

# Natural Gas Group



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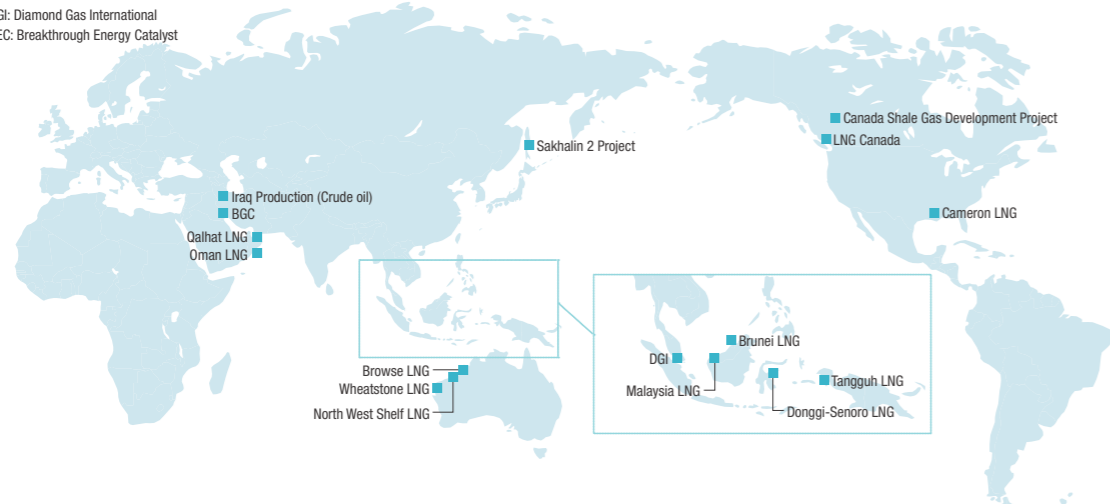
Summary

- Natural gas and LNG businesses mainly in the Asia-Pacific region and North America
- LNG project acquisition and development, marketing, and trading businesses
- Decarbonization of the LNG value chain to achieve a carbon-neutral society

## Group Strengths

- A global LNG business portfolio with high competitiveness
- Strong relationships with customers, project partners, and gas-producing countries
- Strong marketing capacity of our subsidiary in Singapore (DGI\*)
- Implementation of a wide range of decarbonization initiatives including CCUS, development of carbon credit businesses, and participation in BEC\*\*2, to realize a carbon-neutral society

\*1 DGI: Diamond Gas International  
\*\*2 BEC: Breakthrough Energy Catalyst



## Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
<p>Contributing to Decarbonized Societies</p>	<p><b>Taking measures for decarbonization</b></p> <ul style="list-style-type: none"> <li>• Improving LNG production and shipping operations efficiencies</li> <li>• Introducing green power supply for LNG projects</li> <li>• Developing CCUS projects</li> <li>• Carbon credit business development</li> </ul>
<p>Promoting Stable, Sustainable Societies and Lifestyles</p>	<p><b>Ensuring a stable supply of LNG</b></p> <ul style="list-style-type: none"> <li>• Maintaining stable operation of existing LNG projects</li> <li>• Ensuring successful start-up of projects under construction</li> <li>• Establishing robust supply capacity through development of expansion projects and/or new business development, supported by our strong marketing capability</li> </ul>
<p>Utilizing Innovation to Address Societal Needs</p>	<p><b>Contributing to decarbonized society through the promotion of technological innovation</b></p> <ul style="list-style-type: none"> <li>• Supporting the implementation of decarbonization projects through BEC</li> <li>• Promoting Direct Air Capture businesses</li> </ul>

## Awareness of the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Rising volatility in market prices due to lack of investment considering the geopolitical tension, economic trends, and decarbonization trends</li> <li>• Deterioration in the market competitiveness of natural gas due to tighter regulations on the industry</li> <li>• Uncertainty of long-term demand</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand for natural gas due to economic growth, especially in emerging countries</li> <li>• Robust natural gas demand expected from replacement of coal and oil, as an energy source for hard-to-abate sectors, and also as a balancing source for renewable intermittency</li> <li>• Use of natural gas as a feedstock for next-generation energy such as blue hydrogen and blue ammonia</li> </ul>

## Strategies Under Midterm Corporate Strategy 2024

- Further strengthening the foundation of existing businesses and steadily launching the Tangguh LNG expansion and LNG Canada projects
- Strengthening our portfolio through competitive expansion and execution of new projects by leveraging marketing capabilities
- Promote decarbonization of the LNG supply chain and CCUS/development of carbon credit to achieve a carbon-neutral society

## Progress Under Midterm Corporate Strategy 2024

### Tangguh LNG Project, Indonesia

In the Tangguh LNG project that we participate in with bp, the operator of the project, as well as the other project partners, we are executing an expansion project as well as studying a potential CCUS project. The Tangguh LNG project's expansion will increase production capacity from 7.6 MTPA to 11.4 MTPA. The CCUS project is expected to recover a cumulative total of approximately 25 million tons of CO<sub>2</sub> emitted from the project, and approximately halve project emissions by injecting and storing the CO<sub>2</sub> in existing gas fields, while at the same time improving production efficiency and increasing natural gas production. Through the Tangguh LNG project, we aim to strengthen our LNG supply capacity and develop a decarbonized supply chain.

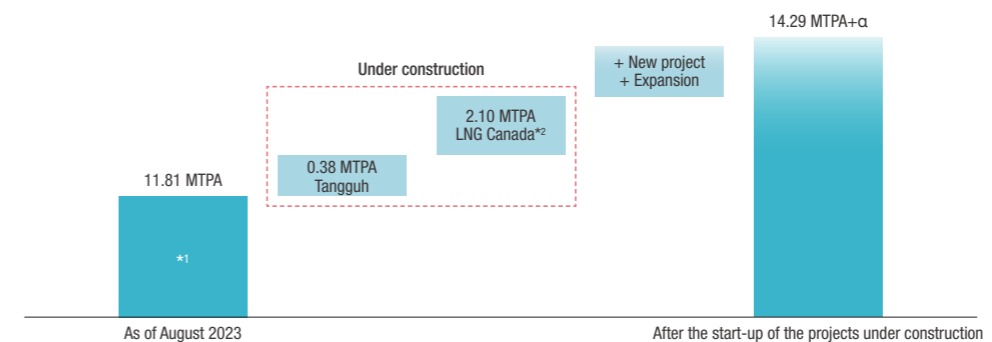


Two existing LNG trains and an expanded train under construction, LNG tanks, jetty, etc.

## Major Growth Drivers

MC has been involved in the LNG business since the 1960s, and since then has increased its equity participation in LNG projects. Currently, MC is participating in 13 projects around the world, with a total LNG equity production capacity of 11.81 MTPA. The Tangguh LNG expansion and LNG Canada projects under construction are expected to start production in 2023 and in the mid-2020s, respectively, and it is expected that the total LNG equity production capacity will reach 14.29 MTPA by the mid-2020s. MC will continue to expand the LNG equity production capacity through participation in competitive new projects in the future.

### Growth Outlook for LNG Equity Production Capacity



\*1 MC's offtake volume, including the tolling capacity under the liquefaction tolling agreement with Cameron LNG.  
\*2 MC's offtake volume for LNG Canada.