proposed to the General Meeting of Shareholders and appointment of Executive Officers, compensation and bonuses for Directors, the skill matrix, plans for provision of shares to officers, and so forth).

Evaluation of the Effectiveness of the Board of Directors

JAPEX analyzes and evaluates the effectiveness of the Board of Directors once every year by understanding and improving the effectiveness of supervision of management by the Board of Directors for the purpose of contributing to the maximization of JAPEX's medium- to long-term corporate value. In fiscal 2022, the evaluation was made as follows and its results were confirmed at the Board of Directors meeting held in May 2023.

1. Evaluation Method

A survey created by the Board of Directors secretariat (evaluated the following items with respect to the Board of Directors for the last one year as regular verification of the effectiveness of the Board of Directors)

2. Evaluation items

- (1) Composition of the Board of Directors (the number of Directors, diversity, knowledge, experience and skills)
- (2) Operation of the Board of Directors (operation of the Board of Directors meetings, including the number of the Board of Directors meetings and hours of discussion, the contents and volume of the Board of Directors meeting materials, and the number of proposals at the Board of Directors meetings)

3. Evaluation Results

- (1) The effectiveness of the Board of Directors was evaluated as being continuously improved and ensured overall.
- (2) The following issues including medium-term efforts have been identified for further improving and revitalizing the function of the Board of Directors.
 - Improve the operation of the Board of Directors so that the Board of Directors can discuss important management issues such as sustainability, human capital, and DX from a broad perspective, not only making decisions on individual specific matters of business execution.

- For discussion on investment projects, improve the operation of the Board of Directors so that the Board of Directors can have discussions focusing on the perspective of portfolio optimization by visualizing the trends of all business fields, not only specific ongoing projects.
- Consider holding in-depth discussions on a succession plan and officer compensation.
- Consider further ensuring the diversity of the Board of Directors and increasing the percentage of Outside Officers.
- Consider activities beyond the framework of the Board of Directors, including regular meetings in which Outside Officers also participate, office visits, and workshops, so that the Board of Directors can have more active discussions.

4. 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 opinions and surveys of attendees at Board of Directors meetings.

Integrity and Governance—Corporate Governance—

Compensation for Directors and other Officers

1. Compensation for Directors

Compensation for Directors is determined based on the policy for determining the compensation of directors set by the Board of Directors after deliberation by the Nomination and Compensation Committee. The policy for determining the compensation of directors is outlined below.

Basic Policy

- Regarding the compensation of JAPEX's 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.
- Specifically, 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 JAPEX's 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. Individual Director's contribution to JAPEX's management 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 the aforementioned 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 a total return ratio as a general rule as an indicator of performance evaluation based on JAPEX's recognition that returning profits to shareholders is an important management issue) and a monetary amount equivalent to the market price of said shares is provided as a general rule to Directors upon retirement.

Note: • The policy for provision of share-based compensation before fiscal 2022 was to use annual dividend amounts as a general rule as an indicator of performance evaluation.
• Pursuant to the Rules on Provision of Shares to Officers, JAPEX may forfeit part or all of the points granted to any Director, etc. as resolved at a meeting of the Board of Directors if such Director, etc. is dismissed or causes significant damage to JAPEX's or the Group's business due to his/her execution of duties (malus).

Policy concerning the ratio of compensation

- We aim for the ratio of performance-linked compensation (bonuses and share-based compensation) to total compensation to be around 30% at standard amounts. To ensure the compensation system can better function as an incentive to sustainably enhance corporate value, we will consider revising the ratio as appropriate.

Matters on determination of compensation

- Regarding individual compensation, the Representative Director and President is entrusted with the specific details based on a resolution by the Board of Directors. That authority enables the allocation of bonuses based on each Director's base compensation and the Directors' contribution to corporate management. It also enables the setting of the specific timing of the payment.
- Calculation methods for base compensation and bonuses are deliberated in advance at the Nomination and Compensation Committee. The Representative Director and President must decide the method with respect to the results of the deliberations.
- The provision of points in share-based compensation is reported in advance to the Nomination and Compensation Committee.

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

Of performance-linked compensation, the specific target for the indicator used for bonuses (consolidated profit) has not currently 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 appropriate figure that works as an incentive.

For fiscal 2022, JAPEX posted consolidated profit of ¥67,394 million. Of performance-linked compensation, the target for the indicator for fiscal 2022 used for share-based compensation was annual dividend amount. The target was ¥50 per share, and the actual amount paid was ¥370 per share.

Amount of Compensation for Directors and Audit & Supervisory Board Members (FY2022)

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	Performance-linked compensation		
			Bonus	Share-based compensation	
Directors (Outside Directors)	388 (52)	312 (52)	62 (—)	13 (—)	14 (6)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	65 (22)	65 (22)	—	—	7 (4)
Total (Outside Officers)	453 (74)	377 (74)	62 (—)	13 (—)	21 (10)

Note: The above number of recipients includes three Directors and three Audit & Supervisory Board Members who retired upon the conclusion of the 52nd Ordinary General Meeting of Shareholders held on June 28, 2022.



Directors, Audit & Supervisory Board Members, and Executive Officers (As of July 1, 2023)

■ **Directors** (*1 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.)

Director and Chairman

WATANABE Osamu



Jun. 2007 Executive Vice President, JAPEX
 Jun. 2008 President and CEO, JAPEX
 Jun. 2016 Representative Director and Chairman, JAPEX
 Jun. 2023 Assumed his current position
 Length of service: 16 years

Representative Director and President, Chief Executive Officer

FUJITA Masahiro

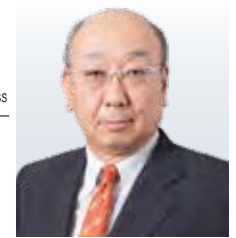


Jun. 2019 Representative Director, Executive Vice President, JAPEX
 Oct. 2019 Assumed his current position

Length of service: 4 years

Representative Director, Executive Vice President

ISHII Yoshitaka



Advisor to President, President of Power Business Division, in charge of Secretary Office, responsible for Carbon Neutral Related Business

Apr. 1981 Joined JAPEX
 Jun. 2021 Assumed his current position

Length of service: 5 years

Director, Senior Managing Executive Officer

YAMASHITA Michiro



In charge of Finance & Accounting Dept. and Deal Execution/PMI Support Dept.

Apr. 1982 Joined JAPEX
 Apr. 2022 Assumed his current position

Length of service: 5 years

Director, Managing Executive Officer

NAKAJIMA Toshiaki



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

Apr. 1986 Joined JAPEX
 Jun. 2022 Assumed his current position

Length of service: 1 year

Director, Managing Executive Officer

TEZUKA Kazuhiko



President of Technical Division

Dec. 1983 Joined JAPEX
 Jun. 2023 Assumed his current position

Length of service: –

Outside Director

ITO Tetsuo*1



Jun. 2016 Assumed his current position
Significant positions concurrently held
 Attorney at Sawayaka Law Office

Length of service: 7 years

Outside Director

YAMASHITA Yukari*1



Jun. 2019 Assumed her current position
Significant positions concurrently held
 Managing Director, Charge of Energy Data and Modelling Center at The Institute of Energy Economics, Japan

Length of service: 4 years

Outside Director

KAWASAKI Hideichi*1



Jun. 2020 Assumed his current position

Length of service: 3 years

Outside Director

KITAI Kumiko*1



Jun. 2022 Assumed her current position
Significant positions concurrently held
 Attorney at Kachidoki Law Office,
 Independent Auditor at OSAKI ELECTRIC CO., LTD.

Length of service: 1 year

Outside Director

SUGIYAMA Yoshikuni*1



Jun. 2022 Assumed his current position
Significant positions concurrently held
 Director at The Yomiuri Shimbun Holdings, Representative Director, Chairman at Nippon Television Holdings, Inc., and Representative Director, Chairman at NTV Network Corporation

Length of service: 1 year

Integrity and Governance—Corporate Governance—

Audit & Supervisory Board Members (*2 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.)

Full-time Audit & Supervisory Board Member NAKAMURA Mitsuyoshi



Apr. 1982 Joined JAPEX
Jun. 2021 Assumed his current position

Length of service: 2 years

Full-time Audit & Supervisory Board Member MOTOYAMA Yoshihiko



Apr. 1983 Joined JAPEX
Jun. 2022 Assumed his current position

Length of service: 1 year

Outside Audit & Supervisory Board Member KAWAKITA Chikara*2



Jun. 2022 Assumed his current position
Significant positions concurrently held
Chairman at The Salt Science Research Foundation,
Chairman at NOMURA INSTITUTE OF ESTATE PLANNING

Length of service: 1 year

Outside Audit & Supervisory Board Member MOTOYAMA Hiroshi*2



Jun. 2022 Assumed his current position
Significant positions concurrently held
Executive Vice President at AKTIO HOLDINGS Corporation

Length of service: 1 year

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 ABE Satoshi	Managing Executive Officer IKENO Tomonori	Managing Executive Officer KASA Hirofumi	Managing Executive Officer YAMADA Tomomi
Executive Officer NAKANO Masanori	Executive Officer NAGAHAMA Yasushi	Executive Officer OHAMA Tadashi	Executive Officer YASUI Akira	Executive Officer FUNATSU Jiro
Executive Officer TAKAHASHI Toshihiro	Executive Officer SUDA Akira	Fellow WASEDA Amane	Fellow ANRAKU Toshiyuki	Fellow TAKANO Osamu

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 economy and energy and environmental policies she acquired through research activities at a research institute engaging in survey and research in the Company's management
	KAWASAKI Hideichi	To use his extensive knowledge on corporate management in general that come from abundant managerial experience in global firms in telecommunications and other areas, in the Company's management
	KITAI Kumiko	To use her deep insight that comes from her extensive administrative experience primarily in the areas of labor administration in government positions, etc., as well as extensive knowledge of labor legislation 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 extensive corporate management experience at financial institutions and other organizations and distinguished insights, as well as his considerable knowledge on finance, accounting, tax affairs, risk management and other areas in the Company's management

Skills Matrix

Name	Title	Nomination and Compensation Committee	Corporate management	Finance/Accounting/Tax affairs	Legal affairs/Risk management	ESG/Sustainability	Knowledge on the energy industry	Global business	Technologies/DX
WATANABE Osamu	Director and Chairman	Member	○			○	○	○	
FUJITA Masahiro	Representative Director and President	Chair	○		○	○	○	○	
ISHII Yoshitaka	Representative Director		○			○	○		○
YAMASHITA Michiro	Director			○	○		○		
NAKAJIMA Toshiaki	Director			○	○	○	○		
TEZUKA Kazuhiko	Director		○				○		○
ITO Tetsuo	Outside Director	Member			○	○			
YAMASHITA Yukari	Outside Director	Member				○	○	○	○
KAWASAKI Hideichi	Outside Director	Member	○			○		○	○
KITAI Kumiko	Outside Director				○	○			
SUGIYAMA Yoshikuni	Outside Director		○		○	○	○		
NAKAMURA Mitsuyoshi	Full-time Audit & Supervisory Board Member				○		○		○
MOTOYAMA Yoshihiko	Full-time Audit & Supervisory Board Member				○		○		○
KAWAKITA Chikara	Outside Audit & Supervisory Board Member		○	○	○				
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 control 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

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 2022, the Committee met four times to discuss topics such as the impact of the situation in Russia and Ukraine on JAPEX's business, report of the progress of the reduction target of GHG emission intensity, in addition to the above matters.

The Sustainability Committee is charged with managing JAPEX2050 and JAPEX Management Plan 2022–2030, 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, business risks associated with projects that would entail a certain level of financial burden are reviewed by the Investment Evaluation Committee.

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 the risk matrix which is, in turn, reported to the Board of Directors, and then, 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. JAPEX's shares held by the government
6. Compliance

In fiscal 2022, we have quantitatively assessed and reported to the Board of Directors 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 above 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.

In addition, the DGR-5 is carried out to utilize insights and takeaways acquired in the course of business operations ("Lessons Learned") 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.

We also make the above efforts to verify the effectiveness of our risk management processes.

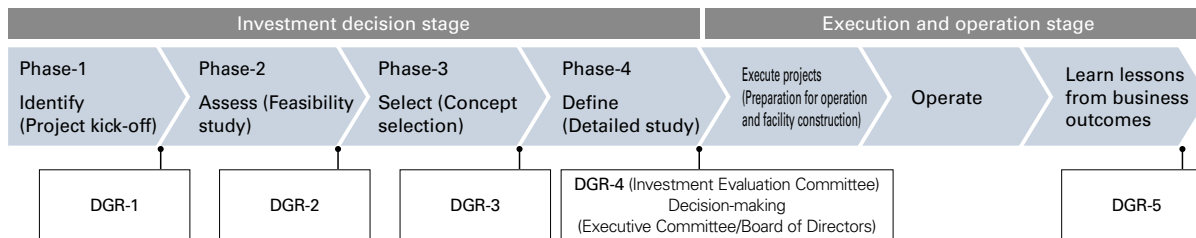
Emergency Response and Business Continuity Plans

To ensure appropriate response to emergencies at operation sites and fields, we have in place the Emergency Countermeasure Regulations and various response manuals. At the time of an emergency, business divisions and major business locations collect information and provide communications and instructions in accordance with the prescribed processes. In addition, the Emergency Response Headquarters, etc. will be set up at JAPEX's Head Office and major business locations, if necessary.

Moreover, we also have developed Business Continuity Plans (BCPs) and initial response manuals to respond to a major earthquake, an outbreak of infectious diseases such as COVID-19, and other incidents that would severely impact our business.

At major business locations, we regularly conduct disaster drills for emergencies at operation sites and fields, those for large-scale disasters in urban areas, and employee safety confirmation drills, based on the results of which we work to improve the methods of response to emergencies. We also reinforce our disaster prevention schemes by participating in drills carried out in cooperation with local disaster prevention organizations.

DG Process Overview



Deliberation topics	New investment projects that could have a particularly significant impact on the Company's business and investment projects that will be undertaken as additions to existing projects				Major overseas E&P projects and some domestic projects	
Evaluation points	Confirm the project's alignment with strategy, then identify risks and opportunities based on assessments of the external environment	Identify all alternative options and evaluate their feasibility, risks, and opportunities	Select the concept delivering maximum value from multiple options	Get ready/Prepare to proceed into execution phase	Review the progress of project execution to prevent value impairment	Add to knowledge for future projects
Rules and guidelines	Decision Gate process and guidelines					
	Investment Evaluation Committee Rules Investment Evaluation Guidelines			Risk Management Committee Rules Project Management Guidelines		

Information Security

JAPEX has set up the Information Security Committee and has in place an information security management system that aims for proper and safe management and effective use of information. Under this system, we have formulated various policies, including Information Security Policy, 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 part of crisis management, we continuously review our vulnerability to cyberattacks. In 2022, we received a safety assessment by an external IT security expert. We respond to issues identified by such assessment.

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/>

Compliance

Promotion System

JAPEX has formulated the JAPEX Group Code of Ethics and Conduct, the 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 Bribery Prevention Guidelines in fiscal 2022. 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.

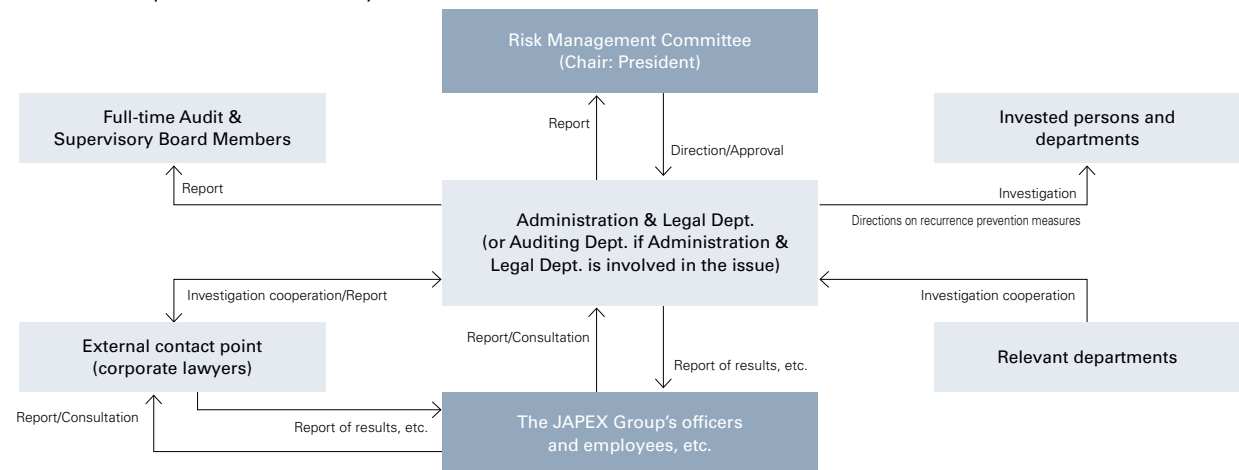
Report & Consultation System

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 addition, as response to the amended Whistleblower Protection Act dated June 1, 2022, JAPEX has developed relevant regulations to conform to the compliance requirements under that act. In fiscal 2022, there was no case reported via this system.

Structure of Report and Consultation System





Respect for Human Rights

Human Rights Policy

JAPEX established JAPEX Group's "Human Rights Policy" in March 2023 in accordance with the UN "Guiding Principles on Business and Human Rights." This policy has been established as a specific policy based on the commitment to respecting human rights shown in the existing "JAPEX Group Code of Ethics and Conduct," taking into account external experts' opinions. By establishing the policy for showing the JAPEX Group's stance for respecting human rights once again and our current human rights issues in our businesses, we aim to promote understanding of our human rights efforts to stakeholders as well as the Group's officers and employees.



Human Rights Due Diligence

In fiscal 2022, we organized human rights issues with value chain stakeholders while receiving advice from external experts, identified vulnerable stakeholders and potential human rights risks, and organized human rights issues in the industry where JAPEX belongs.

We will continue to work to identify, prevent and mitigate a negative impact related to our business activities on human rights in accordance with the Human Rights Policy in fiscal 2023 and thereafter. We will also endeavor to avoid causing or promoting a negative impact on human rights in value chains.

Vulnerable stakeholders and potential human rights risks in value chains

	Manufacture (customers)	Drilling and production	Transportation	Sale (power plant, etc.)
Vulnerable stakeholders	<ul style="list-style-type: none"> Foreign workers and immigrant workers at manufacturing plants All workers at manufacturing plants Neighboring residents of manufacturing plants 	<ul style="list-style-type: none"> Foreign workers and immigrant workers at drilling and production sites All workers at drilling and production sites Neighboring residents of exploration and production sites 	<ul style="list-style-type: none"> Workers engaging in transportation of petroleum products (drivers) Local residents in transportation routes Workers at construction sites 	<ul style="list-style-type: none"> Power plant workers
Potential human rights risks	<ul style="list-style-type: none"> Treatment of immigrant workers/foreign workers (forced labor, discrimination, etc.) Appropriate working hours and wages Occupational health and safety Environmental pollution (impact on surrounding areas) 	<ul style="list-style-type: none"> Treatment of immigrant workers/foreign workers (forced labor, discrimination, etc.) Occupational health and safety Health of neighboring residents and access to water Land rights, original inhabitants' rights, violation by security guards or officers 	<ul style="list-style-type: none"> Occupational health and safety Appropriate working hours and wages Health of neighboring residents 	<ul style="list-style-type: none"> Occupational health and safety Appropriate working hours and wages

Specific Initiatives

Anti-harassment Measures

We have in place the Anti-harassment Rules and are working to realize a comfortable work 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 2022, we distributed periodic e-mail newsletters to all employees and provided them with relevant information via the intranet to raise their awareness. We also conducted internal surveys on harassment twice.

Response to Sexual Minorities

We have the "Inner Rule of Same-sex Partnership," which defines treating our employees' same-sex partners in the same manner as legally married spouses, and it enables employees to apply for allowances and benefits in the relevant inner rules.

Also, to prevent prejudice and discrimination against sexual minorities, the Anti-harassment Rules sets the harassment regarding SOGI (Sexual Orientation and Gender Identity) as an object to prevent.

UK Modern Slavery Act

JAPEX Group discloses a statement of its policies and initiatives in accordance with the "UK Modern Slavery Act 2015."



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.27](#)

Stable and Sustainable Energy Supply (Infrastructure/Utility field) [P.30](#)

Development of New Technologies (Carbon Neutral field) [P.33](#)



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 contribute to realization of a carbon-neutral society. As a concrete roadmap to 2030, we formulated the Management Plan 2022–2030 (the “Management Plan”) in March 2022. Based on the 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 2022

In April 2022, we established the Carbon Neutral Business Promotion Committee (the “CN Business Promotion Committee”) for the purpose of cross-departmental information sharing and problem solving. The committee discusses important matters related to carbon neutrality in each business division, maintenance of CCS laws and regulations related to the Management Plan, and the structuring of carbon neutral projects, with the aim of promoting smooth business operations.

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 second time, obtaining an A- 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

1. 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 (medium- to long-term policies and plans), 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. In addition, the progress of GHG emission intensity targets is reported annually to the Board of Directors. The JAPEX2050 and the Management Plan were all matters resolved by the Board of Directors.

Climate change-related deliberations are also addressed by the Sustainability Committee, Risk Management Committee, Investment Evaluation Committee, and CN Business Promotion 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.

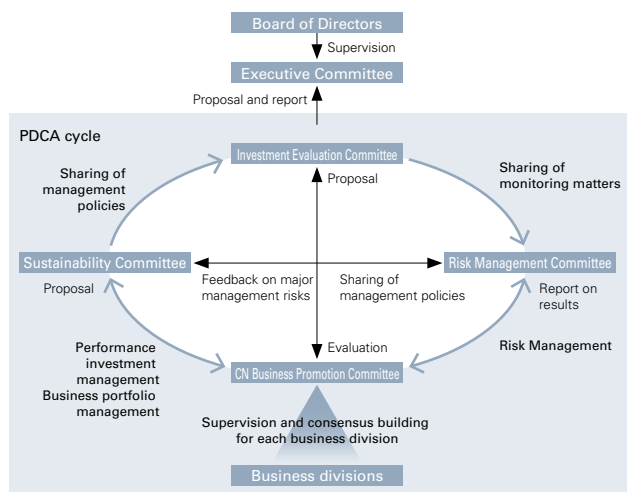
In addition, we prepared a skills matrix that lists the knowledge, experience, and skills of each of our Directors and Audit & Supervisory Board Members. In this matrix, we also specified ESG and sustainability skills as items.

Major Initiatives Taken in Fiscal 2022 in Line with TCFD Recommendations

Governance	<ul style="list-style-type: none"> Established and operated the CN Business Promotion Committee (meeting held 12 times in fiscal 2022) 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 (continuing from fiscal 2021) Added items considering the achievement level of climate change response objectives to annual evaluation of Executive Officers
Strategy	<ul style="list-style-type: none"> Promoted the carbon neutral direction and objective JAPEX2050 and the Management Plan Conducted a scenario analysis and reviewed the portfolio to reflect changes in the external environment
Risk Management	<ul style="list-style-type: none"> Monitored climate change risks (transition and physical risks) of major projects, progress towards GHG emission intensity targets, and climate change risks using the risk matrix through the Risk Management Committee
Metrics and Targets	<ul style="list-style-type: none"> Continued efforts to achieve GHG emissions intensity target (Fiscal 2022 target: 3.58 tons-CO₂/TJ, Result: 3.56 tons-CO₂/TJ, Reduction rate from base year: -11%) 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



1-1 Linkage to Officer Compensation

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

Main Treatment of Climate Change Response at Various Internal Committees

Committee	Main issue (Matters inside parentheses are those related to climate change addressed in FY2022)	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 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 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 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
CN Business Promotion Committee ¹	<ul style="list-style-type: none"> Formulation and implementation of our strategy for each carbon neutral business area² Management of progress on structuring carbon neutral projects Promotion of inter-divisional collaboration on carbon neutrality *1 Established in April 2022 *2 Domestic CCS field, overseas CCS/CCUS field, next-generation energy field, etc.	Convened as appropriate

2. Strategy

2-1 Formulation of the 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 Management Plan in fiscal 2021, we conducted a financial impact analysis under four scenarios 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 four scenarios (NZE^{*1}, SDS^{*2}, APS^{*3}, and STEPS^{*4}) presented in the World Energy Outlook (WEO) of the International Energy Agency (IEA) as parameters. We used the analysis results for the consideration of the 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

2-2 Climate Change Risk Assessment

Based on the risk assessment results to date, we have determined that transition risk has a greater impact than physical risk on our business. We have incorporated a policy to cope with this in the JAPEX2050 and the Management Plan. In fiscal 2022, we continued our 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 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.

Stable and Sustainable Energy Supply—Climate Change Response—

3. 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 intensity 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.

P.49 ➡ Risk Management

4. Metrics and Targets

4-1 JAPEX Group's GHG Emission Reduction Targets

- 2050: Achieve net zero
- FY2030: Reduce GHG emission intensity in our operations by 40% compared to fiscal 2019

We established a net zero target by 2050 and a fiscal 2030 target (40% reduction in emission intensity compared to fiscal 2019) as a milestone for GHG emission intensity (Scope 1+2) in our own operations. 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.

● GHG Emission Intensity

We reduced GHG emission intensity in fiscal 2022 by 11% compared to fiscal 2019. We continue our efforts to minimize our environmental impact and realize a sustainable society through GHG emission reduction initiatives (e.g., energy conservation, introduction of renewable energy, and reduction of vent/flare emissions).

Changes in GHG Emission Intensity

	FY2020	FY2021	FY2022
GHG emission intensity (ton-CO ₂ /TJ)*	3.44	3.20	3.56
Reduction rate from base year (FY2019) (%)	-13%	-19%	-11%

* 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 Canadian Oil Sands Project business in fiscal 2021, and for the base year emissions (FY2019) and all fiscal years thereafter, we calculate GHG emission intensity excluding the project from emissions and energy supply volume.

● Scope 3 Emissions

The total emissions for the 15 categories of Scope 3 activities were 7,240 thousand tons-CO₂, of which Category 11 emissions (use of sold products) accounted for 89% of the total Scope 3 emissions. The decrease in emissions in Scope 3 Category 11, mainly due to the end of the Canadian Oil Sands Project in fiscal 2021, resulted in a 29% reduction in overall Scope 3 emissions compared to the previous fiscal year. Going forward, we will continue striving to further reduce emissions by working to expand the supply of low-carbon energy resources such as renewable energy and natural gas.

4-2 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 GHG emissions reduction 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 GHG emission reduction targets.

4-3 Initiatives for Reducing GHG Emissions

We have established priority action items for Scope 1 and Scope 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 2022, we purchased a non-fossil fuel certificate for approximately 27,000 tons-CO₂ equivalent 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—Occupational Health and Safety/Pollution Prevention—

Basic Concept

JAPEX prioritizes occupational health, safety, and environment (HSE) in its business activities in consideration of the business characteristics of handling crude oil and natural gas 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 2022, the second year of the Second Medium-term HSE Plan (FY2021–FY2023), we 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 largely achieving our targets for that fiscal year.

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

Individual challenges	Eight goals of the Second Medium-term HSE Plan	Priority targets by FY2023	Main achievements in FY2022
Climate change response	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: internally examined such measures as those to reduce CO₂ emissions derived from energy consumption as measures to conserve energy at production fields, and created a list and visualized the implementation status of GHG emissions reduction measures Adaptation: identified impacts of climate change and sorted out the situation for examining adaptation measures
Occupational health and safety	Reduction of injury frequency	<ul style="list-style-type: none"> Established targets for reducing the frequency of accidents and injuries: 0.00 for LTIF^{*1} and 0.86 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"> LTIF target: 0.09, result: 0.84 TRIR target: 0.88, result: 1.39
	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, and 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"> Held a seminar for management officers and provided HSE training for new managers
Pollution prevention and resource recycling Preserving biodiversity and ecosystems	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"> Revised process safety documents to reflect improvements made through training and other measures. Already provided training, which also served as an assessment for building a system to provide support across district offices
	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 in JAPEX's operating areas and confirmed that there were no high-risk areas Disclosed policies to promote reduction of water and waste (* The amounts of water consumption and waste are monitored and disclosed separately in the ESG Performance Data)
Governance	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"> Developed the Company's guidelines for physical security Inadequate response to overseas security incidents occurred: 0
Crisis management	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"> Enlightenment and education activities for disaster prevention: held a company-wide lecture, inviting an external disaster prevention authority as a lecturer, provided disaster prevention education for rank-and-file employees, and disseminated disaster prevention information using the Company's IT platform Emergency drills: continued to conduct combined drills between JAPEX's Head Office and district offices and between district offices and subsidiaries/associates as well as drills at each district office
Compliance	Legal compliance and HSE management system 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"> Completed the formulation of a guideline policy and the implementation of an HSE management system for small- to mid-sized construction contractors

*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—Occupational Health and Safety/Pollution Prevention—



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

The Company has been implementing its unique HSE management system (HSE-MS) and applying it to businesses the JAPEX Group operates. Under the system over which the HSE Department has control and which consists of relevant departments established in each district office and subsidiary, the HSE-MS sets out risk assessment methods, targets, education, operation management, audits, and review methods by management.

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 (overseas) 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 a risk assessment. Specifically, hazard sources are identified, and then the risk level of the possible risks from those hazard sources is categorized as H (high), M (medium), or L (low). For risks categorized as H and M, risk reduction measures are considered and implemented until the level is reduced to L. We review the list of hazard sources and risks every year and share the information among district offices 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.

In fiscal 2022, we embarked on initiatives to improve skills of HSE personnel, in addition to providing education for employees who are engaged in HSE.

■ Process Safety

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

While JAPEX has fields that have continued to be operated for over 60 years in Japan, there are also locations that have only been operational for a few years. Depending on the location, there are 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 2022, we provided basic education on risk assessment (HAZOP*, etc.) for technicians, which started in fiscal 2021, by holding workshops 20 times, among other measures, to increase their sensitivity to risks.

* HAZOP: Hazard and Operability Studies

■ Overseas Security Measures

To protect the safety of our employees engaged in overseas operations, JAPEX conducts countermeasures, training, and educational activities from ordinary times based on our overseas safety and crisis management guidelines.

Moreover, in high-risk countries, we perform audits for specialized local security systems.



Local security audit

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.

■ 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, in addition to being discharged as sewage.

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.

As part of strengthening water resource management, we conducted a water risk assessment at JAPEX's operating locations using the water risk mapping tool of the World Resources Institute. We have confirmed that none of the areas are under high water stress as of March 2023.

■ 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 2022 domestic VOC emissions totaled 989 tons, a year-on-year decrease of 9 tons.

Being a Good Neighbor—Growing Together 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 gain an understanding of 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	Main means of communication taken in FY2022
Clients	<ul style="list-style-type: none"> Dialogues with clients through marketing activities Provision of product information Tours of our facilities for clients
Shareholders and investors	<ul style="list-style-type: none"> General meeting of shareholders Financial results briefing for analysts and institutional investors (quarterly) One-on-one meetings with analysts and institutional investors Tours of our facilities for analysts and institutional investors Business briefings for individual investors Tours of our district offices for shareholders Issuance of an integrated report and shareholder newsletters (business report) Disclosure through the Company's website
Local communities	<ul style="list-style-type: none"> Dialogues with local governments, local communities, etc. Tours of our facilities 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"> Interviews related to new projects Various meetings and briefings on the progress of projects
Business partners	<ul style="list-style-type: none"> Meetings with companies involved in new projects Workshops, meetings, and briefings related to operations and technologies Regular meetings with operators (including technical discussions) Meetings that we attend as a shareholder of project companies
Transaction partners	<ul style="list-style-type: none"> Disclosure of the CSR procurement policy and CSR procurement guidelines CSR procurement questionnaire Fair transactions—compliance with the terms and conditions for transmission HSE management based on the Company's contractor HSE management guidelines
Employees	<ul style="list-style-type: none"> Individual interviews (three times a year) Townhall meetings and skull sessions between management and employees Training and seminars Regular meetings with the labor union Provision of information through in-house intranet and in-house journal

IR Activities

In fiscal 2022, we held a tour of our facilities for sell-side analysts to facilitate their understanding of our E&P technologies, and invited them to see the drilling rigs and production facilities at the Katakai Gas Field. We also participated in "IR Seminars (Company Presentations for Individual Investors)" hosted by the Securities Analysts Association of Japan (SAAJ) both in Tokyo and Osaka in order to increase recognition of the Company among individual investors.

At one-on-one meetings with analysts and institutional investors, we had dialogue primarily on our business performance, progress in each business and our management plan, and capital and shareholder return policies. Opinions and requests we received during the meetings were summarized and fed back to management. JAPEX was also selected for the first time as a "Company of Remarkable Improvement in Disclosure" in the energy sector of the "Selection for Excellence in Corporate Disclosure by Securities Analysts" (FY2022) hosted by SAAJ, in recognition for its IR activities.



Tours of our facilities for sell-side analysts (Katakai Gas Field)



IR Seminars (Company Presentations for Individual Investors) in Osaka

Dialogue between Management and Employees

We hold a townhall meeting (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. At the session, they lively exchange opinions on themes solicited from attending employees. Furthermore, as an opportunity for conveying a message from the President to employees, the "President's Channel" is delivered on a regular basis. 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—Diversity Promotion—

Basic Concept

From the perspective of realizing job satisfaction for each of our diverse employees and maximizing their abilities, as well as creating innovations for change, we will work to promote diversity and gain diverse perspectives to strengthen our organizational capabilities.

Targets related to DE&I and Good Working Environment

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

Diversity, Equity & Inclusion

Utilization of diverse human resources with consideration to improving engagement

Policy

In order to respond to changes in the business environment and achieve further growth as a comprehensive energy company under the JAPEX Diversity, Equity & Inclusion (DE&I) Policy, JAPEX regards the promotion of DE&I as an important management issue, and aims to strengthen its 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.

Efforts to Recruit Women to Management Positions

We secure excellent human resources regardless of gender and promote them to positions with responsibilities. To promote women's participation and career advancement, we conduct individual interviews with female employees in pre-management positions. We also have introduced a system to support female employees in balancing their life events and career development. We are working to improve environments to enable female employees to thrive as independent professionals and continue to grow without fear of change.

Women Energy

"Women Energy" is a networking activity for female employees that was voluntarily initiated to create opportunities for facilitating ongoing connections and communications with other female employees beyond the boundaries of organizations and professions and make use of these opportunities for their career development. They periodically hold meetings for active information exchange and lectures to help female employees build their career visions and develop their careers.



Environment where diversity is respected

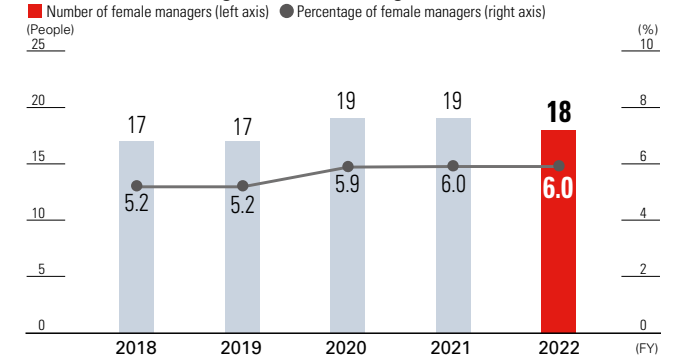
We are making efforts to prevent discrimination and bias by introducing training and rules on unconscious bias and psychological safety as well as those on recognition of sexual minorities. Through these efforts, we are working to improve a working environment where diversity is respected and employees can feel job satisfaction.



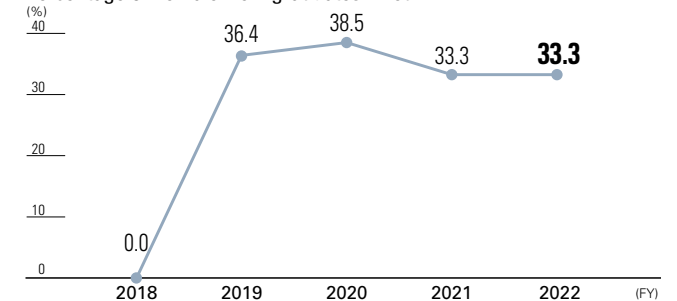
Diversity, Equity & Inclusion

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

Number and Percentage of Female Managers



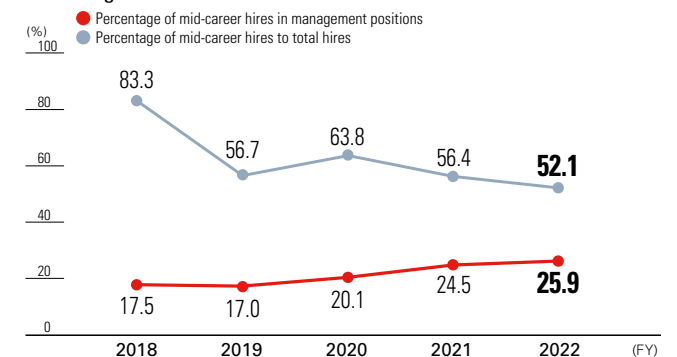
Percentage of Female New-graduates Hired



* 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 recommend high-stress individuals for consultation with an industrial physician based on the results of stress check tests, and work to improve a working environment based on the results of group analysis. For those on leave, we provide them with periodic interviews and support for returning to work. In addition to providing employees who work long hours with interviews required by law, we assess the level of fatigue accumulation of those whose overtime working hours exceed 45 hours and provide them with interviews if necessary. To prevent lifestyle-related diseases, we conduct walking and dieting campaigns to raise awareness of health among employees. In addition, smoking is prohibited throughout the day in offices (at some district offices) to prevent passive smoking. Furthermore, we provide training on female-specific cancers to all employees to encourage them to receive cancer screening.

Good Working Environment

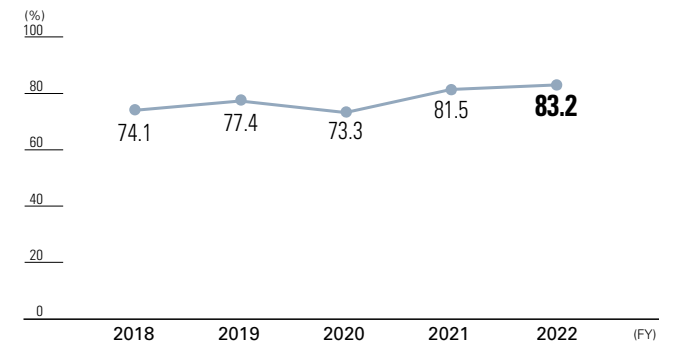
Work-life Balance

JAPEX is reviewing its systems and introducing new systems to respect the diversity in employees and realize an autonomous and flexible working styles. We are working to create a good working environment where diverse human resources can play an active role by allowing them to combine work at office and work from home and promoting the use of childcare and caregiving systems. From fiscal 2022, we are implementing a casual dress code (on a trial basis) to improve productivity, create innovation and revitalize communications by allowing employees to dress in their own way and work in clothing that is comfortable for them to wear. We are also encouraging employees to take paid leave. We set recommended days for taking annual paid leave and encourage employees to take consecutive holidays. In fiscal 2022, the rate of paid leave taken was 83.2%, and the percentage of male employees taking childcare leave was 58.9%. We will continue to work on improving the working environment to enhance work-life balance.

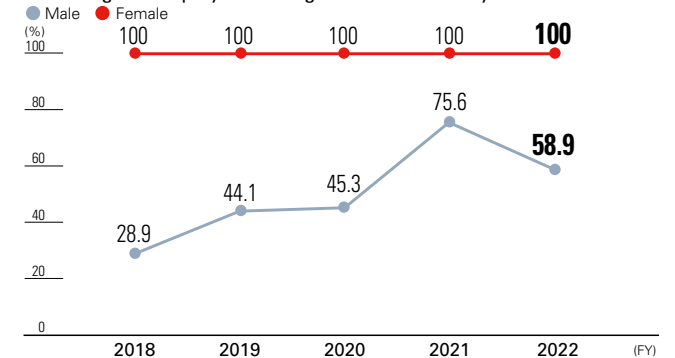
Main Working Systems Introduced by JAPEX

- Flextime system (no core time)
- Work-from-home system
- Casual dress code (on trial basis)
- Setting of recommended days for taking annual paid leave and encouragement to take consecutive holidays
- Special leave for spouse's childbirth
- Support for childcare costs (support for employees returning to full-time work after childcare leave, etc.)
- Support for childcare provided until the child enters the fourth grade of elementary school (days off for child nursing care, shortened working hours for childcare, support for childcare costs for sick children, support for costs of extended-hours childcare during business trips, etc.)
- Support measures during childcare leave (partial paid leave, guarantee for the payment of 80% of the bonuses)

Rate of Paid Leave Taken



Percentage of Employees Taking Childcare Leave by Gender



Financial and Other Information



INDEX

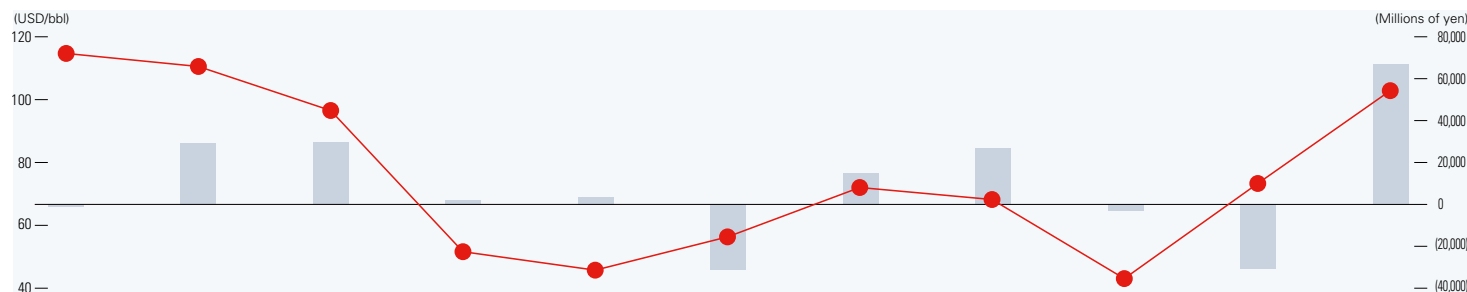
Financial Highlights.....	62
Non-Financial Highlights.....	63
External Evaluation.....	64
Glossary.....	65
Corporate Data.....	66

Financial Highlights

(Fiscal years ended March 31)

	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	
Crude oil CIF price (JCC)* ¹ (USD/bbl)	114.67	110.51	96.48	51.48	45.60	56.20	71.94	68.11	42.91	73.28	102.26	
Exchange rate* ¹ (JPY/USD)	81.71	99.31	106.23	121.06	108.53	111.67	110.35	109.15	105.86	111.20	132.86	
For Fiscal Year (Millions of yen)												
Net sales	231,086	276,588	304,911	240,302	207,130	230,629	267,980	318,822	240,078	249,140	336,492	
Cost of sales	172,075	210,460	234,649	193,022	174,957	191,366	233,133	271,780	203,543	199,237	240,380	
Exploration expenses	13,086	9,800	4,489	6,516	1,512	1,324	788	893	989	359	2,885	
Selling, general and administrative expenses	32,017	31,692	33,625	32,426	29,975	29,173	31,743	31,864	31,352	29,734	31,139	
Operating profit	13,906	24,634	32,146	8,336	685	8,764	2,313	14,283	4,192	19,809	62,085	
Ordinary profit	28,082	43,889	54,839	4,652	2,222	3,828	12,523	32,635	10,001	43,674	83,130	
Profit (loss) attributable to owners of parent	①(865)	29,015	29,567	2,090	3,443	⑧(30,959)	14,770	26,815	(2,725)	⑨(30,988)	67,394	
EBITDA	43,046	53,905	61,963	31,200	21,887	33,211	41,736	58,296	37,150	57,391	85,316	
Net cash provided by (used in) operating activities	34,254	45,226	78,666	57,659	43,672	52,881	30,970	69,895	43,263	(1,052)	104,581	
Net cash provided by (used in) investing activities	(14,836)	④⑤(131,600)	⑦(63,031)	(125,771)	(84,686)	(54,218)	(13,969)	(18,701)	(6,453)	52,067	(52,723)	
Net cash provided by (used in) financing activities	(7,177)	71,680	18,475	54,816	18,360	(1,196)	(15,493)	(13,743)	(15,626)	(70,939)	(14,506)	
Cash and cash equivalents at end of period	112,639	102,830	142,657	126,570	103,630	99,892	100,633	138,259	157,963	144,513	186,166	
At Fiscal Year-end (Millions of yen)												
Total assets	525,172	663,038	736,862	707,601	746,739	699,536	655,288	627,132	624,786	471,941	568,180	
Net assets	403,625	495,915	540,647	495,317	510,609	459,255	450,156	440,157	434,492	402,770	457,169	
Long-term borrowings	24,197	21,636	20,726	130,030	141,903	135,959	127,715	118,774	50,180	510	250	
Interest-bearing debt	77,325	98,345	121,827	163,575	176,012	170,193	151,726	140,848	118,710	6,156	10,412	
Financial Ratios												
Basic earnings (loss) per share (Yen)	(15.14)	507.68	517.35	36.58	60.24	(541.70)	258.44	469.18	(47.73)	(545.64)	1,236.65	
Return on Equity (%)	(0.2)	7.2	6.7	0.5	0.8	(7.2)	3.5	6.5	(0.7)	(8.0)	16.9	
Debt* ³ -to-EBITDA* ² ratio (Times)	1.8	1.8	2.0	5.2	8.0	5.1	3.6	2.4	3.2	0.1	0.1	
Net assets per share (Yen)	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	7,849.18	
Annual dividends per share (Yen)	40.00	50.00	50.00	50.00	15.00	20.00	40.00	50.00	50.00	50.00	⑩370.00	
Production Volume in the Fiscal Year (daily) (Thousand boe/d)												
Production volume	Natural gas	23.3	26.4	32.3	34.0	33.7	31.2	28.1	26.6	25.3	22.4	14.1
	Crude oil* ⁴	13.3	⑥21.8	42.1	39.7	38.3	29.5	⑨33.4	49.6	36.3	36.1	14.3
	Total	36.6	48.3	74.4	73.7	72.0	60.7	61.5	76.2	61.7	58.5	28.4
Proved Reserve Volume at Fiscal Year-end (Millions of boe)												
Proved reserves	Domestic	②147	112	110	94	74	73	64	58	51	54	52
	Overseas	③160	④193	203	255	277	⑤229	⑩323	296	266	⑪105	85
	Total	307	305	313	349	352	302	387	355	317	159	137

● 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 liability, 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 Project

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 Commencement of construction of Soma LNG Terminal (commencement of operation in March 2018)

⑧ Impairment loss due to decision to end commercialization of Canadian LNG Project

⑨ Decision to end commercialization of Canadian LNG Project

⑩ Achievement of stable production of 20,000 barrels/d in Canadian Oil Sands Project

⑪ Decision on additional development in Iraq Garraf Oil Field

⑫ Extraordinary losses resulting from the end of our participation in two projects in Canada

⑬ End of our participation in two projects in Canada

⑭ Adoption of consolidated dividend payout ratio as a dividend policy

Non-Financial Highlights

(Fiscal years ended March 31)

			2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	
Environment**1											
GHG emissions(1,000 ton-CO ₂) (Scope 1 + Scope 2)	Domestic		231	241	383	319	284	268	242	251 *2	
	Overseas		/	/	205	481	582	548	379	0	
	Total (Domestic + Overseas)		231	241	589	800	866	816	620	251	
Energy consumption (TJ)	Domestic		2,374	2,453	2,610	2,873	2,971	3,102	3,052	3,190	
	Overseas		/	/	3,815	9,082	10,764	10,936	7,459	0	
	Total (Domestic + Overseas)		2,374	2,453	6,425	11,955	13,734	14,038	10,511	3,190	
Water withdrawal (1,000 kL)*3	Domestic		699	708	946	806	943	871	45,524	47,310	
	Overseas		/	/	200	406	201	293	166	0	
	Total (Domestic + Overseas)		699	708	1,146	1,212	1,144	1,164	45,690	47,310	
Waste discharge (1,000 kL)*3	Domestic		982	992	1,250	1,081	1,212	1,607	46,566	48,266	
	Overseas		/	/	140	260	282	210	121	0	
	Total (Domestic + Overseas)		982	992	1,390	1,341	1,494	1,816	46,687	48,266	
Society											
Occupational health and safety	Domestic*4	Fatal Accident Rate (FAR)*6	/	/	/	0.00	0.00	0.00	0.00	0.00	
		Lost Time Injury Frequency (LTIF)*7	/	/	/	/	0.00	0.29	0.00	0.84	
		Total Recordable Injury Rate (TRIR)*8	/	/	/	/	1.46	0.58	0.88	1.39	
	Overseas*5	Fatal Accident Rate (FAR)*6	/	0.00	0.00	0.00	0.00	0.00	0.00	—	
		Lost Time Injury Frequency (LTIF)*7	/	0.00	0.00	0.00	0.00	2.42	0.00	—	
		Total Recordable Injury Rate (TRIR)*8	/	1.46	5.50	5.13	7.94	7.25	0.00	—	
	Number of employees (Persons)	Consolidated		1,847	1,825	1,788	1,741	1,739	1,780	1,634	1,617
		Non-consolidated		902	897	920	904	919	937	965	954
	Number of mid-career hires (Persons)	Non-consolidated		20	9	7	10	17	30	31	25
Turnover rate (voluntary) (%)	Non-consolidated		0.9	1.7	1.8	2.7	2.0	2.0	3.2	2.5	
Average length of service (Years)	Non-consolidated		16.6	17.2	17.3	17.9	17.1	16.6	16.0	15.7	
Percentage of female managers (%)	Non-consolidated		4.5	4.9	5.0	5.2	5.2	5.9	6.0	6.0	
Employment rate of people with disabilities (%)	Non-consolidated		2.2	2.0	2.0	2.8	2.6	2.8	2.6	2.6	
Annual paid leave	Non-consolidated	Average days of paid leave taken (Days)	13.8	13.6	13.5	14.3	14.7	14.0	15.4	15.8	
		Average rate of paid leave taken (%)	72.0	70.5	70.3	74.1	77.4	73.3	81.5	83.2	
		Percentage of male employees taking childcare leave (%)	2.4	21.1	18.6	28.9	44.1	45.3	75.6	58.9	
Childcare and caregiver leave	Non-consolidated	Percentage of female employees taking childcare leave (%)	100	100	100	100	100	100	100	100	
		Percentage of employees returning to work after childcare leave (%)*9	100	100	100	100	100	100	100	100	
		Retention rate after childcare leave (%)*10	100	100	100	100	100	100	100	100	
		Number of employees taking caregiver leave (Persons)	0	0	0	0	0	1	1	0	
		Number of employees taking time off for caregivers (Persons)	11	12	24	19	12	13	20	17	

*1 Scope of non-financial data
2016/3–2017/3: JAPEX and Japex Offshore Ltd.
2018/3–2020/3: JAPEX and its 14 consolidated subsidiaries
Domestic: Japex Offshore Ltd., Akita Natural Gas Pipeline Co., Ltd., SK Engineering Co., Ltd., JAPEX SKS Corporation, North Japan Oil Co., Ltd., Shirene 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 (JACOS) (JACOS is based on data collected until the end of the project in August 2021); Japex (U.S.) Corporation (JUS); JAPEX UK E&P Limited (JUK) (JUS and JUK are out of the scope of report of water withdrawal and water discharge data.)
2021/3–: JAPEX and its 15 consolidated subsidiaries (added GEOSYS Inc. to the scope of "Domestic" above.)
2023/3–: Added Kirsche Energy Service LLC. to the scope of report of GHG emissions data.

*2 Scope 2 emissions (Domestic) for 2023/3 were obtained by subtracting a reduction of approximately 27,000 tons-CO₂ calculated based on the non-fossil fuel certificate purchased in accordance with the GHG Protocol.

*3 Added "Seawater" and "Marine waters" to the scope of calculation of water withdrawal and water discharge from 2022/3.

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

*5 Scope of report: JACOS and contractors (JACOS is based on data collected until the end of the project in 2021/8. No data subject to disclosure for 2023/3 as there is no overseas operator project.

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

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

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

*9 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) × 100

*10 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) × 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)

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 data to the world. It is one of the key indicators to measure a company's commitment to the environment. JAPEX obtained an A- 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 seventh year in a row since 2017 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, in which companies that practice excellent 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, Labour 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.

*MSCI ESG Indexes

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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.

Flare

Burning excess gas other than one that is shipped as products or one that is used as refinery fuel at gathering stations, crude oil production facilities, gas processing facilities, natural gas liquefaction and storage terminals, refineries and other facilities

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, environment, and overseas security.

Japan Crude Cocktail (JCC)

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

LNG bunkering

Supplying LNG fuel to vessels

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 natural 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.

Smart city

A sustainable city or region that solves various problems faced by cities and regions through advanced management (planning, maintenance, management, operations, etc.), while utilizing ICT and other new technologies, and that continues to create new value

Tight oil

Crude oil trapped within geological layers with low porosity and permeability. Although the crude oil itself can be classified as light to medium oil, tight oil is developed by means of fracturing with horizontal wells due to the poor fluidity in the reservoir.

Vent

Releasing excess gas directly into the atmosphere for operation at the time of emergency or startup

Corporate Data (As of March 31, 2023)

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 1,617 (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

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) 54,300,076 shares

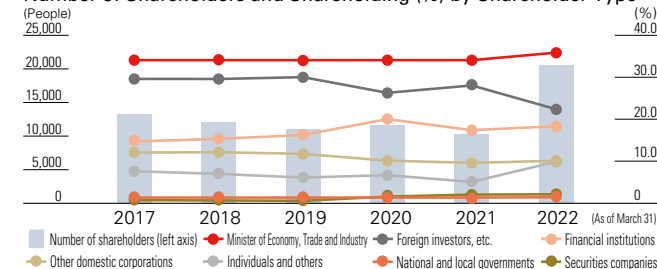
Number of Shareholders 20,540

Major Shareholders

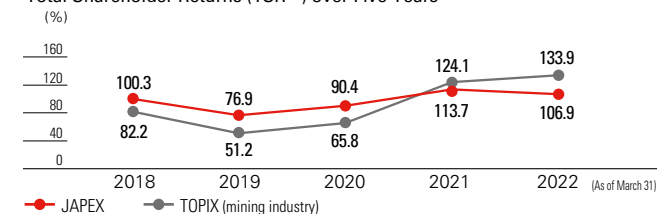
Shareholder name	Number of shares	Voting rights* (%)
Minister of Economy, Trade and Industry	19,432,724	35.79
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,341,800	11.68
INPEX CORPORATION	2,852,212	5.25
CEP LUX-ORBIS SICAV	1,913,104	3.52
Custody Bank of Japan, Ltd. (Trust Account)	1,384,500	2.55
JFE Engineering Corporation	924,012	1.70
Mizuho Bank, Ltd.	720,152	1.33
JPMorgan Securities Japan Co., Ltd.	615,320	1.13
JP MORGAN CHASE BANK 385632	504,810	0.93
STATE STREET BANK AND TRUST COMPANY 505001	482,986	0.89

* Voting rights are calculated by excluding treasury shares (2,630 shares).

Number of Shareholders and Shareholding (%) by Shareholder Type



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

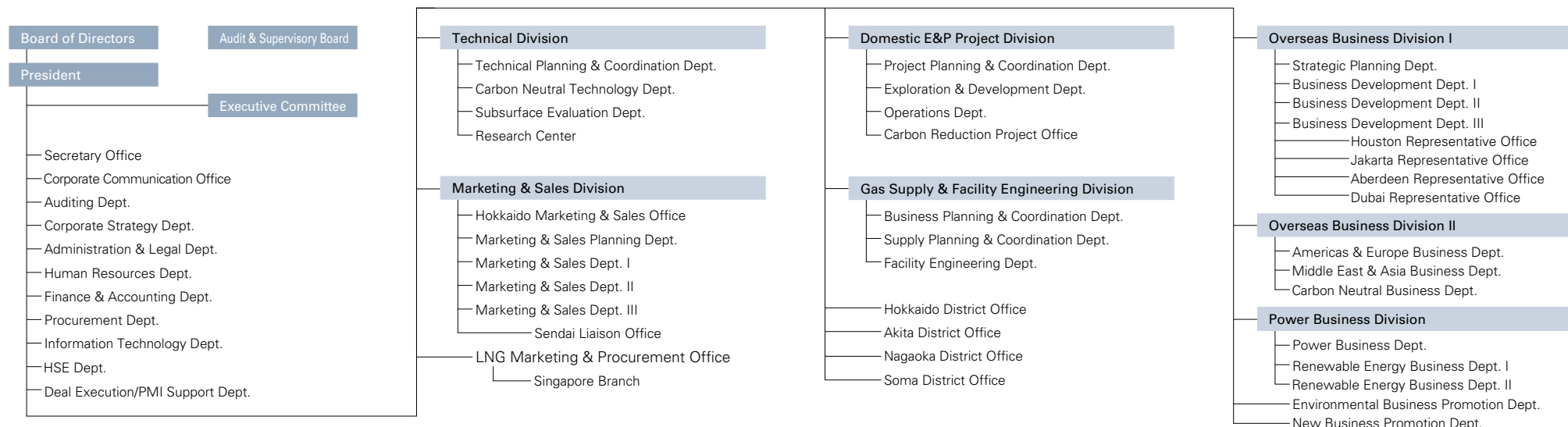


(Comparative index: TOPIX (mining industry) Total Return Index by industry)

*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 2018 onward if invested at the final price as of March 31, 2018

Organization



Corporate Data (As of March 31, 2023)

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 USD 180,000	Exploration and development of petroleum resources in the United States	100.00	
JAPEX UK E&P Ltd.	thousand GBP 151,662	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, development, and production of petroleum resources on the continental shelf of the Sea of Japan	70.61	
GEOSYS, Inc.* ¹	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	
JAPEX Insurance Ltd.	3,500	Underwriting reinsurance of non-life insurance of JAPEX group	100.00	

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.* ²	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 USD 1,000	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	25.00	
Kangean Energy Indonesia Ltd.* ^{2, *3}	thousand USD 10	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	—	[100.00]
EMP Exploration (Kangean) Ltd.* ^{2, *3}	GBP 100	Exploration, development, and production of petroleum resources in the eastern Java Sea, Republic of Indonesia	—	[100.00]
Abashiri Biomass Power 2 LLC	1,297	Operation of biomass power generation business using domestic wood chips	33.80	
Two other companies	10			

*1 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.

*2 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%.

*3 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.



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