

INPEX

***SUSTAINABILITY
REPORT
2022***

*A New Wind
for Energy*

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How to Use This Report

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Editorial Policy

About This Sustainability Report

We at INPEX CORPORATION (hereinafter, “INPEX” or “the Company”) use our Annual Report to assemble important information and report on our long-term value creation process and our environment, social, and governance (ESG) initiatives.

This Sustainability Report consolidates various information related to sustainability and ESG also disclosed through our Annual Report, website, and other publications. It refers to 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.

Period Covered

In principle, this Report covers the Company's activities undertaken during FY2021, the period from January 1 to December 31, 2021. (Parts of the report contain information from before or after these periods.)

Scope

INPEX CORPORATION and its 58 consolidated subsidiaries (as of December 31, 2021)
(The terms “INPEX” and “the Company” in this report refer to INPEX CORPORATION and all its subsidiaries and affiliates, unless otherwise stated.)

Publication Date

June 2022
(Previous report: June 2021, next report: June 2023)

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)
- SASB (Sustainability Accounting Standards Board) Oil & Gas - Exploration & Production Standard*

* The GRI Standards and SASB Standards reference tables are indicated in the web edition.

Reports and Publications

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

- 📄 **Business Development Strategy: Towards a Net Zero Carbon Society by 20500**
- 📄 **Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)**
- 📄 **Annual Report**
- 📄 **Earnings Report**
- 📄 **Annual Securities Report (under the Tokyo Stock Exchange rules; in Japanese only)**
- 📄 **Corporate Governance Report**
- 📄 **Basic Policies**

From the Editorial Team

This Sustainability Report is intended to serve as a key opportunity for us to communicate with our stakeholders. Please read it and share your feedback with us.



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 (INPEX CORPORATION and its partner companies) in light of information available at the time of writing, and therefore involves uncertainties. Such uncertainties 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).

Message from the President & CEO

INPEX will promote both stable energy supply and energy transformation in our efforts to realize a net zero carbon society.

Communities around the world continued to be seriously affected by COVID-19 throughout 2021. On behalf of INPEX Corporation, I extend our deepest condolences to those who have lost loved ones in the pandemic. We also wish a speedy recovery to everyone afflicted with this disease.

This year, the turmoil in Ukraine has had an enormous impact on global affairs and the energy market. This deeply concerning situation is a strong reminder of the importance of a society where all people can live in peace and safety. For the people of Ukraine, we sincerely hope for an end to the current conflict and a swift return to peaceful lives. On our part, as we continue to monitor the global energy situation, we will step up our efforts to support the stable supply of energy around the world.

As part of our “Business Development Strategy: Towards a Net Zero Carbon Society by 2050” launched in February 2021, we have set a goal of reducing the net carbon intensity of greenhouse gas emissions from our operations by at least 30% of our 2019 level by 2030. In FY2021, we took a firm step forward on this path by achieving a carbon intensity reduction of 20% of our 2019 level. And, in February of this year, we formulated the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) to lay out a more concrete roadmap and set of goals for driving energy transformation forward while maintaining our commitment to the stable supply of energy. The period covered by the Medium-term Business Plan—2022 through 2024—is a time for us to hit the ground running, as we will launch and quickly accelerate our initial actions toward realizing our vision for 2030. In addition, we will continue to steadily grow our renewable energy portfolio, which is one of the five net zero businesses^① on

which we will focus in the years ahead. We will also lay the groundwork for advancing full-scale commercialization of our initiatives in hydrogen/ammonia, CCUS, and other net zero businesses. At the same time, we will proactively expand our oil and natural gas businesses while striving to make them cleaner and more resilient.

The goals set by INPEX Vision @2022 will by no means be easy to achieve, but they will be an indispensable compass to help INPEX remain a company that society depends upon. I will continue to lead us toward those goals through sound sustainability management.

It goes without saying that realizing a net zero carbon society will require cooperation not only within our company but also across national borders and industry lines. Accordingly, we will actively pursue collaboration throughout our entire value chain, including by participating in diverse initiatives such as the UN Global Compact.

We cannot bring our vision to reality by doing things the way we always have. Instead, we must take on challenges in new realms of technology and business with ambition. To that end, we will continue to cultivate a company where all employees are joined by a strong sense of solidarity, and to create a most rewarding company to work for. Going forward, INPEX will continue contributing to the development of a more prosperous society by sustainably supplying diverse forms of energy.

Representative Director, President & CEO
INPEX CORPORATION

Takayuki Ueda

^① Five net zero businesses: (1) Hydrogen/ammonia, (2) CCUS (carbon capture, utilization and storage for reducing CO₂ emissions in oil/natural gas businesses), (3) Renewable energy, (4) Carbon recycling & new business, and (5) Forest conservation

Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

In January 2021, we laid out a Business Development Strategy as a roadmap for our role in helping to achieve a net zero society by 2050. This provided a basis for the subsequent development of our Long-term Strategy—which outlines our specific ten-year strategy for advancing energy transition toward our 2030 goals—and our Medium-term Business Plan—which outlines concrete actions to be taken from 2022 to 2024.

In this Special Report, we highlight our core policy to help usher in a net zero society by 2050, and our vision for where we aim to be in 2030. Additional information on INPEX Vision @2022 can be found on our webpage: (<https://www.inpex.co.jp/english/company/midterm.html>).

Basic management policy towards a net zero carbon society by 2050

As a pioneer in energy transformation, INPEX will contribute to the realization of a prosperous and sustainable society by 2050 by providing a stable supply of diverse and clean energy sources that includes oil, natural gas, hydrogen, and renewable power.

- ① Hydrogen/ammonia, ② Reduce CO₂ emissions from oil & gas operations (CCUS*), ③ Renewable energy, ④ Carbon recycling/new business, ⑤ Forest conservation
* Carbon dioxide Capture, Utilization and Storage

Five net zero businesses^①

Expand each business at an accelerated pace and become recognized as a credible key player

Oil & gas business

Maintain a stable energy supply on the basis of thoroughly making the business cleaner

2050
Challenge for net zero

Be a company rich in vitality, creativity and diversity, capable of sustainable development

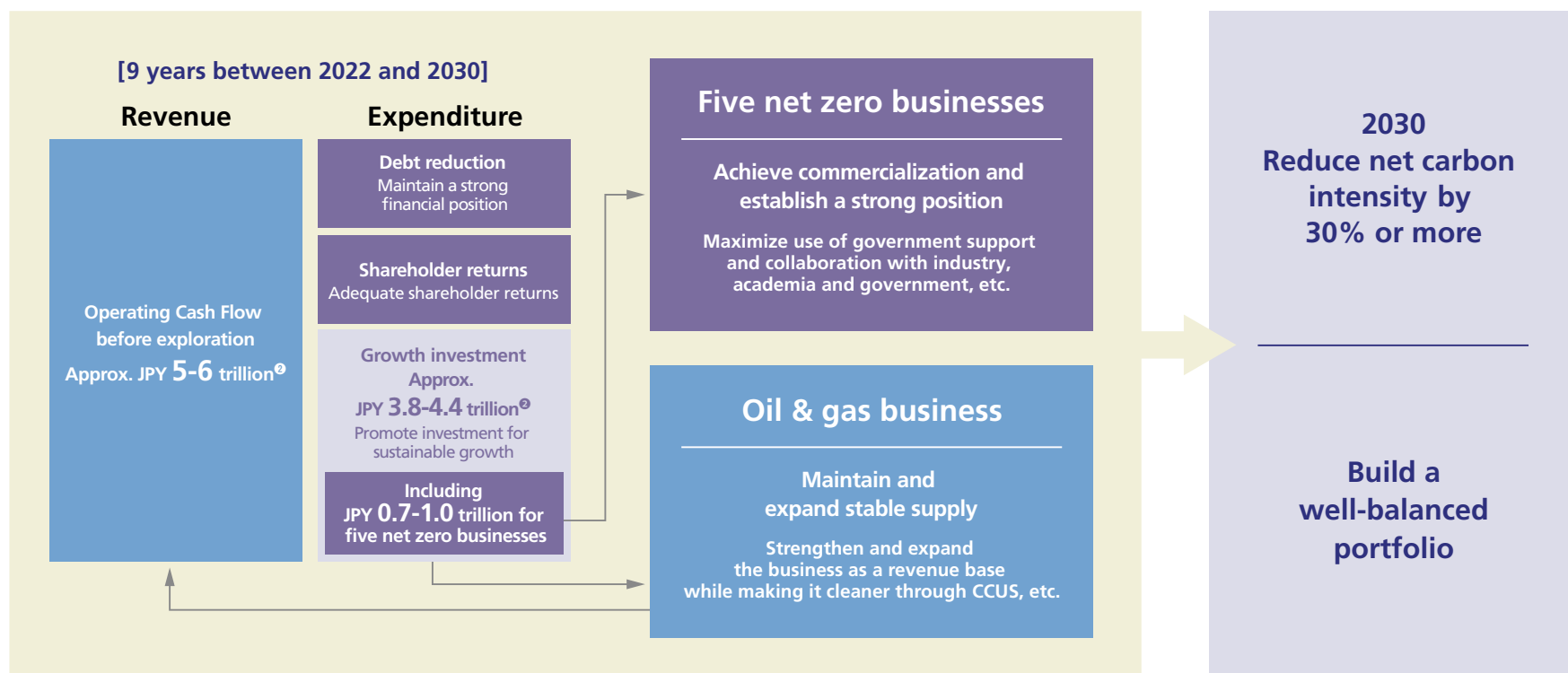
Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

Vision for around 2030

Transforming our “net zero carbon” concept from ideal to reality by 2030 is critical on our journey towards a net zero carbon society in 2050.

We will continue our efforts to provide a stable supply of oil and natural gas, which—in light of current socioeconomic trends—will remain indispensable energy sources. Natural gas is expected to generate robust demand in the coming years, particularly in Asia. To make our natural gas operations cleaner, we will introduce CCUS projects while also working to strengthen and expand our revenue base.

Leveraging the resulting steady cash flow, we will establish roughly 20% of all new investments under the five net zero business areas (hydrogen & ammonia, renewable energy, methanation, etc). This will drive the commercialization of projects in those businesses, enabling us to establish firm footholds in their respective markets. Through these efforts we will construct the balanced business portfolio needed to achieve our 2030 climate change goal of reducing our net carbon intensity by 30% or more compared to our FY2019 level.

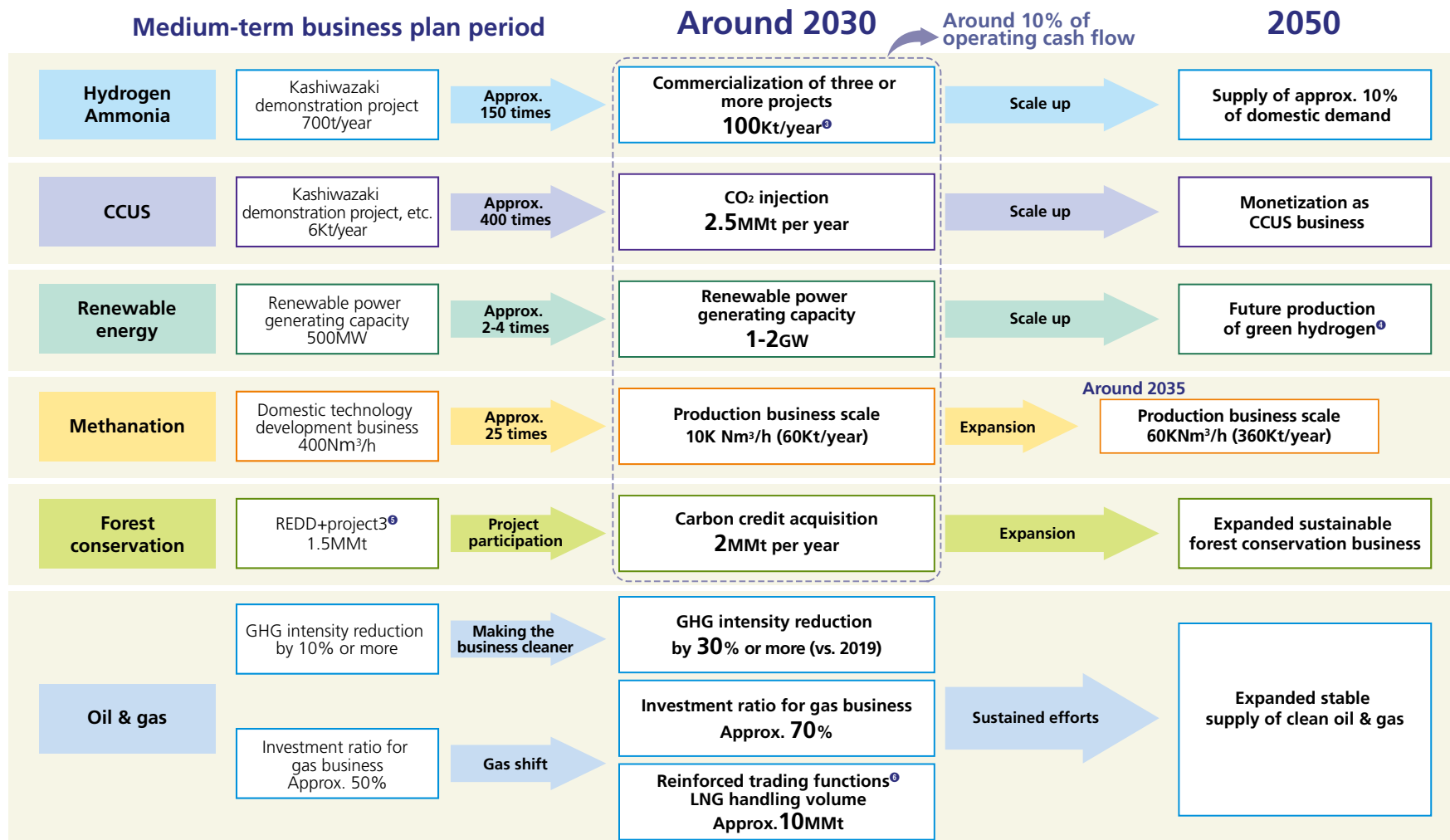


^② Estimates based on the assumption of a Brent oil price of USD 60-70 per barrel

Special Report 1

Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

Vision for around 2030



④ Ammonia volume shown in hydrogen equivalent

⑤ Hydrogen that is produced by splitting water using electricity generated from renewable energy

⑥ Concept defined at the 2010 United Nations Climate Change Conference that augments REDD (Reducing Emissions from Deforestation and forest Degradation) with the active prevention of forest degradation through forest management and enhancement of carbon stocks through forestation.

⑦ Inclusive of midstream and downstream business, etc.

Special Report

Vision for around 2030

Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

Initiatives in the five net zero businesses, crude oil and natural gas business, and toward structural improvement

Hydrogen Ammonia	Commercialize three or more projects by around 2030 and aim to produce and supply 100 thousand tons or more of hydrogen/ammonia per year.	Carbon recycling & New business	Promote the adoption of methanation in society and aim to supply about 60 thousand tons ^⑦ of synthetic methane per year through INPEX's natural gas trunk pipeline network by 2030 while pursuing further development.
CCUS	Aim to become a leading company in the CCUS business by targeting an annual CO ₂ injection volume of 2.5 million tons or more in around 2030 and promoting technical development and commercialization.	Forest conservation	Strengthen and expand projects aimed at CO ₂ absorption through forest conservation, from supportive measures to project participation.
Renewable energy	Aim to secure 1-2 gigawatts of installed capacity, mainly in the offshore wind and geothermal power generation business. Become a key player by accelerating business expansion using assets acquired through M&A and other means as a platform.	Oil and gas	Aim to achieve a stable supply of clean energy by focusing on core business areas, implementing a shift to natural gas and promoting resilience and making the business cleaner in an integrated manner.

^⑦ Equivalent to approx. 200 thousand households



Luchterduinen offshore wind farm



Muara Laboh Geothermal Power Project

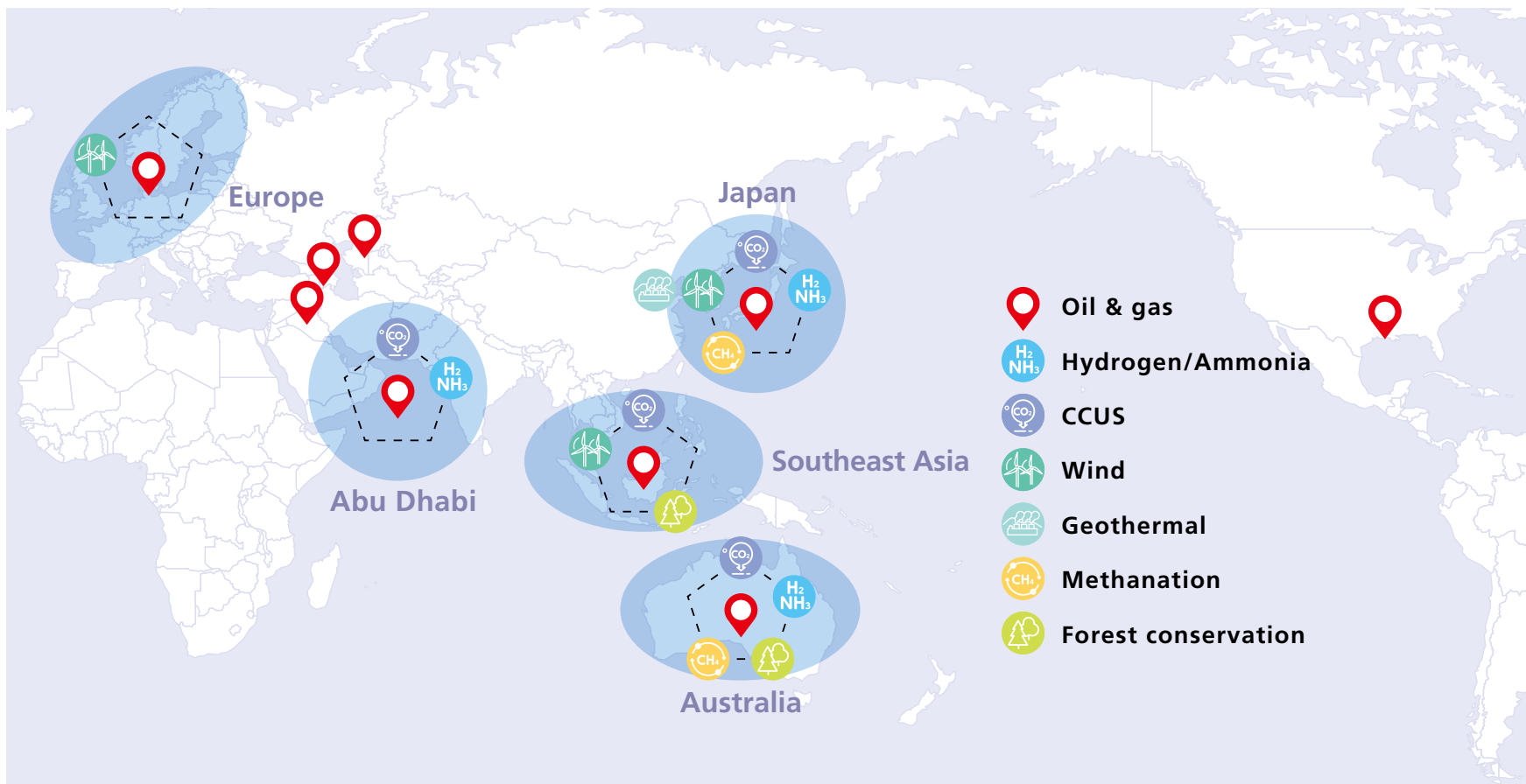
Special Report 1

Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

Vision for around 2030

Centralize business portfolio by setting core business areas

- Focus on Australia, Abu Dhabi, Southeast Asia, Japan and Europe as new core business areas, and improve efficiency by centralizing business assets in these areas
- Expand core business area operations beyond the existing oil & gas business to also include initiatives in the five net zero businesses and pursue synergies by leveraging business foundations such as existing business assets, networks and technologies



Special Report

2

Establishment of Our Sustainability Principles

In November 2021, we revised the INPEX Corporate Social Responsibility Principles established back in 2006 and launched these as our new “Sustainability Principles.” These serve as a new compass for our pursuit of sustainability management, by which we will actively contribute to global sustainability by addressing social and environmental challenges through our business activities.

We will continue to engage in sustainability management aligned with 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.

Sustainability Principles

The INPEX Group is committed to continue fulfilling its corporate social responsibilities through its business activities while increasing its corporate value sustainably over the medium to long term. Under the initiative of top management, we will build an effective corporate governance system strictly applied internally and groupwide, and proactively address sustainability issues through our businesses and value chains in line with the following principles, while taking stakeholder interests into account:

- We will supply the energy that is essential to society in a cleaner, stable and efficient manner.
- We will proactively engage in energy transformation to contribute to climate change response and the shift to a net zero carbon society.
- We will ensure the safety and health of our employees and all persons associated with our business operations, and thoroughly enforce safety operations and control. We will also strive to address global environmental issues and create environmental value.
- We will comply with laws, rules and regulations and engage in ethical business conduct in accordance with all international norms, including human rights as well as social norms that exist at our business locations.
- We will widely engage with shareholders and conduct the fair and proactive disclosure of corporate information.
- We will establish a workplace that supports diversity and provides a comfortable working environment and opportunities for employees to use their full potential to drive innovation and enhance organizational capability.
- We will respect cultural diversity and contribute to the economic development of the countries, regions and communities in which we do business.

Our Responses to COVID-19

Contributing to energy resilience

We are striving to continue to deliver a stable supply of energy throughout the COVID-19 pandemic by taking action to ensure the stability of our operations. This includes implementing diverse coronavirus control measures that give top priority to the health and safety of employees at our crude oil and gas production sites across the globe—places like our Ichthys LNG facilities in Australia, and Minami-Nagaoka Gas Field and Naoetsu LNG Terminal in Japan.

The Corporate Crisis Management Team (C-CMT) launched in April 2020 has been continuously tracking the infection control situation at our sites around the world. This team has been providing integrated management of the situations at all international offices and project sites, and sharing information on them through regular meetings.

For a summary of pandemic-related measures implemented for employees, see “Workstyle under COVID-19 Pandemic”^①.

①  Workstyle under the COVID-19 Pandemic

Measures

Japan

- Restriction of worksite access for persons not on the operating staff
- Workplace zoning and designation of backup staff in preparation for potential cases of infection
- Launch of “super flextime” system to help reduce infection risk of commuting and enable employees to schedule their work hours to accommodate family needs; recommending employees to opt to telework
- Caring for the well-being of employees in long-term remote work conditions
- Establishment of response procedures in case of infection
- Workplace vaccination program for employees, their families, and personnel of partner companies at three domestic sites

United States (Shell Oil Project)

- Medical screening of personnel entering operating sites; body temperature checks for monitoring against infection
- Establishment of response measures and operational recovery procedures in case of outbreaks
- Formulation/updating and implementation of infection control measures and response plan based on OSHA guidelines

UAE

- Requirement for negative PCR test results and infection risk mitigation measures, as specified by guidelines of Abu Dhabi National Oil Company (ADNOC)
- Tracking of employee vaccination status using government-designated app

Australia (Ichthys LNG)

- Creation of special work shifts with quarantine periods, and checking of employees’ health before site entry by measuring their body temperature, asking about their physical condition and conducting PCR/antibody testing
- Implementation of guidelines for reducing infection risk at project sites, including internal border control (ranking infection risk for each state/territory based on their pandemic situation, and requiring personnel from higher-risk areas to undergo enhanced health checks)
- Preventive measures based on risk matrix including PCR testing requirement and other preventive measures customized for offshore facilities.



Workers wearing face shields and masks at Naoetsu LNG Terminal

Special Report 3

Our Responses to COVID-19

On-site efforts for stable supply & operation during the pandemic

Ichthys LNG in Australia, the Abadi LNG Project in Indonesia, and operating sites in Japan all achieved stable operation by implementing their own efforts to prevent incidents, disasters, and the spread of the coronavirus, as guided by government directives and regulations. Some were honored in the FY2021 Corporate HSE Awards, which recognize outstanding initiatives implemented by INPEX members.

IMT exercise simulating COVID-19 outbreak on FPSO

In February 2022, INPEX Australia conducted a COVID-19 Crisis Response Exercise (IMT Exercise) simulating a coronavirus outbreak on board Ichthys LNG's floating, production, storage and offloading (FPSO) facility. This exercise was conducted in cooperation with internal and external stakeholders to practice and confirm the effectiveness of the initial response and communication via the established chain of communication in the event of a coronavirus outbreak on the FPSO.

The exercise was conducted with participation by the INPEX Perth IMT (Incident Management Team), together with external participants from the Western Australian (WA) State Health Incident Coordination Centre, WA Public Health Emergency Operations Centre, WA Country Health Service - Kimberley Region, and WA Police - Kimberley Region.

The exercise confirmed the effectiveness of the company's internal COVID-19 response plan. Moreover, the company's internal and external communication systems and methods for information disclosure to external parties were confirmed.

Through this training, we were able to develop a more robust crisis response plan and further strengthen cooperation with external parties.



Conducting our Crisis Response Exercise with external parties

Mental health initiatives during the COVID-19 pandemic at INPEX Australia

The spread of COVID-19 and associated mobility restrictions have understandably had a psychological impact in terms of anxiety and stress. INPEX has responded by taking action to provide mental health care for its workforce.

Ichthys LNG has committed to prioritizing the health and well-being of its people and has set a target that at least 60% of supervisors and managers receive mental health awareness training in FY2021.

The mental health awareness training is a face-to-face course that focuses on common mental illnesses. It was developed by a local professional organization that delivers first aid and health care training. The training covers the following topics:

- How to recognize signs of stress, depression, and anxiety
- How to reach out to people in need of stress care and specific examples of responses
- How to support people in immediate need of mental health care
- First important step to support people seeking professional care
- How to manage one's own mental health

We believe that mental health education will improve understanding on mental health (versus mental illness) and promote its importance in the workplace, and thus enable people to feel comfortable to speak up and seek support.

Measures taken at operating sites in Japan

We are maintaining stable operations at our domestic operating sites by implementing thorough measures for protecting employees from coronavirus infection.

- Thorough measures for helping personnel avoid the 3 Cs (confined/poorly ventilated spaces, crowded places, close-contact situations)
 - Rigorous personal health management and working arrangements that accommodate changes in physical condition, even minor ones
 - Encouraging employees to limit their going out in public at their discretion, to help prevent infection outside the workplace
 - Reducing contact between employees at company dormitories, apartments, etc. where possible
- Preemptive health management and household health reporting by employees
 - Zoning of worksites to segregate shift workers on duty from others, using spaces at satellite offices, dormitories, etc to prevent contact as much as possible
 - Conducting shift change procedures via computer screen and other indirect means to avoid contact between incoming/outgoing shifts
 - Sharing of pandemic-related information by field office workers at each site

Because of our thorough implementation of these measures, no coronavirus infections occurred among our operator teams at any of our field offices (Nagaoka, Akita, Chiba, and Minami-Aga), thus enabling us to maintain continuous operation.

In Japan, we have established infection control guidelines for each project with the aim of thoroughly preventing infections by engineers entering Japan from overseas, allowing them to complete on-site work without delays. This guidelines includes detailed procedures governing their activities from pre-departure through to return to their home country, and behavior management during their period of stay. It covers infection prevention measures such as physical health management, the sharing of activity history, and behavior regulation. In addition, to prevent the spread of infection at work sites and offices, we have decentralized workspaces by contractor and work zone, installed partitions and disinfecting equipment, and required masks and face shields to be worn. These measures have enabled us to minimize the risk of infection in the workplace and allowed our operations to continue without interruption.

At Naoetsu LNG Terminal, for the first time since operation startup, we upgraded our integrated production control system—the Distributed Control System Human Interface Station (DCS HIS)—while implementing preventive actions against COVID-19 infection. As the DCS HIS is the core system for the monitoring and control of operations, we thoroughly consulted and coordinated with the manufacturer to enable the simultaneous operation of the plant and system upgrade. As plant operators are stationed in the Central Control Room where the upgrade work was to take place, we confirmed upfront the traffic flows of contractor personnel performing the upgrade in that area. We then installed partitions to separate plant operators and contractor personnel, and only allowed simultaneous work to be performed over short periods of time, while also requiring the wearing of face shields and thorough sanitization. These special measures were taken in addition to our standard COVID-19 health protocols. including PCR tests and health monitoring.

As a result of these measures to prevent the infection and spread of COVID-19 among workers, we were able to complete the simultaneous work activities with no interruptions, no spread of the infection, and without any incidents or disasters.

Comment from Construction & Maintenance Group, Naoetsu LNG Terminal

“To avoid COVID-19 infection, we engaged closely with our plant operators, the DCS HIS manufacturer, and the upgrade contractor to establish a full understanding of the activities to take place, and from there, were able to implement comprehensive COVID-19 prevention measures at the work site. We were subsequently able to complete the DCS HIS upgrade work in a safe manner, with zero COVID-19 cases.”

Special Report 3

Our Responses to COVID-19

Supporting communities

Since 2020, we have engaged in diverse efforts for assisting healthcare providers and other professionals working to prevent the pandemic, and for supporting communities disadvantaged in the fight against the coronavirus.

Support for Vaccine Delivery in Australia

Since late 2021, INPEX has been supporting the air transport of COVID-19 vaccines to remote communities in the Kimberley region in northern Western Australia, in partnership with the Royal Flying Doctor Service (RFDS) and PHI. We cover the cost of PHI-supplied helicopters used by RFDS to deliver vaccines during the wet season (usually November to April), when it is difficult to land fixed-wing aircraft in those areas. The vaccines are flown from Broome while kept at a temperature of -70°C. To date, this program has served Aboriginal and Torres Strait Islander communities such as Bidyadanga, Beagle Bay, One Arm Point, and Lombadina.



Vaccine delivery

Sustainability Management

MATERIALITY

Sustainability Management

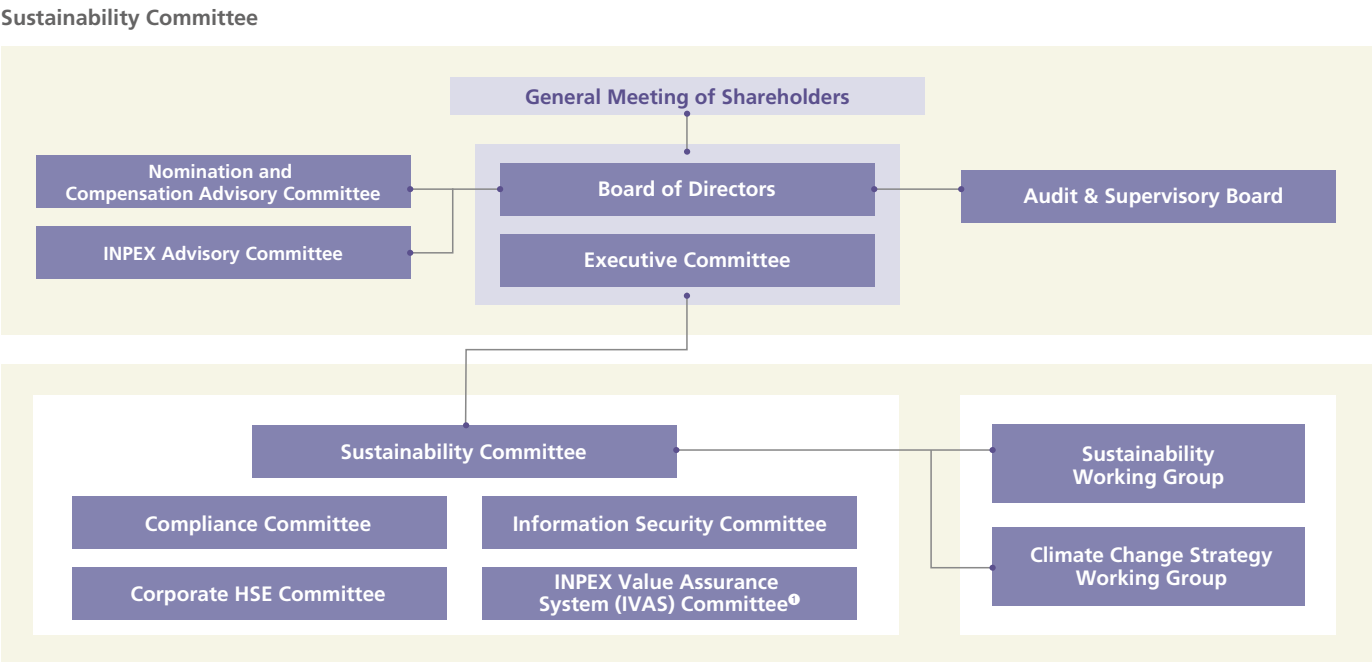
Our Policy

We engage in sustainability management aimed at achieving the sustainable development, production, and supply of energy, with a focus on the Material Issues that are most important to both our business and our stakeholders. We strive to resolve sustainability challenges through our business and value chain.

Leadership Organization

Chaired by the INPEX Representative Director, President & CEO, our Sustainability Committee was established to provide clear messaging on executive management’s vision for sustainability, for deliberating on basic policies for sustainability, and to drive forward groupwide and systematic sustainability practices. The members include Representative Directors, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (Vice-Chair of the Sustainability Committee). The Chairs of our Compliance Committee and Corporate HSE Committee also attend the meetings to facilitate collaboration with their respective committees. The Sustainability Committee convened two meetings in FY2021, and the matters deliberated upon were also discussed by the Executive Committee and the Board of Directors.

We have also created a groupwide consultation system supported by the Sustainability Working Group and the Climate Change Strategy Working Group, which are subdivisions of the Sustainability Committee comprising working-level members from various divisions.



① INPEX Value Assurance System: a mechanism for cross-organizational technical evaluation in each phase of exploration, evaluation, development.

Participation in External Initiatives

As part of our promotion of sustainability, we participate in domestic and international initiatives and organizations 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^②, the Japan Petroleum Development Association (JPDA), and the Japan Natural Gas Association.

② IPIECA: The global oil and gas association for advancing environmental and social performance across the energy transition

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 areas of human rights, labor, environment, and anti-corruption. We have been participating in activities of the various sustainability-related subcommittees of the Global Compact Japan Network since FY2012.

Identification of Material Issues and Prioritization Process

In April 2012, we identified five of the seven core sustainability themes in ISO 26000 as areas of high importance for INPEX and our stakeholders—that is, our Material Issues.

We reviewed the Material Issues in May 2015, considering factors such as the impact of business activities on the progress of our key projects and changes to stakeholder priorities. As a result, we redefined the Material Issues by adding the sixth issue of ‘Governance’ and identified priority actions (Key Tasks) for each Material Issue area that have been incorporated into our PDCA cycle to enable continuous improvement.

Sustainability Material Issues



Governance



Compliance



Climate Change



HSE



Local Communities



Employees



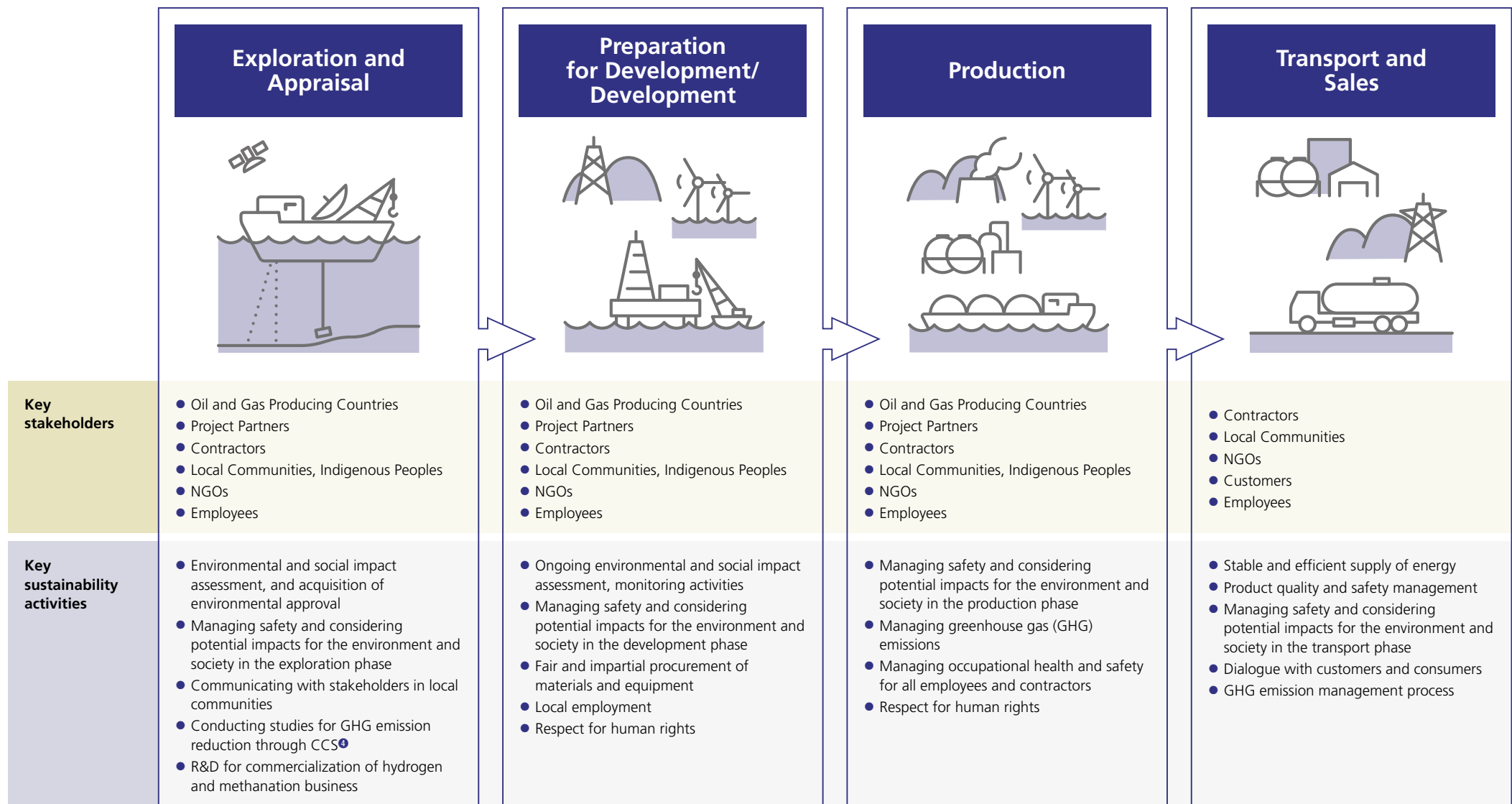
INPEX Sustainability Material Issues

- Strengthen our governance structure
- Robust risk management system
- Respect for Human Rights
- Compliance with laws, prevention of bribery and corruption
- Supply chain risk management
- Prevention of major incidents
- Ensure occupational health and safety
- Water-related risk management and biodiversity conservation
- Manage impact on local and indigenous communities
- Contribute to local economies
- Pursue climate change goals and provide TCFD-recommended disclosures
- Promote five net zero businesses
 - Hydrogen/Ammonia
 - CCUS
 - Renewable Energy
 - Methanation
 - Forest Conservation
- Cleaner oil & gas business and transition to natural gas
- Create a rewarding company for personnel

For further details please see page 19 “Targets and Results of Material Issues”









Energy Development Value Chain

This page shows our major stakeholders and the typical activities that should be undertaken in fulfilling our social responsibilities in each value chain/stage of our energy development business.



① Carbon Capture and Storage

Engagement with Stakeholders





Key stakeholders	Engagement approach	Key engagement in FY2021	Expectations/requirements identified through stakeholder engagement
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 project decision making Discussions with operators for cost reduction 	<ul style="list-style-type: none"> Prevention of major incidents Legal compliance, prevention of bribery and corruption Management of business activity risks
Contractors 	<ul style="list-style-type: none"> Presentation of qualification criteria 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 Annual INPEX HSE Awards Strengthening supply chain management (implementation of supplier self-evaluation survey for major suppliers and contractors in Japan) Human rights training for suppliers 	<ul style="list-style-type: none"> Strengthening the risk management system Legal compliance, prevention of bribery and corruption Supply chain environmental and social due diligence Prevention of major incidents Ensuring occupational health and safety
Customers 	<ul style="list-style-type: none"> Establishment of designated contact points Provision of product information Identification of customer needs at service stations 	<ul style="list-style-type: none"> Provision of product safe handling information (SDS^⑤) Improvement of service station operations based on customer needs analysis 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Transition to clean energy
Shareholders and Investors 	<ul style="list-style-type: none"> General Meeting of Shareholders, briefings and exhibitions, investor relations (IR) meetings Issuance of reports (earnings report, earnings presentation materials, securities report, annual report, fact book, investor notes, etc.) 	<ul style="list-style-type: none"> General Meeting of Shareholders, financial result briefings (biannual, February and August), IR meetings (about 220 meetings held), exhibitions and briefings for individual investors Timely, appropriate, and fair information disclosure through the corporate website and content updates (about 1,300 website hits daily, 112 press releases and 15 articles on CSR topics published) 	<ul style="list-style-type: none"> Strengthening our governance structure Enhancing our risk management system Strengthening climate-related risk management
Local Communities, Indigenous Peoples 	<ul style="list-style-type: none"> Environmental and social impact assessment Community briefings Various pamphlets, mass media, social media, websites Social contribution activities 	<ul style="list-style-type: none"> Social investment in response to local community needs (total expenditure: about ¥2 billion) Response to community feedback in Japan and overseas Activities in accordance with the Reconciliation Action Plan (RAP) with Aboriginal and Torres Strait Islander peoples in Australia Conducting an environmental and social impact assessment (ESIA) in Indonesia Presentations and site visits for junior high school students in Japan 	<ul style="list-style-type: none"> Respect for human rights Proper management of water and biodiversity conservation Managing impacts on local and indigenous communities Contributing to local economies
NGOs & NPOs 	<ul style="list-style-type: none"> Information gathering to respond to global social issues Round-table discussions 	<ul style="list-style-type: none"> Support for NGOs/NPOs through employee fundraising activities Participation in webinars hosted by NGOs/NPOs 	<ul style="list-style-type: none"> Respect for human rights Contributing to local economies Transition to clean energy Strengthening climate-related risk management
Employees 	<ul style="list-style-type: none"> Meetings with managers Consultation between labor and management Various training and study abroad programs Internal magazines and newsletters Various recognitions/awards 	<ul style="list-style-type: none"> Regular meetings with managers Regular engagement with labor unions Various training programs (averaging 65 hours training/person) Timely update of internal online magazines (2 or 3 times/week) Publication of compliance newsletter (12 issues) Publication of information security newsletter (12 issues) INPEX HSE Awards, INPEX Values Award, INPEX Essay Award 	<ul style="list-style-type: none"> Managing occupational health and safety Human resource development and employee motivation Promoting diversity Respect for human rights
Oil and Gas Producing Countries 	<ul style="list-style-type: none"> Communication at each project phase (tender, development plan approval process, development, production, decommissioning) 	<ul style="list-style-type: none"> Close communication with oil and gas producing countries aligned with project progress/management 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 Cleaner oil/gas operations and transition to natural gas

^⑤ Safety Data Sheet: A datasheet that describes necessary information for the safe handling of products which contain certain chemical substances

Sustainability Material Issues: Targets and Achievements

Governance

Compliance

Material Issues	Key Tasks	FY2021 Achievements	FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
Governance 	Strengthen our governance structure	<ul style="list-style-type: none"> Enhanced our corporate governance system through the proper operation of the Board of Directors and continued to evaluate the effectiveness of the Board of Directors and run the PDCA cycle Responded to revisions of the Companies Act and the Corporate Governance Code, and to Tokyo Stock Exchange reforms 	<ul style="list-style-type: none"> Enhance the corporate governance system through appropriate operation of the Board of Directors, and continue to evaluate of the effectiveness of the Board of Directors and run the PDCA cycle Regularly report to the Board of Directors on progress and action plans for INPEX projects (including net zero programs) Promote efforts to optimize the Board of Directors (in terms of diversity, size and composition) based on Nomination and Compensation Advisory Committee discussions of the vision for the INPEX Board of Directors 	<p>Improve the effectiveness of the Board of Directors, appropriately disclose information (including through dialogue with shareholders), cooperate with stakeholders, and continuously enhance 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 Deepen discussion by the Nomination and Compensation Advisory Committee toward achieving further diversity of the Board of Directors, and provide feedback on those discussions to the Board Enhance discussion on business strategies supporting INPEX Vision @2022, its associated Medium-term Business Plan, and anticipated future business development, and monitor the progress made
	Strengthen our risk management system	<ul style="list-style-type: none"> Held 10 IVAS^⑥ Committee meetings Provided the Board of Directors with an executive summary of risk assessment results for major projects 	<ul style="list-style-type: none"> Hold IVAS Committee meetings as appropriate Provide the Board of Directors with monthly progress reports and action plans for INPEX projects (including net zero programs) 	<p>Continue implementing and monitoring measures to manage critical risks and issues identified by each division under the Medium-term Business Plan</p>
	Supply Chain Risk Management	<ul style="list-style-type: none"> Held two Information Security Committee meetings Held two training sessions on targeted email attacks Conducted an e-learning lesson on information security Monitored security and responded to issues through the internal security team 	<ul style="list-style-type: none"> Hold two Information Security Committee meetings Hold two training sessions on targeted email attacks Conduct an e-learning lesson on information security Monitor security and respond to issues through the internal security team 	
Compliance   	Respect human rights	<ul style="list-style-type: none"> Published respective FY2020 Statements pursuant to the UK Modern Slavery Act and the Australian Modern Slavery Act Continued conducting human rights training for new employees Held a human rights seminar for major vendors conducted by an external instructor 	<ul style="list-style-type: none"> Publish respective FY2021 Statements pursuant to the UK Modern Slavery Act and the Australian Modern Slavery Act Continue conducting human rights training Review human rights due diligence questionnaire Conduct interview surveys with operating sites 	<ul style="list-style-type: none"> Fully comply with and appropriately respond to the laws and regulations of the areas in which we operate, including ABC laws, judicial/administrative sanctions, international norms and ethics, and full respect for human rights Continue human rights due diligence
	Comply with laws, prevent bribery and corruption	<ul style="list-style-type: none"> Facilitated thorough awareness of compliance and enhanced education and training programs (including harassment prevention training for non-managerial employees at domestic offices, and exchanges of insights and opinions with compliance teams in other companies) Bolstered global compliance systems (including continued operation of the INPEX Global Hotline, etc.) Widely disseminated and strengthened the implementation of ABC regulations (including continued implementation of training and due diligence activities) Continued to conduct ABC risk assessments at domestic and overseas offices 	<ul style="list-style-type: none"> Ensure thorough awareness of compliance and enhance education and training programs (including e-learning, compliance awareness surveys and training based on the survey results, and response to revisions of the Whistleblower Protection Act) Bolster global compliance systems (including continued operation of the INPEX Global Hotline, etc.) Widely disseminate and strengthen the implementation of ABC regulations (including continued implementation of training and due diligence, etc.) Continue to conduct ABC risk assessments at domestic and overseas offices 	

⑥ INPEX Value Assurance System

⑦ 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

⑧ 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

Sustainability Material Issues: Targets and Achievements

Climate Change

Sustainability Material Issues	Key Tasks	FY2021 Achievements	FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
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①

Verified Carbon Units

②







International Sustainability Standards Board

③

Enhanced Oil Recovery

Sustainability Material Issues: Targets and Achievements

HSE

Sustainability Material Issues	Key Tasks	FY2021 Achievements	FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
HSE      	Prevention of major incidents	<ul style="list-style-type: none"> Enhanced the Corporate HSE Management System (revision/recompilation of the system's various manuals to improve their conformance with our rules and standards). Improved HSE assurance and governance by conducting four Corporate HSE audits at operator sites in Japan and overseas Provided HSE technical support in 26 operations, and HSE leadership training that included a new seminar for HSE skill development covering areas of safety, health and environment Enhanced process safety and asset integrity management by conducting HSE reviews and providing technical support (bowtie analyses, safety case reviews, etc.) at operator projects, and by commencing measurement and monitoring of Tier 3^② and Tier 4^③ leading indicators Thoroughly implemented serious incident management by reporting, investigating, and statistically analyzing serious/high-potential incidents, drawing lessons from them, and sharing our findings Reinforced emergency and crisis response capabilities by continuing to respond to COVID-19 through the Corporate Crisis Management Team, share information, and make improvements, and by carrying out three Corporate-level crisis response trainings that simulated crises in Japan and overseas 	<ul style="list-style-type: none"> Enhance the effectiveness of the Corporate HSE Management System: complete standardization of Corporate HSE Procedures and develop the next Corporate HSE Mid-term Plan Strengthen HSE assurance and governance: conduct three Corporate HSE audits Provide HSE technical support and foster HSE leaders: extend HSE technical support to renewable energy and other projects, and systematically provide HSE training Enhance process safety and asset integrity management: conduct HSE reviews, support safety case implementation, and prepare related policies Thoroughly implement serious incident management: report, investigate, and statistically analyze serious/high-potential incidents, draw lessons from them, and share our findings Reinforce emergency and crisis response capabilities: strengthen defenses against emerging threats such as cyberattacks and the increased severity of natural disasters, and the platforms for security/crisis management 	<ul style="list-style-type: none"> Achieve safe performance of high-risk operations and full prevention of serious incidents by thorough practicing the Life-Saving Rules and strengthening process safety management Carry out actions that help improve HSE management <ol style="list-style-type: none"> Senior executives demonstrate HSE leadership Contribute to carbon-reduction projects through HSE management Perform thorough risk management Strengthen incident prevention efforts Prevent leaks from facility processes Prepare for emerging threats Help to address global environmental challenges and create environmental value Reinforce infection control measures Compliance of executive management, managers, and staff with processes established under the HSEMS Aim to achieve zero incidents and prevent major incidents by more firmly embedding the culture of the INPEX Value "Safety Number One"
	Securing occupational health and safety	<ul style="list-style-type: none"> Strengthened HSE management at worksites by: analyzing HSE culture survey feedback to identify strengths/weaknesses of each division, and using the results to develop an action plan that will be incorporated in the next mid-term plan; and held annual HSE Forum Reduced the number of incidents by: revising the reporting/investigation standards; developing the reporting system and promoting its use; reporting, statistically analyzing, benchmarking, drawing lessons from incidents, and sharing the findings; and introducing incident management-related safety leading indicators Strengthened health management by: implementing measures against COVID-19; conducting a health performance survey; holding health-related seminars; revising the Corporate Health Management Standard; and drafting health risk register standards 	<ul style="list-style-type: none"> Strengthen HSE management at worksites: formulate/implement action plan based on the results of the HSE culture survey; reinforce coordination between Corporate and operator projects; and hold HSE Forum Reduce the number of incidents: issue incident bulletins; draw lessons from incidents; statistically analyze and benchmark incidents; strengthen incident cause investigation; and promote introduction of safety leading indicators Strengthen health management: maintain COVID-19 measures; assess state of occupational health management at operating sites; carry out health programs; and enhance health risk assessments 	
	Biodiversity conservation & water risk assessment	<ul style="list-style-type: none"> Executed and reviewed our Corporate Environmental Management Plan, including initiatives for biodiversity conservation and water management 	<ul style="list-style-type: none"> Execute and review our Corporate Environmental Management Plan, including initiatives for biodiversity conservation and water management 	
		<div>Conservation of biodiversity</div> <ul style="list-style-type: none"> Updated the database of protected areas adjacent to domestic and overseas project sites Participated in forestation and biodiversity conservation activities at domestic projects (some activities were not held due to COVID-19 safety measures) Collected basic information on ecosystems, etc of peripheral areas of our domestic projects (Nagaoka, Joetsu, Kashiwazaki, Niigata) Surveyed the current situation of biodiversity at overseas projects (bird surveys & rare species surveys) Conducted biodiversity monitoring at overseas projects Considered the establishment of a biodiversity conservation policy 	<ul style="list-style-type: none"> Update the database of protected areas adjacent to domestic and overseas project sites Participate in forestation and biodiversity conservation activities at domestic projects Conduct an ecosystem survey in peripheral areas of domestic projects (Nagaoka) Survey the current status of biodiversity at overseas projects Conduct biodiversity monitoring at overseas projects Establish the biodiversity conservation policy Consider revisions to biodiversity conservation targets and KPIs 	
		<div>Water management</div> <ul style="list-style-type: none"> Updated water stress assessments in project areas Assessed the current state of water balance of our businesses and collected/analyzed data on the volume of freshwater/seawater intake and use Considered the establishment of a water risk management policy Responded to the CDP water security questionnaire 	<ul style="list-style-type: none"> Update water stress assessments in project areas Assess the current state of water balance of our businesses and collect/analyze data on the volume of freshwater/seawater intake and use Consider revisions to water risk management targets and KPIs 	









② Indicators to monitor the performance of barriers that prevent Tier 1 and 2 Loss of Primary Containment (LOPC) events

③ Indicators to monitor the implementation and effectiveness of the management systems elements

Sustainability Material Issues: Targets and Achievements

Local Communities

Employees

Sustainability Material Issues	Key Tasks	FY2021 Achievements		FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
Local Communities     	Conducting assessments and measures to reduce impact on local and indigenous communities	Japan	<ul style="list-style-type: none">Maintained positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters	<ul style="list-style-type: none">Maintain positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters	<ul style="list-style-type: none">Contribute to regional development and the addressing of social issues through our business activities, while respecting human rights and the cultures and customs of the areas in which we operateUnderstand and respond to community needs through engagement with stakeholders in the areas in which we operate
		Australia	<ul style="list-style-type: none">Maintained positive relationships with government agencies, industry groups, and local stakeholders through more than 300 dialogues	<ul style="list-style-type: none">Maintain positive relationships with stakeholders and communities through proactive engagement	
	Contribution to local economies	Global	<ul style="list-style-type: none">Invested approximately 2 billion yen in social contribution initiatives	<ul style="list-style-type: none">Continue investment in social contribution initiatives in response to the needs of the communities in which we operate	
		Australia	<ul style="list-style-type: none">Continued to operate five programs through the Larrakia Ichthys LNG Foundation Trust; approved and launched four new programs for supporting elderly peopleDirectly employed 36 Aboriginal and/or Torres Strait Islander people and indirectly employed 100 through contractors, as of the end of FY2021Procured more than A\$10 million of good/services from 17 Aboriginal and Torres Strait Islander businesses from 2019 to 2021Achieved our Reconciliation Action Plan targets for employment and procurement	<ul style="list-style-type: none">Achieve targets set in Reconciliation Action Plan 2019-2022, and develop the next plan for 2023-2025Continue to implement our social contribution strategy	
Employees   	Make INPEX the best place to work	Global	<ul style="list-style-type: none">Continued promoting INPEX Values, including by presenting the annual Values Awards and holding workshops	<ul style="list-style-type: none">Revise plans and measures for promoting INPEX ValuesResume opportunities for overseas office employees to be assigned to our headquarters	<ul style="list-style-type: none">Implement programs and promote a corporate culture that cultivates employee satisfaction/engagementExpand support for employee career developmentCreate a workplace environment that supports diverse workstyles and employee well-being
		Japan	<ul style="list-style-type: none">Continued implementation of our internal recruitment system (job board)Introduced a new scheme to facilitate internal side workContinued providing career consultation to young office workers and holding skill mapping interviews with young technical employeesExpanded career consultation to older workersImplemented well-being workshopsHeld seminars on psychological safetyLaunched Breakthrough Leaders Program for fostering the next generation of managersIntroduced online learning materials to enhance the English-language business communication skills of all employeesStarted coaching sessions for participants in the general manager training programRevised work-from-home arrangementsIntroduced “super flextime” systemHeld two rounds of workplace COVID-19 vaccinationsIntroduced team-building initiativesEncouraged employees to take annual paid leaveHeld health-related seminarsReceived certifications by the 2021 Health & Productivity Stock Selection Program, and the 2021 Certified Health & Productivity Management Organizations Recognition ProgramConstructed a new employee dormitoryContinued measures based on our General Employer Action Plan to promote women's participation and advancement in the workplaceReceived Gold rating in the 2021 Pride Index and Best Practice Award from Work with PrideDeveloped policies for same-sex partners and their children to enjoy the same treatment as the family members of other employeesImplemented unconscious bias training	<ul style="list-style-type: none">Continue/improve the internal recruitment system (job board)Continue/improve the scheme facilitating internal side workDevelop a comprehensive career development system, including career training and consultationDraw up measures for further building and instilling psychological safety in the workplaceEstablish a new leadership training programEstablish a new training program for employees receiving promotionsLaunch Advanced Leaders Program to train candidates for general manager positionsCreate a system for managing employee self-directed learningExpand training, consultation, and other support for young employees in their first or second year on the jobEstablish a new leadership training program for female employeesContinuously receive certifications by the Health & Productivity Stock Selection Program and the Certified Health & Productivity Management Organizations Recognition ProgramExpand occupational physician teamFormulate policies to support personnel with cancer or incurable diseaseConduct a third round of workplace COVID-19 vaccinationsReduce the amount of overtime work (average of all employees) from FY2021 levelIncrease the rate of annual paid leave taken (average of all employees) from FY2021 levelContinue measures based on our General Employer Action Plan to promote women's participation and advancement in the workplaceContinuously receive Gold rating in the Pride Index from Work with Pride, and establish a support program with the assistance of LGBT expertsContinue implementing unconscious bias training	

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Corporate Governance

Our Policy

Our approach to governance is designed 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, we formulated and disclosed our Corporate Governance Guidelines for the purpose of ensuring transparency and fairness in decision-making and achieving effective corporate governance through proactive information disclosure. We also revise the guidelines as appropriate in step with the evolution of corporate governance.

In FY2021, we continued to strengthen and enhance our corporate governance through measures such as formulating the Sustainability Principles through discussions on how to respond to the revised Corporate Governance Code and other discussions at Board meetings.

Management System

For the enhancement of corporate governance, we have established the following advisory bodies to the Board of Directors: 1) the Nomination and Compensation Advisory Committee—the majority of which consists of outside officers including independent Outside Directors—for the purpose of strengthening 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 counsel and recommendations from external experts across a wide range of areas, including domestic/international political and economic outlook, prospects for the energy sector, and sustainability, with the aim of maintaining sustainable growth and enhancing medium- and long-term corporate value. The member attendance rate at committee meetings held in FY2021 was 100% on every occasion. We have also established the Compliance Committee for the purpose of promoting unified compliance initiatives throughout the INPEX Group, the details of which are stated in the Compliance Management System.^①

We have many opportunities to engage in important negotiations with the governments of oil-producing countries, government-owned oil companies, and international oil companies. This requires internal Directors and executive officers who have knowledge, expertise and international experience related to the Company’s business, and in-depth knowledge of both the Company and their particular fields of expertise. Internal Directors in principle hold concurrent positions as executive officers. By adopting this organizational structure, our Board of Directors is better placed to make efficient business decisions. At the same time, this structure helps to ensure the effective supervision of management.

We have appointed five of the twelve 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. We also take advantage of the objective perspectives of Outside Directors, which may differ from those of the Internal Directors. Given their independent standing, Outside Directors are expected to provide 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. We appoint as Outside Directors people who have extensive experience and wide-ranging insights as corporate managers, academics, or other specialists in the resource/energy industry, or in finance, legal affairs or other fields.

As of the end of March 2022, four of the five Audit & Supervisory Board Members are Outside Auditors. The INPEX Audit & Supervisory Board has been established pursuant to laws and regulations of Japan to strengthen the audit function and ensure the independence of auditors and the effectiveness of audits. Further efforts of the Company include assigning audit assistants to the Audit & Supervisory Board Members’ Office—which assists Audit & Supervisory Board operations—and strengthening this board’s coordination with the internal audit

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Furthermore, we regularly hold meetings among Outside Directors, Audit & Supervisory Board Members (including accounting auditors as necessary) and the Representative Directors to exchange opinions on a wide range of themes relating to important management issues, for the development and operation of 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 Directors”, “Meeting of Outside Directors and Audit & Supervisory Board Members (including accounting auditors as necessary)”, and “Meeting of Audit & Supervisory Board Members and the Representative Directors”.

INPEX also promotes gender diversity at the executive level. We appointed our first female executive officer in March 2020, with the appointment of one female Outside Director and one Outside Audit & Supervisory Board Member.

1 Management System

The diagram illustrates the corporate governance and audit structure of INPEX Corporation. At the top is the **General Meeting of Shareholders**, which oversees the **Board of Directors** and the **Audit & Supervisory Board Members (Audit & Supervisory Board)**. The **Board of Directors** includes **Outside Directors** and is supported by the **Nomination and Compensation Advisory Committee** and the **INPEX Advisory Committee**. The **Audit & Supervisory Board** includes the **Full-time auditor** and the **Audit & Supervisory Board Members' Office**. The **Business Operation System** includes the **Compliance Committee**, **Sustainability Committee**, **Corporate HSE Committee**, **Information Security Committee**, and **INPEX Value Assurance System (IVAS) Committee**. The **Executive Committee** and **Representative Director, President & CEO** are part of the **Executive Officers** and **Division and Subsidiaries**. The **Audit Unit** is responsible for internal audit and reporting to the **Audit & Supervisory Board** and the **Representative Director, President & CEO**. The **Accounting Auditor** is responsible for accounting audit and reporting to the **Audit & Supervisory Board** and the **Representative Director, President & CEO**.

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Attendance at the Board of Directors meetings during FY2021

In principle, the Board of Directors meets on a monthly basis, with 16 meetings being held in FY2021. The attendance of all Directors at Board of Directors meetings was as follows.^②

② [Notice of the 16th Ordinary General Meeting of Shareholders p.10&78](#)

Attendance of all Directors at Board of Directors meetings (FY2021)

Position	Name	Responsibilities	Attendance at the Board of Directors
Representative Director and Chairman	Toshiaki Kitamura	—	100% (16/16 times)
Representative Director, President & CEO	Takayuki Ueda	—	100% (16/16 times)
Director, Senior Executive Vice President	Seiya Ito	Senior Vice President, Oceania Projects Head of Overseas Projects	100% (16/16 times)
Director, Senior Executive Vice President	Takahiko Ikeda	Senior Vice President, Technical Headquarters Hydrogen & CCUS Development Office HSE and Compliance	100% (16/16 times)
Director, Senior Managing Executive Officer	Shigeharu Yajima	Senior Vice President, Global Energy Marketing	100% (16/16 times)
Director, Managing Executive Officer	Kimihisa Kittaka	Senior Vice President, Corporate Strategy & Planning Legal Affairs	100% (16/16 times)
Director, Managing Executive Officer	Nobuharu Sase	Senior Vice President, General Administration	100% (16/16 times)
Director, Managing Executive Officer	Daisuke Yamada	Senior Vice President, Finance & Accounting	100% (16/16 times)
Director (Outside)	Jun Yanai	—	100% (16/16 times)
Director (Outside)	Norinao Iio	—	100% (16/16 times)
Director (Outside)	Atsuko Nishimura	—	100% (16/16 times)
Director (Outside)	Yasushi Kimura	—	100% (16/16 times)
Director (Outside)	Kiyoshi Ogino	—	100% (16/16 times)
Director (Outside)	Tomoo Nishikawa	—	100% (16/16 times)

Note: Positions and responsibilities are as of December 31, 2021

Changes in Corporate Governance System Membership

Fiscal Year	Number of Directors	Of which, Outside Directors	Number of Audit & Supervisory Board Members	Of which, Outside Auditors
2017	15	6 (One female included)	5	4
2018	15	7 (One female included)	5	4
2019	13	5 (One female included)	5	4 (One female included)
2020	14	6 (One female included)	5	4 (One female included)
2021	14	6 (One female included)	5	4 (One female included)

Note: INPEX adopts the institutional design of a company with a board of corporate auditors.

Evaluation results of effectiveness of Board of Directors in FY2021

With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues for continuous improvement, the Company evaluates the effectiveness of the Board of Directors each year, and discloses the summary of the results. In line with this policy, the seventh evaluation was conducted in FY2021. The evaluation method and summary of the results are as follows.

Evaluation Method

An interim review of the issues identified in the effectiveness evaluation for the previous fiscal year was undertaken at the meeting with Outside Directors and Audit & Supervisory Board Members held in August 2021. The implementation method of this fiscal year's effectiveness evaluation was also discussed, including how to involve a third-party evaluation body. As a result, the decision was made to retain the Board of Directors self-evaluation method as the effectiveness evaluation in fiscal 2021, as this method was confirmed to be appropriate by the third-party evaluation organization in the previous evaluation. In addition, going forward, we confirmed a policy to appoint a third-party evaluation organization on a roughly three-yearly basis to determine the appropriateness of the method of evaluation and analysis conducted by the Board of Directors secretariat, and the validity of the draft improvement plan.

Subsequently, this fiscal year's implementation policy and evaluation items were deliberated at the meeting of the Board of Directors held in November 2021, including the content of the survey prepared by the Board of Directors secretariat.

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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; and the status of improvement of issues identified in the previous evaluation. An anonymous online survey of all Directors and Audit & Supervisory Board Members was conducted in December 2021. Directors were encouraged to make comments on many of the question to obtain more specific views and opinions.

The results of the survey were consolidated and analyzed by the Board of Directors secretariat, and in January 2022, 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 Directors. Based on that discussion, the following evaluation results were confirmed at the Board of Directors meeting held in February 2022.

Summary of Evaluation Results

- (1) The overall effectiveness of the Board of Directors was confirmed to be sufficient, as in the previous fiscal year.
- (2) The following initiatives received positive evaluations and their continuation

was requested: (i) Implementation of online pre-meeting briefings; (ii) Implementation of lectures and opinion exchange meetings by outside experts; and (iii) Establishment of agenda items to discuss medium- to long-term themes.

- (3) The following issues were identified as future initiatives, in order to secure even further effectiveness for the Board of Directors:
 - Deeper discussions on management strategies, including the planning and progress of initiatives for each of the Net Zero businesses
 - Further invigoration of discussions at Board of Directors meetings
 - Deeper discussions regarding the desired state of the Board of Directors
 - Enhanced discussions on portfolio management.

The Company will continue to improve the effectiveness of the Board of Directors based on the results of this evaluation.

Skill Matrix

We select Directors who have diverse and abundant experience and insights for executing our INPEX Vision @2022, which aims to realize a net zero carbon society in 2050.

The skill matrix of the Company's Directors is shown in the table below.

Directors’ Skill Matrix

Name		Position	Field								
			Corporate management	Global	Finance/ Accounting	Legal/Risk management	Sustainability (ESG)	Technology/DX	Energy	Sales/Marketing	HR development/ Diversity
1	Toshiaki Kitamura	Representative Director and Chairman	●	●			●		●		●
2	Takayuki Ueda	Representative Director, President & CEO	●	●			●	●	●		
3	Takahiko Ikeda	Director, Senior Executive Vice President	●			●		●	●		●
4	Kenji Kawano	Director, Senior Executive Vice President		●				●	●		
5	Kimihisa Kittaka	Director, Managing Executive Officer		●		●	●				
6	Nobuharu Sase	Director, Managing Executive Officer			●	●				●	●
7	Daisuke Yamada	Director, Managing Executive Officer	●		●			●			
8	Jun Yanai	Director (Outside)	●	●		●			●	●	
9	Norinao Iio	Director (Outside)	●	●					●	●	
10	Atsuko Nishimura	Director (Outside)		●		●	●				●
11	Kiyoshi Ogino	Director (Outside)	●	●	●	●					●
12	Hideka Morimoto	Director (Outside)				●	●		●		●

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Process for Determining Directors' Compensation

As an advisory body to the Board of Directors, we have established the Nomination and Compensation Advisory Committee—the majority of whose members are Independent Outside Directors—to help strengthen the independence, objectivity, and accountability of the Board of Directors’ functions in determining the compensation for each Director. Based on the report of the Committee, the Board of Directors establishes a policy for determining the amount of compensation for Directors and the method of calculating such amount. The compensation etc. paid to Directors is no more than the upper limit of the compensation, etc. resolved at the General Meeting of Shareholders.

The Nomination and Compensation Advisory Committee is expected to meet, in principle, at least four times a year to deliberate on major matters concerning the policy for determining the amount and calculation method of compensation for Directors and the details of compensation, etc for each individual and to provide a report to the Board of Directors, and the Board of Directors makes decisions with the utmost respect for the content of that report. The amount of compensation to be paid to each Director (including the final amount of bonuses based on the evaluation of the performance of the division in charge) shall be decided by the President & CEO—who has been entrusted by the resolution of the Board of Directors and who is most familiar with the Company’s management situation—in accordance with the report of the Committee.

Considering the external environment and recent social and economic trends surrounding the Company, the Company may adjust the calculation of the amount of compensation for each Director. This is conducted by resolution of the Board of Directors and after careful deliberation by the Nomination and Compensation Advisory Committee about the appropriateness of the target value and calculation method for performance-linked compensation.

The total amount of consolidated compensation for each Director and Audit & Supervisory Board Member is not disclosed due to the absence of applicable Directors or Audit & Supervisory Board Members who received consolidated compensation of 100 million yen or more, which is the disclosure standard stipulated in the Cabinet Office Ordinance on Disclosure of Corporate Affairs issued by the Financial Services Agency of Japan.

Remuneration for Directors

There are three types of remuneration for Directors (excluding Outside Directors): (i) basic compensation in accordance with the duties of each position; (ii) bonuses as short-term incentive compensation; and (iii) stock-based compensation as a medium- to long-term incentive. Compensation for Outside Directors consists only of basic compensation, so as to preserve the independence of their role.

(1) Basic compensation

- Cash compensation paid to Directors as a fixed monthly compensation in accordance with the duties of each position
- Cash compensation paid (in addition to the aforementioned monthly fixed compensation) to Outside Directors who also serve as committee members

(2) Bonuses

- Performance-linked cash compensation paid each June, taking into account the Company’s performance for the fiscal year in question and the performance of the division in charge
- In addition to the Company’s main financial indicators of: net income attributable to shareholders of the parent company (hereinafter “net income”); and cash flows from operating activities before exploration, the company adopts non-financial indicators including safety indicators (zero major accidents), which are indispensable to fulfill the Company’s mission of stable energy supply. The amount of compensation is calculated based on the evaluation weights in the table below and according to the degree of achievement of these targets. The final amount of compensation fluctuates within the range of 0% to 200%.

Bonus KPI		Evaluation weight
Financial indicators	Net income	45%
	Cash flows from operating activities before exploration	45%
Non-financial indicators	Safety indicators (zero major accidents)	10%

- The degree of achievement of the targets of the divisions under each Director’s jurisdiction, excluding the Chairman, President & CEO, etc., shall be annually evaluated, and the results of the evaluation of each division shall be reflected in the bonus amount of each Director, which is calculated based on the degree of achievement of corporate performance indicators.

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- (3) Stock-based compensation
- Stock-based compensation to be paid to Directors after their retirement that combines performance-linked elements aimed at raising Directors’ awareness of their contribution to the Company’s medium- to long-term business performance and enhancement of corporate value, and fixed elements aimed at strengthening Directors’ awareness of sharing interests with shareholders through ownership of the Company’s shares
 - The standard amount of stock-based compensation is set for each position, and a portion of the standard amount is linked to performance share, while the remainder is comprised of non-performance share stock-based compensation.
 - The Company’s performance indicators for the performance share portion are based on the key management indicators in the Medium-term Business Plan—such as net income, cash flows from operating activities before exploration, return on equity (ROE) and total payout ratio—as well as on the performance indicators for production cost per BOE and net carbon intensity, with the goal of thoroughly strengthening the oil and natural gas business and promoting each of the five net zero businesses. Depending on the degree of achievement of these goals, the amount of compensation will be calculated based on the evaluation weights in the table below, and the final amount of compensation will vary within the range of 0% to 200%.
 - The non-performance share portion is paid as stock-based compensation with a fixed number of shares to be delivered, from the perspective of strengthening the sense of shared interest with shareholders.
 - Stock-based compensation is provided through a system using the Board Incentive Plan Trust. Under this system, points are granted annually to those eligible for the system based on their position, performance, etc., and in principle, the Company’s shares equivalent to the accumulated number of points are delivered from the trust after the retirement of those eligible for the system.

Stock-based compensation KPI		Evaluation weight
Financial indicators	Net income	30%
	Cash flows from operating activities before exploration	30%
	ROE	10%
	Total payout ratio	10%
Non-financial indicators	Production cost per BOE	10%
	Net Carbon Intensity	10%

- The ratio of the President & CEO’s remuneration when the target achievement level for each index shall be 100% is as follows.
- | Category | Percentage |
|--------------------------|------------|
| Basic compensation | 50% |
| Bonuses | 30% |
| Stock-based compensation | 20% |
- For stock-based compensation, in the event that any Director commit a significant improper or illegal act, the Company may cancel or forfeit their right to receive the Company’s shares under the system (malus) and demand the return of cash corresponding to the Company’s shares already delivered to them (clawback).

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Audit & Supervisory Board

We have adopted the auditor system and have an Audit & Supervisory Board consisting of five Audit & Supervisory Board members, four of whom are Outside Auditors. These four Outside Auditors have abundant experience and knowledge of the Company's business, finance, accounting, legal and other fields, which they apply to their auditing duties. In addition, we have established the Audit & Supervisory Board Member's Office, an organization independent from executive divisions, whose role is to assist the Audit & Supervisory Board members in the execution of their duties. Three full-time employees have been assigned to the Office with appropriate knowledge and abilities necessary for that purpose.

In principle, the Audit & Supervisory Board meets monthly on the same day as the Board of Directors meetings, and as necessary. The Audit & Supervisory Board makes resolutions on statutory matters including audit plans, receives reports from the internal audit department and accounting auditors on the performance of their duties, and requests explanations when necessary. In addition, the Audit & Supervisory Board members share information on issues and other matters identified through audit activities and hold discussions on them as necessary.

In FY2021, a total of sixteen Audit & Supervisory Board meetings were held and all Audit & Supervisory Board members attended all of these meetings, as shown in the table below:

Position	Name	Attendance at Audit & Supervisory Board meetings in FY2021
Full-time Audit & Supervisory Board Member	Noboru Himata	100% (16/16 times)
Full-time Audit & Supervisory Board Member (Outside)	Hideyuki Toyama	100% (16/16 times)
Full-time Audit & Supervisory Board Member (Outside)	Shinya Miyake	100% (16/16 times)
Audit & Supervisory Board Member (Outside)	Mitsuru Akiyoshi	100% (16/16 times)
Audit & Supervisory Board Member (Outside)	Hiroko Kiba	100% (16/16 times)

Training for Directors and Audit

To ensure that Directors and Audit & Supervisory Board members can properly fulfill their roles and responsibilities, we explain important matters such as the Company's business and management strategies and business risks to newly appointed Directors and Audit & Supervisory Board members. We also provide each Director and Audit & Supervisory Board Member with necessary training opportunities (training by experts, site visits, etc.).

In addition, we strive to enhance the Board of Directors' cooperation and business knowledge by inviting outside experts in the environment, energy, and other fields to regularly hold lectures and opinion exchanges for the members.

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Internal & Outside Officer Roundtable



INPEX has evaluated the effectiveness of its Board of Directors on an ongoing basis since FY2015, and has taken action to enhance the Board's performance by responding to the issues identified in the process. The Company additionally issued the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) this past February.

Further to these activities, a roundtable discussion was held among internal and outside officers to examine the Board's effectiveness and its role in leading INPEX forward.

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Topic No. 1 The Effectiveness of the INPEX Board of Directors

Sase: Ms. Nishimura, Mr. Nishikawa, and Mr. Akiyoshi, you have served in your current positions for four, two, and three years, respectively. Based on what you've seen in that time, what are your impressions of our Board of Directors' composition, climate, and functioning? Also, has the Board changed in any way?



Nishimura: Diverse challenges have emerged during the several years that I have been a director. Energy companies have reached a turning point. Action needs to be taken on climate change. COVID-19 has had a severe impact on society and the economy. Geopolitical risks are growing. Because of the need to respond to these and other challenges, the Board of Directors has devoted considerable time in its meetings to the discussion of medium- and long-term strategies and ways to further enhance INPEX's competitiveness and enterprise value—more time than is given to discussion of specific projects.

Steps have been taken to improve how meetings are held to ensure those medium-to-long-range issues can be fully explored and the Board can perform more effectively. For instance, outside officers are given enhanced pre-meeting briefings, the agenda is streamlined, and information is shared in a more timely manner.

Another positive change is that the Board membership has been made more diverse. Five of the twelve directors and four of the five auditors are from outside the company. Having a Board made up of people with diverse insights has enabled us to have livelier, more meaningful discussions that incorporate many different perspectives. Also, efforts have been made to increase opportunities for outside Board members to visit operating sites in Japan and overseas. Facility tours and chats with local employees have helped us to better appreciate the importance of operatorship in major projects. And, when visiting Australia, we've been able to meet with government representatives and Aboriginal and Torres

Straits Islander peoples, allowing us to directly hear the thoughts and expectations of local stakeholders. These opportunities have been very informative for us, so I hope that the Company will continue to provide them.

Nishikawa: My impression is that the executive leadership and secretariat have been working in many ways to enhance the Board's performance. Changes such as holding pre-meeting briefings and disclosing the content of Executive Committee meetings have made the Board meeting agenda more clear-cut and reduced the time it takes for executive officers to bring outside officers up to speed on each item. This means we can optimize Board meeting time for important deliberations. I also feel a solid system of support has been put in place, with the Company duly following up on points raised by outside officers and striving to make improvements where needed.

As for the Board's composition, I think it has been made sufficiently diverse through the Company's efforts, including another enhancement made earlier this year. Bringing together people with different backgrounds enables a wide range of insights to be shared in our discussions, and the executive team really strives to tune in to those insights. The result is each topic gets explored and examined from diverse angles. With regard to the ratio of members from outside, I think this should be tailored to INPEX'S standing as both a listed company and a key player in the implementation of Japan's energy policy.

Akiyoshi: I think that Board discussions have become more energized over the past three years. I'm extremely impressed by how the Board is proactive in engaging the outside directors in its discussions, and the eagerness with which the internal directors take part. I hope that INPEX will continue to cultivate a climate that encourages such open-minded discussion.



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In terms of membership, I think that the Board's current size is a good size to enable meaningful discussion. As for its diversity, however, more work should be done to appoint people who can help the Company tackle the challenges outlined in INPEX Vision @2022.

I also hope that the Company will keep up its efforts to enhance the Board's understanding of various topics—particularly with regard to the technical knowledge needed to advance decarbonization—and continue to provide us with opportunities to exchange information and insights on the current state of the energy market, including global supply and demand.

Sase: We will maintain our commitment to deepening the Board's knowledge and understanding through actions such as the enhanced pre-meeting briefings, and hosting lectures by various experts. Further, after the pandemic subsides, we will provide the Board members opportunities for site visits in Japan and overseas.

Topic No. 2 INPEX's Future, as Viewed through the Lens of the Business Environment

Kittaka: In February this year, INPEX set forth its Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022, hereafter "the Vision"). Ms. Nishimura, Mr. Nishikawa, and Mr. Akiyoshi—as three of our outside officers, you were actively involved in the discussions to formulate the Vision. Please tell us your thoughts on the Vision, and the future of INPEX. Also, as the Vision comprehensively deals with sustainability, please share what you think about the sustainability of INPEX.

Nishimura: The Board spent a large amount of time discussing the Vision, based on ample information provided to all directors and Audit & Supervisory Board members. The discussions that eventually led to the Vision's release this past February expanded on talks the Board had when hammering out the Business Development Strategy issued in 2021. I believe that the Vision provides a roadmap that will enable INPEX to surmount the energy market's growing instability and complexity. While the importance of maintaining a stable supply of energy is increasing, the trend toward decarbonization will continue over the medium and

long term, and the movement toward greater ESG investment will likewise pick up steam. The Vision charts a course for INPEX to successfully navigate this setting and play a leading role in developing and stably supplying a clean, diverse mix of energy. That's the future that the Vision articulates for INPEX. It won't always be smooth sailing, but as the Company rapidly expands its business portfolio under the Vision, the Board will make even more concerted efforts to share information with executive management in a timely manner so that all business decisions will be grounded in a solid understanding of the Company's situation. Although it's only been a few months since it was unveiled, I feel INPEX is already ambitiously moving to bring 'a new wind' to the energy market by putting the Vision into action. For example, INPEX has carried out prudent organizational restructure and established a new technology center—the INPEX Research Hub for Energy Transformation (I-RHEX). This bold start has me very excited for INPEX's future.

As for the Company's sustainability, I think it will be largely underpinned by the efforts and achievements made toward the Vision's goal of sustainably supplying the energy needed by society. Of course, this commitment to sustainability is not limited to business—it encompasses ESG and all other aspects of the Company's operation. Therefore, this pursuit will require constant effort.



Nishikawa: The goal of achieving both a net zero carbon society and a stable energy supply is a daunting challenge for the whole world. Meanwhile, the business environment is plagued with growing uncertainty. In a setting like this, it is impossible for companies to make perfect business decisions. The most realistic approach, I think, is to build up an organization that can flexibly and agilely respond to the unexpected. As outside officers, our job is to help the Company construct this kind of organization, by making sure that corporate governance is functioning as intended. Of course, a company

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doesn't run solely on the efforts of its officers—it will be increasingly imperative for all employees to drive INPEX forward to success. For this to happen, the Company's leadership has to take certain actions, such as providing an adequate share of profits to employees. INPEX also needs to be a company where employees can experience the appeal and reward of being part of cutting-edge efforts to realize a net zero carbon society. I really want the Company to work together as one big team as it takes on the daunting challenge at hand.

Sase: One of the Vision's aims is to lay the foundation to make INPEX "a most rewarding company to work for". I firmly recognize the importance of that aim and want to help lead our Company to achieve it.

Akiyoshi: The realization of a stable energy supply and a net zero carbon society is a global sustainability challenge that INPEX is tackling head on. And it cannot be solved unless employee engagement is taken to a higher level. I believe the hiring and training of talent is intrinsically linked to INPEX's future and therefore a critical activity. I especially encourage the Company to get an early start on boosting its efforts for talent acquisition.



Nishimura: I also think securing outstanding talent is an important issue for INPEX. I currently teach at a university, so I have opportunities to interact with young people. They show a sense of ownership toward global challenges. Many of them want to be part of the efforts to solve those problems in some way or another. I think that INPEX should boldly showcase its standing as a company that can help the world to overcome global challenges and achieve the SDGs. I think the Vision will strongly appeal to younger generations, so I would like INPEX to more actively promote it outside the Company.

Nishikawa: I think that one effective way of developing our younger talent would be to provide them with regular opportunities to study and share insights with peers and mid-level workers at companies in other industries. A surprisingly large number of people know very little about industries outside their own, so I believe that learning about other domains would be a rich source of ideas that our employees could put to use in their jobs.

Kittaka: It think that it's necessary for us as executive managers to proactively leverage INPEX's strengths in ways that foster employee solidarity. We need to have our outside officers provide their diverse insights to help us evolve the five net zero businesses into strengths.



Akiyoshi: Within those five businesses, I especially see potential in hydrogen/ammonia and CCUS, as they are areas where INPEX can play to the strengths the Company has cultivated over the years.

Nishimura: INPEX's future will be largely decided by how we target our investments in the years ahead. To make the right choices, the Company needs to get a precise handle on the changing environment and view everything from a long-range perspective.

Nishikawa: Instead of trying to go it alone, INPEX should lead the energy industry and actively pursue collaboration with other businesses and academia.

Sase: Thank you, everyone, for sharing your valuable insights today. Your inputs will help us in our efforts to further enhance the Board of Directors' performance and accelerate the implementation of INPEX Vision @2022.

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Risk Management

Our Policy

We strive to accurately identify and assess the complex and diverse risks inherent in the business environment and to implement risk prevention measures and systems needed to minimize those 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 and social conditions, laws and regulations—and other risk factors inherent in our business processes—that is, in the exploration, development, production, transportation, and sale of natural resources. We have implemented internal controls under Japan's Financial Instruments and Exchange Law (known as "J-SOX") based on the COSO^① framework. Each Project Division also performs risk management related to occupational health, safety and environment under the HSE^② Management System.

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

① The Committee of Sponsoring Organization of the Treadway Commission
 ② Health, Safety and Environment

Risk Management System

We are committed to continuously improving our risk management system, which is designed to identify and manage the risks associated with business operations. We establish systems that prevent and minimize the occurrence or spread of loss or damage to maintain and reinforce the trust of our customers, business partners, investors and other stakeholders, and to maximize our corporate value.

We have adopted a division system in the Company and assign Directors and executive officers as the head of each division to establish a system of responsibility and efficiently manage business operations. The divisions work closely together to conduct risk identification, analysis, and evaluation in accordance with our internal regulations, guidelines, and other rules. The material risks identified are reported to the Executive Committee and/or the Board of Directors, which provides comprehensive reviews and decisions on action plans to

manage those material risks. For example, when acquiring concessions and formulating development plans for exploration and production (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.

As regards 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 cooperate with the relevant corporate departments. Regular examinations and assessments are also conducted either by an internal audit team that reports directly to the President & CEO or by external experts. By giving feedback on these results to each department in charge, we can review and update our risk management system related to day-to-day operations to respond to changing conditions in the business environment in a timely manner.

Furthermore, to realize Medium-term Business Plan and other main business objectives, the Executive Committee discusses and approves the Fiscal Year Plans & Targets in which annual goals for each department are defined in a manner to reflect the short- and medium-term goals. This process also incorporates identified material risks and associated mitigation/management plans. Each department subsequently carries out initiatives to achieve its targets and reviews its progress at the middle and end of each fiscal year.

In accordance with the internal rules on group management, we conduct group-wide risk management of the Company's subsidiaries in collaboration with each subsidiary. In particular, we require our subsidiaries to cooperate in audits carried out by the internal audit department under the direct control of the President & CEO of the Company and other relevant departments or an external expert to verify and evaluate the management of risks related to the daily operations of the subsidiaries. Based on the results of such verification and evaluation, we have our subsidiaries conduct continuous review of their risk management in response to changes in the business environment. We have established the Standards for Evaluation and Selection of Independent Auditors, which mandate 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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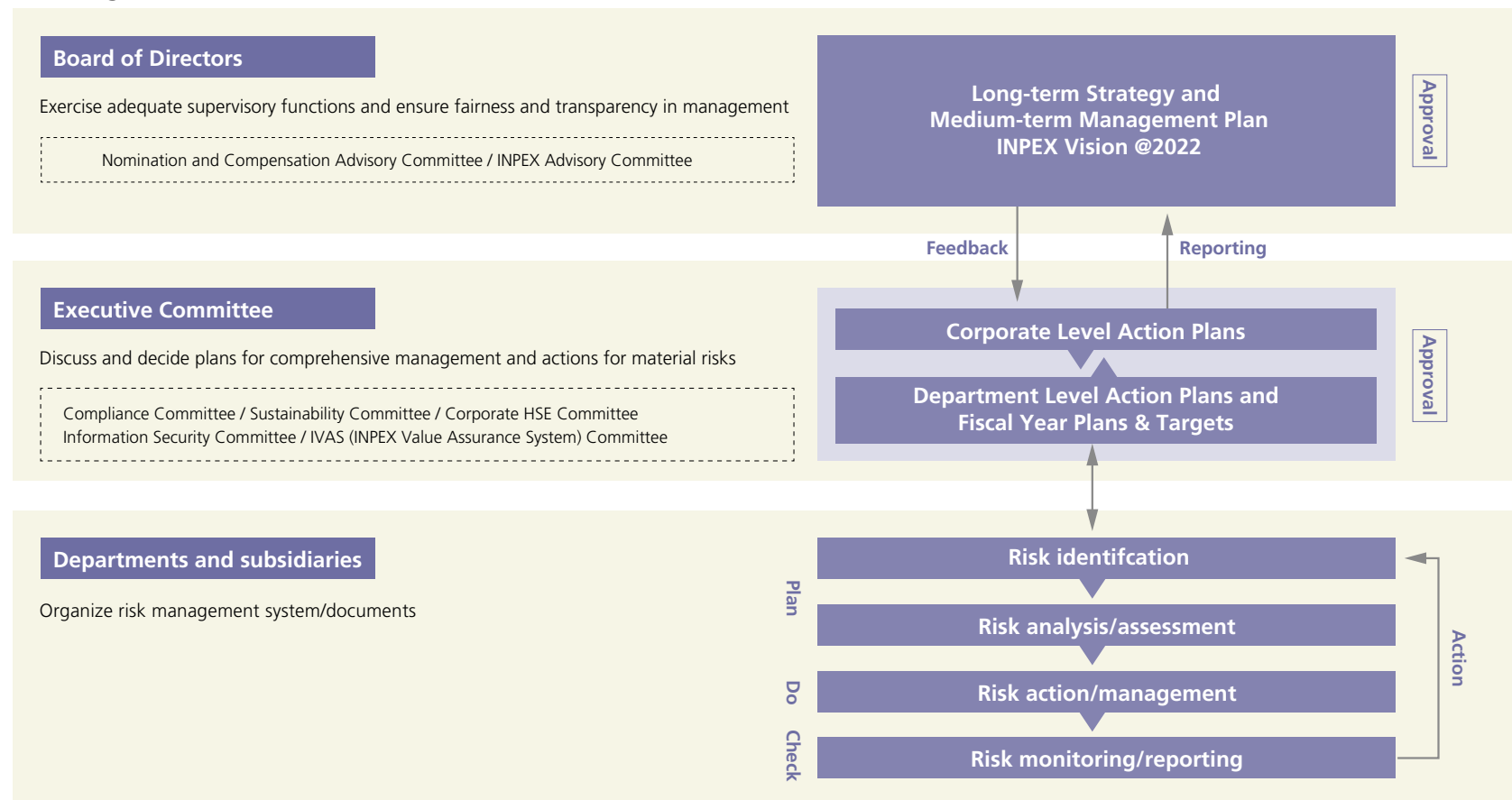
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Risk Management Structure



1 Characteristics and risks of the oil and natural gas development business

- (1) Risks of disasters, incidents, system failures, etc.
- (2) Risk of failure in exploration, development or production
- (3) Dependence of production volume on specific regions and mining areas
- (4) Risks related to contract deadlines, etc.
- (5) Risk of change in reserves of crude oil, condensate, LPG, and natural gas
- (6) Operatorship-related risks
- (7) Risks related to project partners

2 Impact on financial results from fluctuations in crude oil prices, natural gas prices, foreign exchange rates, and interest rates

- (1) Impact on financial results from fluctuations in oil prices and natural gas prices
- (2) Impact on financial results from fluctuations in foreign exchange rates

- (8) Risk attributable to a large capital investment and lengthy period of recovery of funds for the oil and natural gas development business
- (9) Risks related to future abandonment

- (3) Impact on financial results from fluctuations in interest rates

3 Climate-related risks

- (1) Policy and regulatory risks
- (2) Technology risks
- (3) Market risks
- (4) Physical risks

4 Country risks in overseas business

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Operational Risk Management System

To manage diverse risks related to our business, we have introduced guidelines for economic evaluations and risk assessment to individual projects. We analyze and evaluate the feasibility of potential new projects based on identified major risks, and we respond to these risks. For existing projects, we convene the INPEX Value Assurance System (IVAS) Committee as a mechanism for cross-organizational technical evaluation in each phase of exploration, evaluation, and development. In addition, we conduct economic evaluations and risk assessments in principle at least once a year, and provide an annual summary report of risk assessment results for major projects to the Board of Directors.

To enhance our ability to respond to emergencies caused by large-scale accidents and disasters, we have established the Emergency and Crisis Response Plan and conduct emergency response drills on a regular basis to proactively manage risks related to our business. To prevent the suspension of important operations, we have established the Business Continuity Plan (BCP^①), which is reviewed as necessary. Our Information Security Committee also meets regularly and as needed to implement systematic and organized information security measures, as well as education and training, including concerning the prevention of information leakage.

With respect to HSE risks, we identify, analyze, and evaluate risks for each business location based on the Risk Management Procedure established under the HSE Management System to promote continuous improvement activities in occupational health and safety management, environmental management, and security in our business activities. In addition to formulating and implementing risk control measures, our HSE risk management status is regularly reported to our headquarters and regular workshops held to ensure that the headquarters continuously checks the status of HSE risk management.

We manage financial risks presented by fluctuations in crude oil and natural gas prices, foreign exchange rates, interest rates and securities prices by identifying the risks of fluctuations in each of these areas and establishing methods for managing and hedging these risks.

We have also established guidelines for managing country risks in the countries and regions where we operate, and manage those risks by setting target limits on the cumulative investment balance in countries with high risk.

For legal risks, we have established a system to provide appropriate legal advice to divisions and management on major contracts and lawsuits.

^① 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

Climate-related Risks

We implement assessment and management of climate-related risks in line with the TCFD^② recommendations. Risk and opportunity assessment and management are described on page 56^⑦.

We include policy and legal transitions, technology and market transitions, and reputation as transition risk areas. For physical risks, we identify acute and chronic risks. We also apply short-, medium- and long-term classifications to each of these risk categories. The Climate Change Strategy Group within the Corporate Strategy & Planning Unit acts as the secretariat and conducts risk assessment and management on the annual cycle. Company-wide workshops are conducted given the importance of the development process for assessing, preventing and mitigating climate-related risks. The Climate Change Strategy Group serves as the secretariat at these workshops, and the Climate Change Strategy Working Group—an advisory body to the Sustainability Committee (chaired by the President & CEO)—participates in the discussion. The Working Group consists of members from each business division and also has knowledge of CSR and sustainability issues. The discussions, studies, and proposals from each business division are integrated into the company-wide risk assessment process.

We use the following two methods to financially assess climate-related risks. The first is an economic evaluation of projects using internal carbon pricing, and we are currently conducting an economic evaluation with internal carbon pricing applied as a base case. The second method is a financial assessment of our business portfolio. We financially assess the market risk that the oil and carbon prices in the IEA^③ WEO's Sustainable Development Scenario (SDS; a scenario consistent with the Paris Agreement goals) pose to our entire portfolio.

In addition, a cross-organizational team regularly carries out physical risk assessments. In FY2019, we identified risks at major facilities in Japan and Australia during a physical risk assessment trial at our operator facilities. In FY2021, we verified the status of physical risk assessments performed on the major projects for which we hold non-operator status.

^② Task Force on Climate-related Financial Disclosures

^⑦  Assessing and Managing Climate-related Risks and Opportunities

^③ International Energy Agency

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Supply Chain Risk Management

Our Group procures approximately 200 billion yen per year in goods and services from approximately 2,000 suppliers. To manage risks in our supply chain, we take appropriate actions in prevention, detection, and correction. As preventive controls, we require suppliers to comply with labor and environmental laws and regulations and respect the INPEX Group Human Rights Policy. These requirements are built into our standard contracts.

Furthermore, we strive to provide fair opportunities to all suppliers in the selection process, and award supplier contracts based on fair, impartial, and transparent assessments. During the bidding process for overseas operator projects, we conduct comprehensive assessments of bidding companies’ 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. For projects in Japan, during the bidding process for large-scale construction, we also conduct a comprehensive assessment according to the INPEX ABC Policy and HSE requirements to ensure fair and impartial procurement.

As detective controls, we have established a supply chain risk assessment system, and have been conducting a self-assessment survey of our major suppliers since FY2018. This survey enables us to monitor the compliance systems of our suppliers and identify risks. A total of 23 companies have responded to the survey over the past three years.

Key items monitored:

- Human rights and labor
- Health and safety
- Fair business practices
- Environment
- Contribution to local communities
- Approach to business partners.

In addition, we monitor risks through our grievance mechanism and HSE audits.

We also work to strengthen risk management in our supply chain through engagement with our suppliers. In Japan, we are seeking to improve HSE in supplier operations by holding HSE Liaison Meetings with our major suppliers. Activities include: i) explanation and dissemination of INPEX’s HSE Objectives and activity programs; ii) explanation and sharing of information about incidents and near misses; and iii) introduction and sharing of HSE-related information from the

above suppliers and hearing their thoughts on HSE. In addition, in FY 2021, we held a seminar on human rights inviting external presenters.

In Australia, we have opportunities for engagement with our main suppliers by meeting regularly with them to review their performance in terms of HSE, quality and service content, as well as by exchanging views in a timely and appropriate manner on risks to our business and corresponding mitigation measures.

As for corrective controls, we take corrective actions against suppliers assessed as high risk through detective controls, including: i) improvement activities through HSE audit and ESG audit; and ii) avoidance and mitigation of risks, including through review of contracts.

Large-scale Natural Disaster and Pandemic Countermeasures

Large-scale Natural Disaster Countermeasures

We assess the risk of natural disasters that may occur at each of our business locations and implement appropriate prevention and mitigation measures for each natural disaster, such as earthquakes, and heavy rainfall and flooding. In addition, for unexpected events, we have prepared an emergency response plan and a Business Continuity Plan (BCP) to protect lives in the event of damage and to quickly restore business operations.

We also have a BCP and an initial response manual in place for our headquarters area, designed for the scenario of an earthquake centered directly under the Tokyo metropolitan area, and prepared based on the damage assumptions made by the Cabinet Office of Japan’s Central Disaster Management Council. Our policy on business continuity clearly expresses company-wide values prioritizing the maintenance of stable energy supply while ensuring human safety and environmental preservation. The BCP and other manuals also stipulate 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. We conduct an annual crisis response drill for the aforementioned earthquake scenario, as outlined by our BCP and other manuals. We use the lessons learned from the drill to continuously strengthen our disaster preparedness, including by improving our manuals and reviewing our materials, equipment, and reserves.

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Novel Virus and Pandemic Risk Countermeasures

We have long had in place an infection prevention manual for implementation against pandemics caused by virulent novel influenza viruses. We also have formulated a pandemic BCP for ensuring the safety of our employees and handling related crises. This commitment to pandemic preparedness is a necessary part of fulfilling our responsibility as an infrastructure company that continuously supplies crude oil and natural gas even during crises.

In response to COVID-19, we established a Corporate Crisis Management Team headed by the Representative Director, President & CEO. The team meets regularly to ensure that countermeasure policies are implemented thoroughly and that pandemic-related information is shared throughout the Company. Moreover, we have established a local crisis response team at each of our domestic and overseas offices and sites. These are headed by the local managers and enable actions to be closely tailored to the local situation. Furthermore, by applying the aforementioned BCP, we have been able to smoothly respond to major changes in the pandemic situation, such as the state of emergency declared by the Japanese Government in April 2020. We have also been able to continuously maintain the supply of crude oil and natural gas even while drastically reducing the number of employees who go into offices or sites. In addition, in order to respond to the volatile situation and further impact of COVID-19, the BCP is continuously updated to increase its effectiveness and expand its applicability to general infectious diseases.

The following are the main specific infection risk controls that we are implementing in the headquarters area:

- (1) Introduction of a work-from-home scheme for all administrative divisions throughout the Company
- (2) Introduction of a flextime system without core working hours
- (3) Ensuring compliance with rules for social distancing at the office, restriction of visitors, disinfection, body temperature measurement, and mask wearing

We are also committed to implementing thorough infection control measures at our domestic and international operating sites to fulfill our important social mission of providing a stable supply of energy, and we have maintained stable operations even during the global COVID-19 pandemic.

For details on specific countermeasures at our operating sites, please refer to "Special Report 3: Our Responses to COVID-19."^④

④ [Special Report 3: Our Responses to COVID-19](#)

Information Management

Our Group has established the "Basic Policy for Information Security" to maintain the confidentiality, integrity, and availability of information that it holds. Furthermore, we establish information security rules and regulations, develop management systems, and systematically implement systemic, physical and personnel measures necessary to protect information assets. This is done under the leadership of the Information Security Committee, a Company-wide control organization made up of Directors and other members.

We endeavor to prevent internal leaks of information by taking action to increase employees' information security awareness and to more firmly implant the values and culture essential for proactively safeguarding our information assets. These efforts include not only system enhancements, but also educational support such as regular e-learning courses and training on targeted emails.

We also strive to defend our information assets from external attacks through systems-related countermeasures as well as regular security assessments performed by an external security vendor. Moreover, we have a threat monitoring and response system in place to detect attacks and take corrective action against them.

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Our Policy

As one of our Sustainability Principles—and under the leadership of our top management—we will comply with laws, rules and regulations and engage in ethical business conduct in accordance with all international norms and the social norms that exist at our business locations. With respect to tax affairs, the executives and employees of the INPEX Group acknowledge it is one of our key social responsibilities to contribute to the socioeconomic development of the countries and regions in which we operate by properly paying taxes in accordance with the applicable laws and regulations, and by ensuring the transparency of our tax affairs.

As part of our commitment to maximizing shareholder value, we strive to optimize tax expenses by utilizing available tax incentives and eliminating double taxation in the normal course of business activities. At the same time, we do not engage in tax planning with the intent of avoiding taxes or use countries or regions with no taxes or extremely low tax rates (so-called 'tax havens') for tax avoidance purposes without any actual business activities involved.

Tax Governance Structure

As we expand our business globally, our overseas subsidiaries and cross-border transactions with those subsidiaries are similarly increasing. Legislation governing international transactions has been developed in Japan and other countries based on the BEPS 2015 Final Reports issued by the OECD/G20 BEPS Project^⑫ in October 2015, and the environment surrounding international taxation continues to change significantly. In accordance with those changes, we are enhancing tax governance to appropriately respond to taxation risks associated with international transactions. As a part of these initiatives, we have established the INPEX Tax Policy by resolution of the Board of Directors and published it on our website^⑪ to cultivate an awareness of tax compliance among all INPEX Group executives and employees. The Senior Vice President of Finance & Accounting is in charge of such initiatives.

In September 2021, we enacted our Tax Management Rules to promote the tax compliance behaviors of our executives and employees in line with our Tax Policy. We also introduced the Tax Management Policy, which stipulates the establishment and operation of a tax management system in accordance with the

Tax Management Regulations.

⑫ Project to review overall international tax rules to prevent excessive tax avoidance by global companies using gaps and loopholes in the international tax system.

⑪ [Tax policy](#)

Taxation Risks

We identify taxation risks as important business issues. In compliance with our Tax Policy, our departments in charge of tax affairs work to deepen their understanding of the tax laws in each country in which we operate, in addition to transfer pricing rules, other international tax laws, and OECD tax guidelines. Those departments also cooperate and communicate closely with business divisions to mitigate taxation risks. We also make effective use of our external advisors' expertise in relation to mitigating tax risks.

Relationships with Tax Authorities

We strive to build constructive, trustful relationships with tax authorities and pay taxes appropriately, such as by obtaining certainty through advanced pricing agreements.

Tax Transparency

There is global movement for greater transparency and information disclosure in relation to corporate tax-related activities. As an example, the government of Australia—one of our core business areas—issued a set of principles defining the tax information that large enterprises should voluntarily disclose^⑬. In response to this, we annually publish the INPEX Australia Tax Transparency Report^⑭ on our website to consolidate our Australia-related tax information, including an overview of our local tax governance and cross-border transactions, and how much tax we pay. In addition, we publish annually the amounts of tax and other payments made to the governments of EITI participating countries^⑮. Our consolidated income taxes paid in FY2021 amounted to 352,735 million yen.

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

⑬ Voluntary Tax Transparency Code released by the Australia's Board of Taxation

⑭ [INPEX Australia 2020 Tax Transparency Report](#)

⑮ [ESG Performance Data](#)

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INPEX is systematically developing a compliance structure—an indispensable requirement for its sustainable development—and strives to ensure compliance with laws and regulations and adherence to corporate ethics. Specifically, we have established the Compliance Committee, which formulates basic policies and plans pertaining to compliance, deliberates significant matters, monitors the effectiveness of compliance-related regulations, and supervises the implementation of compliance programs to promote unified compliance initiatives throughout the INPEX Group. The committee also develops and revises compliance-related rules.

In addition, under the Sustainability Principles,^① we have established the INPEX Group Code of Conduct, which defines the practices to be followed to ensure compliance and thereby supports observance of the Business Principles that guide how we conduct our business.^② We are also working to raise awareness of compliance among our executives and employees. The Business Principles and Code of Conduct were established by respective resolutions of the Compliance Committee and the Board of Directors, and are continuously reviewed in light of changes in the external environment and legislative requirements.

① Sustainability Principles

② Business Principles and Code of Conduct

Anti-bribery and Anti-corruption

Anti-bribery and anti-corruption laws and regulations are becoming more and more strict each year. As a global company with projects in about 20 countries around the world, INPEX recognizes the importance of taking a zero-tolerance policy towards bribery and corruption. Accordingly, all executives and employees are required to always act with integrity, which is one of the INPEX Values^③ shared across our entire organization.

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

We have participated in the United Nations Global Compact since December 2011 and have declared our commitment to preventing corruption. Moreover, we established the INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy^④ and related rules under our Code of Conduct, and are implementing measures to prevent bribery and corruption.

③ INPEX Values

④ INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy

Management System

We have established a system whereby the director in charge of compliance and the Compliance Committee can promptly consider and take actions 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 (our internal audit department), and the equivalent bodies or departments in our subsidiaries to: (1) develop and implement compliance measures; (2) monitor implementation; (3) raise compliance awareness; (4) receive reports on compliance violations and conduct investigations; (5) issue warnings and take other measures in response to violations; and (6) institute measures to prevent the recurrence of violations. In addition, the director in charge of compliance reports to the Board of Directors in relation to the above activities on a regular basis and as required. There were no cases of serious compliance violations in FY2021.

In addition, to ensure coordination between the Committee and INPEX workplaces, we have appointed compliance promotion managers and personnel in every workplace and take action to disseminate and deepen awareness of compliance across the workplace.

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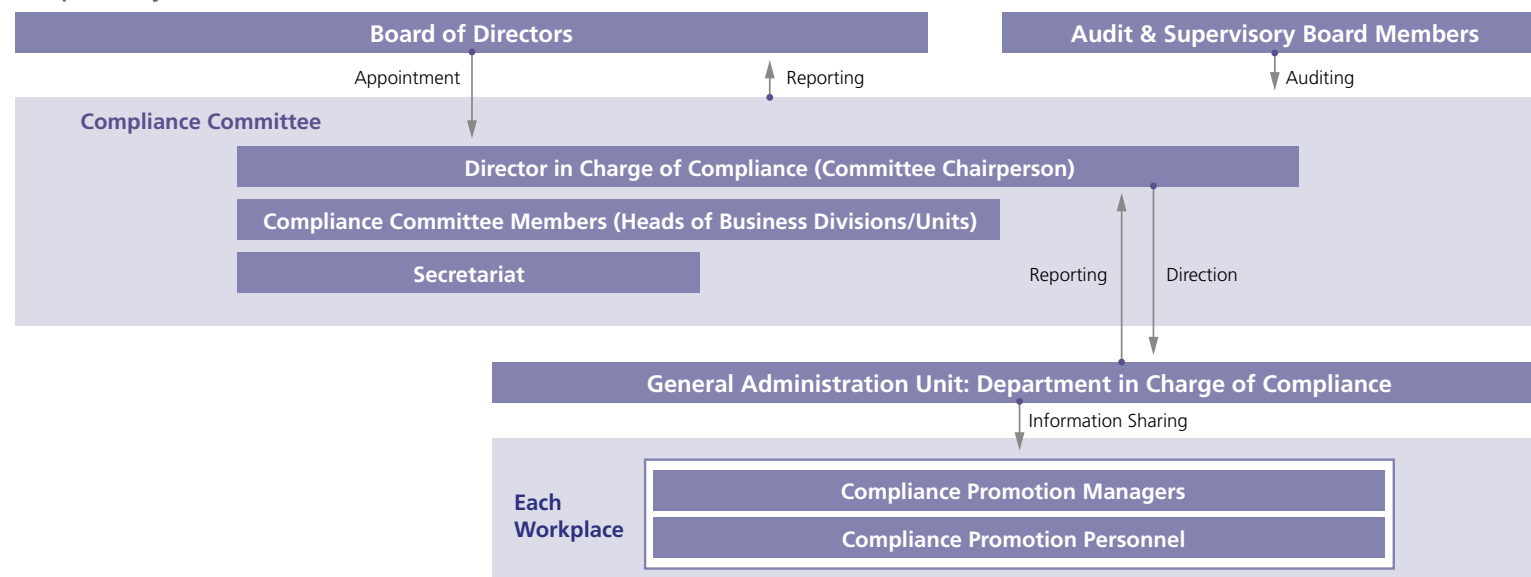
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We continue to work on the appropriate management of bribery and corruption prevention initiatives, compliance education and the global compliance system, and maintenance and operation of our whistleblower system with undergoing internal audits.

Compliance System



Compliance Training

We regularly conduct compliance training for all members of our organization to inform and encourage them to carry out their duties in compliance with laws and regulations. Training covers specific topics—such as prevention of harassment and discrimination—and include sessions targeted at specific employment roles/ranks. The program for FY2021 included harassment prevention training for general employees at operating sites in Japan, and training on anti-bribery/anti-corruption and the Anti-Monopoly Act for operating sites and Group companies in Japan.

We are also adapting and implementing our Code of Conduct at overseas offices in line with local laws and regulations as part of our efforts to strengthen our global compliance structure. Data on trainings held in each country are listed in the ESG Performance Data.^⑤

⑤ ESG Performance Data

Compliance assessments and harassment prevention training for managers

In addition to the compliance awareness survey we conduct every three to four years, we carried out compliance assessments in FY2020 and FY2021. The assessment consists of eleven questions in three categories: power harassment, sexual harassment, and communication. We then hold harassment prevention trainings for managers based on the assessment results. Training is conducted through group discussions and other activities, and includes instruction on how to prevent harassment of and interact with staff.

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Whistleblower System and Grievance Mechanism

We actively respond to inquiries, complaints and grievances from all stakeholders—internal and external—at our domestic and overseas business locations.

We have set up a Helpline under the Whistleblower System that we established pursuant to Japan's Whistleblower Protection Act. In June 2020, we also launched the INPEX Global Hotline with local language support, which specializes in three business-critical risk areas: bribery and corruption, violation of antitrust laws (competition laws), and accounting fraud. This hotline is open to all INPEX executives and employees worldwide. The Whistleblower System helpline has internal and external (law firm) contact points, and the INPEX Global Hotline is administered by an external service provider. The Helpline also covers reports on discrimination, human rights violations, harassment and any other misconduct.

Reporting can be completed anonymously, and INPEX is committed to protecting whistleblowers from any negative consequences. In addition, the content of reports from whistleblowers and the results of investigations and responses are promptly reported to the Full-time Audit & Supervisory Board Members to ensure that the Whistleblower System functions more effectively.

During FY2021, five whistleblower reports were made internally, and three to the external contact point. Taking into consideration the advice of attorneys and other experts, the Compliance Committee promptly and appropriately responded to each report in accordance with the Whistleblowing Rules. None of the reports pertained to bribery and corruption, discrimination, or human rights abuses. The number of consultations for each country is stated in the ESG Performance Data.⁶

We have a dedicated page on our website to manage inquiries and grievances from external stakeholders—including local residents and suppliers—and we respond to their feedback in a timely and appropriate manner.

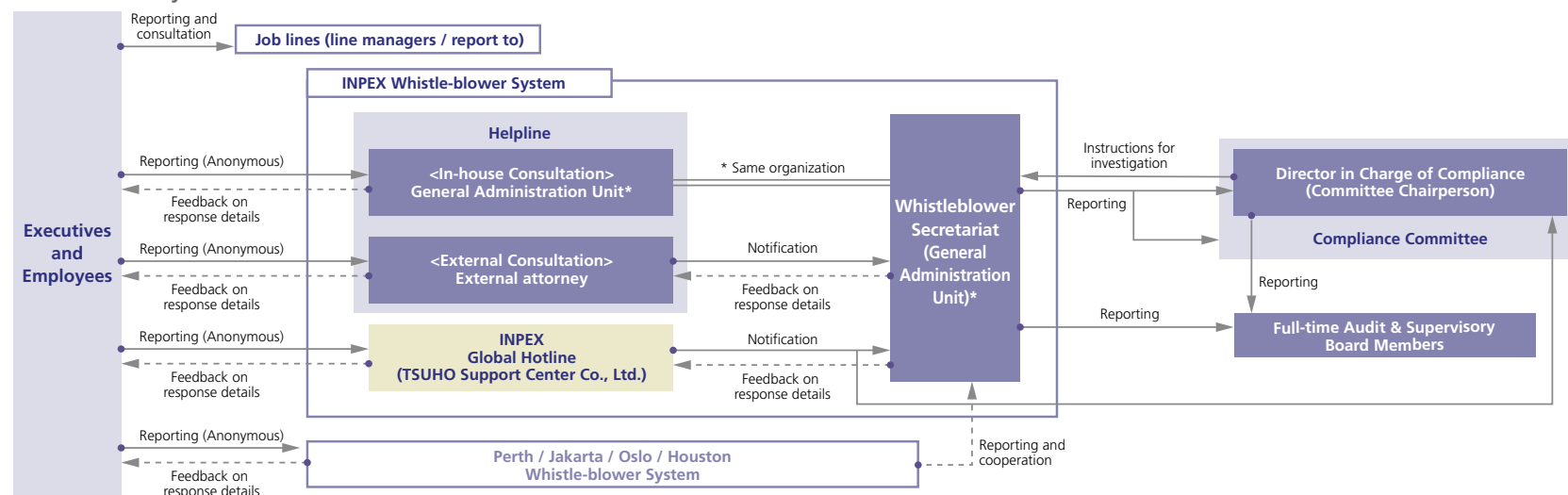
In Indonesia, in addition to the website, we provide support in the local language. In FY2021, two grievances were filed in Indonesia, and were appropriately addressed in line with the established procedure.

In Australia, a procedure has been established for community engagement and grievance management to appropriately address inquiries and grievances received from local communities.⁷ In FY2021, no grievances were reported in Australia to which the procedure applies.

⁶ [ESG Performance Data](#)

⁷ [Addressing Community Feedback](#)

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Anti-bribery and Anti-corruption (ABC) Initiatives

Our ABC Guidelines went into effect in October 2014 with the approval of the Compliance Committee. In FY2017, we revised those guidelines to establish our ABC Policy and formulated our ABC Procedures.

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 ABC. The policy is disclosed on the Company's website.

In line with our policy and procedures, we require pre-approval of giving or receiving gift and entertainment, and we properly conduct the necessary due diligence regarding ABC risks of potential business partners. In FY2021, 57 cases of due diligence were performed in Japan, based on the risk level of each prospective partner.

We have conducted ABC risk assessments at our headquarters and overseas offices since FY2015, and have taken measures based on the results to further enhance the design and operation of ABC compliance systems. In FY2020, we conducted risk assessments at our domestic offices. In FY2021, we added ABC training to our ongoing compliance training for new graduates and mid-career employees, and conducted ABC trainings at our domestic offices and Group companies.

Our head office regularly shares information and exchanges views on compliance activities with our major overseas offices in Perth and Jakarta to further improve our global ABC compliance system. In addition, a global compliance meeting—inaugurated in FY2020—was held again in FY2021. Compliance promotion officers from headquarters and overseas offices in nine countries met to exchange opinions on ABC issues and initiatives.

In FY2021, there were no major violations or disciplinary actions related to ABC.

Heightening Transparency through EITI Participation

Since October 2012, INPEX has been participating in and supporting activities of the EITI.^① This multinational initiative aims to improve the transparency and sound management of the flow of funds from extractive industries to the governments of resource-producing countries. As of December 31, 2021, 56 implementing countries, many supporting countries (including Japan), companies in extractive industries, and nongovernmental organizations were participating in the EITI. We provide the EITI with data concerning the participating countries where we operate projects.

^① Extractive Industries Transparency Initiative

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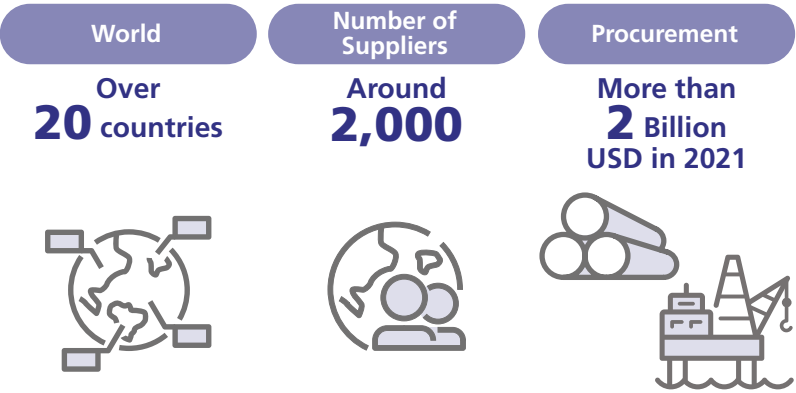
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As a company that manages projects in about 20 countries worldwide, INPEX recognizes its important role in fair and impartial procurement and supply chain management. Our Details on Ethical Procurement Guideline expressly prohibits impediments to fair and impartial competition, abuse of a dominant bargaining position, and inappropriate granting or receipt of benefits, and requires protection of the confidentiality of suppliers’ information and technologies. In addition to that fundamental policy on procurement, we require our executives and employees to comply with our Code of Conduct and Sustainability Principles for the 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 suppliers’ continued commitment through regular surveys and monitoring.



Management System

The Compliance Committee consists of directors and executive officers, including the Senior Vice President of Logistics & IMT, which is the division responsible for supply chain management. The committee 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. In FY2021, the Sustainability Committee discussed external assessments of our supply chain management, and our initiatives in this area.

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

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, the United Nations Guiding Principles on Business and Human Rights, and the principles of the United Nations Global Compact. In May 2017, we issued the INPEX Group Human Rights Policy to clearly define our commitment to respect human rights and provide a compass for fulfilling our responsibilities in this regard. In accordance with that policy, we implement measures to address the human rights of all stakeholders in each country and region where we operate, including stakeholders in our supply chains. Our Human Rights Policy prohibits all forced labor and child labor and affirms our respect for freedom of association and protection of the right to organize.

To comply with the United Kingdom Modern Slavery Act 2015, since FY2016 we have annually released a statement on our website to disclose the policies, systems and measures that we have in place to prevent slave labor and human trafficking within the Company and throughout the supply chain.

Embedding Human Rights into Our Approach

Our approach to human rights is outlined in the INPEX Group Human Rights Policy approved by our Board of Directors. The director in charge of compliance, who is appointed by the Board of Directors, chairs the Compliance Committee, and reports to the Board of Directors on human rights-related risks and performance.

The INPEX Group Human Rights Policy, Sustainability Principles, Business Principles, and Code of Conduct require all INPEX Group executives and employees not only to comply with laws and regulations but also to respect social norms and act with high moral values. Our Code of Conduct 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 are careful to avoid being 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—meets regularly to ensure strict compliance with corporate ethics and the Code of Conduct. The General Administration Unit manages day-to-day responsibility for human rights and serves as the secretariat of the Compliance Committee. It also regularly holds liaison meetings of representatives from each business unit to promote the above-mentioned human rights initiatives, including the prevention of harassment.

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Human Rights Due Diligence

Since FY2016, we have been conducting human rights due diligence at domestic and overseas sites as part of efforts to enhance our human rights management. We discovered some human rights risks in the form of poor grievance handling processes of our suppliers and external business partners. These risks were also reflected in questions asked in the self-assessments of major suppliers. Since then, we have continued discussions with each site to ensure implementation of the PDCA cycle through the following actions.

Desktop Investigation

- Utilizing the database of RepRisk—a provider of the ESG risk research and analysis—identify potential instances of human rights violations in the oil and gas sector in the following five areas: child labor, forced labor, freedom of association and right to collective bargaining, employment discrimination, and social discrimination.
- Classify the country risk of the areas in which we operate into three levels (high/medium/low) based on documents issued by Verisk Maplecroft and other research organizations.

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 locations to understand the status of responses to human rights risks identified through the desktop investigation.
 - The survey content was reviewed in February 2022.

Examination and Implementation of Action Plans

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

Human Rights Due Diligence in Projects

For the projects in which INPEX serves as the operator, we manage social and environmental risks—including human rights-related risks—based on the IFC Performance Standards, which are a globally recognized benchmark for environmental and social risk management. Compliance with these standards within Ichthys LNG operations is monitored through regular reports and audits. The set of standards includes IFC Performance Standard 2 – Labor and Working Conditions, which covers child labor, forced labor, working conditions, and grievance mechanisms.

For projects in which we participate as a non-operator, in FY2020, we surveyed the operators of each project to confirm the status of their human rights initiatives.

Salient Human Rights Risks

INPEX invited an external human rights expert to conduct a human rights risk assessment on our operated projects. The key objectives of the assessment were as follows:

- Identify salient human rights risks
- Identify issues for human rights risk management.

The assessment used the Human Rights Impact Assessment tool, which draws on RepRisk’s database and documents from Verisk Maplecroft and other research organizations.

The salient human rights risks identified are:

- Child labor
- Forced labor
- Impact on cultural heritage and traditional culture
- Infringement on the rights of the local community
- Discrimination in recruitment and employment
- Environmental damage impacting local community.

This assessment also analyzed management system controls, including the PDCA cycle and monitoring, as well as the ideal form of the INPEX Group Human Rights Policy.

In the first quarter of 2022, we conducted surveys and interviews at our sites in Japan and, for the first time, the USA. The survey in Japan showed

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improvement in the management of child or forced labor risks. The assessment in the USA considered salient human right risks and checked practices for managing those risks. While our assessments found no material risks, we nonetheless continue to enhance our human rights risk management.

Human Rights Initiatives

INPEX is committed to creating processes and systems to identify and address modern slavery risks in our operations and supply chain.

In FY2021, our Australian subsidiaries issued their first Modern Slavery Statement in compliance with the Australian Modern Slavery Act 2018. INPEX personnel have participated in a human rights working group with other resources industry members, helping to devise the questions for a self-assessment questionnaire that is designed to standardize the assessment of suppliers’ modern slavery risks. We have since integrated this assessment into our own supplier selection process.

As an initiative in Japan and at our overseas offices, we posted human rights awareness posters at our operational sites to spread our human rights policy to our suppliers.

Going forward, we will further incorporate modern slavery risk management in our policies, processes, and operational management.

Human Rights Impact Assessments

For the Abadi LNG Project in Indonesia, we examine and evaluate the human rights requirements of the IFC Performance Standards as part of our ongoing environmental and social impact assessments. Our efforts to date for addressing human rights in each process of those assessments are summarized as to the right:

Year	Processes	Efforts and initiatives
2019	Selection of evaluation items	Collected and analyzed existing data on: <ul style="list-style-type: none"> Impacts on vulnerable groups (women, children, economically disadvantaged people, the elderly, and people with disabilities) Impacts on the local people's traditional customary law-based way of life (culture, customs, means of livelihood, etc.), sacred sites, cultural heritage, etc.
	Baseline survey	<ul style="list-style-type: none"> Performed FGD (focus group discussions), household surveys, and KII (key informant interviews) to understand the current status of vulnerable groups in the affected communities and their traditional customary ways of life (culture, customs, means of livelihood, etc.), sacred sites, cultural heritage, and land rights.
2020-2021	Impact assessment	<ul style="list-style-type: none"> Performed impact assessments on vulnerable groups and traditional ways of life during construction and operation phase. Developed impact mitigation measures and monitoring plans based on these impact assessments.

We plan to develop internal regulations and documents related to human rights, including the requirements of the VPSHR (Voluntary Principles on Safety and Human Rights), and establish a Social Management System.

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Raising Awareness of Human Rights

To deepen awareness of the importance of considering the human rights of various stakeholders as we go about our day-to-day business, we conducted human rights training for all executives and employees in FY2017 and have continued providing the training for all new employees since FY2018. As a member of the IPIECA^① Human Rights Working Group, we collaborate on activities such as reviews of human rights due diligence in the supply chain, and information sharing on the prevention of child labor, forced labor, and other forms of modern slavery.

There were no occurrences of serious violations related to discrimination or human rights abuses in FY2021.

① IPIECA

The global oil and natural gas industry association for advancing environmental and social performance

Risk Mitigation Efforts

We take the following actions to mitigate risks identified through our human rights due diligence:

- Review of salient human rights risks and questionnaire content: we regularly conduct these reviews so we can more precisely monitor the risks and the actions to address them.
- Interview follow-up: we conduct follow-up interviews at sites where areas requiring improvement were identified in the initial interview.

Grievance Mechanism

We actively respond to grievances from all stakeholders—both internal and external—at all our domestic and overseas businesses. Internally, we have developed and are operating a Whistleblower System for the early detection of violations of human rights, discrimination, and harassment. In FY2021, we received six grievances related to human rights, discrimination and harassment, all of which were handled appropriately in accordance with the Whistleblowing Rules.

We have a dedicated page on our website for handling inquiries and grievances from external stakeholders—including local residents and business

partners—and we respond to their feedback in a timely and appropriate manner. We provide additional support in Indonesia by facilitating telephone calls in the local language.

In Australia, a procedure has been established for community engagement and grievance handling to appropriately address inquiries and grievances received from local communities concerning human rights and compliance.

In FY2021, no human rights complaints were received in the countries where we operate, namely Japan, Indonesia, and Australia.

Dialogue between Labor and Management

Our labor agreement with the INPEX Labor Union stipulates that the union possesses the right to organize, the right to bargain collectively, and the right to act collectively. Our overseas offices also have forums for discussions on labor issues between management and labor representatives. We strive to maintain and develop a healthy labor and management relationship by regularly providing opportunities for these parties to exchange views and ideas on a wide range of issues in addition to labor issues, such as challenges faced by the Company and future prospects. In addition, in Japan, biannual labor–management meetings are held jointly with five labor union branches, and close communication and dialogue between labor and management is also conducted at the branch level.

We provide appropriate notification in advance of any operational changes that will significantly affect employees. No complaints have been received from the union since it was formed in October 2008.

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 Assessing and Managing Climate-related Risks and Opportunities
 Development of Physical Risk Assessment Process
 Assessment of Financial Impact of Climate-related Risks

CLIMATE CHANGE

Our Policy

In January 2021, we defined our goals for addressing climate change to meet the objectives of the Paris Agreement, establishing a corporate target of net zero emissions by 2050 (Scope 1+2). This will require a reduction in greenhouse gas (GHG) emissions of at least 30% by 2030.

INPEX's disclosures related to climate change are in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Specifically, we have maintained the Board of Directors' oversight role and expanded its involvement in corporate governance. In designing business strategies, we assess our ability to respond to multiple scenarios, including the IEA^① WEO Sustainable Development Scenario (SDS: scenario consistent with the Paris Agreement goals) as we evaluate our business portfolio. In FY2021, we also started factoring in the Net Zero Emissions by 2050 Scenario (NZE).^②

We conduct an annual assessment and management cycle to assess climate change risks and opportunities and implement measures and work plans developed by that process. Our program to manage GHG emissions involves promoting initiatives to achieve our climate change response goals and to monitor our progress.

① International Energy Agency

② IEA's Roadmap for the Global Energy Sector to Reach Net Zero by 2050

MATERIALITY

Message from the Director in Charge of Climate Change Response

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



In February 2022, INPEX announced its Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022). This lays out the path to achieving the target of net zero emissions by 2050 as announced in 2021.

Our basic policy for a net zero carbon society by 2050 is summed up in the statement: "As a pioneer in energy transformation (EX), INPEX will provide a stable supply of diverse and clean energy sources, including oil and natural gas, hydrogen and renewable power." We aim to transform net zero carbon from an ideal to reality by around 2030.

Specifically, we will accelerate expansion of five net zero business areas: (1) hydrogen and ammonia; (2) carbon capture, usage and storage (CCUS); (3) renewable energy; (4) carbon recycling and new businesses; and (5) forest conservation. At the same time, we will maintain a stable supply of oil and natural gas while exerting our utmost efforts to make these products cleaner.

To balance the two social demands of a net zero carbon society and the world's need for energy, we believe it is important to properly assess climate change risks and opportunities and to manage them appropriately.

INPEX VISION @2022 is also reflected in our Corporate Position on Climate Change (published December 2015, the latest revision made in March 2022), available on our website.*

We will continue to accelerate our efforts to achieve our climate change goals.

* [Corporate Position on Climate Change and INPEX's Current Initiatives](#)

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Governance System for Climate Change Response

Assessing and Managing Climate-related Risks and Opportunities

Development of Physical Risk Assessment Process

Assessment of Financial Impact of Climate-related Risks

Climate Change Milestones

2019	2020	2021	2022
<ul style="list-style-type: none">Started economic assessments based on the IEA WEO 2°C scenarioConducted trial physical risk assessments of INPEX's main operator sites	<ul style="list-style-type: none">Changed the Climate Change Strategy Working Group to an advisory body for the Sustainability CommitteeEstablished Guidelines for Assessing and Managing Climate-related Risks and OpportunitiesReceived a CDP Climate Change score of A-Disclosed GHG emissions based on INPEX equity shares	<ul style="list-style-type: none">Published Business Development Strategy and established climate change goalsRevised Corporate Position on Climate ChangeEstablished Guidelines for Transactions and Management of VCU's*1Established "Guidelines for Management of Performance against Achieving Climate Change Goals"Received a CDP Climate Change score of A-Participated in IC-VCM*2 Consultation Group <p>*1 Verified carbon units</p> <p>*2 Integrity Council for Voluntary Carbon Markets is a body that sets global benchmarks for the integrity of voluntary carbon credits.</p>	<ul style="list-style-type: none">Announced Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022)Revised Corporate Position on Climate ChangeJoined the CCS+ initiative*3 <p>*3 International initiative to develop a methodology for generating carbon credits from CCUS projects</p>

Setting and Achieving Climate Change Goals

INPEX has set three goals to help realize a net zero carbon society in accordance with the objectives of the Paris Agreement.

The first goal is to achieve net zero emissions by 2050 pursuant to the Paris Agreement. The second is to achieve a reduction of at least 30% in net carbon intensity (compared to 2019) by 2030 in the process of fulfilling the first goal. Scope 1+2 emissions, which are emissions from INPEX's business processes, come under these goals. The third goal is to cooperate with all relevant stakeholders across the value chain to reduce the Scope 3 emissions from combustion of the oil and gas we sell. In our 2022-2024 medium-term business plan, we have added the goal to reduce our emission intensity by 10% (4.1kg/boe) over three years in pursuit of our 2030 target.

Specific measures for achieving net zero goals include: (1) promotion of carbon capture utilization and storage (CCUS); (2) bolstering renewable energy initiatives; (3) promotion of CO2 absorption through forest conservation; (4) maintaining the intensity of methane emissions (methane emissions/natural gas production) at its current low level (about 0.1%); and (5) zero routine flaring. Details of these initiatives are set out in our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022) and INPEX's Current Initiatives based on the Corporate Position on Climate Change.

Climate Change Goals INPEX has set its own goals to help achieve a net zero carbon society in accordance with the objectives of the Paris Agreement.

2050

NET ZERO*1

in absolute emissions (Scope 1+2)

*1 On INPEX equity share basis

2030

30% OR MORE*2

reduction in net carbon intensity (Scope 1+2)

*2 In comparison with 2019

Scope3

REDUCTION

work together with all relevant stakeholders to address challenges across the value chain

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INPEX Emissions			
	CY2019	FY2020	FY2021
Scope1*1 (thousand tons CO ₂ e)	8,557	7,328	7,302
Scope2*1 (thousand tons CO ₂ e)	204	148	136
Net carbon intensity*2 (kg CO ₂ e/boe)	41	35	33
Methane emissions intensity*3 (%)	0.10	0.07	0.04

INPEX'S Net Carbon Intensity

Scope1 + Scope2 – offsets*4

Production volume

Our net carbon intensity in 2021 was 33 kg-CO₂e/boe, a reduction of 20% in comparison with 2019.

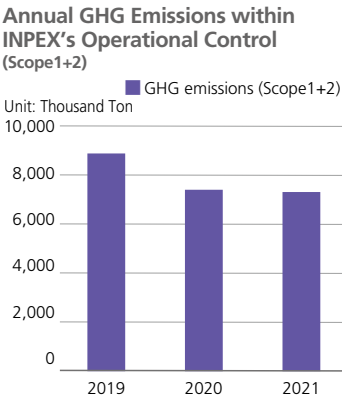
*1 INPEX's equity share emissions
 *2 Net carbon intensity including offsets
 *3 Methane emissions intensity: calculated as methane emissions/natural gas production (%), the formula used by the Oil and Gas Climate Initiative
 *4 The offsets include reduction contributions from renewable energy as well as CO₂ absorption through forest conservation. Contributions from renewable energy are calculated based on Guidelines for Measurement, Reporting and Verification of GHG Emission Reductions in JBIC's GREEN (the "J-MRV Guidelines")

Making Our Operations Cleaner

Efforts to Reduce Greenhouse Gas Emissions

In FY2021, GHG emissions within our operational control^① amounted to 6.70 million tons-CO₂e, a decrease of 0.97 million tons-CO₂e on FY2020 levels. The main reason for the decrease was a reduction at Ichthys LNG of the low-pressure gas flaring^④ that occurs during the gas treatment process. The reduction was achieved due to stable year-round operations.

The aggregation, analysis and reporting of GHG emissions from each operational site is carried out regularly following the Corporate Standard for HSE Performance Data. To ensure the reliability of our reporting, we obtained third-party assurance for the environmental data for our domestic operations, and for



the GHG emissions both in Japan and overseas.

Each of our domestic and overseas operator projects strive to reduce its GHG emissions through energy conservation activities tailored to its own situation. Each also endeavors to avoid continuous flaring and venting during normal operations, and reduce methane leaks.

In FY2020, as part of our efforts to reduce routine flaring during normal operations (zero routine flaring), we assessed the current situation of applicable routine flaring at each of our operating sites. In FY2021, our HSE Unit, Technical Division and operational sites jointly studied flare reduction measures.

At our US tight oil project, the addition of equipment to improve gas quality has enabled the sale of previously unsalable volumes of gas that were routinely flared. The facility was able to achieve zero routine flaring in October 2021.

Other measures being taken to reduce flaring include: the reduction of compressor downtime (a factor contributing to the need for flaring); and installing vapor recovery units at new production sites. Going forward, we will continue exploring and implementing diverse measures to completely eliminate routine flaring at other sites as well.

In FY2018, we started to aggregate data and report statistics on fugitive methane emissions, in accordance with international methods. In FY2019, we conducted methane leak inspections at the applicable points of equipment and facilities at our operator projects in Japan. We also established a system for data collection and reporting. In FY2020, we conducted leak inspections at most applicable points using a laser methane detector, and took immediate measures where leaks were detected. With regard to our overseas projects, methane leak inspections were routinely performed at the US tight oil project in FY2021 using an infrared camera system. We are considering implementing similar inspections at other overseas projects, and will continue taking further action to reduce fugitive methane emissions.

In our domestic exploration and development operations, we participate in the Japan Business Federation's (Nippon Keidanren) voluntary Carbon Neutrality Action Plan through our membership in the Japan Petroleum Development Association (JPDA). In FY2021, we reexamined our plan for reduction of emissions toward 2030.

① Operational control: This scope includes our Headquarters and Technical Research Center (both in Tokyo), overseas offices, and operational organizations in Japan and overseas
 ④ 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

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Forest Conservation: One of Our Five Net zero Businesses

In our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022) published in February 2022, we identified forest conservation as one of the five net zero businesses we plan to promote in pursuit of a net zero carbon society in 2050.

Importance of Forest Conservation and Afforestation in Tackling Climate Change

There is now growing interest in nature-based solutions as a way to tackle climate change, and as a responsible company with worldwide operations, INPEX is also eager to boost its involvement in this area.

Forest conservation and afforestation projects not only reduce CO₂ emissions resulting from deforestation and forest degradation while increasing CO₂ absorption, they offer co-benefits by safeguarding critical biodiversity and water resources, reducing soil erosion, and raising the living standards of local communities, thereby contributing towards the realization of the United Nations' Sustainable Development Goals (SDGs).

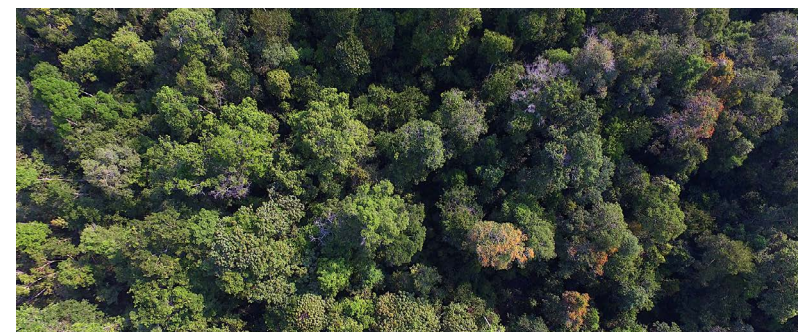
INPEX's Forest Conservation and Afforestation Initiatives

Within a hierarchical approach to achieving net zero goals, we see CO₂ absorption through forest conservation and afforestation as complementing such efforts as the production of cleaner oil and natural gas, the transition to natural gas, CCUS, and adoption of renewable energy.

As the operator of Ichthys LNG, INPEX has built experience in forestry projects to absorb CO₂ through its involvement in the planting and management of eucalyptus trees and in savannah fire management programs. In FY2021, we began supporting the Rimba Raya Biodiversity Reserve REDD+ project in Indonesia, through which INPEX will acquire five million tons worth of carbon credits over five years while backing the construction of orangutan conservation facilities. In March 2022, we entered a memorandum of understanding with ANZ and Qantas to progress the evaluation of a project that brings together carbon

farming and renewable biofuels in the Wheatbelt region of Western Australia. The carbon farming in this project provides an opportunity to support carbon capture from the atmosphere through reforestation and improving of soil, thus reducing GHG emissions.

Going forward, we plan to step up our involvement in projects supporting efforts to absorb CO₂ through forest conservation.



Forest in Rimba Raya Biodiversity Reserve

INPEX's Forest Conservation Initiatives at International Conference Organized by Sabah Forestry Department in Malaysia

At the 11th International Conference on Heart of Borneo (HoB), held online in November 2021, we presented our strategy for achieving a net zero carbon society by 2050 and also discussed our support for the Rimba Raya Biodiversity Reserve REDD+ project and the outlook for participation in further forest conservation-related businesses.

HoB is an initiative spearheaded in 2007 by the governments of Indonesia, Malaysia and Brunei Darussalam to promote conservation of the tropical forest in the heart of Borneo.



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INPEX's Approach to Procuring and Utilizing Carbon Credits

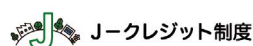
For INPEX's carbon offsets on GHG emissions, we use carbon credits certified under highly trusted national and international schemes, which we receive in return for support and participation in forest conservation projects. Through our participation in various local and overseas initiatives^⑤, we track the latest developments in the carbon credit market. We also conduct internal project assessments including their medium- and long-term performance. Through these efforts, we work to ensure that we procure high-quality credits.

^⑤ IC-VCM (Integrity Council for the Voluntary Carbon Market), VCMi (Voluntary Carbon Markets Integrity Initiative) and others

Credits Verified under Highly Trusted National and International Schemes

INPEX selects and utilizes carbon credits verified under the following schemes:

- VCS (Verified Carbon Standard): Verification standard established by Verra, an international body for setting carbon offset standards
- JCM (Joint Crediting Mechanism): Japanese Government-led bilateral credit program for reduction and removal of GHG emissions in cooperation with developing countries, with both sides sharing the benefits of reduction and removal
- J-Credit: Scheme designed to certify the amount of GHG emissions reduced and removed in Japan, with credits certified by the Japanese Government



Procurement of High-quality Credits

(1) Internal project assessment

To ensure acquisition of high-quality carbon credits from top-grade projects, INPEX first assesses projects before making a final selection and purchase. These assessments are designed to identify any permanence^⑥ concerns or potential issues with local communities and other stakeholders, and also to verify that land ownership and usage rights are unambiguous and guaranteed to extend beyond the life of the crediting period.

(2) Priority on projects with co-benefits

In addition to reduction of CO₂ emissions and removal of CO₂, we give preference to projects that deliver co-benefits by contributing to the United Nations' SDGs.

^⑥ Permanence: Refers to the need to ensure that CO₂ reductions and removal are non-reversible, with no risk of release into the atmosphere

- SD Vista: Sustainable Development Verified Impact Standard: This is a framework for certifying a project's contribution to the SDGs. The Rimba Raya Biodiversity Reserve REDD+ project received certification for all 17 SDGs.



- CCB (Climate, Community and Biodiversity Standards): This framework certifies projects that simultaneously address climate change, support communities and conserve biodiversity. The Rimba Raya Biodiversity Reserve REDD+ project was awarded Gold Level (projects providing exceptional benefits) on all three criteria.



Participation in Discussion on Co-benefits during Class in Columbia University's Sustainability Management Masters Program

In December 2021, representatives of INPEX and InfiniteEARTH, the organization managing the Rimba Raya Biodiversity Reserve REDD+ project, jointly addressed students undertaking the Finance and Sustainable Development course at Columbia University.

The course looks at the role of finance in the drive to fight climate change, with a focus on sustainable development in industrializing nations. A major theme of the class was co-benefits.

The presentation prompted many questions and a lively discussion.



Professor Satyajit Bose, Columbia University, School of Professional Studies



Todd Lemons, CEO InfiniteEARTH

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Promoting Sale of Carbon-neutral Products

INPEX promotes the sale of carbon-neutral products to its customers. Carbon-neutral products are LNG, natural gas and LPG products sold by INPEX for which the GHG emissions produced during all processes from extraction through transportation and combustion are offset by CO₂ credits (carbon credits), resulting in net zero GHG emissions across the life cycle. By supplying these carbon-neutral products, we contribute to our customers' efforts to reduce their carbon footprints.



Reducing Contractors' and Suppliers' Emissions

We encourage our contractors and material suppliers to reduce their GHG emissions. Our HSE Policy states that we will "pursue every effort to reduce Greenhouse Gas (GHG) emissions and adhere to our GHG emissions management process." In line with our efforts to reduce emissions across the supply chain, our contractor and supplier agreements include a clause requiring compliance with our HSE Policy.

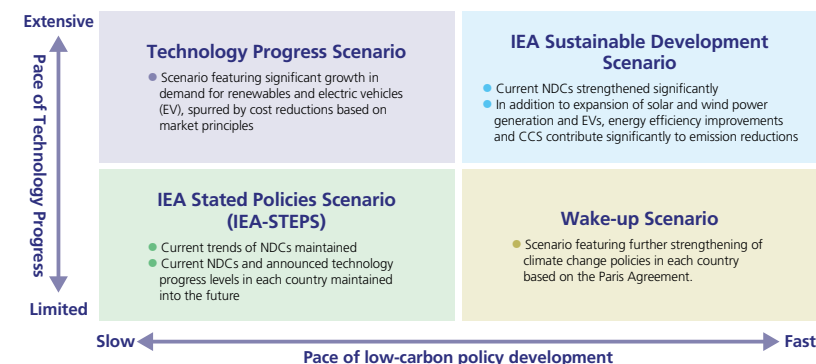
The INPEX Low-Carbon Society Scenarios

Regarding the outlook for the business environment, including energy demand and supply toward a low-carbon society by 2050^⑦, INPEX refers primarily to the Stated Policies Scenario (IEA-STEPS) and the Sustainable Development Scenario (IEA-SDS) of the International Energy Agency (IEA)'s World Energy Outlook (WEO). We also refer to the Technology Progress Scenario (a scenario envisioning significant growth in demand for renewables and electric vehicles spurred by cost reductions based on market principles) and the Wake-up Scenario (a scenario envisioning further strengthening of climate change policies in each country based on the Paris Agreement). We apply these four scenarios when examining our business strategies over the period of transition to a low-carbon society. Once a year, we review the scenarios in light of the IEA's WEO updates and reexamine the direction of our strategies. In FY2021, we also started referencing the Net Zero Emissions by 2050 Scenario (IEA-NZE), announced with the IEA's WEO.

In February 2022, we formulated our Long-term Strategy and Medium-term Business Plan (INPEX VISION@2022) utilizing these scenarios. Moving forward, we will continue to use scenario reviews to quickly grasp changes in the business environment and review management strategies and plans in line with social trends.

^⑦ IEA WEO sets out a panoramic view of the international energy scene through 2050.
[IEA WEO 2021](#)

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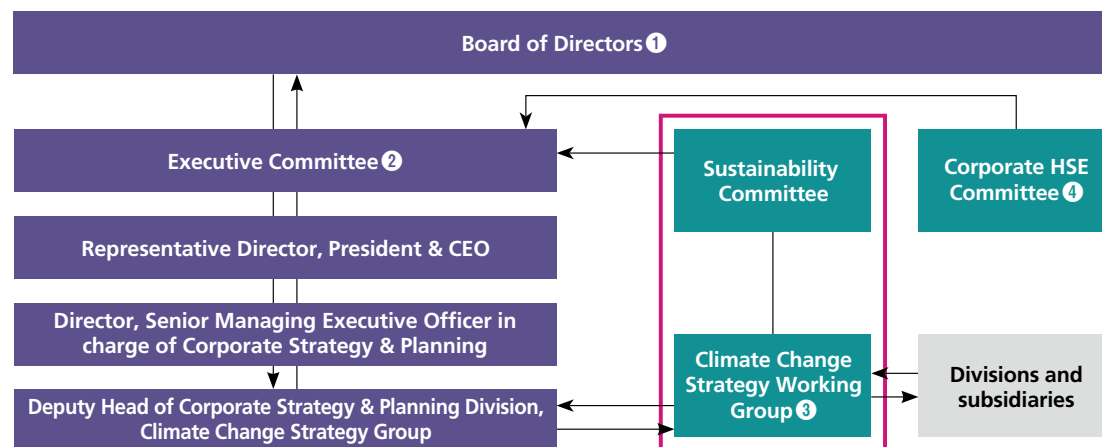
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INPEX's Board of Directors maintains its oversight role and has expanded its involvement in our climate change response. Specifically, matters relating to the company's position on climate change require a resolution of the Board of Directors. In January 2021, we announced our goals for tackling climate change based around our corporate target of net zero emissions by 2050 (Scope 1+2). In February 2022, we released our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022), which envisions accelerated expansion of our five net zero businesses as we head towards net zero in 2050. Accordingly, we revised and disclosed our Corporate Position on Climate Change⁸ in March 2022. We also update and disclose, in principle once a year, INPEX's Current Initiatives⁸,

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 goals relating to climate change
- 3 An advisory body to the Sustainability Promotion Committee, comprising about 30 cross-organizational members and responsible for assessing climate-related risks and opportunities.
- 4 Collection, analysis, and reporting of GHG emissions according to the Health, Safety and Environmental (HSE) Policy

a document that details progress in implementing climate change measures based on the Corporate Position on Climate Change.

[“Corporate Position on Climate Change”](#) and [“INPEX's Current Initiatives”](#)

Climate Change Response and Directors' Compensation

In February 2022, we revised our compensation system in relation to bonuses for all of the company's representative directors and other internal directors. We adopted GHG emissions intensity, the indicator used in our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022), as a key performance indicator for stock-based compensation, which serves as a medium- to long-term form of incentive.

Further to this, for the directors in charge, qualitative targets are set each year to promote climate change response, risk management and information disclosure. The degree to which these targets have been achieved is evaluated and reflected in the director's remuneration.

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Assessing and Managing Climate-related Risks and Opportunities

As a general rule, INPEX assesses and manages climate-related risks and opportunities in an annual cycle. Our overall response to climate change is handled by the Climate Change Strategy Group within Corporate Strategy & Planning Unit, Corporate Strategy & Planning Division.

For climate-related risks, the Climate Change Strategy Working Group (WG), composed of some 30 members representing each of the divisions, conducts

Figure A. ISO31000 Process

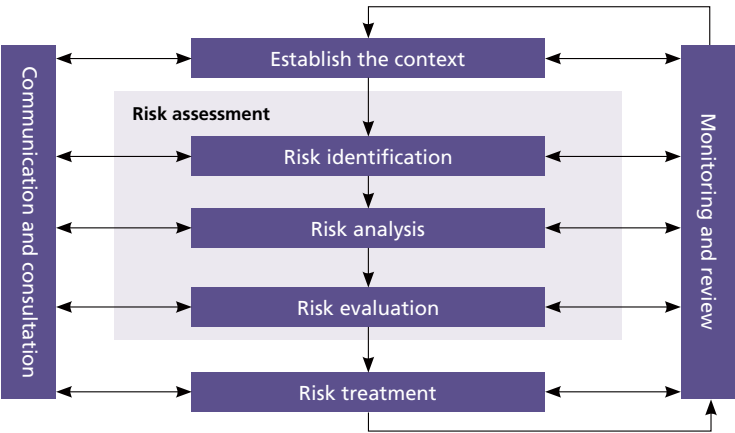
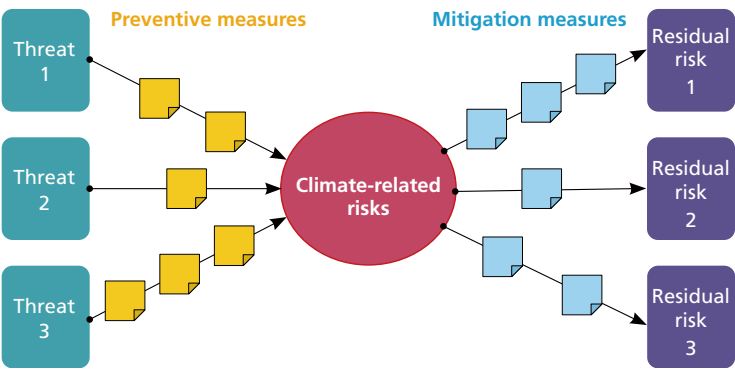


Figure B. Risk Analysis Process



assessments and devises preventive and mitigation measures. These measures are discussed in Sustainability Committee meetings and reflected in annual plans.

The process of risk assessment follows the procedure outlined in ISO31000 (2009) (Figure A), an international risk management standard. We update external and internal factors and share information regarding the company's status among WG members. We then identify risks and analyze their causes, preventive measures, mitigation measures, and residual risks (Figure B). The residual risks are assessed using the Risk Assessment Matrix Based on TCFD Recommendations (Figure C), created by INPEX.

Figure C. 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

FY2021 Workshop for Assessing Climate-related Risks and Opportunities



WG members from each division met in an online conference to assess climate-related risks and opportunities based on INPEX's low-carbon society scenarios.

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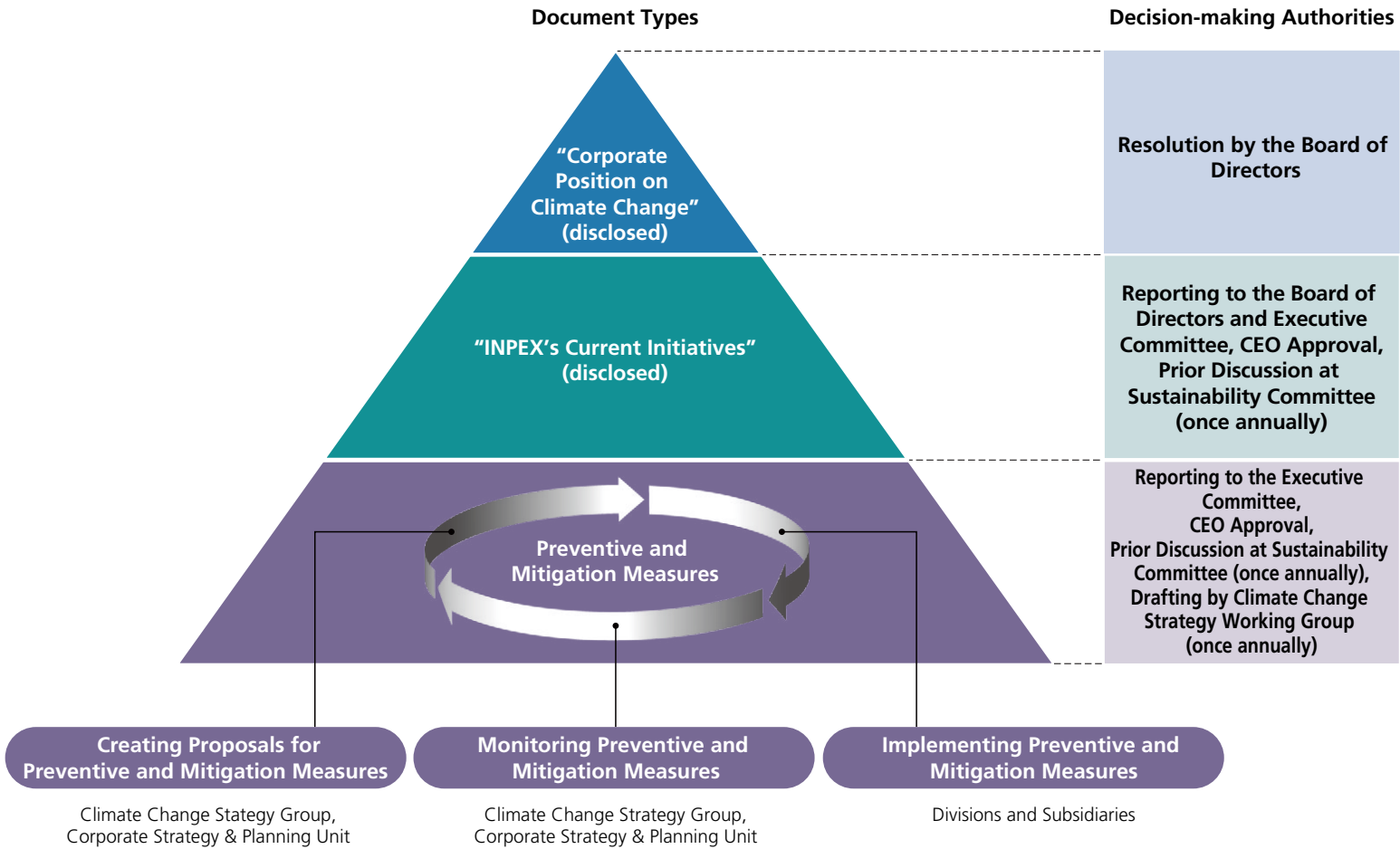
Assessment of Financial Impact of Climate-related Risks

As outlined in our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022), we take a company-wide approach to climate-related opportunities, with our Hydrogen & CCUS Development and Renewable Energy and New Business divisions at the core.

In addition, INPEX's Current Initiatives based on the Corporate Position on

Climate Change includes initiatives related to the five net zero businesses, the transition to natural gas, and making upstream operations cleaner. These initiatives are considered by the Sustainability Committee, approved by the CEO, and then reported to the Executive Committee and the Board of Directors.

Figure D: Process of Assessing and Managing Climate-related Risks



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FY2022 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)	Risk of increased costs due to the introduction and strengthening of a carbon price system	Short-term	Medium-term	<ul style="list-style-type: none"> Monitor carbon pricing policy trends Increase internal carbon price from US\$40/tCO₂-e to US\$65/tCO₂-e and establish this as a base case to assess the economic impact
	Technologies and markets (Reduced demand and lower prices for oil and gas)	Risk of reduced demand and lower prices for oil and gas due to a decline in the cost of renewable energy, electric vehicles and/or storage batteries, or market preference for low-carbon energy	Medium-term	Long-term	<ul style="list-style-type: none"> Scenario-based monitoring of market and technology trends Financial assessment of portfolio based on oil and carbon prices used in the IEA WEO Sustainable Development Scenario (SDS)
	Reputation (Scope 1 emissions)	Stakeholder concerns about Scope 1 emissions	Short-term		<ul style="list-style-type: none"> Net zero by 2050, and at least 30% reduction in net carbon intensity by 2030 Promote technological development and commercialization with the goal of achieving an annual CO₂ injection amount of 2.5 million tons or more around 2030. Maintain methane emissions intensity (methane emissions/natural gas production) at its current low level (about 0.1%) Zero routine flaring by 2030
	Reputation (Scope 3 emissions)	Risk that attention attracted by Scope 3 emissions will cause the image of oil and gas companies to deteriorate	Short-term	Medium-term	<ul style="list-style-type: none"> Engage with stakeholders to reduce Scope 3 emissions Promote development and greater use of natural gas Sell carbon-neutral LNG
	Financing	Potential adverse impact on financing activities if investors and financial institutions regard disclosure as inadequate	Short-term	Medium-term	<ul style="list-style-type: none"> Disclose information in line with TCFD Recommendations
Physical risks	Acute risks	Risk of impairment to operating facilities from extreme weather events	Short-term	Medium-term	<ul style="list-style-type: none"> Regular assessment of physical risks
	Chronic risks	Risk of impairment to operating facilities from long-term increase in average temperatures, changing precipitation patterns, and rising sea levels	Medium-term	Long-term	

Short-term

 up to one years

Medium-term

 one to five years

Long-term

 longer than five years

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Climate Change Opportunities to Be Assessed in FY2022, Proposed Timing and Progress Status

TCFD	Opportunities to be assessed	Timing	Long-term strategy and progress status
Opportunities related to resource efficiency	Energy efficiency improvements in production processes	Short-term	<ul style="list-style-type: none"> Design facilities with high energy efficiency and follow through with a rigorous maintenance plan and routine maintenance activities
Opportunities related to energy sources	Utilization of renewable energy sources in production processes	Short-term ~ Medium-term	<ul style="list-style-type: none"> Deepen knowledge of clean energy technology by supplying clean power to offshore production facilities by floating offshore wind power generation at INPEX's newly acquired Norwegian project
Opportunities related to products and services	Promotion of CCUS business	Medium-term	<ul style="list-style-type: none"> Aim to inject at least 2.5 million tons of CO₂ annually in around 2030 Verify CO₂-EOR* viability in Minamiaga, Abu Dhabi and elsewhere Study possibility of employing CCS at Ichthys LNG
	Development of hydrogen business	Medium-term ~ Long-term	<ul style="list-style-type: none"> Aim to produce and supply at least 100,000 tons of hydrogen and ammonia annually by 2030 Build blue hydrogen/ammonia pilot plant in Kashiwazaki, Niigata, targeting start-up in 2024 Conduct joint research on clean ammonia business in Abu Dhabi
	Expansion of renewable energy businesses	Short-term ~ Medium-term	<ul style="list-style-type: none"> Aim for installed capacity of 1-2 GW primarily in offshore wind and geothermal generation businesses Participate in offshore wind-power projects in the Netherlands and Nagasaki Participate in Muara Laboh geothermal-power project in Indonesia
	Promotion of carbon recycling	Medium-term ~ Long-term	<ul style="list-style-type: none"> Build a 400 Nm³/h methanation facility in Nagaoka with verification tests scheduled to start in 2025 Install artificial photosynthesis panels in Darwin, Australia, with a view to developing practical applications
	Cultivating new business opportunities	Medium-term ~ Long-term	<ul style="list-style-type: none"> Evaluate possibilities for drone utilization, methane pyrolysis, direct air capture (DAC), and blue carbon
	Promoting sale of carbon-neutral products	Short-term	<ul style="list-style-type: none"> Further expand sales of carbon-neutral products and broaden carbon credit portfolio
	Promotion of forest conservation	Medium-term	<ul style="list-style-type: none"> Aim for steady acquisition of 2 million tons worth of carbon credits annually from Rimba Raya Biodiversity Reserve REDD+ and other high-quality forest conservation projects
Market opportunities	Diversification of energy supplies	Medium-term	<ul style="list-style-type: none"> Establishment of Asian gas value chain through investment in LNG bunkering, receiving terminals, small-lot distribution and midstream/downstream businesses such as power generation
	Development of cleaner natural gas	Medium-term ~ Long-term	<ul style="list-style-type: none"> Increase production capacity at Ichthys LNG. Pursue business opportunities in Southeast Asia. Promote projects, including introduction of CCS, at the Abadi LNG Project in Indonesia

Short-term up to one years

Medium-term one to five years

Long-term longer than five years

* Enhanced oil recovery, including enhanced gas recovery

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Assessing and Managing Climate-related Risks and Opportunities

Development of Physical Risk Assessment Process

Assessment of Financial Impact of Climate-related Risks

Development of Physical Risk Assessment Process

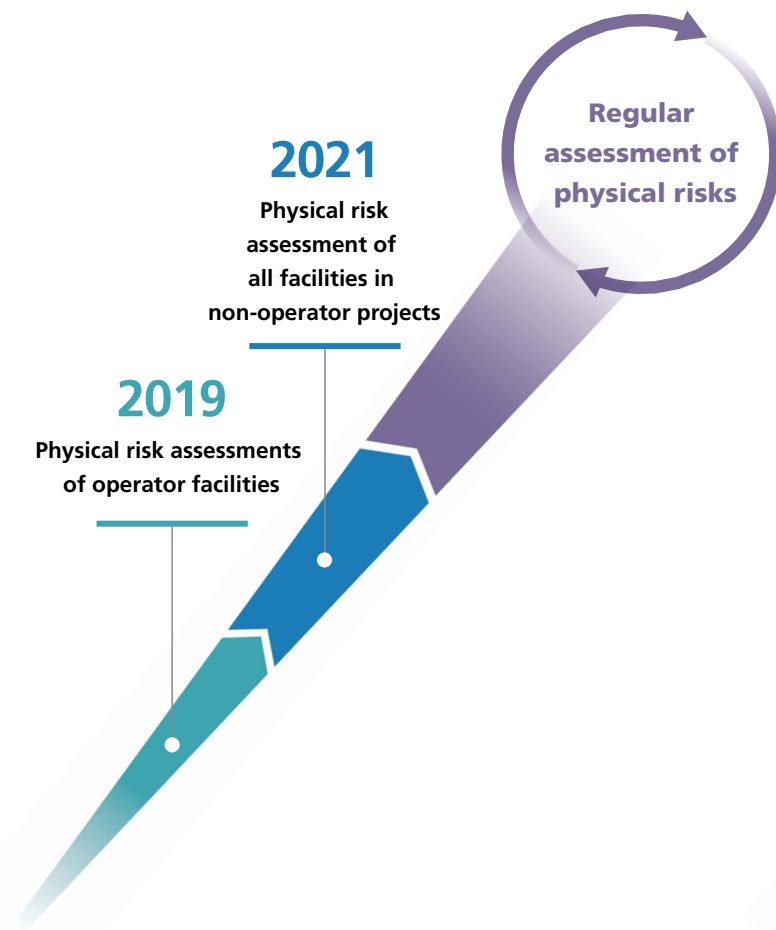
In 2018, we reviewed the process of assessing physical risks and drew up a roadmap covering the facilities at both operator and non-operator projects. In 2019, we conducted a trial physical risk assessment for our major operator facilities. To determine climate variables, including the increase in average temperature and sea-level rises in the mid-21st century, we started with external data from the RCP8.5 (Representative Concentration Pathways 8.5) scenario outlined in the IPCC Fifth Assessment Report (AR5), which assumes the highest level of global warming. Using the data, we identified the risks for our major facilities in Niigata Prefecture, Japan and in Darwin, Australia. In 2021, we completed trial assessments for almost all facilities in the eleven major projects with which INPEX is involved as a non-operator after confirming the status of physical risk assessments. We will also analyze gaps between the IPCC Fifth Assessment Report and the subsequently published Sixth Assessment Report (Working Group I).

For chronic risks, the assessments indicate a low risk from floods at Ichthys LNG and other major facilities located on the seaboard because they have been designed to withstand rising sea levels. Temperature increases could conceivably impair operating efficiency, but because we conduct ongoing improvements to the facilities as required, we have concluded that no major damage is likely to occur through 2030.

For acute risks, we endeavor to ensure that our major operator projects are adequately prepared for typhoons, cyclones and other natural disasters through planning, operational measures, training and use of external information. Insuring our property against natural disaster is another way we strive to reduce financial losses associated with acute risks. With respect to natural disasters in Japan, as the national government upgrades infrastructure, INPEX has also conducted pipeline risk assessments and studied countermeasures against natural disasters. Based on these reviews, we have carried out replacement work on portions of the pipeline deemed to have a high natural disaster risk.

Going forward, cross-organizational teams will conduct periodic physical risk assessments and make appropriate disclosures regarding physical risks.

Physical Risk Assessment Roadmap



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Assessment of Financial Impact of Climate-related Risks

Assessment of Financial Impact of Climate-related Risks

INPEX uses two methods to assess the potential financial impact of climate-related risks. The first method is an economic assessment of each of our projects using internal carbon pricing. This assessment forms our base case. The reason we use this is because more than 130 countries have already declared net zero targets by 2050, and we expect a growing number of countries to introduce carbon pricing as they bolster efforts to tackle climate change. INPEX's internal carbon price is reviewed each year with reference to the carbon prices in the IEA WEO Stated Policies Scenario (STEPS). In FY2022, we adjusted our internal carbon price from US\$40/tCO₂-e to US\$65/tCO₂-e to reflect the IEA WEO carbon price forecast.

The second method is to assess the financial impact on our business portfolio. This is a financial assessment of the market risks to our portfolio resulting from the oil and carbon prices in the IEA WEO Sustainable Development Scenario (SDS: scenario consistent with the Paris Agreement's goals). By applying oil and carbon prices shown in the IEA WEO SDS to the net present value (NPV) calculation for projects, we calculate the extent of change against a base-case NPV as the impact on our portfolio. Despite difficulties in formulating assumptions, we adopt this as one of the methods to assess the financial impact on our portfolio. We will continue to refine the implementation standards for this method and to improve the competitiveness of our portfolio as we factor in changes in the business environment.

Two Approaches to Financial Assessment

	Assessment using internal carbon pricing	Assessment using SDS scenario
Financial assessment method	Financial impact of carbon pricing policies on projects	Assessment of financial impact on portfolio resulting from application of oil prices and carbon prices according to the IEA WEO Sustainable Development Scenario (SDS)
Metrics	IRR based on internal carbon price (base-case)	Extent of change in NPV using IEA WEO SDS reference prices (sensitivity analysis)
Status	Adopted as base case since FY2021	Implemented since FY2018

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Disclosures in Line with TCFD Recommendations

Overview of TCFD Recommendations		INPEX's disclosures	Pages
Governance Disclose the organization's governance in relation to climate-related risks and opportunities			
1	Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> Governance System for Climate Change Response 	P55
2	Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> Message from Director in Charge of Climate Change Response Governance Framework for Climate Change Response 	P49,55
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 short-, medium- and long-term climate-related risks and opportunities the organization has identified	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) 	P4-8
3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> INPEX Low-Carbon Society Scenarios Assessment of Financial Impacts of Climate-related Risks Application of Internal Carbon Price 	P54,61
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	<ul style="list-style-type: none"> Assessing and Managing Climate-related Risks and Opportunities 	P56-57
2	Describe the organization's processes for managing climate-related risks	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Risk Management System 	P35
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 change-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> Managing GHG Emissions Climate Change Response and Directors' Compensation 	P51,55
2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	<ul style="list-style-type: none"> ESG Performance Data: Climate Change <Target Management> 	P106
3	Describe the targets used by the organization to manage climate change-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> Efforts in Setting and Achieving Climate Change Goals 	P50-51

7 metrics of disclosure in line with TCFD Guidance of Metrics, Targets, and Transition Plans

Overview of metrics		INPEX's disclosure	Pages
1	Capital Deployment	<ul style="list-style-type: none"> Investment from 2022 to 2030 	P5
2	Climate-Related Opportunities (Five net zero businesses)	<ul style="list-style-type: none"> Operating cash flow around 2030 	P6
3	Remuneration	<ul style="list-style-type: none"> Climate Change Response and Directors' Compensation 	P55
4	Physical Risks	<ul style="list-style-type: none"> Assessment process for physical risks 	P60
5	Transition Risks (Assessment of Financial Impact)	<ul style="list-style-type: none"> Assessment method with IEA SDS scenario 	P61
6	Internal Carbon Prices	<ul style="list-style-type: none"> US\$65/tCO₂-e 	P61
7	GHG emissions	<ul style="list-style-type: none"> Scope1, 2, 3 (ESG Performance Data) 	P106-107

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Health, Safety and Environment

MATERIALITY

Our Policy

Our Health, Safety and Environmental Policy (HSE Policy) ensures the safety and health of our employees, contractors, project partners, local community members, and all other stakeholders while minimizing any adverse impacts on the environment. To firmly implement this policy, the corporate HSE Unit—comprising the HSEMS Group, Health & Safety Group, Process Safety Group, Security & Crisis Management Group and Environment Group—promotes HSE management through a robust HSE Management System.

We strive to further enhance our HSE management practices by giving priority to the following commitments based on INPEX Vision @2022:

- Demonstration of HSE leadership by our senior executives
- Contributing to carbon-reducing projects through HSE management
- Thoroughly conducting risk management
- Strengthening incident prevention efforts
- Preventing leaks from facility processes
- Preparing for emerging threats①
- Helping to address global environmental challenges and creating environmental value
- Reinforcing infection control measures

① Geopolitical risks, cyberterrorism, large-scale natural disasters, etc.

Message from Director in Charge

Takahiko Ikeda

Director, Senior Executive Vice President

Senior Vice President, Technical Headquarters and in charge of HSE



To realize the sustainable energy development we advocate as part of our mission, we are required to conform to high ethical standards as a member of society and foster a corporate culture that prioritizes safety and environmental protection. 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 widely accepted by the international community.

Accordingly, we have established the group-wide INPEX HSE Policy to ensure our operations are aligned with our HSE Management System (HSEMS), which is based on international standards.

In line with the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) issued in February 2022, we will strive to serve domestic energy demand and enhance our internal platforms to support the realization of a net zero carbon society. HSE will be a core element of this endeavor. Specifically, we will strive to completely prevent major accidents by ensuring thorough implementation of safety rules, including monitoring compliance with Life-Saving Rules for high-risk operations, and by strengthening process safety management for prevention of hazardous leaks from plants. We will also use the process safety management insights gained from our oil and natural gas operations to properly manage facility safety in the five net zero businesses. Moreover, we will continue to expand HSE technical support across our oil, natural gas and five net zero businesses, through such means as HSE-related documentation, training, auditing, and reviews.

Going forward, our relentless pursuit of HSE excellence will better enable us to contribute to society with the stable supply of diverse and clean energy.

* Major accident: fatality incident, leakage, serious injury

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☑ Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry

HSE Management System (HSEMS)

Our Policy

To ensure the successful implementation of the HSE Policy across the organization, we developed the HSEMS Manual in FY2007, referencing standards such as ISO 9001 and ISO 14001. This manual was revised in FY2017 based on the international standards OMS510^② issued by IOGP. OMS510 is dependent on the operation of an HSEMS whose fundamentals are leadership, risk management, continuous improvement, and the implementation of these, as illustrated in the figure below. We continuously improve and implement various plans based on the HSEMS through the use of the PDCA methodology. Our efforts focus on: 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

HSEMS structural diagram



HSE audits 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 FY2003.

② OMS510

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

HSE Leadership

We believe that our management must lead the way in our efforts to improve the HSE-mindedness of our employees. Accordingly, our management spearheads our proactive implementation of HSE activities. At our Annual HSE Meeting for FY2021, the President & CEO, Corporate HSE Committee members, heads of divisions and organizations in Japan and overseas, and labor union representatives discussed minor incident reduction, GHG emissions management and mental health management, and identified action items that need to be pursued.

To reinforce the INPEX Value of "Safety Number One", we also conduct HSE management site visits to enable management to visibly demonstrate its commitment to HSE while observing field operations firsthand to better understand the risks involved. The President & CEO and other executives were able to make six site visits in FY2021 amidst the ongoing disruption to business travel by COVID-19. Scheduling their trips to avoid resurgences of the pandemic, the leaders visited: a dormitory construction site in Tokyo's Setagaya Ward in July; a gas pipeline construction office in Saitama Prefecture and the first-stage construction site of the Ryomo Line double tracking project in Tochigi Prefecture in October; and Sakata Natural Gas Co., Ltd. in Yamagata Prefecture, and Keiyo Pipeline Co., Ltd. and Chiba Field Office in Chiba Prefecture in November.

The dormitory construction site visit included an examination of actions taken in consideration of local residents, and measures for preventing heat exhaustion and coronavirus infection. The tour of the Ryomo Line project and construction office involved checking whether corporate rules and guidelines were being presented in an easy-to-follow format in the training for site personnel. Senior Executive Vice President Takahiko Ikeda inspected the progress in HSEMS rollout during his visit to Sakata Natural Gas, and stressed the importance of conducting emergency response exercises. President & CEO, Takayuki Ueda, visited Keiyo Pipeline and the Chiba Field Office, where he reviewed disaster countermeasures implemented based on insights drawn from past typhoon damage. All visits

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provided the opportunity for management and local staff to frankly exchange opinions on HSE initiatives and challenges.

We also regularly hold HSE-related meetings between Corporate and operator project representatives. These enable participants to share information on the HSE activities at each project, discuss measures, and acquire information from Corporate.



Management site visit to Keiyo Pipeline



Management site visit to Chiba Field Office

HSE Objectives and HSE Programs

To ensure the continuous improvement of our HSEMS, we set annual HSE objectives, and formulate and execute HSE programs to manage our progress to achieving those objectives.

In FY2021, we revised our HSEMS and formulated new HSE guidelines based on the OMS510 framework. In addition to promoting HSE management in operator projects, we are also stepping up HSE engagement in non-operator projects and businesses for greater efficiency and consistency in HSE activities.

HSE Risk Management Process

HSE risk management is the systematic application of processes for identifying, analyzing, evaluating and responding to HSE risks to minimize negative impacts to INPEX's business activities and operations. HSE risk management procedures are established for operator projects in line with the requirements of HSE risk management guidelines based on ISO31000 and ISO17776. To seek to completely prevent major accidents—as committed in INPEX Vision @2022—we will work to comply with Life-Saving Rules and process safety management.

As part of group-wide efforts to promote HSE risk management, an integrated computer program at headquarters receives quarterly reports on MAE^① associated risks and the other Top 10 Risks at all operator projects. We confirm the reported risks are being managed to ALARP^② level and provide the findings to our Executive Committee.

^① MAEs: Major accident events, referring to events that cause fatalities, injuries, and other serious harm to people and property in the surrounding area. Representative examples include fires, explosions, and toxic gas clouds resulting from major leakages.

^② ALARP: As low as reasonably practicable

HSE Education and Training

In FY2021, we conducted 3,748 man-hours of HSE education and training via workshops, training sessions and e-learning programs. In addition, we continued to provide young engineers in Japan and overseas with other on-the-job training (OJT) opportunities to enable them to acquire practical skills in occupational safety management and process safety engineering.

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In February 2021, we revised the Corporate HSE Standard on HSE Competence and Training to identify necessary HSE training for each level and role.

Going forward, we will develop job competency profiles by field for our HSE experts and encourage them to further develop their HSE competencies through OJT opportunities or participation in training sessions offered by organizations specializing in HSE. We will continue to focus on developing and implementing effective education and training programs in FY2022.

HSE Communication

We schedule monthly HSE reports for our Executive Committee and Board of Directors meetings, hold Corporate HSE Committee meetings, and internally share 'Learning from Incidents' information from incident investigations. In these and other ways, we actively pursue HSE communication directed not only at management, but all our employees.

For the purpose of motivating and raising HSE awareness in organizations and individuals, and to improve group-wide HSE performance, we also bestow annual Corporate HSE Awards. In FY2021, eleven awards in total were presented, with the HSE Excellence Award given to one group, HSE Activity Awards to four groups and five individuals, and a HSE Special Award to one group.

Fostering HSE Culture

As part of ongoing efforts to foster a strong HSE culture, we have developed our HSEMS, provide HSE education and training, share 'Learning from Incidents' information and engage in other initiatives under the Corporate HSE Third Phase Mid-term Plan. Aiming to take these efforts to the next level, we have conducted a survey to gauge the state of HSE culture group-wide and at each operating site, and use the feedback to inform the development of specific measures to be taken in the future. The survey was conducted from October 2020 and targeted all operational sites around the world—including our headquarters—with responses received from more than 2,400 employees. Analysis of the feedback enabled us to ascertain the strengths and weaknesses of each operating site. Utilizing the results of this analysis, we will share throughout the company the strengths of both domestic and overseas sites as best practices, while creating an action plan

and engaging in activities on points that should be strengthened company-wide. These activities are a continuation of our efforts to reinforce our HSE culture.

HSE Audits

We periodically conduct HSE audits and reviews to evaluate HSEMS compliance at our operator projects, with the aim of strengthening HSE assurance and governance. In FY2021, we conducted risk-based Corporate HSE audits^⑨ for two domestic and two overseas operator projects. The results were used to formulate corrective actions where necessary, based on mutual agreement, with progress in the implementation of those actions tracked. When necessary, Corporate provided HSE support. In addition, headquarters representatives participated in HSE reviews for overseas operator projects, domestic gas pipeline construction projects, hydrogen/ammonia projects, and so on.

^⑨ Risk-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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The overarching goal of our management of health and safety is to ensure that all personnel at our worksites return home each day, free from injury and illness. We recognize that our employees’ physical and mental well-being is the foundation of our company, and accordingly, we strive to provide them with a safe work environment and carry out initiatives aimed at keeping them in good health. We regard the safety of employees and contractors involved in our operations as our most important concern, and manage occupational health and safety risks through our HSEMS.

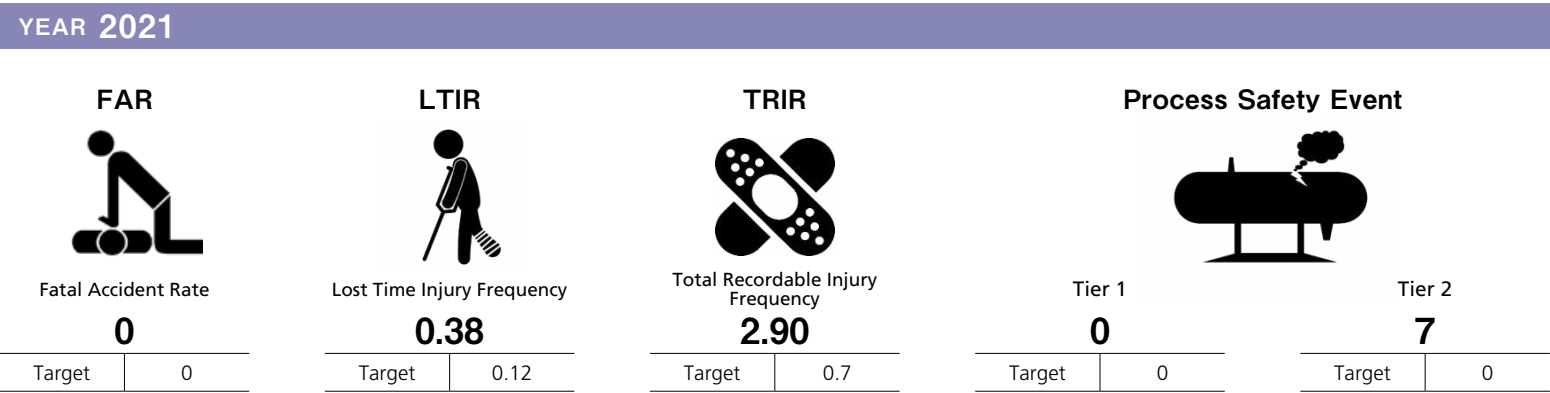
In the course of our operations, we must never allow the occurrence of major accidents such as fatalities, major leaks and life-threatening injuries. For this reason, we make the complete prevention of serious incidents one of our management goals and have subsequently set common safety goals for all our employees.

As a way of quantitatively measuring our safety performance, we monitor two KPIs of injury-causing accidents: the lost time injury rate (LTIR)^⑥ and the total recordable injury rate (TRIR)^⑦. Our LTIR and TRIR for FY2021 were 0.38 and 2.90 respectively, both of which had increased from the preceding year. This can be attributed to a slight increase in the frequency of minor injuries that occurred from large-scale repair work and other non-routine tasks at overseas operator projects, and from insufficient management of pandemic-related fatigue.

Our ongoing initiatives for incident prevention include promptly distributing incident bulletins across our organization, increasing publication of ‘Learning from Incidents’ materials, as well as analyzing trends in serious/injurious incident and continuously sharing the insights gained. We also monitor two leading safety KPIs related to incident management—implementation of incident investigations and implementation of high-priority corrective actions—and are strengthening our ability to promptly conduct incident investigations and take remedial action. Further activities to prevent serious accidents include firmly embedding Life-Saving Rules to ensure the safe performance of tasks with a high risk for fatal incident.

⑥ LTIR: Rate of injuries resulting in fatalities or lost time per million hours worked
 ⑦ TRIR: Rate of injuries resulting in fatalities or lost time, not entailing lost work time, or requiring medical treatment per million hours worked

Accident Prevention Initiatives



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Life-Saving Rules

Life-Saving Rules are rules intended to protect the lives of those engaged in high-risk work activities that may cause fatality. They prescribe behaviors that should be practiced to prevent such incidents. The Life-Saving Rules we follow have been set out in a simple, accessible format, focusing on nine highly hazardous tasks (see figure on the right).

All INPEX employees and contractors engaged in our business operations are required to comply with the Life-Saving Rules. Anyone who witnesses noncompliant behavior is obligated to intervene.

By encouraging everyone at work sites to abide by these rules, we seek to foster a safety culture that promotes active engagement and intervention against unsafe practices and conditions, and thus prevent occupational incident across our entire organization.

INPEX



LIFE-SAVING RULES

Bypassing Safety Controls

Obtain authorisation before overriding or disabling safety controls



- I understand and use safety-critical equipment and procedures which apply to my task
- I obtain authorisation before:
 - disabling or overriding safety equipment
 - deviating from procedures
 - crossing a barrier

Confined Space

Obtain authorisation before entering a confined space



- I confirm energy sources are isolated
- I confirm the atmosphere has been tested and is monitored
- I check and use my breathing apparatus when required
- I confirm there is an attendant standing by
- I confirm a rescue plan is in place
- I obtain authorisation to enter

Driving

Follow safe driving rules



- I always wear a seatbelt
- I do not exceed the speed limit, and reduce my speed for road conditions
- I do not use phones or operate devices while driving
- I am fit, rested and fully alert while driving
- I follow journey management requirements

Energy Isolation

Verify isolation and zero energy before work begins



- I have identified all energy sources
- I confirm that hazardous energy sources have been isolated, locked, and tagged
- I have checked there is zero energy and tested for residual or stored energy

Hot Work

Control flammables and ignition sources



- I identify and control ignition sources
- Before starting any hot work:
 - I confirm flammable material has been removed or isolated
 - I obtain authorisation
- Before starting hot work in a hazardous area I confirm:
 - a gas test has been completed
 - gas will be monitored continually

Line of Fire

Keep yourself and others out of the line of fire



- I position myself to avoid:
 - moving objects
 - vehicles
 - pressure releases
 - dropped objects
- I establish and obey barriers and exclusion zones
- I take action to secure loose objects and report potential dropped objects

Safe Mechanical Lifting

Plan lifting operations and control the area



- I confirm that the equipment and load have been inspected and are fit for purpose
- I only operate equipment that I am qualified to use
- I establish and obey barriers and exclusion zones
- I never walk under a suspended load

Work Authorisation

Work with a valid permit when required



- I have confirmed if a permit is required
- I am authorised to perform the work
- I understand the permit
- I have confirmed that hazards are controlled and it is safe to start
- I stop and reassess if conditions change

Working at Height

Protect yourself against a fall when working at height



- I inspect my fall protection equipment before use
- I secure tools and work materials to prevent dropped objects
- I tie off 100% to approved anchor points while outside a protected area

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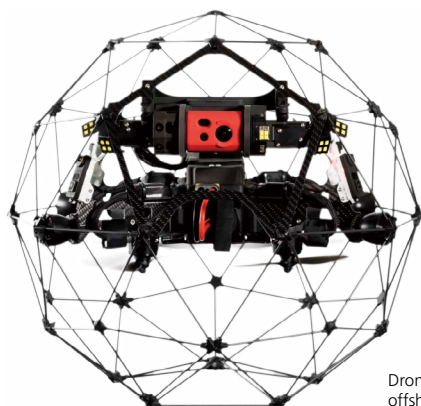
Using Drones to Inspect Equipment at Ichthys LNG

Ichthys LNG's onshore terminal in Darwin underwent its first major periodic inspection in FY2021. To comply with the Life-Saving Rule "Confined Spaces", drones were used to inspect the interior of the equipment, thus eliminating the HSE risks of having human inspectors enter confined spaces.

As part of the inspection, the interiors of gas pipes were carefully examined for contamination or damage, and the position and condition of thermocouples inside heat exchangers were checked.

Enclosed spaces such as inside drums and pipes carry risks including low oxygen concentration, residual flammable substances, and the incursion of solid or liquid substances. The use of drones kept the inspectors safe from exposure to such hazards. Drones are relatively simple to operate and eliminate the time-consuming task of setting up and taking down the scaffolding required for direct visual examination.

Drones are being used at Ichthys LNG to perform various other inspections, including pre-assembly damage assessments for scaffolding, checking for gas leaks from elevated tanks, and examining offshore flare stacks. Trials are underway to expand drone inspection to other structures, including the offshore floating production, storage and offloading (FPSO) facility's hull and turret.



Drone used to inspect Ichthys LNG's offshore facilities



Drone images of the equipment interiors inspected

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HSE Forum (Safety and Health Session)

Since FY2016, we have held an annual INPEX HSE Forum to enable employees to share HSE best practices, insights and experiences, with the goal of enhancing our HSE performance across the entire group, including at operator projects in Japan and overseas.

The forum's Health and Safety Session has served as an opportunity for participants to discuss a broad range of topics, such as how to foster HSE leadership and culture, incident analysis, lessons learned from construction projects, contractors' HSE management, improvement of communication, KPI setting, and HSE management for dealing with COVID-19.

The FY2021 conference was attended by 61 HSE managers and other representatives from around the world. The discussions focused on three topics: Health Management, Incident Management and HSEMS.

Operator project representatives reported on the HSE activities of their organizations, challenges that need to be resolved, and plans for the future. The session also included an all-hands workshop in which participants identified issues requiring a group-wide response, prioritized those issues, discussed strategies for tackling them, and proposed specific action plans. The products of the forum were discussed at the Annual HSE Meeting in November 2021 and are being applied to further improve HSE performance across INPEX.

Strengthening Employee Health Management and Infection Control

In response to the COVID-19 pandemic that has persisted since 2020, we stepped up our efforts in FY2021 to protect the physical and mental health of each employee and control the spread of infection. These efforts have included continuing with basic preventive actions such as having employees check their body temperature before going to work, regularly disinfecting shared facilities and desks, and ventilating rooms. We have instituted hot desking at our headquarters to deal with health risks associated with the 'new normal', and support flexible workstyles to physically reduce the risk of infection. We worked to safeguard the mental health of teleworking employees by regularly monitoring their stress levels and offering professional counseling. Moreover, efforts have been made to explore ideas for strengthening mental health support for everyone in our group, including senior management, and to disseminate best practices.

We also established three coronavirus vaccination centers at work sites in Japan to enable our personnel, their families, and employees of partner companies to have quick and reliable access to the vaccine.

The Corporate Health Management Standard—which comprehensively covers fundamental health management activities across our organization—was revised to more reliably reduce health risks and promote better employee health outcomes. Informed by best practices from overseas, the revision sets out the minimum requirements that we must fulfill as a company committed to protecting the physical and mental well-being of its employees, including the identification and resolution of health risks at each workplace, managing fatigue and mental health, and implementing infection control measures.

In FY2022, we will take steps to further enhance health management and infection control. This will include firmly embedding Corporate-led health management to improve health management at each worksite, and formulating infectious disease guidelines based on our experiences in dealing with COVID-19.

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Process Safety Management

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Process Safety Management (PSM) is the framework of systems and processes for the robust design, engineering, operating and maintenance practices needed to prevent the leakage of flammable liquids or other hazardous substances, or the occurrence of MAEs, such as fires and explosions that may occur from such leakages.

By thoroughly managing process safety, we will endeavor to prevent leakages from the processes of our facilities.

Process Safety Management Framework



Comprehensive Process Safety Management

As shown in the figure below, INPEX Process Safety Management consists of four focus areas and 20 elements. Each element has a detailed set of expectations to which operator projects must adhere. Within the PSM framework, we have voluntarily adopted a Safety Case regime at INPEX-operated assets, which documents our implementation of sufficient measures to prevent process leakage-related MAEs through systematic identification and assessment of risks, and for minimizing the impact of MAEs that do occur. We also conduct Asset Integrity/ Process Safety (AIPS) assurance reviews for all operator projects to ensure risks are maintained to ALARP levels.

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Process Safety KPIs

We collect and report Tier 1 and Tier 2 Process Safety Events (PSEs) in line with IOGP requirements. In FY2021, there were seven Tier 2 PSEs but none for Tier 1. We also set and monitor Tier 3 and 4 leading indicators for operator projects to help further prevent process leakages. It is our goal to improve the reliability of operations by collecting and analyzing data on process safety KPIs, drawing lessons from past leakages to prevent recurrences, pinpointing trends in incident-causing factors, and—as a leading indicator—monitoring the implementation rate of actions that help to prevent leakages. At the same time, we share information on our process safety performance with stakeholders to avoid complacency and raise awareness of the importance of MAE prevention.

① Process Safety KPIs: Tier 1 and 2 Process Safety Events are unexpected releases or leakages of any material, including flammable liquids. In line with IOGP reporting requirements, we classify such events as Tier 1 or Tier 2 depending on the degree of consequence (personal harm, direct cost to the company, type and quantity of material released, etc). We have also adopted Tier 3 and 4 classifications as leading indicators, referring to internationally accepted guidelines.

Asset Integrity Assurance

Asset Integrity/Process Safety (AIPS) assurance review is a systematic series of reviews conducted by an independent team at appropriate points during each phase of a project. Specifically, this process assesses the actions implemented at a site to fulfill the expectations embodied in the 20 elements of Process Safety Management. Benefits that can be expected from an AIPS assurance review include:

- providing assurance to management and stakeholders that asset value (equipment) is being adequately protected;
- confirming our AIPS management requirements are being addressed; and
- sharing good AIPS practices and lessons learned from project to project.

In addition, we conduct other reviews at each phase of the project, including reviews ahead of facility launch and operational readiness assessments. By tracking progress in the implementation of recommendations generated from these various reviews and providing feedback on areas for improvement, we endeavor to enhance the integrity of our assets.

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Security and Crisis Management

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In response to the growing uncertainties of the global security environment in recent years, we are continuously reinforcing our overseas security management. We also develop emergency response plans and carry out training exercises to strengthen our readiness to respond to various incidents, such as fires, explosions and oil spills.

Enhancement of Security Management

The Middle East is one of our key regions of operation. In recent years, this region has seen developments that compel us to rethink our traditional position on security, such as rising tensions between Iran and the United States, the change in government in Afghanistan, and missile and drone attacks on the UAE associated with the civil war in Yemen, among others.

Recognizing these changes as security threats, we are stepping up our preparedness for geopolitical risks, including by strengthening our capabilities for analyzing security situations and formulating emergency response plans. In FY2020, we developed an emergency response plan for dealing with security contingencies, and conducted exercises with our overseas offices based on that plan. During the unstable political situation in Kazakhstan in January 2022, we worked to ensure the safety of local employees by utilizing the insights and resources produced by our security-enhancing efforts and by effectively coordinating actions with our local offices.

In addition, we continuously gather and analyze security information on the regions where our employees work, and share that information internally. We also evaluate the threat level of each region and use those assessments as a guide for the issuance of alerts and formulation of policies for employees stationed or traveling to the region. Information on security-related incidents such as rioting, abductions, or political unrest is posted on our intranet to raise awareness of potential threats. In-house seminars and exercises are held to enhance employee understanding and readiness.

Security experts at our headquarters periodically visit the regions where we operate to conduct security reviews. These inspections help us to develop better

security policies by providing us with a clearer understanding of each region as a whole, the local operating sites, the routes of travel and accommodation used by employees, and other pertinent information.

We develop security contingency plans and regularly conduct exercises to test the effectiveness of each plan and familiarize employees with its protocols.

Emergency and Crisis Response System

We have developed a system that enables Corporate teams and operator project organizations to cooperate in responding to emergencies. Through opportunities such as emergency response training, we regularly update our crisis response documents and maintain and expand the Crisis Management Team’s facilities and equipment. We are also developing a provisional crisis management team that will take command if the headquarters’ functions are partially disrupted, and strengthening its coordination capacity.

Launched in FY2020 in response to COVID-19, the Corporate Crisis Management Team continued to collaborate with relevant functions in FY2021 to develop actions necessary for preventing infection, sustaining operations through teleworking and other measures, and ensuring the continuity of our critical businesses.

Emergency Response Exercises

Our organizations in Japan and overseas with operational sites conduct emergency training and exercises based on annual HSE plans—both independently and together with our headquarters—in order to continuously improve emergency response capabilities.

As part of this endeavor, we hold proactive joint exercises with teams at newly established businesses and projects to ensure effective, well-coordinated responses to major incidents. In FY2021, joint crisis response exercises were conducted with personnel at a new onshore drilling operation in Abu Dhabi, and at the newly launched Eagle Ford shale oil project in the United States. These trainings provided valuable lessons in emergency responsiveness.

In addition to reinforcing our capabilities to respond to the threat of novel infectious diseases like COVID-19, we have been working to improve our readiness for dealing with other threats that have emerged in recent years,

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such as the increased severity of natural disasters—as seen in the damage to our gas pipelines caused by Typhoon Hagibis in FY2019—and cyberattacks against the energy industry that might suspend its operations—such as the Colonial Pipeline ransomware attack in 2021.

We have been responding to the intensification of natural disasters by making improvements based on reviews of past typhoon damage, and by realigning our action plans with the latest government guidelines. We also continue to recognize the persistent threat of a major earthquake occurring in the Tokyo metropolitan area where our headquarters are located, and annually implement crisis response drills to prepare for that contingency and identify areas for improvement.

As part of our response to the growing risk of cyberattacks, fueled in part by rising international tensions, we conducted an emergency response exercise in March 2022 that simulated a cyberattack against an Ichthys LNG operating site. This drill provided lessons for enhancing our responsiveness to such attacks.

Going forward, we will continue to use the lessons learned from such exercises to guide improvements to existing manuals and strengthen our crisis responsiveness through various measures, including the deployment of new resources and equipment.

Response to Blowouts and Oil Spill Incident

We need to be prepared not only for large-scale blowouts and oil spills at oil and gas development sites, but also for frequent small-scale spills from tanks and pipelines at production facilities, which may affect the local community's safety, health, and businesses.

Taking lessons from incidents experienced by other companies, we are enhancing incident management systems for our wells, pipelines, plants and other assets in all aspects of incident prevention, containment, and response. We have developed rules and procedures for consistent management aimed at preventing incidents. To prepare against the malfunctioning of a subsea blowout preventer 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)—the world's largest provider of oil spill response services—to establish a system for responding to a large-scale oil spill, and to constantly acquire new knowledge of oil spill response technologies.

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Our Health, Safety and Environmental Policy (HSE Policy)^⑨ articulates environmental management and GHG management commitments across our entire organization. Our INPEX Vision @2022^⑩ outlines further commitments to improve our environmental management with the goal of tackling global environmental issues and creating environmental value.

In our business activities, we not only comply with the laws and regulations of the country where the project is implemented, but also promote the avoidance and reduction of environmental impacts on the atmosphere, water quality, soil, etc, as well as the proper management of waste. Together with our efforts to minimize our impact on biodiversity and water resources, we are working to promote efforts that contribute to the creation of new environmental value.

[⑨ !\[\]\(7fda115651271fe97b921a94cc0d0917_img.jpg\) Health, Safety and Environmental Policy \(HSE Policy\)](#)
[⑩ !\[\]\(3f47a1077ff7545b0da66798a318f26d_img.jpg\) INPEX Vision @2022](#)

Corporate Environmental Management Plan

To respond to environmental issues that apply company-wide, we have set five ‘corporate environmental targets’ based on the status of our business activities, HSE Policy and important INPEX Key Tasks^⑪. We are planning and implementing activities and programs to achieve these targets, and monitor their achievement by way of 10 environmental KPIs.

Since FY2018, we have summarized environmental management activities under our group-wide Corporate Environmental Management Plan with the aim of coordinating environmental management activities—including GHG management—at our headquarters and all operating sites.

The Corporate Environmental Management Plan details the aforementioned corporate environmental targets and environmental KPIs, and the specific activities to achieve them. We apply a PDCA cycle-driven approach to environmental management for projects in all our businesses.

⑪ [INPEX Key Tasks](#)

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 FY2022, we will continue advancing environmental management across our entire organization through the PDCA cycle of formulating, steadily implementing, reviewing, and revising the Corporate Environmental Management Plan set in FY2018.

Environmental Management Working Group and HSE Forum (Environmental Session)

The Environmental Management Working Group—consisting of managers and others in charge of the environmental management of projects in Japan and overseas—held meetings in February, May, September, and December 2021. In addition, an Environmental Session was held at the annual INPEX HSE Forum in September 2021. The working group discussed the following subjects in FY2021:

- Groundwork for formulating a statement of corporate environmental management commitments
- Progress against the environmental KPIs.

The Environmental Session was held online via Microsoft Teams with a total of 40 participants. Operations managers and environmental managers of domestic/overseas projects, as well as representatives from relevant headquarters functions, took part in two days of productive discussions. The main focuses were: (1) internal plans and initiatives for reducing GHG emissions; and (2) drafting of a statement of corporate policies/commitments on water management, biodiversity conservation, waste management and social impact management.

Going forward, we will continue using these opportunities to share good practices of domestic/overseas environmental management with each other, and discuss environmental concerns from various aspects, as part of our pursuit of group-wide environmental management.

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Environmental Pollution Prevention

In addition to complying with local environmental laws and regulations, we identify and assess environmental risks associated with each project, voluntarily take measures to address those risks, and track the effectiveness of our actions. Our environmental management measures at the project level aim to prevent pollution at each operating site.

Environmental Compliance

We comply with the environmental laws and regulations of the countries in which we operate. For every project, we make a list of all applicable legal requirements to identify compliance obligations, in line with our HSE Legal and Other Requirements Standard. We also make a legal requirements list for each operator project in Japan and overseas, annually update it to reflect new enactments and changes to laws and regulations, and confirm our compliance with them. In FY2020, meetings on management of HSE legal and other requirements were held with representatives of Corporate divisions in charge of non-operator projects to ascertain the status of related efforts and discuss forthcoming actions.

Furthermore, since FY2019, we have held a services agreement with Enhesa NV—a company which constantly checks/provides the latest information about laws and regulations and comprehensively supports HSE legal compliance—and have been using this service to manage compliance at each operational site. We are developing a system to supervise the status of legal compliance managed by the operational sites from Corporate HSE. As of FY2021, there were no serious violations of environmental laws or regulations.

Preventing Air Pollution

With the aim of preventing impacts to air quality, we monitor and manage NOx, SOx and VOC (volatile organic compounds) emissions from our operational sites in Japan and overseas, in compliance with relevant laws and regulations of the countries in which we operate and with reference to international regulatory trends.

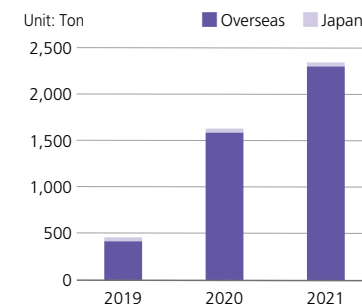
At our operator projects in Japan and overseas, we manage emissions by identifying the sources—such as production processes, fuel combustion facilities,

venting of natural gas, crude oil storage tanks, LNG tanks, and shipment by trucks and tankers—and determining the amount of emissions they release.

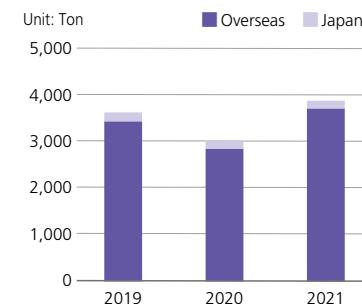
Our group-wide SOx emissions increased by around 46% to 2,322 tons in FY2021 compared to FY2020. This was largely due to a change in the composition and volume of gas combusted during emissions treatment in the acid gas removal units at Ichthys LNG and the Eagle Ford shale project.

In FY2021, NOx emissions were 3,984 tons and remained the same as the previous fiscal year. Non-methane VOC (NMVOC) emissions in FY2021 were 5,867 tons, down approximately 37% from the previous fiscal year. This decrease was due to the reduction in flaring activities at Ichthys LNG, whose gas contains high concentrations of NMVOC.

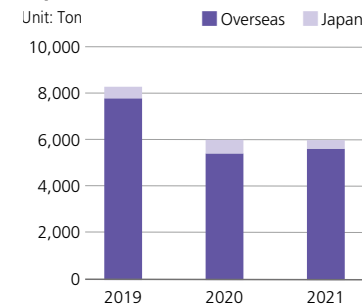
Annual SOx emissions in Japan & overseas



Annual NOx emissions in Japan & overseas



Annual NMVOC emissions in Japan & overseas



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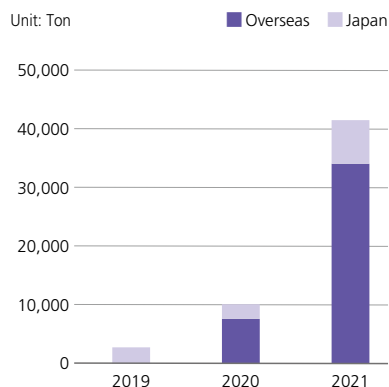
Proper Waste Disposal and Recycling

We actively practice the 3Rs—reduce, reuse, and recycle—in our waste management so that we can minimize the use of natural resources and thereby reduce our environmental impact. When we are unable to viably reuse waste generated by our operations, we properly dispose of it via licensed waste service providers. Overseas projects follow a waste management plan established prior to project or operational start-up, which incorporates regulatory requirements, risk management, and audits. For operator projects in Japan and overseas, we conduct annual inspections of waste service providers to monitor their waste treatment and disposal activities to ensure our waste is being properly disposed of. In FY2021, we conformed with COVID-19 safety restrictions by replacing on-site visits with virtual monitoring conducted mainly through remote interviews by telephone or other means.

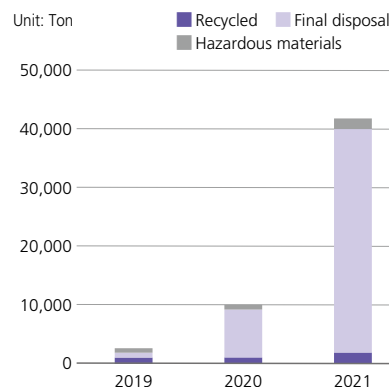
Inspections of waste disposal services (n) shows the number of inspections conducted through remote interviews.)

	2020	2021
Overseas	19 (8)	20 (11)
Japan	23 (13)	22 (4)

Annual waste output in Japan & overseas



Annual waste output types



The amount of waste generated by our entire organization in FY2021 was approximately 42,000 tons. Of the 7,500 tons produced in Japan, around 2,200 tons, or thirty percent, was recycled. The amount generated overseas was approximately 34,500 tons. The amount of waste generated is influenced by business operations. The increase in waste volume in FY2021 is due to excavation work, as well as the production and flowback water (discharged water generated during fracturing work), at the US Eagle Ford shale oil project.

Our “Akasaka ECO Office” carries out activities to promote waste reduction and boost awareness among our headquarters staff.

Activities for FY2021 included the following:

- Sharing information on the amount of waste produced by each floor of our headquarters as a way to encourage greater waste reduction
- Training to raise awareness of the purpose, methods, and rules for sorting waste
- The production and distribution of reusable mugs to reduce use of paper cups and plastic bottles at our headquarters.



A reusable mug distributed at our headquarters

Biodiversity Conservation

Biodiversity conservation is a significant global environmental issue and identified as of INPEX's Key Tasks. We recognize that the degree of impact of our business on ecosystems or biodiversity differs depending on the phase, scale or location of each project—and accordingly, the biodiversity conservation efforts for each project must differ. Therefore, we apply a mitigation hierarchy¹⁰ in the development of biodiversity conservation plans for each project, to avoid and

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mitigate the impact of our business activities on environmentally sensitive areas—e.g. protected areas, critical habitats of threatened species, mangrove forests, coral reefs, wetlands, etc—and to prevent deforestation.

¹² Mitigation hierarchy is defined as i) Avoidance, ii) Minimization, iii) Rehabilitation/Restoration, iv) Offset.

Leadership Organization

We discuss biodiversity conservation initiatives in Environmental Management Working Group meetings and at our annual HSE Forum and the results of these discussions are reported to and deliberated by the Corporate HSE Committee.

In FY2021, based on our current efforts and international trends, we identified the following as company-wide issues related to biodiversity conservation, and considered formulating our policies and commitments regarding the identified issues:

- Avoid and mitigate the impact to protected areas
- Promote a net positive approach
- Promote biodiversity conservation initiatives.

We continue our discussions on the formulation of Corporate biodiversity policies and commitments in FY2022.

Protected Areas

Since FY2019, in the geographical information system for each operator project, we have compiled information on protected areas obtained from the World Database on Protected Areas (WDPA)¹³, and animal and plant species that fall under the IUCN Red List categories. Information is annually updated for the following purposes:

- Confirmation if our projects operate in any Protected Area
- Initial screening of potential impacts of new projects to Protected Areas
- Planning for biodiversity conservation in existing projects.

As of December 31, 2021, INPEX confirms that it is not operating any projects in the Protected Areas.

¹³ Developed jointly by the following associations:

- United Nations Environment Programme (UNEP) – a major agency within the United Nations established in 1972 in the environmental field
- International Union for Conservation of Nature (IUCN) – an international nature conservation network comprising nations, government agencies and non-government organizations that was established in 1948 under global cooperation

“Net Positive” Approach

INPEX-operated Ichthys LNG identifies negative risks and impacts on biodiversity through environmental and social impact assessments, and formulates and implements impact avoidance, mitigation, and compensation measures based on the mitigation hierarchy. On the other hand, for existing projects that have been operating for many years—such as the ones in Japan—we plan and implement conservation activities and initiatives that will positively impact biodiversity.

In FY2021, INPEX conducted a study to identify the current status and any issues for our “net positive” approach.

In FY2022, based on international trends such as TNFD¹⁴, we will continue to consider the introduction of an approach that creates a net positive environmental impact, in addition to avoiding or minimizing any negative impacts on biodiversity.

¹⁴ Taskforce for Nature-related Financial Disclosure

Overseas Activities to Conserve Biodiversity

The Ichthys LNG onshore processing plant is located in Darwin Harbour, where extensive mangrove forests along the coast provide breeding and feeding grounds for fish and sea turtles. To protect the rich biodiversity, Ichthys LNG has continued to comprehensively monitor effluent, seawater quality, and growing conditions for mangrove forests and other natural vegetation. We further contribute to biodiversity conservation around the plant by providing grants to marine research projects such as long-term dolphin and dugong studies in the Northern Territory.

[Link to the report by Cardno \(page 98\)](#)



Environmental monitoring programs are conducted at/around the Ichthys LNG onshore processing plant site

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Wild bird surveys at the Onshore Block 4 Project

INPEX has been exploring Onshore Block 4 in the UAE since being awarded exploration rights in 2019. The block is in a central coastal area of the country that encompasses Abu Dhabi.

Balghelam and Umm Al Barak, two islands roughly 20 kilometers northeast of Abu Dhabi that are drilling sites for this project, are noted as resting and roosting places for migratory birds. Several times a year, JODCO Exploration Limited commissions a survey of birds inhabiting the islands in order to examine their situation and gather information for developing strategies to mitigate potential project impacts on these birds.

In the surveys in FY2020 and FY2021, ornithologists collected data on the types of birds observed in each area of the islands, their population sizes, and behaviors such as roosting, feeding, and breeding. The findings were used to identify impacts and formulate mitigation strategies for implementation. One of the actions taken was to restrict project personnel and vehicles from going off-road or entering roosting areas.



Activities to Conserve Biodiversity in Japan

Biodiversity conservation activities at our longstanding projects in Japan have proactively contributed to the monitoring and management of the environment in which we operate.

At the Naoetsu LNG Terminal these activities include:

- continuous monitoring of seawater temperature at the intake/discharge points;
- continuous monitoring of water quality of cooling water/discharge; and
- marine biological survey of the surrounding waters.

During the terminal's planning stage, we made forecasts on potential environmental impacts of cooling water discharge. Due to the significant level of uncertainty in those forecasts, we conducted two follow-up marine biological surveys: the first, a year after operations began (FY2015-2016); and a second in FY2018-2019. Seawater quality/temperature and marine life (such as benthos, plankton, fish eggs, juvenile fish, and intertidal biota) were monitored once each calendar season to understand the state of the marine environment. The results of the follow-up surveys showed no significant changes from the results of the baseline survey conducted before the start of operations (FY2012-2013).

Activities conducted in Japan include:

- raising internal awareness of invasive alien plant species and ways to exterminate them (FY2019);
- held a biodiversity lecture with an external expert (FY2019);
- educational activities on biodiversity in environmental newsletters (FY2019);
- internal preparation of basic biodiversity knowledge, implemented in e-learning (FY2020); and
- desktop reviews of ecosystems around domestic project sites (rivers, fishing grounds/farms, forests, biodiversity conservation areas, cultural properties, critical habitats of threatened species).

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“Kitsunedaira Donguri-no-mori” Ecosystem Survey

As part of an ongoing forestation support program launched by Niigata Prefecture in 2010, the Kitsunedaira Donguri-no-mori (Acorn Forest) project is being run in Nagaoka City's Fudosawa district, adjacent to the Koshijihara Plant at Nagaoka Field Office.

● Planting trees and caring for the forest

Twice a year, our employees work with local residents on forest maintenance, tree planting activities, and holding nature observation meetings for children.

● Ecosystem survey

In FY2019, we conducted a simple survey before winter to examine the state of Donguri-no-mori's ecosystem. We observed several species of mammals at the site and several species of birds in the area and the sky above. Based on these findings, we were able to confirm that Donguri-no-mori's ecosystem had improved within those ten years since the initial tree planting.

In FY2022, we will reconduct a survey to investigate seasonal changes in the ecosystem and species of the acorn forest.



Planting trees as part of the Donguri-no-Mori project

Effective Use of Freshwater Resources

Water resource management and water risk management¹⁵ are internationally-recognized issues and we have accordingly designated “proper water management” as one of our Key Tasks¹⁶. We have been working to reduce our impact on water resources by managing the water footprint of our operator projects in Japan and overseas, and their discharge of produced water arising from oil and natural gas production. Since FY2015, we have been involved in IPECA's Water Working Group to stay abreast of international trends in water management and good practices for the oil and gas industry.

¹⁵ Water risks: water risks such as securing water for current and future business continuity, and the increasing rate of flooding from extreme weather associated with climate change.

¹⁶ [INPEX Key Tasks](#)

Identification of High Water Stress Areas

We confirm if our operational sites are located in high water stress¹⁷ areas using Aqeduct, a water risk mapping tool developed by the WRI¹⁸. The tool is used to assess and investigate water availability prior to the commencement of a project. As of December 31, 2021 we have no projects operating in high water stress areas.

¹⁷ The amount of water resources available per person, used as an index for assessing the scarcity of water supply versus demand.

¹⁸ World Resources Institute

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Efficient Use of Freshwater Resources

Our project sites in Japan and overseas use tap water, industrial water, and groundwater as coolants. In FY2021, the volume of freshwater used across our entire organization totalled 2,211 thousand cubic meters.

Groundwater is also used in Japan for cooling in power generation and for melting snow. We are taking action to reduce our water consumption, including by adopting a circulating system for cooling water, and equipping snow-melting systems with sensor-activated automatic shutoff.

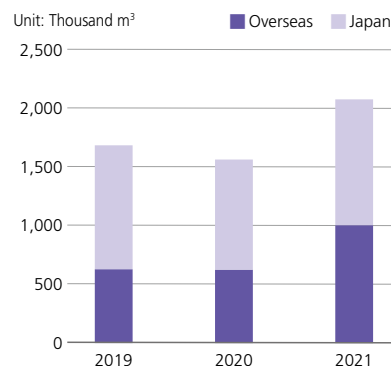
At our Ichthys LNG onshore processing plant, we conduct investigations into freshwater use with the aim of reducing consumption. The findings of these investigations are being used to study the feasibility of cost-effective approaches for reducing freshwater consumption by reusing water, such as treated wastewater from processing as well as wastewater and condensed steam from power generation facilities.

Use of Seawater

Ichthys LNG offshore production facilities use seawater for cooling, and the Naoetsu LNG Terminal uses it for heat exchange in the vaporizer.

Mandatory checks of seawater temperature and residual chlorine levels ensure that the marine environment will not be harmed, and that relevant laws and international guidelines are met before the used seawater is discharged back into the sea.

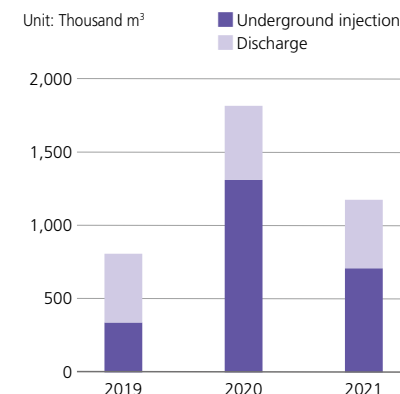
Annual freshwater intake in Japan and overseas



Wastewater Management

Produced water is reinjected underground or discharged into public water sources such as rivers or seas only after it has been treated and confirmed to comply with the relevant effluent standards. We comply with the relevant effluent standards of each country in which we operate, or with international guidelines in the absence of adequate standards at each of our operational sites. In FY2021, 60% of the total produced water (approximately 1.17 million cubic meters) was reinjected, while the remainder was discharged into rivers or seas. Produced water in overseas operations decreased on the FY2020 volume by approximately 0.6 million cubic meters. This is due to a reduction in the produced water volume (including flowback water from fracturing) generated by the Eagle Ford Project.

Annual produced water discharge in Japan and overseas



Development of Effluent Water Treatment Technology

From FY2015 to FY2017, we conducted a pilot project at our Sotoasahikawa plant in Akita Prefecture—in collaboration with Chiyoda Corporation and METAWATER, and with the support of JOGMEC®—to test a produced water-treatment technology using ceramic membrane filtration.

This technology is expected to further reduce the environmental impacts of water discharges from crude oil production. A joint follow-up study with JOGMEC was launched in FY2018, and a pilot test for commercial use of this technology is currently ongoing. We achieved a total operation time of 17,600 hours as of March 31, 2022, constructed a produced water processing facility, and have continued to operate without incident or occupational injury throughout the entire operating period (approximately six and a half years).

® Japan Oil, Gas and Metals National Corporation

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The support we receive from local communities—underpinned by strong and trusted relationships—forms the basis of our social license to operate, and is therefore integral to the success of our business activities.

Our engagement with local communities is guided by commitments within the INPEX Group Sustainability Principles. INPEX is committed to engaging widely with, and fairly and proactively disclosing company information to our stakeholders, including the communities in which we operate. We seek to build and maintain relationships with our stakeholders through open and transparent engagement.

The INPEX Group Human Rights Policy^① further outlines our pledge to recognize and respect the rights of people in communities who may be affected by our business activities, including the rights of indigenous peoples. In Australia, INPEX’s commitment to working with Aboriginal and Torres Strait Islander peoples is set out in and implemented through the INPEX Reconciliation Action Plan^②.

Our Human Rights and Health, Safety & Environment policies include commitments to avoid or minimize any adverse impacts of our business activities on the communities in which we operate. We conduct impact assessments as part of the development of our business activities and implement a variety of control measures during their conduct. We engage with stakeholders as part of these assessments—with findings integrated into our business plans—and provide forums for ongoing community engagement, community inquiries and grievance management.

Our business success relies on access to strong local industries and skilled personnel. We are pleased to support the economic development of our host countries, regions and communities by working closely with our stakeholders to support local employment and business opportunities, respectful of cultural diversity.

Further to the social and economic contributions generated through our core business operations, we engage in social investment activities to support local

development priorities and community programs, with the goal of contributing to the sustainability, prosperity and vibrancy of our host communities.

① INPEX Group Human Rights Policy

② Reconciliation Action Plan (RAP)

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Stakeholder Engagement

Japan

We engage with local stakeholders in Japan through the community engagement teams we have established at our operational sites in Niigata, Minami-Aga, Nagaoka, Kashiwazaki, Naoetsu, Akita, and Chiba.

In recent years, we have actively participated in community events, including providing sponsorship and volunteer support for a marathon in Kashiwazaki. We also sponsor firework displays at summer festivals in Niigata, Nagaoka, Kashiwazaki, Naoetsu and Akita, and help to protect the environment by collaborating with residents of Nagaoka in a semiannual reforestation project (due to COVID-19 impacts, some events were cancelled in 2020 and 2021, and may be cancelled again in 2022).

Naoetsu LNG Terminal—the core facility of our gas supply chain and the receiving terminal for LNG shipped from Ichthys LNG in Australia—publishes a bimonthly newsletter for local residents, municipal offices, and government agencies to inform them on the terminal's operations, safety efforts, and other matters. Our employees also interact with community residents by taking part in local activities such as softball tournaments.

Australia

During 2021, we continued to work closely with key stakeholders in Australia to minimize impacts of the COVID-19 pandemic on our business and to protect the safety and well-being of our personnel and the communities in which we operate. While COVID-19 restrictions prevented some face-to-face meetings, we maintained regular and proactive engagement with stakeholders through virtual meetings, phone calls and e-mails.

More than 300 engagements with government, industry, business, and community stakeholders were held in FY2021, and focused on updates on Ichthys LNG's operational activities and opportunities for communities including employment, business, and community investment.^①

① [Community engagement in the Northern Territory](#)

Indonesia

We strive to maintain productive communication with the stakeholders we have identified for the Abadi LNG Project in Indonesia, not only the local residents and others directly impacted by our project operations, but also NGOs and the central and local governments. As part of this commitment, we station employees who were raised in the areas surrounding the operating sites in those locations, so they can directly support our efforts to maintain active dialogue with those communities.

Through this dialogue, we became aware that one local community was having difficulty securing access to clean drinking water. Following talks with representatives of the community and local government, we responded by developing and launching the "Clean & Healthy Behavior Program". This initiative aims to establish a community water tank and pipeline network so that clean drinking water can be supplied to every household. Instead of directly building the water system, we are advancing this effort under a model of community-based participation and involvement.

Regarding the environmental and social impact assessment currently underway, we developed a Stakeholder Engagement and Public Consultation Plan (SECP) ahead of the public consultations for local residents that are held as part of the Indonesian Environmental and Social Impact Assessment process (AMDAL). The SECP goes beyond the requirements of AMDAL to incorporate stakeholder engagement requirements stipulated in the IFC Performance Standards (IFC PS). We are implementing initiatives in accordance with the SECP.

Our stakeholder engagements at each process of the environmental and social impact assessment are summarized on the next page.

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Year	Processes	Initiatives regarding Stakeholders
2018	Identifying stakeholders	<ul style="list-style-type: none"> Identifying a wide array of stakeholders in the project and creating a stakeholder map.
2019	Developing a Stakeholder Engagement and Public Consultation Plan (SECP)	<ul style="list-style-type: none"> Identifying requirements for AMDAL and stakeholder engagement as stipulated in the IFC PS. Developing a SECP to comprehensively manage the above requirements.
	Implementing AMDAL Public Consultations	<ul style="list-style-type: none"> Holding AMDAL public consultations in each project location area and hearing the local community's concerns.
	Developing KA-ANDAL	<ul style="list-style-type: none"> Developing Terms of Reference (KA-ANDAL) for an environmental and social impact assessment that take into consideration the community concerns identified in the aforementioned public consultations.
	Baseline Survey	<ul style="list-style-type: none"> Implementing surveys through face-to-face dialogues, such as Focus Group Discussions, Household Surveys and Key Informant Interviews to understand the current situation of the affected communities.
2020–2021	Impact Assessment	<ul style="list-style-type: none"> Assessing the impacts on affected communities during construction and operation. Implementing the impact assessment relevant to the community concerns.

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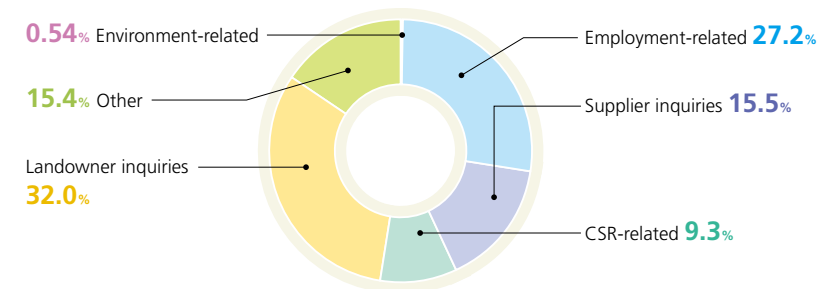
In accordance with the principles outlined under “Our Policy” (page 82), we record and manage the feedback we receive from local communities, and endeavor to provide appropriate responses where needed.

We receive feedback via diverse channels, including our toll-free hotlines, email, and face-to-face consultations. This information is shared with relevant personnel and used to monitor community sentiment and the types of inquiries received. We strive to identify community concerns at an early stage and minimize potential risks. We properly respond to grievances by following our established procedures and establishing the facts of each matter with the cooperation of the relevant stakeholders.

The following graph provides a breakdown of the inquiries and feedback received in FY2021 from residents living near our key project sites and operational facilities, based on our external stakeholder response procedures.

No grievances were recorded under those procedures during the year.

Breakdown of inquiries and feedback received from local communities in Japan, Australia, Indonesia, and the US in FY2021^④



Note: Figures are rounded to the first decimal place.

^④ [Community feedback in Australia](#)

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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).

Included in our second Stretch RAP 2019-2022^⑥ are practical actions and deliverables that help to advance our contribution to reconciliation in the communities in which we operate. A Steering Committee comprised of senior management provides regular oversight of the RAP and monitors the implementation of actions and deliverables, with progress being reported publicly on an annual basis.^⑥

Workshops have been held with relevant teams to set actions and deliverables in preparation for our next RAP from 2023 onward.

[⑥ !\[\]\(f37d85c2c2454f41c389e3c6b0d43c8d_img.jpg\) INPEX Stretch Reconciliation Action Plan \(RAP\) 2019-2022](#)
[⑥ !\[\]\(855fa703e35019d4a91fb87d36a0d0fe_img.jpg\) Reconciliation Action Plan Report 2021](#)

Employment and Local Businesses

Through our business activities, INPEX is laying the foundations in Australia to support sustainable, multi-generational economic participation opportunities for Aboriginal and Torres Strait Islander communities. We integrate both employment and business participation opportunities into the way we do business through regular reviews of our human resources and procurement practices to remove barriers to engaging Aboriginal and Torres Strait Islander peoples and businesses.

Our “Solid Pathways” program provides learning and developmental employment opportunities to Aboriginal and Torres Strait Islander individuals to work in the oil and gas industry. The program’s participants receive on-the-job support and external training for 12 to 18 months, in preparation for potential long-term direct employment with INPEX Australia. In FY2021, thirteen Aboriginal and Torres Strait Islander individuals commenced employment with INPEX.

The Solid Pathways program is a key deliverable contained in INPEX’s Stretch RAP 2019-2022 and is a major contributor to INPEX achieving its commitment to employ 36 Aboriginal and Torres Strait Islander peoples, or 3% of our workforce, by 2022.

This commitment was achieved by end of December 2021, with a total of 36 individuals employed. In addition, more than 100 Aboriginal and Torres Strait Islander peoples were engaged through Ichthys LNG operations contractors in FY2021, exceeding the target of an average 60 positions each year from 2019 to 2021.

To increase Aboriginal and Torres Strait Islander supplier diversity, a target has been set for INPEX and its contractors to engage 12 Aboriginal and Torres Strait Islander majority-owned businesses, to the value of more than A\$1 million, in the period from 2019 to 2021. Since the commencement of the RAP in 2019, INPEX and its contractors have engaged 17 majority-owned Aboriginal or Torres Strait Islander businesses for scopes of work with a total value exceeding A\$10 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 as the traditional owners of the Larrakia lands and waters (the Darwin region) on which the Ichthys LNG onshore processing plant is located.

In keeping with the 2021 NAIDOC Week^⑦ theme of “Heal Country” and as part of INPEX’s NAIDOC Week celebrations, we published an article on our Australian intranet about “Heritage Hill,” a protected area situated on the boundary of the onshore processing plant and a site of cultural significance to the Larrakia people.

INPEX has long been committed to preserving items of cultural significance to Aboriginal peoples and was the first company in the Northern Territory (NT) to engage Larrakia Heritage Monitors during the early stages and prior to construction of the onshore plant. During archaeological surveys, a number of known Aboriginal heritage sites were identified in and just outside the onshore development area. Following consultation with the Larrakia Heritage Management Executive Committee (the predecessor to the INPEX Larrakia Advisory Committee) and the NT Government Heritage Branch, some sites and objects of cultural significance remained in situ while others were relocated to Heritage Hill.

A Larrakia-owned business has been engaged to provide the Heritage Hill grounds maintenance services, with Larrakia Heritage Monitors employed when required.

⁷ NAIDOC originally stood for “National Aborigines and Islanders Day Observance Committee.” NAIDOC Week celebrations are held across Australia each July to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. NAIDOC is celebrated by Australians from all walks of life.

INPEX-led Ichthys LNG Joint Venture has committed A\$24 million over two decades to assist Aboriginal rangers in the management and protection of land and sea country in the Northern Territory (NT), Australia.

The Aboriginal Ranger Grants Program (ARGP) will receive funding from Ichthys LNG Joint Venture as part of a new plan between the company and the NT Government under the existing Ichthys Project Voluntary Offsets Agreement.

The funding will help Aboriginal rangers and sea managers deliver a program for the conservation management of dugongs, cetaceans and threatened marine matters of national environmental significance in the Top End region of the NT.

NT Minister for Parks and Rangers, Selena Uibo, said she was delighted that Ichthys LNG Joint Venture was partnering with Government to add more value to the work of this remarkable group of Territorians, and helping to create local jobs for Aboriginal rangers in remote parts of the NT.

"Their multi-million, two-decade commitment is a standout example of corporate investment in the public good," said the Minister.

The Larrakia Rangers, who cover sea and land country around Darwin, said the funding opportunities have enabled them to lead projects that Larrakia want to do and use their local knowledge.

Under the ARGP, two types of grants are available through a competitive, merit-based system:

- Capital funding – which has helped rangers purchase vehicles and trailers, boats, fire and weed spray units, heavy equipment, information technology and communication systems and infrastructure.
- Conservation land management funding – which has provided rangers with assistance for activities including feral animal management, fire and weed management, protection of threatened and “iconic” species, cultural management, and training and skills development.



Announcement of A\$24 million contribution over 20 years to the Aboriginal Ranger Grants Program with the Northern Territory Minister for Parks and Rangers and the Larrakia Rangers

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Contributing to Local Economies

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

INPEX Australia developed an Industry Participation Plan⁹ 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 submitted plans and targets.

A supplier opportunities portal⁹ has been established on the INPEX Australia website to provide guidance to suppliers seeking opportunities with INPEX Australia. The Industry Capability Network Northern Territory (ICNNT) has been engaged to help identify local suppliers, and we encourage local suppliers seeking opportunities to establish and maintain a company profile with the ICNNT. In FY2021, an overall Australian content level of 89% was achieved for Ichthys LNG operations.

Training and apprentice programs continue to be run by INPEX and key contractors to provide opportunities for locals—including Aboriginal and Torres Strait Islander peoples—to commence careers in the industry and contribute to building local workforce capability.

⁹ [Australian Industry Participation Policy](#)
⁹ [INPEX Australia Website: Disclosed information for suppliers](#)

Case study: Long-term social and economic benefits of Ichthys LNG

An independent report forecasting a bright decade ahead for the Northern Territory (NT) courtesy of INPEX-operated Ichthys LNG was released in 2021.

The report, titled *A social and economic impact assessment: Ichthys LNG 2020 – 2030*, was launched in September 2021 by the NT Chamber of Commerce and supported by the NT Deputy Chief Minister. INPEX also held briefings for key stakeholders together with ACIL Allen's lead economist.

ACIL Allen considered business indicators such as operational and capital expenditure, employment and local contract values to assess Ichthys LNG's contribution to Gross Territory Product, wages and salaries paid to Territory workers, population growth, social services and the valuable contribution of

volunteers in the community. The report found that for every full-time job created by Ichthys LNG an additional two jobs were generated in the Northern Territory.

Each year, Ichthys LNG will directly pay A\$250 million in wages and salaries to its Northern Territory-based workforce and workers across other sections of the economy in roles created as a result of Ichthys LNG's operations in the Northern Territory.

Other key economic and social benefits identified in the report included:

- A\$7.1 billion in total tax revenue to be generated, with an average of A\$649 million going to the Australian and Northern Territory governments each year
- A\$2.8 billion of income to be generated, or A\$251 million each year
- A\$8.4 billion in exports to be contributed, equating to A\$770 million each year.

The report also found that Ichthys LNG employees contributed approximately 50,000 hours of volunteering work per annum.



An independent report was launched in 2021 to forecast the economic and social impact of Ichthys LNG in the Northern Territory from 2020 to 2030.

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Supporting Local Communities

We engage in social contribution activities to support and enhance the social and economic development of host communities in response to their needs.

INPEX contributed JPY 2 billion to social investment programs in FY2021.

Next generation education and training is one of the focus areas for our social investment activities, comprising approximately 30% of our global social investment spend in FY2021. Regular meetings are held between CSR teams in Tokyo, Australia, Indonesia and Abu Dhabi to provide updates on community engagement and contribution activities and to share lessons learned.

Australia

In Australia, we focus our community investment activities on initiatives that promote positive educational and health and well-being outcomes for people in our host communities, and those that support capacity building in local businesses.

Since 2012, we have contributed more than A\$8.4 million to community initiatives in Australia, and in FY2021, we supported more than 30 community programs, ranging from small community grants to strategic partnerships with for-purpose organizations. In recent years, more attention has been placed on establishing larger and longer-term community partnerships that will contribute to more meaningful social impact in our communities of interest.

In FY2021, our activities continued to be influenced by COVID-19 impacts to our community partner operations and the initiatives we funded. We maintained a flexible approach in our engagement and support of our community partners, focusing on organization and program sustainability.

Case study: Supporting community mental health and well-being outcomes

In late 2021, the Aboriginal and Islander Mental health initiative (AIMhi) “Stay Strong” mobile phone app was launched in Darwin as a collaboration between Menzies School of Health Research (Menzies) with funding support from INPEX-led Ichthys LNG Joint Venture.

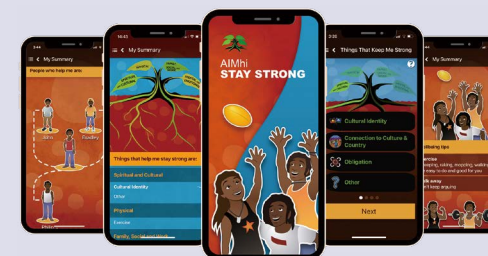
The AIMhi Stay Strong app is a colorful, user-friendly and free-to-download digital tool developed by Menzies with Aboriginal and Torres Strait Islander peoples to provide information about mental health and well-being. It currently incorporates Pitjantjatjara language and Aboriginal English, with plans to include other Aboriginal and Torres Strait Islander languages.

AIMhi Stay Strong was initially developed for tablet use to support health service providers to have well-being conversations with Aboriginal and Torres Strait Islander clients in primary care and specialist settings. The app has undergone consultation, co-design and implementation cycles for more than a decade, confirming its acceptability, feasibility and effectiveness.

Professor Tricia Nagel, Head of the Well-being Preventable and Chronic Diseases Division at Menzies, mentioned the AIMhi Stay Strong team were excited to launch the phone app version of this simple and practical self-management care planning tool.

“The phone app makes the AIMhi Stay Strong approach even more accessible, putting help easily within reach. This tool and the holistic strengths-based approach it brings to mental health is in use in lots of different services across Australia,” Prof. Nagel said.

Health practitioners and Aboriginal and Torres Strait Islander stakeholders have reported the mobile app is empowering clients to take greater control in managing their health and well-being.



The AIMhi Stay Strong mobile phone app is a tool co-designed by Aboriginal and Torres Strait Islander peoples and mental health professionals to support practical self-management care.

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Indonesia

Since 2009, we have engaged in diverse activities at the Abadi LNG Project in Indonesia to support the sustainable growth of local communities, including efforts to preserve the environment and traditional culture and create economic opportunities. We identify community needs through dialogue with stakeholders and carry out activities that serve those needs, based on the Social Investment Strategy, which is formulated from a medium- to long-term strategic perspective.

A wide array of activities have been planned and are being implemented under the Social Investment Strategy 2021-2023, which was drafted in December 2020. Five focus areas have been identified under this Strategy: (1) strengthening local economies; (2) education; (3) public health; (4) environment; and (5) strategic community contribution. Key efforts made in FY2021 include the following:

- Scholarship & Mentoring Program:**
Scholarships, coaching, and mentoring were provided to selected local students attending college or graduate school.
- Clean & Healthy Behavior Program:**
We supported efforts to secure a clean drinking water supply for the community nearest the project site. Specifically, we worked together with the community and the local government to install a community water tank and supply pipelines. We also carried out actions with local authorities to educate local residents on public health and water management and to encourage them to follow recommended hygienic practices.
- Tanimbar Ikat Weaving Development Program:**
We provided support to help preserve, pass down, and spread the culture of ikat (traditional woven textiles) in the Tanimbar Islands in Maluku Province, and create new markets for these textiles.
- Environmental Preservation and Conservation Program:**
We planted native trees along major roads in urban areas in collaboration with local environmental authorities. We also helped to develop, maintain, and manage a local park.



Clean & Healthy Behavior Program activities



Environmental Preservation and Conservation Program

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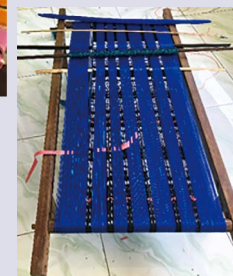
Tanimbar Ikat Weaving Development Program in Indonesia

We have run the Tanimbar Ikat Weaving Development Program since 2017 to help preserve, pass down, and spread the culture of ikat (traditional woven textiles) in the Tanimbar Islands in Maluku Province, and to support the creation of new markets for the textiles.

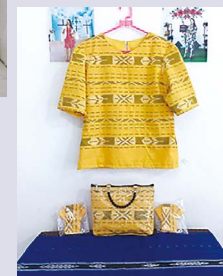
As part of the program, fashion shows featuring ikat have been held in Jakarta, Tokyo, and elsewhere.

In FY2021, we carried out the following efforts to promote the passing down of ikat weaving skills, the wider use of ikat textiles, and the creation of business opportunities:

- Skills training and mentoring for 20 ikat artisans
- Mentoring on SME-related matters
- Construction of two local galleries to display ikat products.



Tanimbar Ikat Weaving Development Program



Scholarship Program (INPEX Scholarship Foundation)

The INPEX Scholarship Foundation, established in March 1981, provides scholarships aimed at promoting mutual understanding, friendship and goodwill between Japan and Indonesia through student exchanges.

The Foundation has supported 144 Indonesian and 61 Japanese students as of March 2022. Many of the students are now contributing to their home countries in the research and development fields they studied during their time abroad.



2021 INPEX Scholarship Foundation year-end exchange

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Social Contribution Activities in Abu Dhabi

Our business activities in Abu Dhabi have entered a new phase following: 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; and the extension of an interest in the Satrah 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 focus our social contribution activities on support for the country's next generation.

Introduction of Kumon Method to Abu Dhabi

Since 2018, with the aim of nurturing young minds to develop mathematical proficiency—the foundation for education in the fields of science, technology, engineering, and mathematics (STEM)—, we have collaborated with the Kumon Institute of Education and the Abu Dhabi National Oil Company to introduce the Kumon Method in four Abu Dhabi elementary schools. In 2019, we commenced the world's first tablet computer-based Kumon learning program outside Japan.

From 2020 onward, we developed a new Kumon mathematics learning format using tablets and other digital tools in order to facilitate at-home

learning amid the COVID-19 pandemic. This program is being run for some 6,000 students at nine schools. Since 2021, efforts funded by INPEX are being made to expand the program to more students and schools.

Student ambassadors at Expo 2020 Dubai

We support an education program for UAE children at the Japanese School in Abu Dhabi, and dispatch instructors to teach participating children, with assistance from other companies. Five UAE graduates of the school who are studying at high schools and universities in Japan were appointed by the Japanese Minister of Economy, Trade and Industry to serve as PR ambassadors at the Japan Pavilion at Expo 2020 Dubai, where they helped to communicate the appeal of Japanese culture.

Promotion of judo and judoka training

We also strive to promote the spread of judo in the UAE by supporting the training of young, Abu Dhabi-based judoka by a judo instructor invited from Tokai University in Japan. We also co-host the annual Judo Japanese Ambassador's Cup tournament in Abu Dhabi.



The five PR ambassadors (courtesy of Expo 2020 Dubai Japan Pavilion website)



Judo Japanese Ambassador's Cup award ceremony

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Social Contribution Activities in Japan

Our headquarters runs a charitable giving program whereby employees can opt to have a portion of their pay deducted for donation to NGOs and NPOs chosen through an annual employee vote. The beneficiaries engage in activities related to three themes: Environment, Education and Fostering Future Generations, and Support for Local Communities. In May 2022, the program sponsored the Music Festival for Children and Young People (organized by the Sony Music Foundation and Suntory Foundation for the Arts) as one contribution to Education and Fostering Future Generations.

Since 2020, a program coordinated by our subsidiary INPEX Solutions has provided on-site workshops—led by richly experienced employees—to students at junior and senior high schools and colleges. The lessons cover energy development, the general energy situation, and climate change. In 2021, a workshop titled “The Changing World of Energy” was held at Nobi Junior High School in Yokosuka, and other seminars were hosted at the Department of Civil

Engineering at the National Institute of Technology, Gunma College, as well as other technical colleges and universities.

Our Akita Field Office staff teams up with local residents to plant flower seeds along Cosmos Road in Akita City's Yabase district, while Nagaoka Field Office employees join with agricultural workers and organizations to pick up litter and maintain flower beds in the area around Koshijihara Plant.

Personnel at Naoetsu LNG Terminal participate in beach clean-ups organized by a local environmental group, pick up litter and cut grass along roads near the office, and carry out other beautification activities to do their bit for the local community. We also support requests for educational field trip opportunities from the local community—e.g. government offices, residents, businesses, and other stakeholders—and offer tours that explore the terminal's LNG tanks and other facilities. The tour includes a stop at the on-site INPEX Museum, a small theater that screens a fascinating video presentation of the story of oil and natural gas—from its formation through to its use in our everyday lives. (The tour program was suspended in 2021 due to COVID-19 precautions).



INPEX exhibition booth at the Music Festival for Children and Young People



Maintaining flower beds at Nagaoka Field Office

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MATERIALITY

Our Policy

As a company operating across the world, INPEX views workforce diversity and the development of a global workforce capable of sharing common values as important for strong, sustainable and responsible business management.

To achieve these goals, our Human Resources (HR) division formulated the INPEX HR Vision, comprising four key components, as shown below. With these four pillars at the core, we are working to create an internationally competitive organization by applying a global perspective as we implement HR initiatives to

INPEX HR Vision

1

Talent Attraction and Engagement

Make INPEX the best place to work – “employer of choice”

- Employee satisfaction and opportunity for growth
- Total Reward

2

Organization Effectiveness

Maximize team performance through HR Management Process

- Workforce planning and organization review
- Optimized staffing planning within the organization

3

Focus on People Development

Development of future leaders and global workforce capability

- Development of future leaders
- Talent management cycle
- Diversified career development programs

4

HR Excellence

Support business strategy with world-class functional expertise

- Effective, innovative, and trusted HR processes and systems
- Develop HR professionals
- Collaborate globally and share best practices

attract and develop our personnel and improve team performance.

To further enhance efforts toward diversity—one of our INPEX Values—we communicate our basic policy on diversity and inclusion (D&I)^① to all stakeholders. Based on this policy, we promote D&I with the aim of becoming an organization where a diverse workforce—including women, people with disabilities, LGBTQ+, and foreign nationals—can feel comfortable and work actively. The company believes that promoting D&I through these initiatives will improve its organizational capabilities, broaden its appeal and enhance its reputation globally.

① [Basic policy on D&I](#)

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Human Resource Development

INPEX's training curriculum is designed to help personnel develop the required skills and mindset to work in a large energy company and contribute to the business over the long term. Group training, practical training (primarily through overseas visits or appointments), and e-learning focused on developing business knowledge are the principal modes of delivery.

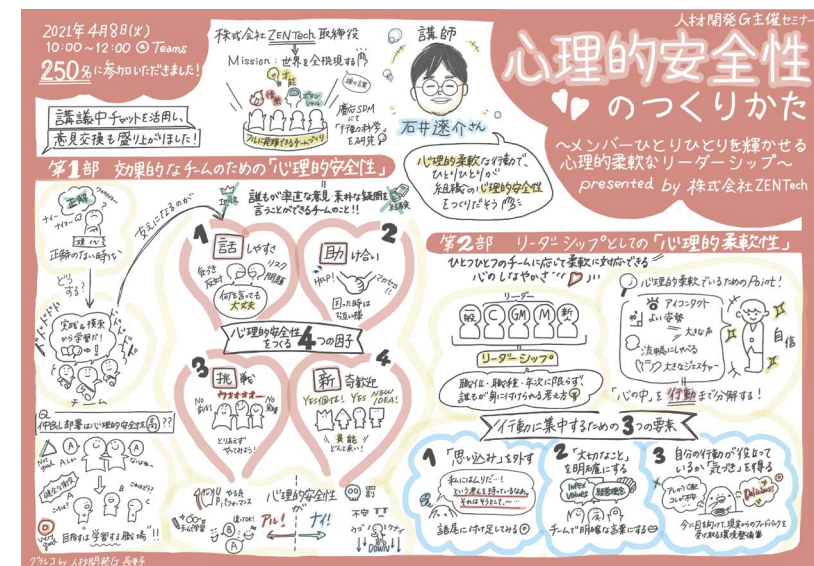
In FY2021, as part of job-level-based training, we strengthened our support for line management and conducted training sessions for all managers focusing on staff development, leadership and teambuilding to improve organizational capabilities. For younger employees, after taking adequate precautions against COVID-19, we resumed operational and practical training in the form of on-the-job experience at overseas offices and other onsite training abroad. The aim of these programs is to develop human resources capable of playing an active role at the global level.

For those who joined the company in FY2021, we combined face-to-face training with online sessions to help them adjust to the workplace as they learned the basics of working at INPEX. In doing so, we took steps to cultivate a sense of camaraderie among fellow recruits in a telework (work from home) setting, and conducted pulse surveys to help with job adjustment throughout the year. We also have a mentoring system (for first-year employees) and a supporter system (for second- and third-year employees) under which a veteran mentor is assigned to each young employee to provide work-related guidance and moral support. For young employees performing technical work, the approach used is based on a medium-to-long-term vision and includes interviews using skill maps relating to the individual's specialist field, with the ultimate goal of cultivating the next generation of leaders.

Career support takes the form of career training for employees aged 30, 40, and 55, and is intended to help them develop career autonomy through techniques such as self-reflection and career experience inventory.

In FY2021, we organized seminars to promote psychological safety throughout the company, with some of our employees taking the role of instructor. We believe that psychological safety encourages personal growth as well as transmission of new ideas at the team level to help build an innovative organization in which employees can exchange opinions in a free and uninhibited manner.

In FY2022, we introduced a job-based personnel system and simultaneously overhauled our training regime with an emphasis on autonomy and leadership. We abolished job-level training and initiated leadership training targeting a wide cross-section of employees. We have also strengthened support for line management—the backbone of the organization—and encourage each employee to pursue career autonomy. For younger employees, there is an ongoing program during the first three years focused on acquiring the basic abilities needed to function in a work environment. In addition, we have introduced an e-learning system designed to strengthen fundamental skills and provide training tailored to each individual. The aim of these initiatives is to advance the individual and enhance organizational capabilities.



Graphical representation of a psychological safety seminar (created by a participating employee)

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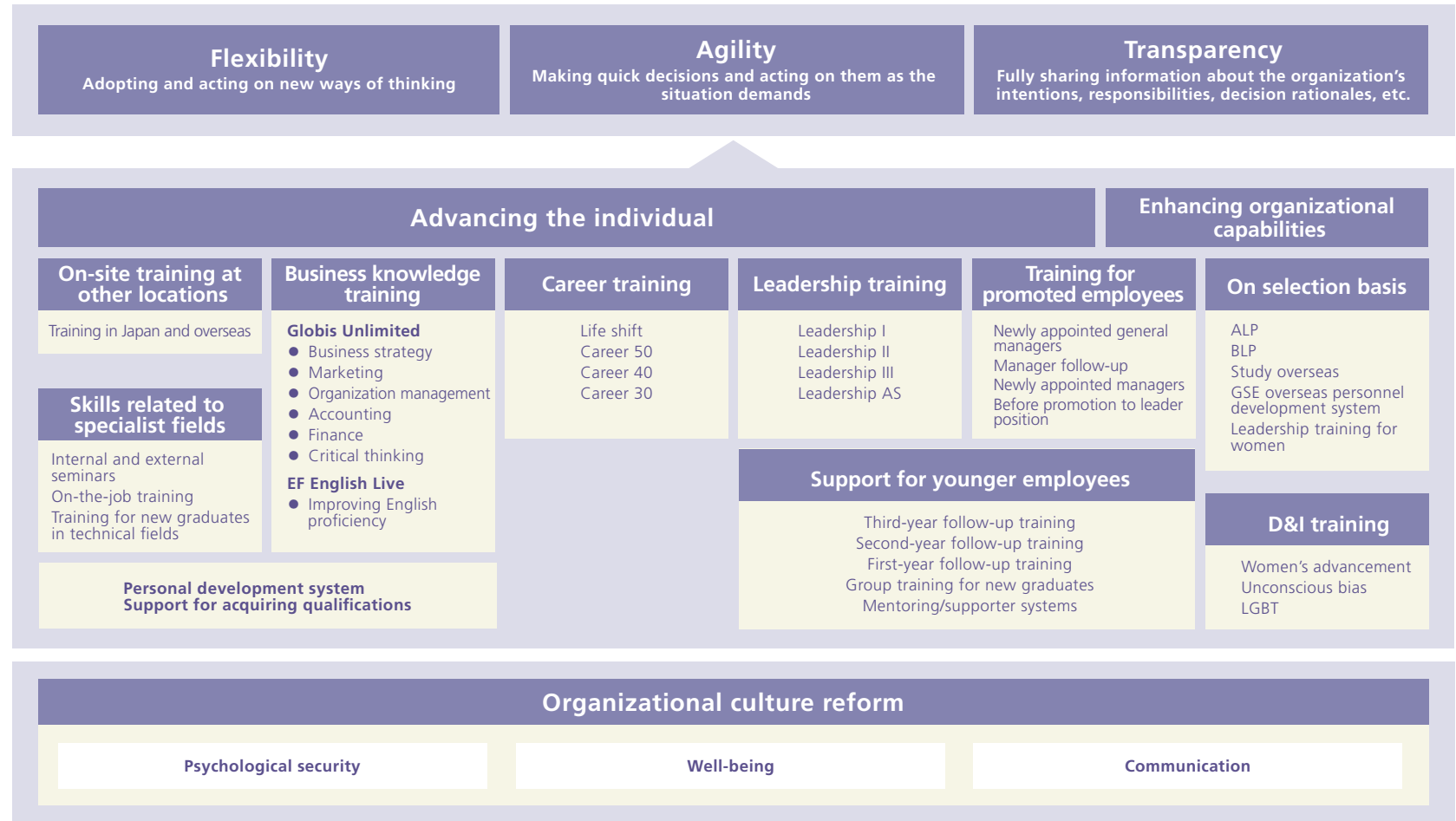
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Human Resource Development Curriculum



The aim is for individuals trained in the concepts of flexibility, agility and transparency to consciously pursue career self-reliance and acquire leadership skills (individual advancement), and apply these learnings in the organization in a way that fosters team adaptability (enhancement of organizational capabilities). This involves simultaneously building a stronger foundation to support both individual advancement and organizational enhancement (organizational culture reform).

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Developing next-generation leaders

In FY2021, we initiated the Breakthrough Leadership Program (BLP) under which selected individuals undergo training to develop the next generation of leaders. Those selected are deliberately subjected to an intensive series of tough assignments over a short timeframe to accelerate their development. Lasting up to five years, the program—which employs job experience, job stretch and job move techniques—is tailored to each individual and aims to produce transformational leaders who will ultimately be responsible for managing the company. In FY2021, 21 employees were selected for participation and are now receiving training.

A program to develop leadership skills was also inaugurated in Australia during FY2021. Approximately 300 team leaders and managers participated in the three-day training program aimed at instilling the qualities and behavioral attributes expected of leaders.

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HR Evaluation and Placement

INPEX aims to maximize performance across the organization by ensuring employees treat the organization's objectives—based on the objectives drawn up by each division and the corporate headquarters—as their own. This is to achieve the highest level of employee motivation—by having each individual outline the specific processes leading to achievement of their own annual objectives—to reliably and efficiently realize the objectives of the organization as a whole.

An INPEX Values-based evaluation process is implemented at all sites, including Australia and Indonesia. One important assessment criterion used is the level to which INPEX Values are demonstrated in daily operations. The process enables employees with diverse backgrounds and values to go about their tasks with a shared understanding of the values expected of INPEX employees. It also encourages them not only to achieve their own individual goals, but to deliver results for the entire organization.

In addition, employees are given the opportunity once a year to state the kind of work they would like to do or to request a transfer. A new internal job posting scheme—designed to optimize job placement within the company while boosting employee motivation—was also introduced in FY2017, and in March 2021, INPEX established an internal side job system, providing opportunities for employees to take on new challenges across organizational or job-category lines. These are some of the initiatives adopted to revitalize the workplace while creating an

environment that enables employees to carve out their own careers. Further, a job return program was introduced in April 2020 providing an opportunity to motivated employees who had resigned due to unavoidable personal reasons to return to their jobs.

Based on the findings of the Global Engagement Survey conducted from late 2019 through early 2020, we introduced a new job-focused personnel system for senior management in April 2022. The system is designed to clarify the job roles of executives, define remuneration based on job responsibility, and address line-management succession planning and related training.

Evaluation System

INPEX's Business Principles state that there will be no discrimination on the basis of race, skin color, gender, sexual orientation, gender identity or age—and this applies also to the provision of job opportunities. Remuneration is based on the principle of "equal pay for equal work". For regular employees, remuneration is tied to demonstrated ability, and for executives, it is based on job grade—and in both cases, without regard for gender.

Women have become increasingly active in all job categories in recent years, but because the level of women's involvement is still uneven across job categories and the percentage of females in senior management positions remains low, the company will continue its efforts to advance the role of women at INPEX.

Global Activities to Promote INPEX Values among Employees

Since FY2014, INPEX has been taking steps to promote its corporate values, known as the INPEX Values.

Nominations for "Values People" and "Values Teams" are collected through an internal survey. These are employees, executives, contractors, and teams that demonstrate their ability to put the INPEX Values into practice. Highly ranked nominees are interviewed, and the interviews posted on the intranet. All INPEX personnel are then given the opportunity to read the interviews and vote for their preferred nominees to receive INPEX Values Awards. This is intended to improve personnel awareness of the INPEX Values, the level of which is measured through the employee engagement survey.

INPEX Values Interview



2021 Interviewees

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Promoting Diversity

Promoting the Advancement of Female Employees

In line with the basic policy on D&I, INPEX is intent on creating an environment that enables women to demonstrate their abilities to the full. In Japan, we have drawn up a General Employer Action Plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. Among other things, this plan sets a target of hiring women to fill at least 25% of new graduate positions, a target that has been met over the four years from 2019 through 2022. In FY2019, INPEX sponsored career training for females in their fourth to fifth year of employment as part of the effort to boost empowerment of women. Another example of this effort was the hosting in FY2021 of a seminar for managers on the subject of unconscious bias, to deepen their understanding of unintentional bias related to gender. Promotion of women's participation and advancement is an important consideration outside of Japan as well. In FY2022, INPEX's in-house newsletter featured articles on the advancement of women in the company's overseas offices timed to coincide with International Women's Day on March 8.

Our goal is for women to fill 3% of management positions (as defined by INPEX's grading system) by the end of March 2023. We will continue our positive-action drive with the aim of lifting this figure to 6% during FY2025 through more intensive mid-career recruitment of women capable of performing management roles. In promoting or appointing employees, we evaluate them based on their ability so that temporary limitations imposed by life events do not impede career advancement.

Reflecting the efforts to empower women in management, INPEX has appointed one outside female director and one outside female auditor, and in March 2020, appointed a female executive officer promoted from within the organization for the first time in the company's history.

LGBTQ+

Within the INPEX group, the term "diversity" refers to all differences related to people or businesses, including sexual orientation and gender identity. To promote understanding towards LGBTQ+, the company has had an ongoing LGBT training program since FY2017, and in FY2018, held lectures for executives concerning LGBTQ+.

Efforts have also been under way to upgrade internal systems. In FY2020, employees were given the right to refuse requests to undertake business travel on the grounds that they are LGBT, and in FY2021, "family" was redefined to include same-sex partners and their children for the purpose of the company's benefit program. Employees are also encouraged to start using names (including pronouns and titles) that reflect their gender identity. In addition to an in-house LGBTQ+ consultation desk, we set up a second consultation desk managed by outside professionals in FY2022.

INPEX's continuing positive action in these areas has won it recognition for its pioneering efforts in the workplace. In FY2019 and FY2020, we received a Silver Award in the PRIDE Index evaluating initiatives related to LGBT and sexual minorities, and in FY2021, we received the Gold Award (the highest rating) along with a Best Practice Award.



Gold and Best Practice Awards

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Employment of Foreign Nationals

INPEX employs foreign nationals as part of its globalization effort. This means creating an environment designed to minimize the burden on employees of living and working in a different country, even if they normally use English in their daily work. For example, in Japan, initiatives include support for relocation to Japan, dual Japanese—English versions of intranet postings and documents, and weekly Japanese-language lessons given by an outside teacher.

Efforts to Engage Older Workers

Since FY2019, we started offering career training to help older employees develop their own careers. Using techniques such as self-reflection and career experience inventory, the training is intended to assist employees in designing a process that will lead to further growth and active participation based on the expected duration of their careers.

In FY2019, we set up INPEX Solutions as a fully owned subsidiary within the INPEX Group. INPEX Solutions functions as a thinktank for the Group, conducting surveys, communicating information and providing operational support. Retired INPEX employees who are interested can transfer to this company where, working on a subcontract basis, they can leverage their accumulated specialist knowledge to provide knowhow or examine new business opportunities.

Promoting Employment of Persons with Disabilities

INPEX has been proactive in hiring persons with disabilities, taking into account such factors as the nature of the work and the workplace environment. As of the end of FY2021 (December 31, 2021), we employed a total of 43 persons with disabilities, representing 2.78% of the workforce in Japan. Since FY2020, it has become common to work from home, a more amenable workplace environment for persons with physical disabilities. This has enabled us to maintain an employment rate of people with disabilities that exceeds the legally required rate. The wearing of masks during the COVID-19 pandemic has posed challenges for employees with hearing disabilities, who rely on lip reading to communicate. We are providing these employees with support, including digital solutions such as chat-enabled virtual social gatherings and closed captioning for videoconferences.

Workstyle during the COVID-19 Pandemic

As COVID-19 infections began to spread in early 2020, INPEX took measures to protect the lives and health of employees throughout the world via HSE alerts from the Corporate Crisis Management Team designed to draw attention to the pandemic while devising ways to keep critical operations running.

Specific measures included: the institution of work from home and "super flextime" arrangements; tighter anti-infection and sanitation policies, including avoidance of 'the three Cs'—closed/poorly ventilated spaces, crowded places, and close-contact settings—in addition to disinfection, daily temperature checks, stay-at-home rules for persons feeling unwell, heightened awareness of infection control, and workplace vaccination of employees; and reviews of business continuity plans during the pandemic.

We also upgraded the IT environment to facilitate flexible working arrangements while providing online training to improve the skills of employees working remotely. At operation sites, we maintained efforts to bolster infection-prevention measures by clearly separating operator workspaces from that of other employees in order to prevent workplace clusters.

Other actions included: the drafting of work-from-home guidelines covering work management, subordinate staff management and health management; and the scheduling of mental health training and well-being workshops to help address the types of mental issues and communication stress that can arise when working remotely.

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Promoting Work-life Balance

In accordance with the basic policy on D&I, INPEX promotes work–life balance, aiming to create an environment where all employees can work and demonstrate their full potential in a way that befits their lifestyles.

In line with this objective, we established a group-wide flextime work scheme in April 2019, which was previously limited to employees with childcare and nursing-care responsibilities. We also introduced work-from-home arrangements for office-based staff in April 2020. Core time was eliminated from the flextime work policy in April 2021, and the policy was extended to cover all employees at domestic operating sites. In addition to providing paid leave in half-day units, we continue to encourage employees to take consecutive days off during summer and to recommend dates for taking paid leave. These measures aim to give employees time for physical and mental refreshment.

To reduce overtime work, Wednesday is designated as a work–life balance day in Japan, where employees are encouraged to go home early. 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, jointly identify problems, and figure out solutions.

As a further measure to promote diversity and individuality, in FY2018, the company introduced a year-round casual business dress code 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, and has created a comprehensive support framework that goes beyond the legal requirements. Examples include: payment of full salary for the first five days of childcare leave; payment of 20% of salary during childcare or family-care leave^②; and payment of salary during sick/injured childcare leave or nursing-care leave for up to five days per eligible child^③. Moreover, employees can take leave during working hours regardless of the reason.

Parenting and family care are important life events for employees. To support work–life balance for employees in these positions, we have created a flexible work regime. This includes flextime without core time, as well as work-from-

home arrangements, which have now become well established. The scheme offers a high degree of flexibility, allowing employees with parental or nursing-care responsibilities to work at different times of the day and for shorter periods by combining the shortened work hours program with flextime.

On top of these system-related initiatives, effort has also focused on shaping positive attitudes through a training program established in 2017 for managers with staff who are raising children, to ensure proper follow-through at the managerial level. Male employees are encouraged to participate in parenting via information posted on the intranet that explains the benefits and workings of the parental leave system. As a result of these efforts, the percentage of males taking parental leave has maintained a high level in recent years, rising to around 54% in the 12 months to December 2021. In accordance with the revision of the Child Care and Family Care Leave Law, we are promoting understanding of the Law by holding in-house briefings on its contents.

Schemes to remotivate employees returning to work from childcare leave include: discussion meetings prior to resuming work to help minimize mental anxiety; and a personal development program that can be used by employees interested in improving their skills while on leave. Those who return to work prior to their child’s first birthday can take two 30-minute nursing breaks per day, with pay, up to the day before the child turns one year old.

To assist employees raising children, there are childcare support arrangements for children up to the age of three. In addition, we have an agreement with a company-led nursery school to give enrollment priority to the children of company employees, and we have also signed up with a childcare service provider.

In recognition of these initiatives to balance work with child-rearing, the Tokyo Labor Bureau of the Ministry of Health, Labor and Welfare rated INPEX highly over the FY2018-2020 period as a company that supports parenting, awarding us the next generation certification known as “Kurumin” for a fourth time.

INPEX also supports a balance of work and care responsibilities by flexibly applying rules relating to care leave for those with elderly parents, even if they are not officially certified care recipients.

② In Japan, the law allows employees to take childcare leave up to the day before a child’s first birthday (and up to the child’s second birthday if childcare facilities cannot be used and the company agrees). A person who is not a child’s main caregiver may also take childcare leave up to the day before the child’s first birthday. During childcare leave, the public employment security office pays 67% of regular monthly salary as childcare allowance during the first 180 days, and 50% thereafter.

③ A maximum of 10 days if there are two or more eligible children.

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Treating Health as a Management Issue

INPEX Group Health Statement

INPEX believes that the mental and physical health of all employees is fundamental to the well-being of the company and regards health maintenance as a material issue for management. The INPEX Group Health Statement released in September 2018 sets out the company's position to support and improve the health of employees and their families with the 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; the company aims to build a vibrant corporate culture by creating a work environment to maximize the potential of all employees; and employees should recognize their own responsibility in improving their lifestyles and proactively strive to maintain physical and mental health.

Health Management Committee

Health Management Committee					
	(Vice-chair)	(Chair)	(Vice-chair)		
Members	Director in Charge of HSE	Head of General Administration Division	Head of Corporate Strategy & Planning Division	Head of Domestic Energy Supply & Marketing Division	Head of Domestic Exploration and Production Division
	General Manager, HSE Unit	General Manager, Human Resources Unit	General Manager, Corporate Strategy & Planning Unit	General Manager, Administration Unit, Domestic Energy Supply & Marketing Division	General Manager, Planning & Coordination Administration Unit
	Labor union	Health insurance union	Headquarters medical officer		
Secretariat	HR Unit	Public health nurse			

Approach to Health as a Management Issue

Under the leadership of the INPEX President as Chief Health Officer, we are working with our labor union, health insurance union, and occupational physicians to maintain and improve the health of our employees and to create a healthy workplace. For this purpose, we have set up a committee to address health as a management issue (hereafter, the "Health Management Committee"). This committee meets regularly to identify employee health issues and consider relevant solutions, while implementing ongoing improvements through the PDCA cycle. To improve the expertise of the committee, the headquarters medical officer is also a member.

1. Committee inauguration date: Same as date of establishing rules to promote health as a management issue (September 26, 2018)
2. Frequency of committee meetings: at least once a year
3. Agenda items:
 - (1) Issues relating to employee health and required countermeasures
 - (2)Groundwork for treatment of health as a management issue, steps to improve the workplace environment
 - (3)Specific measures to address employee mental and physical health
 - (4)Review effectiveness of measures to maintain and improve health
 - (5)Other important matters relating to maintaining and improving health

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Measures to Maintain and Improve Health

INPEX believes that healthcare administration is a material issue for management. The INPEX Group Health Statement states that the company aims to build a vibrant corporate culture by creating a pleasant work environment that is conducive to improving the health of employees and their families and enables all employees to maximize their potential.

We have established a centralized database to manage the results of employee health checks, and have stationed nurses on a permanent basis at headquarters and at offices with more than a certain number of employees. As part of a systematic effort to manage mental and physical health, 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, we have implemented a range of measures, such as: 100% participation in annual health checks; measures related to mental health and overwork; establishment of separate smoking areas; introduction of health apps; and events to promote health. To further these initiatives, we have established specific targets for participation in health checks and stress checks, average overtime hours, rate of taking paid leave, as well as participation in government-sponsored specified health checks and specified health guidance programs. Employees posted to positions outside Japan are provided with immunization against infectious diseases and annual health checks in Japan. They also receive information on medical care in their assigned localities, and are covered by emergency transportation arrangements, which includes international transportation in case of injury or sickness.

Through initiatives such as these, we aim to create a vibrant corporate culture by reducing the incidence of disorders caused by stress or poor physical condition.

Mental Health Initiatives

We conduct employee stress checks once a year to ascertain the mental and physical condition of each employee, and analyze the organizational environment to enable workplace improvements. The checks allow us to monitor the mental health of employees at regular intervals, with a high 91% of employees completing the check in FY2021.

For those with mental health issues, the primary physician, occupational physician, nurse, HR department and the individual's manager/supervisor act in concert to provide follow-up care while the employee is on leave and after their return to work.

To prevent employees from feeling isolated during the drawn-out pandemic, we conducted one-on-one meetings and weekly pulse surveys for new graduates in FY2021, while adding the services of mental health counselors to provide consultation to employees stationed overseas and to accompanying family members. The system under which employees in training receive operational guidance and mental support from older workers—referred to as "mentors" for employees in their first year and as "supporters" for those in their second and third years—is now well established.

Initiatives to Tackle Global Health Issues

Measures to maintain and improve the health of employees include influenza vaccinations, group health checks, health checks before and during overseas assignments, financial assistance for complete medical examinations, and actions to familiarize everyone with overseas medical risks, such as the risk of infection from malaria and Zika virus.

In 2021, the company also arranged COVID-19 vaccinations for employees and their families at multiple sites.

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Performance for health as a management issue

FY2021 performance (including historical data)

<Measures for work-life balance>

- Average overtime per month: 22.6 hours (FY2020: 21.3 hours, FY2019: 18.2 hours)
- Average rate of paid leave actually taken: 69.8% (FY2020: 65%, FY2019: 83.3%)
- Improvement in use of company programs
⇒(Example) Users of childcare centers, nurseries, babysitter support program in FY2021: 78 (FY2020: 79, FY2019: 83)

FY2020 performance (including historical data)

<Measures for employee's health>

- Participation in annual health checks: 100% (FY2018: 100%, FY2019: 100%)
 - Participation in follow-up tests after annual health check: 66.9% (FY2018: 76.9%, FY2019: 75.9%)
 - Participation in specified health checks (overall): 75.4%, Participation in specified health guidance (overall): 24.6%
 - Participation in stress check organizational diagnosis: 94.4% (FY2018: 90.5%, FY2019: 88.2%)
 - In June 2020, the Health Management Committee decided on FY2020 initiatives and conducted an interim review in December 2020.
- * In May 2021, the committee reported on FY2020 results and formulated plans for FY2021.
- Expanded use of a health & fitness app to help improve employees' diet, physical activity and sleep, and identify health-management issues for the company.
 - In May 2020, conducted a healthcare training session (covering INPEX Group Health Statement, need to address health as a management issue, etc.) as part of training for newly appointed senior managers.

For data on employees and work-life balance in FY2019-2021, see the ESG performance data.

FY2020 employee health diagnosis results (examples)

- Maintain appropriate weight: 69.4%
- Smoke cigarettes: 15.1%
- Regularly exercise: 28.7%
- Regularly consume alcohol: 18.9%
- Have blood-pressure risk: 0.4%

- Have potential risk related to blood-sugar level: 0.2%
- Have poorly controlled diabetes: 0.4%
- Feel sufficiently rested after sleep: 81.7%

Other health-related indicators in FY2020

- Percentage with high stress levels in stress checks: 3.5%
- Presenteeism ^{(*)1}: 62.9 points
- Absenteeism ^{(*)2}: 0.8 days
- Work engagement ^{(*)3}: deviation score 50

(*)1 Lost productivity that occurs when employees are not fully functioning in the workplace because of illness, injury, or other condition. Based on survey of employees using the WHO-HPQ absolute presenteeism scale (0-100).

(*)2 Absence due to injury or illness. Average number of days of paid sick leave used in FY2020 among all employees.

(*)3 Measured using INPEX's own questionnaire covering eight items that correlate highly with the Utrecht Work Engagement Scale. Average deviation score among all employees.

Activity for Maintaining and Improving Health

<General Health Measures>

- Establishment of Health Management Committee
- Establishment of in-house clinic (occupational physician/public health nurse/nurse)
- Establishment of health consultation desk
- Support for lifestyle improvement
- Assistance with health-check fees
- Occupational physician consultation based on result of health check
- Health-related seminars
- Stretching and yoga sessions for stiff shoulders and lower back pain
- Morning warm-up sessions (before work)
- Welfare activities
- Encouraging use of contracted sports facilities
- Provision of flu vaccinations including fee assistance
- Treatment of time required for vaccination as working time
- Vaccinations and occupational physician advice for employees on overseas assignments
- Lectures regarding alcohol
- Support for cancer screenings

Measures to Reduce Smoking

- Talks by professionals on the health effects of smoking
- Designation of no-smoking days and no-smoking weeks
- Internal announcements encouraging people to quit smoking

COVID-19 Measures

- Formulation of a Business Continuation Plan (BCP) during the pandemic
- Establishment and convening of COVID-19 Corporate Crisis Management Team
- Work-site vaccination (including employees' family members and some employees of other companies working in the same building or clients)
- Special leave on vaccination days
- Special leave for persons experiencing adverse vaccine reaction (fever)
- Encouragement of work-from-home (to limit attendance at each business location to a certain percentage as a precautionary measure against infection)
- Introduction of "super flextime" (elimination of core time)
- Special leave days for activities related to preventing COVID-19
- Installation of alcohol sanitizers in the office and measures to ensure use
- Checking and reporting on health status (temperature checks, etc.)
- Drafting of office work rules in the event of fever, infected family members or close-contact situations
- Formulation of communication procedures for reporting between work sites and health representatives
- Raising awareness of employee action policy prioritizing employee health
- Use of modified shift rosters to reduce contact among employees
- Promotion of off-peak travel utilizing flextime
- Special consideration for employees at higher risk of severe infection, such as those with underlying health issues
- Modified seating arrangements to reduce office congestion
- Circulation of information on preventing infection
- Surveys related to remote work

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In 2022, INPEX was recognized for the third consecutive year under the resources category of the Health & Productivity Stock Selection Program jointly operated by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). We have also been recognized for the fourth 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 selects listed companies for exceptional performance in their strategic focus on employee health from a management perspective. In the White 500 program, METI and Japan Kenko Kaigi (Japan Health Council) jointly select outstanding enterprises involved in efforts to address health and productivity management.^①

INPEX was recognized for its efforts to identify and tackle employee health issues, and for the specific steps it has taken to create a framework for treating health as a management issue and to boost the mental and physical health of employees.

^① The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.



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Item			Boundary	CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Direct GHG Emissions (Scope1)* *1, 2 ✓			Equity Share*6	8,557	7,328	7,302	thousand tons-CO2e
Indirect GHG emissions (Scope2)* *1, 2 ✓				204	148*7	136	
Net Carbon Intensity*3				41	35	33	kg-CO2e/boe
Indirect GHG Emissions (Scope3)*1	Category 1	Purchased Goods and Services*5	Operational Control*8	100	83	376	thousand tons-CO2e
	Category 4 & 9	Upstream/Downstream Transportation and Distribution*4	Equity Share*6	140	142	–	
	Category 11	Use of Sold Products*5 ✓		82,386	77,080	77,805	
Methane Emissions Intensity			Operational Control*7	0.10	0.07	0.04	%

*Of the equity share emissions in 2021, we have obtained third-party verification for Scope1 emissions 4,501 thousand tons ✓ and Scope2 emissions 44 thousand tons ✓ from the production projects where INPEX takes the operator role as of December 31, 2021, and from INPEX headquarters and technical research center.

Renewable Energy

Boundary	Item		CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Consolidated	Electricity Generated Using Renewable Energy	Domestic	5,810	5,687	5,893	MWh
		Overseas	369,223	366,311	390,497	
	Total Investment in Renewable Energy*9		1,451	473	5,151	million yen

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Boundary	Item				CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit	
Operational Control*8	Direct GHG Emissions (Scope1) *1, 2	Emissions Source	Domestic	Energy Use	170	151	168	thousand tons-CO2e	
				Flaring	8	11	13		
				Other Ventings & Fugitives	30	11	11		
				Raw-CO2 Venting	167	152	116		
			Overseas	Energy Use	3,322	3,239	3,176		
				Flaring	2,705	1,501	766		
				Other Ventings & Fugitives	131	96	48		
				Raw-CO2 Venting	2,354	2,469	2,359		
		Gas Types	Domestic	CO2	339	308	293		
				CH4	35	16	14		
				N2O	0.03	0.03	0.03		
			Overseas	CO2	8,189	7,077	6,232		
				CH4	294	213	108		
				N2O	29	15	9		
				Total					8,887
	Indirect GHG emissions (Scope2)*1, 2	Domestic			42	44	44		
		Overseas			2	1	1		
		Total			44	45	45		
	Energy Consumption*10	Domestic	Fuels (oil, natural gas, etc.)			3,330	2,953	4,029	TJ
			Purchased Electricity and Heating			709	700	727	
		Overseas	Fuels (oil, natural gas, etc.)			62,284	62,501	61,121	
			Purchased Electricity and Heating			21	13	6	
		Total				66,344	66,168	65,883	

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Boundary	Item			CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Operational Control*8	Emissions to the Atmosphere	VOC*11	Domestic ✓	548	394	417	tons
			Overseas	7,712	8,969	5,450	
			Total	8,260	9,362	5,867	
		NOx	Domestic ✓	152	119	147	
			Overseas	3,419	4,042*12	3,837	
			Total	3,571	4,160*12	3,984	
		SOx	Domestic ✓	6	5	5	
			Overseas	417	1,589	2,317	
			Total	422	1,594	2,322	
	Fresh Water Consumption	Domestic ✓	Tap Water	180,493	190,420	163,850	m³
			Water for Industrial Use	179,962	178,754	177,457	
			Groundwater and Surface Water	751,151	626,584	846,508	
			Total	1,111,606	995,758	1,187,815	
		Overseas	Tap Water	651,518	601,730	635,373	
			Water for Industrial Use	0	0	0	
			Groundwater and Surface Water	745	40,511	388,016	
			Total	652,263	642,241	1,023,389	
		Total		1,763,869	1,637,999	2,211,204	
	Discharge of Produced Water	Domestic ✓	Discharged into Public Water Areas	132,993	102,186	110,350	m³
			Injection Return to Groundwater	336,508	385,322	340,570	
			Total	469,501	487,508	450,920	
		Overseas	Discharged into Public Water Areas	322,525	411,356	357,833	
			Injection Return to Groundwater	0	916,546	356,606	
			Total	322,525	1,327,902	714,439	
		Total		792,026	1,815,410	1,165,360	

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Boundary	Item			CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Operational Control*8	Waste*13	Domestic*14✔	Non-hazardous Waste (Recycle)	1,315	1,249	2,168	tons
			Non-hazardous Waste (Final disposal)	586	601	3,473	
			Hazardous Waste (Recycle)	0	0	0	
			Hazardous Waste (Final disposal)	996	760	1,811	
			Total	2,897	2,610	7,453	
		Overseas	Non-hazardous Waste (Recycle)	6	3	0	
			Non-hazardous Waste (Final disposal)	57	7,765	34,512	
			Hazardous Waste (Recycle)	0	0	0	
			Hazardous Waste (Final disposal)	0	0	0	
			Total	63	7,768	34,512	
	Total	–	2,960	10,377	41,960		
	Oil Spills	Number of Spills	5	4	1	cases	
		Quantity of Spills ✔	36	814	0.06	bbl	

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Boundary	Item	FY2018 (Apr 2018-Mar 2019)		FY2019 (Apr 2019-Mar 2020)		CY2020, Jan-Dec		CY2021, Jan-Dec		Unit
		CAPEX	OPEX	CAPEX	OPEX	CAPEX	OPEX	CAPEX	OPEX	
Operational Control*8	Global warming prevention (including energy saving)	260,336	0	674,190	105,998	751,138	2,681	200,771	425,140	Thousand Yen
	Conservation of air quality	0	112,181	0	127,494	99,356	20,850	98,586	6,930	
	Conservation of soil and groundwater environment	23,100	12,000	77,030	606,030	156,419	57,980	170,831	0	
	Conservation of water quality	0	254	0	45,133	0	58,950	15,800	101,227	
	Waste management			0	299,640	0	352,500	310	646,457	
	Project management			0	61,801	0	63,225	3,900	66,466	
	Monitoring environmental impact / Conservation of soil and groundwater environment (Onshore)			0	20,862	121,900	29,031	46,375	57,527	
	Monitoring environmental impact / Conservation water quality (Onshore)									
	Monitoring environmental impact / Conservation water quality (Offshore)			0	73,245	0	25,365	2,485	27,305	
	Monitoring environmental impact / Project management (Offshore)									
	Monitoring environmental impact / Biodiversity conservation			0	108,764	0	44,320	0	165,062	
	Total	283,436	124,435	751,220	1,448,966	1,128,813	654,902	539,058	1,496,115	
	Grand Total	407,871		2,200,186		1,783,715		2,035,173		

*For FY2018, only investments in Japan are covered.

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Boundary	Item		CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Japan, Australia, Indonesia, Norway, U.S.	Number of Internal Reports	Japan	11	8	8	cases
		Australia	2	1	0	
		Indonesia*15	60	62	36	
		Norway	–	0	0	
		U.S.	–	2	0	
Japan	Human Rights Training (provided for new employees)	Attendance Ratio	100	100	100	%
		Training Hours	16	16	13	hours
Japan, Australia, Indonesia	Anti-Bribery and Anti-Corruption (ABC) Training	Japan*16	233	106	282	persons
		Australia	1,444	845	864	
		Indonesia	258	176	178	

Boundary	Item		Year	Amount	Unit
Consolidated	Payment Amounts to Governments (EITI)	Kazakhstan*12	2019	20,979	thousand USD
		East Timor	2019	72,551	
		Indonesia	2020	5,984	

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HSE <Health & Safety>

Boundary	Item			CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit		
Operational Control*8	Incident Frequency	LTIR*17	By Contract 	Employees	0.00	0.31	0.31	–	
				Contractors	0.68	0.20	0.42		
				Total	0.32	0.26	0.38		
			By Region	Japan	0.00	0.23	0.00		–
				Australia	0.43	0.17	0.64		
				Indonesia	0.00	0.00	0.00		
				Venezuela	3.38	0.00	0.00		
				UAE*19	0.00	12.58	0.00		
				U.S.*20	0.00	0.00	0.00		
		TRIR*18	By Contract 	Employees	0.46	0.92	1.40	–	
				Contractors	3.22	3.91	3.91		
				Total	1.78	2.24	2.90		
			By Region	Japan	0.25	1.37	0.00		–
				Australia	2.71	2.90	4.89		
				Indonesia	0.00	0.00	0.00		
				Venezuela	3.38	6.26	0.00		
				UAE*19	0.00	12.58	0.00		
				U.S.*20	2.63	0.00	0.00		
	Fatalities	By Contract	Employees	0	0	0	persons		
			Contractors	0	0	0			
			Total	0	0	0			
		By Region	Japan	0	0	0		persons	
			Australia	0	0	0			
			Indonesia	0	0	0			
			Venezuela	0	0	0			
			UAE*19	0	0	0			
			U.S.*20	0	0	0			
	Lost Time Injury	By Contract	Employees	0	2	2	cases		
			Contractors	4	1	4			
			Total	4	3	6			
		By Region	Japan	0	1	0		cases	
			Australia	3	1	6			
			Indonesia	0	0	0			
			Venezuela	1	0	0			
			UAE*19	0	1	0			
			U.S.*20	0	0	0			
	Restricted Workday Injury	By Contract	Employees	2	0	6	cases		
			Contractors	7	15	25			
			Total	9	15	31			
	Medical Treatment of Injury	By Contract	Employees	1	4	1	cases		
			Contractors	8	4	8			
			Total	9	8	9			

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Local Communities

Boundary	Item		CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Consolidated	Social Investment	Education and Fostering Future Generations	592.8	529.9	538.7	million yen
		Support for Local Communities	1,329.3	1,347.3	1,042.8	
		Health, Medicine and Sports	44.3	49.1	55.8	
		Support for Disaster-affected Areas	20.4	79.3	5.0	
		Environment	204.2	136.9	286.2	
		Culture and Arts	7.2	6.6	13.4	
		Others	40.7	47.0	71.0	
		Total	2,239.1	2,196.3	2,012.9	
	Percentage of Senior Executives Appointed from Local Communities* ²¹	Jakarta office	66.7	61.5	66.7	%
		Perth and Darwin office	72.2	73.3	73.5	
		Total	70.6	69.8	71.7	

Employees <Employment>

Boundary	Item				CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Consolidated	Overall Employees	By Gender (Figures in parentheses denote the ratio)	Male	General Employees	1,776 (77.8)	1,767 (75.8)	1,785 (75.9)	persons %
				Managerial Employees	787 (94.4)	787 (94.6)	793 (94.9)	
				Total	2,563 (82.2)	2,554 (80.7)	2,578 (80.8)	
			Female	General Employees	507 (22.2)	564 (24.2)	568 (24.1)	
				Managerial Employees	47 (5.6)	45 (5.4)	43 (5.1)	
				Total	554 (17.8)	609 (19.3)	611 (19.2)	
			Total	3,117	3,163	3,189		
		By Employment Contract	Permanent Employees	Male	2,563	2,554	2,578	persons
				Female	554	609	611	
				Total	3,117	3,163	3,189	
			Temporary Employees	Male	478	387	333	
				Female	182	130	102	
				Total	660	517	435	
		By Region	Japan	Permanent Employees	1,622	1,776	1,789	persons
				Temporary Employees	292	198	206	
				Total	1,914	1,974	1,995	
			Asia and Oceania	Permanent Employees	1,265	1,153	1,213	
				Temporary Employees	296	238	187	
		Total	1,561	1,391	1,400			

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Employees <Employment>

Boundary		Item		CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit	
Consolidated	Overall Employees	Eurasia	Permanent Employees	40	38	35	persons	
			Temporary Employees	11	9	9		
			Total	51	47	44		
		Middle East and Africa	Permanent Employees	94	93	97		
			Temporary Employees	11	19	28		
			Total	105	112	125		
		Americas	Permanent Employees	96	103	55		
			Temporary Employees	50	53	5		
			Total	146	156	60		
		Unconsolidated	Employees* ²²		Male	981		1,079
Female	228				285	287		
Total	1,209				1,364	1,380		
Average Length of Service			Male	16.2	14.9	14.9	years	
			Female	12.3	11.1	10.0		
			Total	15.5	14.1	13.8		
Number of Staff Turnovers			Male	29 and under	1	10	5	persons
				30-60	12	17	16	
				Total	13	27	21	
			Female	29 and under	5	3	5	
				30-60	1	6	5	
				Total	6	9	10	
			Total Number of Staff Turnovers		19	36	31	
			Staff Turnover Rate* ²³		1.58	2.65	2.25	
Recruitment	Process		New Graduate Hires	Male	41	38	29	persons
				Female	14	18	10	
				Total	55	56	39	
			Mid-career Hires	Male	15	16	17	
				Female	5	5	4	
				Total	20	21	21	
	Category of Employee		Managerial Employees		4	5	8	
			General Employees		7	16	13	
	Age		40s and over		3	5	6	
			30s		6	13	11	
Teens and 20s			2	3	4			
Ratio of Standard Minimum Salary to Local Minimum Wage* ²⁴				1.20	1.08	1.05	times	
Number of Employees Working under Re-employment Contracts				54	22	27	persons	
Labor Union Participation Rate* ²⁵				60.6	61.3	60.7	%	

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Employees <Work-life Balance>

Boundary	Item		FY2019 Apr 2019-Mar 2020	FY2020 Apr 2020-Mar 2021	FY2021 Apr 2021-Mar 2022	Unit	
Unconsolidated	Monthly Average of Overtime Work		18.2	21.3	22.6	hours	
	Average Days of Paid Leave Taken () Average Rate of Paid Leave Taken*26	Male	14.2 (74.5)	11.9 (63.1)	12.9 (68.3)	days %	
		Female	15.4 (83.1)	12.5 (71.5)	14.3 (76.0)		
		Total	14.4 (83.3)	12.0 (65.0)	13.2 (69.8)		
	Rate of Receipt of Physical Examinations and Checkups		100	100	100	%	
	Number of Employees Taking Maternity Leave		20	20	17	persons	
	Number of Employees Taking Advantage of Parental Leave System*27, 28	Male	Number of Employees	26	24	29	persons
			Rate of those returning to work*29	100	100	100	%
			Retention Rate*30	94.4	100	95	
		Female	Number of Employees	39	26	36	persons
			Rate of those returning to work*29	93.8	100	91.7	%
			Retention Rate*30	100	100	87.5	
		Total	Number of Employees	65	50	65	persons
			Rate of those returning to work*29	97.5	100	97.6	%
			Retention Rate*30	95.8	100	93	
	Number of Employees Taking Advantage of Shortened Working Hours for Childcare, and Flextime Work System	Male	2	3	3	persons	
		Female	35	33	37		
		Total	37	36	40		
	Number of Employees Taking Child Healthcare Leave	Male	42	24	38	persons	
		Female	51	33	44		
		Total	93	57	82		
	Number of Employees Taking Advantage of Childcare, Nursery, and Babysitter Subsidies	Male	54	53	53	persons	
		Female	29	26	25		
		Total	83	79	78		
	Number of Employees Taking Advantage of Nursing Care Leave System	Male	0	0	1	persons	
		Female	0	0	0		
		Total	0	0	1		
	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	13	14	15	persons	
		Female	6	8	15		
		Total	19	22	30		
	Number of Employees with Disabilities (Figures in parenthesis denote the percentage in total employment)		35 (2.1)	39 (2.4)	43 (2.7)	persons %	
	Number of Employees Utilizing Volunteer Leave System		13	2	7	persons	

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Employees <Human Resource Development>

Boundary		Item		CY2019, Jan-Dec	CY2020, Jan-Dec	CY2021, Jan-Dec	Unit
Unconsolidated* ³¹	Number of Participants in Training Programs	Level-specific Training		436	439	811	persons
		Career Design Training	For age 55	81	159	41	
			For age 40	–	31	73	
			For age 30	–	59	108	
		Business Skill Training		184	651	500	
		Overseas and Domestic Business-Practice Training		75	59	27	
		Study Overseas Program		8	7	5	
Unconsolidated* ³¹	Training Hours per Person	By Gender	Male* ¹²	193.7	69.6	70.6	hours/ persons
			Female* ¹²	86.7	32	42	
		By Country	Japan* ¹²	167.5	61.8	64.8	
			Australia	39.8	35.8	43.2	
Australia* ³²							
Unconsolidated + Australia		Total		109.1	51.1	55.6	
Unconsolidated* ³¹	Training Cost per Person	By Gender	Male	258,656	171,158	163,344	yen
			Female	150,259	74,449	60,772	
		By Country	Japan* ¹²	233,802	151,046	142,360	
			Australia	173,692	284,333	268,261	
Australia* ³²							
Unconsolidated + Australia		Total		206,294	206,092	196,085	
Unconsolidated* ³¹	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	

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Boundary	Item		As of March 25, 2020	As of March 25, 2021	As of March 25, 2022	Unit
Consolidated	Directors and Executive Officers	Male	41	41	38	persons
		Female*33	3	3	3	
		Total Number of Directors and Executive Officers	44	44	41	
		Outside Directors (Figures in parentheses denote the ratio of Outside Directors)	6 (43)	6 (43)	5 (42)	persons (%)
		Outside Auditors (Figures in parentheses denote the ratio of Outside Auditors)	4 (80)	4 (80)	4 (80)	

		Special Report			MATERIALITY								
Contents & Editorial Policy	Message from the President & CEO	Special Report 1	Special Report 2	Special Report 3	Sustainability Management	Governance	Compliance	Climate Change	Health, Safety and Environment	Local Communities	Employees	ESG Performance Data	Independent Assurance Report External Evaluation

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- Scope of Report
INPEX CORPORATION and its 58 consolidated subsidiaries
- Reporting Scope
 - Only Employees <Work-life Balance> data covers the period from April 1 of the same year to March 31 of the following year.
- Third-Party Assurance
The data marked with the symbol ✓ are provided assurance in this report.
- Annotation (Numbers in table may not sum due to rounding or numbers after decimal point)
- *1 Scope1: Direct emissions from resources owned or controlled by the reporting company
Scope2: Indirect emissions from the consumption of electricity, steam, heat and cooling purchased by the reporting company
Scope3: All indirect emissions that occur in the value chain of the reporting company
- *2 The emissions are calculated in accordance with local laws and regulations and rules for HSE-related data.
- *3 Net carbon intensity includes offset. The basic unit described here shows the GHG emissions of heat production rate per consolidated production of oil and natural gas.
- *4 From 2021, this data is included in Scope 1.
- *5 Category 1: Total volume of contractor emissions and upstream emissions from the production of purchased goods.

Category 11: 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.
- *6 The total amount of emissions corresponds to the net economic share of each production project.
- *7 2020 data is restated.
- *8 HSE data are reported on an operational control basis including Headquarters, Technical Research Center, overseas offices and Operational Organizations in Japan and overseas.
- *9 For 2019 and 2020, only the amount of total investment in Japan is disclosed.
- *10 The data is calculated in accordance with the laws and regulations of each country (including the Act on the Rational Use of Energy [Energy Conservation Act] in Japan).
- *11 Domestic: 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.
Overseas: The emissions are calculated in accordance with the laws and regulations of each country.
- *12 The revision of the calculation method resulted in a change in the data disclosed in Sustainability Report 2021.
- *13 The definition of hazardous wastes is 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."
- *14 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.

- *15 The number of internal reports in Indonesia includes consultations on the procedures for ABC (anti-bribery and anti-corruption) measures.
- *16 The data includes the number of participants in training at overseas locations excluding Australia and Indonesia.
- *17 The rate of injuries resulting in fatalities or lost time per million hours worked (LTIF: Lost Time Injury Frequency).
- *18 The rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours (TRIR: Total Recordable Injury Rate).
- *19 United Arab Emirates data is included in reporting scope from September 2019.
- *20 United States data is included in reporting scope from April 2019.
- *21 Executive management designates the managerial positions at senior manager grade or higher.
- *22 London office data is included.
- *23 Calculated based on the number of resignees. This excludes retirees and resigned executive officers.
- *24 Data source of "Local Minimum Wage": Japanese Ministry of Health, Labour and Welfare.
- *25 Fixed-term employees are not included.
- *26 Data includes some fixed-term employees.
- *27 In accordance with internal regulations, employees have the right to apply for parental leave if they wish for the purpose of childcare under the age of one year.
- *28 The cumulative number.
- *29 The rate of employees returning to work from parental leave is the number of returned employees in the current fiscal year divided by the number of employees expected to return in the current fiscal year multiplied by 100.
- *30 The retention rate of employees having returned to work from parental leave is the total number of employees retaining employment 12 months after return from leave divided by the number of employees returning to work in the previous fiscal year multiplied by 100.
- *31 Some consolidated data is included. The data by gender is disclosed from 2020.
- *32 Employees of subsidiaries in Australia is disclosed from 2021.
- *33 As of March 25, 2022, the percentage of female executive officers is 7%.

Independent Assurance Report

To ensure the reliability of environmental and social performance data included in Sustainability Report 2022, INPEX has obtained independent third-party assurance from SOCOTEC Certification Japan for all data marked with the symbol (✓) in the ESG Performance Data section.

Scope of Assurance: 2021 data covering the period from January to December for the following environmental and social performance data.

Environmental performance

<Scope: Operational control* in Japan>

- Scope 1 emissions (by emission source, gas type)
- Scope 2 emissions
- Energy consumption
- Water consumption and discharge of produced water
- Emissions to the atmosphere (VOC, NOx, and SOx)
- Waste – hazardous waste (recycling, final disposal) and non-hazardous waste (recycling, final disposal)
- Oil Spill (quantity of spills)

<Scope: Overseas operational control**>

- Scope 1 emissions (emission source, gas type)
- Scope 2 emissions

<Scope: Equity share based***>

- Scope 1 emissions
- Scope 2 emissions
- Scope 3 Category 11 emissions (use of sold products)

Social performance




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

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

* HSE and GHG emissions management data are reported on an operational control basis and include operational organizations in Japan, INPEX headquarters, and the INPEX Technical Research Center.

** The production projects where INPEX takes the role of operator as of the end of December 2021, and overseas offices are included.

*** Equity share-based Scope 1 and Scope 2 emissions cover the production projects where INPEX takes the role of operator as of the end of December 2021, INPEX headquarters and the INPEX Technical Research Center. Scope 3 Category 11 emissions are calculated by multiplying the total sales volume of crude oil, natural gas, and LPG by each product's emission factor, under the assumption that the total volume of each is combusted.

<div>  </div> <h3>Independent Assurance Report</h3> <p>Mr. Takayuki Ueda Representative Director, President & CEO INPEX CORPORATION</p> <p>We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from INPEX CORPORATION (hereafter "the Company"), in order to provide an opinion as to whether the environmental and social performance indicators marked with ✓ included in the subject matter information ("Sustainability Report 2022" (period: from January 1, 2021 to December 31, 2021)) of the Company meet the criteria in all material respects.</p> <ol style="list-style-type: none"> Subject Matter Information and Criteria <p>The subject matter information for our assurance is the environmental and social performance indicators marked with ✓ included in "Sustainability Report 2022" (period: from January 1, 2021 to December 31, 2021) covering the operations and activities of the Company and the consolidated subsidiaries.</p> <p>The criteria for preparing subject matter information is "its own calculating and reporting criteria".</p> Management Responsibility <p>The environmental and social performance indicators marked with ✓ included in "Sustainability Report 2022" (period: from January 1, 2021 to December 31, 2021) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.</p> <p>The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the environmental and social performance indicators marked with ✓ included in "Sustainability Report 2022" (period: from January 1, 2021 to December 31, 2021) is free from material misstatement whether due to fraud or error.</p> Assurance Practitioner's Responsibility <p>The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.</p> <p>SOCOTEC performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "ISO14064-3: Specification with guidance for the validation and verification of greenhouse gas assertions", the International Standard on Assurance Engagements (ISAE) 3410, "Assurance Engagements on Greenhouse Gas Statements" and the ISAE 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of International Auditing and Assurance Standards Board (IAASB).</p> <p>The procedures implemented in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures implemented in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.</p> <p>Our procedures performed depend on the assurance professional practitioner's judgement, including the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.</p> <p>We believe that we have obtained the evidence to provide a basis for the conclusion for limited assurance.</p> 	<div>  </div> <ol style="list-style-type: none"> Assurance Procedures <p>The procedures that SOCOTEC has conducted are based on professional judgment and include, but are not limited to:</p> <ul style="list-style-type: none"> • Evaluation of policies and procedures created by the Company in relation to subject matter information • Questions to Company personnel to understand the above policies and procedures • Verification that the target project meets eligibility requirements • Matching with the basis data by trial calculation and recalculation • Obtaining and collating material for important assumptions and other data • We conducted verification procedures for the Company's Domestic Energy Supply & Marketing Division Naoetsu LNG Terminal by a sampling method, in order to confirm the calculation structure and procedures, data collection and implementation status of record control. Statement of Our Independence, Quality Control and Competence <p>SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO17021 Conformity assessment -- Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO14065 Greenhouse gases -- Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of "International Standard on Quality Control 1" by the International Auditing and Assurance Standards Board and "Code of Ethics for Professional Accountants" by International Ethics Standards Board for Accountants. We maintain a comprehensive quality control system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.</p> <p>The SOCOTEC Group is a comprehensive third-party organisation in inspection, testing and certification operations, and conducts management system certification services and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies, and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.</p> <p>We assure that the team engaged in the assurance is selected based on knowledge, experience in the relevant industry, and the competence requirements for this assurance engagement.</p> Use of Report <p>Our responsibility in performing our limited assurance activities is to the management of the company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.</p> Our Conclusion <p>On the basis of our procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.</p> <div>  <p>Seigo Futaba Managing Director 21 June 2022</p> </div>
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External Evaluation

INPEX proactively engages in dialogue with stakeholders through information disclosure and supplies information to external evaluators. The evaluations by external organizations and the major ESG indexes for which INPEX has been selected as a component stock are shown on the right.

- FTSE4Good Developed Index, FTSE4Good Japan Index



- S&P/JPX Carbon Efficient Index



- 2022 Health & Productivity Stock Selection Program



- FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index



- CDP Climate Change 2020 score: A-



- Certified Health and Productivity Management Organization 2022 (White 500)



- MSCI ESG Leaders Indexes



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- STOXX® Global ESG Leaders Index



- Selected as Yearbook Member 2022 in the S&P Global Sustainability Award 2022



- MSCI Japan ESG Select Leaders Indexes

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

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



- Recognized as an Environmentally Sustainable Company in the Ministry of the Environment's ESG Finance Award Japan



- MSCI Japan Empowering Women Index (WIN)

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

- SOMPO Sustainability Index



- Received Gold rating and Best Practice Award in the 2021 PRIDE Index



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