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Compliance

Our Policy

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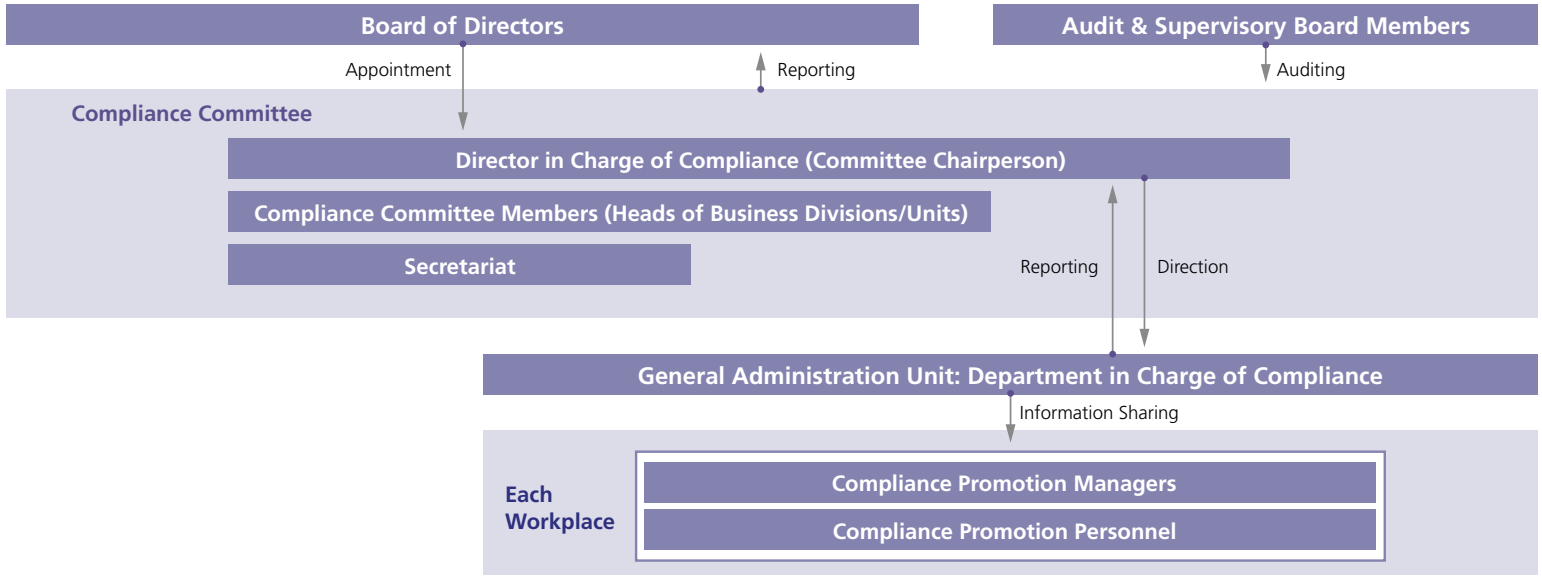
We continue to work on the appropriate management of bribery and corruption prevention initiatives, compliance education and the global compliance system, and maintenance and operation of our whistleblower system with undergoing internal audits.

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.❺

❺ 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.❻

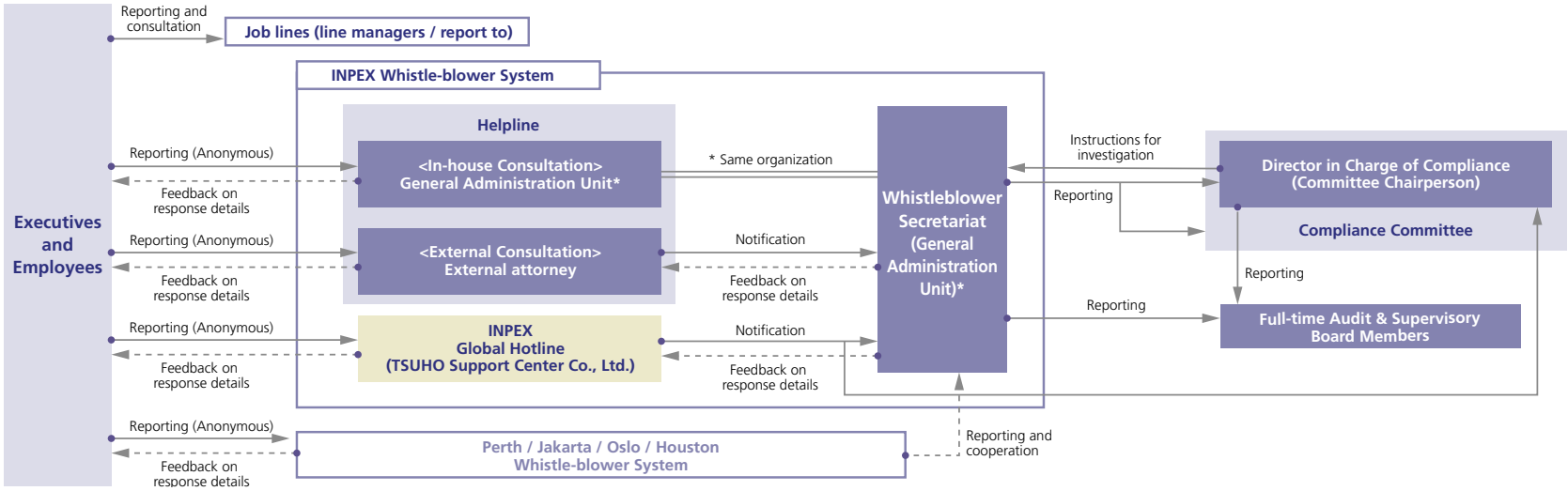
We have a dedicated page on our website to manage inquiries and grievances from external stakeholders—including local residents and suppliers—and we respond to their feedback in a timely and appropriate manner.

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.❼ In FY2021, no grievances were reported in Australia to which the procedure applies.

❻ ESG Performance Data
❼ Addressing Community Feedback

Whistleblower System



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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.[8] 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.

[8] Extractive Industries Transparency Initiative

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Supplier Code of Conduct

Supply Chain Management

Our Policy

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[9] 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.

[9] Details on Ethical Procurement Guideline

World	Number of Suppliers	Procurement
Over **20** countries	Around **2,000**	More than **2** Billion USD in 2021

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: ● 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	● 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	● 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 IPIECA⑩ 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.

⑩ 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.