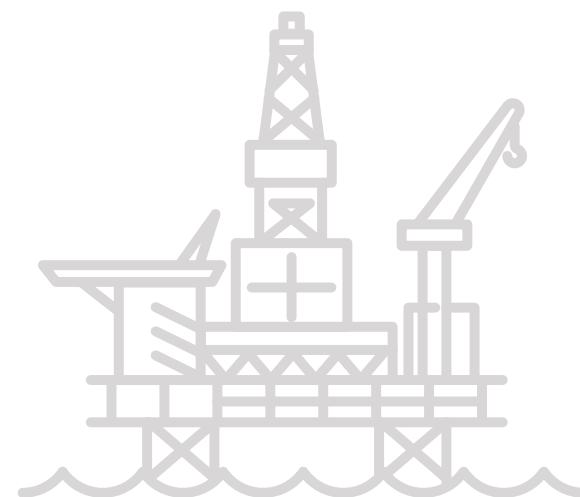




SUSTAINABILITY REPORT 2020



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					Governance	Compliance	HSE (Health, Safety and Environment)	Local Communities	Climate Change	Employees			

Editorial Policy

About this Sustainability Report

INPEX CORPORATION (hereinafter referred as “INPEX” or “the Company”), through our Annual Report, combines particularly important information as well as reports on our value creation process over the long-term and Environment, Social, and Governance (ESG) initiatives.

This Sustainability Report consolidates various information related to sustainability and ESG disclosed through our Annual Report, website, and other publications. It refers several reporting guidelines to centralize a broader range of non-financial information about the Company for the benefit of stakeholders, such as investors and NGOs.

Reporting Scope

Due to the change in fiscal period, in principle, this report covers the period from April 1 to December 31, 2019 for offices in Japan, and from January 1 to December 31, 2019 for overseas offices. For the purpose of comparison, the section on ESG Performance Data covers the period from January 1 to December 31, 2019 for both Japan and overseas.

(Part of the report contain information from before or after these periods.)

Scope of the report and Data Compilation

INPEX CORPORATION and its 65 consolidated subsidiaries (as of December 31, 2019)

(The term “INPEX” and “the Company” in this report means INPEX CORPORATION and all of its subsidiaries and affiliates, unless otherwise stated.)

Publication Date

July 2020

(Previous report: September 2019, next report: July 2021)

Reference Guidelines

- Global Reporting Initiative (GRI) Standards*
- ISO 26000
- IPIECA Oil and gas industry guidance on voluntary sustainability reporting
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

* The GRI Standards content index is given in the web edition

DISCLAIMER

This Sustainability Report includes forward-looking information such as forecasts, estimates, targets, and plans based on the current assumptions and beliefs of the Company in light of the information currently available to it, and involves uncertainties and other factors. Such uncertainties and other factors could cause the Company's actual results, performance, achievements, or position to be materially different from any forward-looking information expressed or implied herein. The Company undertakes no obligation to publicly update or revise any information in this Sustainability Report (including forward-looking information).

Reports and publications

Financial information and initiatives not included in this report are available on the following pages within the corporate website.

-  **Sustainability Report (This report)**
-  **ESG Performance Data**
-  **Vision 2040**
-  **Medium-term Business Plan 2018-2022**
-  **Annual Report**
-  **Earnings Report**
-  **Annual Securities Report (under the Tokyo Stock Exchange rules: Japanese only)**
-  **Corporate Governance Report**
-  **Basic Policies**
-  **GRI Standards Content Index**
-  **Social Contribution Activities**
-  **HSE Objectives and Plans**

Oil and Gas Development Value Chain

INPEX is the largest oil and gas development company in Japan, and is engaged in exploration, development, and production projects in approximately 20 countries around the world. This page shows major stakeholders and our social responsibilities which should be fulfilled in each of our value chain processes.

Acquisition of Blocks

Conducting preliminary regional surveys, negotiating exploration rights contracts, acquire exploration, development, and other rights



Exploration and Appraisal

Exploring oil and gas using leading-edge technologies, and evaluating the amount of reserves



Preparation for Development/Development

Preparing for development operations, drill production wells, and constructing oil and gas extraction facilities



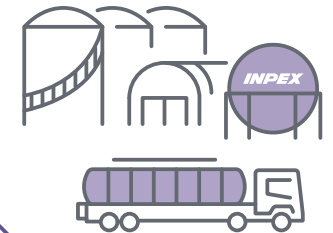
Production

Processing and refining the extracted oil and gas into products



Transport and Sales

Shipping and transporting oil and gas products



Key stakeholders

- Oil and Gas Producing Countries
- Project Partners
- Contractors
- Employees

- Oil and Gas Producing Countries
- Project Partners
- Contractors
- Local Communities
- NGOs
- Employees

- Oil and Gas Producing Countries
- Project Partners
- Contractors
- Local Communities
- NGOs
- Employees

- Oil and Gas Producing Countries
- Project Partners
- Contractors
- Local Communities
- NGOs
- Employees

- Contractors
- Local Communities
- NGOs
- Customers
- Employees

Key CSR activities

- Legal compliance with local laws and regulations
- Prevention of bribery to oil and gas producing countries when acquiring blocks
- Proactive disclosure concerning acquisition of blocks

- Environmental and social impact assessment, and acquisition of environmental approval
- Managing safety and considering potential impacts for the environment and society in exploration phase
- Communicating with stakeholders in local communities

- Continuing environmental and social impact assessment
- Managing safety and considering potential impacts for the environment and society in development phase
- Fair procurement
- Local employment
- Respect for human rights

- Managing safety and considering potential impacts for the environment and society in production operations
- Managing greenhouse gas emissions
- Managing occupational health and safety for all employees and contractors
- Respect for human rights

- Stable and efficient supply of energy
- Product quality and safety management
- Managing safety and considering potential impacts for the environment and society in transport phase
- Dialogue with customers and consumers

MATERIALITY										ESG Performance Data		Independent Assurance Report External Evaluation
Contents & Editorial Policy	Oil and Gas Development Value Chain	Message from the President & CEO	Response to COVID-19	Our Approach to Corporate Responsibility	Governance	Compliance	HSE (Health, Safety and Environment)	Local Communities	Climate Change	Employees		

Message from the President & CEO

We aim to become a leading energy company serving an essential role in the global society by meeting the energy needs of Japan and countries around the world.



As is plainly evident, the global coronavirus (COVID-19) pandemic is having a grave impact on society and the global economy in 2020. On behalf of INPEX CORPORATION, I would like to express my deepest condolences to those who have lost loved ones to this health crisis, wish a speedy recovery to all those affected and pay my respects to the medical professionals and others who have dedicated themselves to the prevention of the further spread of COVID-19.

We are keenly aware of the responsibilities of being in the business of supplying energy, which is one of society's most important lifelines. As such, we strive every day to ensure that our oil and natural gas production operations around the world generate a stable supply of energy, while prioritizing the safety and health of our people and strengthening our countermeasures against infection.

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A stable supply of energy is essential for the sustainable development of society and the economy as well as for the achievement of the United Nations Sustainable Development Goals (SDGs). To make a positive contribution to these causes, INPEX endeavors at all times to expand its energy supply sustainably.

In May 2018, we formulated Vision 2040 based on our mission of contributing to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way. Vision 2040 sets out three business targets: the sustainable growth of oil and natural gas exploration and production activities; the development of a global gas value chain; and the reinforcement of renewable energy initiatives.

As for our response to climate change, we aim to proactively contribute to the realization of a low-carbon society based on the long-term targets outlined in the Paris Agreement, in line with Vision 2040. This involves strengthening our governance system, assessing our business strategies, climate-related risks and opportunities, and managing greenhouse gas emissions across all sectors. We will also continue to enhance our disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The COVID-19-induced restrictions on economic and social activity and the shift in the balance of crude oil supply and demand have created an extremely harsh business environment for the energy industry. Nevertheless, we are committed to building resilience through the implementation of efficient operations, maintaining a safe and stable energy supply and further strengthening our Environment, Social and Governance (ESG) initiatives.

By contributing to the achievement of SDGs through our business and fostering trust-based relationships with all our stakeholders through dialogue and other means, we will engage in responsible management with a clear goal—becoming “a leading energy company serving an essential role in the global society.”



上田隆之

Takayuki Ueda

Representative Director, President & CEO
INPEX CORPORATION

Response to Novel Coronavirus Disease (COVID-19)

In response to the novel coronavirus disease (COVID-19) which continues to spread around the world, we are continuing efforts to ensure stable energy supply through Japanese and global oil and gas production, with strong measures to prevent the spread of the disease as we give health and safety of our staff top priority. To achieve this goal, the whole INPEX Group is implementing an integrated crisis response under the leadership of the Corporate Crisis Management Team. At our domestic and overseas production sites, we continue to ensure safe operations by taking preventive measures such as quarantine and changing shift cycles so that we secure necessary numbers of staff for stable operations.

We assisted medical professionals and others who have dedicated themselves to the prevention of the further spread of COVID-19. The following activities are included.

Japan	Provision of N95 masks to Japanese Red Cross Society and local governments
Australia	<ul style="list-style-type: none"> ● Donation of A\$ 30,000 to Foodbank NT to support emergency food provision in the Northern Territory, Australia ● Donation of A\$ 100,000 to Menzies School of Health Research to support COVID-19 response activities ● Provision of masks to medical facilities and police agencies in Broome
Indonesia	Provision of COVID-19 information posters, chemical protection suits, medical masks, and hand sanitizer to medical professionals in the Tanimbar Islands
Kazakhstan	Provision of medical equipment and personal protective equipment to medical facilities in Nur-Sultan in collaboration with other foreign companies in the country
United States	Donation through the Japan Business Association of Houston



Plant operators with face shields and masks at Naoetsu LNG Terminal, Japan



Donation to Foodbank NT in the Northern Territory, Australia



Provision of medical goods in the Tanimbar Islands, Indonesia



Provision of medical equipment to medical facilities in Nur-Sultan, Kazakhstan

Contents & Editorial Policy	Oil and Gas Development Value Chain	Message from the President & CEO	Response to COVID-19	Our Approach to Corporate Responsibility	Governance	Compliance	HSE (Health, Safety and Environment)	Local Communities	Climate Change	Employees	ESG Performance Data	Independent Assurance Report External Evaluation
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Our Approach to Corporate Responsibility

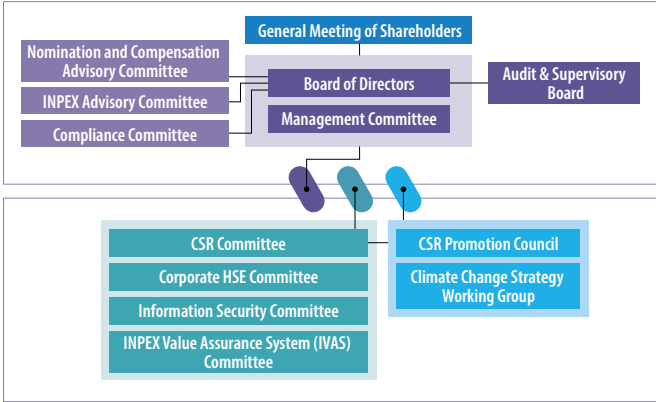
Our Policy

In our pursuit of the sustainable development, production and supply of energy, we engage in CSR management, which focuses on the Material Issues that are most important to both our business and our stakeholders. We dedicate our efforts to sustainability and value creation throughout our value chain.

CSR Implementation

We disclose our executive management's approach to sustainability, and have the CSR Committee chaired by the Representative Director, President & CEO in place to promote groupwide and systematic sustainability practices. The CSR Committee members include the Representative Directors, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (Vice-Chair of the CSR Committee). The Chairs of the Compliance Committee and the Corporate HSE Committee also attend the CSR Committee meetings to facilitate collaboration with their respective committees. We have also created a groupwide consultation system

CSR Promotion System



supported by the Climate Change Strategy Working Group and the CSR Promotion Council, a subdivision of the CSR Committee comprising working-level members from various divisions.

Participation in External Initiatives

We promote sustainability practices with participation in both domestic and overseas initiatives, such as the United Nations Global Compact, the International Association of Oil & Gas Producers (IOGP), the Australian Petroleum Production & Exploration Association (APPEA), the Extractive Industries Transparency Initiative (EITI), IPIECA ¹, the Japan Petroleum Development Association (JPDA), and Japan Natural Gas Association.

Participation in the United Nations Global Compact

In December 2011, we became a signatory to the United Nations Global Compact and declared our support for its ten principles related to the four areas, human rights, labor, environment, and anti-corruption. Since FY 2012, we have continuously participated in activities of the various sustainability-related subcommittees of the Global Compact Japan Network.

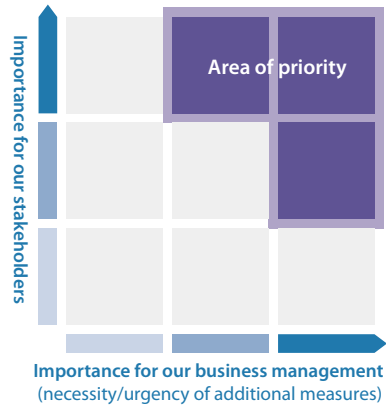
Identification of Material Issues and Prioritization Process

In April 2012, we identified five key issues among the seven core social responsibility subjects in ISO 26000 as Material Issues of importance for us and our stakeholders. In May 2015, we reexamined the Material Issues considering factors such as impacts of business activities associated with the progress of our key projects and changes to stakeholder priorities. As a result, we redefined the Material Issues by adding the sixth issue, "Governance." Furthermore, our actions that should be prioritized for each Material Issue have been defined as Key Tasks, and have been incorporated into our PDCA ² cycle to achieve continuous improvement. In FY 2017, we incorporated the perspectives of Sustainable Development Goals (SDGs) ³ into the existing Key Tasks, mapped the Key Tasks through a four-step prioritization process (1. Issue identification and gap analysis, 2. Stakeholder dialogues, 3. Issue prioritization, and 4. Management review), and reevaluated the Key Tasks. We will continue to review the Key Tasks on regular basis.

CSR Material Issues



Matrix of Key Tasks



INPEX Key Tasks ※

- Strengthen governance structure
- Upgrade risk management system
- Respect human right
- Comply with laws, prevent bribery and corruptions
- Conduct Environmental and Social Impact Assessment (ESIA) in supply chain
- Prevent of major incidents
- Secure occupational health and safety
- Conserve biodiversity, manage water resource appropriately
- Assess and take measures to reduce impact on local and indigenous communities
- Contribute to local economies
- Promote renewable energy business
- Develop natural gas as a cleaner source of energy
- Strengthen climate-related risk management
- Develop personnel and enhance the motivation of the workforce
- Promote diversity

PDF ※ For further details please see page 09 "Targets and Results of Material Issues"

1 IPIECA
The global oil and natural gas industry association for environmental and social issues

2 PDCA
Plan-Do-Check-Act

3 Sustainable Development Goals (SDGs)
17 goals and 169 targets adopted by the UN Sustainable Development Summit in September 2015 that represent common goals for ending poverty, protecting the planet and improving the lives and prospects

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Engagement with Stakeholders

Stakeholder dialogue and progress in FY 2019





Key stakeholders	Opportunities for dialogue	Engagements in FY2019	Issues identified through stakeholder dialogue
Project Partners	<ul style="list-style-type: none"> Regular meetings Regular communication 	<ul style="list-style-type: none"> Participation in operating committees, technical committees, and subcommittees for making project decisions Discussions with operators for OPEX/ CAPEX reduction 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Development of natural gas as a cleaner source of energy
Contractors	<ul style="list-style-type: none"> Indication of qualifications to prospective suppliers Briefings on qualifications Regular meetings HSE Audits 	<ul style="list-style-type: none"> Provision of fair, equitable, and transparent participation opportunities for prospective suppliers HSE management site visits Annual HSE awards Strengthening of supply chain management (conduct of supplier self-evaluation survey for major suppliers and contractors in Japan) 	<ul style="list-style-type: none"> Upgrading risk management system Legal compliance, prevention of bribery and corruption Environmental and Social Impact Assessment (ESIA) in supply chain Prevention of major incidents Securing occupational health and safety
Customers	<ul style="list-style-type: none"> Designated contact Provision of product information Identification of customer needs at service stations 	<ul style="list-style-type: none"> Announcement of safe handling information through SDS⁴ Improvement of service station operation based on analysis of customer survey 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Promotion of renewable energy Development of natural gas as a cleaner source of energy
Shareholders and Investors	<ul style="list-style-type: none"> The General Meeting of Shareholders, briefings and exhibitions, IR meetings Issuance of reports (securities report, annual report, presentation slides, etc.) 	<ul style="list-style-type: none"> The General Meeting of Shareholders, briefings (semiannual), IR meetings (approx. 190 times), exhibitions and briefings for individual investors. Engaged in timely, appropriate, and fair information disclosure through the corporate website and improved website content (approx. 1,800 website accesses per day and 66 press releases) 	<ul style="list-style-type: none"> Strengthen governance structure Upgrading risk management system Development of natural gas as a cleaner source of energy Strengthen climate change-related risk management
Local Communities	<ul style="list-style-type: none"> Environmental and social impact assessment Community briefings Various pamphlets Social contribution activities 	<ul style="list-style-type: none"> Conducted social investment adapted to local communities (total expenditure: approx. ¥2.2 billion) Dialogue with local communities in Japan (Niigata, Akita) and overseas (Australia [approx. more than 250 times], Indonesia [approx. 90 times]) Implementation in compliance with Reconciliation Action Plan (RAP) with Aboriginal and Torres Strait Islander peoples in Australia 	<ul style="list-style-type: none"> Respect for human rights Conservation of biodiversity and proper management of water Assessments and measures to reduce impact on local and indigenous communities Contributing to Local Economies
NGOs	<ul style="list-style-type: none"> Information gathering to solve global social issues Round-table discussions 	<ul style="list-style-type: none"> Support and dialogue with NGOs through employee fundraising Participation in NGO-hosted seminars 	<ul style="list-style-type: none"> Respect for Human Rights Contributing to Local Economies Promotion of renewable energy Strengthen climate change-related risk management
Employees	<ul style="list-style-type: none"> Face-to-face meetings with managers Consultation between labor and management Various training and study abroad programs Internal magazines 	<ul style="list-style-type: none"> Regular meetings with managers Regular communication with the labor union Various training programs (160 hours/person) Provision of overseas study programs for employees (8 persons) Timely update of internal online magazines 	<ul style="list-style-type: none"> Securing occupational health and safety Development of personnel and increasing the motivation of the workforce Promoting Diversity
Oil and Gas Producing Countries	<ul style="list-style-type: none"> Communication at each project phase (tender, approval process of development plan; development and production; decommissioning) 	<ul style="list-style-type: none"> Close communication with oil and gas producing countries according to project progress Prevention of corruption and improving transparency in oil and gas producing countries through support for EITI 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Prevention of major incidents Contributing to Local Economies Development of natural gas as a cleaner source of energy

⁴ Safety Data Sheet A datasheet that describes necessary information for the safe handling of products which contain certain chemical substances

Targets and Results of Material Issues

Governance

Compliance

CSR Material Issues	Key Tasks	FY2019 Results	FY2020 Targets	Medium to Long-Term Initiatives and Directions
Governance 	Strengthen governance structure	<ul style="list-style-type: none"> Improved diversity of the Board of Directors by increasing the number of female executives Held the first overseas meeting of the Board of Directors and site visit Held meetings to share information and exchange opinions, including regular meetings with outside directors and auditors Continued evaluation of effectiveness of the Board of Directors Unified fiscal years to end in December (Streamlined and strengthened the Group's financial and management systems, achieved timely and accurate disclosure of business information, and improved business transparency) Established a dedicated tax team 	<ul style="list-style-type: none"> Monitor status of Medium-term Business plan 2018–2022 Conduct the evaluation of effectiveness of the Board of Directors for FY2019 and ensure the continuous efforts to enhance the Board of Director's effectiveness (PDCA cycle) Continue taking measures to improve governance, including responding to amendments of the Cabinet Office Order on Disclosure of Corporate Affairs of the Financial Services Agency (such as director compensation and nomination with an appropriate engagement with the Nomination and Compensation Advisory Committee) Implement global expansion of the tax governance Structure 	<p>Improvement of the effectiveness of the Board of Directors, appropriate information disclosure including dialogue with shareholders, cooperation with stakeholders, and continuous enhancement of corporate governance</p> <ul style="list-style-type: none"> Strengthen the corporate governance structure, including enhancement of the supervisory role of the Board of Directors Expand the discussion on business strategies based on Vision 2040 and the Medium-term Business Plan, and monitor the progress
	Upgrade risk management system	<ul style="list-style-type: none"> Promoted Business Continuity Management (BCM)¹ for earthquake scenarios activities and conducted training and education at corporate headquarters 	<ul style="list-style-type: none"> Promote corporate headquarters-based BCM activities for earthquake scenarios, provide BCM education and training for employees, and update corporate headquarters BCP² for highly virulent infectious disease scenarios including measures to prevent the spread of the novel coronavirus disease (COVID-19) Implement and operate a crisis response system under the Corporate Crisis Management Team for the novel coronavirus disease (COVID-19) 	
Compliance   	Respect human rights	<ul style="list-style-type: none"> Published the UK Modern Slavery Act Statement FY2018 Conducted human rights training for new recruits Participated in the IPIECA human rights working group(ongoing) 	<ul style="list-style-type: none"> Publish the UK Modern Slavery Act Statement FY2019 Continue human rights training for new recruits Strengthen human rights management 	<p>Appropriate responses to and full compliance with the laws and regulations of the areas in which we operate, anti-bribery and anticorruption laws, judicial/administrative sanctions, international standards and ethics, and respect for human rights</p> <ul style="list-style-type: none"> Strengthen global human rights management structure Strengthen supply chain risk assessment and compliance
	Comply with laws, prevent bribery and corruption	<ul style="list-style-type: none"> Launched harassment prevention training for all non-managerial employees Conducted anti-bribery and anti-corruption (ABC) risk assessments at overseas offices Promoted enforcement and awareness of the INPEX Group Global ABC Policy and conducted training Participated in the anti-corruption working group of the Global Compact Network Japan (ongoing) 	<ul style="list-style-type: none"> Continue to provide information on compliance and conduct education and training programs Maintain initiatives aimed at bolstering global compliance systems Continue ABC risk assessments at domestic and overseas offices Widely disseminate and strengthen the implementation of ABC regulations through measures including trainings 	
	Conducting Environmental and Social Impact Assessment (ESIA) in supply chain	<ul style="list-style-type: none"> Administered a supplier self-evaluation questionnaire including human rights and anti-bribery and corruption to major domestic suppliers and contractors Continued risk assessment including human rights, anti-bribery and corruption of major domestic suppliers and contractors 	<ul style="list-style-type: none"> Administer a supply chain self-evaluation questionnaire including human rights and anti-bribery and corruption topics at overseas project Continue risk assessment including human rights, anti-bribery and corruption of major domestic suppliers and contractors Administer a survey on the status of operator initiatives for human rights, and anti-bribery and anti-corruption, in relation to non-operated projects 	

1 Business Continuity Management

The activities undertaken by a company to develop and maintain a business continuity framework and ensure overall preparedness by the company through education and training initiatives







2 Business Continuity Plan

A proactive plan outlining the priority operations and steps to be taken in the event of a disaster to avoid or mitigate the risk of interruption to business activities

					MATERIALITY							
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Targets and Results of Material Issues

HSE

CSR Material Issues	Key Tasks	FY2019 Results	FY2020 Targets	Medium to Long-Term Initiatives and Directions
HSE      	Prevention of major incidents	<ul style="list-style-type: none"> Enhanced the Corporate HSE Management System (revised the Corporate HSEMS Manual and four related Corporate HSE Standards, and published HSE management requirements for non-operated projects) Improved HSE assurance and governance (participated in 15 HSE reviews and conducted 2 risk-based audits at domestic sites) Provided HSE technical support (implemented 12 technical support operations) Ingrained HSE risk management to prevent major incidents and disasters (conducted three reviews with reports issued on the state or risk management, assisted preparation of safety cases for Tokyo line and Oyazawa plant, conducted follow-up activities on reviews of domestic E&P and domestic energy businesses) Reinforced emergency and crisis response capability (conducted emergency two level 3 crisis response exercises between corporate headquarters and operator projects for mock disasters at project sites of the Ichthys LNG Project and Domestic E&P Project Division, conducted functional and phased training and workshops five times, and assisted to develop a security response plan for Abu Dhabi Project Division) 	<ul style="list-style-type: none"> Enhance the Corporate HSEMS (revise Corporate HSE Standards, facilitate HSE management of HQ Organizations including non-operated projects, and formulate the Corporate HSE next phase Mid-term plan) Improve HSE assurance and governance (improve the consistency and effectiveness of HSEMS through HSE reviews and risk-based audits) Provide HSE technical support (to operator projects and HQ organizations including non-operated projects) Thoroughly manage major accident events (MEA) via the risk management process (ensure prevention of major accidents through comprehensive HSE risk management activities, implementation of operation safety cases, and AIPS assurance reviews, and promote Tier 3 and Tier 4 process safety KPIs) Reinforce emergency and crisis response capability (conduct comprehensive and functional exercises as well as workshop involving the Corporate Crisis Management Team given the scenario of a major accident at Abu Dhabi and Japanese projects and a major earthquake in Tokyo, introduce training and workshops by division function according to the needs of each division, and introduce training ratio in each organization as KPI) 	<p>Under our commitment to the HSE Policy, top management, managers and staff level personnel implement the process defined in the HSE Management System with integrity</p> <p>Think, act and promote safety culture as "Safety Number One" on INPEX Values and aim to achieve zero incidents and prevent major incidents</p> <ul style="list-style-type: none"> Promote actions to achieve the Corporate HSE Third Phase Mid-term Plan (2016–2020) including following actions: <ul style="list-style-type: none"> Enhance the Corporate HSE Management System (HSEMS) Improve HSE assurance and governance by continuous implementation of the risk management-based audits and HSE reviews Fulfill HSE technical support by utilizing HSE human resources Develop HSE activities that incorporated opinions on the sites Thoroughly prevent major incidents by promoting Process Safety management Continue to monitor and analyze LTIF/TRIR Reinforce emergency and crisis response capability Promote plans for reducing GHG emissions
	Securing occupational health and safety	<ul style="list-style-type: none"> Strengthened HSE management at worksites (conducted 6 HSE management site visits to domestic and overseas operator and non-operated project sites and domestic subsidiaries, conducted 3 site visits by management of domestic and overseas sites, and held an HSE forum) Reduced the number of incidents (LTIF^③: 0.32 / TRIR^④: 1.78; implemented life-saving rules and introduced a new accident reporting system) Improved health promotion and maintenance program (conducted a health survey on IOGP leading health KPIs) 	<ul style="list-style-type: none"> Strengthen HSE management at worksites (use HSE Management Site Visits to promote dialogue with on-site workers and deepen mutual understanding) Reduce the number of incidents (LTIF: 0.12 or less / TRIR: 0.70 or less; introduce leading indicators companywide with the goal to prevent the reoccurrence of incidents) Strengthen initiatives to promote health in line with INPEX Group Health Statement Implement measures to prevent the spread of the novel coronavirus disease (COVID-19) (hygiene measures, infection risk mitigation measures at offices and operational sites) 	
	Conserve biodiversity, manage water resource appropriately	<ul style="list-style-type: none"> Developed a Corporate Environmental Management Plan including initiatives for biodiversity conservation and water management 	<ul style="list-style-type: none"> Implement and revise Corporate Environmental Management Plan including actions for biodiversity conservation and water management 	
		<ul style="list-style-type: none"> Conservation of biodiversity <ul style="list-style-type: none"> Created a protected areas database of adjacent to domestic and overseas project sites Implemented marine research at domestic projects Participated in forestation and biodiversity conservation activities at domestic projects Conducted a simple survey of ecosystem of peripheral areas of domestic project sites (Nagaoka) Implemented measures for specific invasive alien plant species at domestic projects (Conduct awareness activities regarding eradication) Conducted biodiversity monitoring at overseas projects Created a report about our biodiversity conservation activities Water management <ul style="list-style-type: none"> Conducted water stress assessments in project areas Collected and analyzed data on water consumption in projects 	<ul style="list-style-type: none"> Conservation of biodiversity <ul style="list-style-type: none"> Update the protected areas database of areas adjacent to domestic and overseas project sites Implement measures for specific invasive alien plant species at domestic projects (Conduct awareness activities regarding eradication) Participate in forestation and biodiversity conservation activities at domestic projects Conduct an ecosystem survey in peripheral areas of domestic projects (Nagaoka) Conduct surveys on current status of biodiversity at overseas projects Conduct biodiversity monitoring at overseas projects Water management <ul style="list-style-type: none"> Update water stress assessments in project areas Collect and analyze water consumption data of projects Comprehend water balance, and collect and analyze water consumption data of projects 	

③ Lost Time Injury Frequency

Rate of injury resulting in fatalities or lost time per million hours worked. Data for the 12-months period from January to December 2019

④ Total Recordable Injury Rate









Rate of total fatalities, lost work day cases, restricted work day cases, and medical treatment cases per million hours worked. Data for the 12-months period from January to December 2019

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Targets and Results of Material Issues




Local Communities **Climate Change**

CSR Material Issues	Key Tasks	FY2019 Results	FY2020 Targets	Medium to Long-Term Initiatives and Directions
Local Communities     	Conducting assessments and measures to reduce impact on local and indigenous communities	Japan <ul style="list-style-type: none"> Provided information on operational status and safety initiatives of the Naoetsu LNG Terminal through community briefings and public newsletters 	Japan <ul style="list-style-type: none"> Maintain sound relationships with stakeholders through continuous dialogue including community briefings and public newsletters 	Contribute to regional development and the solution of social issues through projects, respecting human rights and the cultures and customs of the areas in which we operate <ul style="list-style-type: none"> Comprehend community needs and conduct measures through engagement with stakeholders in the areas in which we operate
		Australia <ul style="list-style-type: none"> Held more than 250 stakeholder engagement activities Received more than 1,300 local operating area inquiries (of which 40 percent related to employment opportunities) 	Australia <ul style="list-style-type: none"> Proactively engage with local communities focused on communication associated with potential impacts and opportunities during the 40-year span of Ichthys LNG operations. 	
Responding to Climate Change   	Contribution to local economies	Global <ul style="list-style-type: none"> Invested approximately 2.2 billion yen in social contribution initiatives 	Global <ul style="list-style-type: none"> Invest approximately 2.4 billion yen in social contribution initiatives 	Strengthen the governance structure, and implement initiatives in the areas of business strategy, risk and opportunity assessment and emissions management, with an aim to actively support a low-carbon society in line with the long-term goals of the Paris Agreement <ul style="list-style-type: none"> Implement initiatives to create a low-carbon society Continue to promote information disclosure in accordance with the TCFD recommendations
		Australia <ul style="list-style-type: none"> Launched programs through the Larrakia Ichthys LNG Foundation Trust Started employment for six out of the targeted 10 people by way of the Solid Pathways program aimed at creating employment for indigenous people Employed more than 70 indigenous people through Ichthys LNG operations' contractors INPEX and contractors signed 10 contracts tied to the operation of the Ichthys LNG project with indigenous-owned businesses 	Australia <ul style="list-style-type: none"> Continue delivery of effective programs through the Larrakia Ichthys LNG Foundation Trust Increase INPEX Australia's direct employment of Aboriginal and Torres Strait Islander peoples to 36 people or three percent of employees by the end of 2021 Employ an average of 60 Aboriginal and Torres Strait Islander peoples through our Ichthys LNG operations' contractors each year from 2019 to 2021 Increase the number of Aboriginal and/or Torres Strait Islander majority owned businesses engaged by INPEX and its contracting partners by 50 percent with a total contract value between 2019 to 2021 being greater than A\$ 1 million 	
	Development natural gas as a cleaner source of energy	<ul style="list-style-type: none"> Reached a cumulative total of 100 LNG cargo shipments from the Ichthys LNG Project in November 2019 Continued a stable supply of natural gas and increase supply volume through safe operations at domestic gas fields, the Naoetsu LNG Terminal, and along the approximately 1,500 km high-pressure gas pipeline network Established a smart energy company with the goal of introducing cogeneration facilities in Mizuho, Tokyo Created a system for the inspection, data compilation and publishing of reports on methane dissipation from equipment and machinery at domestic business sites 	<ul style="list-style-type: none"> Achieve stable and efficient production operations at the Ichthys LNG Project Maintain a stable supply of natural gas and increase supply volume through the safe operation of domestic gas fields, the Naoetsu LNG Terminal and the approximately 1,500-kilometer long, high-pressure gas trunk pipeline network Engage in activities to promote natural gas consumption Continue to improve management of GHG emissions, including methane 	
		<ul style="list-style-type: none"> Launched economic evaluation based on IEA WEO 2°C scenario Conducted trial physical risk assessments at major INPEX-operated facilities Improved CDP score from C to B 	<ul style="list-style-type: none"> Formulate guidelines for the assessment and management of climate-related risks and opportunities Continue to improve financial assessment methods related to climate-related risks Disclose GHG emissions on an equity share basis 	
	Strengthen climate-related risk management	<ul style="list-style-type: none"> Ensured stable operation of photovoltaic power generation Achieved stable operation of the Sarulla Geothermal IPP Project in Indonesia Continued environmental assessments in the Oyasu region in Akita Prefecture. Continued surveys at Amemasudake, Hokkaido Conducted preparation work toward final investment decision (FID) for the domestic wind power business Continued research and development of technologies that contribute to building an electricity-hydrogen-methane value chain. Launched test operations at methanation test facility in October 2019 	<ul style="list-style-type: none"> Ensure stable operation of photovoltaic power generation facilities Ensure stable operation at the Sarulla Geothermal IPP Project in Indonesia Promote existing geothermal power generation business in Japan Pursue new geothermal power business opportunities in Japan and overseas. Promote full-scale geothermal flow tests in the Oyasu region in Akita Prefecture Pursue onshore and offshore wind power generation business opportunities in Japan Pursue new offshore wind power generation business opportunities in Japan and overseas Continue research and development of technologies that contribute to building an electricity-hydrogen-methane value chain. Conduct tests and launch continuous operations at the methanation test facility 	
	Promote renewable energy business			

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Targets and Results of Material Issues

Employees

CSR Material Issues	Key Tasks	FY2019 Results	FY2020 Targets	Medium to Long-Term Initiatives and Directions
Employees   	Develop human resources and increase workforce motivation	Global <ul style="list-style-type: none"> Continued promotion of INPEX Values (including Value Awards, expansion of program to Group companies) 	Global <ul style="list-style-type: none"> Continue promoting INPEX Values (including Value Awards, expansion of program to Group companies) 	<p>Create a corporate culture to facilitate self-initiative and a high sense of values and purpose in accordance with the INPEX Values for the diverse range of people</p> <ul style="list-style-type: none"> Continue the promotion of INPEX Values Develop the environment where diversified human resources can demonstrate their talents
		Japan <ul style="list-style-type: none"> Continued the internal recruiting system and career consultations for corporate employees, continued skill mapping interviews for younger technical employees, established career training opportunities Reduced overtime hours and continued promoting taking paid leave Introduced a companywide system to allow flexible working hours Acquired certification in the large enterprise category (White 500) of the 2019 Certified Health & Productivity Management Outstanding Organizations recognition program 	Japan <ul style="list-style-type: none"> Ensure continued certification as a Health & Productivity Management Outstanding Organization Continue the internal recruiting system and career consultations for corporate employees, continue skill mapping interviews for younger technical employees, expand career training opportunities Reduce overtime hours and continue promoting taking paid leave Introduce work from home arrangements Hire some contractors as full-time employees 	
Global <ul style="list-style-type: none"> Implemented Tokyo head-office training for local employees hired overseas 	Global <ul style="list-style-type: none"> Continue to facilitate employee transfers between global sites 			
Japan <ul style="list-style-type: none"> Continued ongoing training for managers of people with parental responsibilities, continued career guidance for younger female employees Selected as a Nadeshiko Brand for fiscal 2019 Continued to conduct LGBT training, also held executive training Achieved silver standard from "Work with Pride 2019" in external LGBT-related certification Introduced transcribing app for employees with impaired hearing 	Japan <ul style="list-style-type: none"> Introduce a return to work system Continue to implement measures based on our General Employer Action Plan to promote active participation of women Continue to improve the workplace environment for persons with disabilities 			

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Corporate Governance

Our Policy

We continue to enhance our corporate governance approach and activities to fulfill our responsibilities to our shareholders and other key stakeholders and support transparent, fair, timely and conclusive decision-making, with the goal of achieving sustainable growth and increasing corporate value over the medium- to long-term. Furthermore, in November 2015 we formulated and disclosed our Corporate Governance Guidelines for the purpose of ensuring transparency and fairness in decision-making and realizing effective corporate governance through the proactive provision of information. We also revise the guidelines as appropriate in line with governance-related developments.

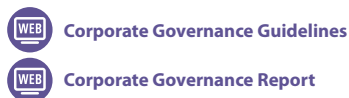
Management System

We have established as advisory bodies to the Board of Directors; 1) the Nomination and Compensation Advisory Committee, for the purpose of enhancing the independence, objectivity, and accountability of Board of Directors functions and contributing to the further enhancement of the corporate governance system; and 2) the INPEX Advisory Committee, for the purpose of obtaining multifaceted and objective advice and recommendations from internal and external experts about issues in fields such as domestic and international politics and economics, the energy situation, and CSR as they relate to business management and aiming for sustained growth and enhancement of medium- and long-term corporate value.

The Company frequently engages in important negotiations with the governments of oil-producing countries, government-owned oil companies, and international oil companies. This necessarily requires internal directors and executive officers to have knowledge, expertise and international experience in the oil and gas exploration and production industry, as well as a sound knowledge of the Company and expertise in their particular fields. Internal directors in principle hold concurrent position as executive officers. By adopting this organizational structure, the Company's Board of Directors is better placed to make decisions on the execution of business in an efficient manner. At the same time, this structure helps to ensure the effective supervision of management.

The company has appointed 6 of its 14 members of the Board of Directors from outside the Company to enhance the transparency of management and strengthen the effective supervisory function of the Board of Directors. Our management also benefits from perspectives that differ from those held by internal directors. From their independent standpoint, Outside Directors are expected to provide objective advice based on their own knowledge and experience, monitor management and conflict of interest transactions, and appropriately represent the views of stakeholders in the boardroom.

The Company has selected Outside Directors from external persons who have extensive experience and wide-ranging insight as corporate executives, academics, or other specialists in the resource/energy industry or in the fields of finance, law or diplomacy.



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As of the end of March 2020, four of the five Audit & Supervisory Board members are outside Audit & Supervisory Board members. In order to strengthen the audit function and to ensure independence and effectiveness of Audit & Supervisory Board, the Company assigns dedicated employees to Audit & Supervisory Board Member's Office to assist operations of Audit & Supervisory Board, in addition to Audit & Supervisory Board which is established pursuant to laws and regulations. This Office also strengthens the coordination between the internal audit department (Audit Unit), Outside Directors, and accounting auditors.

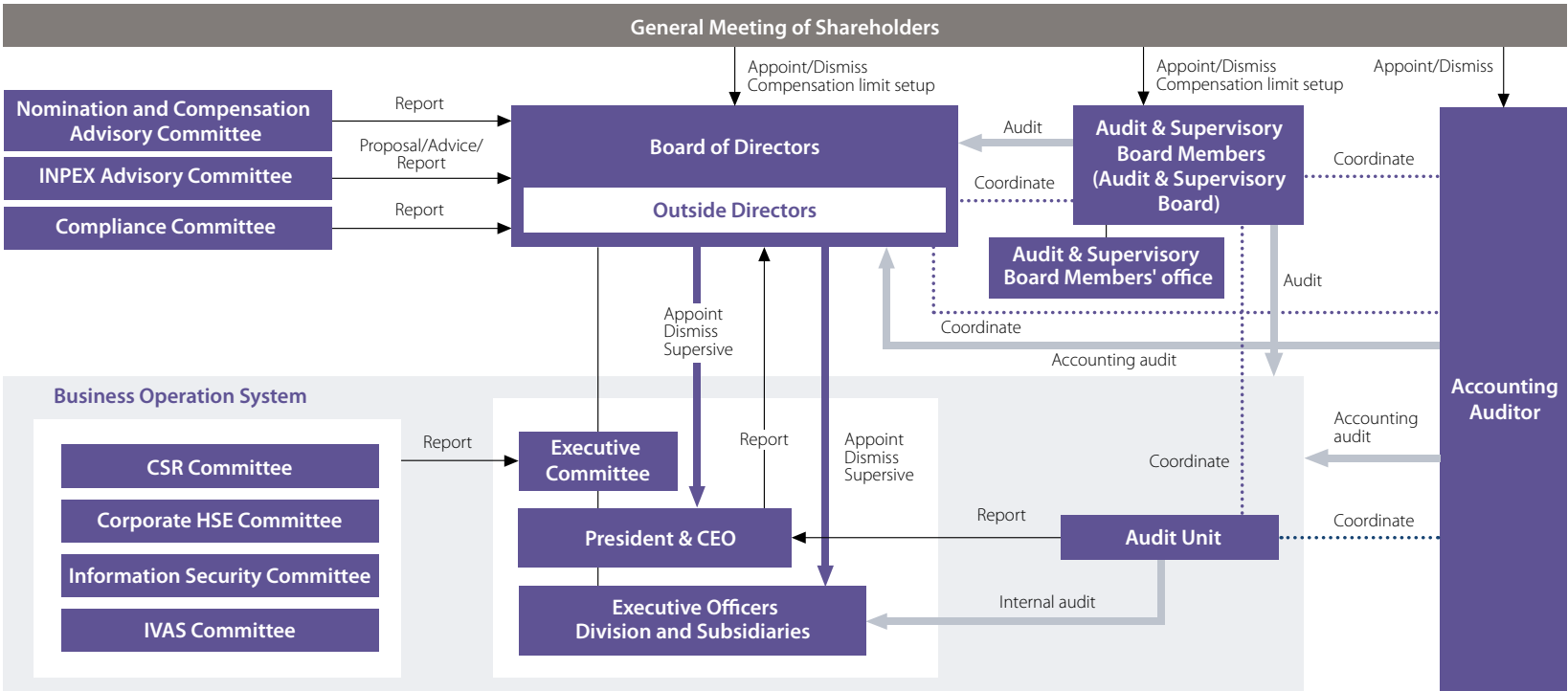
Furthermore, the Company regularly holds meetings among Outside Directors, Audit & Supervisory Board members (may including accounting auditors), and the Representative Director, to provide opportunities to exchange

opinions on a wide range of themes relating to important management issues, the development and operation of the internal control systems, and other issues related to corporate governance. Those meetings consist of the "Meeting of Outside Directors, Audit & Supervisory Board Members, and the Representative Director"; the "Meeting of Outside Directors and Audit & Supervisory Board Members (including the Accounting Auditors)"; and the "Meeting of Audit & Supervisory Board Members and the Representative Director".

We also promote gender diversity at the executive level. The Company appointed first female executive officer in March 2020, following the appointment of one female Outside Director and one Audit & Supervisory Board member.

Corporate Governance Chart

As of March 25, 2020



Corporate Governance Structure

- 1. Management system
- 2. Monitoring of Management by Outside Directors and Audit & Supervisory Board Members
- 3. Director compensation
- 4. Internal control system

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FY2019 meeting of the Board of Directors

All directors attended the 12 meetings held in FY2019.¹

Evaluation results of effectiveness of Board of Directors in FY 2019

With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues to resolve for continuing improvement, the Company undertakes an evaluation of the effectiveness of the Board of Directors (the "Board Evaluation") each year, and discloses the summary of the evaluation results. Based on this policy, the fifth evaluation was conducted in FY2019. The evaluation method and summary of the results are as follows.

Evaluation Method

In FY2019, 7 members out of 18 members of the Board of Directors and Audit & Supervisory Board, were newly appointed. Therefore, at the regular meeting of the Board of Directors in October 2019, the PDCA cycles of the Board Evaluation over the five years since the FY2015 were reviewed. In addition, results of the initiatives taken during the FY2019 which were identified through the Board Evaluation in the FY2018 were discussed and reviewed. Based on those results, the implementation policy of the Board Evaluation for FY2019 was discussed at the regular meeting of the Board of Directors in November 2019.


The evaluation items included the self-evaluation of each Director and Audit & Supervisory Board Member, the composition, operations, roles and responsibilities of the Board of Directors, operations of the Nomination and Compensation Advisory Committee, as well as the status of improvement of issues identified in the previous evaluation. An anonymous survey of all Directors and Audit & Supervisory Board Members was conducted in December. In order to obtain more specific views and opinions from the directors, the directors were encouraged to make comments on many of the questions.

Subsequently, results of the survey were consolidated and analyzed by the Board of Directors office. The results of the consolidation and analysis, as well as issues and initiatives for the future were discussed at a meeting among the Outside Directors, Audit & Supervisory Board Members and the Representative Director. Based on such discussion, the final evaluation results and action plans were confirmed at the Board of Directors meeting held in February 2020.

Summary of Evaluation Results

- 1) It was concluded that the effectiveness of the board is sufficiently secured, with 7 out of the 18 board members subject to evaluation newly appointed in June 2019.
- 2) In particular, operational improvements were positively evaluated, including the measures taken to secure the time for discussions, and the enhanced briefings provided to outside officers before the board meetings. Furthermore, the board meeting together with a site visit in Darwin, Australia, which was held for the first time overseas, was evaluated as a valuable opportunity for collaboration and exchange opinions between executive officers and directors, and it was concluded that those opportunities should be more enhanced.
- 3) The actions to be taken for further improvement in the effectiveness of the Board of Directors are recognized as follows:
 - Enhance discussions regarding strategies further, on topics including the progress status of the Medium-term Business Plan, the impact of changes in the business environment, and optimization of the business portfolio
 - Ensure more opportunities for sharing information and exchanging opinions
 - Discussions on the desired state of governance in the Group, and deeper discussions, including at meetings of the Nomination and Compensation Advisory Committee, on how to secure greater diversity and independence in the Board of Directors

Based on these evaluation results, the Company will continue striving to improve the effectiveness of the Board of Directors.

 **1 Notice of the 14th Ordinary General Meeting of Shareholders of INPEX Corporation P8,P60**

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Interview with Outside Directors

Jun Yanai
Director (Outside)



Question 1. As an outside director since 2016, what are your thoughts about the INPEX Board of Directors?

All members of the Board of Directors share the commitment to enhancing the corporate value of this company and engage in lively discussions where nothing is off limits. Over the years, new outside directors and outside audit & supervisory board members with diverse backgrounds have been appointed to the board. As a result, questioning and counsel based on a broad range of perspectives have further stimulated our dialogue.

Outside directors are not involved in the execution of the company's operations and are therefore not as well-versed in operational matters as the internal directors who take part in discussions at executive committee meetings. Nevertheless, INPEX management personnel demonstrate a sincere willingness to listen to the opinions of outside directors and make every effort to incorporate viewpoints that are of benefit to the management of the company, and this encourages free and open discussion.

Outside directors and outside audit & supervisory board members are briefed regularly on agenda items a week before the Board of Directors meetings. These detailed briefings enable the board discussions to proceed efficiently.

A survey to evaluate the effectiveness of the Board of Directors is conducted each year, and the survey's results are carefully reviewed to further streamline and improve the board's functions. This enables the governance of the Board of Directors to continuously evolve with a high level of transparency.

As we face the unprecedented challenges brought on by the COVID-19 pandemic, we outside directors are committed to actively participating in the crisis management discussions and providing counsel based on our knowledge.

Question 2. Vision 2040 and the Medium-term Business Plan 2018-2022 were formulated in fiscal year 2018. How do you evaluate their content and the progress being made to implement these?

The Medium-term Business Plan 2018-2022 published in fiscal year 2018 was formulated through proactive discussions between board members—including outside directors and audit & supervisory board members—addressing all options to enable INPEX to respond flexibly to any situation while anticipating changes in our business environment such as the advent of a low carbon society. Today, after two years, the Ichthys LNG Project is making good progress, but we are facing a new paradigm shift in our business environment, including the COVID-19 pandemic and the oil price collapse. While staying true to the basic policies outlined in the Medium-term Business Plan, we will work with management personnel to find the best way to implement ambitious makeovers as part of our crisis response.

Question 3. What future challenges do you see regarding the effectiveness of the INPEX Board of Directors?

Members of the INPEX Board of Directors have a diverse range of attributes. As such, I believe the annual evaluation of the effectiveness of the Board of Directors should continue to be centered around self-evaluation as practiced until now.

The most important factor contributing to the effectiveness of the Board of Directors is an environment that enables outside directors to make open and frank recommendations to management personnel based on sufficient access to information. In this regard, I believe the INPEX Board of Directors is superior to that of other companies.

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Interview with Outside Directors

Atsuko Nishimura Director (Outside)



Question 1. What were your impressions of the first Board of Directors meeting held overseas, and the site visit in Darwin last year?

While visiting the Ichthys site, I was impressed to see the massive and complex Ichthys LNG Project—the first large-scale LNG project to be operated by INPEX—running smoothly based on a safety-first policy and solid management supported by a gifted workforce representing diverse backgrounds, including women, and advanced technical capabilities.

It was also extremely encouraging to witness the Prime Minister and cabinet ministers of the Australian federal government as well as the Chief Minister and ministers of the Northern Territory government and others convey their genuine trust and expectations for INPEX, in addition to the tangible results of CSR activities as evidenced by the solid, long-term relationships INPEX has built with the indigenous Larrakia communities in the Darwin area. I was once again made aware that INPEX's global development and outreach is supported in large part by the company's sincere willingness to build sound relations based on trust with the multitude of local stakeholders in areas where it does business.

Question 2. What future challenges do you see regarding the effectiveness of the INPEX Board of Directors?

The INPEX Board of Directors has been working to improve its effectiveness in many ways including promoting diversity and ensuring greater access to information. In these challenging times, I believe it is important for the Board of Directors to embrace and respond to the expectations of stakeholders by formulating management strategies reflecting the changes in the energy business environment and ensuring the timely implementation of these strategies, so that INPEX may appropriately address key business issues including global economic uncertainty induced by the COVID-19 pandemic, the oil price collapse and climate change.



Outside Director Atsuko Nishimura in conversation with local employees in Darwin

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The Committee of Sponsoring Organizations of the Treadway Commission

HSE
Health, Safety and Environment

Risk Management

Our Policy

We strive to accurately identify and assess the complex and varied risks inherent in the business environment and to implement necessary risk prevention measures and systems to minimize risks. For instance, our risk management system is intended to cover our action plans not only for large-scale natural disasters and pandemics, but also for risks related to changes in the business environment such as economic situations, social situations, laws and regulations, and other risk factors that exist in the business processes, namely exploration, development and production, transportation, and sales of natural resources. We have implemented internal controls under Japan's Financial Instruments and Exchange Law (known as "J-SOX") based on the COSO[®] framework. Each Project Division also performs risk management related to occupational health and safety and environmental conservation under the HSE[®] Management System.

Additionally, we analyze the impact of fluctuations in oil prices and exchange rates and disclose the information in every financial result briefing.

Risk Management System

We are committed to continuously improve its risk management system, appropriately identifying, assessing and managing risks accompanying business operations. We aim to maximize our corporate value by establishing risk management systems that prevent and minimize the occurrence or spread of loss or damage, which result in maintaining and bolstering the trust of our customers, business partners, investors, and other stakeholders.

To establish and maintain operational efficiency and distinct accountability in every business aspect, we adopt a division system, appointing Directors as head of each division. Accordingly, following to our internal regulations, guidelines and other rules, each division and department in charge work closely together to conduct risk identification, analysis and evaluation. Identified material risks are reported to the Executive Committee and/or the Board of Directors which provides comprehensive reviews and decisions on action plans to deal with those material risks. For example, when acquiring concessions and formulating development plans in E&P activities, various scenarios are

developed for expected reserves, predicted production volumes, and oil prices. At these times, risks are identified, analyzed, and evaluated.

With respect to the operational status of the risk management system pertaining to day-to-day business operations, we conduct continuous monitoring in each department in charge and cooperation with related corporate departments. Regular examinations and assessments are also conducted either by an internal audit team, reporting directly to the President & CEO or by external experts. By giving feedback on these results to each department in charge, we secure opportunities to review and update our risk management system related to day-to-day business operations in response to changing conditions of the business environment in a timely manner.

Furthermore, to realize the Medium-term Business Plan 2018-2022 and other main business objectives, the Executive Committee discusses and approves the Action Plans and Fiscal Year Plans & Targets that form the short-term and medium-term goals not only at the corporate level but also at the department level. This process incorporates identified material risks and action plans to deal with them, respectively, before being reported to the Board of Directors as well. Subsequently, each department promotes initiatives to achieve their targets and reviews its progress at the middle and the end of each fiscal year.

With respect to the risk management in subsidiaries, we conduct risk management for the Group as a whole on the basis of mutual collaboration among the Group companies in accordance with the Regulations on Group Operations. In particular, the operational status of risk management pertaining to day-to-day operations is examined and assessed by an internal audit organization reporting directly to the President & CEO as well as audits by other internal divisions or external experts, and in light of the examination and assessment results subsidiaries are requested to undertake reviews in response to changes in the operating environment. We have established the Standards for Evaluation and Selection of Independent Auditors, which mandates the criteria for the Audit & Supervisory Board to follow when evaluating the quality management, independence, and audit compensation of independent auditors. The Audit & Supervisory Board evaluates independent auditors annually, based on these standards.

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Risk Management Structure

Board of Directors

Exercise adequate supervisory functions and ensure fairness and transparency in management

Nomination and Compensation Advisory Committee
INPEX Advisory Committee
Compliance Committee

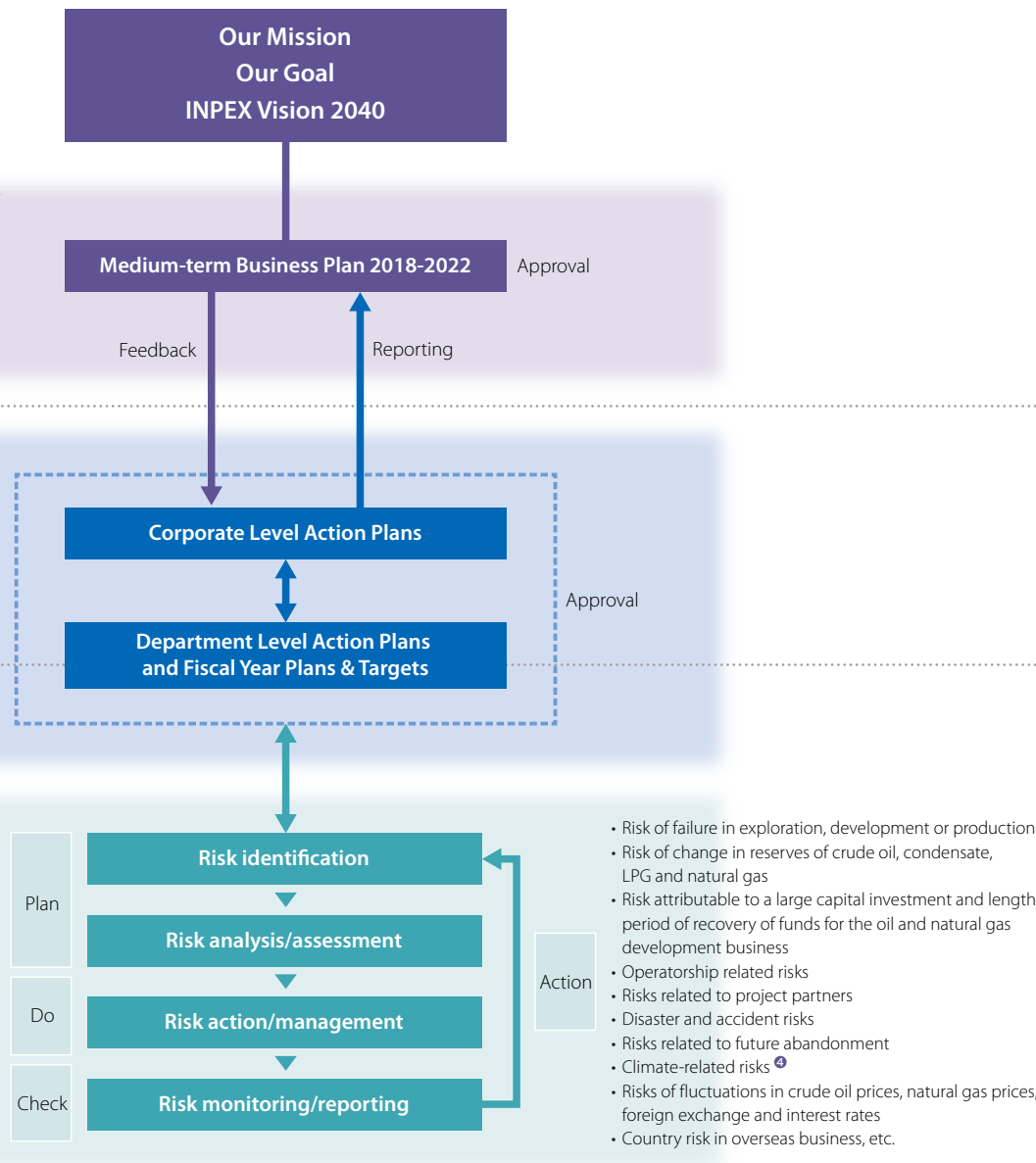
Executive Committee

Discuss and decide plans of comprehensive management and actions for material risks

CSR Committee
Corporate HSE Committee
Information Security Committee
IVAS Committee

Departments and subsidiaries

Organize risk management system/documents



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5 ALARP
As Low As Reasonably Practicable

6 TCFD
Task Force on Climate-related Financial Disclosures

7 Annual cycle of assessing and managing climate-related risks and opportunities

8 Corporate Position on Climate Change

8 Sustainable Development Scenario

Operational Risk Management System

To cope with various risks related to operations, for example, the New Ventures & Global Exploration Division carries out a centralized analysis and evaluation of whether or not to proceed with acquisition of a new upstream oil and natural gas project through the IVAS (INPEX Value Assurance System) Committee as a mechanism for cross-organizational technical evaluation at each project phase, such as exploration, evaluation, and development.

To handle country risks in the countries where we operate, we have established guidelines that include the maximum target amount of accumulated investment balance for high-risk countries. Furthermore, we have been conducting financial risk control by identifying risks associated with fluctuations of currency exchange rates, interest rates, crude oil and natural gas prices and security price, and establishing corresponding managing and hedging methods.

With respect to HSE risks, we strive to implement continuous management of occupational health and safety and protection of the environment in our business activities. We identify, analyze, and evaluate risks that lead to major incidents, and the top 10 risks, for each business location on the basis of the Risk Management Procedure established under the HSE Management System. In parallel to formulate and implement risk countermeasures, the situation of risk management is regularly reported to headquarters, and is confirmed being at ALARP⁵ levels, and is reported to the Executive Committee each quarter. In addition, reviews are regularly conducted to assure the integrity of facilities during development and operation. In FY2019, the corporate headquarters participated to a total of 15 HSE reviews.

Climate-related Risk

In response to the TCFD⁶ recommendations, we are implementing initiatives for the assessment and management of climate-related risks. The annual process to assess and manage risks and opportunities⁷ is shown on page 56.

We cover policy and legal transitions, technology transitions, market transitions, and reputation as transition risks. For physical risks, we identify acute and chronic risks. We also apply short-term, medium-term and long-term classifications to each of these risk categories. Climate Change Strategy Group, within the Corporate Strategy & Planning Unit acts as the secretariat and conducts risk assessment and management on the annual cycle. In light of the importance of the risk assessment and countermeasure formulation processes, they are discussed at workshops on a company-wide basis. At workshops, the Climate Change Strategy Group serves as a secretariat and “Climate Change Strategy Working Group”, an advisory body to the CSR Committee (the committee is chaired by the CEO) participates in the discussion. The Working Group consists of members from each business divisions and also have knowledge in CSR and sustainability issues; therefore, the studies, and proposals from each business division would be integrated into the company-wide risk assessment process.

We conduct financial assessments of climate-related policy and regulatory risk as well as market risk. For the policy and regulatory risk, we assess how the introduction or enhancement of a carbon pricing policy would financially impact our projects. For the market risk, we assess how crude oil prices and carbon prices in a WEO 2°C scenario published by the IEA (The IEA SDS⁸ is consistent with the Paris Agreement’s target of keeping average global temperature rise well below 2 degrees Celsius compared to pre-industrial levels, and pursuing efforts to limit it to 1.5 degrees Celsius.), as well as the supply and demand outlook for oil and LNG in the same scenario, would financially impact our projects.

As for the physical risks, we assessed INPEX-operated facilities in FY 2019 on a trial basis and identified risks at leading facilities in Japan and Australia. In terms of chronic risk, there may be impacts to our operational efficiency, though our assessment indicated that there was no immediate need for facility repairs. On the other hand, when looking at acute risks, our attention is focused on natural disasters, which appear to be occurring in Japan with greater frequency and force. Adaptation measures to those increasing risks move forward on the national level, and we also consider them with our own framework, including promotion of pipeline risk assessment and the formulation of countermeasures.

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Large-scale Natural Disaster and Pandemic Countermeasures

Large-scale Natural Disaster Countermeasures

We have a Business Continuity Plan (BCP) ^⑨ and response manual in place to maintain stable business operations. Those were developed by incorporating the scenario planning of Tokyo inland earthquake which was formulated by the Cabinet Office's Central Disaster Management Council of the Japanese government. Our policy on business continuity clearly expresses group-wide values prioritizing the maintenance of a stable energy supply while ensuring human safety and environmental preservation. The BCP also stipulates not only the establishment of provisional offices but also how our employees should react in the event of an earthquake on a holiday or at night, and procedures for returning home from the office.

In FY2019, we conducted crisis exercise and drills including food distribution drills for the staff during the lockdown at the headquarters. Those drills were based on scenarios of an oil spill at the Ichthys offshore facilities in Australia and a fire at production facilities in Japan.

Novel Virus and Pandemic Risk Countermeasures

We develop a response manual to prevent the spread of seasonal and novel influenza. We also develop a Business Continuity Plan (BCP) to handle crisis that a pandemic could cause. As countermeasures against infectious diseases, we maintain a stockpile of protective clothing, disinfectants, and other emergency supplies. We also reviewed and revised the BCP in FY2019, in order to operate BCP smoothly within our current organizational structure.

In response to the pandemic of the novel coronavirus COVID-19, following a state of emergency declared by the Japanese government in April 2020, the aforementioned BCP and response manuals were activated to enable smooth implementation of countermeasures such as working at home. In addition, to prevent risk of infection by COVID-19, we introduced a number of measures from February 2020. This includes a work-from-home policy that started at headquarters and the Technical Research Center, and later expanded company-wide, and a flex-time system without a core time of the day so that employees could avoid rush hours for commutation. For the visitors, temperature check and the wearing of mask were requested.

⑨ Business Continuity Plan

A proactive plan outlining the priority operations and steps to be taken in the event of a disaster to avoid or mitigate the risk of interruption to business activities

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10 Base Erosion and Profit Shifting Project
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 **11 Tax Policy**

12 Voluntary Tax Transparency Code
released by Australia's Board of Taxation

 **13 INPEX Australia 2018 Tax Transparency Report**

Tax Strategies

Our Policy

Under our CSR Principles, we are committed to fulfilling our corporate social responsibilities guided by the leadership of top management through compliance with laws, rules and regulations and adhere to ethical business conduct in accordance with the social norms at our international and domestic operating locations. With respect to tax affairs, the directors and employees of the INPEX Group acknowledge that it is one of our important social responsibilities to contribute to the socioeconomic development of various countries and regions we operate in, through the proper payment of tax in accordance with the applicable laws and regulations and ensuring transparency of our tax affairs.

From the standpoint of ensuring protection of shareholder value, we strive to ensure appropriate tax payments by utilizing tax incentives to the extent that such incentives are applicable for our normal business activities or would eliminate double taxation.

Tax Governance Structure

As a company conducting business globally, our foreign subsidiaries As we are conducting business globally, our foreign subsidiaries and other cross-border transactions with those subsidiaries are increasing.

Following the BEPS 2015 Final Reports under the OECD/ G20 BEPS Project¹⁰ in October 2015, legislation governing international transactions has been developed in Japan and other countries based on the report content, and the environment surrounding international taxation has been changed significantly. Against this backdrop, we are enhancing tax governance to appropriately respond to taxation risks associated with international transactions. As a part of these initiatives, we have established our Tax Policy and published it on our website¹¹ to cultivate an awareness of tax compliance among all Group executives and employees. The Senior Vice President of Finance & Accounting executes operations as the person in charge of such initiatives.

Taxation Risks

We identify tax risks as important business issues. In comply with the Tax Policy, our departments in charge of tax affairs are working to comprehend tax laws in each country, transfer pricing rules and other international tax laws, and OECD tax guidelines. Those departments also cooperate and communicate closely with business divisions to mitigate taxation risks. We make effective use of our external advisors' expertise in relation to mitigating tax risks.

Relationships with Tax Authorities

We strive to create constructive trust relationships with tax authorities through communications such as obtaining certainty through advanced pricing agreement with tax authorities.

Taxation Transparency

In line with a trend of the world to demand more transparency and information disclosure in relation to corporate tax-related activities¹², for example, in Australia as the one of our core business areas, the government has announced principles that define tax information that large enterprises should voluntarily disclose. In response to this movement, we have published a report on our website¹³ to consolidate our tax information in Australia, consists of tax governance, an overview of our cross-border transactions, and tax amounts.

As a global company, we will continue to closely monitor international taxation trends and legislative developments in each country, and strive to respond in a timely and appropriate manner.

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Compliance

Our Policy

INPEX is systematically developing a compliance structure, which is an indispensable requirement for its sustainable development, and is striving to ensure compliance with laws and regulations and adherence to corporate ethics. Specifically, INPEX has established the Compliance Committee, which formulates basic policies and plans pertaining to compliance, deliberates significant matters and supervises the implementation of compliance programs to promote unified compliance initiatives throughout the INPEX Group. The committee's responsibilities also include the development and revision of compliance-related regulations.

In addition, in accordance with the Corporate Social Responsibility Principles, INPEX has instituted the Code of Conduct, which prescribes obligations of personnel to practice compliance, in order to increase compliance awareness among executives and employees and put the Business Principles into practice.

Anti-bribery and Anti-corruption

As the rules and regulations concerning bribery and corruption are becoming increasingly strict, INPEX, Japan's largest oil and natural gas company with projects in about 20 countries around the world, recognizes the importance to put a "zero tolerance" policy toward bribery and corruption. Therefore, all executives and employees are always required to act with "integrity", which is one of the INPEX Values shared across the company.

The Code of Conduct stipulates the building of sound and appropriate relationships with governments and administrative authorities (including prohibition of political donations except in cases permitted under relevant laws and regulations) and compliance with the anti-bribery and anti-corruption laws and regulations in the countries where we operate. INPEX makes no donations relating to political activities.

INPEX has been participating in the United Nations Global Compact since December 2011 and has declared commitment to preventing corruption. Under the Code of Conduct, INPEX established the INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy as well as related internal rules and is taking measures to prevent bribery and corruption.

-  **CSR Principles**
-  **Business Principles and Code of Conduct**
-  **INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy**

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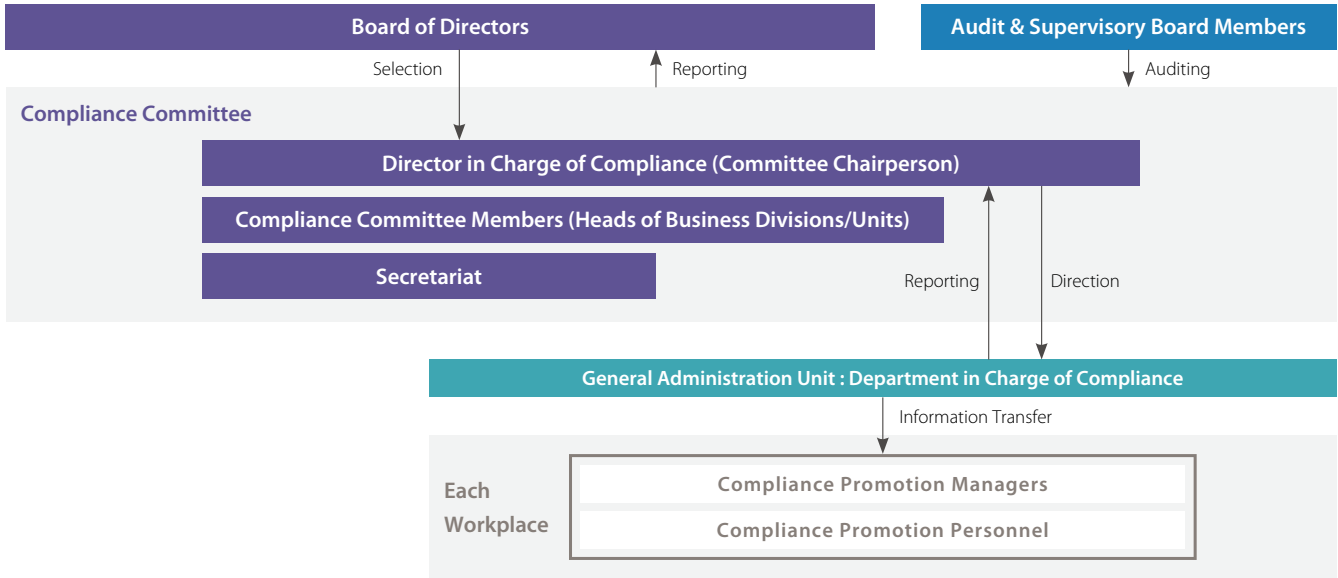
Management Systems

We established a system, by which the director in charge of compliance and the Compliance Committee can promptly consider and implement countermeasures if a serious compliance-related incident occurs. The director in charge of Compliance and the Compliance Committee cooperate with the Audit & Supervisory Board and its members, the accounting auditors, the Audit Unit, which is the internal audit department, as well as equivalent bodies or departments in the subsidiaries in (1) developing and implementing compliance measures, (2) monitoring implementation, (3) raising compliance awareness,

(4) receiving reports on compliance violations and conducting investigation, (5) issuing warnings and taking other measures against violations, and (6) instituting measures to prevent the recurrence of violations. In addition, the director in charge of compliance reports on the above to the Board of Directors on a regular basis and as required. There were no cases of serious compliance violations in FY 2019.

In addition, to ensure coordination between the Committee and the workplaces, we appointed compliance promotion managers and personnel in every workplace and takes measures to disseminate and deepen awareness of compliance all over the workplace.

Compliance Chart



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Compliance Training

With the objective of having each member of INPEX carry out duties in compliance with laws and regulations, the Company regularly conduct business-theme-based and position-based compliance training sessions. In FY 2019, the training sessions covered topics such as anti-bribery and anti-corruption, anti-trust law and harassment.

Moreover, major overseas offices are enhancing the global compliance system by instituting and implementing the Code of Conduct while taking into account the laws, regulations and cultures of each country.

Harassment Prevention Training for Non-managerial Employees

We conduct continuous training on harassment prevention to eliminate harassment completely. In FY 2019, the headquarters and the Technical Research Center conducted harassment prevention training for the non-managerial employees. Following the movement to enact laws against power harassment, the training included group discussions aiming the employee to take proactive preventive measures against power harassment in the workplace. The participation rate was very high, at more than 95% of employees.

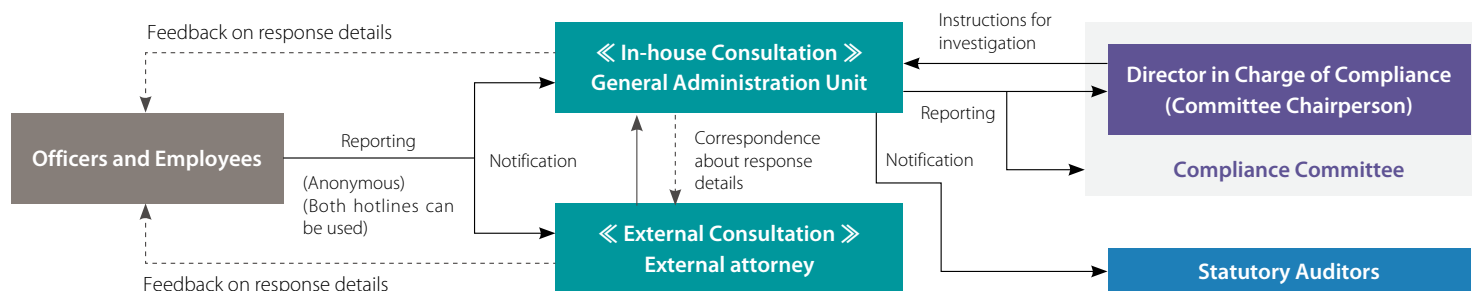
Whistle-blower System

We set up a hotline based on a Whistle-blower system that complies with the Whistle-blower Protection Act. The Hotline is accessible to executives and employees. Contact points are offered internally and externally through a law firm, and reports may be anonymous. This system covers bribery and corruption, discrimination, human rights violation, harassment and any other misconducts.

We are committed to protecting Individuals who submit reports from any negative consequences. In addition, the content of reports from whistle-blowers and the results of investigations and responses are promptly reported to the Audit & Supervisory Board Members so as to ensure that the Whistle-blower System functions more effectively.

Four reports to the internal hotline and four to the external hotline were submitted in FY 2019. The Compliance Committee, taking into consideration the advice of attorneys and other experts, appropriately responded to each report in accordance with the Hotline Procedures. There were no cases relating to bribery and corruption, discrimination, an abuse of human rights in the above actual reporting.

Whistle-blower system diagram



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Anti-bribery and Anti-corruption Initiatives

After the ABC Guidelines went into effect in October 2014, under approval from the Compliance Committee, we updated the Guideline to the ABC¹ Policy and formulated ABC Procedures in FY 2017.

We conducted risk assessments at the headquarters and overseas offices in stages since FY 2015 and has taken measures to reinforce establishment and application of ABC compliance systems by implementing improvement measures based on the results of the risk assessments. In FY 2019, in addition to risk assessments at two overseas offices as well as the continuously conducted compliance training for new graduates and new mid-career employees, anti-bribery and anti-corruption training has been conducted in divisions with numerous opportunities to negotiate with government agencies, vendors, and others.

Besides, the headquarters regularly share information and exchange views on compliance activities with the Perth and Jakarta offices to better formulate a global ABC compliance system.

In addition, the INPEX Group Global Anti-bribery and Anti-corruption (ABC) Policy was established in April 2019 as a clear and comprehensive statement of our stance on anti-bribery and anticorruption. The policy is accessible on the Company’s website.

In FY 2019, there were no occurrences of major violations or disciplinary actions related to bribery and corruption.

Heightening Transparency through EITI Participation

From October 2012, INPEX has been participating in and supporting activities of the EITI². This multi-national initiative aims to improve transparency of flow, and sound management, of funds from oil, natural gas, and mineral resource extractive industries to the governments of resource producing countries. As of December 31, 2019, 53 implementing countries, many supporting countries including Japan, companies in extractive industries and nongovernmental organizations (NGOs) have participated. INPEX provides data relevant to EITI participants among countries in which INPEX operates projects.

¹ Anti-Bribery and Anti-Corruption
² Extractive Industries Transparency Initiative

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Supply Chain Management

Our Policy

As a company to manage projects across about 20 countries worldwide, INPEX recognizes its important role for the fair and impartial procurement and supply chain management. Our Details on Ethical Procurement Guideline expressly prohibits impediments to fair and impartial competition, abuse of a dominant bargaining position, and inappropriate granting or receipt of benefits, and requires protection for the confidentiality of suppliers' information and technologies. In addition to those fundamental policy on procurement, INPEX regulates its executives and employees to comply with Code of Conduct and CSR Principles for this purpose of fair and impartial procurement. We also require suppliers to comply with labor and environmental laws and regulations, prevent corruption, and respect the INPEX Group Human Rights Policy. These requirements are built into our standard contracts. We manage continuous suppliers' commitment through regular surveys and monitoring.

Management System

The Compliance Committee consists of fulltime directors, executive officers, and others including the Senior Vice President, Logistics & IMT, which is the division in charge of the said Committee. It is chaired by the director in charge of compliance and meets regularly to ensure strict compliance with corporate ethics and behavior in accordance with the Details on Ethical Procurement Guideline and Code of Conduct. Supply chain management initiatives were also discussed at meetings of the CSR Committee during FY 2019.

Risk Assessment and Management Processes

Risk Assessment System

From FY 2018, the Company has been implementing supply chain risk assessments through a series of self-assessments for major suppliers. Survey questionnaires include whether they have established human rights policies and grievance mechanism for human rights violations, the status of their

regulations on preventing bribery and corruption, and the status of employee education and training in relation to human rights, and bribery and corruption. This assessment enables the Company to monitor the compliance systems of our suppliers and identify risks.

We provide fair opportunities to any suppliers in the selection process, and award supplier based on fair, impartial, and transparent assessments.

When bidding at overseas operator projects, we conduct comprehensive assessments of their compliance with local laws and regulations, the INPEX ABC policy, and INPEX Group Human Rights Policy. We have also established prequalification criteria regarding HSE requirements and its relevant matters.

For domestic projects, when bidding large-scale construction, we also conduct comprehensive assessment according to the INPEX ABC policy and HSE requirement to ensure fair and impartial procurement.

Engagement Activities

Through any event with suppliers, we continue to enhance supply chain management.

Our Domestic Exploration & Production Division is working to improve HSE through meetings of the HSE Committee, which is part of the INPEX-Supplier engineering forum comprising INPEX and 16 of our major suppliers. Discussions include explanations and announcements, such as INPEX HSE priority targets and its activity programs, information about incidents and near misses, and HSE information from Engineering Council member companies. HSE Committee meeting was held once in FY 2019.

In Australia, we also provide fair opportunities to any suppliers, which includes regular meeting with major suppliers to review their performance on HSE, quality and service. We also discuss related risks and its mitigations at the meeting.

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Respect for Human Rights

Our Policy

INPEX supports international standards such as the International Bill of Human Rights, the International Labor Standards of the International Labor Organization (ILO), the United Nations Guiding Principles on Business and Human Rights, and the principles of the United Nations Global Compact. To demonstrate the stance on respect for human rights and fulfill the responsibilities, in May 2017 INPEX established and announced the INPEX Group Human Rights Policy. In accordance with that policy, INPEX takes measures to address the human rights of all stakeholders including the supply chain in each country and region where INPEX conducts business. Our Human Rights Policy prohibits all forced labor and child labor and confirms our respect for freedom of association and protection of the right to organize.

To comply with the United Kingdom Modern Slavery Act 2015, each year since FY 2016 INPEX has released a statement on the company website to disclose the policies, systems, and measures for preventing slave labor and human trafficking within the company and throughout the supply chain.

Management System

According to the INPEX Group Human Rights Policy, Corporate Social Responsibility Principle, Business Principles, and Code of Conduct, all executives and employees are required not only to comply with laws and regulations but also to respect social norms and act with high moral values. Our Code of Conduct, in particular, makes the following statements concerning human rights.

- We recognize that human rights are important rights that derive from the dignity of individuals, and we respect the human rights of individuals in relevant countries.

- We respect international human rights codes, and we pay attention not to be involved in any act that may infringe human rights.
- We do not discriminate based on factors such as race, skin color, gender, sexual orientation, gender identity, age, creed, religion, birth, nationality, disabilities, or educational background.
- We do not force employees to work against their will, and we do not cause children to work.

The Compliance Committee, which consists of directors and executive officers, is chaired by the director in charge of compliance, meets regularly to ensure strict compliance with corporate ethics and the Code of Conduct.

Human Rights Initiatives

When implementing projects, we voluntarily adopt IFC Performance Standards as our standards. For both new and existing projects, we conduct studies in the regions where we operate on possible environmental and social impacts including labor issues and human rights, identify risks, and implement prevention, mitigation and monitoring.

When conducting those studies, INPEX emphasizes dialogue with local governments, local residents, and other stakeholders. In Australia, in addition to 250 face-to-face meetings, communication via phone and email was provided to government, business and community stakeholders in FY 2019. When withdrawing business, INPEX conducts studies and assessments in advance on the environmental and social impacts of abandoning wells and removing facilities, fully considers the safety of local communities and the environment, and takes appropriate measures with the consent of local residents.

-  [INPEX Group Human Rights Policy](#)
-  [UK Modern Slavery Act Statement](#)
-  [Business Principles and Code of Conduct](#)

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Human Rights Due Diligence

Since FY 2016, the Company has been conducting human rights due diligence at domestic and overseas sites as part of efforts to enhance its human rights management. We found some human rights risks in the form of poor complaints handling processes of our suppliers and other business partners. These risks were also reflected in questions asked in the previously mentioned self-assessments conducted by major suppliers. From that time, we have continued discussions with each site to ensure implementation of the PDCA cycle through the following.

Desktop Investigation

- Identify human rights violation cases in the oil and natural gas industry in the past
- Categorize possible human rights violation cases (child labor, forced labor, freedom of association, right to bargain collectively, employment discrimination, social discrimination)
- Analyze country risk based on statistical data

Interview Surveys

- Conduct surveys and interviews, with reference to the Global Compact Self Assessment Tool for the Ten Principles of the United Nations Global Compact, at all INPEX business sites to understand the status of responses to human rights risks identified through the desktop investigation

Examination and Implementation of Action Plans

- Confirm the status of the management of human rights risk based on the assessment as mentioned above
- Provide feedbacks on the results of the assessment to each business site and discuss future actions, such as widely disseminating the INPEX Group Human Rights Policy and providing human rights education
- In an effort to strengthen respect for human rights based on the results of the assessment, continue to provide human rights education to employees

Raising Executive and Employee Awareness Regarding Human Rights

To deepen awareness of the importance of taking into consideration the human rights of various stakeholders in day-to-day operations, we conducted human rights training for all executives and employees in FY 2017 and has been continuing the training for all new employees since FY 2018. We also joined the IPIECA[®] Human Rights Working Group. This working group collaborates on activities, including review of human rights due diligence in the supply chain and information-sharing on the prevention of modern slavery, such as child labor and forced labor. There were no occurrences of serious violations related to discrimination or human rights abuse in FY 2019.

Dialogue and Complaints Handling Between Labor and Management

We promptly recognize discrimination, human rights, harassment and other issues, and minimize related risks. We have also established a grievance system to comply in good faith with our compliance obligations. In addition, the labor agreement with the INPEX labor union stipulates that the union possesses three labor rights (the right to organize, the right to bargain collectively, and the right to act collectively). Opportunities for discussions on labor issues between management and labor representatives are provided at overseas offices as well. We strive to maintain and develop a healthy labor-management relationship by regularly providing opportunities for labor and management representatives to exchange views and ideas on a wide range of issues, including not only labor issues but also challenges and the future outlook of the Company. INPEX provides appropriate notification in advance of any operational change that will significantly affect employees. No complaints have been received so far since the union was formed in October 2008.

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MATERIALITY

HSE (Health, Safety and Environment)

Our Policy

INPEX's HSE Policy helps to ensure the safety and health of all those involved in our business activities as well as promote the conservation of local ecosystems and the global environment. To firmly implement this policy, the corporate HSE Unit, which consists of five groups (HSE System Group, Health & Safety Group,

Process Safety Group, Security & Crisis Management Group and Environment Group) established at headquarters, will promote HSE management through a robust HSE Management System.

Message from Director in Charge

Takahiko Ikeda
 Director, Senior Executive Vice President
 Senior Vice President, Technical Headquarters
 and in charge of HSE



To realize sustainable energy development, which is part of our mission, we are required to conform to high moral values as a member of society and to foster a corporate culture in which the utmost priority is placed on ensuring safety and conserving the environment. In order to maintain a stable energy supply, we need to conduct our business internationally in search of natural resources. In this pursuit, while we continue to comply with international norms and standards, we must also continue to nurture a corporate culture that will be received by the international community with open arms.

To help achieve our goals, the group-wide HSE Policy is in place to ensure operations are in line with the HSE Management System (HSEMS) based on international standards.

The HSEMS Manual comprehensively identifies the HSE activities we must conduct to fulfill our commitment to the HSE Policy, and supports our efforts to seek continuous improvement and risk management in our operations.

We have been implementing the Corporate HSE Third Phase Mid-term Plan (FY 2016-2020) since FY 2016 with the aim of raising our HSE competency to the same level as that of top-tier independent International Oil Companies (IOCs¹). In addition to ingraining process safety management to prevent major accidents, we are actively promoting environmental management in several ways including the formulation of the Corporate Environmental Management Plan, the control and management of greenhouse gas emissions and the compiling of reports on protecting biodiversity. Moreover, we expanded the HSE management scope to cover non-operated projects and domestic subsidiaries, and we remain committed to working to ensure more effective and consistent HSE management.

We believe it is our social responsibility, as a global company, to demonstrate to a wide range of stakeholders our commitment to the HSE Policy by promoting specific HSE activities. With unyielding determination to grow into a company worthy of admiration, we will continue to press forward with our HSE activities.



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HSE Management System (HSEMS)

Our Policy

To ensure the successful implementation of the HSE Policy across the organization, we developed the HSEMS Manual in FY 2007 referencing standards such as ISO 9001 and ISO 14001. This manual was revised in FY 2017 based on the international standards OMS510² issued by IOGP³. We have been continually improving and implementing various plans based on the HSEMS through the use of the PDCA methodology. The focus of our effort includes the preparation and revision of key HSE documents such as corporate manuals, standards and guidelines; establishment of HSE organizations; HSE technical support for project divisions; HSE education and training; periodical HSE audit and reviews; and HSE communication activities. In addition, Nagaoka Field Office, our largest field office in Japan, obtained and has been maintaining ISO 14001 certification since in FY 2003.

HSE Objectives and HSE Programs

In accordance with the Corporate HSE Third Phase Mid-term Plan, we annually set out the Corporate HSE Objectives and HSE Program and monitor those progress.

In FY 2019 (April to December due to the change of accounting period; the same period shall apply hereafter), a total of four items of Corporate HSE Standards were newly developed or revised based on these Corporate HSE Objectives and Programs. Based on a system (see HSEMS structural diagram on right) with the fundamental principles of Leadership, Risk Management, Continuous Improvement, and Implementation, we expanded the scope of HSE management to non-operate projects in addition to existing coverage which were already under the scope since FY 2018 such as domestic subsidiaries, geothermal projects, and shipbuilding and marine operations. In this way, we are committed to carry out more effective and consistent HSE activities.

HSE Management structural diagram



HSE Audits

From the viewpoint of strengthening HSE assurance and governance, we periodically conduct Corporate HSE audits and reviews in order to evaluate the state of HSEMS compliance at our operator projects. In FY 2019, we conducted two risk management-based Corporate HSE audits⁴ in Japan and overseas sites, and further participated in 15 HSE reviews.

2 OMS510
IOGP Report 510 "Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry"

3 International Association of Oil and Gas Producers (IOGP)

4 Risk management-based Corporate HSE audits
A methodology for narrowing audit focus to areas with greater risk by considering risks inherent in the organization

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HSE Training and Development

In FY 2019, we conducted 659 man-hours of HSE education and training in total through means such as training sessions and exercises. In addition, for young engineers, we continue to provide domestic and overseas OJT opportunities apart from these so that they can acquire practical skills of occupational safety management and process safety engineering.

In addition, our HSE experts are encouraged to further develop their HSE competency through OJT or participation in a training session offered by HSE specialized institutes and are provided with a career development program for each competency stream as outlined in their individual job competency profile. To realize the Corporate HSE Third Phase Mid-term Plan, we will continue to build up HSE education and training schemes focusing on their execution in FY 2020.

HSE Communication

We undertake HSE communication activities such as sharing lessons learned from incidents—through our HSE Monthly Reports and incident investigations (Learning from Incidents) discussed at Executive Committee meetings and regular meetings of the Board of Directors—within the Company and periodically holding HSE meetings. Since FY 2008, the Annual HSE Meeting has been chaired by the President & CEO and attended by Corporate HSE Committee members, top executives in charge of domestic and overseas organizations and union representatives to raise HSE awareness. At the HSE Meeting held in FY 2019, in addition to reports about the HSE activities of the respective operator projects, we also shared the HSE issues faced by each project and discussed how to apply the lessons learned.

In addition, we conduct HSE management site visits to allow the management to demonstrate its commitment to HSE in a powerful and visible manner by seeing firsthand and understanding the risks associated with site work. This is to achieve Safety Number One, one of the INPEX Values. In FY 2019, the management site visits were carried out nine times: for domestic and overseas operator project sites, non-operated project sites, and domestic subsidiaries. With these activities, both management and field workers were able to exchange frank opinions and discuss HSE.

To share information with employees, the INPEX Corporate HSE Unit periodically publishes the HSE Highlights newsletter and shares it within the Company to enlighten all employees about HSE and to prevent the recurrence of incidents. In addition, the Corporate HSE Unit posts the latest KPI data, HSE documents, meeting minutes of the Corporate HSE Committee, HSE training, incident information or HSE alerts, security information, as well as international HSE activities, including IOGP reports on our intranet. All employees can access this HSE information at any time.

HSE management site visit to Ichthys operating facility

From August 14 to 15, 2019, the management of the Domestic Energy Supply & Marketing Division visited the Ichthys onshore facility to observe HSE activities and carried out interaction such as sharing of good practices and lessons learnt from onshore operations. The emergency medical transport “CareFlight” facility dispatches helicopters and light aircraft carrying doctors and nurses to sites and allows direct transport to hospitals equipped with the required standard of medical facilities. It was ascertained that this realizes safer medical transport for patients and is also a valuable initiative from the perspective of contribution to the local community.



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In addition, we contribute to the industry and share information through participation in various industrial safety symposiums and HSE communication activities with IOCs, other sector companies, external organizations, university researchers, and other parties. In FY 2019, we conducted a total of eight conferences and presentations for external parties.

For the purpose of raising motivation and HSE awareness of organizations and individuals, and to improve corporatewide HSE performance, we also bestow Corporate HSE Awards annually. In FY 2019, six awards in total were bestowed, with the HSE Excellence Award given to one group, four HSE Activity Awards to two groups and two individuals and one HSE Special Award to a group.

We will continue to enhance HSE communication, especially through the sharing of lessons learned from incidents both internally and externally and good practices for incident prevention, in a more timely manner.

The HSE Meeting Held at Headquarters

In October, 2019, the 13th HSE Meeting was held at Tokyo headquarters. The meeting was attended by representatives and HSE management units from both domestic and overseas organizations as well as labor union representatives, and the future direction of HSE activities were reported. Detailed discussions were also carried out, such as on how to apply the lessons learned from the Ichthys Project to the Abadi LNG Project as well as future prospects related to the functions of Corporate HSE.



The 13th HSE Meeting

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Management of Health and Safety

Our Policy

We aim to eliminate incidents to ensure that all personnel at our worksites return home safely each day. We further aim to keep our employees in good health and take measures against any potential occupational illnesses and hygiene issues that they may encounter.

Reduction of Injuries

We place the highest priority in preventing workplace injuries to all personnel working on our projects and engage in managing occupational safety risks through the HSEMS implementation.

We are pleased to inform that we achieved zero fatalities in FY 2019, two years in the row since FY 2018.

To drive HSE performance improvement, we monitor LTIF⁵ and TRIR⁶ indicators to benchmark and move towards achieving the top quartile of IOGP member companies. For FY 2019, a target for LTIF was set as 0.12 and TRIR as 0.70. For the period from January to December 2019, our LTIF was 0.32 while TRIR was 1.78, both did not meet the targets.

We undertake prompt sharing of incident flash reports and promote learning the lessons through the issuance of learning from incidents. We conduct incident trend analysis and revision of our incident reporting system and the standards to strengthen incident management in our efforts to reduce the number of injuries. In FY 2019, we also revised the Life-Saving Rules (LSR) to be fully in line with IOGP with the aim of securing workplace safety when engaging in high risk work activities and will continue to work on further strengthening compliance to these LSR throughout the organization.

In FY 2020, we will continue to work on reducing industrial accidents through our HSE awareness programs and other initiatives to be within the top 25% of IOGP member companies.

Life Saving Rules



5 Lost Time Injury Frequency
Rate of injury resulting in fatalities or lost time per million hours worked. The aggregate period is from Jan to Dec 2019

6 Total Recordable Injury Rate
Rate of total fatalities, lost work day cases, restricted work day cases, and medical treatment cases per million hours worked. The aggregate period is from Jan to Dec 2019

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HSE Forum (Safety and Health Session)

We have held the Forum with various carefully selected themes since FY 2016. In FY 2019, the 4th HSE Forum was held with the theme “Best Practices Toward Improving HSE Performance.”

The HSE Forum comprises a session on safety and health and another session on the environment. During the safety and health session, which was attended by 44 representatives from HSE management units of domestic and overseas operator projects as well as the headquarters, discussions were held on the tools for measuring HSE performance, effective leading indicators for the management of employees and contractors, and safety slogans/mottos used by each organization. We believe that applying the results of these discussions will contribute to improving HSE performance towards achieving our HSE goals.



HSE Forum

Health Management of Employees

We strive to maintain and promote the health of all employees by providing periodical medical checks, flu vaccinations, and subsidize fees for complete medical examinations. We also inform employees who travel or live abroad of the medical risks associated with their respective residence countries, and share information about public health risk and concerns such as malaria, the Zika virus, and a new strain of influenza virus to all employees.

In FY 2019, to comprehend how health management is being implemented at each office, we conducted a health management survey based on IOGP and strived to grasp the state of health management at all our sites. In FY 2020, we are revising our employee health management standards to assure identification and management of health risks associated with workplace and activities.

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Prevention of Major Incidents

Our Policy

To prevent major incidents or disasters as typified by fires, explosions, and large oil spills, we ensure proper due diligence throughout each phase of the project life cycle: exploration, development, production, and abandonment.

Comprehensive Process Safety Management

Process Safety Management (PSM) is the disciplined framework managing the integrity of operating systems and the process of handling hazardous substances. It is typically achieved by using robust design principles, good engineering, and sound operating and maintenance practices.

As shown in the figure below, INPEX Process Safety Management consists

of four focus areas and twenty elements. Each element has a detailed set of expectations that operator projects must adhere to. Within the PSM framework, we have adopted a voluntary Safety Case regime for INPEX-operated assets, and we conduct Asset Integrity/Process Safety (AIPS) assurance reviews for all operator projects to ensure risks are maintained to ALARP⁷.

Process Safety KPI

We are collecting and reporting Tier 1 and Tier 2 Process Safety Events⁸ in line with IOGP requirements. In FY 2019, four Tier 1 and three Tier 2 Process Safety Events were reported. Collecting, analyzing, and reporting process safety KPI contributes to the prevention of major incidents by improving the reliability of operations, avoiding complacency in Process Safety, and communicating process safety performance to relevant stakeholders.

Process Safety Management Framework



⁷ As Low As Reasonably Practicable (ALARP)

⁸ Tier 1 and Tier 2 Process Safety Events (PSE)
 Process Safety Events are unplanned or uncontrolled releases of any material. In addition to hydrocarbons, these materials include non-toxic and non-flammable materials such as pressurized CO₂ and compressed air. Classification as Tier 1 and Tier 2 relies on actual consequence of the release (expressed as injury to person, direct cost to the company, type and quantity of material released, etc.) and follows IOGP requirements.

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Asset Integrity Management and Process Safety Assurance Review

Asset Integrity/Process Safety (AIPS) assurance is a structured series of reviews conducted by an independent team at appropriate points during each phase of the project. Benefits that can be expected from an AIPS assurance review are:

- Providing assurance to management and stakeholders that asset value (equipment) is being adequately protected
- Confirming that our AIPS requirements are being addressed
- Sharing good AIPS practices and lessons learned from project to project

In addition, other assurance reviews such as reviews prior to facility launch and Operations Readiness Reviews are conducted at each phase of the project where appropriate. To continuously improve AIPS practices, actions from AIPS Assurance Reviews are followed up periodically and given feedback.

Risk Management Process

HSE Risk Management activities include identification, analysis and reporting about MAE (Major Accident Event) and top 10 HSE risks, from all our operator projects using a risk management software. Furthermore, together with formulating and implementing risk countermeasures, the risk management situation is regularly reported to headquarters to confirm that risks are ALARP and reported quarterly to the Management Committee.

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Emergency Response Exercise

Response to Blowouts and Oil Spill Incidents

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Security and Crisis Management

Our Policy

We continuously reinforce and improve the management of overseas security as necessary under recent security circumstance with increasing uncertainties. We also develop the necessary documents to respond to various types of emergencies, and conduct crisis management exercises to prepare for the worst-case scenario.

Enhancement of Security Management

We always update security information concerning the areas in which employees are working, and evaluate and share the information internally. The threat level of each region is periodically evaluated and updated. Based on these threat levels, we formulate policies for employees assigned to foreign countries and for overseas business travelers, and issue alerts to all employees to raise awareness. With security issues such as the sporadic occurrence of terrorist attacks across the world and ongoing instability in the Middle East due to tension between the United States and Iran over nuclear development, we continue to spread awareness by posting security alerts on our intranet. We also hold in-house seminars and exercises to promote understanding and improve our response capabilities.

In addition, we dispatch security experts from the headquarters to our activity areas for the purpose of security reviews to grasp the whole situation including the entire activity area, operational sites, travelling routes, and accommodations, and we implement risk mitigation measures.

In FY 2019, we updated the overseas evacuation plan for our Abu Dhabi Office due to increased tension in the Middle East. We intend to conduct desktop exercises based on this updated plan in FY 2020 to confirm the plan's effectiveness and familiarize personnel with the plan.

Preparation for Emergency and Crisis Response

We are developing a system where Corporate and operating organizations collaborate and respond in the event of an emergency. Based on outcomes from the past crisis exercise, we have been working to improve the Corporate Emergency Response Plan in preparation for an inland earthquake near Tokyo and the Corporate HSE Standard - Emergency Response. In addition, the equipment of the Crisis Management Team (headquarters and Technical Research Center) has been expanded further. We are also working to establish a system and strengthen our partnership with the East Japan Regional Office in Niigata which will act as the provisional Crisis Coordination Room for the Management Team in the event of functions at the headquarters being partially interrupted.

Emergency Response Exercise

Based on the annual HSE plan, the organizations in Japan and overseas with operational sites conduct emergency response exercises both independently and collectively with the corporate headquarters for continuous improvement. In particular, at the Ichthys LNG Project, we have been conducting exercises based on various incident scenarios at onshore and offshore facilities in Australia since before commencing production. In FY 2020, we plan to conduct four emergency response exercises apart from desktop exercises at this project.

In FY 2019, operator projects and headquarters cooperatively conducted two level 3 crisis exercises based on scenarios assuming the following major incidents:

- Oil spill from tanker near Ichthys subsea production facility
- Fire at Koshijihara plant at Nagaoka Field due to occurrence of earthquake

In FY 2020, we plan to organize an exercise at headquarters assuming an inland earthquake near Tokyo as well as two cooperative exercises with headquarters, one based on an incident at the Abu Dhabi exploration project and another based on an incident in domestic operations. Based on the lessons learned from training and exercises, we will work to improve our crisis response capacity.

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Response to Blowouts and Oil Spill Incidents

We need to be prepared not only for large-scale blowouts and oil spills at oil and natural gas development sites, but also for frequent small-scale spills from tanks and pipelines at production facilities because these incidents are considered to affect the safety, health, and local economic activity of local community.

Based on the lessons learned from the emergency response actions of other companies, we enhance our accident management system in all aspects of prevention, containment, and responses, which are required to control wells, pipelines, and plants. To prevent incidents, we developed rules and procedures for consistent management. To prepare against the malfunctioning of a subsea blowout preventer (BOP) in offshore drilling, we maintain a contract with Wild Well Control, Inc., a supplier of capping equipment. We also have a contract with Oil Spill Response Limited (OSRL)^⑨, the world's largest provider of oil spill response services, to prepare for responding to a large-scale oil spill, and to constantly acquire new knowledge of oil spill response technologies.

Corporate Crisis Response Exercise

In October 2019, the 2nd Corporate Crisis Response Exercise was conducted on an incident scenario at Ichthys LNG Project. The scenario was based on a fuel oil spill near the offshore gas fields of Ichthys from a tanker en route to receive condensate. The Corporate Crisis Management Team (C-CMT), Perth Office, and the offshore gas production facility jointly responded to the exercise scenario. The exercise was conducted in real time without giving participants prior notice about the scenario. Training was conducted by giving various situational settings on the spot, such as changes in the situation and inquiries from the media. Through this format, the training called for appropriate and flexible response to changes, and we noted many issues and matters.



Scene from the exercise

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Appropriate Waste Disposal and Recycling

Biodiversity Conservation

Effective Utilization of Water Resources

Reduction of Environmental Impact

Our Policy

To minimize negative impacts on the environment and local communities, we conduct environmental and social impact assessments before starting a project, monitor those impacts through the project’s lifecycle, and promote environmental management based on the results of monitoring. In addition, in FY 2018, we developed the Corporate Environmental Management Plan to manage our environmental activities and promote corporate-level management based on the plan.

Environmental Management Initiatives

We are committed to the HSE Policy to “avert and minimize any negative impacts to all, including the health, the environment and community, as we continue to maintain a social license to operate.” To fulfill this commitment, we have targeted to strengthen environmental management as one of the FY 2019 Corporate HSE Objectives and promoted corporate-level management.

Corporate Environmental Management Plan

We consistently aim to turn Plan-Do-Check-Act (PDCA) cycle applicable to the environmental aspects in our business when working on environmental management. Since FY 2018, to give a sense of unity to environmental initiatives across the Company and allow them to be visualized, we developed the Corporate Environmental Management Plan through the integration of environmental management activities being conducted by corporate headquarters and our various businesses with the aim of promoting environmental management on a corporate-level basis.

In this Corporate Environmental Management Plan, we set five Corporate environmental targets to support the HSE Policy and to address key environmental materiality for us including the response to climate change¹⁰, biodiversity conservation and water resource management with actions to achieve our targets.

Environmental target 1	Low-carbonization in operations
Environmental target 2	Environmental pollution prevention
Environmental target 3	Appropriate waste disposal and recycling
Environmental target 4	Biodiversity conservation
Environmental target 5	Effective Utilization of Water Resources

In FY 2020, we will continue to promote environmental management on a corporate-level by turning the PDCA cycle of steadily implementing, reviewing, and revising the Corporate Environmental Management Plan.

Environmental Management Working Group and HSE Forum (Environmental Session)

The Environmental Management Working Group consisting of managers and members in charge of environmental management of domestic and overseas projects held meetings in April, July and December 2019. In addition, an environmental session of the HSE Forum was held in September 2019. In FY 2019, we discussed the following subjects at the working group:

- Corporate environmental target and environmental Key Performance Indicator (KPI)
- FY 2020 Corporate Environmental Management Plan
- Current situation of biodiversity conservation activities at each operational site
- Current situation of water use at each operational site

The environmental session of the HSE Forum was held at the Tokyo headquarters. Besides being an opportunity for final discussions on the setting of environmental KPIs, it provided environmental managers of overseas operational sites with an opportunity to see the operations of domestic projects and environmental management activities. We will continuously seek opportunities to share good practices with each other and to discuss environmental concerns from various aspects, and will promote environmental management at a corporate-level.



10 Refer to section on “Climate change”

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① Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register [PRTR])

② IFC EHS Guidelines
Environmental, Health, and Safety (EHS) Guidelines published by International Finance Corporation (IFC)

Environmental Pollution Prevention

Not only complying with the local environmental laws and regulations, we identify and assess environmental risks associated with the environmental aspects of each project, and take measures in addressing identified environmental risks voluntarily, and then monitor and measure the effectiveness of these actions. Through taking these actions across our projects, we will manage and prevent pollution at each operating site.

Environmental Compliance

We comply with environmental laws and regulations of the countries in which we operate. For every project, in line with the HSE Legal and Other Requirements Standard, we make a list of all applicable legal requirements and identify compliance obligations. At each operational site in our domestic projects we make a legal requirements list, annually update it to reflect new enactments and revisions of relevant laws and regulations, and confirm the compliance status. In FY 2019 we had meetings with domestic personnel in charge of the management of HSE legal and other requirements and discussed the current situation and the way forward.

Furthermore, in FY 2019, we also signed a services agreement with Enhesa NV, a company which constantly checks/provides the latest information about laws and regulations and provides comprehensive support for HSE legal compliance, and have been using this service to manage the state of legal compliance at each operational site. We will develop a system to supervise the status of legal compliance managed by the operational sites from Corporate. As of FY 2019, there were no violations of environmental law.

Preventing Air Pollution

We monitor and manage NOx, SOx and VOC (Volatile Organic Compounds) emissions from our domestic and overseas operational sites. We also engage in reducing these emissions into the atmosphere to comply with relevant laws and regulations and, in particular, international regulatory trends.

At our domestic operational sites, we identified the sources of emissions, such as production processes, fuel combustion facilities, venting of natural gas, crude oil storage tanks and loading facilities to a truck or tanker in order to understand and manage our emissions. Emissions of chemical substances are reported to the regulator in accordance with the Law concerning Pollutant Release and Transfer Register (PRTR^①). In addition, for benzene, we check there is no impact on ambient air quality by atmosphere monitoring at the site boundaries.

Our VOC emissions in FY 2019 were 8,260 tons which decreased approximately 30% from the previous fiscal year. This decrease was due to the reduction in venting and flaring activities of the Ichthys LNG Project —which contained high concentration of VOC. NOx emissions in FY 2019 decreased by 12% to 3,571 tons and SOx emissions increased by around 40 times to 422 tons compared to FY2018. The increase in SOx emissions was due to the fact that we began calculating emissions based on analysis data of treated gas composition emitted from the acid gas removal unit at the Ichthys LNG plant from FY 2019.

Note that we have changed the period of our accounting year to the period between January and December since FY 2019. As the data reported in the previous accounting year was from April 2018 to March 2019, the data for FY 2019 was aggregated based on the period from January to December 2019 so that data can be compared year-to-year.

Wastewater Management

Produced water is re-injected or discharged into the environment such as rivers or seas after confirmation that the treated wastewater complies with relevant effluent standards. We comply with the relevant effluent standards of each country, or with the IFC EHS Guidelines^② in the absence of adequate standards at each of our operational sites. In FY 2019, 42% of the total produced water (approximately 790,000 cubic meters) was reinjected, while the remainder was discharged into rivers and seas.

The Ichthys LNG offshore platform uses seawater as cooling water and the Naoetsu LNG Terminal uses it as a heat exchanger for vaporizer. Mandatory checks of seawater temperature and residual chlorine assure that the marine environment will not be harmed, and that relevant laws and IFC EHS Guidelines are met before the used seawater is discharged into the sea.

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Biodiversity Conservation

Effective Utilization of Water Resources

Appropriate Waste Disposal and Recycling

We actively promote measures on the basis of the 3Rs (reduce, reuse, and recycle) to minimize the use of natural resources, thereby reducing negative environmental impacts. Where recycling or reusing leftovers from our operations is difficult and waste generation cannot be avoided, we practice proper waste management through licensed waste service providers. Overseas projects manage the waste in accordance with their waste management plan including regulatory requirements, risk management, and audit implementation. Regarding domestic projects, we periodically visit the waste service providers for the purpose of annual inspection to monitor the status of waste treatment and disposal to ensure our waste is appropriately disposed.

The gross amount of waste generated in FY 2019 was approximately 3,000 tons. After recycling approximately 1,300 tons, the final disposal amount was approximately 1,700 tons.

In FY 2019, we established “Akasaka ECO Office” team which consisted of approximately 20 personnel from each division from the Tokyo headquarters and started the Akasaka ECO Office activity to understand the amount of office waste, such as paper waste, plastic waste, etc. respectively, generated by our headquarters and to promote educational activities and strive for change about waste reduction opportunities with all employees working at the Akasaka office.

Biodiversity Conservation

We know that the degrees of impact on the ecosystem or biodiversity differ at each and every project phase, scale or location, and that necessary actions for the conservation are accordingly different. We identify potential biodiversity “Risk” and “Opportunity” which may be caused by our business activities and take necessary measures.

In FY 2019, we developed a report about the main biodiversity conservation activities at our operational sites in Japan and overseas as well as future prospects. This report was shared internally and we are currently preparing it for external disclosure.

Since FY 2014, we have been participating in the Biodiversity and Ecosystem Services¹³ Working Group that is collaboratively hosted by IPIECA and IOGP and keep tracking their experiences, information and good practices across the industry.

13 Ecosystem services

Ecological services are the benefits that people obtain from ecosystems. Examples include freshwater, timber, climate regulation, protection from natural hazards, erosion control, and recreation.

14 Mitigation hierarchy

Mitigation hierarchy is defined as i) Avoidance, ii) Minimization, iii) Rehabilitation/Restoration, iv) Offset.

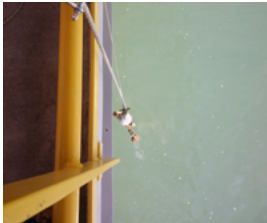
Overseas Activities to Conserve Biodiversity

A new overseas development project causes negative impacts affecting Environmentally Sensitive Areas (mangrove forests, coral reefs, wetlands, etc.) and critical habitats of threatened species, and threats of biological invasions. We apply a mitigation hierarchy¹⁴ in Environmental and Social Impact Assessment to avoid, reduce, restore or compensate those impacts as much as possible.

The Ichthys LNG plant is located in Darwin Harbour where there are extensive mangrove forests along the coastal area which provide breeding and feeding grounds for fish and sea turtles. To protect the rich biodiversity, the Ichthys LNG Project conducts comprehensive monitoring of effluent, seawater quality, growing condition of mangrove forest and natural vegetation even after the commencement of operations. We have also been contributing to the biodiversity conservation around our plant by means of financial aid to the marine research projects such as long term dolphin and dugong studies in the Northern Territory, etc.

Monitoring of Invasive Alien Species Around the Piers of Ichthys Onshore Gas Processing Plant

Invasive non-native marine species may cause negative impacts to the maritime environment and ecosystem by adhering to LNG carriers arriving at Darwin Harbour from all over the world or via ballast water. Therefore, the plant’s HSE environmental team conducts monthly monitoring of non-native marine species at the jetty terminals where product carriers dock. As of December 31, 2019, there have been no reports of new non-native species being brought into the area near the jetties.



Kit for observing non-native marine species (left: dangled in water; right: retrieved)

In addition, the Abadi LNG Project is conducting environmental and social impact assessment including biodiversity and ecosystem services survey in accordance with the local laws and IFC Performance Standard.

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Biodiversity Conservation

Effective Utilization of Water Resources

Domestic Activities to Conserve Biodiversity

Biodiversity conservation activities at our long-standing domestic projects have proactively contributed to the monitoring and management of the environment in which we operate.

Biodiversity conservation activities in the daily business operation at the Naoetsu LNG Terminal include:

- Continuous monitoring of seawater temperature at the intake/discharge point
- Continuous monitoring of water quality of cooling water/discharge
- Marine biological survey at Naoetsu LNG Terminal

Regarding the negative impact on the environment caused by cooling water discharge after the start of operation at Naoetsu LNG Terminal, we conducted a follow-up survey due to significant uncertainty in the forecast considered during planning. In the marine biological survey, monitoring of the seawater (quality and temperature) and marine life (such as benthos, plankton, fish eggs, juvenile fish and intertidal biota) was conducted once every season (spring, summer, autumn and winter) to understand the state of the marine environment. Together with the survey conducted a year after the start of operation (FY 2015-2016), the results of the follow-up survey conducted in FY 2018-2019 confirmed there is no significant change from the results of the baseline survey conducted before the start of operations (FY 2012-2013).

Simplified Ecosystem Survey at “Kitsunedaira Donguri-no-mori”

Fudosawa in Nagaoka City, Niigata Prefecture is adjacent to the Koshijihara Plant at Nagaoka Field. Here, the “Kitsunedaira Donguri-no-mori (Acorn Forest)” project has been ongoing as part of Niigata Prefecture’s project to support forestation since 2010. Twice each year, we have engaged in forest maintenance and tree planting activities together with local residents. In FY 2019, we conducted a quick survey before winter to understand the state of Donguri-no-mori’s ecosystem. As a result of the survey, we observed several species of mammals within the premises, and also observed several species of birds around the premises including the skies above, then we confirmed that Donguri-no-mori’s ecosystem had improved. In FY 2020, we will extend the duration of the ecosystem survey to investigate the changes in the ecosystem and species with each season, and use the results of the survey as information for promoting future initiatives.

Educational Activities in Japan Regarding Measures Against Invasive Alien Plant Species

Many invasive alien plant species such as a typical example Solidago Altissima (Canada goldenrod) can be found around our operating sites in Japan. At the Corporate level, as part of our biodiversity conservation initiatives, focusing on plants which have been designated as highly invasive alien species, we created posters and booklets including an overview of alien species and ways to exterminate them. These posters and booklets were distributed to our operational sites in Japan.

To raise biodiversity awareness for employees in Japan, the following activities have taken place:

- Lecture on biodiversity by an external expert
- Educational activities on biodiversity using environmental newsletter

In addition to the above, we have proactively engaged in activities to protect the surrounding biodiversity. Nagaoka Field Office, for example, organizes a tree planting event and a nature study event for local resident children twice a year in spring and autumn at “Kitsunedaira Donguri-no-mori” where we operates nearby. In Kashiwazaki city, we support a “Satoyama Initiative” conducted at Kashiwazaki Yumenomori Park; the activity is led by a citizen group, Satoyama Environment Creation Network, and we have been participating in tree planting and protecting endangered plants since FY 2005. And Naoetsu LNG Terminal participates in the Joetsu Fishery Cooperative’s tree plantation activity to help fish living in the Kuwadori River. We are also actively engaged in other environmental conservation activities with other operational sites in Japan.



Event at “Kitsunedaira Donguri-no-mori” (left) and the participants (right)

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15 United Nations Environment Programme
 UNEP is a major agency within the United Nations established in 1972 in the environmental field

16 International Union for Conservation of Nature
 IUCN is an international nature conservation network comprising nations, government agencies and non-government organizations that was established in 1948 under global cooperation

17 Water stress
 Water resources that can be used per person, which is the index assessing the level of strictness for water supply.

18 World Resources Institutes

19 Japan Oil, Gas and Metals National Corporation

Sharing of Information about Protected Areas near Project Sites

To provide information about protected areas near our operational sites for consideration during the initial stage of new projects as well as to provide information for consideration of biodiversity conservation initiatives at existing projects, we have created a map showing information obtained from the World Database on Protected Areas (WDPA)—developed jointly by UNEP¹⁵ and IUCN¹⁶—. This includes information on protected areas, IUCN Red List categories and the number of animal and plant species falling under other categories. We will continue to regularly update this information. As of December 31, 2019, we are not operating in the protected areas found in the database.

Effective Utilization of Water Resources

Recognizing that water management is a key task for us, we have been working to reduce influences on water resources.

We have been involved in IPIECA’s Water Working Group since FY 2015 to understand international trends in water management and good practices for the oil and gas industry.

Identification of High Water Stress Area

We have checked to see whether our operational sites are included in a high water stress¹⁷ area using “AQUEDUCT,” a water risk mapping tool developed by World Resources Institute (WRI¹⁸). The tool is used to assess and investigate water availability prior to the commencement of a project. As of December 31, 2019, there are no projects operating in high water stress areas.

Efficient Use of Water Resources

Effective utilization of water resources is one of our Corporate environmental targets. Based on this target, we strive to use water resources efficiently in our domestic and overseas operational sites. Our domestic sites use tap water, industrial water and groundwater as coolants. Groundwater is also used as a coolant for power generation and for snow melting. We have adopted a circulating system for cooling water and installed a sensor equipped with an automatic shutoff system for snow melting to reduce water consumption. For overseas projects, from FY 2019, we have started field surveys of water use at facilities within the LNG plant of the Ichthys LNG Project which started operation in FY 2018. To reduce water use at the plant, we are looking into the feasibility of reusing water—such as wastewater from processing as well as wastewater and condensed steam from power generation facilities—taking into consideration cost effectiveness.

Development of Water Treatment Technology

From FY 2015 to 2017, we conducted a pilot project at our Sotoasahikawa plant in Akita Prefecture in collaboration with Chiyoda Corporation and METAWATER, under the support of JOGMEC¹⁹ to test the ceramic membrane filtration of produced water.

This technology is expected, once established, to further reduce the environmental negative impacts of produced water discharges. The joint studies have started to collaborate with JOGMEC since FY 2018 and the pilot test for commercial use of this technology has been currently ongoing. Together with achieving a total operation time of 10,000 hours by March 31, 2020, we have constructed a produced water processing facility and continue to operate without accident and occupational injury during the entire operating period of approximately four and a half years.

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Our Policy

Trusted relationships with the communities in which we operate are fundamental to maintaining our social license to operate. We build and maintain our relationships with our stakeholders through open and transparent engagement.

The INPEX Group Human Rights Policy outlines our commitment to recognize and respect the human rights of people, including indigenous peoples, in our host communities. INPEX's commitment to working with Aboriginal and Torres Strait Islander peoples in Australia is set out in and implemented through the INPEX Reconciliation Action Plan ¹.

To minimize the negative impact of our business operations on the local communities in which we operate, we conduct impact assessments in advance

and implement a variety of countermeasures. Through working closely with our stakeholders and supporting the development of local human resources and businesses, we help communities become vibrant, prosperous and resilient.

Engagement of local industry and people is essential to our business success. INPEX Australian Industry Participation Policy ² sets out our strategy to provide full, fair and reasonable opportunities for Australian businesses to participate in INPEX activities.

As a global company, INPEX is committed to contributing to the economic and social development of society through our business and to building sustainable and prosperous communities.

Engaging with Stakeholders

In Japan, community engagement teams have been set up at each of the domestic project sites (Niigata, Minami-Aga, Nagaoka, Kashiwazaki, Naoetsu, Akita and Chiba) and dialogues are being conducted with stakeholders of each of those areas in which we operate. The teams actively participate in local events, including sponsoring and providing volunteers for marathons held annually at Kashiwazaki. They also sponsor fireworks events at summer festivals held at Niigata, Nagaoka, Kashiwazaki, Naoetsu and Akita, and take part in reforestation activities semiannually with local communities in Nagaoka as

part of our environmental conservation efforts. (However, some of the events in 2020 at our sites are expected to be cancelled due to the impact of the Novel Coronavirus disease (COVID-19).) At the Naoetsu LNG Terminal—the core facility of our gas supply chain and receiving terminal for LNG shipped from the Ichthys LNG Project—a bimonthly newsletter informs local residents, the municipal government and other government offices about different processes and safe operations inside the terminal. We also participate in local events such as softball tournaments to interact and build relationships with local communities.

1 Reconciliation Action Plan (RAP)
A business plan endorsed by Reconciliation Australia (an independent expert body promoting reconciliation between the Australian community and Aboriginal and Torres Strait Islander peoples) that publicly documents what we commit to do, to work with Aboriginal and Torres Strait Islander communities in Australia.

2 INPEX Australian Industry Participation Policy

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For the Abadi LNG Project in Indonesia, we have been engaged in active dialogue with the local communities including the public consultations executed in the process of ESIA (Environmental and Social Impact Assessment) while coordinating with local governments and related organizations.

In Australia, more than 250 face-to-face meetings were held and regular phone/e-mail updates were provided to government, industry, business and community stakeholders in 2019³. For local communities, approximately 130 updates were made using traditional and social media as well as through various publications to provide information on Ichthys LNG activities, including employment, business and sponsorship opportunities and sharing community partner news. Engagement focused on communicating on activities associated with Ichthys LNG’s start-up and its 40-year operations phase, including potential

impacts on and opportunities for communities. Three community information sessions were held in Darwin and Broome to provide technical information on start-up activities.

In July 2019, the INPEX Corporation Board of Directors held its meeting at the Ichthys LNG onshore processing facilities in Darwin, which was the first time in the Board’s history that a meeting has been held outside of Japan. A highlight of the visit was a special event at Northern Territory Parliament House where Board had the opportunity to meet with 130 key stakeholders.

Community engagement and contribution activities on operator projects and lessons learned are shared among teams in Tokyo, Australia, Indonesia and Abu Dhabi through regular meetings.

Addressing Community Feedback

In Australia, community feedback – received via toll-free telephone number, a community enquiries email account and face-to-face interactions – is recorded and tracked to ensure enquiries are addressed in a timely manner.

Approximately 1,300 enquiries were received in Australia in 2019³. Enquiries regarding employment opportunities continued to be the highest category, accounting for about 40 percent of the overall enquiries.

Analysis of feedback is shared among internal stakeholders to monitor

trends and identify emerging issues. Other enquiries included business and sponsorship opportunities.

A community grievance management procedure is in place to appropriately address grievances received from local communities. We continue work closely with stakeholders to investigate all matters and address issues in a consistent manner. No grievances were reported in 2019 in Australia.

Working with Indigenous Communities

Reconciliation Action Plan

In Australia, our commitment to working with Aboriginal and Torres Strait Islander peoples to build sustainable and mutually beneficial relationships is underpinned by our Reconciliation Action Plan (RAP). In 2019, INPEX Australia launched its second Stretch RAP 2019-2022⁴ following its first Stretch RAP launched in 2016.

In November 2018, the Ichthys Joint Venture agreed with the Larrakia people to a A\$24 million benefits trust being delivered over 40 years. The agreement recognizes the important role that the Larrakia people have played in supporting the Ichthys LNG Project through the construction phase and highlights the continued importance of the relationship with the Larrakia people into the future. The funds are held in trust and distributed to provide the Larrakia people with a range of opportunities through economic, educational and social programs.

 **3 Community engagement in the Northern Territory**

 **4 Stretch Reconciliation Action Plan (RAP) 2019-2022**

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We are committed to promoting employment and business opportunities for Aboriginal and Torres Strait Islander peoples through our own "Solid Pathways" program introduced in 2019 and working closely with Ichthys LNG Project contractors.



RAP launch event held in Darwin, Australia with Ngaree Ah Kit, MLA, then Assistant Minister for Aboriginal Affairs (center) and Bill Risk, Larrakia Elder (second from right)

Employment and Business

Through its business activities, INPEX is laying the foundations for supporting sustainable, multi-generational economic participation opportunities for Aboriginal and Torres Strait Islander peoples and businesses, including social and cultural initiatives. INPEX is integrating both employment and business participation opportunities into the way we do business, while supporting the younger generations through scholarships and traineeships with our organization and in our operations.

Since implementing our second Stretch RAP in August 2019, the "Solid Pathways" program has created an additional 6 of forecasted 10 roles across the organization. The quality of candidates has also seen two individuals from the "Solid Pathways" program transition across to Graduate roles with INPEX. Programs such as the "Solid Pathways" program underpins INPEX's commitment

to employ 36 Aboriginal and/or Torres Strait Islander people, or 3 percent of our workforce, by the end of 2021. We are well on the way to meeting this commitment with a total of 20 Aboriginal or Torres Strait Islander people already employed. We are also committed to employing an average of 60 Aboriginal or Torres Strait Islander people through Ichthys LNG operations' contractors in each year from 2019 to 2021. This target was met in 2019 with INPEX contractors employing more than 70 Aboriginal or Torres Strait Islander people in a range of roles.

Additionally, a target has been set for INPEX and our contractors to engage 12 Aboriginal and/or Torres Strait Islander-majority owned businesses (a fifty percent increase in the number of businesses engaged in the operations phase in 2018), to a value of more than A\$1 million, in the period from 2019 to 2021. In working to meeting this target by the end of 2021, INPEX and our contractors engaged more than 10 majority owned Aboriginal or Torres Strait Islander businesses in 2019 for scopes of work with a total value of more than A\$1.2 million.

Cultural Heritage

In Australia, heritage management plans have been developed and implemented to protect the cultural heritage of the communities in which we operate.

The INPEX Larrakia Advisory Committee, a group primarily comprising of Larrakia people from a range of backgrounds and experience, is consulted on cultural heritage matters for Larrakia lands and waters.

Work has commenced on a recently signed agreement between INPEX and the Larrakia Development Corporation (LDC) for the ongoing maintenance of a location known as Heritage Hill, situated alongside the Ichthys LNG onshore processing facility. This location contains culturally significant material for the Larrakia people, that will be protected for the life of Ichthys LNG and beyond. To further highlight the importance of this location, signage for Heritage Hill was installed at Ichthys LNG in 2019 by the LDC, with a new fence expected to be installed in 2020 to ensure the site's enduring protection. Cultural concerns were considered in the planning for the new fence and the workforce for the installation of the fence will include Larrakia heritage monitors.

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Savanna Fire Management Program

Aboriginal and Torres Strait Islander peoples have a long tradition of burning tropical savanna in northern Australia to reduce bushfire risks. The practice of strategically burning in the early dry season, when fires are cooler and more localised, is now also reducing carbon emissions.

A \$34 million Savanna Fire Management program funded by INPEX-operated Ichthys LNG commenced in 2017 and is being managed by the Indigenous Land and Sea Corporation in the Northern Territory.

The Program has made significant achievements including the commencement of two new carbon credit generating projects and a further two preparing for commencement in 2020. During the first three years the Program consulted and engaged close to 200 Traditional Owners to assist with governance and new project development. These new projects cover 1.3 million hectares contributing to the protection of biodiversity values including nationally threatened species.

Uncontrolled fires are considered as one of the key drivers for the recent decline in small mammal and local species diversity across the Northern Territory.



Early dry season burning activities conducted on Tiwi Islands

With the aim of better understanding native mammal population demographics on the Tiwi Islands, native mammal monitoring sites were established on Tiwi Islands, the first project progressed to the operational phase of fire management operations in 2018.

Local land rangers and Traditional Owners provided vital assistance for the field work conducting intensive live-trapping. It also provided an opportunity to educate the younger Tiwi generation about the native mammal research through an engagement with a local college.

“Burning early in the dry season will also help to keep Tiwi plants and animals healthy” Gibson Farmer Illortaminni, Chairman, Tiwi Land Council said.

The early analysis of the study suggests that the fire management could negatively influence populations of feral cats, who pose a significant threat to many native species.

As well as providing tangible carbon offsets, the program is creating opportunities for Aboriginal and Torres Strait Island peoples to establish land management businesses, create jobs, facilitate cultural practices and care for their country.



Meeting with Traditional Owners and Rangers at Bullita, Judbarra National Park

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Contributing to Local Economies

Business and employment opportunities are some of the key economic benefits that our business can create in local communities.

INPEX Australia developed an Industry Participation Plan for Ichthys LNG to provide full, fair and reasonable opportunities for Australian suppliers. These commitments are cascaded to contractors through our contracts and procurement processes. Regular progress reporting and scheduled meetings with key contractors are incorporated to assess levels of local content achieved against plans and targets submitted.

A supplier opportunities portal has been established on INPEX Australia website to provide guidance to suppliers seeking opportunities with INPEX[®]. The Industry Capability Network Northern Territory has been engaged to help identify local suppliers. INPEX encourages local suppliers seeking opportunities to establish and maintain a company profile with the Industry Capability Network Northern Territory.

The overall Australian content level achieved by the Ichthys LNG for operations phase work during 2019 was 84 percent.

A significant portion of the Ichthys LNG onshore operations workforce resides in the Northern Territory and this accounts for about 90 percent of INPEX and contractor workforce. Training and apprentice programs were delivered by INPEX and key contractors providing opportunities for locals including Aboriginal and Torres Strait Islander peoples to commence careers in the industry and contribute to building local workforce capability.

Ichthys Drives Local Business Growth

A Northern Territory local business working with INPEX adopted the latest technology to boost safety and efficiency at the Ichthys LNG onshore processing facilities at Bladin Point during 2019.

Established in 2017 by born-and-bred Territorian, Max Lye, Skymax worked with the onshore Operations Maintenance team, using drones to assist with asset inspections and maintenance planning.

“The contract has granted us the opportunity to focus on expanding our workforce by upskilling Territorians to carry out a range of industrial scopes with INPEX in Darwin. We are always working hard to keep up with the advancement of technology as it continues to evolve, so we can continue to grow and have a marked competitive edge over companies that are not locally based.” Max said.

At the end of 2019, Skymax employed 12 local drone operators, licensed by the Civil Aviation Safety Authority (CASA) of Australia.



Local company Skymax’s drone operators at the Ichthys LNG onshore processing facilities at Bladin Point

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Growing Local Talent at Ichthys LNG

A former police officer, a ship captain, a conservationist, an electrician and a boilermaker joined the team at the INPEX-operated Ichthys LNG onshore processing facilities in 2019.

The five Territorians from very diverse backgrounds embarked on a career pathway in oil and gas through the NT LNG Operator Training Program, a joint training and employment initiative between INPEX, ConocoPhillips and Programmed Skilled Workforce.

INPEX Onshore Operations General Manager, Dave Dann, was pleased to welcome the newest team members. "Diversity is one of our core values at INPEX, and I'm delighted to welcome our new talent who bring with them different perspectives based on their personal and professional experiences. Three of our new trainees are already quite familiar with the facilities as they worked for various subcontractors during their construction, so it's good to be able to bring that level of experience to the team." Dave said.

Throughout the two-year program, the trainees will gain extensive technical knowledge and classroom training at Charles Darwin University (CDU) and will also complete practical site-based training, hosted at Darwin LNG and the Ichthys LNG onshore processing facilities, to become competent LNG process operators.



Five Territorians embarked on a career change with INPEX onshore operations in 2019

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Supporting Local Communities

We implement social contribution activities to support and enhance the social and economic development of host communities in response to social and regional needs. Social investment programs are undertaken to provide economic and social benefits to communities and INPEX contributed JPY 2.2 billion to communities globally from January to December in 2019. The education and training of the next generation is one of the key focus areas for our social investment activities, with approximately 30 percent of our overall social investment funding in 2019 supporting programs in this area.

In Australia, INPEX aims to contribute to building communities that are vibrant, prosperous and resilient. We focus our community investment activities on initiatives that promote positive educational, health and wellbeing outcomes for the people in our host communities, and capacity building of local businesses. In 2019, INPEX signed a four-year partnership with Questacon, Australia’s leading science and technology center. Through Questacon, we will support the development of science, technology, engineering and mathematics (STEM) education in Australia with the objective of deepening the public’s understanding and knowledge on energy issues⁶. Including the support given to Questacon, we supported more than 65 community initiatives, ranging from small community grants to strategic partnerships with not-for-profit organizations in 2019. Since 2012, we have contributed more than A\$4.8 million to community programs in Australia.

For the Abadi LNG Project in Indonesia, INPEX has been conducting training for local people since 2011 to preserve, pass down, and promote the culture of “ikat”, traditional woven textiles from the Tanimbar Islands in Maluku Province as a part of INPEX’s empowering local communities program. In 2017, we enhanced the program by collaboration with Bank Indonesia, the Indonesian central bank. In 2018 in cooperation with the local government, we established handloom workshops serving as their activity bases and we also provided advice on not only production technologies but also promoting sales. In 2019, through matching handweavers with tailors and marketing activities to show that ikat textile can be used for scarves, bags, and interior goods, we are developing new markets and engaging in efforts to spread and promote the culture of “ikat” sustainably.

Since 2014, INPEX has provided scholarships to selected students in Maluku Province for university education or research. With this scholarship fund, we have supported 707 students to 2019.

Scholarship Program (INPEX Scholarship Foundation)

The INPEX Scholarship Foundation aims to promote mutual understanding, friendship and goodwill between Japan and Indonesia through an exchange of students by means of the scholarship program. Since it was established in 1981, the Foundation has provided scholarships to Indonesian students studying in graduate schools in Japan, and also to Japanese students studying in graduate schools or other research institutions in Indonesia. The Foundation has supported 138 Indonesian and 59 Japanese students from 1981 to 2020. Many of the students are now contributing to their home countries in the research and development fields that they learned about when studying abroad.



Recipients of scholarships from the INPEX Scholarship Foundation

⁶ INPEX partners with Questacon to future-proof Australian students

Social Contribution Activities

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Social Contribution Activities in Abu Dhabi

Organic Farming Training in Maluku Province, Indonesia

Since 2013, INPEX has been conducting a community empowerment program through organic farming training in the Tanimbar Islands in Maluku Province in Indonesia. To protect the ecosystem and improve the quality and productivity of local farm produce, we have provided agricultural support by transferring knowledge and techniques of organic farming in this area where slash-and-burn farming had been the main method of farming.

The Tanimbar organic farming group was established in 2014 and 42 local farmers participated in 2018 as organic farmers. Three local farmers are also working as organic farming trainers outside of Maluku Province as well.

In 2019, the Dalam Lesse agricultural group established by INPEX became an official agricultural coop and is currently developing its sales channels.



Local farmers at work

Social Contribution Activities in Abu Dhabi

Our business activities in Abu Dhabi have entered a new phase with the acquisition of an interest in the onshore oil fields in 2015, the extension of an interest in the Upper Zakum oil field in 2017, as well as the extension of an interest in the Satah and Umm Al- Dalkh oil fields and acquisition of an interest in the Lower Zakum oil field, both in 2018. In addition, we were awarded the rights to operate Onshore Block 4 in 2019 and are undertaking exploration activities. To further enhance our long-term relationship with the UAE and Abu Dhabi over the next 40 years, we engage in the key task of supporting the next generation of the country.

Since 2018, with the aim of nurturing mathematical proficiency—the foundation for education in the STEM fields of science, technology, engineering, and mathematics—at a young age, we have collaborated with the Kumon Institute of Education and the Abu Dhabi National Oil Company on the introduction of the Kumon method in four Abu Dhabi elementary schools. From 2019, we also commenced the world’s first use of tablets outside Japan for learning the Kumon method. We plan to deploy this program to 4,000 students in eight schools in 2020. Going forward, we hope to expand the program to more schools and students. In addition, INPEX has hosted local university students on a training program held in Japan every year since 1993 during summer break, in which they attend technology lectures, cultural experiences, and engagement with local university students. We also promote the sport of judo and support young athletes.



Kumon Ceremony at an Abu Dhabi elementary school

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CLIMATE CHANGE

MESSAGE FROM THE DIRECTOR IN CHARGE OF CLIMATE CHANGE RESPONSE

Kimihisa Kittaka
Director, Managing Executive Officer in charge of Corporate Strategy & Planning



Our Policy

INPEX recognizes that climate change is a critical business issue. To achieve the long-term goals of the Paris Agreement, an economy wide transition to a low carbon society is under way.

Global climate change response requires action by all members of the international community; governments, businesses and civil society. Governmental policy measures, technology development, industry response, and other long-term initiatives are particularly pertinent. We are committed to fulfilling our role in addressing climate change as a responsible member of the oil and natural gas industry. Furthermore, we comply with national regulations of each country in which we operate business, including those introduced to support the Paris Agreement. Our businesses will work with governments and other stakeholders to address the two societal demands of meeting increasing energy needs and reducing greenhouse gas (GHG) emissions; to achieve a balance between the two.

In our actions towards achieving a low-carbon society, we will strengthen initiatives on promoting natural gas development and renewable energy as a means to reduce the emissions associated with INPEX's value chain. In addition, we will properly manage GHG emissions from our operations and proceed with technology development for practical application of Carbon dioxide Capture Storage¹ to capture and sequester GHG emissions. We shall also undertake analysis and initiatives in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and seek to complete disclosure of exposure to climate-related risks as well as information on climate related opportunities. Based on this policy, we developed our "Corporate Position on Climate Change" (issued December 2015, last revised February 2020), which is available on our website².

To enhance our response to climate change as a responsible oil and natural gas company, we published our position paper entitled "Corporate Position on Climate Change" in December 2015 and most recently updated it in February 2020. As detailed in INPEX's "Vision 2040" and "Medium-term Business Plan 2018-2022" announced in May 2018, we are also implementing ongoing measures to enhance our initiatives addressing climate change and to disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These measures are positioned to help us contribute proactively to developing a low-carbon society based on the long-term targets outlined in the Paris Agreement.

Specifically, our Board of Directors seeks to maintain its oversight and expand its involvement in governance. When developing our business strategies, we assess our ability to respond to multiple climate-related scenarios, including the IEA³ WEO 2°C scenario (The IEA SDS⁴ is consistent with the Paris Agreement's target of keeping average global temperature rise well below 2 degrees Celsius compared to pre-industrial levels, and pursuing efforts to limit it to 1.5 degrees Celsius), to evaluate our business portfolio. Regarding risk and opportunity assessment, we have an annual assessment and management cycle where risks and opportunities are explored in detail. We then implement measures and work plans developed from that process. As for the management of greenhouse gas (GHG) emissions, we are considering target-setting methods in line with international standards while complying with each country's national regulations and GHG management frameworks. We are also improving information disclosure regarding exposure to climate-related risks in line with the recommendations set out by the TCFD.

To apply industry best practices to these activities in a timely manner, we disseminate and gather information as a member of the Executive Committee of IPIECA, the global oil and gas industry association for advancing environmental and social performance. INPEX hosted the first IPIECA extraordinary general meeting and executive committee meeting in Japan in November 2019. We will continue our efforts to proactively promote sustainability.

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Sustainability Initiatives on the TCFD Recommendations

Disclosure in Line with TCFD Recommendations

Overview of the TCFD Recommendations	Relevant section	 Pages
Governance Disclose the organization’s governance around climate-related risks and opportunities.		
1 Describe the board’s oversight of climate-related risks and opportunities.	● Governance Framework for Climate Change Response	P55
2 Describe management’s role in assessing and managing climate-related risks and opportunities.	● Message from the director in charge of climate change response ● Governance Framework for Climate Change Response	P53 P55
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.		
1 Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	● Climate -related risks and opportunities	P58-59
2 Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	● Low-carbon Transition Plan ● Initiatives on Renewable Energy	P64 P66-67
3 Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	● The INPEX Low-carbon Society Scenarios ● Assessment of Financial Impacts of Climate-related Risks ● Application of internal carbon price	P62 P60 P60
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
1 Describe the organization’s processes for identifying and assessing climate-related risks.	● Annual cycle of assessing and managing climate-related risks and opportunities	P56-57
2 Describe the organization’s processes for managing climate-related risks.	● Annual cycle of assessing and managing climate-related risks and opportunities	P56-57
3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	● Risk Management System	P20
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
1 Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	● Managing Greenhouse Gas Emissions	P65
2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	● ESG Performance Data: GHG Emissions Management	ESG Performance Data
3 Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	● Efforts to Reduce Greenhouse Gas Emissions ● Targets of the Japan Petroleum Development Association	P65 P65

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Governance Framework for Climate Change Response

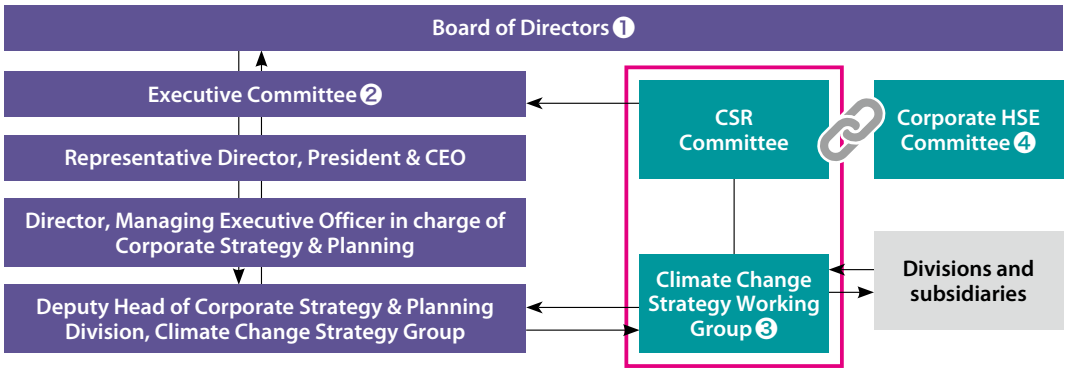
As we recognize that climate change is a critical business issue, the Board of Directors seeks to maintain its oversight and expand the Company’s involvement. Specifically, our “Corporate Position on Climate Change” was resolved by the Board of Directors and then published in 2015, with a revision in February 2020. As a rule, the Board will review this corporate position on a yearly basis. The outcomes of assessments of climate-related risks and opportunities, and important target settings relating to climate change, are approved by the Management Committee and then reported to the Board of Directors. Finally, we have tasked the Climate Change Strategy Group, within the Corporate

Strategy & Planning Unit of the Corporate Strategy & Planning Division, to address climate change issues across the entire company.

Climate Change Response and Director Compensation

Our “Medium-term Business Plan 2018-2022” sets out the climate-related targets in the areas of governance, business strategies, risk and opportunity assessment, GHG management and disclosure. These targets are integrated into executive bonuses. Bonuses for representative directors and other directors are also set according to a range of factors, including the performance of main businesses in terms of current year net profits, and HSE performance including ESG and climate change response.

Governance Framework for Climate Change Response



- Roles**
- 1 Supervision of Corporate Position on Climate Change, and monitoring of climate change responses
 - 2 Decisions on assessments of climate-related risks and opportunities, and decisions on important targets relating to climate change
 - 3 Cross-organizational team composed of about 25 members acting as an advisory body to the CSR Committee: Assessment of climate -related risks and opportunities
 - 4 Collection, analysis, and reporting of GHG emissions according to the Health, Safety and Environmental (HSE) Policy

Climate Change Milestones

2015	2016	2017	2018	2019	2020
<ul style="list-style-type: none"> Published a position paper, “Corporate Position on Climate Change” 	<ul style="list-style-type: none"> Established a Climate Change Strategy Project Team led by Corporate Strategy and Planning Division 	<ul style="list-style-type: none"> Set internal carbon price (\$35/tCO₂-e) for economical evaluation Established scenarios for a low-carbon society 	<ul style="list-style-type: none"> Announced “Vision 2040” which targets renewable energy portfolio up to 10% of our total business portfolio by 2040 Established Climate Change Strategy Group to promote actions against climate change within the Corporate Strategy and Planning Division 	<ul style="list-style-type: none"> Started economic assessments using the IEA WEO 2°C scenario Conducted trial physical risk assessments of the major operator facilities 	<ul style="list-style-type: none"> Changed the Climate Change Strategy Project Team to an advisory body for the CSR Committee Established the guideline for assessing and managing climate-related risks and opportunities

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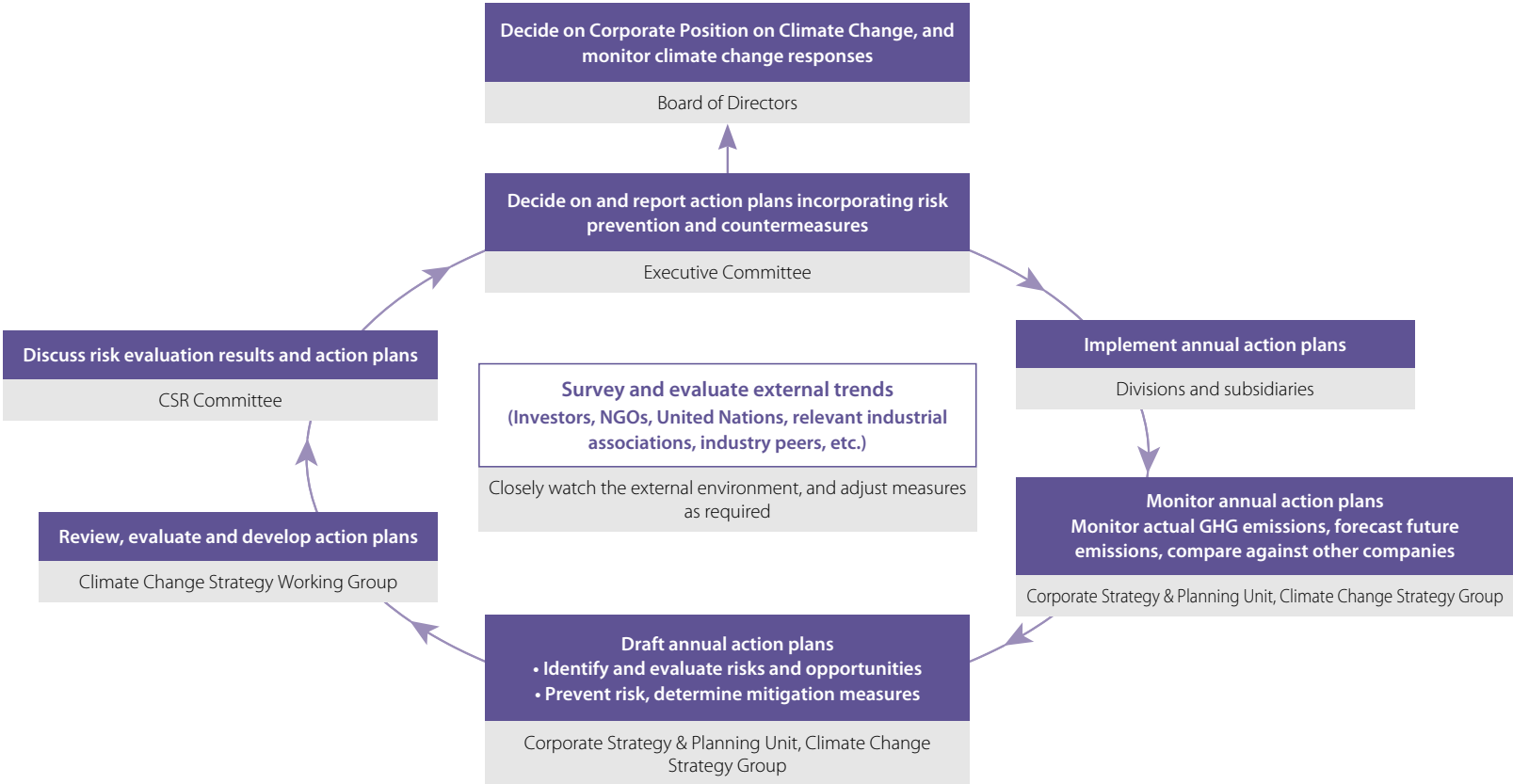
Low-carbon Technology

Annual cycle of assessing and managing climate-related risks and opportunities

INPEX generally assesses and manages climate-related risks and opportunities in an annual cycle (Figure A). During the 2019 financial year, the Climate Change Strategy Group prepared a draft action plan against climate-related risks and opportunities, and the Climate Change Strategy Project Team discussed and evaluated it. The revised action plan was reported to the Management

Committee and Board of Directors. In February 2020, the project team was changed into a Climate Change Strategy Working Group to act as an advisory body to the CSR Committee, which is chaired by the President and CEO. The working group is composed of about 25 members from each division to enable discussions on a company-wide basis in line with discussions, investigations, and proposals from each division. The company's processes for assessing and managing climate-related risks and opportunities were also clarified and documented in the form of guideline.

Figure A. Annual cycle of assessing and managing climate-related risks and opportunities



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The INPEX risk assessment process follows the international risk management standard, ISO 31000:2009 (Figure B). By updating the external environment and internal factors, and sharing the situation at INPEX, the risks are identified, and the

causes, preventive measures, mitigation measures, and residual risks are analyzed (Figure C). Finally, those residual risks are assessed using a TCFD Recommendations Response Risk Assessment Matrix developed by INPEX (Figure D).

Figure B. ISO 31000 Process

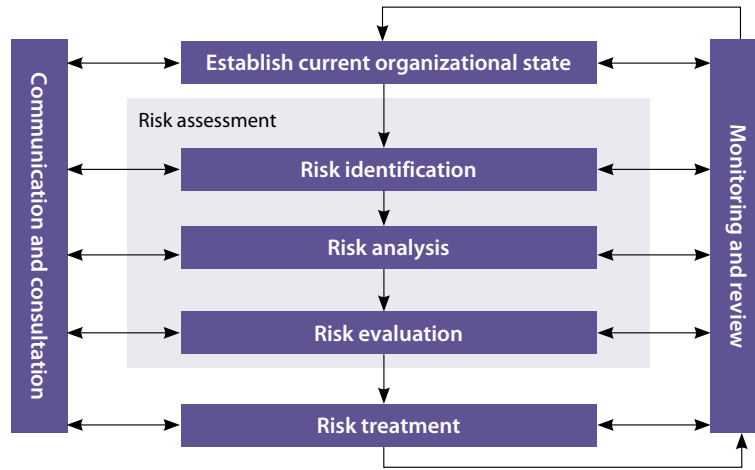


Figure C. Risk Analysis Process

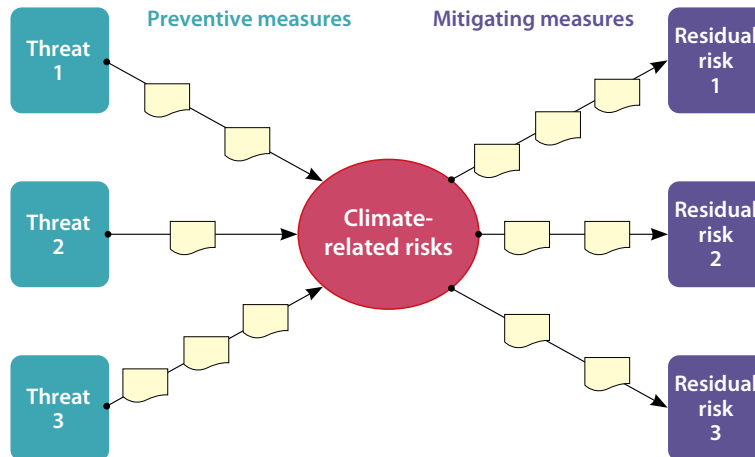


Figure D. Risk Assessment Matrix based on TCFD Recommendations

		Likelihood				
		5 Highly unlikely	4 Unlikely	3 About as likely as not	2 Likely	1 Highly likely
Severity of consequences	A Significant	A5 Medium-Low	A4 Medium-High	A3 Medium-High	A2 High	A1 High
	B Major	B5 Medium-Low	B4 Medium-Low	B3 Medium-High	B2 Medium-High	B1 High
	C Moderate	C5 Low	C4 Medium-Low	C3 Medium-Low	C2 Medium-High	C1 Medium-High
	D Minor	D5 Low	D4 Low	D3 Medium-Low	D2 Medium-Low	D1 Medium-High
	E Insignificant	E5 Low	E4 Low	E3 Low	E2 Medium-Low	E1 Medium-Low

Workshop to share details of INPEX business environment in FY2019



Managers from each division met to review future business environment changes resulting from climate change based on the INPEX low-carbon society scenario.

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FY2019 Status of Climate-related Risks: Assessment Coverage, Expected Timing and Action Plans

	Risk category	Risk description	Expected Risk Timing	Action plan
Transition risks	Policies and regulations (Scope 1 emissions)	Potential for increased costs as a result of regulation that applies a direct or indirect price on carbon	Medium-term	<ul style="list-style-type: none"> Monitor policy frameworks in the countries in which INPEX operates business Include internal carbon pricing in economic evaluation of projects
	Reputation (Financial impact)	Stakeholder concerns about increasing Scope 1 emissions	Short-term	<ul style="list-style-type: none"> Ongoing management of GHG emissions and identification of emissions reduction activities
	Reputation (Scope 3 emissions)	Stakeholder concerns and a deteriorating image of the oil and gas industry due to Scope 3 emissions	Medium-term	<ul style="list-style-type: none"> Promote development of natural gas as the low carbon energy option for customers Strengthen renewable energy business in the company energy portfolio Promote development of technologies for practical application of carbon capture and storage
	Reputation (Financial impact)	Potential downside impacts on access to credit and/or equity due to a perception of insufficient information disclosure from investors and financial institutions	Medium-term	<ul style="list-style-type: none"> Disclose information on climate-related risks and opportunities in accordance with the recommended framework by the TCFD
	Market and technologies (Decrease in oil and gas demand and prices)	<ul style="list-style-type: none"> Continuous decrease in demand and prices for oil and gas due to changing market preference to low-carbon energy Decrease in the cost of renewable energy, electric vehicles or battery storage 	Long-term	<ul style="list-style-type: none"> Conduct scenario-based monitoring of market and technology trends Financial assessment of portfolio using oil and carbon prices according to the IEA WEO 2°C scenario Conduct economic evaluation of projects using the supply cost curves
Physical risks	Acute risks	Risk of adverse effect on operating facilities by extreme weather events	Medium-term	<ul style="list-style-type: none"> Conduct trial risk assessment of operating facilities due to increasing average temperatures, changing precipitation patterns, rising sea levels and other climate change factors up to the mid-21st century according to the RCP⁶ 8.5 scenario in the Intergovernmental Panel on Climate Change (IPCC⁶) Fifth Assessment Report
	Chronic risks	Risk of adverse effect on operating facilities by long-term increasing average temperatures, changing precipitation patterns, and rising sea levels	Medium-term	

Short-term up to one year
 Medium-term one to five years
 Long-term longer than five years

5 Representative Concentration Pathways
 6 Intergovernmental Panel on Climate Change

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FY2019 Status of Climate Change Opportunities: Assessment Coverage, Expected Timing and Action Plans

Opportunities	Opportunities covered	Expected opportunity timing	Action plan
Opportunities	Resource efficiency (Energy conservation)	Energy efficiency improvements in production processes	Short-term ● Design facilities with high energy efficiency and follow through maintenance plan to improve energy efficiency on a routine basis
	Energy sources (Utilization of renewable energy sources)	Utilization of renewable energy sources in production processes	Long-term ● Consider the potential of solar power generation for projects established in sunbelt regions of the world that receive high amounts of sunshine
	Products and services (R&D and innovation)	Research and development of technologies that contribute to building electricity, hydrogen and methane value chains	Long-term ● Conduct joint industry-academia development of CO ₂ methanation technologies as a carbon recycling technology that converts CO ₂ to methane for reuse as an energy source ● Participate in the Research Association of Artificial Photosynthetic Chemical Process (ARPCChem), a joint industry-academia-government project that uses hydrogen produced from sunlight and water using photocatalysts with the aim of manufacturing core chemical products from carbon dioxide, and promoting development of artificial photosynthesis technologies
	Low-carbon products (Expansion of renewable energy businesses)	Enhancement of initiatives for renewable energy businesses: Increase to 10% of business portfolio	Medium-term ● Survey geothermal resources in Hokkaido, Akita and Fukushima Prefectures and develop investment cases for prospective resources where appropriate ● Participate in the Sarulla Geothermal IPP Project in Indonesia, the world's largest geothermal power generation business with a total installed capacity of 330 MW (110 MW each from Units 1, 2 and 3)— Currently operating commercially ● Develop an onshore wind power generation business in Japan
	Market (Expansion of natural gas sales)	Build a global gas value chain	Medium-term ● Investigate participation in LNG receiving terminal businesses, gas-fired power station businesses, and LNG bunkering businesses overseas, particularly in Asia ● Establish a joint smart energy company with gas cogeneration facilities in Mizuho Town, Nishitama District, Tokyo in a four-company collaboration (July 2019)
	Market (development of low-emission energy source)	Promote oil and gas exploration	Long-term ● Push ahead with the Abadi LNG Project, Indonesia

Short-term up to one year **Medium-term** one to five years **Long-term** longer than five years

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Assessment of Financial Impacts of Climate-related Risks

INPEX used three methods to assess the potential financial impact of climate-related risks.

The first method is to assess the financial impact of relevant policy and regulatory risk that the introduction and enhancement of carbon pricing policies pose to our projects. According to a report from the World Bank⁷, 96 of the countries participating in the Paris Agreement report using or considering the introduction of carbon pricing policy (such as cap-and-trade or a carbon tax) for their Nationally Determined Contributions (NDCs). We are applying an internal carbon price (US\$35/t CO₂-e) as part of the economic assessment of existing and potential future projects. The level of internal carbon price used is reviewed each year in line with IEA WEO carbon prices.

The second method is to analyze the financial impact of potential changes in oil and carbon prices resulting from the various climate scenarios and the impact those changes may have on our portfolio. By applying changes in oil and carbon prices, as presented in the IEA WEO Sustainable Development Scenario, to the net present value (NPV) formula for projects, we calculate the rate of change against a base NPV as the impact on our portfolio. (The IEA SDS is consistent with the Paris Agreement's target of keeping average global temperature rise well below 2 degrees Celsius compared to pre-industrial levels, and pursuing efforts to limit it to 1.5 degrees Celsius.) We have been using this method in our internal assessments since FY2018. We will continue efforts to enhance the operating standards of this method and to improve the competitiveness of our portfolio.

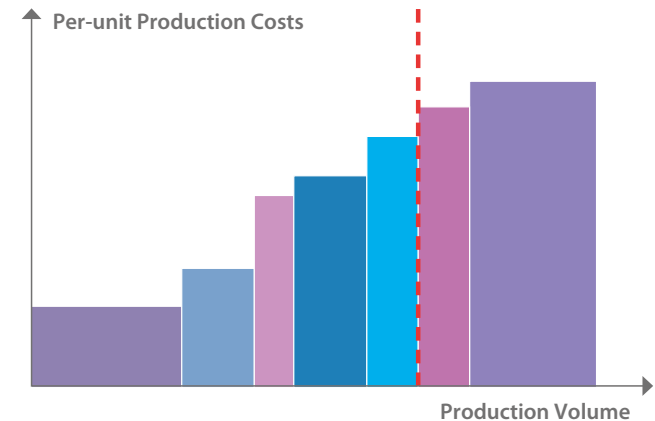
The third method is to assess the financial impact of market risk that oil and LNG supply/demand forecasts according to the 2°C scenario pose to our projects. In FY2019, we conducted assessments using the supply cost curve (Figure) as part of our financial impact assessments according to the 2°C scenario. In this method, future increases in demand for oil and gas are limited due to the expansion of the low-carbon economy. Under this hypothetical premise, project investments are determined in order from the lowest per-unit production costs and subsequently meet future demands. This assessment method enables us to assess future competitiveness by comparing per-unit production costs for our projects to costs for other company's projects. The method is useful for improving the competitiveness of our portfolio as it enables us to review business plans under a range of demand scenarios and reduce production costs as necessary.

When making the actual investment decisions, we consider many different factors other than production costs. Our investment criteria come first, and then, in addition to the production cost, the other factors such as country risk, impacts on the environments, and strategic importance for INPEX would be considered.

Three Approaches to Financial Assessment Response

	Risks assessed		
	Policy and regulatory risks that carbon pricing policies pose to projects	Market risks that 2°C scenario index prices pose to portfolio	Market risks that 2°C scenario supply/demand forecasts pose to projects
Financial assessment method	Economic assessment of projects using internal carbon price (US\$35/t CO ₂ -e)	Assess financial impact of portfolio with oil prices and carbon prices according to the IEA WEO 2°C scenario	Economic assessment of projects using supply cost curves for oil and LNG
Metric	Change in company NPV (against base NPV)	NPV rate of change (against base NPV)	Break-even cost
Status	Implemented from FY2017	Implemented from FY2018	Trial implementation in FY2019 (completed)

Illustrative Supply Cost Curve



- Sort all projects around the world into order according to per-unit production costs
- Represent total production volume up to 2040 for each project by length of line
- Indicate total demand volume up to 2040 according to the 2°C scenario by a red dotted line
- Take projects to the left of the red dotted line as having per-unit production costs suited to the 2°C scenario

⁷ World Bank – 2019 State and Trends of Carbon Pricing (June 2019)

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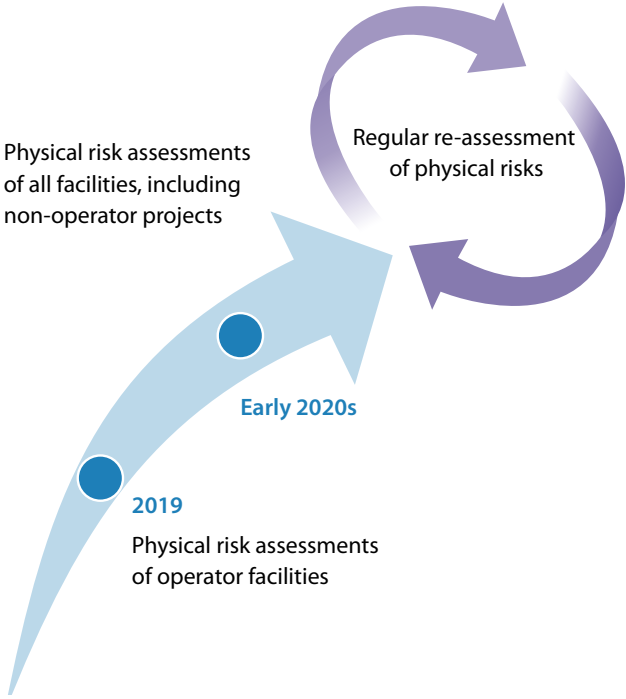
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Development of a Physical Risk Assessment Process

During FY2018, we examined assessment processes of our physical risks and established a road map for both operator and non-operator projects. In the early 2020s, we aim to assess all facilities as early as possible. During FY2019, we also conducted trial physical risk assessments of our major operator facilities. We initially used published external data to specify climate variables including mid-21st century's average temperature, precipitation pattern, and sea level rises for Niigata Prefecture in Japan and Darwin in Australia. We followed the RCP8.5 (Representative Concentration Pathways 8.5) scenario in the IPCC fifth Assessment Report (AR5), which is a "Business as usual" scenario. Using the same data, we identified risks at our major facilities in Japan and Australia. In terms of chronic risk, there may be impacts to our operational efficiency, though our assessment indicated that there was no immediate need for facility repairs. On the other hand, when looking at acute risks, our attention is focused on natural disasters, which appear to be occurring in Japan with greater frequency and force. As countermeasures move forward on the national level, we focus on the risk management within the conventional framework including promotion of pipeline risk assessment and the formulation of countermeasures.

Physical Risk Assessment Roadmap



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Signposts

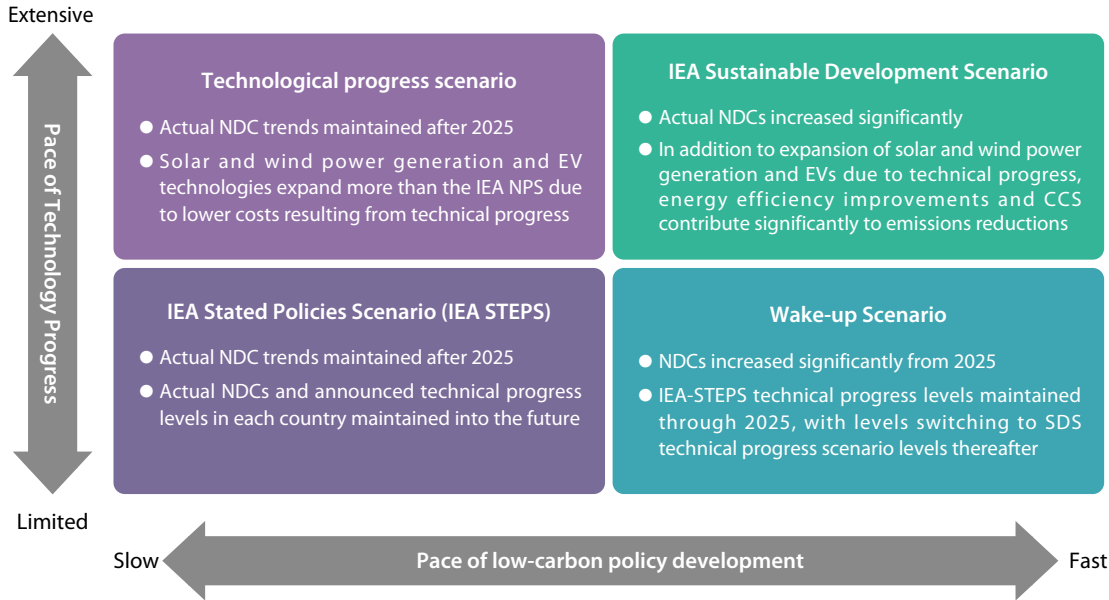
Signposts are early indicators of future scenario directions. INPEX identifies multiple elements as signposts including the energy mix, advances in electrification, and the spread of EV and low-carbon technologies. We closely watch these trends and the likelihood of certain developments

The INPEX Low-carbon Society Scenarios

With regard to energy demand forecasts toward a low-carbon society by 2040, we are conducting analysis using four different scenarios. Our base case scenario is the Stated Policies Scenario (STEPS) of the International Energy Agency’s World Energy Outlook (IEA WEO). In the Technological Progress Scenario, we assume a large growth in demand for renewables and electric vehicles (EV), spurred by cost reductions based on market principles. In the Wake-up Scenario, we assume further enhancements to climate change policies in each country in line with the Paris Agreement. We use these scenarios as well as the IEA WEO 2°C scenario (SDS), when examining our business strategies in the period of transition to a low-carbon society.

The IEA WEO revises the scenarios once a year to reflect changes in society. We conduct a signpost analysis regarding the main indicators of the IEA scenarios and actual events as signposts[®] to assess which one of our scenarios has already started to play out. The outcome of this analysis is used to review the consistency of our future strategic direction with society.

The INPEX Low-carbon Society Scenarios



Note. IEA Stated Policies Scenario (IEA STEPS):
From the World Energy Outlook 2019, the IEA changed the name of the New Policies Scenario (NPS) to the Stated Policies Scenario (STEPS). All assumptions for STEPS are the same as for NPS.

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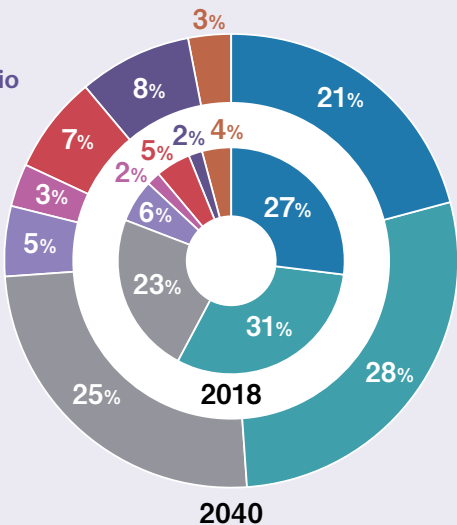
Overview of IEA scenarios

IEA WEO Stated Policies Scenario (STEPS)

The IEA WEO Stated Policies Scenario (STEPS) of the International Energy Agency's World Energy Outlook assumes implementation of all currently announced policies. According to the STEPS in WEO 2019, the world's primary energy demand will continue to grow through 2040, with oil and natural gas together accounting for 53% of the total demand. Although the share of renewables (excluding hydropower and biomass) in the energy mix is smaller than that of oil and gas, that share is forecast to grow about four-fold in the period from 2018 to 2040.

IEA WEO Stated Policies Scenario Energy Mix (2018 / 2040)

- Coal
- Oil
- Gas
- Nuclear
- Hydro
- Bioenergy
- Other Renewables
- Solid Biomass



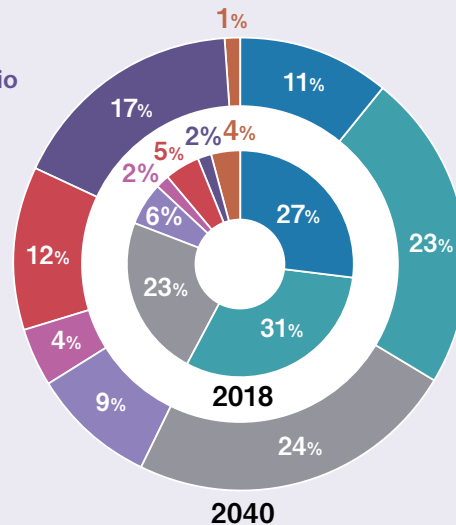
IEA WEO Sustainable Development Scenario (SDS)

The IEA WEO Sustainable Development Scenario is a decarbonization scenario that assumes energy targets of the international Sustainable Development Goals (SDGs) are achieved. Under this scenario, electrification on a global level and reductions of GHG emissions contribute to achieving the Paris Agreement's target (keeping average global temperature rise well below 2 degrees Celsius compared to pre-industrial levels, with efforts to limit temperature rise to 1.5 degrees Celsius).

Energy efficiency will be improved significantly with broad implementation of strong low-carbon policies as its backdrop. Primary energy demand will decrease towards 2040. On the other hand, the share of oil and natural gas in the total demand will remain at 47%. Also, demand for renewable energies will increase about eight times the 2018 level by 2040.

IEA WEO Sustainable Development Scenario Energy Mix (2018 / 2040)

- Coal
- Oil
- Gas
- Nuclear
- Hydro
- Bioenergy
- Other Renewables
- Solid Biomass



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For this scenario entailing a further shift from the IEA WEO Stated Policies Scenario to a low-carbon society, we acknowledge the uncertain prospects for a large increase in oil prices. Under these conditions, as presented in the Medium-term Business Plan 2018-2022, we will work to reduce production costs to \$5/ bbl (excluding royalties) for oil and gas in upstream businesses, and to improve the efficiency of our operations.

Meanwhile, we aim to reduce our carbon footprint. In addition to managing emissions from our operations appropriately, promoting the development of natural gas, for which robust demand is anticipated under both the STEPS and the SDS, is an important mean to drive down the emissions. In parallel, we enhance renewable energy initiatives and participate in Proof of Concept trials for CCS, which captures and stores CO₂.

In Vison 2040, we further promote a low-carbon footprint in operations. We aim to be a key player in natural gas development and supply, mainly focusing on Asia and Oceania. Meanwhile, we will seek to expand our domestic gas supply chain on which our development and supply of natural gas have so far been centred, and create a global gas value chain. In the field of renewables, we aim for renewable energy projects to account for 10% of our project portfolio in the long-term. As for CCS, we will develop technologies for its practical application.

Accordingly, while reducing our carbon footprint in each of our business activities, we will work to continuously increase corporate value by maintaining a business portfolio with the flexibility to respond to changes in the business environment towards 2040.

Supply Chain Initiatives

In our Health, Safety and Environmental (HSE) Policy, we have pledged that we will pursue every effort to reduce our carbon footprints and adhere to the GHG emissions management process. In our Contractor HSE Management Manual and Domestic Procurement Guidelines, we have included articles requiring compliance with this pledge in both work and procurement contracts, with compliance extending to the contractors and suppliers as well.

For example, we are tracking emissions from LNG carriers, chartered by our wholly-owned subsidiary INPEX Shipping for better understanding of our overall emissions and future improvement, and disclose the information as our Scope 3 emissions⁹. These carriers are used primarily for shipping LNG from Ichthys LNG project.

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⑩ Operational control
Headquarters, Technical Research Center, overseas offices, and domestic and overseas Operational Organizations

① Flaring
The act of incinerating and detoxifying excess hydrocarbon gas produced by crude oil drilling facilities and gas processing facilities, instead of releasing it to the atmosphere

Managing Greenhouse Gas Emissions

Efforts to Reduce Greenhouse Gas Emissions

GHG emissions within our operational control ^⑩ in FY2019 (Jan-Dec) were 8.9 million tons-CO₂e, increased by 5.7 million tons-CO₂e compared to FY2018 (Jan-Dec). The main reason for the increase was that the Ichthys LNG Project, which started production in July 2018, has moved to stable year-round operation in FY2019.

Seventy percent of the LNG produced from this project is supplied to Japanese electricity and gas providers as an energy source supporting a stable energy supply in Japan.

When used as an energy source, natural gas emits less GHG during its lifecycle than other fossil fuels. Natural gas is also recognized as an excellent energy source for serving as a backup during fluctuations in power generation by renewable energy, and can contribute to global GHG reductions from both perspectives. Our actions to manage methane emissions of the Ichthys LNG Project are as follows:

- Selection of equipment and facilities that can avoid or minimize methane leaks
- Regular inspection for leaks from equipment/facility
- Vent gas recovery and recycling
- Zero routine flaring ^① during normal operations

In our Health, Safety and Environmental Policy, we have declared that we will pursue every effort to reduce GHG emissions and adhere to the GHG emissions management process. To achieve the goals of this declaration, we are involved in the following companywide programs.

- Compilation, analysis, and reporting of GHG emissions
- Construction of an aggregation and reporting framework for methane loss

From FY2018, we started to collect and report statistics on methane fugitives using international methods. In FY2019, we inspected for leaks at most of the relevant locations on equipment and facilities at our domestic business sites. We also established a system for data collection and reporting. Going forward, we will continue improving our operations, including implementing similar initiatives at our overseas operation sites as well.

In Japan, we participate in the Japan Business Federation’s (Nippon Keidanren) “Commitment to a Lower Carbon Society Plan” as a member of the Japan Petroleum Development Association (JPDA). The JPDA has set targets of reducing GHG emissions by 5% from the fiscal 2005 level by 2020 and by 28% from the fiscal 2013 level by 2030. This 2030 reduction target exceeds the target of 26% set by the Japanese government. To achieve these targets, we will collaborate with other member companies of the JPDA to reduce GHG emissions by an even greater amount.

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Development of Natural Gas as a Cleaner Source of Energy

Natural gas has environmental advantages over other fossil fuels, and it enables power generation to be dynamically adjusted. For these reasons, it is a highly complementary energy source to the renewable energies that are being increasingly adopted in recent years. With about 200 years' worth of natural gas reserves around the world, it can both reduce GHG emissions and provide a stable energy supply. Therefore, the expanded use of natural gas is essential. In addition

to its domestic production, INPEX is developing and producing overseas as well. Stable delivery of natural gas to large numbers of customers is another pillar to our climate change response. In July 2019, we established a joint operating company in collaboration with other companies to promote a smart energy business. The business will establish gas cogeneration facilities in Mizuho Town, Nishitama District, Tokyo, to contribute to energy conservation and CO₂ reduction.

Initiatives on Renewable Energy

Initiatives on Domestic Geothermal Power Business

Japan's geothermal resources are the third largest in the world after those of the US and Indonesia, so there are high expectations for geothermal power generation in Japan from the perspectives of clean, home-grown energy and base-load power. However, it takes a considerable amount of time and investment to assess development risks specific to geothermal resources, in addition to the required coordination with onsen (hot spring) operators and other interest groups, complex licensing procedures and environmental assessments. Construction of geothermal power plants is a long-term proposition, so the speed of commercialization is an issue.

Since 2011, we have been working with Idemitsu Kosan on geothermal resource exploration in the Amemasudake region in Hokkaido and the Oyasu region in Akita Prefecture. For Fukushima Prefecture, we are currently working with 10 other companies on geothermal resource exploration. After conducting geological surveys, gravity surveys, and electromagnetic surveys in the Amemasudake and Oyasu areas, we drilled geothermal exploratory wells and confirmed steam and hot water production through flow tests, and we began an environmental assessment of the Oyasu region in fiscal 2018. In 2020, we are planning to conduct full-scale flow tests. Our environmental assessments are progressing as scheduled, with draft documents currently being created. So far, the assessment committee of experts has positively assessed our plans for their consideration of the landscape, flora, and fauna.

Given the expectations of a transition to a low-carbon society in the future, we see opportunities to improve our corporate value while fulfilling our corporate social responsibilities through initiatives to develop geothermal power generation in Japan. Going forward, we will seek to become a geothermal development operator in Japan and help tackle a variety of challenges.

Initiatives in Overseas Geothermal Power Production (Sarulla Geothermal IPP)

In June 2015, we joined the Sarulla Geothermal Independent Power Producer (IPP) Project, in the Sarulla district in North Sumatra Republic of Indonesia. This operation will sell electricity over a span of 30 years to Perusahaan Listrik Negara, Indonesia's government-owned electricity company (PLN). Power will be generated from a 330 MW geothermal plant, among the world's largest. Plant construction started in 2014. In 2017, Unit 1 (110 MW) came online in March, Unit 2 (110 MW) in October, and finally Unit 3 (110 MW) in May 2018.

This project is also one of our CSR initiatives: we are making contributions in response to the needs of the local community by building infrastructure for the region, including roads, bridges, and waterworks, introducing English classes for local students, and supporting the lifestyles of local residents. This project contributes to meeting the electric power demands of Indonesia, which has achieved remarkable economic development and is expected to make a significant contribution to the growth of the Indonesian economy.

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INPEX Mega Solar Joetsu is a solar power generation facility with a maximum output of approximately 2,000 kW (2 MW). The facility, which started generating electricity in March 2013, occupies a part of wholly owned subsidiary INPEX Logistics (Japan) Co., Ltd., located in Joetsu City, Niigata Prefecture. Our second 2 MW solar power generation facility, located on a neighboring site, started operation in July 2015. These two solar power facilities are expected to annually generate electricity equivalent to the electricity consumption of approximately 1,600 households.

Wind Power Generation Initiatives

In 2015, the annual volume of electricity generated throughout the world from renewable energies exceeded that which was generated from fossil fuels and nuclear power. Wind power generation is also becoming the lowest cost choice for many regions adopting new power sources over recent years, largely due to the increased size and efficiency of wind generators.

Despite the Japanese market facing many challenges, including site restrictions, wind power generation is being promoted through feed-in tariff system with conditions that are competitive by international standards.

At the end of 2017, we took our first step toward developing a wind power generation business in Japan to help address local needs and challenges.

We are currently building experience in this business field, and by giving our utmost focus to developing our offshore wind power business, we will work towards developments that contribute to Vision 2040.

Low-carbon Technology

In our efforts toward achieving a low-carbon society, we are participating in an artificial photosynthesis project and technology development projects for utilization of CO₂ being run by the New Energy and Industrial Technology Development Organization (NEDO).

The artificial photosynthesis project is one of revolutionary R&Ds that contributes to a reduction in CO₂ emissions via a basic chemical manufacturing process using CO₂ and clean hydrogen converted from water through photocatalysis using solar energy.

This project involves the three R&D steps, and of these three R&D steps, we have been participating in the development of photocatalysts that produce hydrogen by water splitting with sunlight, with the aim of achieving a solar energy conversion rate of 10% by the end of fiscal 2021.

The technology development projects for utilization of CO₂ aim to convert CO₂ into fuel, chemical raw materials, and other valuable materials to reduce CO₂ emissions. Among these efforts, our company is engaged in technological development of methanation, which causes CO₂ and hydrogen to react to generate methane. We have installed a testing operation at the Koshijihara Plant at our Nagaoka Field in Niigata, where testing started in October 2019 and where continuous operation is now underway. We aim to develop methanation technologies to use CO₂ as an energy resource and make a sustainable recycling-oriented society a reality. With a view to future commercialization, we are assessing and examining technical issues, such as optimization of the methanation process, through testing and continuous operation.



CO₂ Methanation Test Facility

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MATERIALITY

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To constantly strengthen responsible management, the Company, as a global organization, values workforce diversity and the development of global employees who share common values. To achieve the goals, the HR Division formulated the INPEX HR VISION, which is comprised of four key elements. HR activities based on these elements are implemented from a global perspective, linking employee development to team performance to contribute to a globally competitive organization.

In fiscal 2018, to further enhance efforts toward diversity, one of the INPEX Values, the Company communicated its basic policy on diversity and inclusion (D&I) ¹ to all stakeholders. In fiscal 2019, e-learning regarding D&I was conducted for executives and all employees. Going forward, it plans to push ahead with D&I and improve capabilities across the organization to raise its general appeal as a company receiving higher evaluation from the global community.

INPEX HR VISION

<h2 style="font-size: 2em; margin: 0;">1 Talent Attraction and Engagement</h2> <p style="margin: 10px 0;">Make INPEX the best place to work – “employer of choice”</p> <ul style="list-style-type: none"> • Employee satisfaction and opportunity for growth • Total Reward 	<h2 style="font-size: 2em; margin: 0;">2 Organization Effectiveness</h2> <p style="margin: 10px 0;">Maximize team performance through HR Management Process</p> <ul style="list-style-type: none"> • Workforce planning and organization review • Optimized staffing planning within the organization 	<h2 style="font-size: 2em; margin: 0;">3 Focus on People Development</h2> <p style="margin: 10px 0;">Development of future leaders and global workforce capability</p> <ul style="list-style-type: none"> • Development of future leaders • Talent management cycle • Diversified career development programs 	<h2 style="font-size: 2em; margin: 0;">4 HR Excellence</h2> <p style="margin: 10px 0;">Support business strategy with world-class functional expertise</p> <ul style="list-style-type: none"> • Effective, innovative, and trusted HR processes and systems • Develop HR professionals • Collaborate globally and share best practices
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¹ D&I-related message

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Human Resource Development

The Company formulates a curriculum aimed at human resource development based on a medium- to long-term perspective so that employees can constantly contribute to its business over the long term. The Company provides grade-specific training according to the anticipated future roles and responsibilities and required capabilities of each employee category, grade and position. In addition, as practical training for younger employees, the Company offers opportunities such as training at overseas offices and study at overseas specialized training institutions so that younger employees can work actively in an international business environment.

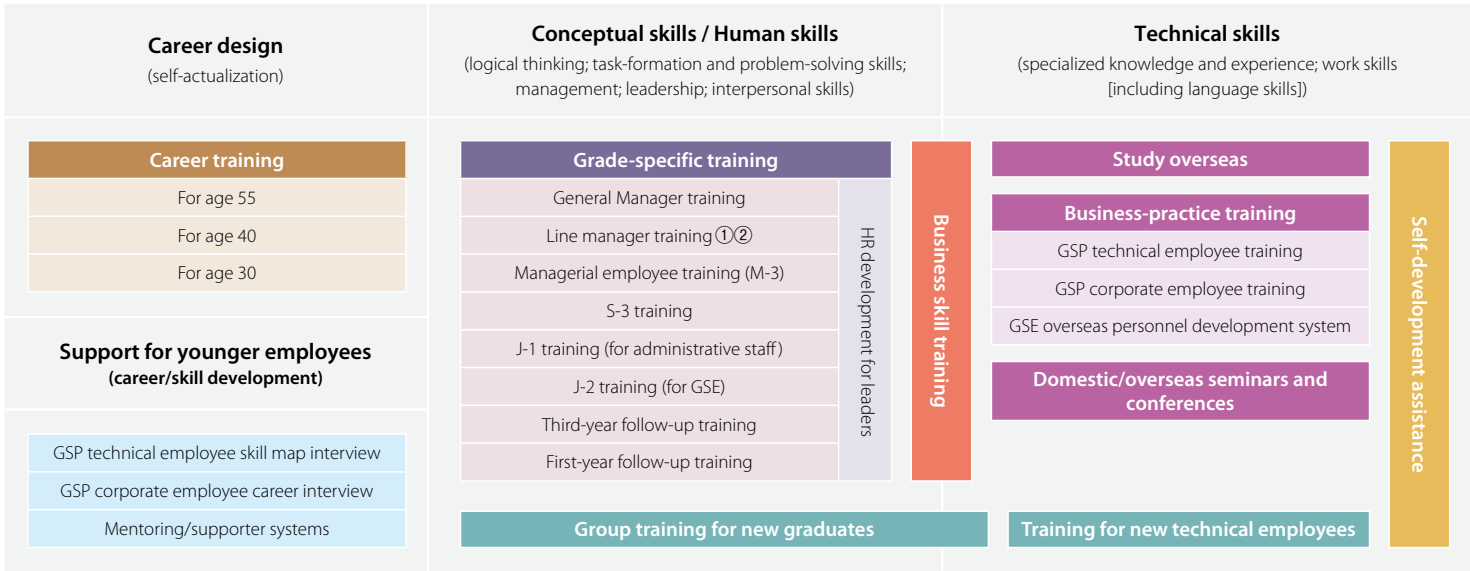
For new graduates, in addition to group training, a mentoring system is in place whereby a younger senior mentor is assigned to each graduate for

one year to provide work-related guidance and moral support. Moreover, the Company supports career development of each employee, such as development through a tripartite career meeting between the employee, HR and line manager, and skill maps designed for each specific field.

From this fiscal year 2019, the Company seeks to further enhance the training system such as newly by introducing “career training” which provides opportunities for employees to look back at their past experiences and look forward to future career paths.

Furthermore, for overall organizational growth, the Company supports autonomous career and skill development through training on business skills and a self-development assistance program.

Human Resource Development Curriculum



To form a common understanding for business among employees and using these to train the organization's thinking skills and deliver results as an organization (train the ability to execute and adapt using grade-specific training with a common understanding as the foundation)

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HR Evaluation and Placement Structure

To steadily and efficiently accomplish the organizational goals and targets established by each division, the Company aims to maximize the motivation of each employee by establishing and implementing concrete processes toward own annual objectives on an individual level. An INPEX Values-based evaluation system is also implemented at all sites, including Australia and Indonesia, with the degree to which INPEX Values are demonstrated in operations being an important assessment criterion. In this way, employees with diverse backgrounds and values can go about their tasks with an understanding of the values expected of INPEX employees. Not only will the employees achieve their individual goals, but they are also encouraged to deliver results for the entire organization. Furthermore, employees are given the opportunity once a year to report desired work contents or transfer requests, and a new internal application system, which facilitates appropriate staffing and appointment while maximizing the motivation of each employee, was also introduced in fiscal 2017. In addition, a job return program has been implemented since April 2020. This establishes a framework allowing employees who had resigned due to unavoidable personal reasons to return to their jobs upon their intention.

Activities for the Global Promotion of INPEX Values among Employees

Since fiscal 2014, INPEX has been carrying out activities to promote its corporate values, known as INPEX Values. Through company-wide surveys, the Company collects nominations for “Values People” and “Values Teams” who are employees, executives, contractors, and teams who put the INPEX Values into practice. In addition to interviews with those who receive the most nominations, a selection of case studies collected from a follow-up survey among all nominated candidates of how they are considering and carrying out INPEX Values in their daily lives, known as “Case studies of INPEX Values”, is also published on the intranet. Especially outstanding cases will be granted “INPEX Values Award”, as part of the efforts to increase the penetration of INPEX Values.



Winners presenting at the INPEX Values Award ceremony in Jakarta

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Promoting the Advancement of Female Employees

In accordance with the basic policy on diversity and inclusion, the Company is actively working on creating an environment in which female employees can fully utilize their abilities. In Japan, the Company established the “General Employers Action Plan” in accordance with the Act of Promotion of Women’s Participation and Advancement in Workplace whereby the Company aims to increase the percentage of women in management roles to above 3% and raise the proportion of women among new graduate hires to about 25% within a 5-year period starting from April 2018. Those initiatives were recognized by Japanese government and resulted in the Company being selected as a “Nadeshiko Brand” in fiscal 2018. In addition, in fiscal 2019, the Company conducted career training for female employees in their fourth and fifth years of joining as part of efforts toward further empowerment of female employees.

We also promote diversity in the executive level. In March 2020, the Company appointed the first female executive officer. This is the third case in the executive level following appointment of female outside director and auditor.

Promoting Employment of Persons with Disabilities

INPEX has been proactive in hiring persons with disabilities, considering factors such as job description and workplace environment. As of the end of fiscal 2019 (December 31, 2019), the number of employees with disabilities was 34 (rate of person with disabilities employed: 2.12%). Particularly, in fiscal 2019, for employees with hearing disabilities, INPEX enhanced support systems suited for each person, including the introduction of a speech-to-text app at sites in Japan, sign language interpretation during training, and providing text interpretation support on computers.

Building an Environment in which a Diverse Workforce can Flourish

INPEX is building an environment which enables employees from a wide variety of backgrounds to work to their fullest potential. Part of this effort is the continuation of initiatives related to the lesbian, gay, bisexual, and transgender (LGBT) community. Since fiscal 2018, INPEX has been holding LGBT training for employees in Japan. In fiscal 2019, INPEX invited members of the LGBT community for a dialogue with its executives to deepen the management’s understanding of LGBT issues, in addition to training seminars at the various sites in Niigata. In addition, an internal network of LGBT allies was established in fiscal 2018 to develop an LGBT-friendly workplace. The network is active in its activities, such as holding events with external speakers.

In recognition of such initiatives, INPEX was awarded at Silver rating in PRIDE Index 2019, an index that evaluates workplace initiatives for sexual minorities such as those in the LGBT community.



LGBT seminar in Niigata



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Promoting Work-life Balance

In accordance with the basic policy on diversity and inclusion, INPEX is promoting work-life balance, aiming to create an environment where all the employees can work and demonstrate their full potential according to respective circumstances and lifestyles.

As part of efforts to promote work-life balance, a company-wide flextime work system for all employees was introduced in April 2019, which was previously limited to employees involved in childcare and nursing care. In addition, a system for working from home for office workers has been implemented from April 2020. INPEX also encourages employees to take consecutive summer holidays and designates days on which they are encouraged to take paid leave. In fiscal 2019, the percentage of paid leave taken was 83.3%.

As a measure to reduce over time work, every Wednesday is designated as a work-life balance day when employees are encouraged to go home early. Furthermore, if an employee’s overtime continuously exceeds a certain number of hours, the supervisor and the HR Division will communicate with the employee to understand the situation, share issues and figure out solutions.

Not only does the company focus on working hours and holidays, but INPEX also respects diversity. A year-round “business casual” work wear policy was introduced in fiscal 2018 to make the work environment even more motivating for employees.

Support for Child Raising and Nursing Care

INPEX supports work-life balance for employees who are either parenting or providing care to family members. A variety of support mechanisms that go beyond the legal requirement have been created for all employees. Parenting is an important life event, so managers who have parenting staff have been receiving training since fiscal 2017 to ensure those employees can care for their children while continuing to work. The participation of male employees in parenting is also being promoted by the company that has published clear information to summarize the benefits for male employees who take parental leave.

Through those initiatives, INPEX, as “a company that supports parenting”, obtained the Next Generation Support Certification (known as Kurumin Mark) from the Tokyo Labor Bureau for the third time in recognition of the measures taken from fiscal 2015 to 2017.

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Promoting Health Management

INPEX Group Health Statement

With a basic approach that the mental and physical health of all employees is the foundation of INPEX, the Company recognizes health management is a material issue of its management. In September 2018, the INPEX Group Health Statement was formulated to clarify the Company's position to support and improve the health of employees and their families, with an appointment of the President and CEO as "Chief Health Officer."

The statement declares that the Company will maintain and improve the physical and mental health of employees as well as their families; that the Company aims to build a vibrant corporate culture by creating a work environment which maximizes the potential of all employees; and that employees should improve their lifestyles with the awareness of health self-management and proactively maintain physical and mental health.

Operation of Health Management

Under the leadership of the INPEX President as "Chief Health Officer," INPEX is working with its labor union and health insurance union to maintain and improve the health of its employees and create healthy workplaces. For this purpose, a committee for promoting health management was established. The committee meets regularly and attempts to understand employee health issues and investigate relevant solutions, while implementing ongoing improvements through the PDCA cycle. With the headquarters medical officer also on the committee, INPEX is working to improve the level of expertise among the committee members.

Initiatives to Maintain and Improve Health

In addition to centralized database management of the results of employee health checks, headquarters as well as offices having a certain number of workforce will have nurses on a permanent basis. As part of a structured program of mental and physical health management, the medical staff in each office collaborate on delivering health guidance and dealing with mental health issues.

To maintain and improve the health of employees, INPEX has implemented a range of measures such as a 100% participation in annual health checks. These include measures related to mental health and overwork, isolation of smoking

areas, holding of health seminars for female employees, and the introduction of health apps. To further enhance those initiatives, INPEX is establishing and working toward concrete targets for participation in health checks, participation in stress checks, average overtime work hours, proportion of paid leave taken, participation in specific health checkups, and implementation of specific health guidance.

Employees assigned overseas positions from Japan are provided with immunization against infectious diseases and health checks in Japan once a year. They also receive information on medical care in their assignment places, and are covered by an emergency transportation which includes international transportation in case of injury or sickness.

INPEX Recognized Under 2020 Health & Productivity Stock Selection Program as well as Selected as a "White 500" Organization Under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program

INPEX has been recognized for the first time under the mining industry of the 2020 Health & Productivity Stock Selection Program jointly operated by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). At the same time, INPEX has been recognized for the second consecutive year as a White 500 organization in the large enterprise category of the Certified Health & Productivity Management Organization Recognition Program. The Health & Productivity Stock Selection Program is a program where METI and TSE jointly select listed companies engaging in health and productivity management—strategically carrying out efforts regarding their employees' health from a management perspective—who are outstanding in their initiatives. White 500 falls under the large enterprise category of the Certified Health & Productivity Management Organization Recognition Program, which is a program where METI and the Nippon Kenko Kaigi jointly select outstanding enterprises engaging in efforts to advance health and productivity management.

Recognition was received for the efforts to understand employee health issues and implement necessary measures, creating the foundations for health management practice and implementing specific measures for work engagement as well as mental and physical health of employees.



* The term "health and productivity management" is a registered trademark of Nippon Kenko Kaigi (Workshop for the Management of Health on Company and Employee).

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Boundary	Item	FY2017	FY2018	CY2018, Jan -Dec (For reference)	CY2019, Jan -Dec	Unit	
Emissions to the Atmosphere	VOC**2	Domestic ✓	443	531	542	548	
		Overseas	82	11,429	9,239	7,712	
		Total	525	11,960	9,782	8,260	
	NOx	Domestic ✓	171	154	153	152	
		Overseas	2,507	3,891	3,796	3,419	
		Total	2,678	4,045	3,950	3,571	
	SOx	Domestic ✓	7	6	6	6	
		Overseas	3	5	5	417	
		Total	10	11	11	422	
	Water Consumption**3	Domestic ✓	Tap Water	178,671	170,182	173,663	180,493
Water for Industrial Use			178,983	180,536	181,848	179,962	
Groundwater			837,153	780,154	824,543	751,151	
Total			1,194,807	1,130,872	1,180,054	1,111,606	
Overseas		Tap Water	7,410	6,541	6,646	4,437	
		Water for Industrial Use	0	0	0	0	
		Groundwater	0	708	520	745	
		Total	7,410	7,249	7,166	5,182	
Total			1,202,217	1,138,121	1,187,220	1,116,787	m ³
Discharge of Produced Water		Domestic ✓	Discharged into Public Water Areas	121,380	115,297	115,918	132,993
	Injection Return to Groundwater		561,213	438,696	459,428	336,508	
	Total		682,593	553,993	575,346	469,501	
	Overseas	Discharged into Public Water Areas	0	105,205	47,918	322,525	
		Injection Return to Groundwater	2,688	0	0	0	
		Total	2,688	105,205	47,918	322,525	
	Total		685,281	659,198	623,264	792,026	m ³
Waste**4	Domestic**5 ✓	Non-hazardous Waste (Recycle)	2,284	1,090	1,836	1,315	
		Non-hazardous Waste (Final disposal)	687	818	767	586	
		Hazardous Waste (Recycle)	0	0	0	0	
		Hazardous Waste (Final disposal)	589	586	493	996	
		Total	3,560	2,494	3,096	2,897	
	Overseas	Non-hazardous Waste (Recycle)	4	2	2	6	
		Non-hazardous Waste (Final disposal)	69	79	80	57	
		Hazardous Waste (Recycle)	0	0	0	0	
		Hazardous Waste (Final disposal)	5	0	0	0	
		Total	78	81	82	63	
Total		3,638	2,575	3,178	2,960	tons	
Oil Spills	Number of Spills	9	3	6	5	cases	
	Quantity of Spills	0.5	14	14.4	131.3	bbl	

Operational Control**1

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Boundary	Item	FY2017	FY2018	CY2018, Jan -Dec (For reference)	CY2019, Jan -Dec	Unit	
Direct GHG Emissions (Scope1) ^{※6,7}	Emissions Source	Domestic ✓	Energy Use	174	172	171	170
			Flaring	5	3	3	8
			Other Ventings & Fugitives	8	20	21	30
			Raw-CO ₂ Venting	194	178	180	167
	Overseas ^{※8}	Energy Use	200	1,716	1,013	3,319	
		Flaring	4	2,083	1,470	2,705	
		Other Ventings & Fugitives	0	53	29	131	
		Raw-CO ₂ Venting	0	825	295	2,354	
	Gas Types	Domestic ✓	CO ₂	367	348	350	339
			CH ₄	14	25	26	35
			N ₂ O	0.03	0.03	0.03	0.03
		Overseas ^{※8}	CO ₂	203	4,445	2,688	8,186
			CH ₄	0.5	209	102	294
	Total		584	5,051	3,183	8,883	thousand tons- CO ₂
	Operational Control ^{※1}	Indirect GHG emissions (Scope2) ^{※6,7}	Domestic ✓	42	38	40	42
Overseas ^{※8}			2	2	2	2	
Total			44	41	42	44	
GHG Intensity ^{※6,7,9,10}		19	94	102	70	kg-CO ₂ /boe	
Energy Consumption ^{※11}	Domestic ✓	4,101,809	4,052,740	4,051,060	4,038,989	GJ	
	Overseas ^{※8}	3,234,691	31,907,987	18,274,163	62,259,880		
	Total	7,336,500	35,960,727	22,325,223	66,298,869		
Energy Consumption (Domestic) ✓	Natural Gas	77,596	76,690	76,527	75,808	thousand Nm ³	
	Gas Oil	68	60	63	67		
	Fuel Oil A	0	0	0	0		
	Kerosene	9	9	9	10		
	Gasoline	274	286	284	282		
	Jet Fuel	0	0	0	0		
	Condensate	0	0	0	0		
	LPG	21	11	12	10	tons	
	Purchased Electricity	70,739	69,693	70,241	72,158	MWh	
	City Gas	444	429	434	443	thousand Nm ³	
Outside Heat Supply	8,671	9,302	9,203	9,162	GJ		
Equity Share ^{※8,12}	Direct GHG Emissions (Scope1)	-	-	4,199	8,556	thousand tons- CO ₂	
	Indirect GHG emissions (Scope2)	-	-	168	204		
	GHG Intensity	-	-	31	42	kg-CO ₂ /boe	
Scope3	Category 1	Purchased Goods and Services	306	171	210	100	
	Category 4&9	Upstream/Downstream Transportation and Distribution ^{※10,13}	-	101	69	140	
	Category 11	Use of Sold Products ^{※10,14} ✓	63,488	56,110	52,899	82,386	thousand tons- CO ₂

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Climate Change < Renewable Energy >

Boundary	Item	FY2017	FY2018	CY2019, Jan -Dec	Unit	
Consolidated	Electricity Generated Using Renewable Energy	Domestic	5,711	5,809	5,810	MWh
		Overseas	231,649	441,668	369,223	
	Total Investment in Renewable Energy *15	536	1,368	1,451	million yen	

Social Compliance

Boundary	Item	FY2017	FY2018	CY2019, Jan -Dec	Unit	
Japan, Australia, Indonesia	Number of Internal Reports	Japan	6	8	11	cases
		Australia	6	3	2	
		Indonesia *16	62	59	60	
Japan	Human Rights Training	Attendance Ratio *17	98	100	100	%
		Training Hours	659	16	16	hours
Australia	Equal Employment Opportunity Training	Attendance Ratio *18	—	84.2	82.2	%
Japan, Australia, Indonesia	Anti-Bribery and Anti-Corruption (ABC) Training	Japan *19	918	116	233	persons
		Australia	1,641	616	1,444	
		Indonesia	196	245	258	

Boundary	Item	Year	Amount	Unit	
Consolidated	Payment Amounts to Governments (EIT)	Kazakhstan	2019	3,269	thousand US\$
		East Timor	2017	26,569	
		Indonesia	2017	284,739	
		D.R. Congo	2017	46,160	

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HSE < Health & Safety >

Boundary	Item		FY2017	FY2018	CY2019, Jan -Dec	Unit	
Incident Frequency	LTIF ^{※20}	By Contract ✓	Employees	0.54	0.42	0.00	—
			Contractors	0.23	0.16	0.68	
			Total	0.28	0.23	0.32	
		By Region	Japan	0.49	0.48	0.00	
			Australia	0.24	0.19	0.43	
			Indonesia	0.00	0.00	0.00	
			Venezuela	2.40	0.00	3.38	
			UAE ^{※22}	-	-	0.00	
			U.S. ^{※23}	-	-	0.00	
	TRIR ^{※21}	By Contract ✓	Employees	1.74	1.55	0.46	—
			Contractors	1.74	1.96	3.22	
			Total	1.74	1.85	1.78	
		By Region	Japan	0.98	0.96	0.25	
			Australia	1.81	2.12	2.71	
Operational Control ^{※1}	Fatalities	By Contract	Employees	0	0	0	persons
			Contractors	1	0	0	
			Total	1	0	0	
		By Region	Japan	0	0	0	
			Australia	1	0	0	
			Indonesia	0	0	0	
	Lost Time Injury	By Contract	Employees	4	3	0	cases
			Contractors	7	3	4	
			Total	11	6	4	
		By Region	Japan	2	2	0	
Australia	8		4	3			
Indonesia	0		0	0			
Venezuela	1		0	1			
Restricted Workday Injury	By Contract	Employees	0	6	2	cases	
		Contractors	13	14	7		
		Total	13	20	9		
Medical Treatment of Injury	By Contract	Employees	9	2	1	cases	
		Contractors	40	20	8		
		Total	49	22	9		

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Local Communities

Boundary	Item	FY2017	FY2018	CY2019, Jan -Dec	Unit	
Consolidated	Social Investment	Education and Fostering Future Generations	774.8	581.0	592.8	million yen
		Support for Local Communities	208.8	679.3	1,329.3	
		Health, Medicine and Sports	19.1	15.2	44.3	
		Support for Disaster-affected Areas	2.0	11.4	20.4	
		Environment	391.6	320.5	204.2	
		Culture and Arts	10.2	7.4	7.2	
		Others	1.8	0.0	40.7	
		Total	1,408.3	1,614.7	2,239.1	
	Percentage of Senior Executives Appointed from Local Communities *24	Jakarta office	63.6	58.3	66.7	%
		Perth office	52.1	59.1	72.2	
Total		54.2	58.9	70.6		

Employees < Employment >

Boundary	Item	FY2017	FY2018	FY2019	Unit		
Consolidated	Overall Employees	Male	General Employees	1,854 (78.6)	1,792 (78.0)	1,776 (77.8)	persons (%)
			Managerial Employees	788 (95.1)	779 (94.9)	787 (94.4)	
			Total	2,642 (82.8)	2,571 (82.5)	2,563 (82.2)	
		Female	General Employees	506 (21.4)	505 (22.0)	507 (22.2)	
			Managerial Employees	41 (4.9)	42 (5.1)	47 (5.6)	
			Total	547 (17.2)	547 (17.5)	554 (17.8)	
	Total	3,189	3,118	3,117			
	By Employment Contract	Permanent Employees	Male	2,642 (82.8)	2,571	2,563	persons
			Female	547 (17.2)	547	554	
			Total	3,189	3,118	3,117	
		Temporary Employees	Male	909	572	478	
			Female	194	185	182	
Total			1,103	757	660		

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Boundary		Item	FY2017	FY2018	FY2019	Unit		
Consolidated	Overall Employees	By Region	Japan	Permanent Employees	1,616	1,609	1,622	persons
				Temporary Employees	267	273	292	
				Total	1,883	1,882	1,914	
			Asia and Oceania	Permanent Employees	1,362	1,297	1,265	
				Temporary Employees	788	425	296	
				Total	2,150	1,722	1,561	
			Eurasia	Permanent Employees	37	35	40	
				Temporary Employees	14	12	11	
				Total	51	47	51	
		Middle East and Africa	Permanent Employees	65	82	94		
			Temporary Employees	4	5	11		
			Total	69	87	105		
		Americas	Permanent Employees	109	95	96		
			Temporary Employees	30	42	50		
			Total	139	137	146		
Unconsolidated	Employees ^{※25}	Male	1,016	975	981	persons		
		Female	215	219	228			
		Total	1,231	1,194	1,209			
	Average Length of Service	Male	16.9	16.7	16.2	years		
		Female	11.2	11.4	12.3			
		Total	15.9	15.8	15.5			
	Number of Staff Turnovers	Male	29 and under	2	6	1	persons	
			30-60	6	8	12		
			Total	8	14	13		
		Female	29 and under	2	3	5		
			30-60	6	3	1		
			Total	8	6	6		
	Number of Staff Turnovers			16	20	19		
	Staff Turnover Rate ^{※26}			1.31	1.68	1.58	%	
	Recruitment	New Graduate Hires	Male	33	44	41	persons	
Female			15	12	14			
Total			48	56	55			
Mid-career Hires		Male	1	0	15	persons		
		Female	3	4	5			
		Total	4	4	20			
Ratio of Standard Minimum Salary to Local Minimum Wage ^{※27}			1.17	1.17	1.20	times		
Number of Employees Working under Re-employment Contracts			55	49	54	persons		
Labor Union Participation Rate ^{※28}			71.2	60.7	60.6	%		

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Employees < Work-life Balance >

Boundary	Item	FY2017	FY2018	FY2019	Unit		
	Monthly Average of Overtime Work	18.2	18.2	18.2	hours		
	Average Days of Paid Leave Taken () Average Rate of Paid Leave Taken *29	Male (77.8)	15.1 (80.6)	14.2 (74.5)	days (%)		
		Female	16.3 (88.4)	15.9 (86.7)		15.4 (83.1)	
		Total	15.0 (79.7)	15.2 (81.7)		14.4 (83.3)	
	Rate of Receipt of Physical Examinations and Checkups	100	100	100	%		
	Number of Employees Taking Maternity Leave	16	21	20	persons		
	Number of Employees Taking Advantage of Parental Leave System *30, 31	Male	Number of Employees	11	20	26	persons
			Rate of those returning to work *32	100	100	100	%
			Retention Rate *33	100	91.7	94.4	%
		Female	Number of Employees	30	31	39	persons
			Rate of those returning to work *32	100	100	93.8	%
			Retention Rate *33	100	100	100	%
		Total	Number of Employees	41	51	65	persons
			Rate of those returning to work *32	100	100	97.5	%
			Retention Rate *33	100	95.5	95.8	%
Unconsolidated	Number of Employees Taking Advantage of Shortened Working Hours for Childcare, and Flextime Work System	Male	27	37	2	persons	
		Female	41	44	35		
Total		68	81	37			
	Number of Employees Taking Child Healthcare Leave	Male	38	40	42	persons	
Female		39	41	51			
Total		77	81	93			
	Number of Employees Taking Advantage of Childcare, Nursery, and Babysitter Subsidies	Male	40	45	54	persons	
Female		16	18	29			
Total		56	63	83			
	Number of Employees Taking Advantage of Nursing Care Leave System	Male	0	0	0	persons	
Female		1	0	0			
Total		1	0	0			
	Number of Employees Taking Advantage of Shortened Working Hours for Nursing Care System	Male	0	0	0	persons	
Female		0	1	0			
Total		0	1	0			
	Number of Employees Taking Special Leave for Family Care	Male	5	8	13	persons	
Female		7	6	6			
Total		12	14	19			
	Number of Employees with Disabilities (Figures in parenthesis denote the percentage in total employment)	33 (2.1)	35 (2.2)	35 (2.1)	persons (%)		
	Number of Employees Utilizing Volunteer Leave System	4	27	13	persons		

MATERIALITY

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ESG Performance Data

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- HSE < Environmental Data >
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- Climate Change < Renewable Energy >

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- Employees < Employment >
- Employees < Work-life Balance >
- Employees < Human Resource Development >

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Employees < Human Resource Development >

Boundary	Item	FY2017	FY2018	CY2019, Jan -Dec	Unit		
Unconsolidated	Number of Participants in Training Programs	Level-specific Training	356	447	436	persons	
		Career Training ^{※34}	—	—	81		
		Business Skill Training	135	132	184		
		Overseas and Domestic Office Training ^{※10}	76	75	75		
		Study Overseas Program	10	9	8		
		HSE Training ^{※35}	2,446	1,504	146		
	Training Hours per Person ^{※36}	By Gender	Male	62.0	86.8	161.8	hours/person
			Female	62.6	67.0	134.8	
		Total	62.2	82.7	160.2		
	Training Expenditure per Person ^{※36}		205,250	193,368	206,663	yen	
Employees who Seek Personal and Career Development Reviews Regularly	By Gender	Male	100	100	100	%	
		Female	100	100	100		
	Total	100	100	100			
	Category of Employee	Managerial Employees	100	100	100		
		General Employees	100	100	100		
Total		100	100	100			

Governance **Governance**

Boundary	Item	FY2017	FY2018	As of March 25, 2020	Unit	
Consolidated	Directors and Executive Officers ^{※37}	Male	39	41	41	persons
		Female ^{※38}	1	1	3	
		Total Number of Directors and Executive Officers	40	42	44	
	Outside Directors (Figures in parentheses denote the ratio of Outside Directors)		6 (40.0)	6 (40.0)	6 (43.0)	persons (%)
		Outside Auditors (Figures in parentheses denote the ratio of Outside Auditors)	4 (80.0)	3 (75.0)	4 (80.0)	

											MATERIALITY	
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■ Scope of Report

INPEX CORPORATION and its 65 consolidated subsidiaries.

■ Reporting Scope

- Due to the change in fiscal period, in principle, ESG Performance Data covers the period from January 1 to December 31 since 2019. FY2018 data is included in both FY2018 and CY2019 results.
- Only Employees (Work-life Balance) data covers the period from April 1 of the same year to March 31 of the following year.
- For the purpose of comparison, HSE (Environmental Data) and Climate Change (GHG Emissions Management) data covering the period from January 1 to December 31, 2018 are disclosed as reference.

■ Third-Party Assurance

The data marked with the symbol (✓) are provided assurance in this report.

■ Annotation (the total data may not match the sum of each figure due to rounding)

- ※1 HSE and GHG Emissions Management data are reported on an operational control basis including Headquarters, Technical Research Center, overseas offices and domestic & overseas Operational Organizations.
- ※2 VOC emissions are calculated using the "PRTR Release and Transfer Calculation Manual for Oil Refineries and oil storage depots, etc." published by the Petroleum Association of Japan.
- ※3 The quantity of seawater used is not included.
- ※4 Wastes are defined as hazardous wastes in accordance with the laws of each country. Within Japan, "specially controlled industrial wastes" as stipulated in the Act on Waste Disposal and Public Cleansing are set as "hazardous wastes" and other wastes (including "industrial wastes" and "municipal waste") are set as "non-hazardous wastes."
- ※5 Since general waste discharge volume by disposal category is uncertain, the entire discharge volume of general waste has been included in the final disposal amount.
- ※6 This includes energy-related GHG emissions and non-energy GHG emissions, such as CO₂ emissions caused by flaring of natural gas, etc. (flare dispersal), methane emissions (CO₂ equivalent) caused by venting of natural gas, etc. (vent dispersal), and amounts dispersed when CO₂ contained in natural gas is separated and removed (dispersal of separated CO₂).
- ※7 Domestic GHG emissions produced by INPEX are calculated using the unit calorific values and emission coefficients in accordance with calculation standards stipulated in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. GHG emissions resulting from electric power purchased are calculated using the adjusted emission coefficients. In other countries, calculations are carried out in accordance with local laws and regulations and rules for HSE-related data.
- ※8 Third party verification process for CY2019 data is underway.
- ※9 The basic unit described here shows the GHG emissions of heat production rate per consolidated production of oil and natural gas.
- ※10 The revision of the calculation method resulted in a change in the data disclosed in Sustainability Report 2019.
- ※11 The calculation method and conversion coefficients are set in accordance with the laws and regulations of each country (including the Act on the Rational Use of Energy [Energy Conservation Act] in Japan).
- ※12 The total amount of emissions calculated by multiplying the greenhouse gas emissions of each production project by the Company's interest share (for projects under the production sharing contracts, the emissions corresponding to the net economic take of the Company). It is started to be calculated and disclosed from 2019.

- ※13 From FY2018, the emissions from LNG carriers chartered by our wholly-owned subsidiary INPEX Shipping are disclosed.
- ※14 The emissions are calculated by multiplying the total sales volume of crude oil, natural gas and LPG by CO₂/CH₄/N₂O emission factor under the assumption that all amounts of crude oil, natural gas and LPG are combusted. The emissions are calculated from 2006 IPCC Guidelines for National Greenhouse Gas Inventories emissions factors.
- ※15 The amount of total investment in renewable energy disclosed in Japan only. Amounts of our overseas investment are confidential, and thus, not disclosed.
- ※16 The number of internal reports at the Indonesia office includes consultation on the procedures for ABC (anti-bribery and anti-corruption) measures.
- ※17 In FY2017, the training was provided for all directors, officers and domestic employees, from FY2018 to CY2019, the training was provided for only new employees.
- ※18 The training was provided for employees at all Australia locations (Group employees/Temporarily transferred employees/Fixed-term employees).
- ※19 The data includes the number of participants in training at overseas locations excluding Australia and Indonesia.
- ※20 The rate of injuries resulting in fatalities or lost time per million hours worked (LTIF: Lost Time Injury Frequency).
- ※21 The rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours (TRIR: Total Recordable Injury Rate).
- ※22 The data of the United Arab Emirates is included in reporting scope from September 2019.
- ※23 The data of the United States is included in reporting scope from April 2019.
- ※24 Executive management designates the managerial positions at senior manager grade or higher.
- ※25 Data of Japan and the Jakarta, Houston and London offices is included, but due to the revision of the calculation method, the Jakarta Office is excluded from FY2017 and the Houston Office is excluded from FY2018.
- ※26 Calculated based on the number of resignees. Resignees here exclude retirees and resigned executive officers.
- ※27 The Ministry of Health, Labour and Welfare lists the minimum value among all companies based on the most recently published minimum wage per region.
- ※28 Fixed-term employees are not included.
- ※29 Some fixed-term employees equivalent to employees are included.
- ※30 Employees have the right to apply for parental leave if they wish to take leave for the purpose of childcare, live in the same residence as a child under the age of one year and are raising that child.
- ※31 The cumulative number of people.
- ※32 Returned employees in the current fiscal year/ Employees expected to return in the current fiscal year × 100.
- ※33 The rate of those returning to work from parental leave is the total number of employees retaining employment 12 months after return from leave ÷ number of employees returning to work in the previous fiscal year × 100.
- ※34 It is started to be calculated and disclosed from 2019.
- ※35 The drastic decrease in 2019 is because e-Learning was not implemented.
- ※36 Includes a part of consolidated data in the calculation method.
- ※37 From FY2017 to 2018, number of persons who are elected by resolutions at Ordinary General Meeting of Shareholders held in June.
- ※38 As of March 25, 2020, the percentage of female executive officers is 7%.

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Independent Assurance Report

To ensure the reliability for our reporting, INPEX has obtained an independent third-party assurance from KPMG AZSA Sustainability Co., Ltd. for the environmental and social performance data marked with the symbol (M) in ESG Performance Data of Sustainability Report 2020.

Scope of Assurance: 2019 data covering the period from January to December for the environmental and social performance data below

Environmental performance indicators

<Scope: Operational control** in Japan>

- Direct GHG emissions (Scope 1)
- Indirect GHG emissions (Scope 2)
- Energy consumption
- Water consumption and discharge of produced water
- Emissions to the atmosphere (VOC, NOx, and SOx)
- Waste (hazardous waste [recycle and final disposal] and non-hazardous waste [recycle and final disposal])

<Scope: Consolidated>

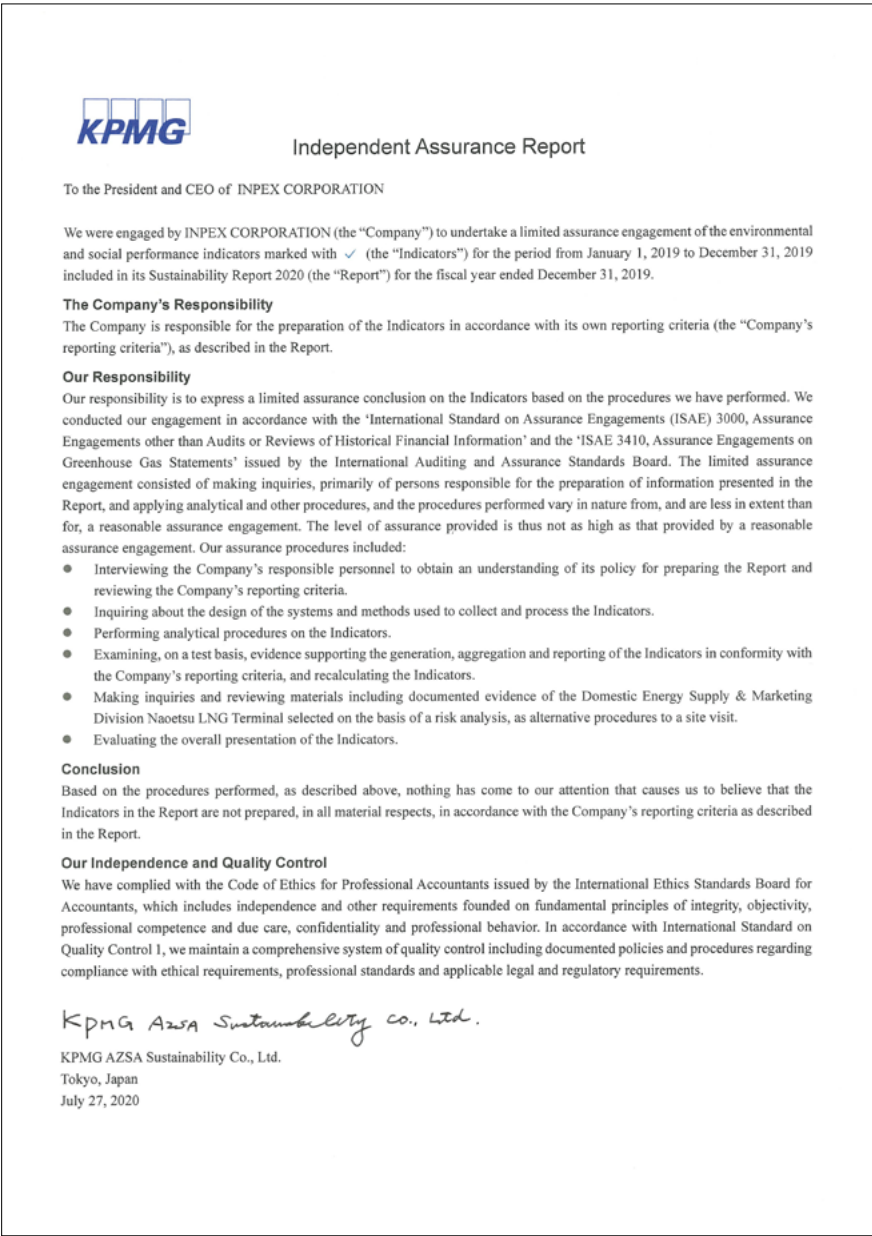
- Scope 3 Category 11 (Use of sold products)

Social performance indicators

<Scope: Operational control** including Japan and global organizations>

- Lost time injury frequency (LTIF) by contract
- Total recordable injury rate (TRIR) by contract

**HSE and GHG Emissions Management data are reported on an operational control basis including Headquarters, Technical Research Center, overseas offices and domestic & overseas Operational Organizations.



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External Evaluation

INPEX has engaged in active dialogue with stakeholders through information disclosure and responded to external evaluations by third-party.

INPEX has been selected for components of the major ESG Indexes shown on the right.

- FTSE4Good Developed Index, FTSE4Good Japan Index



- MSCI Japan Empowering Women Index (WIN)

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

- ECPI World ESG Equity, ECPI Global Carbon Liquid, ECPI Global Developed ESG Best in Class



- FTSE Blossom Japan Index



- S&P/JPX Carbon Efficient Index



- SOMPO Sustainability Index



- MSCI ESG Leaders Indexes



- CDP Climate Change 2019 score: B



- 2020 Health & Productivity Stock Selection Program



- MSCI Japan ESG Select Leaders Indexes

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

- STOXX® Global ESG Leaders Index



- Certified Health and Productivity Management Organization 2020 (White 500)





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