



Note: The following is an English translation of the Japanese-language original

March 28, 2022

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## **Formulation of the “JAPEX Management Plan 2022-2030”**

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that it has formulated the “JAPEX Management Plan 2022-2030” (the “Plan”), a medium- to long-term growth strategy for JAPEX that extends through 2030.

Based on our Long-term Vision 2030 and Medium-term Business Plan 2018-2022 formulated in May 2018, we have been working to expand our business domain by promoting oil and natural gas E&P<sup>(\*1)</sup> in and outside Japan, as well as launching commercial operation of the Fukushima Natural Gas Power Plant<sup>(\*2)</sup>, focusing on development of renewable energy, and participating in several feasibility studies for CCS/CCUS<sup>(\*3)</sup> in and outside Japan. In addition, we have been working to optimize our business portfolio and improve our financial soundness through measures including terminating overseas projects that are difficult to promptly improve profitability.

Meanwhile, in light of further acceleration of global decarbonization, we lowered in March 2021 our medium- to long-term assumption of crude oil price (JCC<sup>(\*4)</sup>) to US\$50 per barrel, and in May 2021, we compiled “JAPEX2050: Toward a Carbon-Neutral Society,” which sets forth our direction toward 2050.

The Plan is a new management plan to respond quickly and flexibly to changes in the business environment, covering the nine years from FY2022 to FY2030. The basic policy of the Plan is to improve profitability and to build a business foundation for 2030 and beyond. The Plan outlines management goals including interim targets as of FY2026, basic policies for fund allocation and shareholder returns and, to achieve the targets, priority items in each business field comprising E&P, Infrastructure/Utility (I/U), and Carbon Neutral (CN). In order to promote steady progress of the Plan, we will also work to develop and utilize human resources, enhance organizational capabilities, and improve the efficiency and sophistication of operations by digital transformation (DX) and other measures.

Below is a summary of the Plan’s management goals and priority items in each business field. For more details, please refer to the appendix.

### **[Management goals]**

- Business profit<sup>(\*5)</sup> target: 50 billion yen scale as of FY2030 (30 billion yen scale as of FY2026)
- ROE target: 8% as of FY2030 (5% as of FY2026)
- Profit composition target (E&P-to-non E&Ps): 5-to-5 as of FY2030 (6-to-4 as of FY2026)

### **[Fund Allocation and Shareholder Return Policies]**

- Out of a total of 500 billion yen in cash inflows during the period of the Plan, allocate 450 billion yen in growth investments and 50 billion yen in shareholder returns.
  - Allocation of 450 billion yen for growth investment: 230 billion yen in E&P, 170 billion yen in I/U, and 50 billion yen in CN
- Adopt a consolidated dividend payout ratio as a basic policy for returning profits to shareholders and pay dividends in line with business results for each fiscal year, with a target payout ratio of 30%.
  - Strive to maintain an annual dividend of 50 yen per share even in the event of a temporary downturn in business performance

### **[Priority Items by Business Field]**

- E&P: continue to invest in acquisition of new interests and promote low-carbon operations
  - Japan: pursue potential including additional development and offshore exploration, reduce greenhouse gas (GHG) emissions from operations, collaboration with business examinations in other fields such as CCS/CCUS
  - Overseas: Acquire new interests
- I/U: expand the profit scale of renewable energy and other businesses.
  - Japan: take actions to diversify our gas supply method, add more projects on renewable energy development
  - Overseas: participate in projects of LNG supply infrastructure development, consider participating in projects on renewable energy development
- CN: launch CCS/CCUS prototype project by hub and cluster <sup>(\*6)</sup> model utilizing our oil and gas fields, etc.
  - Japan: launch CCS/CCUS model projects, consider infrastructure to supply CO<sub>2</sub> and others such as hydrogen and ammonia
  - Overseas: participate in CCS/CCUS projects in systematically advanced areas such as North America and Europe, participate in feasibility studies on CCS/CCUS in emerging countries

Through the steady implementation of the Plan, we will continue to strive to contribute to the realization of carbon-neutral society by 2050, and further enhance our growth and corporate value as an integrated energy company.

(Note)

\*1: Exploration and Production: Exploration, development and production of oil and natural gas.

\*2: Natural gas power plant with a maximum output of 1.18 million kW in Soma Port, Fukushima Prefecture, operated by Fukushima Gas Power Co., Ltd. (our investment ratio is 33%).

\*3: Carbon dioxide Capture and Storage/Carbon dioxide Capture, Utilization, and Storage.

\*4: Japan Crude Cocktail (JCC): The average price of crude oil imported by Japan, determined in reference to cost, insurance and freight (CIF).

\*5: Operating income and equity in earnings of affiliates (including profits to be distributed under limited partnership and silent partnership agreements)

\*6: CCS/CCUS networks that link multiple CO2 emission sources and CO2 storage sites.

#### <Reference Links>

- Formulation of “JAPEX2050” for the Realization of a Carbon-Neutral Society in 2050, a material disclosed by JAPEX on May 13, 2021.

[https://www.japex.co.jp/en/news/detail/20210513\\_05/](https://www.japex.co.jp/en/news/detail/20210513_05/)

- Change in Dividends Policy, a material disclosed by JAPEX on March 28, 2022.

[https://www.japex.co.jp/en/news/detail/20220328\\_02/](https://www.japex.co.jp/en/news/detail/20220328_02/)

#### <Appendix>

- JAPEX Business Plan 2022-2030: Improving Profitability and Building Medium- to Long-term Business Foundation with Focus on Contributing to Realization of Carbon-neutral Society

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# **JAPEX Management Plan 2022-2030**

Improving Profitability and Building Medium-to Long -Term Business Foundation  
with Focus on Contributing to Realization of Carbon-neutral Society

March 28, 2022

Japan Petroleum Exploration Co., Ltd.  
(Security Code: 1662)

# Introduction: Review of Current Vision and Business Plan

## Progress in the past 4 years, but significant changes in business environment

Formulated in May 2018

### Long-term Vision 2030 : Growth strategy towards FY2030

Growth to the Comprehensive Energy Company Utilizing our Oil and Gas E&P\*1 and its Supply Basis

### Medium-term Business Plan 2018-2022 : Business direction and priority initiatives for 5 Years

Improve profitability to ROE≥5%, Optimize business portfolio and improve financial soundness, materialize new projects

#### Main Progress

- ✓ **Proceeded with additional development in E&P projects**, acquired new E&P projects overseas
- ✓ **Expanded non-E&P business field**, including commercial operation of Fukushima Natural Gas Power Plant\*2 and launched activities of renewable energy development
- ✓ Started **feasibility studies for CCS/CCUS\*3 projects** in and outside Japan
- ✓ Improved financial soundness **by optimizing business portfolio**, mainly projects in Canada
- ✓ Expanded shareholder returns by **share buybacks**

#### Response to Changes

- ✓ Irreversible changes in energy supply-demand structure due to movement toward decarbonization
  - **Lowered crude oil price assumption for medium-to-long term to 50USD/bbl** in March 2021
- ✓ Accelerated movement towards decarbonization in light of “Realizing Carbon-Neutral Society in 2050” initiative by the government in 2020
  - Formulated “JAPEX 2050” which sets forth JAPEX’s direction towards 2050 in May 2021

\*1: Exploration, development, and Production of oil and gas

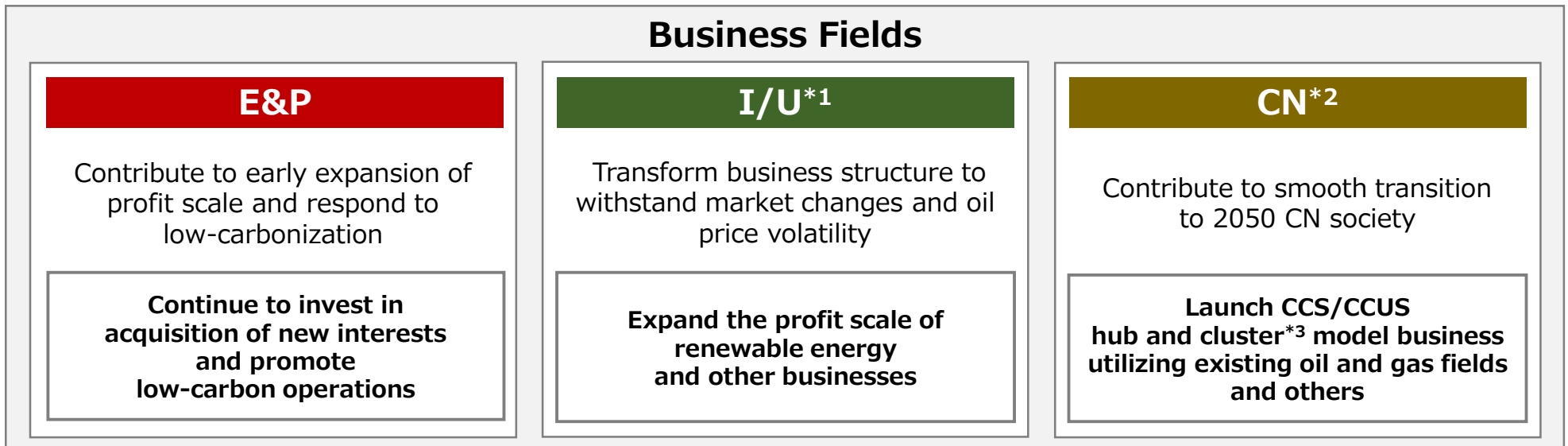
\*2: FGP=Fukushima Gas Power Co., Ltd. (33% of JAPEX shareholds), a company that operates Fukushima Natural Gas Power Plant

\*3: CCS=Carbon dioxide Capture and Storage, CCUS=Carbon dioxide Capture, Utilization, and Storage

# Assumption of Formulation and Basic Policy

## Formulated as Medium- to Long-term Management Plan for FY2022-2030

- **Assumption: New management plan to respond to business environment quickly and flexibly**
  - Changes in our balance sheet (decrease in business assets and interest-bearing debt)
  - Long-term vision for transition of business structure based on “JAPEX 2050”
- **Basic Policy: Improve profitability and build business foundation for 2030 and beyond**



**Achieve profit levels appropriate to capital costs and enhance shareholder returns**

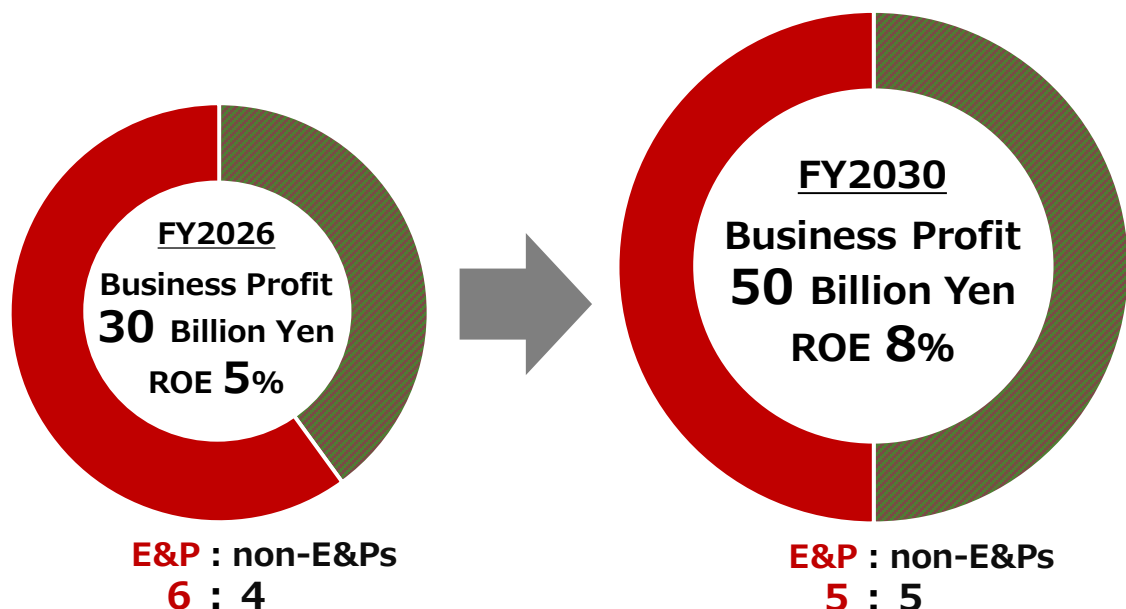
\*1: Infrastructure & Utility \*2: CN = Carbon Neutral

\*3: CCS/CCUS network that connects multiple CO<sub>2</sub> emitter and CO<sub>2</sub> storage sites

# Management Goals

## Long-term Target for FY2030 and Mid-term Target for FY2026

- Quantitative target: Business Profit, ROE, Profit Composition



- ◆ **Elements of Business Profit**
  - Operating profit
  - Profit of entities accounted for using equity method and others\*1

\*Total of business profit of each business fields (P.7-9), excluding head office administrative expenses

- ◆ **Contents of non-E&Ps**
  - I/U (Domestic gas sales, electricity sales, renewable energy, consignment revenue etc.)
  - CN (Overseas CN projects)

\* Assumption Oil price (JCC)=50USD/bbl

- Carbon-Neutral Related Targets

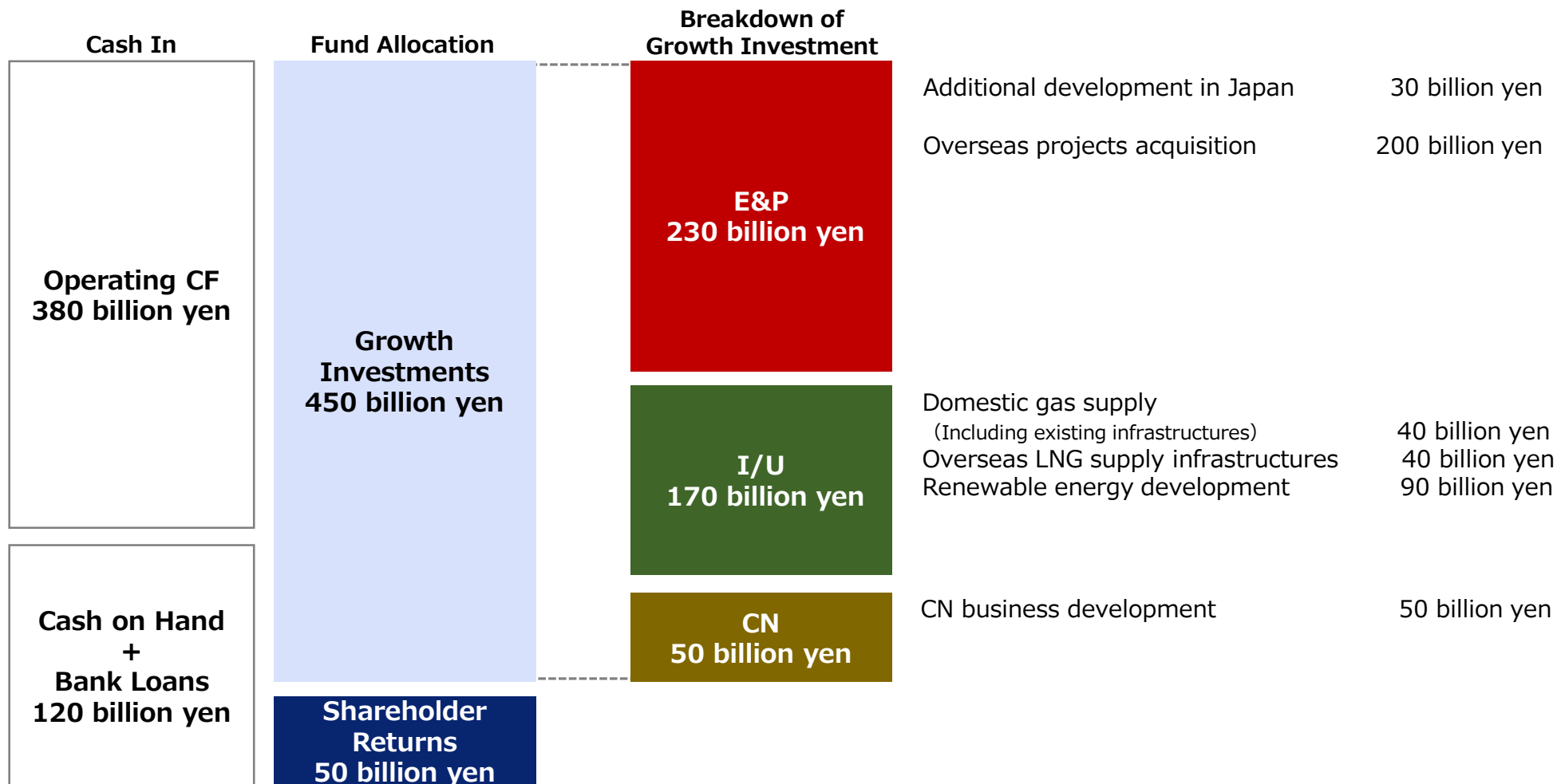
- ◆ **Launch CCS/CCUS prototype projects by hub and cluster model in our domestic oil and gas fields**
  - Prospect for realization by FY2026, launch as model business by FY2030
- ◆ **Reduce GHG emission intensity of JAPEX by 40% compared to FY2019**
  - Start pilot trial at domestic oil and gas field by FY2026, and achieve target in FY2030

\*1:Including profits to be distributed under limited liability investment partnership and silent partnership agreements

# Fund Allocation

## Allocate 500 billion yen to growth investments and shareholder returns

- Outlook of fund allocation (Cumulative of 9 years)



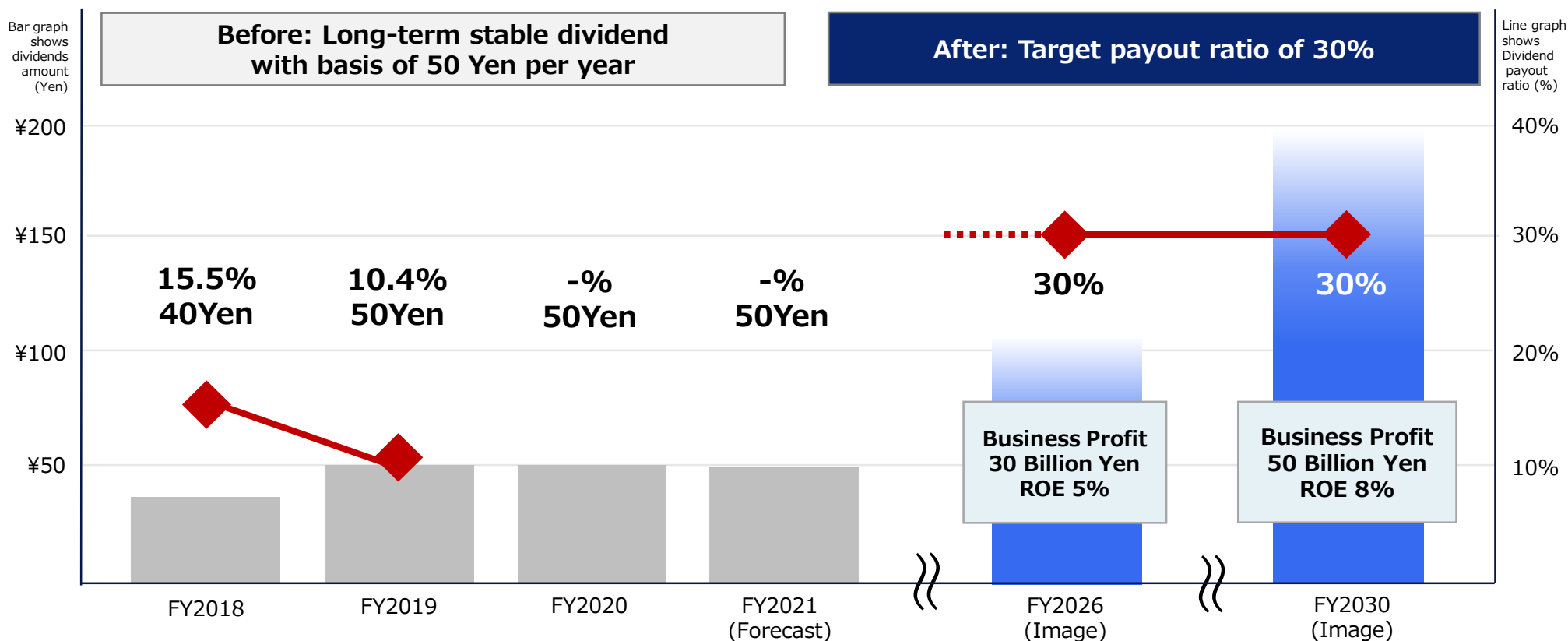


# Shareholder Returns

## Adopt a consolidated dividends payout ratio to enhance shareholder returns

### ● Change in Basic policy

- Pay dividends in line with financial results each fiscal year with a **target payout ratio of 30%** from FY2022
- Strive to maintain annual dividends of ¥50 per share even in a temporary downturn in business performance



# Priority Items by Business Field

## Invest to Grow and Promote Existing Projects in Each Business Field

\* New initiatives are underlined

		Japan	Overseas	
E&P		<ul style="list-style-type: none"> <li>Stable production in existing oil and gas fields</li> <li><u>Additional development in and around existing oil and gas fields</u></li> <li><u>Reduce GHG emission from operations</u></li> </ul>	<ul style="list-style-type: none"> <li>Promote existing projects</li> <li><u>Acquire new interests</u></li> </ul>	
	I/U	Gas Supply	<ul style="list-style-type: none"> <li>Maintain and expand gas supply volumes</li> </ul>	<ul style="list-style-type: none"> <li><u>Participate in projects of LNG supply infrastructure development</u></li> </ul>
		Gas Power Generation	<ul style="list-style-type: none"> <li>Continue stable operation of FGP power plant</li> </ul>	
Renewable Energy		<ul style="list-style-type: none"> <li>Steady progress in projects under development</li> <li><u>Add more projects</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Consider participation in projects</u></li> </ul>	
CN	CO <sub>2</sub> Storage	<ul style="list-style-type: none"> <li><u>Launch CCS/CCUS prototype projects by hub and cluster model utilizing existing oil and gas fields, etc.</u></li> <li><u>Examine CO<sub>2</sub> storage capacity in existing oil and gas fields etc.</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Participate in CCS projects in systematically advanced areas</u></li> <li><u>Participate in feasibility studies on CCS/CCUS in emerging countries</u></li> </ul>	
	Others	<ul style="list-style-type: none"> <li><u>Consider next generation energy supply infrastructure etc.</u></li> </ul>		

# Priority Item-1: E&P

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

### Japan

- **Continue to seek potentials**
  - Additional development in existing fields and surroundings including offshore exploration
- **Reduce GHG emissions from operations**
  - Consider underground storage of associated CO<sub>2</sub> generated in domestic E&P field operation
- **Collaborate with consideration in other business fields**
  - Considerations of CCUS in existing oil and gas fields etc.

- 
- **Steady operation of existing oil and gas fields**

### Overseas

- **Acquire new interests**
  - Consider mainly in North America and North Sea with experiences from existing projects
  - Prioritize projects with early profit contribution
- **Diversify business risks**
  - Continuously acquire assets with a certain scale, own various type assets, use price hedging
- **Pursue carbon-neutral measure**
  - Prefer to acquire natural gas assets, collaborate with CCS/CCUS etc.

- 
- **Contribution to steady operation of Existing projects including projects in development phase**

**E&P Profit Target: FY2026 23 Billion Yen → FY2030 27 Billion Yen**

# Priority Item-2: I/U (Infrastructure/Utility)

## Transform business structure to withstand market and oil price volatility

### Japan

- **Response to gas supply diversification**
    - Provide energy services collaborating with city gas suppliers and others
  - **Renewable energy**
    - Add new projects: mainly biomass other candidates such as offshore wind, photovoltaic, and geothermal energies
    - Steadily progress projects under development
- 
- **Stable gas supply and increase its volume by maintaining domestic supply network**
  - **Contribute to profit in electricity sales by FGP power plant**
  - **Competitive LNG Procurement and sales**

### Overseas

- **LNG supply infrastructure development**
  - Launch ongoing projects and add new projects
  - Mainly target Southeast Asia with strong gas demands
- **Renewable energy**
  - Consider to participate in overseas projects

#### Our gas supply infrastructure applicable in overseas



LNG facilities construction and operation including LNG terminals



High pressure gas pipelines construction and operation



Various LNG satellite supply method such as LNG tank trucks and railways

I/U Profit Target: FY2026 1 Billion Yen → FY2030 2 Billion Yen

# Priority Item-3: CN (Carbon Neutral)

## Contribute to a smooth transition for a Carbon-neutral Society in 2050

### Japan

- **Launch CCS/CCUS prototype projects by hub & cluster model**
  - Mainly collaborate with existing oil and gas fields and business entities emitting/utilizing CO<sub>2</sub>
  - Consider next-gen energy supply infrastructure such as CO<sub>2</sub>, hydrogen, and ammonia
- **Examine CO<sub>2</sub> storage capacity in existing oil and gas fields etc.**

#### **Ongoing Feasibility Studies**

- Yufutsu Oil and Gas Field: Carbon recycling project with the sector-coupling in Tomakomai
- Higashi-Niigata Gas Field: Collaborate with methanol production using emitted CO<sub>2</sub> at an adjacent plant (Injection of their surplus CO<sub>2</sub> into the gas field)

### Overseas

- **Participate in CCS/CCUS projects for early profit earning and knowledge acquisition**
  - Mainly in systematically advanced areas including North America and Europe
- **Participate in CCS/CCUS feasibility studies in emerging countries**
  - Consider mainly Southeast Asia, where demand is expected to grow

#### **Ongoing Feasibility Studies**

- CCUS joint feasibility study at Sukowati Oil Field in Indonesia with Pertamina and LEMIGAS
- CCS joint feasibility study in Malaysia with Petronas

**CN Profit Target: FY2026 1 Billion Yen → FY2030 2 Billion Yen**

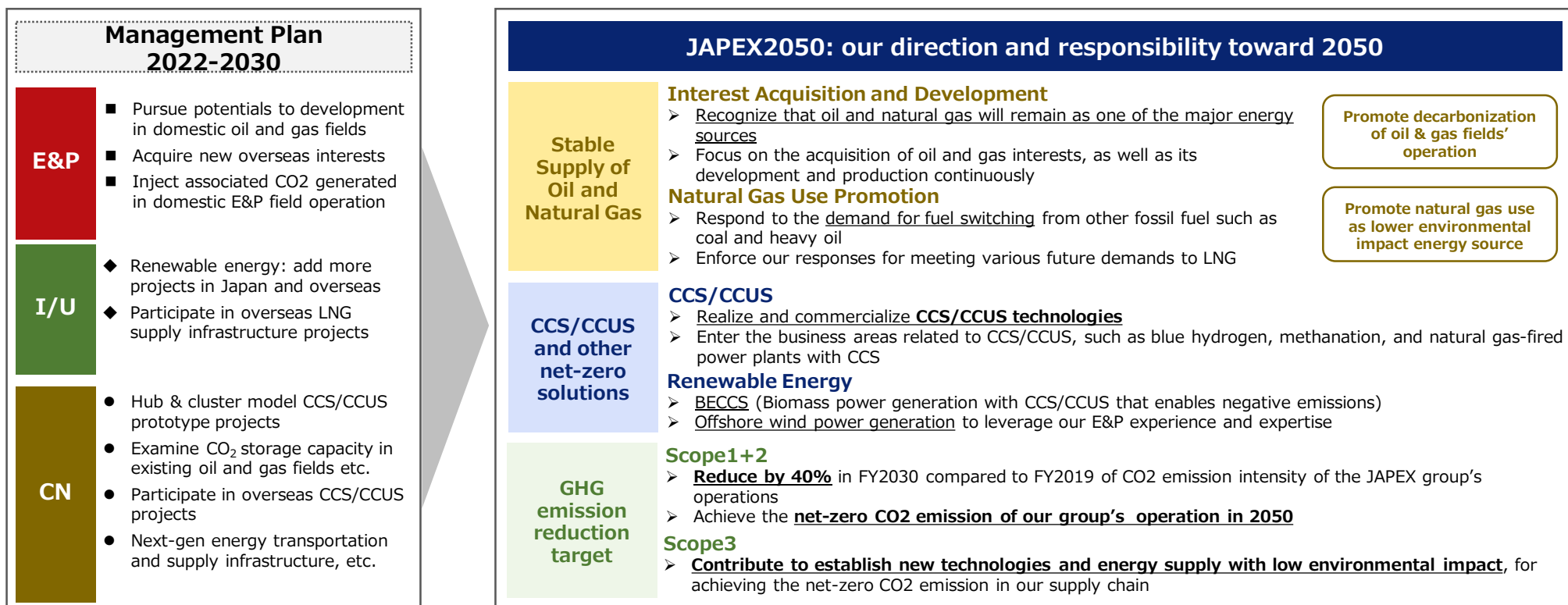
# Positioning of the Plan toward 2050

## Contribute to CN-Society by oil & gas supply, renewable energy, and CCS/CCUS

### ● Future image from the Plan toward 2050 based on “JAPEX2050”

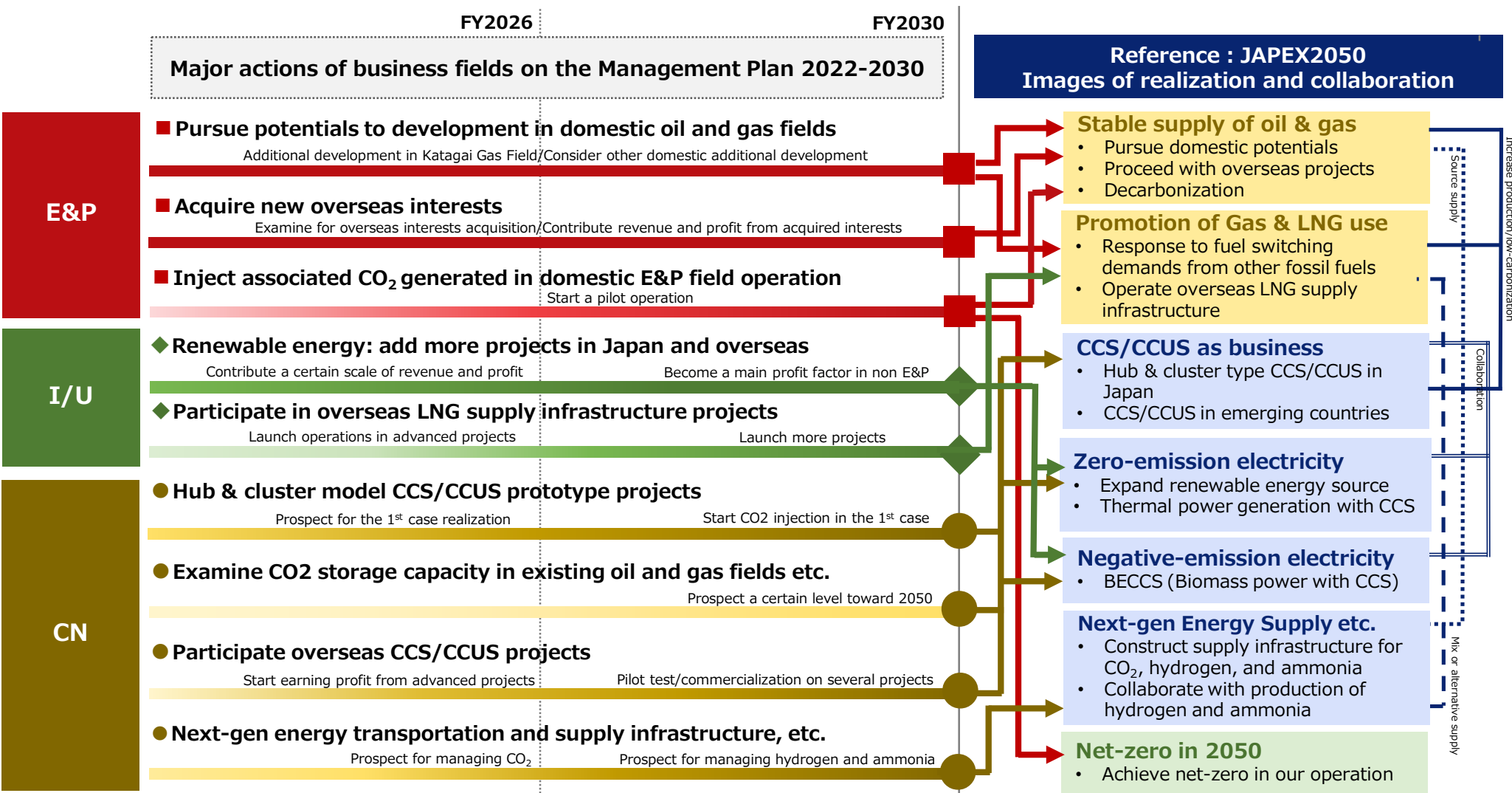
- Recognize that oil & gas will play a major role now and future: aim for both its stable supply and CN Society realization, not de-escalation
- FY2030: Expand I/U field businesses including renewable energy, prospect for realization of various energy supply by establishment of CCS/CCUS business
- CN Society in 2050: As a comprehensive energy company, play a center role by CO<sub>2</sub> storage in collaboration with other business operators for capture, transportation, and utilization

### ● Priority items of the Plan and contributing fields in JAPEX2050 promotion



# Timeline on each business field by FY2030

## Aiming to strengthen E&P and I/U as well as to launch CCS/CCUS in CN



# Measures for Human Resource and Organization

## HR management and organization for new business structure and fields

### Enhance human capital management

- **Secure and assign human resources following business changes**
  - ✓ Secure human resources with skills required in new business fields, and reassign to growth areas
- **Develop human resources for new fields**
  - ✓ Encourage each autonomous career development
    - Introduce career consulting, expand internal personnel recruitment system, etc.
  - ✓ Reskilling program
    - Enable to develop and deploy human resources for various business fields
- **Utilize human resources considering their improvement in engagement**
  - ✓ Based on the Diversity, Equity & Inclusion (DE&I) policy
    - Promotion of women, youngers, and seniors

### Organization changes as of April 1, 2022

- **Reorganize business units to promote new management plan**
  - ✓ Reorganize Overseas Project Divisions
    - Two division structures to develop new projects and promote existing projects, etc.
  - ✓ Reorganize in Technical division
    - Establish Carbon Neutral Technology Office
    - Reorganize Research Center
  - ✓ Reorganize Gas Supply and Facilities Division
    - Consolidate functions of operations and management of surface facilities in our business
- **Strengthen company-wide support for business deal execution and management**
  - ✓ Establish Deal Execution/PMI Support Dept.
    - Centralize corporate departments' expertise
    - Support new investment cases both engagement procedures and investment value realization

Secure and develop human resources for DX

Promote DX based on business issues

**DX (Digital transformation) Measures**



# Addressing Climate Change

## Link business and other contributions to management responsibility

### Our commitment under “JAPEX2050”

#### Contribute to the CN society realization through our business

Under the consideration that transition to a CN society is our business opportunity, aim to contribute to its realization by promoting our business

##### [Priority action items]

- Expansion of renewable energy sources
- Early realization of CCS/CCUS

#### Reduce GHG emissions from business ourselves

Reduce 40% of CO<sub>2</sub> emission intensity in FY2030 (compared to FY2019 of Scope1+2)

##### [Priority action items]

- Consider CO<sub>2</sub> injection emitting from our oil and gas fields
- Consider using zero-emission electricity at head office

#### Reflect annual results of our climate change response to executive compensation

Add the achievement level of company-wide climate change response objectives to an annual evaluation items of executive officers from FY2022

# Appendix

- P15 ① Current plan: Progress status of targets and indicators
- P16 ② Current plan: Progress status of business profit
- P17 ③ Management targets as of FY2026/2030 and sensitivity
- P18 ④ Fund allocation breakdown as of FY2026/2030
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- P20 ⑥ Business overview: I/U - Gas supply
- P21 ⑦ Business overview: I/U - Electricity
- P22 ⑧ Business overview: CN - CCS/CCUS
- P23 ⑨ Corporate structure for CN business promotion
- P24 ⑩ Our capabilities and possibilities in CCS/CCUS
- P25 ⑪ Diversity, Equity & Inclusion (DE&I) Policy

# Current plan: Progress status of targets and indicators

## ● Targets and Indicators toward FY2022 and progress in FY2018-2021

Target items	FY2022 Targets	FY2018	FY2019	FY2020	FY2021 Forecast*1	Estimates at FY2021 end
ROE	5% or more	3.5	6.5	(0.7)	N/A	Unachieved
Domestic gas transaction volume	1.60 million tons	1.13	1.20	1.48	1.40	Unachieved
Electricity sales volume	2.8 billion kWh	0	0	3.0	3.0	Achieved
Interest-bearing debt	Reduce by 100~120 billion yen	151.7	140.8	118.7	5.7	Achieved
Debt-to-EBITDA ratio	Less than 2.0 times	3.6	2.4	3.2	0.1	Achieved
Reserve Replacement Ratio*2	(Long-term target) Exceeded by 1	4.9	(0.1)	(0.7)	N/A	-

## ● Progress on funding allocation for FY2019-2022 (4 years)

(billion yen)

Items	Allocated amount	FY2019	FY2020	FY2021 Forecast*1	Estimated Cumulative total for 3 years
Improve profitability of existing projects	Approx.60 billion yen	7.0	13.4	12.0	32.5
Reduce interest-bearing debt	Approx.55 billion yen	11.0	9.3	60.5	81.0
Growth investments	Approx.65 billion yen	1.0	8.8	15.6	25.4
Shareholder returns	Approx.9 billion yen or more	3.1	2.8	6.8	12.8

\*1: Figures are based on business forecasts as of February 9, 2022 with recent performance-based adjustments.

\*2: The ratio of growth in volume of proved reserves against production volume in a single fiscal year or other specific period of time.

# Current plan: Progress status of business profit

## ● Business Profit by business field (FY2019 onwards\*1)

(billion yen)

Business field	FY2019	FY2020	FY2021 Forecast *2
E&P	37.1	3.8	35.1
Infrastructure/Utility	(5.1)	11.9	1.6
Others	(5.7)	(5.7)	(6.9)
<b>Total</b>	<b>26.2</b>	<b>10.0</b>	<b>29.8</b>

## ● Business Profit by segment

(billion yen)

Segment	FY2018	FY2019	FY2020	FY2021 Forecast *2
Japan	19.5	18.9	21.6	22.2
North America	(9.7)	3.4	(9.3)	1.7
Europe	(0.1)	(0.1)	(0.1)	(0.1)
Middle East	0.9	0.6	0.1	1.7
Others	12.3	11.8	6.1	13.6
Adjustments and Eliminations	(8.0)	(8.4)	(8.4)	(9.3)
<b>Total</b>	<b>14.8</b>	<b>26.2</b>	<b>10.0</b>	<b>29.8</b>

## ● Reference: Crude Oil Price Trend

(USD/bbl)

Item	FY2018	FY2019	FY2020	FY2021 Forecast *2
Crude Oil Price (JCC)	71.95	68.11	42.91	70.21

\*1: Disclosures began in FY 2019. \*2: Figures are based on the earnings forecast as of February 9, 2022.

# Management targets for FY2026/2030 and sensitivity

## ● Management targets

		FY2021 Forecast*1	FY2026 targets	FY2030 targets
<b>Business profit: billion yen</b> (Operating profit + equity in earnings of affiliates and other*2)		<b>29.8</b>	<b>30.0</b>	<b>50.0</b>
(Breakdown)	E&P	35.1	23.0	27.0
	I/U	1.6	12.0	27.0
	CN	-	1.0	2.0
	Others*3	(6.9)	(6.0)	(6.0)
<b>ROE</b>		-	Approx. <b>5%</b>	Approx. <b>8%</b>
<b>Profit composition ratio (E&amp;P : Non-E&amp;Ps)</b>		<b>9 : 1</b>	<b>6 : 4</b>	<b>5 : 5</b>
<b>Assumption of crude oil price (JCC: USD/bbl)</b>		<b>70.21</b>	<b>50.00</b>	<b>50.00</b>
<b>Exchange rate assumption (JPY/USD)</b>		<b>109.97</b>	<b>110.00</b>	<b>110.00</b>

## ● Oil price sensitivity in business profit target

		Business profit as of FY2026	Business profit as of FY2030
<b>Impact of a 1USD/bbl change in oil price : billion yen</b>	-	<b>0.7</b>	<b>0.9</b>

\*1: Figures are based on earnings forecast as of February 9, 2022.

\*2: Including profits to be distributed under limited partnership and silent partnership agreements

\*3: Other revenue (contract service and oil products sales, etc.) less head office administrative expenses

# Fund allocation breakdown as of FY2026/2030

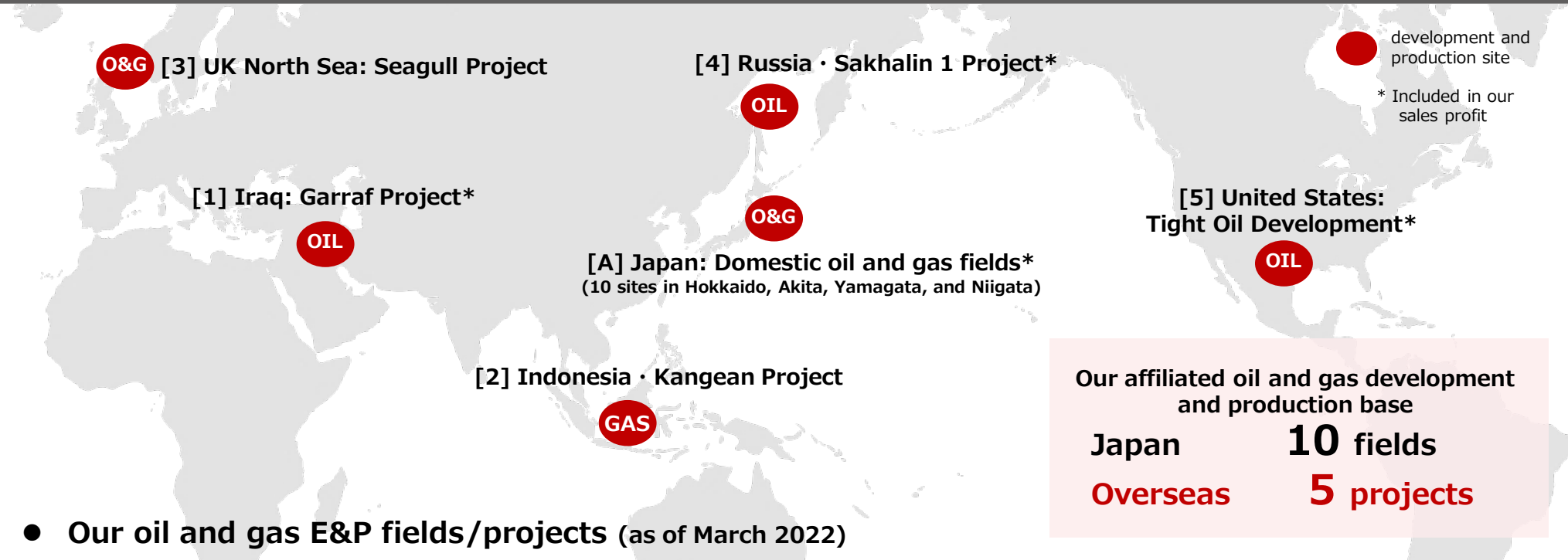
## ● Cash-in assumption (billion yen)

	Cumulative total for FY2022-2026 (5 years)	Cumulative total for FY2022-2030 (9 years)
Operating cash flow	200.0	380.0
Cash on hand + Bank loans	100.0	120.0
<b>Cash-in total</b>	<b>300.0</b>	<b>500.0</b>

## ● Cash-out assumption (billion yen)

		Cumulative total for FY2022-2026 (5 years)	Cumulative total for FY2022-2030 (9 years)	
Growth investment	E&P	Japan -Additional development etc.	25.0	30.0
		Overseas- new project acquisitions	120.0	200.0
	I/U	Domestic gas supply (including existing facilities)	20.0	40.0
		Overseas LNG supply infrastructure development	30.0	40.0
		Renewable energy development	60.0	90.0
	CN	CN business development	20.0	50.0
<b>total</b>		<b>275.0</b>	<b>450.0</b>	
Shareholder returns		25.0	50.0	
<b>Cash-out total</b>		<b>300.0</b>	<b>500.0</b>	

# Business overview: Our oil and gas E&P sites



No.	Oil and gas field/Project title (operator)	Interest (JAPEX net)	production type	Status	Gross Production volume* <sup>1</sup>
A	Japan: Domestic oil and gas fields (Total of 10 locations in Hokkaido, Akita, Yamagata, and Niigata)	Differ by interest	Crude oil / natural gas	Production/ Additional Development	Undisclosed
1	Iraq: Garraff Project (PETRONAS Carigali Iraq Holding B.V.)	30% (16.5%)	Crude oil	Production/ Additional Development	80,000bbl/d
2	Indonesia: Kangean Project (Kangean Energy Indonesia Ltd.)	100% (25%)	Natural gas	Production	4,560,000m <sup>3</sup> (28,000boed)
3	UK North Sea: Seagull Project (Neptune E&P UK Limited)	15% (15%)	Crude oil / natural gas	Development	-
4	Russia: Sakhalin 1 Project (Exxon Neftegas Ltd.* <sup>2</sup> )	30% (4.59%)	Crude oil	Production/ Development	Undisclosed
5	North America: Tight Oil Development (Marathon Oil Corporation and several other interests)	Differ by interest	Crude oil	Production/ Development	Undisclosed

\*1: Average daily production for FY2021 (Jan-Dec 2021 for overseas projects). \*2: On March 1, 2022 (local time) Exxon Mobil, parent company of operator Exxon Neftegas Limited, announced its exit policy.

# Business overview: I/U - Gas supply

## Features of JAPEX's domestic gas supply network

High-pressure gas pipeline network over **800** km total

**2** LNG terminals for ocean-going carriers

Capable to supply from Sea of Japan and Pacific Ocean

### ● Domestic gas supply

- Domestic produced gas and regasified LNG supply via pipelines
- Receive, storage, regasify, and deliver LNG
- LNG satellite system: tank trucks, tank containers on rail, domestic vessels)
- Third-party or consignment use of our gas pipelines and LNG terminals etc.

### ● Respond to diversification of domestic gas supply

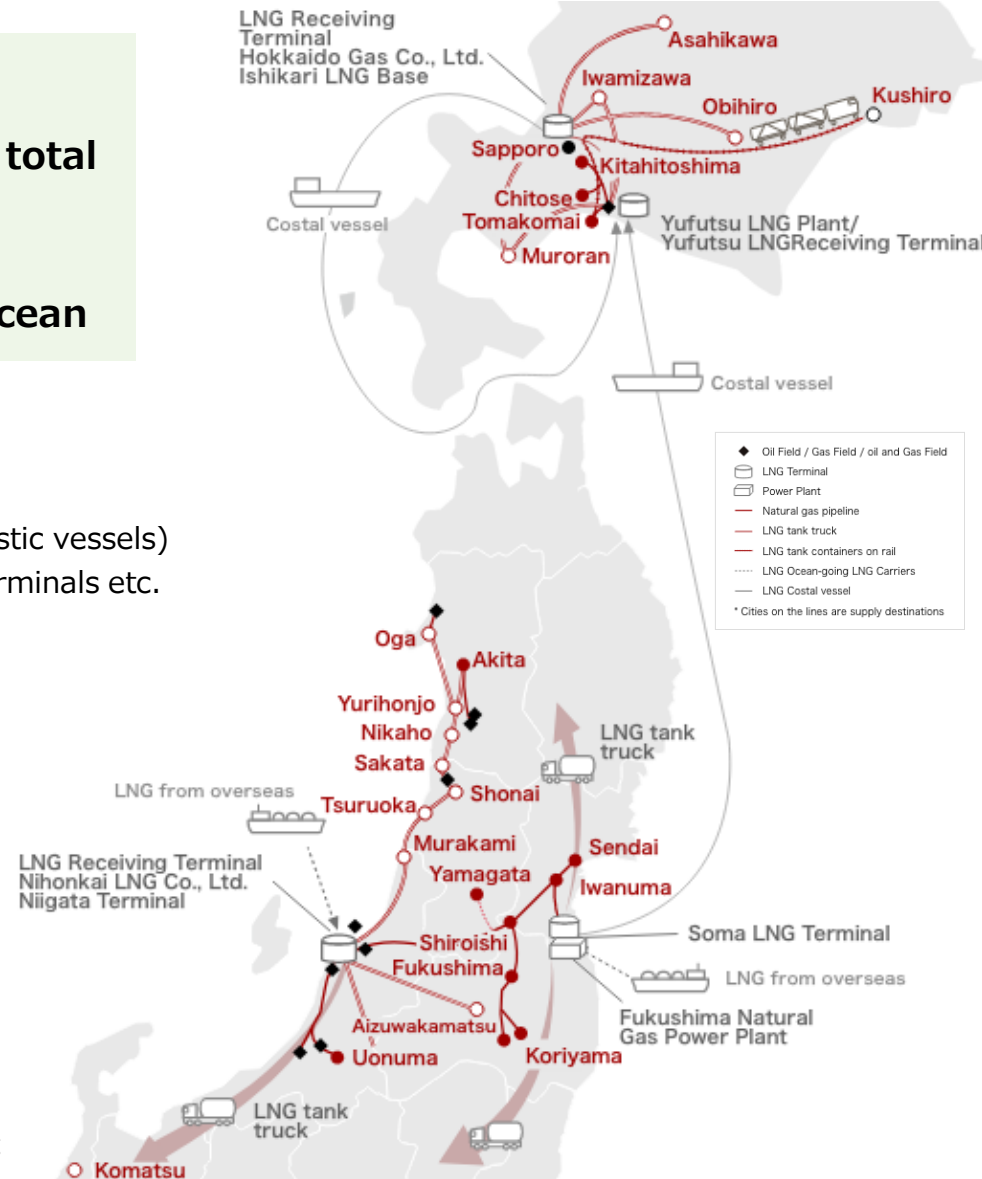
- Support fuel switching to natural gas from other fossil fuels
- Propose and provide energy services in cooperation with city gas suppliers

### ● LNG procurement

- Procure competitive LNG with a combination of term and spot contracts

### ● Overseas LNG supply infrastructure

- Launch new projects or other process mainly in Southeast Asia with stronger demands for gas
  - ✓ Ongoing feasibility study: Northern Vietnam LNG terminal project






# Business overview: I/U - Electricity

**Total** **6** sites **Total output 1,339,550kW**  
 (Renewable energy **5** sites **Renewable energy 159,550kW**)

[1] Abashiri Biomass Power Plant No.2&3 **BIO**

[2] Mega solar power generation at JAPEX Hokkaido District Office\* **PV**

[3] Yufutsu Solar Power Plant **PV**



## ● Power plants in development and operation (as of March 2022)

No.	Power plant	Location	Type	Capacity (kW)	Share	Status
A	Fukushima Natural Gas Power Plant	Shinchi Town, Fukushima	Natural gas (LNG)	1,180,000	33%	In operation
1	Abashiri Biomass Power Plant No.2&3	Abashiri City, Hokkaido	Biomass (wood chip)	19,800	94.3%	In development
2	Mega solar power generation at Japex Hokkaido District Office	Tomakomai City, Hokkaido	PV	1,800	100%	In operation
3	Yufutsu Solar Power Plant	Tomakomai City, Hokkaido	PV	13,000	20%	In operation
4	Ozu Biomass Power Plant	Ozu City, Ehime	Biomass (wood pellet)	50,000	35%	Development Decided
5	Chofu Biomass Power Plant	Shimonoseki City, Yamaguchi	Biomass (wood pellet)	74,950	39.9%	Development Decided

[A] Fukushima Natural Gas Power Plant **LNG**



## ● Other renewable energy project

- PHOTON Sustainable Solar Investment Limited Partnership (funding up to 10 billion yen in PV generation projects including non-FIT projects; 50% of our investment ratio)

[4] Ozu Biomass Power Plant **BIO**

[5] Chofu Biomass Power Plant **BIO**

**●** Gas power plant

**■** Renewable power plant

\* Included in our sales profit

# Business overview: CN - CCS/CCUS

## ● Required factors to realize a hub & cluster CCS/CCUS

### Verification and Establishment of Technology

- Survey of suitable sites for CO<sub>2</sub> storage and amounts that can be stored
- CO<sub>2</sub> capture and transportation technology
- CO<sub>2</sub> indention and storage technology
  - Including stored CO<sub>2</sub> monitoring

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### Inter-company and Cross-industry Collaboration

- Collection of CO<sub>2</sub> from emitting sites
- CO<sub>2</sub> transportation network construction
  - Transportation to utilization destinations and collection surpluses
- Underground storage of surplus CO<sub>2</sub>

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### Examination and Development of Legal Systems, etc.

- Legal system for CO<sub>2</sub> underground storage
- Appropriate system of CO<sub>2</sub> transportation infrastructures with publicness
- CO<sub>2</sub> trading system
  - Including collaboration with overseas CO<sub>2</sub> trading

## ● Ongoing CCS/CCUS initiatives to promote/participate in (as of March 2022)

### **Japan** Realize hub & cluster model by FY2030

- **Consideration in JAPEX**
  - ✓ Examination of CO<sub>2</sub> storage capacity in our oil and gas fields, etc.
  - ✓ Study of re-injection of associated CO<sub>2</sub> from our oil and gas field operations
- **Feasibility study with companies/cross-industry**
  - ✓ Feasibility study on carbon recycling business utilizing inter-industry collaboration in the Tomakomai area with Deloitte Tohmatsu Consulting as a NEDO-commissioned project
  - ✓ Feasibility study of a business in the Niigata area that makes effective use of CO<sub>2</sub> with Mitsubishi Gas Chemical

### **Overseas** Early profit earning in advanced countries & consideration in emerging countries

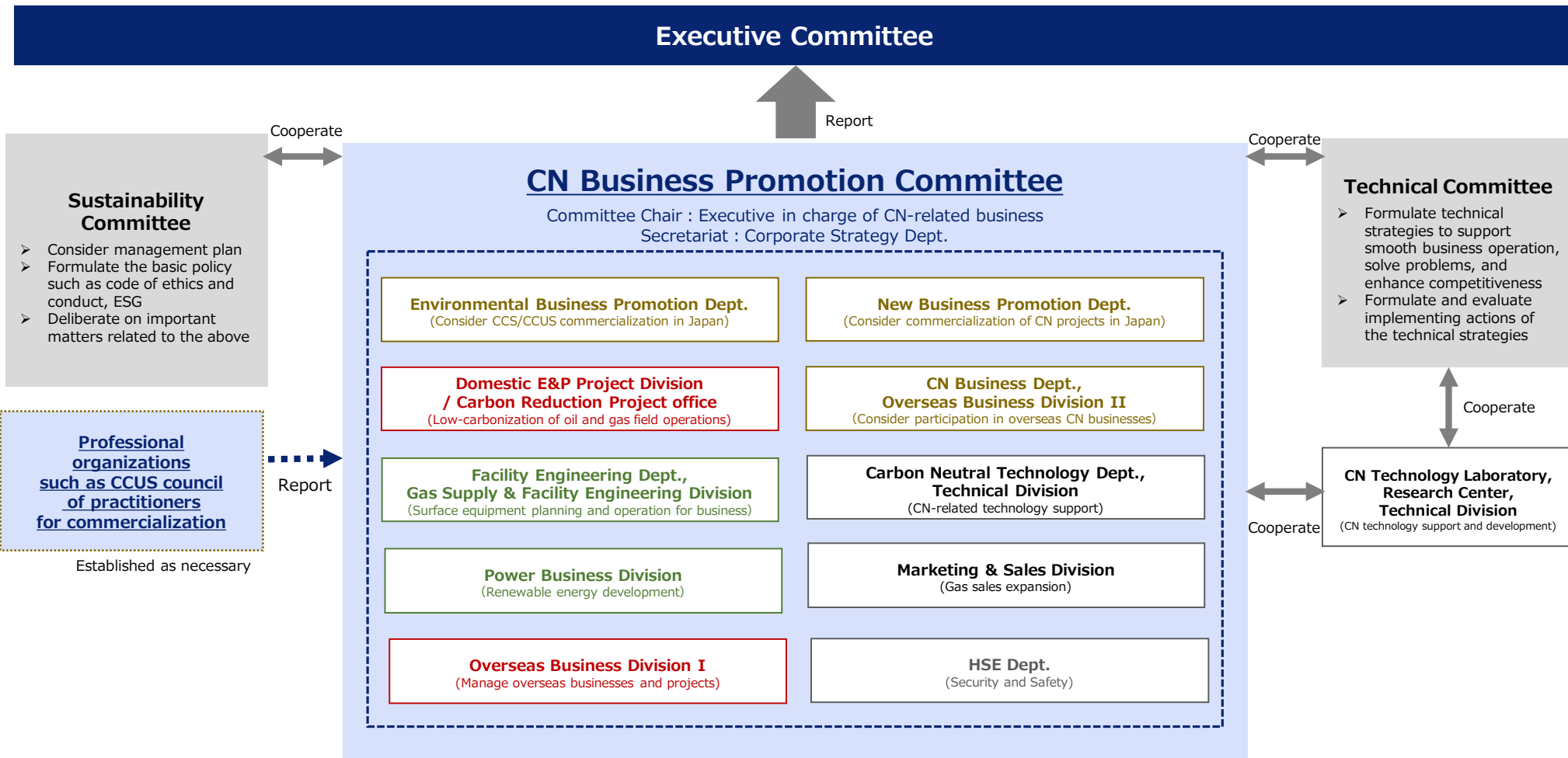
- **Consideration in JAPEX**
  - ✓ Consideration for participation in CCS/CCUS projects in North America, Europe and other systematically advanced areas
- **Feasibility study on companies/cross-industry**
  - ✓ Joint feasibility study of a CCUS project in Indonesia's Sukowati oil field utilizing bilateral credits with Pertamina Group and Remigas
  - ✓ Joint CCS study in Malaysia including a survey of suitable sites and technical studies with a view to implementing CO<sub>2</sub> underground storage with PETRONAS

### **Common**

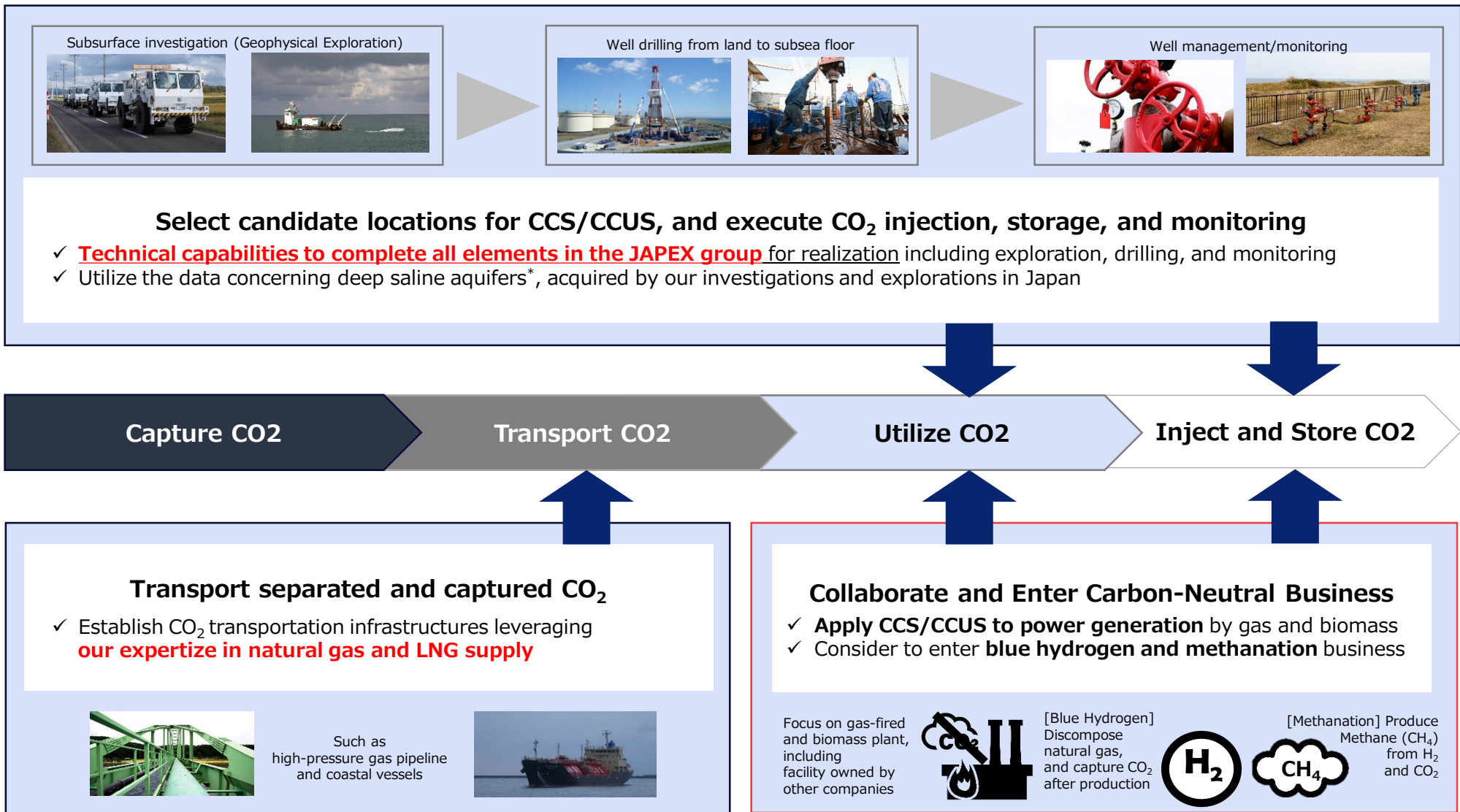
- **Technical and other related study**
  - ✓ Study on technical issues of energy transportation infrastructure for the realization of a CN society with JFE Engineering

# Corporate structure for CN business promotion

- Establish CN Business Promotion Committee on April 1, by the executives of related divisions
  - Promote company-wide initiatives for CN-related businesses with a focus on CO2 underground storage-related businesses, including renewable energy



# Our capabilities and possibilities in CCS/CCUS



(Note) \* Sandstone layer in deep underground that includes ancient sea water (salt water) which are not suitable for drinking. Its geographical distributions are broader compared to oil and natural gas reservoirs, and CO<sub>2</sub> storage capacity is anticipated.

# Diversity, Equity & Inclusion (DE&I) Policy

## ● Basic Policy (Established in December 2021)

- JAPEX diversity policy established in 2016 revised to incorporate the concepts of equity and inclusion

### JAPEX Diversity, Equity & Inclusion (DE&I) Policy (Established in December 2021)

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

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

#### ◆ Foster an organizational culture that makes the most of diversity

We seek to improve productivity and create innovation by fostering an organizational culture to make the most of their individual characteristics and qualities of all employees, with positively accepting diversity and respecting differences.

#### ◆ Promote the activities of diverse human resources

By securing outstanding talents regardless of gender, nationality, age, etc., and by providing timely and appropriate placement and training as well as providing support for career and skill development tailored to each employee, we put in place a system that allows all human resources to demonstrate their capabilities and play their active role as self-directed professionals, thereby increasing individual engagement.

#### ◆ Create an environment that respects diversity

We promote the development of a work environment that allows employees to exert themselves to the fullest in all situations, taking into consideration the circumstances and characteristics of each individual, including childcare, nursing care, disabilities, and LGBTQ+.

## ● Targets under the DE&I Policy

### Promotion of women

- Number of **female managers**: **25 or more** by the end of FY2025
- Ratio of **female new graduates**: **30% or more** each year

### Career recruitment

- Ratio of **mid-career hires in management positions**: **maintain 20% or more** until FY2025
- **Ratio of mid-career hires to total hires**: **50% or more** each year

### Ratio of childcare leave

- **Ratio of male employees taking childcare leave**: **80% or more** by FY2025

Essential Energies for Essential Needs



Japan Petroleum Exploration Co., Ltd.