



Sustainability Report 2015

INPEX CORPORATION

Our mission to contribute

While achieving sustained growth through its oil and natural gas development activities, the INPEX Group is also strongly aware of its social responsibilities, and of the rising expectations of various stakeholders and society in Japan and overseas. We published our vision for the future in the INPEX Medium-to Long-term Vision, which defines our growth targets and also identifies CSR as a core management priority. We want INPEX to remain essential to society, and we are working to realize this vision by managing the company in ways that contribute to the creation of a sustainable society.

Editorial Policy

The INPEX Group publishes a Sustainability Report each year to inform stakeholders about our CSR activities.

■ Period Covered by the Report

In principle, the report covers the period from April 1, 2014 to March 31, 2015 for facilities in Japan, and from January 1 to December 31, 2014 for overseas facilities. Some parts of the report contain information from before or after these periods.

■ Report Boundary and Data Compilation

INPEX CORPORATION and its 65 consolidated subsidiaries

■ Versions of Report

To help stakeholders effectively understand the value created by INPEX Group, we have created different versions of the 2015 Report based on the Material Issues identified in 2012.

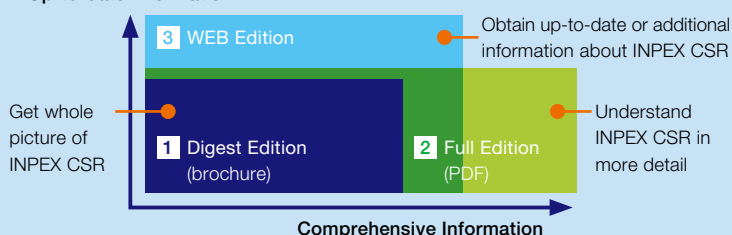
■ Publication Date

August 2015 (previous report: August 2014, next report: August 2016)

■ Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4/ISO 26000/IEPECA (The GRI / IEPECA content index is shown only in the web edition)

Up-to-date Information



1

We want all stakeholders to understand the INPEX Group's approach to CSR. Disclosure in the digest edition is therefore limited to information that provides an overview of our CSR activities, and we have given priority to readability and ease of understanding in the presentation of that information.



2

For stakeholders who need a broader range of non-financial information about the INPEX Group, such as investors, NPOs and NGOs, the full edition provides comprehensive coverage of information required under international disclosure guidelines.



3

The web edition combines disclosure information from the digest edition with information from past Sustainability Reports and the latest CSR data. We have designed this version to facilitate updating.

Forward-Looking Statements

This report contains not only historical and current facts about INPEX CORPORATION and its affiliates, but also forward-looking statements based on forecasts, estimates and plans, etc. Because these forecasts, estimates and plans, etc., are based on information available at the time of writing, they are subject to uncertainties. Actual future business results and events may differ from these forecasts, estimates and plans. The INPEX Group will accept no liability with regard to such situations. Readers should be aware of this when reading this report.

to a sustainable society

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A Message from the Sustainability Report 2015 Secretariat

We emphasize thoroughness and attention to detail in communicating with stakeholders. Hence we regard the Sustainability Report as an important communication opportunity. Our aim is to present information about the priorities that guide the activities of the INPEX Group and our actual initiatives while also allowing readers to see the faces of the people who carry out those activities. We hope that you will enjoy reading the report.



About the Cover

The cover illustration symbolizes our efforts to contribute to creating a sustainable society through businesses.

Corporate Data

Trading name	INPEX CORPORATION
Established	April 3, 2006
Capital	¥290,809,835,000
Headquarters	31st through 34th, 36th and 38th Floors, Akasaka Biz Tower, 5-3-1, Akasaka, Minato-ku, Tokyo 107-6332, Japan
End of business year	March 31

Employees	3,178 (consolidated) as of March 31, 2015
Main activities	Research, exploration, development, production and sales of oil, natural gas and other mineral resources, and related peripheral activities, as well as investment in and lending to companies engaged in these activities

Supplying energy reliably and efficiently

75 projects under way in 25 countries

(as of June 30, 2015)



Material Issues

Essential to
Business Expansion



**Comply with laws,
regulations and social norms
(including human rights)**

We will comply with laws, regulations, international norms, and social norms in the areas in which we are operating, including those relating to human rights.



**Practice safety
and environmental
protection in operations**

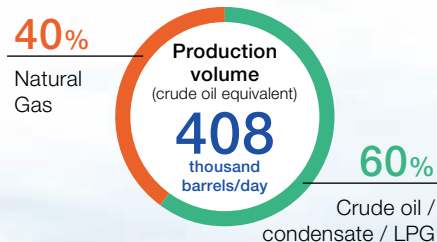
We will implement initiatives and maintain management systems to reduce environmental loads and environmental risks. We will also conserve biodiversity and ensure safety in our business activities.

The INPEX Group projects vary widely in terms of the ratios of oil and gas, the type of oil contracts, and the business phases (exploration, development, production). Our aim is to diversify risk and build a balanced portfolio.

- Group office locations
- Operator projects: INPEX-operated projects
- Non-operator projects: Projects in which INPEX owns interests as a partner, not INPEX-operated

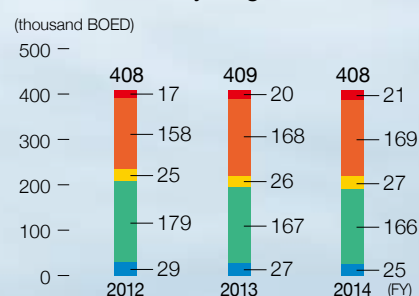


Balanced production of oil and natural gas



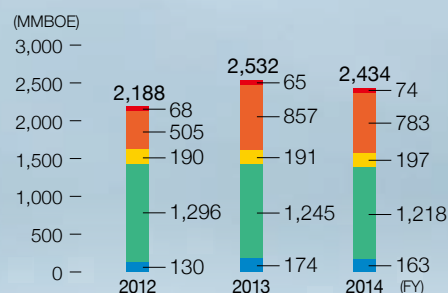
Stable production of oil and natural gas

Net Production by Region



Stable and rich reserves of oil and natural gas

Confirmed Reserves by Region



■ Japan ■ Asia and Oceania ■ Eurasia
■ Middle East and Africa ■ Americas



Build trust with and contribute to local communities (including education)

In the countries and regions where we operate, we will communicate with local communities and undertake social contribution activities based on awareness of local needs.



Address climate change

We will carry out research and development, and apply technologies relating to renewable energy and fossil fuels. We will also implement CO₂ offset programs such as forest conservation and tree-planting.



Develop and utilize human resources as a global company

We will recruit able employees, assign them to the most appropriate positions under appropriate terms and conditions, without discrimination on the basis of culture, nationality, beliefs, ethnicity, gender or age, etc.

Growing together with our stakeholders



Representative Director,
President & CEO
INPEX CORPORATION
Toshiaki Kitamura

Visiting the Ichthys LNG Project fabrication yard in South Korea

Shaping Corporate Responsibility with our Stakeholders

The INPEX Group is sustainably strengthening its corporate social responsibility initiatives in the pursuit of its corporate mission—contributing to building a better society by providing a stable and efficient supply of energy. The business climate of the energy industry is constantly changing, influenced by political and economic trends and social issues that transcend borders. Through proactive dialogue with stakeholders, we seek to accurately identify the expectations of society and implement Material Issues in order to grow together with our stakeholders.

Our Business in Perspective

Energy resources centered on oil and natural gas are inherently finite, precious and essential to the economy and society. Although fluctuations in supply and demand occur from time to time, the importance of the long-term stable development and efficient use of these resources remains unchanged. However, resource development companies like us continue to operate in an adverse business environment full of uncertainty, as they face intense competition to acquire resources in increasingly challenging locations amidst the recent sharp decline in crude oil prices.

In 2015, significant progress is expected with the United Nations Sustainable Development Goals (SDGs). These are guidelines for international

negotiations concerning global warming and solutions to global issues. Companies will be all the more expected to go beyond merely reducing the impacts of their business activities and assuming the responsibility of making positive contributions in locating solutions to global issues.

Our Initiatives

To fulfill our corporate mission, we will continue to focus on developing our energy business to achieve the growth targets set forth in the INPEX Medium- to Long-term Vision. Above all, we will focus on the two large-scale LNG projects we are implementing as Operator, and proceed with developing natural gas, the most environmentally friendly fossil fuel. While responding to the drop in oil prices through cost reductions in the short term, we will secure a more reliable path of growth over the medium to long term by strengthening our management structure, which will enable us to efficiently develop business in this changing environment.

In addition, we endorse the Ten Principles set forth in the United Nations Global Compact* in the areas of human rights, labor, the environment, and anti-corruption. We will enhance corporate value by rigorously managing our CSR materiality assessment. Key initiatives include cultivating an elevated awareness of compliance and a corporate culture centered on HSE (Health, Safety, Environment); pursuing relationships of trust with local communities and

*Global Compact:

The call for voluntary CSR activities in 1999 by Kofi Annan, who was then the Secretary-General of the United Nations

addressing climate change; and fostering a global and diverse workforce and emphasizing the importance of our employees. The following are some examples of our progress.

Initiatives in Fiscal 2014

1) Ichthys LNG Project Reached 68% Completion

The Ichthys LNG Project, which INPEX leads as Operator, reached 68% completion in March 2015. The project is scheduled to produce 8.4 million tons of LNG per year, of which approximately 70% will be supplied to Japan, underscoring the project's important role in ensuring a stable supply of energy to the country.

We achieved this steady progress by building and maintaining strong relationships of trust with the numerous stakeholders involved in the project. These relationships aren't built overnight. We believe they are the result of thorough dialogue and the sharing of ideas and expectations that have allowed our stakeholders to gradually build an understanding and appreciation of the way we operate—openly and collaboratively.

2) Commitment to Diversity

Corporate reinvigoration through the promotion of diversity is essential to the INPEX Group, whose employees are over 40% non-Japanese. We consider the promotion of diversity as an important management strategy to expand our business activities into new geographical areas and business domains. In January 2015, we reorganized the Human Resources Unit at corporate headquarters and established the Global Human Resources / Diversity & Inclusion Group. We are also steadily increasing the number of non-Japanese recruiting at corporate headquarters and strengthening measures to create a working environment in which female employees can thrive. We will continue these and other efforts to ensure that our employees can reach and exceed their full potential regardless of nationality or gender.

3) Expansion of Geothermal Power Generation Projects

The INPEX Group positions its geothermal power generation business at the core of its renewable energy business, and is currently engaged in drilling operations with commercialization prospects in Hokkaido, Akita Prefecture, and other areas. In June 2015, we also announced our participation in the largest-scale geothermal power generation project in Indonesia, which alongside the United States and Japan is home to one of the world's largest geothermal resources. Through steady implementation of this project, we intend to further build on our historical close ties with Indonesia and contribute to eliminating power shortages and spurring economic development in the country.



With Aboriginal community members in Perth, Australia

Our Promise

In April 2015, we acquired interest in the ADCO Onshore Concession, one of the world's largest onshore oil producing deposits in Abu Dhabi, United Arab Emirates. This is likely the result of the value placed in INPEX's track record in oil development and production operations and social contributions over many years in Abu Dhabi which is positioned as one of the core areas for INPEX's petroleum development and production operations.

To fulfill our social responsibility, which will increase in importance in the coming years, we will work tirelessly to remain a company that plays a vital and essential role in society through thorough dialogue and cooperation with our stakeholders while ensuring our business continues to be a source of growth.

Achieving sustainable growth through the oil and natural gas development activities

In the “INPEX Medium- to Long-term Vision—Ichthys and the Next 10 Years,” the INPEX Group defined growth targets based on sustainable development over the medium- and long-term future and identified priority initiatives for the realization of those targets.

The Vision includes “Three Growth Targets” to be achieved in the 2020s, together with the “Three Management Policies” that will help us to reach those targets. One of those management policies is CSR. We are monitoring our progress each year and working to strengthen our CSR management from a medium- to long-term perspective.

1

Continuously Enhancing Our E&P Activities

Becoming a top class international oil and gas E&P company

Achieve a net production volume of 1 million boed by the early 2020s

2

Strengthening Our Gas Supply Chain

Globalizing our gas business

Achieve a domestic gas supply volume of 2.5 billion m³ / year in the early 2020s, with an aim to increase it to 3.0 billion m³ / year in the long-term

T

Three Growth Targets

T

Three Management Policies

1

Securing / Developing Human Resources and Building an Efficient Organizational Structure

- Establish a department for new project development and reinforce coordination between the head office, the regional project divisions and overseas offices
- Utilize overseas offices proactively to collect new project information, to promote discussions on new projects and marketing activities
- Recruit and utilize personnel in and outside of Japan to develop global professionals
- Establish an efficient business execution system to facilitate decision-making

2

Investment for Growth and Shareholder Return

- Secure funds for medium- to long-term investment from our project cash flows and loans
- Maintain financial strength
- Realize return for shareholders and management efficiency befitting a top class international oil and gas E&P company

Our Vision

We position ourselves to become a top class international oil and gas exploration and production company through sustainable growth in the oil and gas development business.

With natural gas as the core of our business, we will grow into an integrated energy company by making contributions to a stable energy supply to broader communities.

We will continue to play a significant role in boosting the capability of supplying energy to Japan while contributing to global economic growth and social development.

Through these efforts, we intend to further advance our reputation among our shareholders and more broadly our stakeholders as a company playing an essential role in the global community.

3

Reinforcing Our Renewable Energy Initiatives

Becoming an integrated energy company that contributes to global community

Promote efforts to commercialize renewable energies and reinforce R&D activities for the next generation

The INPEX Group will enhance CSR management under 6 Material Issues as below from 2015.

HSE	Employee
Local Communities	Compliance
Climate Change	Governance

3

Ensuring Responsible Management as a Global Company

- Reinforce CSR management continuously by establishing a company-wide CSR promoting system including the CSR Committee launched in 2012
- Implement specific measures starting from 2012 to continuously reinforce corporate governance from a global perspective
- Promote continuous improvements in corporate compliance and HSE initiatives
- Build trust-based working relationships with stakeholders through interactive communications

—Key Achievements in Fiscal 2014—

Implementing CSR Management

The CSR Committee met twice in the year under review. The committee discussed and implemented various measures on the revision of Material Issues, the CSV (Creating Shared Value) activity policy and the use of CSR training to build CSR awareness within the company.

Continual Reinforcement of Corporate Governance

The INPEX Advisory Committee convened twice and played an important role in reflecting the views of outside experts in management policies. We also worked to consider the Corporate Governance Code.

Improving Stakeholder Communications

We are continually engaging in communication activities, including dialogue with stakeholders, and environmental and social impact surveys in areas where we operate. We are also actively expanding our public relations and investor relations, including disclosure to research organizations, and working to improve external evaluations.

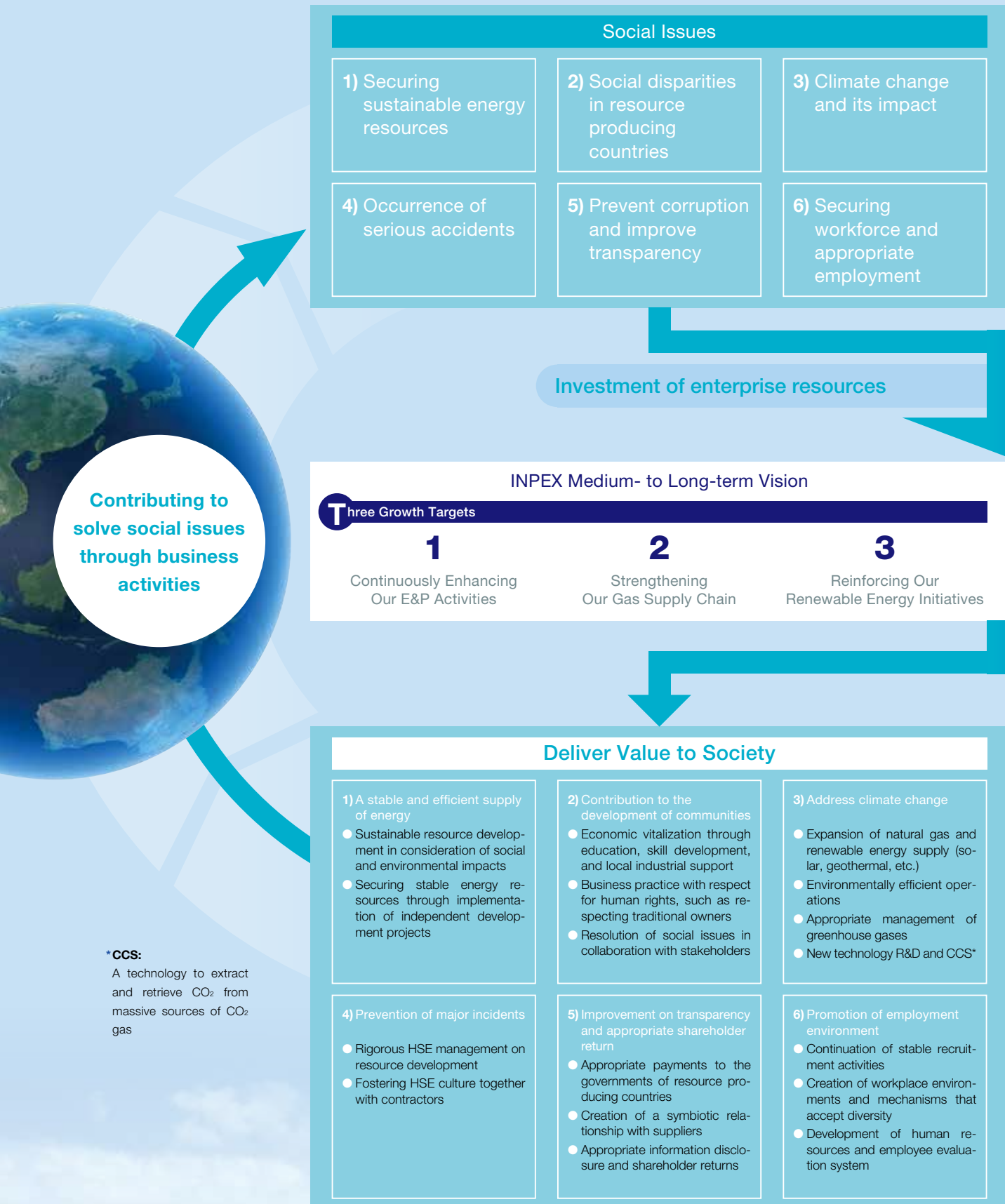
Strengthening Compliance and HSE Systems

Compliance
We have compiled a Code of Conduct Handbook and Anti-bribery and Anti-corruption (ABC) Guidelines. We have also amended the INPEX Internal Reporting Guidelines to strengthen our internal notification system.

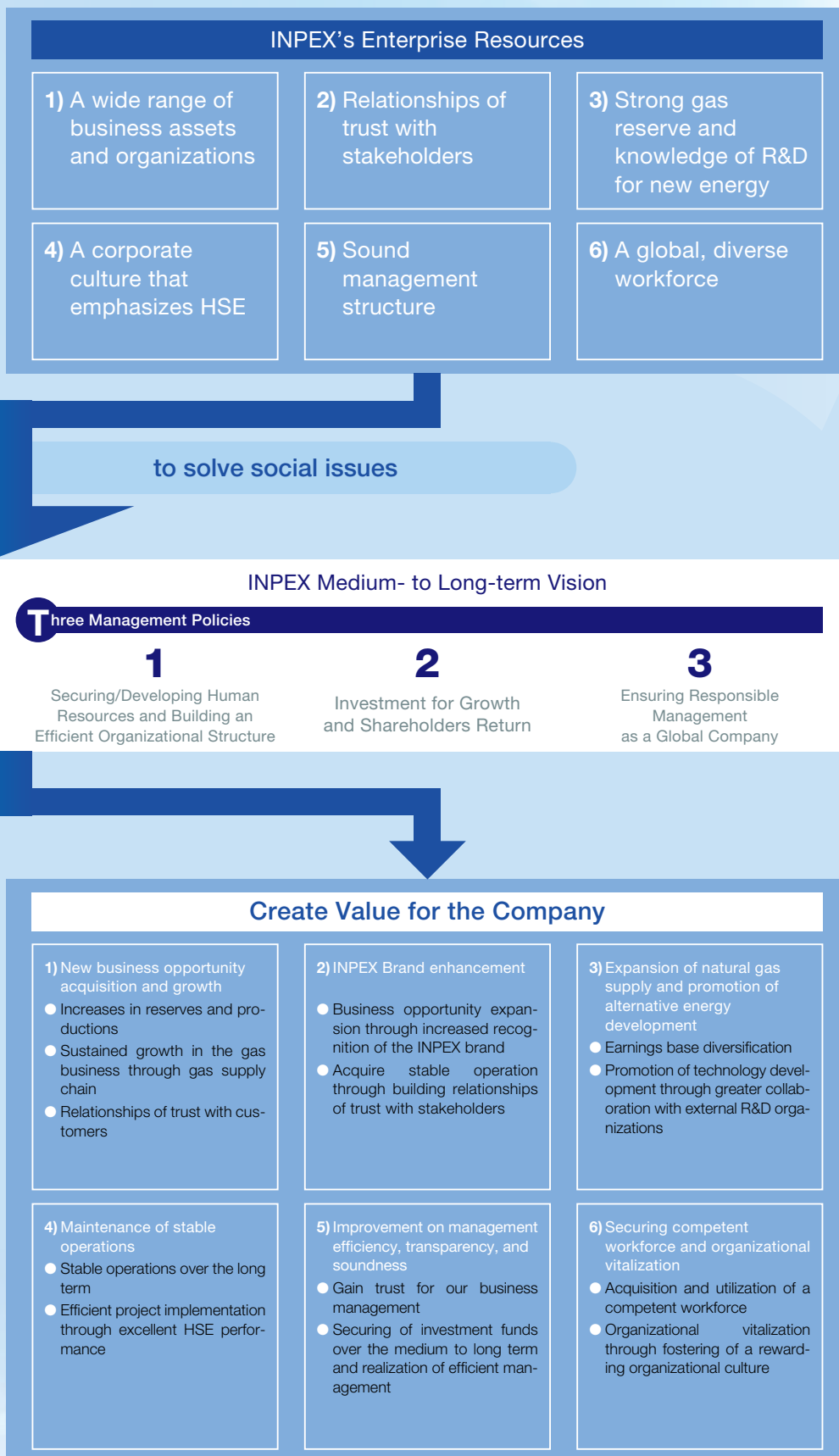
HSE

We implemented activities based on Corporate HSE Program and HSE Objectives.

Resolving social issues through our business activities



The INPEX Group will contribute to solve social issues using value created through business activities, starting with the stable and efficient supply of energy. At the same time, we will continue to invest in the group's growth and to make contributions to society.



Creating a sustainable society by fulfilling social responsibilities throughout the entire value chain

At projects where INPEX is the Operator, we strive to maintain respectful communications and build trust with local communities where we operate and all other stakeholders. Our responsibility to society and stakeholders grows with the scale of our operations, and we fulfill these responsibilities in each part of our value chain. These responsibilities include securing safety, conserving the environment, creating jobs, ensuring human rights, respecting different cultures and customs, and contributing to host communities. While fulfilling these responsibilities, we will continue to contribute to creating a sustainable society.



Space satellite

Appraisal / Exploratory well drilling



Offshore geophysical exploration

Phase 1
Acquisition of Blocks

Phase 2
Exploration and Appraisal

Number of projects: as of June 30, 2015

Number of exploration and appraisal projects **35**
Operator projects **10**

Relative Material Issues



Main Business Activities

- Preliminary regional survey
- Bidding negotiations, negotiations for exploration rights contract
- Acquisition of exploration, development and other rights

- Ground/geological survey (seismic survey, undersea survey)
- Test wells to confirm oil and gas reserves
- Trial production, discovery of crude oil and gas
- Evaluation wells to determine oil/gas field size
- Determination of the size of reserves
- Comprehensive decision about the feasibility for commercial development

Main Stakeholders

- Oil and natural gas producing countries
- Business partners

- Oil and natural gas producing countries
- Business partners
- Local communities
- NGOs

CSR-related Matters

- Prevention of bribery and corruption in oil-producing countries when acquiring rights
- Compliance with local laws and regulations
- Extensive disclosure of information concerning the exploration rights

- Environmental and social impact assessments, acquisition of environmental approvals
- Safety of drilling operations, reduce social and environmental impacts
- Communications with stakeholders where we operate

Material Issues



Compliance



HSE



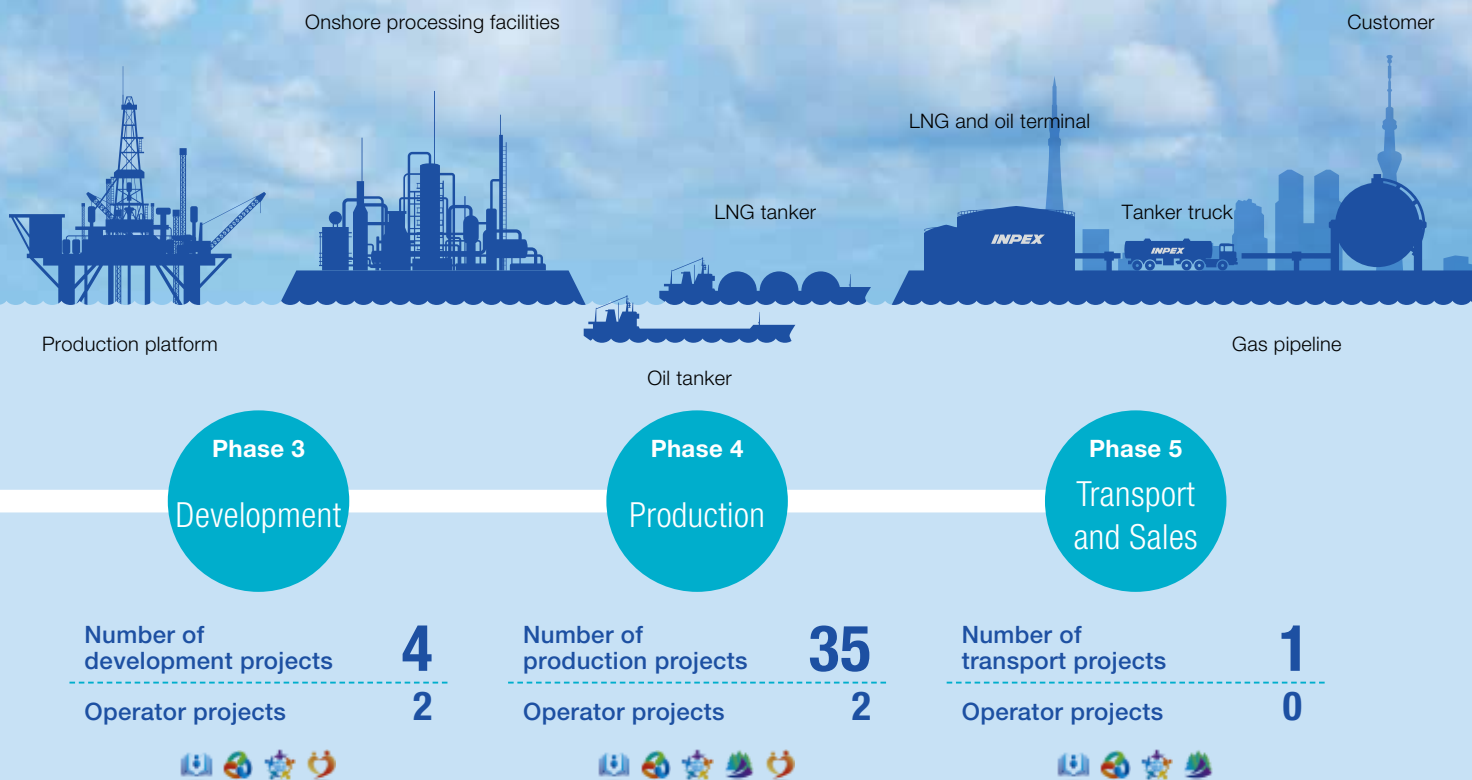
Local Communities



Climate Change



Employee



- Preparation work for exploration
- Production wells for the production of crude oil and natural gas
- Construction of production and shipping facilities (plants, pipelines, etc.)

- Supervision of production and other operations

- Supervision of shipments and transport
- Marketing and sales (crude oil, condensates, LPG, natural gas, LNG, etc.)

- Oil and natural gas producing countries
- Business partners
- Local communities
- NGOs

- Oil and natural gas producing countries
- Business partners
- Local communities
- NGOs

- Oil and natural gas consuming countries
- Local communities
- NGOs
- Customers

- Continuing environmental and social impact assessments and conduct monitoring
- Safety of development operations, reduce social and environmental impacts
- Fair procurement of materials
- Create jobs for local residents
- Proposals of social contribution programs for stakeholders in the regions where we operate

- Safety of production operations, reduce social and environmental impacts
- Management of greenhouse gas emissions
- Workplace safety and health measures for employees and contractors
- Implementation of social contribution programs for stakeholders in the regions where we operate

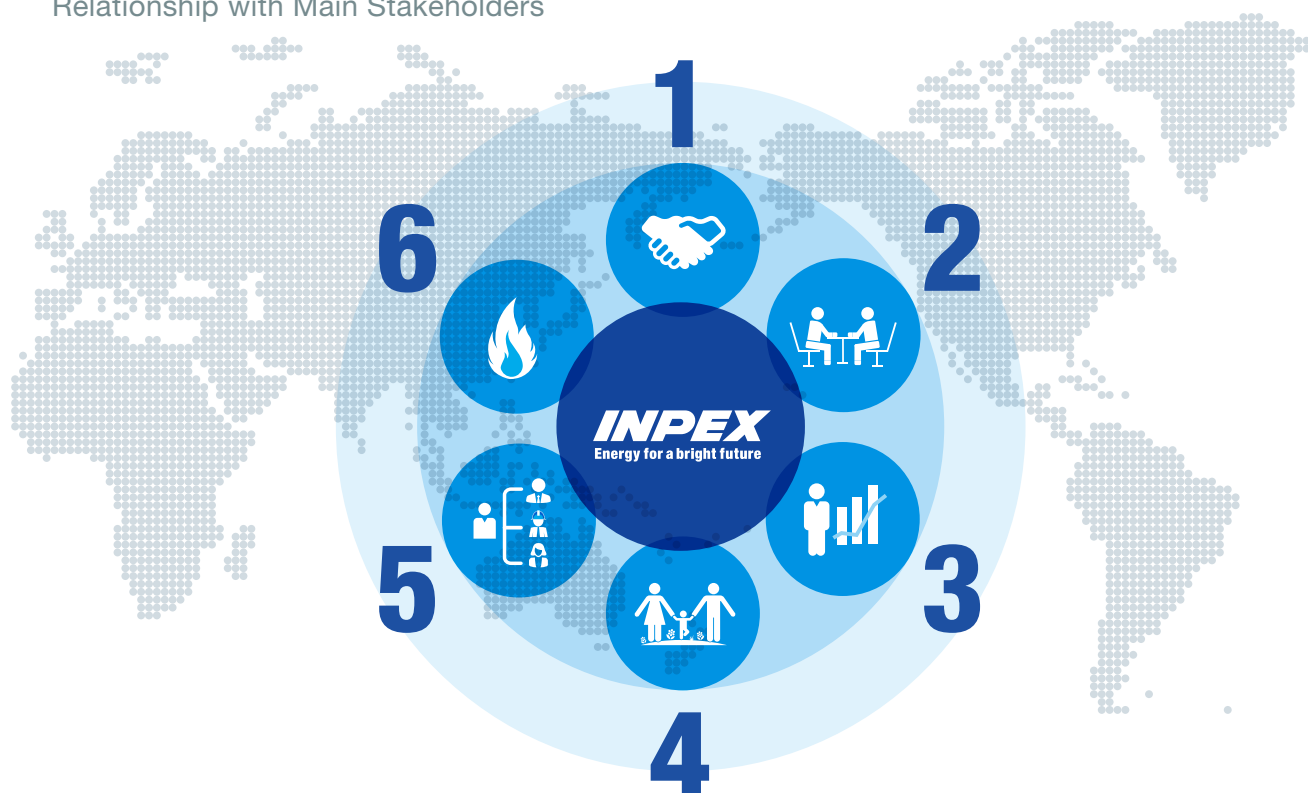
- Stable and efficient energy supply
- Quality and safety of products
- Safety of transport operations, reduce social and environmental impacts
- Dialogue with customers and consumers
- Energy related education and enlightenment activities through tours of our facilities

Coexisting with the environment and society through stakeholder engagement

The mission of the INPEX Group is to provide a stable and efficient supply of energy while giving due consideration to the environment and society. To fulfill this mission, it is essential to engage in dialogue with a broad range of stakeholders.

In this section, we discuss the interactive communication opportunities with stakeholders and our main activities in fiscal 2014.

Relationship with Main Stakeholders



1

Suppliers and Business Partners

We aim to build relationships of trust with our business partners by engaging in fair and impartial trading with a focus on compliance, and aspire to create a sustainable society.

4

Local Communities, NGOs and NPOs

We seek to coexist with local communities, NGOs, and NPOs as a good corporate citizen through respectful dialogues.

2

Customers

We contribute to the growth and development of our customers by providing a stable and efficient energy supply and delivering safety, peace of mind, and efficiency.

5

Employees

We provide opportunities for employees to grow into professionals who can thrive in an international business environment through wide-ranging work experience and interaction with people from diverse backgrounds in a global corporation.

3

Shareholders and Investors

We strive for highly transparent information disclosure and aim to increase corporate value by securing stable supplies of energy and meeting the expectations of shareholders and investors.

6

Oil and Gas Producing Countries

We develop long-term relationships based on mutual trust with oil and gas producing countries and make contribution to mutual development by serving as a bridge between the producing countries and other countries including Japan.

Main Opportunities for Dialogues with Stakeholders and INPEX Group Measures in Fiscal 2014

Main stakeholders	Main opportunities for dialogue	Main INPEX Group measures (FY2014)
1  Suppliers and Business Partners	<ul style="list-style-type: none"> ● Indicate eligibility standards and hold briefings for prospective suppliers at the time of procurement ● Regular communication with suppliers and business partners 	<ul style="list-style-type: none"> ● Provided fair and equitable participation opportunities to prospective suppliers ● Facilitated the understanding of INPEX's HSE initiatives by holding HSE Forums
2  Customers	<ul style="list-style-type: none"> ● Establish a point of contact for customers through sales representatives ● Provide appropriate product information ● Identify customer needs through activities to support operation of service stations 	<ul style="list-style-type: none"> ● Announced safe handling information by issuing SDS* ● Improved service station by analyzing customer needs
3  Shareholders and Investors	<ul style="list-style-type: none"> ● Disclose information through both mandatory disclosure documents required under laws, regulations, and stock exchange rules and voluntary disclosure documents such as annual reports and presentation materials ● Holding shareholders' meetings, presentations and exhibitions for institutional and individual investors, and IR meetings with institutional investors, etc. 	<ul style="list-style-type: none"> ● Held shareholders' meetings, results briefings (twice), IR meetings (approx. 350 times), and exhibitions and presentations for individual investors ● Engaged in timely, appropriate, and fair information disclosure through the corporate website and improved website content (approx. 1,420 website visitors a day and 49 press releases)
4  Local Communities, NGOs and NPOs	<ul style="list-style-type: none"> ● Social contribution activities in areas where we operate ● Regular communication with local communities, NGOs, and NPOs at each project stage, such as when obtaining project approval and conducting environmental and social impact surveys ● Disclose information proactively in areas where we operate 	<ul style="list-style-type: none"> ● Conducted social contribution activities adapted to local areas (total expenditure: ¥1.35 billion) ● Conducted briefings for local residents in Japan (Hokkaido, Akita, Niigata) and overseas (Australia, Indonesia) ● Launched and implemented the Reconciliation Action Plan (RAP) 2014 outlining the commitments to ATSI in Australia ● Conducted environmental and social impact surveys
5  Employees	<ul style="list-style-type: none"> ● Communication with employees through regular face-to-face meetings with supervisors and self-report sheets about job description and reassignment requests submitted to the Human Resources Division ● Consultation between labor and management ● Various training and overseas study programs 	<ul style="list-style-type: none"> ● Conducted regular meetings with supervisors ● Engaged in regular communication with the labor union (twice) ● Conducted employee training programs ● Conducted overseas study programs for clerical and technical employees (seven employees participated)
6  Oil and Gas Producing Countries	<ul style="list-style-type: none"> ● Comply with laws and regulations when obtaining development approval ● Regular communication at each project stage 	<ul style="list-style-type: none"> ● Contributed to preventing corruption and improving transparency in oil and gas producing countries through support for EITI ● Closely communicated with oil and gas producing countries in accordance with project progress and management

* SDS (Safety Data Sheet): A document that contains information needed for the safe handling of products that contain certain chemical substances

The Ichthys LNG Project is a large-scale LNG project, which is currently under development, operated by INPEX, the Operator of a world class LNG project. The Project will be the key driver in INPEX achieving its "Medium-to-Long-term Vision" to increase production volume, cash flow, and secure a skilled workforce to become a global energy company. With some 70% of planned LNG production sold to Japan, the Project will help to secure a vital, long term energy supply to Japan.

Construction of the onshore LNG plant is underway near Darwin in the Northern Territory of Australia and

production facilities are being built around the world. The Project reached 68% completion as of March 2015. The Project provides employment and business opportunities for local communities particularly in the Northern Territory where the onshore LNG plant is located. Approximately 60% of the onshore LNG plant construction workforce in Darwin in 2014 was local and the Project has committed more than AUD\$13 billion within Australia to date with more than half of this to be expended in the Northern Territory.

Creating energy and prospect for the future

Ranked among the most significant oil and gas projects in the world, the Ichthys LNG Project is considered the 'crown jewel' in the INPEX portfolio.

With an expected operational life of at least 40 years, the Project offers multi-generational opportunities for communities, economies, businesses and energy markets.

Stakeholder engagement on the dredging program

Over **130** times

Field surveys conducted for environmental monitoring

Over **200** times

Aboriginal & Torres Strait Islander people engaged on the project

Over **600** people

Information sheets on the dredging program distributed to the communities

Over **2,000** sheets

Newly recorded fauna in mangrove monitoring

80 species

Local businesses engaged in onshore production

Over **600** companies

Listening and Responding to the Community

The Ichthys LNG Project undertook a large-scale dredging program in Darwin Harbour, with more than 16 million cubic meters of rock and sediment removed.

The dredging was undertaken to create a safe shipping channel for LNG carriers to travel through Darwin Harbour to the onshore LNG plant. This activity was started in August 2012 and successfully completed in July 2014.

The program also demonstrated the Project's commitment to building trusting relationships with its stakeholders and conducting activities in a socially and environmentally responsible manner. It was vital that the community was consulted and informed about all aspects of the Project's dredging activities.

As there was a range of community groups and government agencies interested in our activities in Darwin Harbour, a robust community engagement campaign was developed and tailored to these groups to ensure timely, accurate and relevant information was provided. Early engagement with the community occurred when the Project released its Environmental Impact Statement (EIS)*1 for public comment. The

dredging program included the technically-challenging removal of an area of hard rock known as Walker Shoal. It was proposed in the EIS to use a traditional and widely-used removal method involving drilling and blasting. As community feedback highlighted concerns about the proposal, it was decided to adopt an alternative method using one of the largest and most powerful cutter suction dredgers in the world. This eliminated the need for the drilling and blasting of Walker Shoal.

Public meetings and extensive consultation with government, regulatory authorities, interest groups, industry and the community were held throughout the dredging program to keep all the stakeholders informed on the dredging activities. This was supported by print, radio and television advertising, public information displays, fact sheets, community news bulletins and a free call 1800 phone number to receive community feedback.

The community engagement campaign helped the Project complete its dredging program while sharing the Harbour safely with the community and the marine fauna and flora. Its success was clear, with only two dredging-related enquiries received during the dredging period.

*1 Environmental Impact Statement (EIS):

A document prepared to describe the potential impact of proposed activities on the environment as well as ways to avoid, minimize or mitigate them. An EIS is used to obtain regulatory approvals for pursuing development projects in Australia

Case Study



The Northern Territory Chief Minister Adam Giles has publicly acknowledged the Ichthys LNG Project's approach to community engagement by saying, "take a leaf out of INPEX's book, and see how INPEX have tried to work very positively with the community."



Ichthys LNG Project

The Ichthys Gas-condensate Field, located about 200 kilometers offshore Western Australia, was the largest discovery of hydrocarbon liquids in Australia. The Project includes some of the world's biggest and most advanced offshore facilities, a massive onshore LNG plant near Darwin in the Northern Territory and an 889 kilometer pipeline to unite them. Each of these three components is a mega-project in its own right and construction is progressing strongly. When operational, the Project is expected to produce 8.9 million tons of LNG and 1.6 million tons of LPG per annum, along with 100,000 barrels of condensate per day at peak.

Safeguarding the Environment

The Ichthys LNG Project is committed to leaving a positive environmental legacy for the Northern Territory, and to ensuring potential environmental impacts are minimized. To demonstrate this commitment, the Project undertook comprehensive nearshore environmental monitoring throughout the dredging campaign.

More than 100 reports publically available detail the scientific findings from marine environmental monitoring programs, which closely monitored the harbour's water quality, mangroves, corals, dolphins and other marine fauna. This data was also shared with government, regulatory agencies, scientists, industry peers and local stakeholders.

A key finding was that environmental impacts from the completed dredging programs correlated with what was originally predicted. A wealth of information was gathered including the discovery of new fauna species,

contributing positively to the ecological knowledge of Darwin Harbour.

The Project established the Independent Ichthys Project Dredging Expert Panel (IPDEP) to demonstrate transparency and independency regarding the management and monitoring of its dredging program. The IPDEP was made up of nine national and international renowned environmental specialists, advising the Project and the Government on the design of the monitoring programs and the results. Key stakeholders were provided the opportunity to meet with and make submissions to the IPDEP. These were considered by the IPDEP in making its recommendations to the Project and the Government. By showing that the dredging activities were being overseen by competent and independent people, it provided the community with additional confidence in the Project's harbour activities.

Case Study



The Ichthys LNG Project's dredging program was awarded the Australian Petroleum Production & Exploration Association Environment and Industry Choice award in 2014. The award recognized the efforts the Project took to deliver the dredging program in an environmentally and socially responsible manner.



Awarded members



Diver monitoring corals in Darwin Harbour



Mangrove around Darwin Harbour



Water quality research



Leaf litter trap in mangrove

Contributing to the Local Economy

The Project will provide multigenerational opportunities for the communities in which we operate and we want to see them prosper and thrive. We know the importance of having a local trained workforce and local supply chain and recognize that the Project also has a role to play in building local capacity so that over the long term these relationships are mutually reinforcing. This is particularly important for the local Aboriginal and Torres Strait Islanders (ATSI) peoples who make up nearly 30% of the Northern Territory population. Embedding processes to drive local industry participation and workforce development into our core business has already delivered significant outcomes for our local communities.

In 2014 the Project partnered with the Chamber of Commerce and the Indigenous Business Network (NTIBN)*2 in the Northern Territory to support local ATSI businesses and build their business capabilities. The partnership assists ATSI businesses to access resources and acquire a better understanding of the business requirements when tendering for large-scale projects like the Ichthys LNG Project. Through the partnership, the Project funds annual membership to the Chamber of Commerce for ATSI businesses

registered with the NTIBN. The Chamber of Commerce's membership provides ATSI businesses with access to a wide range of business support services and resources including workplace health and safety and training programs as well as networking events that could lead to subcontracting and partnering opportunities.

Respecting Communities and the Environment

Critical to the Project is the support of the communities in which we operate. A trusting relationship with stakeholders is important to maintaining our social license to operate, which will then contribute to the successful delivery of the Ichthys LNG Project. This is key in ensuring INPEX achieves targets outlined in its "Medium-to Long-term Vision", strengthening its supply chain and driving company growth.

The Project will be pivotal in helping to secure a stable energy supply to Japan, while delivering multi-generational benefits to Australia. Through opportunities created by the Ichthys LNG Project, we will grow into a world class energy company and will continue to support the sustainable development of our local communities.

***2 Northern Territory Indigenous Business Network (NTIBN) :**
Established in 2009, NTIBN provides business support, services, policy input and advice, networking opportunities and promotion for Northern Territory businesses

Case Study



Brad Roe, a Darwin based Aboriginal and Torres Strait Islander business owner, is an example of how the Ichthys LNG Project is supporting the local economy. Budget Car and Truck Rental supply the Project's pool vehicles with Mr. Roe being contracted by Budget to maintain and service these vehicles. Mr. Roe met Budget through attending a Project information session aimed at connecting businesses. The partnership with Budget has gone so well that Budget has contracted him to service non-Ichthys vehicles.



Mr. Brad Roe



Local employment

- In 2014, 60% of more than 5,000 construction workers in Darwin were locals.
- More than 600 ATSI peoples have been engaged on the Project to date.*3
- Over 200 ATSI people have been trained and of these more than 90 have been engaged on the Project.*3

Local businesses

- More than 600 Northern Territory businesses have successfully been awarded over 1,100 packages of work associated with onshore construction to date.*3
- 49 ATSI businesses have secured contracts across more than 180 packages of work since construction commenced.*3

***3** Cumulative total since the project's commencement in 2012 to the end of 2014

Comply with Laws and Social Norms (Including Human Rights)



*1 EITI:

The EITI is a global initiative to realize good governance and economic development in resource producing countries through the eradication of political corruption and poverty by improving the transparency of the flow of funds from oil, gas, and mineral resource exploration industries to the governments of producing countries and increasing responsibility in the management of funds through methods conforming to international standards

Basic Policy

The INPEX Group complies with laws, regulations, international norms (including norms pertaining to human rights), and the social norms of the areas where we operate. We place importance on building relationships of trust based on mutual understanding through respectful communication with various stakeholders in our business activities, including the governments of resource producing countries, local communities in which projects are undertaken, and contractors.

Based on the Corporate Social Responsibility Principles, we will continue to promote a responsible management as a global company.

Compliance

Compliance is critically important to the sustained development of the company, and it is essential that the Group promotes uniform compliance initiatives group-wide. The Group has instituted the Compliance Committee, which deliberates basic policies and important matters pertaining to compliance, and assesses the status of compliance practice. We instituted the Business Principles, which all INPEX Group executives and employees around the world must observe and strive to comply with it. On the basis of the Business Principles, overseas offices review their own country-specific or region-specific Codes of Conduct, taking into account local laws, regulations, and customs, and familiarize employees with them through briefings or by other means. In addition, to prevent compliance violations in the workplace, we distribute the Code of Conduct Guidance, which was prepared by combining and updating the previous Compliance Manual and the Compliance Q&A Booklet, to all employees. Through these activities, we strive to raise and enhance awareness of compliance across the whole group. Also, we actively participate in international initiatives such as the Extractive Industries Transparency Initiative (EITI)*1, an initiative to prevent corruption in resource producing countries and contribute to their economic development. In addition, we have clearly expressed our stance of engaging in compliance initiatives as a responsible corporate citizen.

Respect for Human Rights

The Group supports international norms relating to human rights, such as the Universal Declaration of Human Rights and the International Labor Standards of the International Labor Organization (ILO), and participates in the United Nations Global Compact. The Corporate Social Responsibility Principles and Code of Conduct stipulate matters including respect for human rights and the prohibition of discrimination. We familiarize executives and employees with these stipulations through the company intranet and other means. When engaging in oil and natural gas development around the world, we strive to respect human rights by means including assessing in advance the impacts our business activities will have on society and the environment, and working to mitigate those impacts.

Fair Trading with Business Partners

The Group strives to procure goods from suppliers in a transparent, fair, and impartial manner. We have established the Details on Ethical Procurement Guideline, Detailed Rule for Procurement, and Procedure for Procurement Handling, which stipulate matters including prohibition of practices that impede fair and impartial competition, prohibition of abuse of a dominant bargaining position, protection of the confidentiality of suppliers' information and technologies, and prohibition of inappropriate granting or receipt of benefits. All departments involved in procurement processes adhere to these guidelines not only as a basic policy governing procurement operations, but also as part of the Group's Code of Conduct.

Targets and Results

	FY2014 Targets	FY2014 Results	Goals by the End of FY2015
Strengthening of compliance management	(JP) Distribute the Code of Conduct Guidance to employees and conduct internal training	(JP) Issued and distributed the Code of Conduct Guidance. Held briefings for personnel in charge of compliance	(GL) Promote global compliance activities (support and establishment on overseas offices compliance systems) and enhance cooperation between the head office and overseas offices
	(JP) Institute and implement the Anti-bribery and Anti-corruption (ABC) Guidelines and conduct internal training	(JP) Instituted and implemented the ABC Guidelines and conducted internal training	(JP) Continue to conduct internal ABC training.
	(AU) Finalize ABC due diligence processes in Australian businesses	(AU) Conducted ABC due diligence of contract and procurement processes	(AU) Continue enhancement to the ABC due diligence
	(ID) Develop required documents for the implementation of ABC	(ID) Established and enforced ABC Policy as well as socialization sessions for all employees	(AU) Continue to provide ABC training (ID) Develop required documents for full implementation of ABC Policy
Strengthening of value chain management	(JP) Conduct CSR training (e-learning) with a human rights component (target participation rate: 90%)	(JP) Conducted CSR training (e-learning) with a human rights component (participation rate : 94%)	(JP) Continuation of CSR training
Participation in CSR initiatives	(GL) Continue participation in the Global Compact, EITI, and IPIECA*2	(GL) Held section meeting of Global Compact Network Japan as a secretariat company (GL) Participated in activities of IPIECA section meeting (GL) Disclosed information of payment to the government of EITI member countries	(GL) Continue participation in the Global Compact, EITI, and IPIECA (GL) Co-hosting IPIECA Social Responsibility Working Group meeting in Perth

* (GL) Global, (JP) Japan, (AU) Australia, (ID) Indonesia

Representative Initiatives in Fiscal 2014

■ Anti-bribery and Anti-corruption

In April 2014, INPEX instituted the Anti-bribery and Anti-corruption (ABC) Guidelines concerning the prevention of bribery, prohibited payments and related improper behaviors, and we are conducting bribery and corruption prevention training for all executives and employees in Japan and overseas.

Overseas offices institute and implement their own Codes of Conduct, taking into account the laws, regulations, and cultures of host countries, and thus INPEX is strengthening its global compliance systems. INPEX Indonesia socializes the Code of Conduct for all new employees and ensures ABC measures based on the ABC Policy enforced in 2014. INPEX Australia has

implemented an ABC program including provision of training to all personnel, due diligence evaluation of contract and procurement processes and gifts and entertainment oversight.

■ Respect for Human Rights

In Australia, the Group conducts training to deepen understanding and awareness of the culture of Australia's Aboriginal people. In 2014, 669 personnel attended the Aboriginal cultural awareness training. In Japan, the Group conducts CSR e-learning training for employees that includes a human rights component, and 94% of employees have received training. This training will continue in fiscal 2015 and beyond, and we will carry on efforts to further raise awareness of and respect for human rights within the Group.

*2 IPIECA:

International Petroleum Industry Environmental Conservation Association



Compliance training in Indonesia



Aboriginal cultural awareness training in Australia

Practice Safety and Environmental Protection in Operations



Basic Policy

The INPEX Group has a basic policy of ensuring safety and health of all those associated with our business activities and striving for local and global environmental conservation. To ensure the implementation of this policy, we have instituted an HSE management system for managing health, safety and environment-related issues. Under this system, we engage in occupational safety management at our drilling, construction, operating and other business sites, process safety management for preventing major incidents, health management, environmental management in consideration of the impact of business activities on water, the atmosphere, plants and animals, and local residents as well as greenhouse gas (GHG) emissions management and energy conservation activities.

We will explain our HSE goal from four perspectives: safety, process safety, the environment, and health.

Environment: Be kind to the Earth and Local Communities

The Group strives to minimize negative impacts on the environment and local communities in all aspects of its business activities. Before starting a project, we conduct environmental and social impact surveys and engage in environmental management based on the findings. We will seek to comply with the laws and regulations of the countries where we operate, understand the current status and future prospects of the group's total GHG emissions, implement energy conservation measures and promote the use of renewable energy.

Health: Creating a Pleasant Working Environment and Ensuring the Health of Individuals

The Group considers managing and promoting employee health as an important issue and takes measures to ensure the physical and mental health of employees. For areas with higher medical and health risks, particularly in remote areas and overseas, we take additional measures related to the designation of healthcare facilities and infectious disease prevention to protect the health of employees.

Safety: To Get Home Smiling again Today

The Group aims to eliminate incidents to ensure that all workers at INPEX worksites return home safe and sound each day. To that end, we seek to foster a culture in which safety is given the utmost priority, safety measures are put in place, and each employee follows safety regulations and the INPEX 7 Safety Rules. The executive managers visit worksites to communicate with the frontline workers. We also hold morning meetings and toolbox meetings to identify, consider, share and act towards emerging risks.



INPEX Seven Safety Rules

Process Safety: Preventing Major Incidents

The Group strives to prevent major incidents such as fires, explosions and large oil spills. To prevent incidents in a project, it is necessary to consider safety not only in the operational control stage, but starting from the design stage. We prepare Emergency Response Plans to prepare for a possible major incident, and conduct emergency response trainings based on these plans.

Targets and Results

	FY2014 Targets	FY2014 Results	Goals by the End of FY2015
Enhance environmental management	(JP) Continue third-party assurance of environmental performance data (GHG emissions, energy use, water consumption, wastewater discharged and others)	(JP) Conducted third-party assurance of environmental performance data (GHG emissions, energy consumption, water consumption and wastewater discharged and others)	(GL) Expansion of the boundary and scope of third-party assurance of HSE performance data
	(IC) Continue to monitor for effects of construction	(IC) Implemented various environmental management plans	(IC) Continue to monitor for effects of construction
Enhance safety management	(GL) Promote initiatives based on the HSE Objectives for FY2014	(GL) Conducted HSE audits of subsidiaries in Malaysia, Venezuela, and Suriname (GL) Revised HSE Risk Management (an HSE document), communicated and explained its content to the Operational Organizations	(GL) Enhance HSE audits to achieve at least 90% compliance with requirements in the Corporate HSE Procedures (GL) Prepare an Emergency Response Plan based on worst-case emergency and crisis scenarios
	(GL) Eliminate incidents and accidents. LTIF target: 0.29 / TRIR target: 1.40	(GL) Accomplished the target in FY2014 LTIF*1: 0.15 / TRIR*2: 1.24	(GL) Promote HSE activities with contractors to eliminate incidents throughout the group (LTIF target: 0.20 / TRIR target: 0.85 or less)
	(GL) Implement HSE activities jointly with contractors	(IC) Held HSE forums with the contractors	(GL) Implement a cross-organizational HSE support project (GL) Improve the level of HSE leadership
Biodiversity conservation	(GL) Continue participating in the Biodiversity and Eco System Working Group jointly managed by IOGP*3 and IPIECA	(GL) Participated in the Biodiversity and Eco System Working Group jointly managed by IOGP and IPIECA	(GL) Continue to participate in the Biodiversity and Eco System Working Group jointly managed by IOGP and IPIECA
	(JP) Conduct an ocean environmental impact study at the Naoetsu LNG Terminal	(JP) Conducted an ocean environmental impact study at the Naoetsu LNG Terminal (AB) Conducted field surveys	(JP) Continue an ocean environmental impact study at the Naoetsu LNG Terminal (AB) Start to prepare impact assessment report and action plan
	(IC) Continue biodiversity conservation monitoring	(IC) Conducted environmental monitoring programs	(IC) Continue biodiversity conservation monitoring

* (GL) Global, (JP) Japan, (AB) Abadi LNG Project, (IC) Ichthys LNG Project

Representative Initiatives in Fiscal 2014

■ Initiatives to Raise Safety Management Awareness among Contractors

In November 2014, the Ichthys LNG Project held HSE CEO Forum in Perth to raise awareness of safety management among contractors and subcontractors.

More than 100 leaders from contracting companies around the globe came together and HSE commitments were made at the Forum to provide a safe and healthy environment for everyone involved in the Project.



HSE CEO Forum in Perth in November 2014

■ Environmental Impact Study at the Naoetsu LNG Terminal

At the Naoetsu LNG Terminal, LNG is gasified through a heat exchange process. The seawater chilled by the process is then released into the ocean. To minimize the impact on marine life, the difference of temperature between discharge and intake seawater has been adjusted to within 4 degrees, in accordance with Japanese regulations. This difference has remained constant in fiscal 2014, and the impact on marine life has been minimal at present.

Seeds gathered from 10 species of indigenous plant are raised for 3 years, then the grown seedlings are planted within the terminal site. Over six hectares of land are being managed as a green area.



Green area at the Naoetsu LNG Terminal

*1 LTIF (Lost Time Injury Frequency)

Rate of injuries resulting in fatalities or lost time per million working hours

*2 TRIR (Total Recordable Injury Rate)

Rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours

*3 IOGP

International Association of Oil & Gas Producers
<http://www.iogp.org>

Build Trust with and Contribute to Local Communities (Including Education)



Basic Policy

When engaging in business activities, the INPEX Group places importance on building trust with local communities in the areas where we operate. We have defined a basic policy and key areas for initiatives to contribute to local communities. We contribute to their development by generating local employment, developing skills, and improving sanitation and other aspects of the living environment through our business activities. The Community engagement teams have been set up for our operator projects, and we will promote our business with the emphasis on respectful communication.

The Group will remain committed to taking an open and transparent approach with all stakeholders and conduct initiatives to help solve social issues in the areas where we operate by identifying and assessing the needs of local communities.

Key Areas

■ Environment

The Group engages in measures to preserve the global environment on the basis of the Health, Safety, and Environmental Policy. We assess environmental impacts associated with our business activities and strive to reduce impact on the regional environment. In addition, when engaging in business activities, we give due consideration to sustainability in areas including biodiversity conservation and addressing climate change.

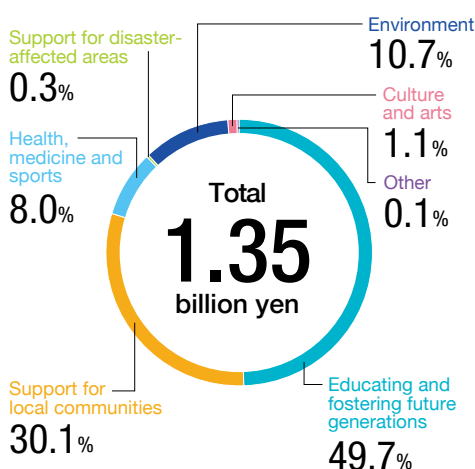
■ Education and Development of the Next Generation

As there is much need for the education and development of the next generation in the countries and local communities where we operate, we place importance on these areas. The Group engages in education initiatives that actively utilize its technologies, personnel, and other resources in collaboration with local residents, NGOs, and other stakeholders with close ties to local communities.

■ Support for Local Communities

The Group aspires to be accepted as a long-term member of communities in the areas where we operate. We conscientiously engage in dialogue with local communities and promote activities aligned with community needs that contribute to harmony and mutual prosperity. As a company that expand business globally, we will also help solve social issues which oil and gas producing countries face.

CSR Expenditures in Fiscal 2014



Targets and Results

	FY2014 Targets	FY2014 Results	Goals by the End of FY2015
Evaluate and Reduce impact of operations on local communities	<p>(AB) Obtain environmental permit in accordance with Indonesian regulations regarding environmental impact assessment (AMDAL)</p> <p>(IC) Develop and implement the Social Impact Management Plan (SIMP)*¹ for construction</p>	<p>(AB) Obtained environmental permit</p> <p>(AB) Implemented environmental management and monitoring plan required on environmental permit, and reported to the Indonesian government</p> <p>(AB) Conducted environmental and social baseline surveys in accordance with international guidelines such as IFC Performance Standards*²</p> <p>(IC) Developed the SIMP and progress of commitments identified in the SIMP reported regularly to the government of Australia</p>	<p>(AB) Start to prepare environmental and social impact assessment (ESIA) report and develop environmental and social action plan (ESAP) compliant with international guidelines such as IFC Performance Standards</p> <p>(IC) Monitor the implementation of SIMP commitments</p>
Participation, contributions, and communication in local communities	<p>(JP) Conduct a summer internship for undergraduate and graduate science students</p> <p>(JP) Provide Sponsorship of courses at graduate schools</p> <p>(AU) Support community programs</p> <p>(IC) Provide progress information to key stakeholders</p> <p>(IC) Support local businesses and employment through the project</p>	<p>(JP) 13 students participated in the summer internship</p> <p>(JP) Provided sponsorship of courses at two graduate schools and supported the graduate students</p> <p>(AU) Sponsored more than 50 community programs</p> <p>(IC) Provided updates to stakeholders more than 100 times</p> <p>(IC) Local procurement within Australia (estimated more than \$13 billion)</p> <p>(IC) 60% of the construction workforce were hired from locals</p>	<p>(JP) Continue summer internship for undergraduate and graduate science students</p> <p>(JP) Continue to provide sponsorship of courses</p> <p>(AU) Continue to support community programs</p> <p>(IC) Continue to engage key stakeholders on progress of the project</p> <p>(IC) Continue to support local businesses and employment</p>

* (GL) Global, (JP) Japan, (AU) Australia, (AB) Abadi LNG Project, (IC) Ichthys LNG Project

Representative Initiatives in Fiscal 2014

■ Sponsorship of Courses at Graduate Schools

INPEX sponsors courses at the University of Tokyo's Graduate School of Public Policy, the Hitotsubashi University Graduate School, and University of Tokyo's Graduate School of Frontier Science. At the Graduate School of Public Policy, we gave lectures on energy and environmental policy, and held symposiums on several issues such as environmental and energy problems. The course at the Hitotsubashi University Graduate School consists of lectures on general management related to the energy business and site visits to our domestic facilities. At the Graduate School of Frontier Science, we conducted the research of integrated oil and gas development systems. Through these activities, we strive to develop human resources who are responsible for next generation.



The course at the Hitotsubashi University Graduate School

■ Managing Social Impacts

The Ichthys LNG Project strives to manage impacts on the local communities and creates opportunities which have positive effects for the communities through supporting local businesses and employment and so on. The Project developed its Principal Social Impact Management Plan (SIMP) with the local government as a way of identifying and managing impacts, and opportunities for local communities - predominantly during peak construction. INPEX representatives meet quarterly with key government stakeholders to discuss a range of issues including reporting on progress of commitments and strategies identified in its SIMP. Engagement with local residents is promoted using advertising, information sheets, a toll free 1800 number, shop fronts and community meetings.



Proactive communication with local community residents

*1 Social Impact Management Plan (SIMP):

A document consolidates analysis of socio-economic and socio-cultural impacts and outlines strategies for mitigating impacts

*2 IFC Performance Standards:

Performance standards on social and environmental sustainability established by the International Finance Corporation

Address Climate Change



Basic Policy

The INPEX Group acknowledges that climate change is a foremost topic we must address as a responsible energy company. To this end, we strive to promote development and supply of natural gas—the cleanest fossil fuel of all—while strengthening efforts to develop renewables.

The majority of greenhouse gas (GHG) emissions of the Group are attributable to CO₂ derived from oil and gas development and power generation, CO₂ released during natural gas separation and removal processes, and methane resulting from natural gas venting. The Group is taking a variety of actions to curb emissions of these GHGs. We also develop renewable energy businesses focusing on geothermal power generation, one of the renewable energy sources that is very synergistic with our business, and solar power generation. Alongside the effort to address offsetting measures, we are committed to research, development, and realization of technologies to prevent climate change.

Managing Climate Change Risk

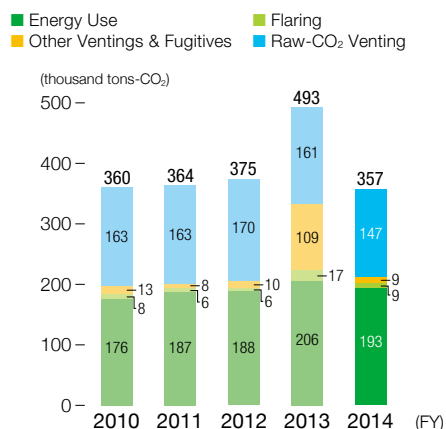
The Health, Safety, and Environmental (HSE) Policy expresses our commitment to local and global environmental conservation. The INPEX Group sets annual HSE Objectives to manage GHG emissions and climate change risks in accordance with the Policy. Looking ahead to the full-scale operation of overseas projects in 2016, we reorganized the GHG Management Working Group in March 2015 to the HSE Committee as an advisor body for the management of GHG emissions in Japan and overseas. Under this new structure, we will globally introduce a series of processes for climate change risk management and implement initiatives to manage GHG emissions and energy conservation.

Renewable Energy

In line with our policy to reinforce renewable energy initiatives, positioned as a growth target in the INPEX Medium- to Long-term Vision, the Group operates a solar power generation business in Joetsu City, Niigata Prefecture and is conducting surveys aimed at commercializing geothermal development in Hokkaido, Akita Prefecture, and other areas. To achieve the best mix of energy sources for sustainable development, we combine the technologies and ideas from industry, government, and academia with our own technologies, while we continue to pursue new energy development by managing research and development in three areas: elemental research, demonstration, and commercialization. In fiscal 2014, we invested approximately ¥870 million in renewable energy-related initiatives.

GHG Emissions (Domestic)

Annotation for CSR data: *4, 5, 6, 7
<http://www.inpex.co.jp/english/csr/data.html>



Targets and Results

	FY2014 Targets	FY2014 Results	Goals by the End of FY2015
Greenhouse gas (GHG) management	(GL) Formulate and implement Mid-term GHG management plan	(GL) GHG Management Working Group established within the Corporate HSE Committee (GL) Corporate-wide initiatives were promoted and an annual GHG-related risk management process was determined through GHG Management Working Group activities	(GL) Introduce a series of processes for corporate-wide climate change risk management
Promoting natural gas use, renewable energy achievements, new technology R&D	(JP) Continue construction of Toyama Pipeline (full length of 102km)	(JP) Continued construction of Toyama Pipeline	(JP) Continue construction of Toyama Pipeline
	(GL) Promote commercialization of renewable energy	(JP) Started construction of a solar power generation facility (INPEX Mega Solar Joetsu)	(GL) Continue promotion of renewable energy commercialization
	(JP/ID) Solidify new geothermal energy development project plans and begin surveys	(JP) Conducted geothermal energy development surveys in Hokkaido and Akita Prefecture (ID) Conclusion of an agreement to enter the geothermal power generation business in Sarulla	(JP) Continue geothermal energy development surveys (ID) Efforts to realize and commercialize a new geothermal power generation project
	(GL) Make business investments to strengthen renewable energy initiatives	(GL) Invested ¥870 million into R&D	(GL) Continue business investments to strengthen renewable energy initiatives

* (GL) Global, (JP) Japan, (ID) Indonesia

Representative Initiatives in Fiscal 2014

■ Construction of the Second Solar Power Generation Facility at INPEX Mega Solar Joetsu

In July 2014, INPEX subsidiary INPEX Logistics (Japan) Co., Ltd. began the construction of the INPEX Group's second solar power generation facility in Joetsu City, Niigata Prefecture. Together with the group's first solar power generation started operation in March 2013 at an adjacent site, solar panels with maximum output of approximately 4,000kW (4MW) have been installed. The amount of electricity expected to be generated annually is equivalent to the electricity consumption of about 1,600 households. The second solar power generation facility started operation from July 2015.



INPEX Mega Solar Joetsu

■ Mid-term GHG Management Plan Development and Implementation

The GHG Management Working Group was reorganized as an advisory body to the HSE Committee in March 2015 so as to undertake corporate-wide GHG management. In fiscal 2014, medium to long-term GHG emissions forecasts for the operator projects and non-operator projects were conducted so as to discuss the role of corporate risk management which is built upon the corporate-wide emissions reduction measures. It was determined as a result of this discussion that an annual GHG-related risk management process will be introduced.



The GHG Management Working Group

Develop and Utilize Human Resources as a Global Company



Web



INPEX Values
<http://www.inpex.co.jp/english/company/value.html>

Basic Policy

The INPEX Group considers workforce diversity and development of personnel who can share common values globally to be important for continuously reinforcing responsible management as a global company. To realize this, the HR Division has formulated the INPEX HR Vision, which comprises four key elements and covers the entire group. These elements are implemented from a global perspective with the aim of creating an organization with a high

level of global competitiveness by linking employee skills development to excellent team performance. We have instituted the INPEX Values, the basis of our value, which apply to all executives and employees of the Group and have held briefings at business sites in Japan and overseas to explain the INPEX Values and sought to incorporate them into personnel assessments in order to instill them in employees with various background. This has helped foster cohesion and a sense of unity throughout the group.

INPEX HR VISION

1 Talent Attraction and Engagement

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

- Job satisfaction and opportunity for growth
- Competitive reward programs – “Total Reward”

2 Focus on People Development

Future leaders and global workforce capability

- Recognize and invest in future leaders
- Proper talent management cycle
- Provide employees with access to development programs

INPEX HR VISION

3 Organizational Effectiveness

Maximize organizational performance through HR management processes

- Workforce planning and organizational review
- The right people at the right time, right place – staffing, internal posting and global mobility

4 HR Excellence

Support the business strategy with world-class functional expertise.

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

Targets and Results

	FY2014 Targets	FY2014 Results	Goals by the End of FY2015
Securing and developing a global workforce	(GL) Institute the INPEX Values (GL) Formulate a common mobility policy for the group.	(GL) Instituted the INPEX Values and held briefings at business sites (GL) Established the Global Human Resources / Diversity & Inclusion Group (GL) Instituted the Global Mobility Guideline and assigned persons hired in Australia to business sites in other countries (result: 4 assignments)	(GL) Instillation and inculcation of the INPEX Values, fostering of shared values among employees (GL) Construction of a common global foundation for human resource management (GL) Promotion of personnel transfers among business sites in Japan and overseas
	(JP) Conduct training courses according to the human resource development program (JP) Dispatch young and mid-level engineering personnel to offices and project sites in Japan and overseas to reinforce technical capabilities	(JP) Results for training of young and mid-level engineering personnel: 7 persons trained at project sites in Japan and 20 persons trained at overseas offices and project sites (JP) Conducted training for new employees, ordinary employees, managers, on specialized skills and practical business skills	(JP) Continue to conduct training courses (JP) Continuation of efforts to raise technical capabilities
Promotion of diversity	(JP) Promote diversity (hiring of females, foreign nationals, and persons with disabilities).	(JP) Hired 3 non-Japanese new graduates and 8 mid-career employees (JP) Hired 5 non-Japanese contract employees (JP) Percentage of persons with disabilities in total employment: 2.05%	(JP) Continue to promote diversity (hiring of females, foreign nationals, and persons with disabilities)
	(AU) Awareness raising through provision of training and workshops (AU) Conduct the annual employee engagement survey	(AU) Provided equal employment opportunities training and cultural awareness training (AU) Utilized feedback from the employee engagement survey to improve the workplace environment	(AU) Continue to provide training opportunities to promote diversity (AU) Continue to conduct the annual employee engagement survey to create better workplace

* (GL) Global, (JP) Japan, (AU) Australia

Representative Initiatives in Fiscal 2014

■ Establishment of Global HR Management System

In January 2015, INPEX established the Global Human Resources / Diversity & Inclusion Group at corporate headquarters for the purpose of further reinforcing initiatives to promote diversity from a global perspective. As the number of employees of various nationalities and cultural backgrounds increases accompanying business expansion, we are working to develop a human resources management system be fitting a global company. In addition, in January 2015 we instituted the Global Mobility Guideline and put in place a mechanism for making cross-border assignments of employees to suitable positions.

■ Initiatives to Promote Diversity in Australia

In 2014, the Group implemented various programs as part of the diversity and inclusion strategy. The strategy aims to create a discrimination-free workplace and one that gives due consideration of employee diversity. The programs are showed in the following box.

An annual employee engagement survey has also been conducted since 2013 which provides valuable feedback on the workplace. The survey outcomes are

conveyed to employees with corresponding management responses on issues raised. The 2014 survey found that employees were satisfied with INPEX's diversity and inclusion practices.

- Training for provision of equal employment opportunities
- Training for understanding Australia's Aboriginal people and different cultures
- Holding internal diversity workshops
- Participation in external diversity discussions



Participating in a diversity discussion in Australia

Corporate Governance



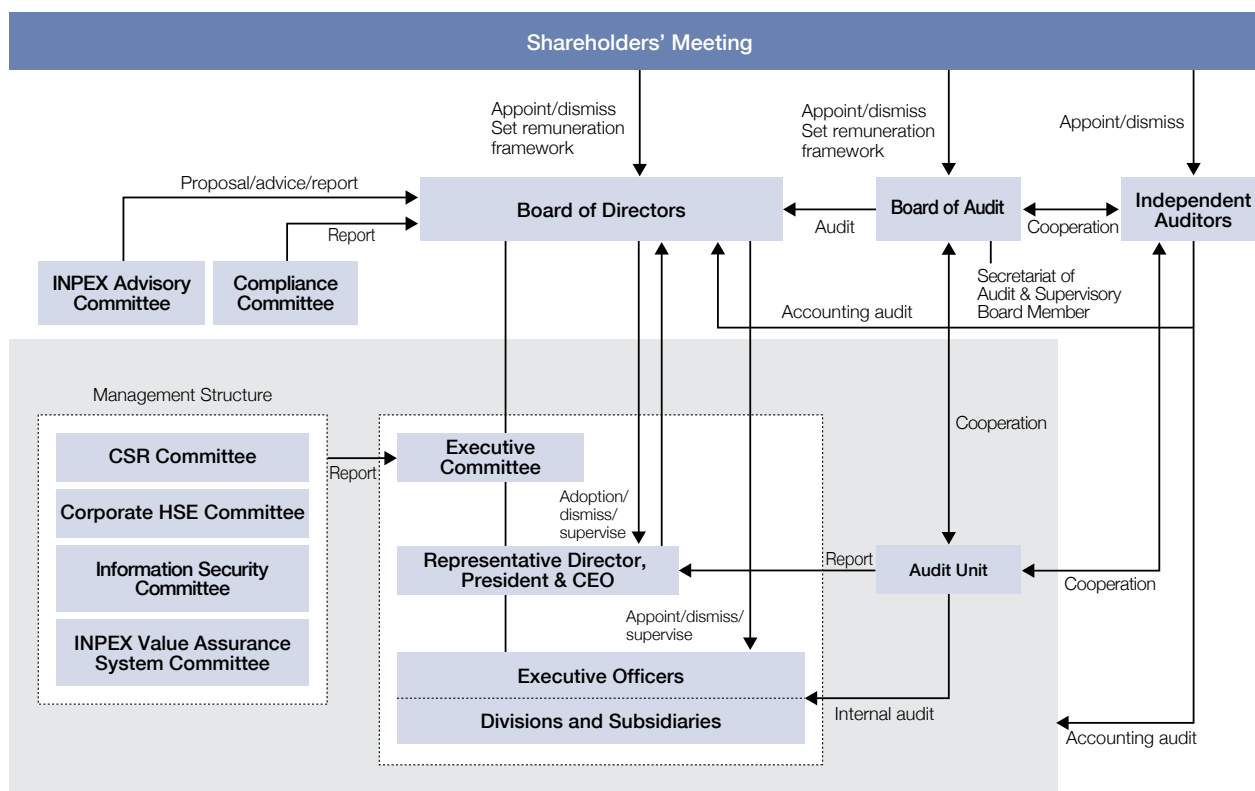
Basic Philosophy

The INPEX Group has earned the confidence of its stakeholders, including stockholders, and of society in general. We are determined to maintain that confidence and to enhance our corporate value through activities guided by our group philosophy. This commitment is reflected in the importance that we place on compliance, the continual improvement of management efficiency and soundness, and in our efforts to improve corporate governance.

State of Corporate Governance

In accordance with our group philosophy, INPEX is committed to sustainability and stability in its business operations. We have adopted an organizational design based on the company with auditors model. In this model the executive actions of directors, with a deep knowledge of our business operations, are supervised by the Statutory Auditors. To ensure that we can respond quickly and effectively to rapid changes in our business environment and to the expansion of the scope of our activities, we have further strengthened our operational systems by adopting an executive

Corporate Governance Framework



officer system to enhance flexibility and efficiency our management organization.

The Group has many opportunities to negotiate with oil-producing countries and state-owned oil company in those countries, as well as with international oil companies and other organizations. We believe that these negotiations require directors and executive officers, who have acquired a thorough knowledge of our business operations throughout their careers within the Group. For this reason, directors appointed from within INPEX in principle hold concurrent positions as executive officers. This structure allows the Board of Directors to implement our business operations more efficiently while also effectively supervising management.

To improve management transparency and to enhance the effectiveness of the supervisory role of the Board of Directors, five of the 15 board members are appointed from outside of the company. The role of these outside directors is to bring in perspectives from outside of the group to the management processes

Four of the five Statutory Auditors are also appointed from outside of the company. In order to ensure the independence and effectiveness of audits by the Statutory Auditors, we establish a Board of Statutory Auditors as required under the law. In addition, we set up Secretariat of Audit & Supervisory Board Member and appointed ancillary to strengthen cooperation between an Audit Unit and Independent Auditors. Other steps to enhance the effectiveness of audit activities include the reinforcement of cooperation among the Statutory Auditors, the Audit Unit and the Independent Auditors.

Overview of the Corporate Organization

● Directors and Board of Directors

INPEX has a 15-member Board of Directors, which includes five outside directors. In addition to its monthly meetings, the Board holds special meetings as required. Its role is to deliberate and make decisions on important matters relating to business operations, and to supervise the directors in the performance of their duties. To enhance the ability of the Board of Directors to adapt to the changes in the global business environment and ensure clear management accountability. The term of office for directors has been set at one year.

● Executive Committee

The Executive Committee was established to ensure timely decision-making on business operations. It makes flexible decisions on matters for which resolutions from the Board of Directors are not required, and engages in deliberations to assist the Board with its decision-making. The Executive Committee meets weekly or as required.

● Executive Officer System

We have established an executive officer system to support effective and timely adaptation to rapid changes in the business environment and to the expansion of our business operations. By delegating authority to executive officers, we have created a more clearly defined operational executive structure, while also enhancing the flexibility and efficiency of our

management systems. Like directors, executive officers are appointed for a term of one year.

● Committees

Committees help to maintain the effectiveness of our corporate governance functions. The Advisory Committee, Compliance Committee and the CSR Committee were established.

(1) Advisory Committee

The Advisory Committee was established in October 2012. Its mission is to contribute to the improvement of our corporate value and corporate governance by providing the Board of Directors with objective and wide-ranging advice and recommendations from outside experts on a variety of topics, including the outlook for the international political and economic situation and the energy situation, our management strategies as a global business corporation, and the reinforcement of corporate governance. The three men and one woman who make up the committee are university professors and other experts in a variety of fields from Japan and overseas. The Advisory Committee met twice in fiscal 2014.

(2) Compliance Committee

Established in April 2006, the Compliance Committee is tasked with the promotion of initiatives to ensure consistent compliance throughout the Group. The committee is chaired by the director in charge of compliance. Other members are the Senior Vice President of permanent organizational units, the Director in charge of HSE, and the General Manager of the Audit Unit. The committee deliberates on basic policies, important matters relating to basic compliance policies, and manages the compliance activities. There were three meetings in fiscal 2014.

(3) CSR Committee

The CSR Committee was established in April 2012 to promote initiatives that would contribute to the fulfillment of the Group's social responsibilities and the achievement of sustainable social development. The committee consists of three directors, including the President, who acts as chairman, together with the Senior Vice President of the General Administration Division and the Corporate Strategy & Planning Division, the Chairman of the Compliance Committee, and the Chairman of the Corporate HSE Committee. The CSR Committee formulates basic policies relating to CSR, including corporate governance, and policies relating to important aspects of CSR promotion. There were two meetings in fiscal 2014.

● Internal Audits, Board of Auditors, Cooperation between the Statutory Auditors and the Internal Governance Organization

(1) Internal Audits

The task of the Audit Unit is to ensure that business operations are conducted appropriately and efficiently. It is independent from the operational executive organization and reports directly to the

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Director Compensation
<http://www.inpex.co.jp/english/company/governance.html>

Web



Outside Directors and Auditors
<http://www.inpex.co.jp/english/company/governance.html>

Web



Independence of Outside Directors and Auditors
<http://www.inpex.co.jp/english/company/governance.html>

Web



Accounting Audit and Auditor Compensation
<http://www.inpex.co.jp/english/company/governance.html>

President. Activities include the maintenance of internal audit systems covering all aspects of business operations, the assessment and analysis of administrative efficiency. The Audit Unit produces reports as required and conducts follow-up audits to monitor progress on remedial actions. It also shares information with the Independent Auditors and Statutory Auditors when required. Through these activities, the Audit Unit helps to ensure that management functions are performed properly.

(2) Statutory Auditors and Board of Statutory Auditors

INPEX is structured as a company with auditors and has established a five-member Board of Statutory Auditors. Four of the Statutory Auditors are outside auditors.

The four outside auditors have extensive knowledge and experience relating to the business activities of the Group, as well as such fields as financial administration, accounting and banking. They use this knowledge to enhance our audit activities.

The Statutory Auditors attend meetings of the Board of Directors and the Executive Committee. If necessary, they can also meet with executives of various organizational units and obtain reports. Through these and other activities, they audit the performance of duties by the directors and executive officers in relation to management in general and specific projects. The Statutory Auditors also receive reports from the Independent Auditors about regular and special audits. In addition, the Audit Unit submits

reports regularly concerning the state of internal audit activities.

(3) Independent Auditors

To ensure that audits are conducted independently and objectively, the contract with the audit corporation is regularly reviewed, and the audit corporation is regularly rotated in accordance with the Certified Public Accountants Act.

(4) Collaboration between the Statutory Auditors and the Independent Auditors

The Statutory Auditors meet with the Independent Auditors, Ernst & Young ShinNihon LLC, six times a year and as required. In addition to receiving reports from the Independent Auditors about accounting audits, reviews of the quarterly financial results, and interim reports on internal governance audits, the Statutory Auditors use these meetings to discuss important audit-related matters with the Independent Auditors, and to gather a wide range of information about the position of INPEX.

(5) Collaboration between the Statutory Auditors and the Internal Audit Organization

The full-time Statutory Auditors communicate closely with the Audit Unit on a day-to-day basis, such as by receiving reports as required on the state of internal audit activities. There are also five to six regular meetings each year, at which the Statutory Auditors receive reports about internal audits and internal control system assessments conducted by the Audit Unit.

Overview of Advisory Committee Meetings in Fiscal 2014

The Advisory Committee consists of four outside experts with extensive knowledge of a wide-range of fields. They are Professor Kent Calder of Johns Hopkins University, Executive Director Kaori Kuroda of CSO Network Japan, Tsutomu Toichi, Research Advisor to the Institute of Energy Economics, Japan, and Professor Emeritus Masayuki Yamauchi of University of Tokyo. At its two meetings in fiscal 2014, the Advisory Committee discussed a wide range of issues, including U.S.-Russia relations, the outlook for U.S. and Chinese involvement in the Middle East, the effect of geopolitical risks on the oil and gas situation, and the role of business corporations in solving global problems.



From the left in the front row, Dr. Yamauchi, Dr. Toichi, Ms. Kuroda and Dr. Calder

Internal Control Systems

The following is a summary of the resolutions of the Company, as of the date when the business report was prepared, regarding the “Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems).”

- a) Systems to Ensure that Directors and Employees of the Company Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation**
To ensure that Directors and employees of the Company execute their duties in compliance with applicable laws, regulations and the Articles of Incorporation, the Company shall develop a Corporate Social Responsibility Policy, Business Principles and establish a system to ensure complete compliance.

The Company shall establish a Compliance Committee consisting of full-time Directors and Executive Officers, etc., to deliberate on basic policies or other important matters related to compliance. By monitoring the implementation of such policies, the Company ensures that its Directors and employees comply with laws, regulations and the Articles of Incorporation in the execution of their duties. Furthermore, the Company shall establish an internal notification system with related departments and an external expert (lawyer) as providers of consultation services.

In order to ensure effective compliance systems and relevant internal rules, the Company shall also verify and evaluate such systems and make the necessary improvements through audits, etc., carried out by the internal audit department which reports directly to the President & CEO and other related in-house departments or an external expert.

Furthermore, the Company shall develop a system to ensure the accuracy and reliability of financial reporting, and employ such system properly while evaluating its effectiveness.

- b) Systems for the Storage and Management of Information Related to the Execution of Duties by Directors of the Company**

In accordance with applicable laws and regulations, the Articles of Incorporation and internal rules, among others, the Directors shall develop a system for information security administration, and appropriately store and manage documents and other information related to the execution of their duties.

- c) Rules and Other Systems for Risk Management of the Company**

To manage diverse risks related to the INPEX Group's business activities, Directors shall cooperate closely with the related departments to identify, analyze and evaluate such risks, and manage them in accordance with internal rules and guidelines, etc.

Furthermore, the functioning and other aspects of the risk management related to daily operations shall be verified and evaluated through audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company, other related in-house departments and an external expert, and continually reviewed in response to changes in the business environment.

- d) Systems to Ensure the Efficient Execution of Duties by Directors of the Company**
In order to ensure that the systems to execute Directors' duties efficiently are in place, the Directors shall manage business operations with particular attention to the following:

- (i) With regard to certain major corporate decisions, an Executive Committee meeting attended by full-time Directors and Managing Executive Officers shall be held weekly and as necessary to ensure that the duties are executed promptly and properly.
- (ii) With regard to the execution of daily duties, the authority of the President & CEO shall be delegated in accordance with internal rules regarding job demarcation and administrative authority, among others, and the person in charge at each level shall execute their duties promptly.

- e) Systems to Ensure the Proper Operations of the INPEX Group**

- 1) Systems for Reporting the Company Matters Related to the Execution of Duties by Directors or Other Equivalent Managerial Staff (hereinafter “Directors, etc.”) of the Company's Subsidiaries

In accordance with the internal rules on group management, the Company shall enter into group management-related contracts with its subsidiaries, under which the Company requires that important matters of each subsidiary shall be reported to and approved by the Company.

- 2) Rules and Other Systems for Risk Management of the Company's Subsidiaries
For risk and compliance management of the subsidiaries of the Company, in accordance with the internal rules on group management, the Company shall conduct group-wide risk management via mutual cooperation with each subsidiary.

Furthermore, the Company shall require its subsidiaries to cooperate in audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company, other related in-house departments and 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, the Company shall have its subsidiaries conduct continuous review of their risk management in response to changes in the business environment.

- 3) Systems to Ensure the Efficient Execution of Duties by Directors, etc., of the Company's Subsidiaries

To ensure the efficient execution of duties by Directors, etc., of the Company's subsidiaries, the Company's medium- to long-term vision shall be shared among all the INPEX Group companies. Under the vision, the Company shall have its subsidiaries manage human resources and monetary resources efficiently and manage business operations in accordance with the Company's internal rules, etc., with particular attention to the following:

- (1) Important matters of a subsidiary of the Company shall be determined by resolution of the Board of Directors meetings of the subsidiary or by consultation among the Directors of the subsidiary.
- (2) Authority for the execution of daily duties by the Company's subsidiaries shall be delegated in accordance with the internal rules of the Company, etc., regarding administrative authority, and the persons in charge at each level shall

execute their duties promptly.

- 4) Systems to Ensure that Directors, etc., and Employees of the Company's Subsidiaries Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

The Company shall establish a compliance system (including an internal notification system) that is applied to the entire Group, and this system shall be widely deployed and disseminated to all directors, auditors and other equivalent managerial staff, as well as to employees of the Company's subsidiaries.

In cooperation with its subsidiaries, the Company shall conduct audits, etc., of the subsidiaries, carried out by the internal audit department under the direct control of the President & CEO of the Company, other related in-house departments and an external expert.

In accordance with the internal rules on group management, the Company shall enter into group management-related contracts with its subsidiaries, under which the Company shall strive to have its subsidiaries implement the above and establish a system to ensure that Directors, etc., and employees of the subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation.

- f) Matters Regarding Employees Who Assist the Audit & Supervisory Board Members of the Company with Auditing Duties in Cases Where the Audit & Supervisory Board Member of the Company Requests the Assignment of Such Employees, Matters Regarding the Independence of Such Employees from Directors of the Company and Matters Related to Ensure the Effectiveness of Instructions Given to Such Employees**

The Company shall deploy dedicated employees to assist the Audit & Supervisory Board Members with auditing duties in its Secretariat of Audit & Supervisory Board Member.

The employees who assist the Audit & Supervisory Board Members' duties shall follow instructions from the Audit & Supervisory Board Members. Performance appraisals, personnel changes and disciplinary action against such employees assisting the Audit & Supervisory Board Members shall require approval of the Audit & Supervisory Board Members beforehand.

- g) Systems for Reporting to the Audit & Supervisory Board Members of the Company**

The Directors and employees of the Company, directors, auditors or other equivalent managerial staff, as well as employees of the Company's subsidiaries, or persons who receive a report from them, shall report and provide information to the Audit & Supervisory Board Members of the Company as to the matters provided by laws and regulations, matters that might have a significant impact on the Company and its Group companies, and other matters that an Audit & Supervisory Board Member of the Company has determined to be reported to execute his/her duties.

Also, the Audit & Supervisory Board Members of the Company shall always be able to obtain business information whenever needed by attending the Board of Directors' meetings and other important internal meetings, as well as receiving internal approval documents, etc.

Regarding the internal notification system of the INPEX Group, the responsible section of each Group company shall report to the Company's Audit & Supervisory Board Members on a regular basis as to the content internally reported by directors, auditors, other equivalent managerial staff and employees of the Group companies.

- h) Systems to Ensure that Reporters in the Preceding Section Will Not Receive Detrimental Treatment because of the Reporting**

The Company shall prohibit detrimental treatment against directors, auditors, or other equivalent managerial staff, and employees of the Group companies who reported to the Company's Audit & Supervisory Board Members. And this position shall be disseminated throughout the INPEX Group.

Regarding the internal notification system of the INPEX Group, in case detrimental treatment against a reporter is recognized, a disciplinary action may be taken against the person who treated the reporter in such a way and against the General Manager, etc., of the department to which the person belongs pursuant to employment rules, etc.

- i) Matters Related to Policies Concerning the Treatment of Expenses or Liabilities Incurred by the Execution of Duties by the Company's Audit & Supervisory Board Members such as Procedures for Prepayments or the Redemption of Such Expenses**

In case the Company's Audit & Supervisory Board Members request prepayment or redemption of expenses for their execution of duties, etc., based on Article 388 of the Companies Act, the Company shall quickly process such expenses or liabilities except in the case such expenses or liabilities are determined to be unnecessary for the execution of duties by such Auditors.

- j) Other Systems to Ensure Effective Audits by the Audit & Supervisory Board Members of the Company**

The Representative Directors of the Company shall meet regularly with the Audit & Supervisory Board Members of the Company, provide information as necessary and strive to communicate with them.

The Company shall also improve the effectiveness of audits by establishing a system, etc., whereby the Audit & Supervisory Board Members can cooperate with the internal audit department and receive reports regularly.

Furthermore, to conduct audits by the Audit & Supervisory Board Members, the Company shall ensure close cooperation between the Audit & Supervisory Board Members and external experts such as lawyers, certified public accountants and certified tax accountants, among others.

Risk Management



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Investor Relations
Reports & Presentations
Investor Meetings
(Materials & Webcasting)
<http://www.inpex.co.jp/english/ir/library/presentation.html>

Basic Policy

The INPEX Group strives to accurately identify and assess the complex and varied risks inherent in the business environment and to implement necessary risk prevention measures and systems to minimize risks. In addition to large-scale natural disasters and pandemics, business risks include changes in the economic situation, social situation, laws and regulations, and other factors in the business environment and risks that exist in business processes such as exploration, production, transportation, and sales. The Group has implemented internal controls under Japan's Financial Instruments and Exchange Law (known as "J-SOX") based on the COSO^{*1} framework. Additionally each Operational Organization^{*2} also performs risk management related to occupational health and safety and environmental conservation under the HSE management system.

***1 COSO:** The Committee of Sponsoring Organizations of the Treadway Commission

***2 Operational Organization:** The INPEX Group headquarters and organizations that implement operator projects

Risk Management System

To increase corporate value in a rapidly changing business environment, INPEX recognizes that it is important to appropriately manage risks inherent in business operation, which thereby leads to prevention of the occurrence or spread of loss or damage and maintaining and bolstering the trust from customers, business partners, and investors. Hence, we constantly strive to strengthen risk management.

To deal with the many different risks related to the Group's corporate activities, the INPEX Board of Directors has resolved that directors shall ensure that they maintain regular and close contact with the departments for which they are responsible, undertake the identification, analysis and evaluation of risk, and conduct risk management activities on the basis of internal regulations, guidelines, and other rules. The Board of Directors has also resolved that audits of the operational status of risk management pertaining to day-to-day operations shall be conducted by the Audit Unit, involved divisions, or external experts to examine and assess such risks and that regular reviews shall be undertaken in response to changes in the operating environment. The Board of Directors has also stipulated

that the Company shall conduct risk management activities for the Group as a whole on the basis of mutual collaboration with subsidiaries in accordance with the Internal Rules on Group Management.

In addition, INPEX is constructing a more comprehensive risk management system by operating the Compliance Committee, CSR Committee, Corporate HSE Committee, Information Security Committee and INPEX Value Assurance System Committee to deal with risks associated with business operations and to periodically report to management and by instituting and reviewing the Corporate Social Responsibility Principles, Business Principles, Code of Conduct, and Health, Safety, and Environmental Policy by resolution of the Board of Directors.

Risk Management Pertaining to Projects

The Group has followed international standards in developing group-wide business management mechanisms and frameworks that reflect consideration of safety and the environment. We strive to ensure occupational health and safety and preserve the natural environment. In addition, we take measures, such as reassuring community residents and building relationships of trust through close communication, to minimize negative impacts on communities from potential risks.

To address country risks, exchange rate risks, business risks arising from differences between project stages, and similar risks, we strive to improve the quality of our asset portfolio by combining projects with prospects for high growth through expansion of reserves with projects that promise stable revenues. We appropriately implement risk management of projects by developing our own assessment system to conduct technical and concerning economic assessments, and incorporate it into decision-making process when acquiring new exploration rights, transitioning to the next development stage, acquiring assets or withdrawing from a business. In addition, as an initiative to avoid organizational corruption, in October 2014 we implemented the Anti-bribery and

Anti-corruption (ABC) Guidelines as concrete conduct guidelines to be observed by all executives and employees. We have put in place systems to ensure compliance with the guidelines.

Climate Change Risk

Risks associated with the possibility of further global warming due to climate change have been identified as the occurrence of flooding, storm surges, other natural disasters as a result of rising sea levels and higher temperatures, among oceans. Also there may be associated risks of negative impacts on ecosystems, human health, living conditions, and communal activities.

Preparing for the impacts that these phenomena would have on the Group's business activities, we take full measures against such risks. At the Ichthys LNG Project, offshore facilities are designed and located to withstand large-scale cyclones or potential sea level rise. Also offshore facilities for the Abadi LNG Project incorporate Safety measures for Cyclone.

We take various measures for reducing GHG emissions: expanding LNG growth, implementation for energy efficiency system, managing GHG emissions and intensity and promoting R&D for CCS and methane refinement for reducing CO₂ emissions. Furthermore, we promote feasibility study for development of renewable energy, such as Mega solar power and Geothermal power generation.

Large-Scale Natural Disaster and Pandemic Countermeasures

■ Large-Scale Natural Disaster Countermeasures

Four years after INPEX instituted and revised the Business Continuity Plan*3 (BCP) and earthquake

response manual in the event of a Tokyo metropolitan epicentral earthquake, we have reexamined the BCP and manual in light of a major review of the damage estimation for such an earthquake conducted by the Cabinet Office's Central Disaster Management Council and issues identified during earthquake preparedness training. In the revised Plan, we are engaging to clearly express groupwide shared values that prioritize matters such as maintenance of a stable energy supply while ensuring human safety and environmental preservation: for instance, determining alternate business sites, the response if an earthquake occurs on a holiday or at night, and rules for returning home from the office. We will strive to increase effectiveness of this Plan through crisis response training and other activities to enable us to maintain important headquarters functions even in an emergency.

At projects, we postulate oil spills and other project-specific credible worst-case and prepare medium-term plans for emergency and crisis response training in line with the scenarios.

■ Novel Virus and Pandemic Risk Countermeasures

In the event that an infectious disease or contagious disease spreads on a global scale, INPEX is likely to face serious obstacles in continuing business operations as the number of infected employee increases. For this reason, we are considering preparatory measures similar to our large-scale natural disaster countermeasures. In Japan, for example, in June 2011 we prepared a response manual to cope with the possibility of a pandemic involving a novel influenza strain and have created a stockpile of protective clothing, disinfectants, and other emergency supplies.

*3 Business Continuity

Plan: A plan to select business operations to be continued in order to prevent cessation of important businesses even in a time of disaster and prepare a system that makes it possible to continue those operations

Emergency Response and Business Continuity Response Overview



CSR Management



Basic Policy

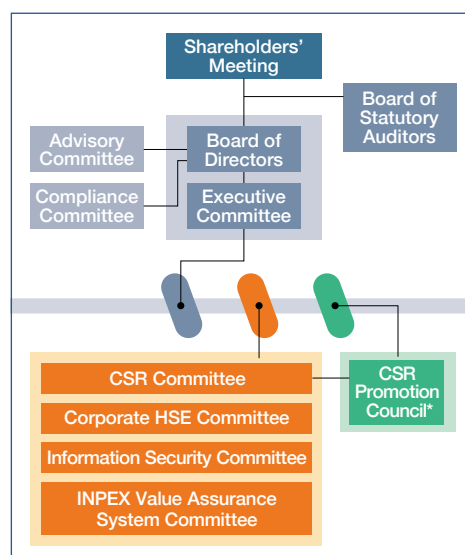
The INPEX Group considers CSR to be a foundation of management. We aspire to grow together with our stakeholders by accurately identifying society's expectations of the Group through dialogue with stakeholders and continuously engaging in a variety of CSR activities focused on initiatives to address the Key CSR Issues, areas of focus closely connected to our business.

*** CSR Promotion Council:** A subordinate organization of the CSR Committee that comprises working-level members from various divisions. By creating this link between top management and the divisions, we engage in CSR activities on a common ground of understanding.

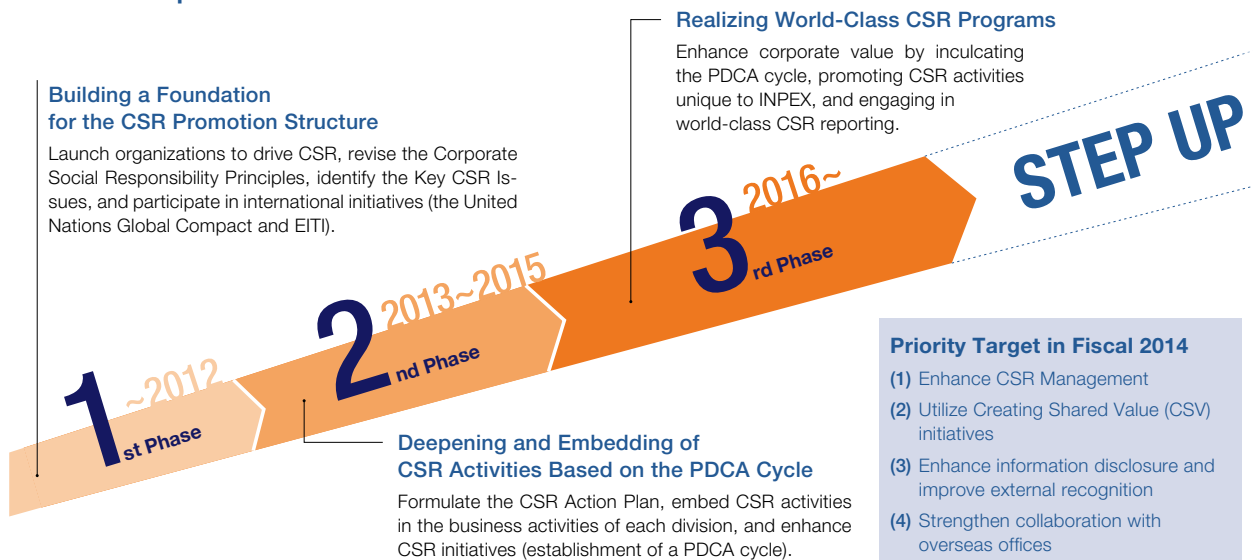
CSR Promotion System

The Group has clearly expressed the CSR stance of executive management and established the CSR Committee, chaired by the President & CEO in order to promote the company-wide and systematic CSR activities. The CSR Committee members include the Representative Director & Chairman, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (vice-chair). The chairs of the Compliance Committee and the Corporate HSE Committee attend CSR Committee meetings to facilitate collaboration with their respective committees.

CSR Promotion System



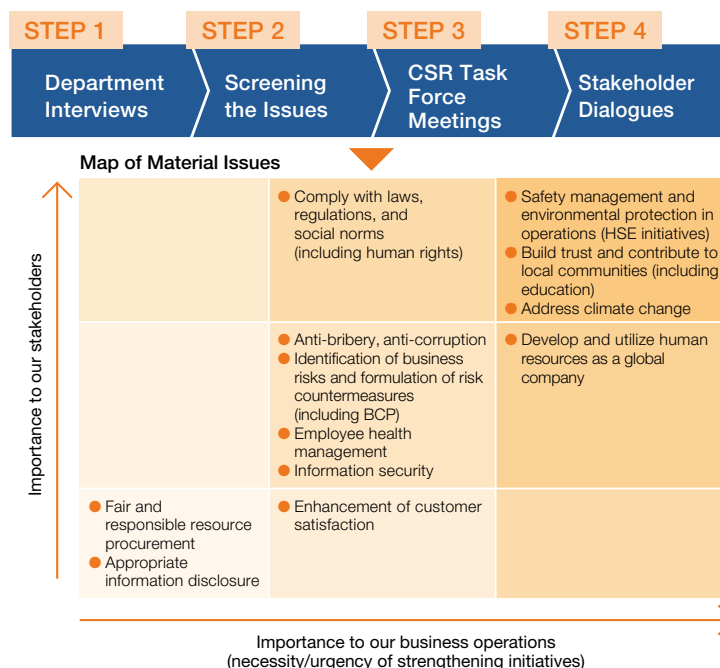
CSR Road Map



Identification of the Material Issues

As a global energy company, we have identified five issues from the seven core subjects of social responsibility in ISO 26000 as Material Issues that the Group should address, which are important to the Group and our stakeholders.

In fiscal 2014, three years after we identified the Material Issues, we reviewed the overall initiatives conducted over the three-year period for each Material Issue. We reexamined the Material Issues in light of factors such as impact events that affect our business activities accompanying progress with our main projects and changes in the concerns of stakeholders and we re-identified the Material Issues and added "Governance". In fiscal 2015 and beyond, we will work to reinforce CSR management by engaging in CSR initiatives more closely linked to our business activities on the basis of the re-identified Material CSR Issues.



Material Issues



Compliance

Comply with laws, regulations, and social norms (including human rights)

Our Perspective

- In the conduct of business activities, observe laws, regulations, and international norms, including those related to human rights, and the social norms in areas where we operate.

Our Vision

- Go beyond simply complying with laws and regulations to build trust with society through voluntary engagement by corporate officers and employees in actions that reflect high ethical standards and proper attentiveness to social norms, including those of areas where we operate.



HSE initiatives

Practice safety and environmental protection in operations

Our Perspective

- Reduce environmental impacts in day-to-day operations, implement and manage initiatives that address environmental risks, conserve biodiversity, and engage in initiatives to ensure safety in the conduct of business.

Our Vision

- Ensure safety of workers and contractors in all projects; avoid large-scale accidents. Reduce environmental impacts beyond legal and regulatory requirements and be attentive to leakages and other environmental risks and biodiversity when conducting operations.



Community contribution

Build trust and contribute to local communities (including education)

Our Perspective

- Strive to communicate with governments, local residents, NGOs, and other public stakeholders in countries and areas where we operate, identify their needs, interact with stakeholders in relation to our business and take necessary initiatives. This includes providing education to local residents.

Our Vision

- Communicate sufficiently with stakeholders in areas where we operate and conduct business in a way that contributes to community social development while respecting local culture and customs.



Greenhouse gas countermeasures

Address climate change

Our Perspective

- Commit to research, development, and the practical application of technologies for renewable energy and fossil fuels (CCS, methane formation, etc.)

Our Vision

- Conduct programs to offset CO₂ emissions, such as forest conservation and forestation. This also includes shifting from oil to natural gas.



Employee development

Develop and utilize human resources as a global company

Our Perspective

- Employ talented people, assign them to suitable positions, and treat them fairly without discriminating on the basis of culture, nationality, creed, race, gender, age, or other factors.

Our Vision

- Actively develop and utilize human resources appropriate for global operations, which bring both business growth and employee satisfaction.

Compliance



Web



CSR Principles
<http://www.inpex.co.jp/english/company/philosophy.html>

Web



Business Principles
<http://www.inpex.co.jp/english/company/policy.html>

Web



Code of Conduct
<http://www.inpex.co.jp/english/company/policy.html>

Basic Policy

The INPEX Group is systematically developing a compliance system, an indispensable requirement for the sustained development of a company, and striving to ensure compliance with laws and regulations and adherence to corporate ethics. Specifically, we have instituted the Compliance Committee, deliberate basic policies and important matters pertaining to compliance, and manage the status of compliance practice to promote unified compliance initiatives throughout the Group.

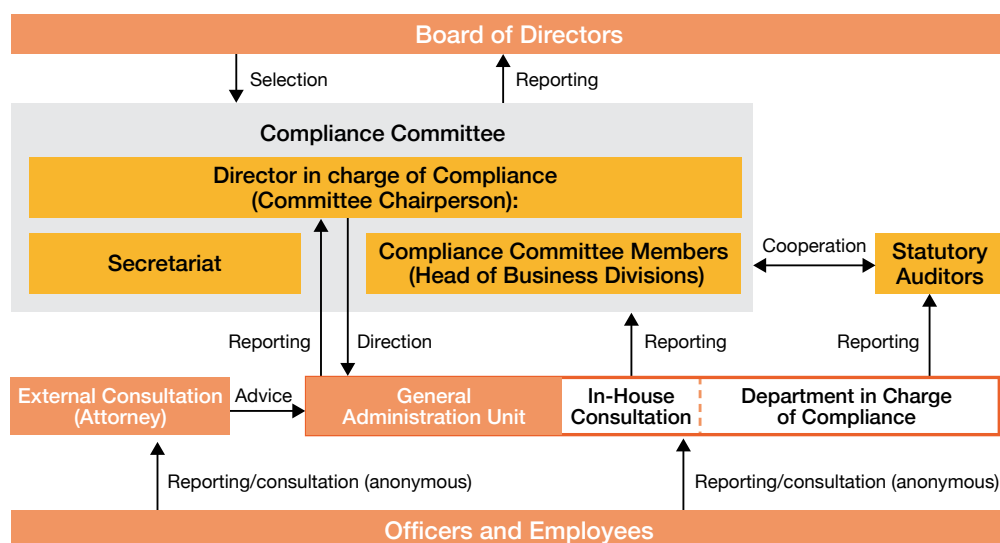
In addition, in keeping with the Corporate Social Responsibility Principles, we have instituted the Code of Conduct, which prescribes matters to be observed to realize compliance, and are working to foster compliance awareness in each individual employee so that they can put the Business Principles into practice.

System and Mechanisms for Promoting Compliance

INPEX has established a system by which the Compliance Committee promptly considers and implements countermeasures if a serious compliance-related incident occurs. The Director in charge of Compliance and the Compliance Committee cooperates with the statutory auditors, Board of Statutory Auditors, Independent Auditors, and Audit Unit to (1) develop and implement compliance measures, (2) monitor their implementation, (3) raise compliance awareness, (4) receive reports on and investigate cases of violations, (5) issue warnings and take measures against violations, and (6) institute measures to prevent the recurrence of violations.

In fiscal 2014, there was no compliance violation that caused a serious impact on the business of INPEX and the local community occurred.

Compliance Framework



■ Code of Conduct and Rules

To prevent compliance violations in the workplace, INPEX issued the Code of Conduct Guidance in April 2014, which combines and updates the previous Compliance Manual and the Compliance Q&A Booklet. The Code of Conduct Guidance is a compilation of day-to-day conduct guidelines and specific cases pertaining to compliance matters in the Code of Conduct. INPEX has participated in the United Nations Global Compact since December 2012. We have expressed our commitment to prevent corruption and we issued the Anti-bribery and Anti-corruption (ABC) Guidelines for the purpose of reinforcing preventive measures for bribery, prohibited payments and related improper behaviors.

Major overseas offices institute and implement their own Codes of Conduct, taking into account the laws, regulations, and cultures of host countries, and thereby INPEX is strengthening its global compliance systems.

INPEX Australia has implemented a Code of Conduct Standard and Anti-bribery and Anti-corruption (ABC) Standard. In addition, it has various standards and processes in place concerning employee equal opportunity, discrimination, harassment, Sodan (whistleblower) Hotline and disciplinary actions. INPEX Indonesia socializes the Code of Conduct for all new employees and ensures ABC measures based on the ABC Policy enforced in 2014.

■ Internal Reporting System

In April 2006, INPEX instituted a Help Line that uses an internal notification system that complies with the Whistleblower Protection Act. The Help Line is accessible to all INPEX executives and employees. The contact points are offered both inside and outside the company (law firm) and reports can be submitted anonymously, and rigorous measures have been taken to protect individuals who submit reports from any negative consequences. In 2014, we revised the INPEX Help-Line Procedures to ensure that the internal notification system functions effectively by strengthening cooperation with the Statutory Auditors. The revision of the Procedures also enables us to report promptly and timely about the whistle blowings and the results of research and response to the Statutory Auditors.

Five reports to an internal Help Line and eight to an external Help Line were submitted during fiscal 2014. The Compliance Committee responded to each report by taking appropriate actions in accordance with the INPEX Help Line Procedures, taking into consideration the advice of attorneys and other experts. None of the thirteen reports involved bribery, corruption, or discrimination.

Compliance Training

In compliance training, INPEX distributes copies of the Code of Conduct and Code of Conduct Handbook to

each employee and periodically conducts training to ensure that all employees engage in compliance activities.

We have worked to further stimulate interest in compliance and raise awareness among executives and employees by enhancing compliance communication through means including launching the Compliance Committee website on the intranet and issuing a monthly newsletter on compliance. We make no political donation in line with the Code of Conduct that stipulates building a sound and appropriate relationships with governments and administrative authorities (prohibition of political donations except for cases permitted under relevant laws or regulations) and complying with relevant laws and regulations in operating countries on prohibitions on bribery and corruption.

In fiscal 2014, we instituted the ABC Guidelines and held training sessions for executives and employees in Japan and for local employees at overseas offices.

■ Heightening Transparency through EITI Participation

The Group has participated in the Extractive Industries Transparency Initiative (EITI) since October 2012. As of March 31, 2015, the EITI had drawn the participation of 48 resource producing countries, many supporting countries including Japan, and many companies in extractive industries and nongovernmental organizations (NGOs).

Among countries where we operate projects, we provide project data relevant to EITI in Azerbaijan, Kazakhstan, East Timor, D.R. Congo, and Indonesia.

Payments Amounts to Governments

(thousand USD)

Country	Year	Amount
Azerbaijan	2012	162,215
Kazakhstan	2011	31,282
East Timor	2012	492,117
D.R. Congo	2010	6,553
Indonesia	2011	1,538,269

* The Kazakhstani tenge is converted to the U.S. dollar at the rate of 1USD=146.65 Kazakhstani tenge

Initiatives to Foster Respect for Human Rights



Basic Policy

The INPEX Group supports international norms relating to human rights, such as the Universal Declaration of Human Rights, the International Labor Standards of the International Labor Organization (ILO), and the UN Guiding Principles on Business and Human Rights. Since 2011, we have participated in the United Nations Global Compact, which is grounded in the Universal Declaration of Human Rights.

The Code of Conduct, which must be observed by all Group executives and employees, stipulates matters including the prohibition of discrimination, forced labor, and child labor, and we familiarize executives and employees with these stipulations through the company intranet and other means.

The labor agreement with the INPEX labor union recognizes that the union possesses the three labor rights (the right to organize, the right to bargain collectively, and the right to act collectively). We also have engagement with union representatives at overseas offices.

At the time of project implementation, we conduct preliminary assessments to determine the social and environmental impacts of projects including human rights by adopting IFC Performance Standards as our

own voluntary standards.

When we withdraw from businesses in Japan, we take appropriate measures and duly consider the safety of local communities after first studying and assessing the impacts that closing and removing wells or plants may have on society and the environment and obtaining the consent of local residents.

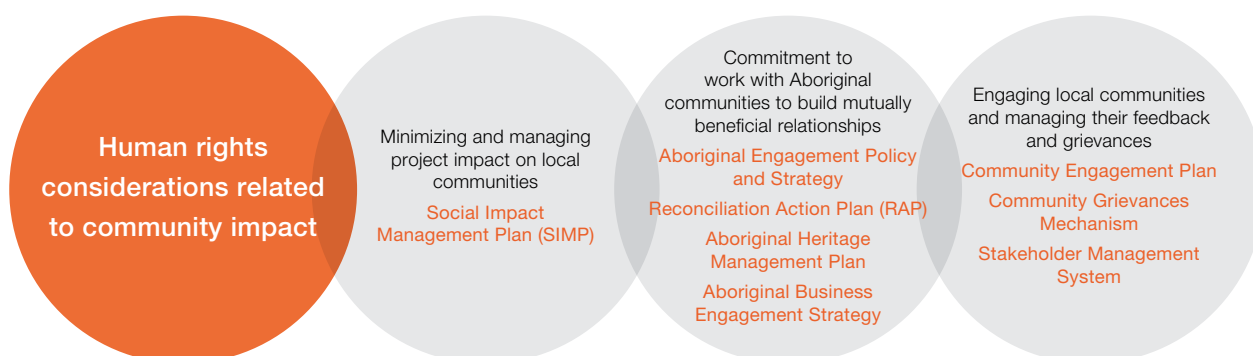
Approach in Project Division

As an enterprise that engages in business globally, the Group recognizes that it is essential to respect the cultures and customs in the areas where we operate and to show proper consideration for human rights.

We conduct studies on the possible environmental and social impacts (including human rights) of our business activities on the areas of our operations. We identify the related risks and follow up with appropriate actions to avoid, mitigate, and monitor these risks. In this process, we emphasize dialogue with local governments, residents, and other stakeholders in the affected areas.

Our Details on Ethical Procurement Guideline requires all procurement activities to comply with the Corporate Social Responsibility Principles, which includes respect for human rights.

Consideration for Human Rights in Australia



■ Consideration for Indigenous People

Consideration for local indigenous people in areas where we operate is a critically important CSR issue for the Group, which engages in oil and gas development projects in countries around the world.

Aboriginal and Torres Strait Islander (ATSI) engagement policy and strategy for INPEX Australia have been developed to respectfully guide the company's business activities.

In Darwin, where the Ichthys LNG Project onshore facilities are being constructed, INPEX acknowledges the Larrakia people as the Traditional Owners of the land and waters around Darwin.

Aboriginal Heritage Management Plans have also been developed to appropriately manage cultural heritage during Project activities. They include the requirement for Larrakia heritage monitors to be present on site during all ground-disturbing work.

Since 2013, INPEX Australia has been publishing its Reconciliation Action Plans (RAP) annually. The RAP is a public document outlining its commitments to ATSI communities and INPEX RAP focuses on three key areas: relationships, respect and opportunities. All activities committed in the RAP are updated annually and achievements are made public.

There have been no significant disputes with host communities or ATSI peoples related to the Ichthys LNG Project. There also has been no involuntary resettlement or activities forced to be canceled due to such disputes.

■ Addressing Community Feedback

In Australia, community feedback related to the Ichthys LNG Project through a toll free 1800 phone, email or face-to-face interaction is recorded, tracked and managed on the ground by our community relations officers to ensure there is a timely resolution to matters raised. A community relations working group comprising of representatives from INPEX and its contractor meet weekly to discuss the community feedback, resolve any outstanding issues and identify potential issues and trends so that they can be proactively managed. INPEX has established a community grievance management procedure for instances where issues cannot be resolved in the community relations working group forum.

In 2014, no issues needed to be escalated as a grievance by the community relations working group to INPEX senior managers under this Procedure. Of note in 2014 more than 2,200 inquiries were received and of these 80% were related to employment opportunities.

■ Human Rights Awareness Training

Our Business Principles stipulate respect for basic human rights, recognition of diverse individual outlooks on values, and prohibition of discriminatory treatment. We have also conducted programs of education about human rights for executives and employees.

In Australia, 669 personnel attended indigenous cultural awareness training in 2014.

■ Establishment of Helpline for Group Company Employees

INPEX Australia has the Sodan (Whistleblower) Hotline in place providing a confidential, anonymous and independent means for any personnel to raise issues and concerns. Three cases were filed in 2014 and resolved following the appropriate procedure.

Reconciliation Action Plan (RAP)



RAP 2015

Web



Reconciliation Action Plan (RAP)
http://www.inpex.com.au/media/2352/20150611_reconciliation-action-plan_final.pdf

The Key Areas of Reconciliation Action Plans (RAP)

Relationships

As a culturally diverse organization operating in Australia with corporate headquarters in Japan, it is important for INPEX Australia to build knowledge and awareness of Aboriginal and Torres Strait Islander cultures internally to assist with the continued development of trusting, mutually beneficial relationships

Respect

Respecting and acknowledging diverse cultures forms the basis of INPEX's engagement with all internal and external stakeholders, in particular with Aboriginal and Torres Strait Islander peoples and communities

Opportunities

Through its business activities, INPEX will lay the foundations for supporting sustainable, multi-generational economic participation for Aboriginal and Torres Strait Islander peoples and businesses, including support for cultural and social initiatives

■ Safety Assurance Initiatives

The Group is responsible for ensuring the safety of employees who work in every region around the world. At the same time, it is essential to understand how security management activities impacts operation areas and its surroundings and respect human rights of people involved, including local residents.

We select private companies which provide security management services with full consideration of human rights. Currently, unarmed security is assigned for INPEX operator projects.

Initiatives at Headquarters

■ Institution of a Help Line for Employees

The internal reporting system indicated on page 38 also serves to report concerning human rights issues. When any report is received, the Compliance Committee secretariat verifies the facts, discusses measures to be taken while receiving advice from experts when necessary, and solves the problem in agreement with the informant.

■ Conduct of Human Rights Training

In fiscal 2014, INPEX provided online CSR training including human rights issues for employees in Japan, and 94% of them participated in the training. We will continue this training in fiscal 2015 and beyond, in order to further raise human rights awareness and inculcate respect for human rights throughout the Group.

■ Safety Assurance Initiatives

Although INPEX resorts to the use of armed security guards from time to time when operating in areas where the security situation is unstable, this is limited only to cases where no other appropriate means are available. In these situations, the INPEX Corporate Security Management Team makes assessments as to the appropriateness of security plans.

■ Dialogue between Employees and Management

The Group strives to build a sound relationship between management and employees based on a foundation of mutual trust and cooperation, and both management and employees seek the growth and development of the company. To maintain and develop a healthy relationship, management and labor representatives meet periodically to exchange views and ideas on a broad range of issues including challenges facing the company and the business outlook. In addition, an internal Help Line has been instituted to promptly address and correct compliance risks.

In cases where a matter concerning an operational change that has a significant impact on employees occurs, we take care to provide an appropriate notice period beforehand. As of this time, no such matter has occurred. We also have engagement with union representatives at overseas offices.

Fair Business Practices with Business Partners



Basic Policy

The INPEX Group strives to procure goods from suppliers in a transparent, fair and responsible manner. We have established Details on Ethical Procurement Guideline, Detailed Regulations for Procurement and a Procedure for Handling Procurement, and post these and other guidelines on the intranet to communicate their content to our employees and ensure their implementation.

The Details on Ethical Procurement Guideline prohibits practices that impedes fair and free competition, that abuses dominant bargaining positions, or that inappropriately grants or receives benefits. In addition, the Guideline stipulates the protection of confidentiality regarding suppliers' personal information and technologies. All departments involved in procurement processes adhere to these guidelines not only as a guiding policy but also as part of our Code of Conduct.

Basic Policy for Selecting Suppliers

INPEX is committed to provide opportunities to all suppliers and select contractors for supply goods and services based on a fair and transparent evaluation.

Details on Ethical Procurement Guideline requires all Group employees comply with implement the INPEX Corporate Social Responsibility Principles. It also requires contractors to comply with laws and regulations related to labor and environment, prevent bribery, respect human rights and follow relevant guidelines.

In selecting main suppliers for our operator projects such as Ichthys LNG Project, we work within a prequalification process that ensures our suppliers have detailed HSE systems in place.

strictly comply with laws and regulations of countries where the projects are operated.

Consideration for Local Business

In Japan and overseas, the Group strives to utilize as many local companies as possible in order to contribute to the growth of the economies in the areas where we operate. We also encourage our suppliers to utilize local companies during procurement.

The Ichthys LNG Project has entered into Industry Participation Plans with the Northern Territory and Australian governments in which it commits to working constructively with Australian industry. These Industry Participation Plans also include a commitment from the Project to maximize opportunities for Australian and Aboriginal and Torres Strait Islander (ATSI) businesses. Additionally, an Aboriginal Business Engagement Strategy has been successfully implemented to further assist with identifying and including ATSI businesses in the Project's supply chain. The strategy includes provision of supplier opportunity forums and capacity assessment, and development initiatives to support sustainable business.

To date, the Ichthys LNG Project has committed more than AUD 13 billion within Australia to date with more than half of this to be expended in the Northern Territory, where its onshore processing facility is being constructed.

Fair Procurement

When accepting bids and placing orders for large-scale projects in Japan such as the Naoetsu LNG Terminal and pipeline construction, we assessed HSE initiatives of suppliers and contractors as part of our evaluations to ensure fair and responsible procurement. We also applied the Details on Ethical Procurement Guideline on these projects. At overseas projects as well, we

Web



Details on Ethical Procurement Guideline
<http://www.inpex.co.jp/english/csr/pdf/procurement.pdf>

HSE Management System



Message from Director in Charge of HSE



Masaharu Sano
Senior Executive
Vice President
in Charge of HSE

The goal of the INPEX Group is to “become an integrated energy company, which contributes to the community and makes it more livable and prosperous.” Accomplishing this goal will require our group to adhere to the highest ethical standards as a member of society while fostering a culture that prioritizes safety and environmental protection. To maintain a stable supply of energy, we need to operate on a global scale as we seek energy resources. As a result, we are dedicated to strictly complying with international standards of behavior as well as reinforcing a corporate culture that earns the respect of people anywhere in the world.

We have for many years placed emphasis on building a global-standard HSE management system and using this system for HSE activities. Guiding our HSE management system are our HSE Policy and HSE Management System Manual. We have prepared highly practical manuals and guidelines that with regard to workplace safety and hygiene and protecting the environment. Furthermore, we created a framework based on this system that incorporates Assess-Plan-Do-Check-Act (A-PDCA) cycle.

The outlook for our activities points to the need to move even faster to make our HSE programs more global. For example, these programs will be needed at production facilities that use multi-national teams of workers. In 2013, we created The HSE Second Phase Mid-term Plan which targets to raise our HSE competency to the same level as at International Oil Companies (IOCs). Ending in March 2016, we strive to several central elements: HSE audits, HSE risk

management, process safety management and prevention of major incidents. We are also stepping forward by conducting several HSE actions such as safety case approach, conducted coordinated emergency response training with overseas sites, and HSE education and training to enhance our HSE.

These measures give us a sound base for continuing our rapid progress with HSE and our operations are foreseen to expand even more. I believe that our duty is to create a workplace culture everywhere in the world that shares the “safety first” and “protecting the environment”. The Second HSE Medium-term Plan is our blueprint for building the foundation for creating this type of culture.

We operate in many natural environments and have a diverse array of workplace environments. We must also reflect the interests of a broad range of stakeholders. We have a strong commitment to using HSE activities to earn the trust of the public in order to become an organization that is truly needed by all of our stakeholders.

Basic Policy

The Group has declared a basic policy of ensuring the safety and protecting the health of all those associated with our business activities, and striving for local and global environmental conservation. To ensure that this policy is thoroughly implemented, we have instituted an HSE management system for managing health, safety, and the environment and engage in activities based on the system.

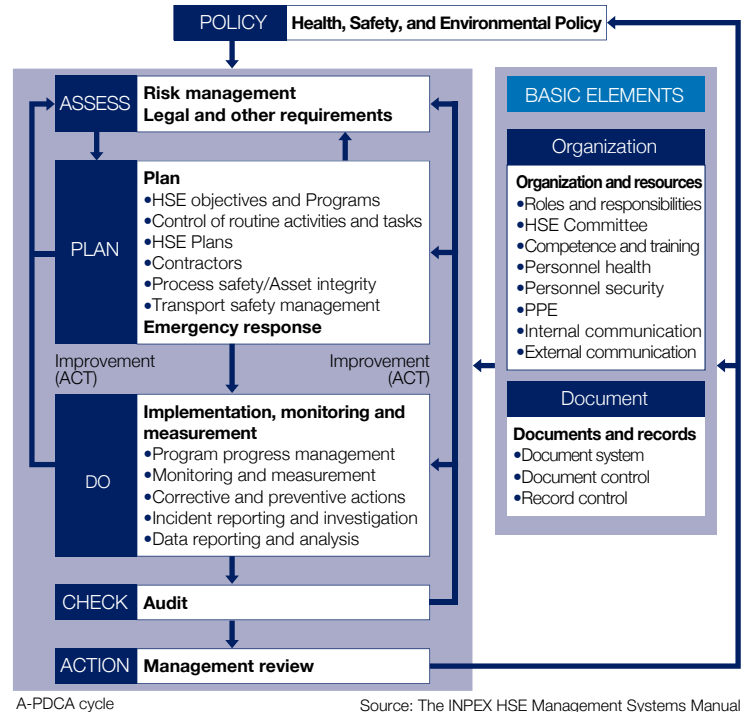
HSE Management System Initiatives

■ Overview of the HSE Management System

The Group strives to improve its occupational health and safety activities and environmental conservation activities by implementing an HSE management system encompassing health, safety, and environmental conservation initiatives that were developed with reference to ISO 9000, ISO 14000, occupational health and safety management systems (OHSAS 18001 and OHSMS guidelines) and International Association of Oil & Gas Producers (IOGP) guidelines.

An important element of the HSE management system is the use of an A-PDCA cycle. In the A-PDCA cycle, “Assess” involves risk management and the establishment of legal and other requirements, “Plan” involves the drafting of HSE Plans and Emergency Response Plans, “Do” and “Check” involve the collection and analysis of HSE-related data and the conduct of HSE audits, and “Act” involves the conduct of management reviews.

At the Nagaoka gas field, which accounts for more than 90% of the natural gas production of domestic operations, we have obtained environmental management systems (ISO 14001) certification.



Policy : Health, Safety and Environmental Policy of the INPEX Group

The INPEX CORPORATION Group is a global, independent energy company and our vision is to provide a stable and efficient supply of energy to our customers. We recognize our responsibility to sustainable development and, in this regard, we aim to protect the health and safety of all those associated with our business activities and to minimize adverse impacts on the environment.

To accomplish this, we will:

- Comply with all applicable HSE laws and regulations, and apply our standards where laws and regulations do not exist or are considered insufficient.
- Implement and maintain HSE management systems, and conduct regular audits of legal compliance and progress of our HSE activities to achieve continuous improvement in our HSE performance.
- Identify and assess health and safety hazards and eliminate or, if not possible, reduce risks to as low as reasonably practicable to prevent incidents.
- Conduct environmental assessments and promote efficient energy consumption to reduce adverse environmental impacts.
- Maintain and regularly test emergency plans to ensure a quick and effective response in the event of emergencies.
- Provide resources that will enable our employees to meet HSE objectives and targets.
- Provide training in HSE activities and safe driving to ensure all employees are aware of their responsibilities and accountabilities in these areas.
- Require contractors to manage HSE in accordance with this Policy, and to achieve agreed HSE targets.
- Communicate openly on HSE activities with stakeholders.

June 23, 2010

Toshiaki Kitamura

Representative Director, President & CEO

INPEX CORPORATION

Basic Elements

■ Preparation of HSE Management System Documents

The Group has prepared Health, Safety, and Environmental Policy, HSE Management System Manual, procedures, guidelines, and other HSE documents to clearly indicate the Group's HSE initiatives. To ensure that HSE activities are properly carried out, we periodically revise HSE documents and conduct employee awareness activities through the Intranet. In fiscal 2014, we revised the HSE Risk Management document and made the operational organizations aware of the revised content.

In addition, the operational organizations in Japan and overseas prepare HSE documents and engage in HSE activities adapted to each project.

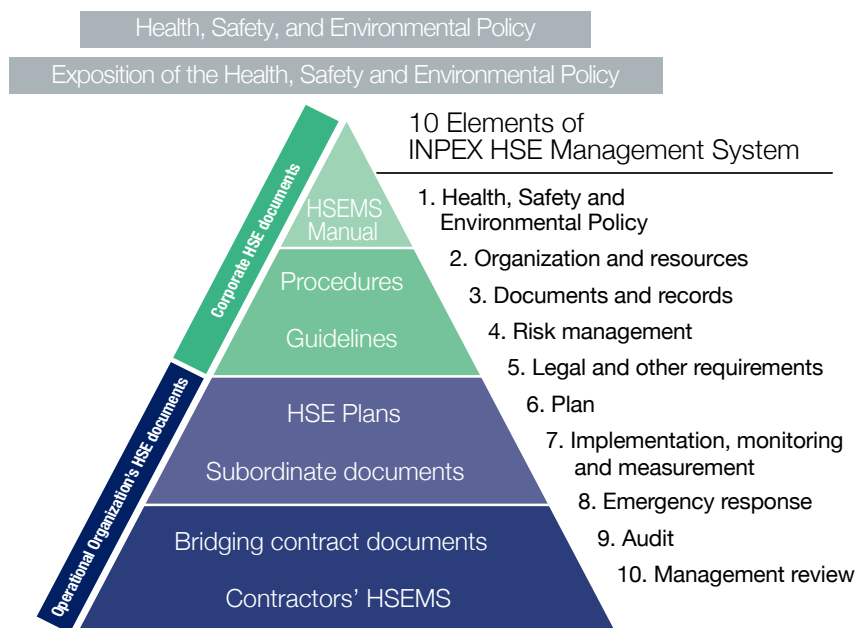
■ Promotional Structure of the HSE Management System

The Group has set up the HSE Unit at headquarters and HSE groups at the operational organizations as organizations to promote implementation of the HSE management system. The Corporate HSE Committee, established to promote cross-organizational HSE initiatives, discusses HSE documents and follows up on HSE objectives, HSE programs and other HSE-related matters. The operational organizations also engage in similar initiatives.

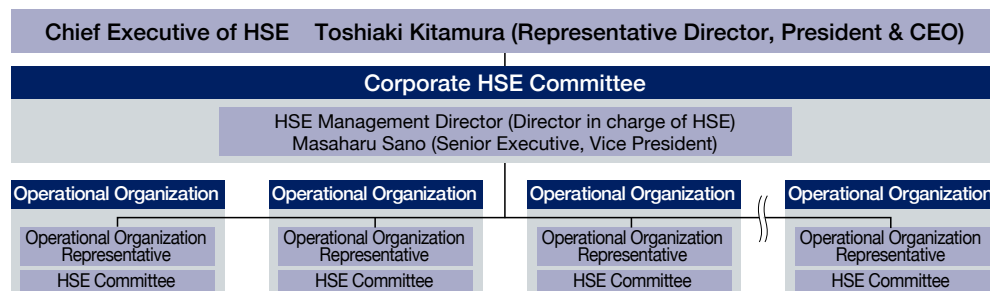
■ HSE Education

Each year the Group organizes and conducts HSE education and training programs in accordance with HSE competency and training guidelines in order to raise HSE awareness and improve the knowledge and

Overview of HSE Documents



Structure of HSE Promotion System



skills of the employees need to carry out HSE activities. In fiscal 2014, headquarters conducted approximately 384 hours of education and training activities covering 32 subjects. In addition, we conducted on-site HSE training at a shipyard in Geoje, South Korea, and process safety training at an engineering company and oil development company in Oman to increase the HSE competency of young engineers.

The domestic and overseas operational organizations also provide education and training adapted to the requirements of each project, such as operational safety, environmental management, and emergency response training. INPEX will continue its efforts to enhance HSE education and training with the aim of raising HSE competency to a level equivalent to that of IOCs.

■ HSE Communication

To raise HSE awareness, each year since fiscal 2008 INPEX has held Annual HSE Meetings for executives of the domestic and overseas operational organizations, H&S Managers Meetings* and Environmental Meetings attended by managers in charge of HSE at the operational organizations. H&S Managers Meetings provide an opportunity for managers involved with HSE at the practical level to give presentations on occupational health and safety initiatives at their operational organizations and discuss matters such as contractor HSE management and emergency response. Environmental Meetings are a forum for the cross-organizational deployment of HSE activities by means including presentations on environmental management activities at operational organizations, information sharing about climate change countermeasures, and the exchange of opinions. In addition, we are working to strengthen HSE communication by disseminating HSE information via an HSE bulletin board, the company intranet and periodically holding HSE Liaison Meetings with the domestic and overseas project divisions to introduce HSE activities and share information on their implementation status.

■ HSE Awards

We confer HSE awards in recognition outstanding initiatives for the purpose of raising awareness of HSE. In fiscal 2014, one business unit and one employee received awards for HSE activities.

Assess

■ Risk Management

The Group strives to assess and manage HSE risks in accordance with the HSE Risk Management stipulated in the HSE management system. Each operational organization identifies hazards, assesses risks, and then considers and implements risk mitigation measures on a routine basis. Headquarters regularly receives the reports of the risk assessment results and reviews the implementation status of the risk response plan and the effectiveness of countermeasures.

Plan / Do

■ HSE Objectives and Programs

In the Second HSE Medium-term Plan for the period 2013 to 2015, the Group set forth the objective of realizing the highest level of HSE competency among independent oil and gas companies. To make steady progress toward this goal, we are working to achieve seven specific targets in areas including the HSE organization, HSE management system, process safety management, emergency response, and environmental measures. In fiscal 2014, we engaged in HSE activities to achieve six HSE objectives: raise the level of companywide HSE competency, comply with HSE management system requirements, rigorously manage major accident event risks, reduce the number of incidents, bolster emergency response and crisis management capabilities, and practice GHG emissions control and environmental management that complies with IFC Performance Standards. In 2015, we will continue to implement measures to achieve our goals including raising the level of HSE competency and reducing the number of incidents.

Check / Act

■ HSE Audits and Management Reviews

We conduct HSE audits at the corporate divisions and operational organizations for the purpose of confirming the status of HSE management system implementation and achieving continuous improvements in HSE performance.

In fiscal 2014, we conducted audits of corporate divisions and the operational organizations in Malaysia, Venezuela, and Suriname, making observations about the status of HSE management system implementation and requesting continuous improvements. In addition, we conducted HSE management reviews, that the top executives at each corporate division and operational organization perform to review the status of their HSE activities and undertake improvements, and confirmed the effectiveness of the HSE management system.

* **H&S Managers Meeting:**
Practical - level meetings related to health & safety



FY2014 HSE Award Recipients

- HSE Performance Award
4th Drilling Team,
Abadi LNG Project
- HSE Activity Award
Environmental Team,
Ichthys LNG Project
Mr. Oki Dayaka,
Abadi LNG Project



Web

HSE Objectives
and Plans
http://www.inpex.co.jp/english/csr/safe_eco/objectives.html

Initiatives for the Prevention of Major Disasters



*** Safety case:** Document which demonstrates and provides evidence for a specific major hazard facility to show that suitable and sufficient measures are in place to prevent a major accident, to reduce the effects of a major accident, when a major accident occurs. This is typically done through demonstration of compliance with relevant statutory provisions and INPEX procedures and guidelines, especially relating to risk management

Basic Policy

The INPEX Group has implemented Process Safety Management Procedure as part of our HSE management system to prevent major accident events. In 2014, we established a group at the corporate headquarters that oversees group wide process safety, and further reinforcing our HSE management system through document development and implementation of training.

Process Safety is defined as a disciplined framework for managing the integrity of operating systems and process handling hazardous substances. It is achieved by applying good design principles, engineering and operating and maintenance practices. It deals with the prevention and control of events that have the potential to release hazardous materials and energy.

Comprehensive Process Safety Management

The Group Process Safety Management (PSM) consists of 4 focus areas and 20 elements, and each element has expectations which need to be complied by each Operational Organization. As part of governance and assurance process, INPEX corporate conducts AIPSM (Asset Integrity Process Safety Management) Audit to each Operational Organizations. Within the PSM framework, INPEX has adapted voluntary Safety Case* regime.

We set to work on these challenges on each phase of Project Lifecycle (i.e. Exploration, FEED, Detail Engineering, Construction, Installation, Operations and Decommissioning) for each Operational Organization. We are complying with Tier 1 and Tier 2 Process Safety Event Reporting in line with IOGP requirements.

Process Safety Management Framework



Emergency Response and Preparation against Oil Spills



Basic Policy

In an emergency, various corporate units and Operational Organizations of the INPEX Group collaborate with each other in responding to the situation. In accordance with the Emergency Response and the Corporate Crisis Management Manual, we set up a Corporate Crisis Management Team at the corporate headquarters in the event of a Level 3 emergency*. The team provides information inside and outside of the Group, responds to stakeholders, and dispatches personnel to support the site in coordination with the Operational Organization's Emergency Response Team, which controls the response at the operating site. For the oil spill incidents which may cause severe damage or impact, we have prepared an oil spill response plan in accordance with the Oil Spill Response Plan Preparation Guidelines. We have identified upper case scenarios based on the results of multiple simulations and made advance preparations to enable a rapid response by mobilizing human and material resources in case of emergency. In addition, we established a group at the corporate headquarters that oversees group wide emergency response, and further reinforcing our HSE management system through document development and implementation of training.

Emergency Response Training

Based on the annual HSE plan, the Operational Organizations in Japan and overseas periodically conduct emergency response training both independently and in conjunction with the corporate headquarters. Through these training programs, we confirm the response system and identify areas for improvement.

In fiscal 2014, Operational Organization in overseas and the corporate headquarters conducted two training programs together, simulating an oil leak in appraisal well drilling at the northwest Sabah offshore project in Malaysia. The training verified if the Operational Organization's Emergency Response Teams and the Corporate Crisis Management Team function together to gather and transmit information properly to respond to the

emergency. We assess and improve our implementation by having review meetings after the training.

In March 2015, we conducted an emergency training at the corporate headquarters which assume an epicentral earthquake in the Tokyo metropolitan area. We confirmed the safety of workers and visitors at the corporate headquarters, response to the injuries and employees wishing to return home, and transmission of information to the outside.

Response to Blowout and Oil Spill Incidents

Recent years have brought a spate of large-scale blowouts and oil spills at oil and natural gas development sites as well as frequent small-scale spills from tanks and pipelines at production sites and refineries. It is concerned that these incidents will affect not only on the safety, health, and wealth of local residents but also on the environment such as water quality, and ecosystem or on the local economic activities.

Through lessons and learned from the emergency response occurred in other companies, INPEX is reinforcing the well accident management system from all aspects of prevention, containment, and response. To prevent incidents, we developed regulations and procedures, and engage in consistent well management. To prepare against malfunctioning of a sea floor blowout preventer (BOP), a device designed to switch on if a blowout occurs, we concluded an agreement with Wild Well Control, Inc., a supplier of capping equipment. In addition, we also concluded an agreement with Oil Spill Response Limited (OSRL), the world's largest provider of oil spill response services. We put in place a structure for responding to a large-scale oil spill, and participate in OSRL conferences to constantly acquire new knowledge about oil spill response technologies and procedures.

* **Level 3 emergency:** Any situation caused by a major event, incident, or disaster expected to negatively affect business continuity

Aiming to Reduce Accidents



Basic Policy

The INPEX Group places highest priority on preventing injuries to all people working on its projects and minimizing environmental impacts of its operations. HSE is managed at all projects and operations, domestically and internationally based on our Health, Safety and Environmental Policy. The Group is promoting a number of safety initiatives aimed at reducing the number of accidents. Specifically, the current focus is on implementing training, strategies and monitoring across the workforce to reduce incidents.

At headquarters and Operational Organization levels, the INPEX HSE philosophy of 'Zero Accidents' prevails. For fiscal 2014, a majority of the annual targets were met. Generally there has been significant improvement on previous years. Whilst the number of actual incidents has remained largely unchanged from the previous year, this should be considered in the context of a significantly larger workforce of employees and contractors currently engaged in construction, exploration and expansion projects.

The focus area for the Group during fiscal 2014

was the management of contractor HSE efforts, particularly for those contractors undertaking high risk construction and drilling activities, both domestically and internationally. Contractor HSE Management will continue to be primary focus area for both management

Number of Work-related Incidents

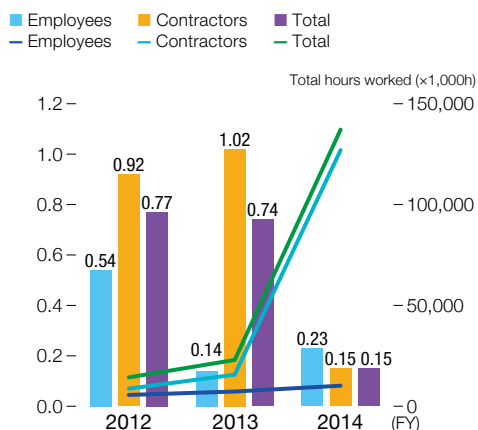
Type	FY2012	FY2013	FY2014
Fatalities	0	0	0
Lost time injury	3	1	2
Restricted workday injury	23	41	43
Medical treatment injury	3	2	11

*Upper field: Employees, Lower field: Contractors

Incident Frequency

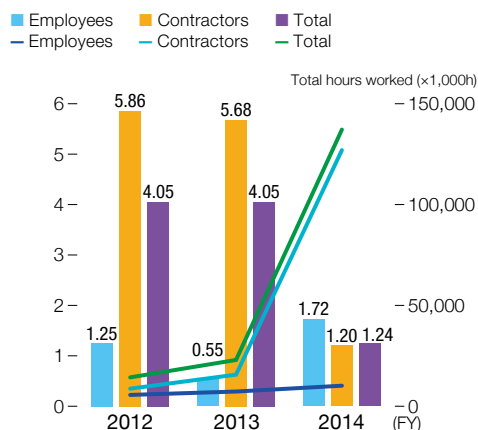
LTIF ☒

Annotation for CSR data: *15
<http://www.inpex.co.jp/english/csr/data.html>



TRIR ☒

Annotation for CSR data: *16
<http://www.inpex.co.jp/english/csr/data.html>



and site teams in fiscal 2015 as construction, drilling and commissioning activities peak.

In consideration of progress towards zero accidents, Key Performance Indicators (KPIs) were set to drive the required step change and were aligned to the safety index as calculated by the IOGP. LTIF Rate and TRIR targets of 0.29 and 1.40, respectively, were set for fiscal 2014. The Group achieved those KPIs with an LTIF of 0.15 in fiscal 2014, and a TRIR of 1.24 in fiscal 2014. Unfortunately, the Group experienced a single fatality incident of a contractor engaged at a fabrication yard in Singapore, resulting in significant efforts to analyze the accident and refocus the Group on Contractor HSE Management.

In building on the Incident and Near Miss* Reporting progress made during fiscal 2013, fiscal 2014 was focused on further training, alignment and consolidation of the incident reporting and investigation processes across all the Group activities so as to ensure consistency and quality are maintained.

Safety Management of Contractors

Systematic implementation of HSE Management Systems is a key success factor in ensuring safety across all aspects of the Group business. Currently a significant portion of activities are undertaken by contractors' workforce, and this requires focus on ensuring adequate contractor HSE management process and practices are in place.

Ensuring that our contractors are well placed, HSE discussions and activities begin early in the development of work scopes by assessing risks associated with work scopes and ensuring that appropriate HSE benchmarks and requirements are clearly set to contractors within tender documentation.

Each contractor is required to demonstrate a clear commitment to HSE. A variety of information, such as historical incident data, HSE training data, HSE policies, HSE plans and procedures all must be presented to INPEX prior to a contractor being allowed to submit for tender. During the subsequent contractor selection process, HSE documentation information is evaluated in detail to ensure that specific requirements are met and that the Contractor's HSE Management System is aligned with that of INPEX, and that there is a common vision for HSE.

Successful tenderers must ensure that they implement and maintain their HSEMS during the contract lifecycle, and INPEX actively monitors this through frequent audits and inspections.

Activities at Major Projects

■ Ichthys LNG Project

INPEX Australia works closely with its Ichthys LNG Project contractors and subcontractors across the globe to ensure there is a shared understanding and the highest commitment to safety for everyone involved in the Project.

Since 2012, INPEX has hosted HSE forums and workshops, bringing together leaders, HSE

representatives and workers to share initiatives, identify issues and actions and discuss the roles leaders have in creating a positive HSE environment.

Forums are built around the INPEX HSE Charter which commits contracting company leaders to provide a safe and healthy environment for people and the communities in which we operate.

■ Project in Japan

INPEX operates wide-ranging projects in Japan. In the operation of our domestic oil and gas fields and the Naoetsu LNG Terminal and in the construction and operational control of pipelines that transport the natural gas we produce, we make "Safety first, day after day" our motto.

The Domestic Project Division has been raising the overall level of HSE competency since fiscal 2012 by benchmarking the HSE management system of each production site against Nagaoka gas field using the Top Runner approach, assessing gaps in operation and awareness and correcting disparities between workplaces. Specifically, the Division evaluates and improves necessary matters including risk assessment, contractor management, internal auditing, communication, the work authorization system, change management and non-regular work, and HSE education.

At the fiscal 2014 HSE Management Meeting attended by contractors and partner companies involved in construction of the Toyama line, the Gas Supply & Infrastructure Division conferred HSE awards and reported on activities results. The companies that attended the meeting vowed to work in unison to eliminate incidents under the slogans in the HSE Declaration.

In addition, we work to eliminate traffic accidents by actively providing hands-on traffic safety education to increase awareness of safe operation and improve operating manners.

* **Near miss:** An unplanned event that did not result in injury, illness, or damage – but had the potential to do so



HSE Management Meeting

Health Management



Basic Policy

The INPEX Group prioritizes employee health management and health promotion as an important issue. We implement health and hygiene management based on the circumstances of countries and regions where we operate, in order to ensure the physical and mental health of employees.

In accordance with local laws, regulations, and circumstances, we assign one industrial physician and one full-time health nurse at all business offices above a certain size. We strive to maintain and improve the health of employees through initiatives such as using a database for centralized management and analysis of health checkup results, providing health guidance based on checkup results, counseling to prevent overwork, and periodically disseminating information about health.

Health Maintenance Initiatives

In addition to legal physical examinations, INPEX provides checkups for lifestyle-related diseases for employees aged 30 or over and financial assistance for complete physical examinations for employees aged 35 or over.

In Japan, we provide subsidies to receive influenza vaccinations and provide group vaccinations at business sites to prevent employees from infections. For expatriate employees, we offer health consultation with a health nurse, examinations by partner medical institutions knowledgeable about health management of overseas expats, and vaccinations depending on the stationed country or region. Also, we provide physical examinations for expatriate employees, in accordance with the laws and regulations of stationed countries. In this way, we strive to maintain and improve the health of all Group employees.

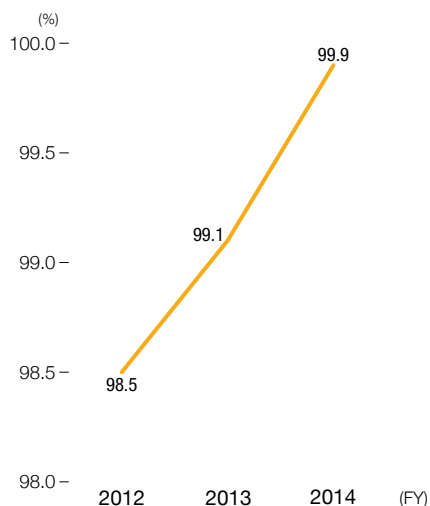
INPEX takes initiatives to prevent region-specific diseases like malaria, by referring travel risk map. At Indonesia office, we assign an industrial physician to prevent employees affected with malaria.

For employees working under special circumstances, we implement preliminary health impact assessments to prevent work-related health damage. For example, we identify risk factors by measuring oxygen levels or chemical substances in the

air and execute preventive measures when employees work in confined places.

Moreover, INPEX provides mental health support for employees to maintain both physical and mental health. We provide counseling from industrial health staff about troubles and concerns of employees and a 24-hour counseling service at specialized institutions available for both employees and their families.

Physical Examinations Ratio (Unconsolidated)



Biodiversity Conservation



Basic Policy

The INPEX Group apply IFC Performance Standards as our own international standards and strives to conserve biodiversity in order to make our business compatible with surrounding environments.

We have developed an Environmental and Social Impact Assessment (ESIA) based on the aforementioned and other international standards and conduct Environmental Impact Assessments (EIA) for each major project. Furthermore, we strive to minimize the impact of the project on the ecosystem by taking actions based on the EIA results. In order to reflect the contents of the latest international standards, we started to revise ESIA in fiscal 2014, and plan to launch the revised version during fiscal 2015.

Since 2014, we have been participating in the Biodiversity and Eco System Working Group jointly managed by IOGP and IPIECA.

Initiatives Relating to the Abadi LNG Project

In Abadi LNG Project, in addition to an impact assessment in compliance with the relevant environmental assessment regulation in Indonesia, the Project has been conducting measures to conserve biodiversity in accordance with international guidelines such as IFC Performance Standards. In fiscal 2013 and fiscal 2014, the Project carried out field surveys on biodiversity in the both terrestrial and marine area.

Initiatives at the Ichthys LNG Projects

The Ichthys LNG Project undertook comprehensive nearshore environmental monitoring throughout its dredging program in Darwin Harbour in the Northern Territory of Australia. Over 200 field surveys were conducted across 13 nearshore and marine environmental monitoring programs, providing insight into the harbour's water quality, mangroves, corals, dolphins and other marine fauna. More than 100 reports are publicly available and the scientific findings from the monitoring programs are shared with the community, scientists and industry peers.

Initiatives Relating to the Toyama Line Construction Project

A number of conservation measures are being implemented in relation to the construction of the Toyama Line. We conducted environmental impact studies, especially in the mountainous areas, and adjusted the construction methods and the periods on the basis of findings from those studies. Rare plants discovered within construction areas were temporarily transplanted, and the ecological situation is regularly monitored. The habitats of rare fish species in the rivers used to drain water from tunnel excavation sites were also monitored, and the water quality was continually monitored to ensure compliance with environmental standards. Avian predators on the Red List compiled by the Ministry of the Environment were identified as a result of an environmental impact survey across an area of approximately 18.6 square kilometers. We conducted surveys to assess the presence of these birds and to identify their nesting trees, especially during the breeding season between November 2013 and August 2014. This resulted in confirmation that several species had produced offspring indicating that the project was having only a limited impact on ecosystems.

Reducing Our Environmental Impact



Basic Policy

The INPEX Group observes the environmental regulations of all countries where we operate.

From the early Front-End Engineering and Design stage of our exploration projects and new businesses in Japan and overseas, we comply with the laws of the operating countries. Based on our Environmental and Social Impact Assessment, we strive to identify, assess, and mitigate the impacts of our projects on the environment and society. We also apply IFC Performance Standards and EHS Guidelines*¹ as our own internal standards in the HSE Legal and Other Requirements when assessing the possible impacts on environment and society.

These standards are widely recognized as global standards for assessing and managing environmental and social risks and impacts. In Ichthys LNG project, in which INPEX is an operator, we implement environmental impact assessment in regards to the guidelines of Australian federal government and the Northern territory government.

INPEX strives to mitigate the environmental impact through expanding the supply of natural gas, an energy source with less greenhouse gas emissions in

comparison with other fossil fuels; coal and oil.

We did not violate any environmental laws or regulations during fiscal 2014.

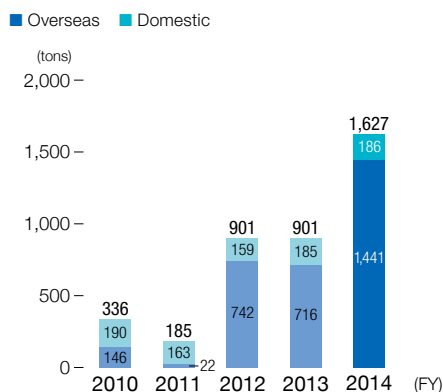
Preventing Air Pollution

We are striving to quantify and manage our atmospheric emissions of NO_x, SO_x, and VOCs (volatile organic compounds) from each of our domestic and overseas operations. In our domestic operations, we continue to work for reducing NO_x and SO_x emissions in accordance with the Air Pollution Control Act. In Venezuela, one of our overseas operations, we are measuring the concentration of NO_x and SO_x emissions in order to comply with the environmental standards based on the local regulations. For equipment that exceeds the standards, we sequentially update the equipment to lower concentration of emissions.

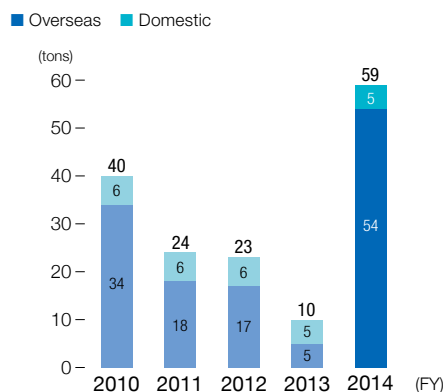
In fiscal 2014, the volume of NO_x and SO_x emissions increased to 1,627 tons and 59 tons. The drilling operation at Northwest Sabah Offshore Project caused the increase of both NO_x and SO_x. Also, the construction work on Ichthys LNG Project affected the increase of NO_x emissions. All of the emissions have

*1 EHS Guidelines: IFC Guidelines on Environment, Health, and Safety which was published on April 2007

Emissions of NO_x (Domestic and Overseas)



Emissions of SO_x (Domestic and Overseas)



occurred during temporary work. However, we will be measuring and managing the emissions continuously.

VOCs include substances such as benzene, toluene and xylene (BTX) and n-hexane contained in fossil fuels such as crude oil, natural gas, and other fossil fuels. These substances are mainly emitted with natural gas emissions and from the loading and unloading process of crude oil tanker trucks and tankers. In fiscal 2014, the total volume of VOC emissions was 550 tons. The volume of VOC emissions has decreased by approximately 400 tons when compared to that of fiscal 2013. This is due to the completion of commissioning in the Naoetsu LNG Terminal, which discharged 952 tons of VOC of venting. We also continue to reduce VOC emissions by participating in initiatives launched by the Japanese government. In our domestic operations, we are considering a device to recover the VOCs that are discharged from the lorry when shipping the petroleum products of Naoetsu Oil Terminal.

Management of Chemical Substances

We control our use of chemical substances at each of our Operational Organizations by managing and reporting our emissions in accordance with the laws of the operating countries. Pursuant to Japan's Pollutant Release and Transfer Register (PRTR) Law^{*2}, we report the volume of specific chemical substances emitted, including the amount of benzene, toluene and xylene contained in crude oil and condensate that is released into the air, the amount of n-hexane contained in fuels such as kerosene and gasoline released into the air, and the amount of boron compounds in well water^{*3} released into waterways. Pursuant to PRTR Law and environmental standard, we have set a voluntary consistency 15µg/Nm³ standard measure in the boundaries of our facility, and measure the consistency of benzene periodically in a drive to reduce the environmental impact around the operational area. In Venezuela, we manage chemicals which prevent

corrosion in pipework and other devices.

Preventing Water Pollution

When the crude oil and natural gas that we produce contain formation water, we separate and collect it at our production facilities. At our production facilities, we dispose of wastewater in line with the effluent standards set by each country where we operate or by using the IFC Performance Standards if there are no local effluent standards. When disposing well water, we reduce concentrations to below the regulatory standards at our well water treatment facility before it is released into rivers or inject to underground.

Regarding disposed well water, called water yield, we report the amount of water released into rivers or injected to underground to IOGP regularly.

The seawater used for cooling and heating at offshore rigs and in LNG terminals is released directly back into the sea in such a way that it limits the impact on marine ecosystem as much as possible, by properly controlling the temperature and water quality of the discharge water.

Efficient Use of Water Resources

We comply with the laws of the domestic and overseas countries where we operate, and before starting operations, we confirm if the operation is located in a water stressed^{*4} area and we strive to assess the strain put on water resource throughout operations. At the end of March, 2015, we don't have any projects operating in water stressed area.

In fiscal 2014, the volume of freshwater consumption had increased by 40% in comparison to fiscal 2013. This was due to the increase of the volume of tap water use accompanied by constructions in the Ichthys LNG project.

In our operations in Japan, mostly tap water and groundwater are used as a coolant during plant operation. In addition to water used at power plants, we use groundwater for circulating mud fluid during well drilling, and to melt snow during the winter. To reduce the volume of water use, we use a coolant water in its circulatory systems, and introduced sensor operated automatic shutoff equipment in our snow-melting irrigation facilities.

We calculate and manage the volume of water used in the three phases of Ichthys LNG project: construction, field test, and production. We have established the document to reuse the water from field test and we strive to save water resources.

^{*2} **PRTR Law:** The PRTR

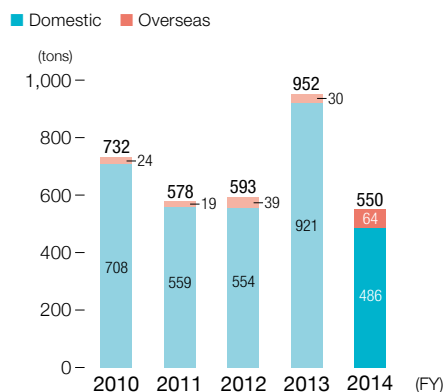
Act requires companies to report the volume of specific chemical substances released into the environment and to improve their management of those substances. This system measures the amount of chemicals potentially harmful to humans or the environment released into the air, water, or soil, as well as the amount of waste transported from business premises

^{*3} **Well water:** Water generated from the earth due to natural gas, etc.

^{*4} **Water stress:** Water resources can be used per person, which is the index assessing the level of strictness for water supply

Emissions of VOC (Domestic and Overseas)

Annotation for CSR data: ^{*13}
<http://www.inpex.co.jp/english/csr/data.html>



Measures to Prevent Soil Contamination

In our domestic operations, we do not use any of the organic substances specified in the Law on Measures to Prevent Soil Contamination. But the crude oil that we produce contains benzene, which is regulated by this law. There are also trace quantities of heavy metals in the muddy wastewater that we discharge from our drilling activities. Consequently, to comply with the underlying principle of this law in our operations in Japan, we are voluntarily implementing surveys and countermeasures for soil contamination. Moreover, we are implementing measures to assess and deal with oil pollution in accordance with Guideline for Oil Pollution Countermeasures. If oil pollution occurs, we report it to government immediately and ask for their advice additionally, we implement surveys for soil and release contaminated soil to prevent contamination being expanded to groundwater around operation area.

***5 Specified CFCs:** Fluorine compounds that are subjects of regulation by international agreements in order to protect the ozone layer

***6 Montreal Protocol:** A protocol adopted in 1987 for the purpose of regulating the production, consumption, import, and export of substances which could possibly destroy the ozone layer

Waste Management

We apply IFC Performance Standards for waste management. Based on these standards, we 1) reduce waste generation, 2) reuse all reusable resources, 3) recycle, and 4) recover heat to limit natural resource consumption and reduce our environmental burden as much as possible.

When our business operations generate reusable resources, which are difficult to reuse for our company, we contract waste treatment to a contractor specialized in industrial waste treatment in order to make sure that the waste is properly treated. In order to confirm that

the waste is properly treated, we regularly monitor contractors in domestic operations. In overseas operations, we implement waste management through creating waste management plan, which considers legal requirements, risk management, and audit implementations before construction.

The total volume of waste in fiscal 2014 doubled in comparison with fiscal 2013 due to the large amount of waste from projects at Ichthys LNG Project and construction of pipeline in Toyama Prefecture in Japan.

More than 90 percent of the waste was generated at these two sites and overall about 50 percent of waste was recycled.

Management of Specified CFCs*5

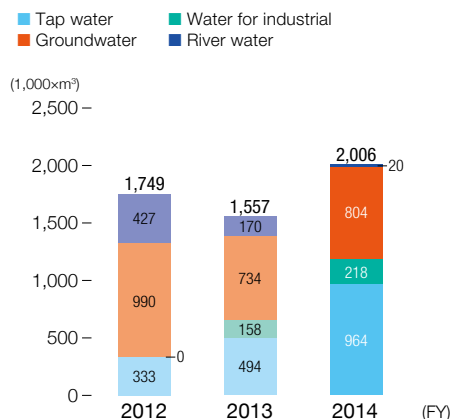
At operating facilities in Japan, a specific type of CFC (HCFC-22) is used as a refrigerant. As the Montreal Protocol*6 calls for the use of this substance to be completely abandoned by 2020, we are now gradually replacing it with alternative substances. We plan to continue reducing the use of this substance. Moreover, in cases where this specific type of CFC continues to be used, more stringent measures to control leakage from equipment and pipes are being implemented.

Fluorocarbons Recovery and Destruction Law, which aims to enhance the leakage prevention measures for CFCs, has been enforced in Japan from April 1st, 2015. In order to comply with this law, we strive to maintain management and inspection of equipment using CFCs used in domestic operations. No CFCs are used in overseas operations.

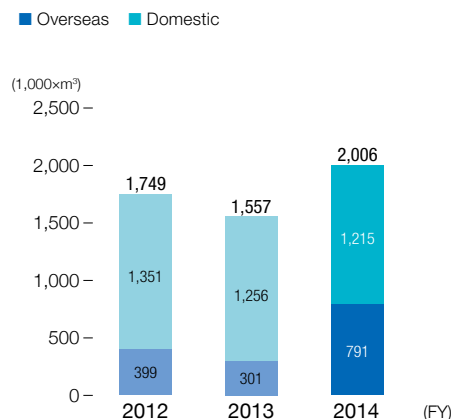
Water Consumption

Annotation for CSR data: *12
<http://www.inpex.co.jp/english/csr/data.html>

Water Consumption (by Intake Source)



Water Consumption (Domestic and Overseas)



Proper Management and Treatment of PCB Waste

In regards to PCB waste, we have already completed the disposal procedures in response to the legal obligation for disposal of PCB waste by July 2016. By fiscal 2005, we completely stopped using fluorescent lights, condensers and other alternatives containing PCB in Japan by gradually substituting them. This was in response to the more stringent restrictions introduced in the Law Concerning Special Measures against PCB Waste^{*7}. For the PCB waste that cannot be disposed of, it will be strictly stored and reported to the country each year.

No PCBs are stored in overseas operations.

Web



Site Data

<http://www.inpex.co.jp/english/csr/weather/sitedata.html>

Environmental Impacts of Our Business Activities

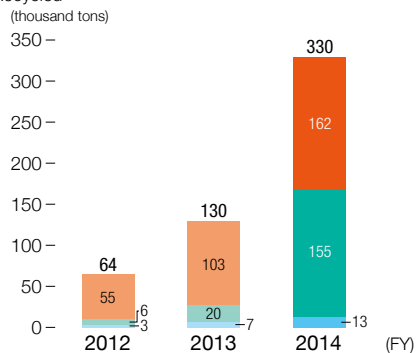
http://www.inpex.co.jp/english/csr/safe_eco/impact.html

^{*7} **Law Concerning Special Measures Against PCB Waste:** Special law governing the treatment and disposal of PCBs

Recycled Waste and Final Disposal

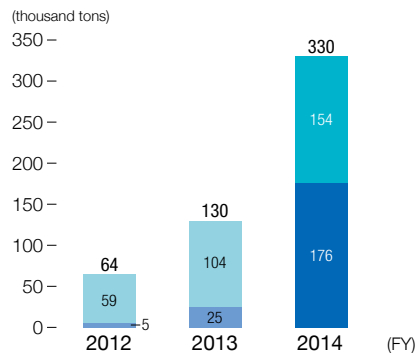
Recycled Waste and Final Disposal (by Category)

■ Final disposal (General Waste)
■ Final disposal (Waste and Industrial Waste Subject to Special Control)
■ Recycled



Recycled Waste and Final Disposal (Domestic and Overseas)

■ Overseas ■ Domestic



Building Trust with and Contributing to Local Communities



Basic Policy

The INPEX Group emphasizes the building of trust with society in our operation areas in our business activities. We defined a basic policy and key areas for “building trust with and contributing to local communities” as one of our Key CSR Issues. Based on this policy and these areas, we contribute to the development of local communities by creating jobs, developing skills, and improving living conditions through social contribution activities that meet local needs.

Communication with Communities

We strive to use an approach that is open and transparent with all stakeholders. Through our communication with local communities, we conduct activities to help solve social issues that communities face in the areas that we operate around the world after identifying and evaluating needs.

Community engagement teams have been set up for our operator projects; Ichthys LNG Project, Abadi LNG Project, Venezuela Project, and Domestic Project to communicate extensively with local residents. In Japan, six community engagement teams have been set up; Akita, Chiba, Minami-Aga and Nagaoka and the two teams at operation management unit of domestic business division.

INPEX Australia's approach to community engagement is proactive and is based on key Project milestone activities. The community engagement around the Ichthys LNG Project's dredging activities in Darwin Harbour exemplifies this approach. A wide range of stakeholders were consulted and comprehensive community engagement was undertaken to address the interests and safety of harbour users. Up-to-date information was provided using various communication tools including print, radio and television advertising, public information displays and community news bulletins.

Community feedback related to the Project activities is sought through a toll-free telephone number, email or face-to-face interaction. Dedicated resources and processes such as community relations officers on the ground, a community relations working group and a community grievance management procedure are in place to proactively manage and address the community

Priority areas for “Building Trust with and Contributing to Local Communities”

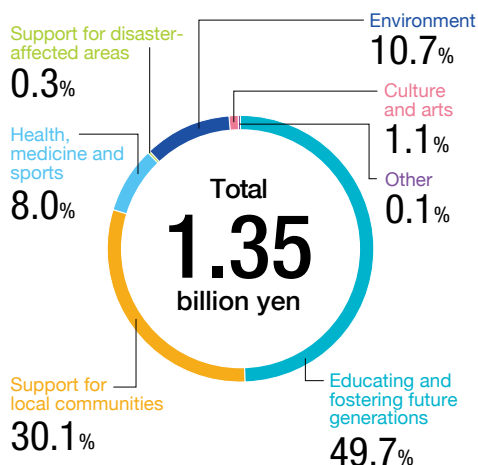
Key Areas

Environment

Education and developing
the next generation

Local community aid

CSR Expenditures in Fiscal 2014



feedback, potential issues and concerns.

To identify and manage impacts and opportunities for local communities, the Ichthys LNG Project developed its Principal Social Impact Management Plan (SIMP) with the Northern Territory Government. Progress of commitments and strategies identified in the SIMP are reported to key government stakeholders on a regular basis. At the end of 2014, the Ichthys LNG Project published a brochure summarizing its engagement activities held during 2014.

At the Abadi LNG Project in Indonesia, an environmental impact assessment (EIA) started in 2009, when a plan of development was still under discussion. Since then, we have maintained close relationship with communities in the city of Saumlaki, Maluku province and the surrounding area. We are convinced that engagement with communities from the initial planning stage makes it possible for the project to obtain the support of local communities, which is, in other words, a "social license to operate". Most of our engagement is being conducted through social investment activities, including not only support programs for regional economic development, education, health services, and infrastructure development but also our participation in community events. The goal of these social investment activities is to encourage communities to become self-reliant and continue to grow. We develop and implement the social investment activities based on the results of a socio-economic assessment at the project site and the surrounding area and discussions held with stakeholders.

Contribution to Local Economy

In pursuing our business in oil and gas development, we are committed to contribute to the society and economy of the countries and regions where we operate, through providing employment and business opportunities.

The Ichthys LNG Project is committed to provide full, fair and reasonable opportunities for Australian industry to take part in the Project. The commitment includes identifying and supporting Aboriginal and Torres Strait Islander (ATSI) owned businesses to build their business capabilities. More than 600 Northern Territory based businesses have successfully been awarded over 1,100 packages of work associated with onshore construction to date. Forty-nine ATSI businesses have secured contracts across more than 180 packages of work since construction commenced.

Through focused training and employment plans, the Project is also contributing to skill development of local communities. In 2014, 60% of more than 5,000 construction workers on the Project in Darwin were locals. More than 600 ATSI peoples have also been engaged on the Project to date and of these over 90 were trainees.

In the Abadi LNG Project, we are also striving to expand the number of Indonesian employees. As of end March, 2015, about 360 Indonesian personnel are working in our Jakarta Office.



Aboriginal and Torres Strait Islander peoples engaged on the Ichthys LNG Project

Involvement in Public Policy

We are members of the Japan Petroleum Development Association (JPDA). While striving to secure a stable supply of oil through oil and natural gas development activities in Japan and overseas, JPDA works to support Japanese companies with domestic and overseas business. They also provide advice on policies related to a wide range of issues including government resource diplomacy, energy policy, environmental policy and regulatory reform.

We are implementing a program of activities to contribute to the region in cooperation with the government and other public-sector agencies to build a win-win relationship with the society in the region and promote our project.

Social Contribution

INPEX Group is developing social contribution activities around the globe.

Abu Dhabi (UAE)



Support for Operation of the Petroleum Institute

Ever since the establishment of the Petroleum Institute (PI), INPEX has participated in its operation as a member of the governing Board and provided financial support. Since 2013, we have supported a project in which PI students build solar cars and participate in international races, with cooperation from Tokai University.



Support for a Pearl Farming Project

In response to a request from the government of Abu Dhabi, INPEX launched a pearl farming project in 2006. After a site survey and two years of test farming, we have supported the pearl farming project of the Environment Agency of Abu Dhabi by conducting research on cultured pearls and providing technical assistance under the direction of two Japanese expert engineers since 2009.



Abu Dhabi



Japan



Indonesia



East Timor



Australia

Indonesia



Mangrove Tree Planting

INPEX and TOTAL (a project operator) have conducted a reforestation project in the Mahakam Delta area, planting a total of 13 million mangrove saplings to date. We have also conducted training for over 700 local fishery operators in knowledge of environmentally friendly aquaculture pond. These activities help sustain the ecosystem in the vicinity of the Mahakam field and contribute to development of the local economy.



Support for Seafood Product Processing

The Abadi LNG Project has implemented a seafood product processing training program since 2012, providing local residents with knowledge and skills concerning the seafood processing. The program aims to enable local communities to increase the value of their products and obtain better incomes with their own hands, and is expected to contribute to the enhancement of local economic and livelihood.



Web



Social Contribution Activities Spread throughout the World

<http://www.inpex.co.jp/english/csr/contribute/contribution.html>

East Timor



Support for the Construction of Vegetable Greenhouses and Agricultural Training—The Bayu-Undan Project

The Bayu-Undan Project is working with the United States Agency for International Development (USAID) and partner companies to construct vegetable greenhouses and provide agricultural training to local farmers to help stabilize farm family livelihoods and boost agricultural productivity. In the second-stage program conducted from 2013 to 2014, we introduced tunnel cultivation (a cultivation method that uses small heat-insulation facilities) instead of greenhouse cultivation to 250 farmers.



Venezuela



Activities in Support of the Local Community

In Venezuela, INPEX places importance on communication with the local community and, in response to requests from local residents, continuously engages in a variety of support activities in the areas of infrastructure development (ex. donation of trash compacting trucks), education, and healthcare.



Venezuela

Japan



Assistance for Areas Stricken by the Great East Japan Earthquake and Other Disasters

Since June 2011, the INPEX Group has assisted volunteer activities of employees who participate in reconstruction activities following the Great East Japan Earthquake. Employees participating in volunteer activities can utilize the volunteer leave system, and INPEX provides travel and lodging expenses and money for necessary tools as support funds. As of the end of June, 2014, a total of 685 Group employees had participated in 80 disaster recovery programs. We plan to continue offering this support to employee volunteers.



Support for Forest Planting

INPEX started a tree planting program in October 2010 to regenerate a mountain forest near our operations in Niigata Prefecture. Employees, their family members, and local residents participate in this activity to learn the importance of environmental preservation. A total of 202 people, including 121 employees, participated in the tenth tree planting event in the spring of 2015.



Australia



Support for the Northern Territory Open Education Centre

The Ichthys LNG Project committed AUD 3 million towards the relocation and construction of the Northern Territory Open Education Centre (NTOEC). The NTOEC is a secondary school providing distance education to more than 600 high school students, the majority of which are Aboriginal and Torres Strait Islanders, in some of the most remote parts of Australia's Northern Territory (NT). The Project's contribution will assist the NT Government update and expand this important facility. The new school is scheduled to open in mid-2016.



Sponsorship of an Australian Football Club

Since 2009, INPEX Australia has been sponsoring the Northern Territory Thunder Australian Football Club (NT Thunder). NT Thunder provides sporting careers for its players and uses its development programs to connect young players to employment and educational opportunities in Darwin and their communities. NT Thunder has 62% representation of ATSI players, who often becoming mentors and role models for the younger members of their communities. In supporting NT Thunder, INPEX is contributing to the development pathways for local and remote youth to access opportunities for training, leadership and improved wellbeing.



Renewable Energy Initiatives



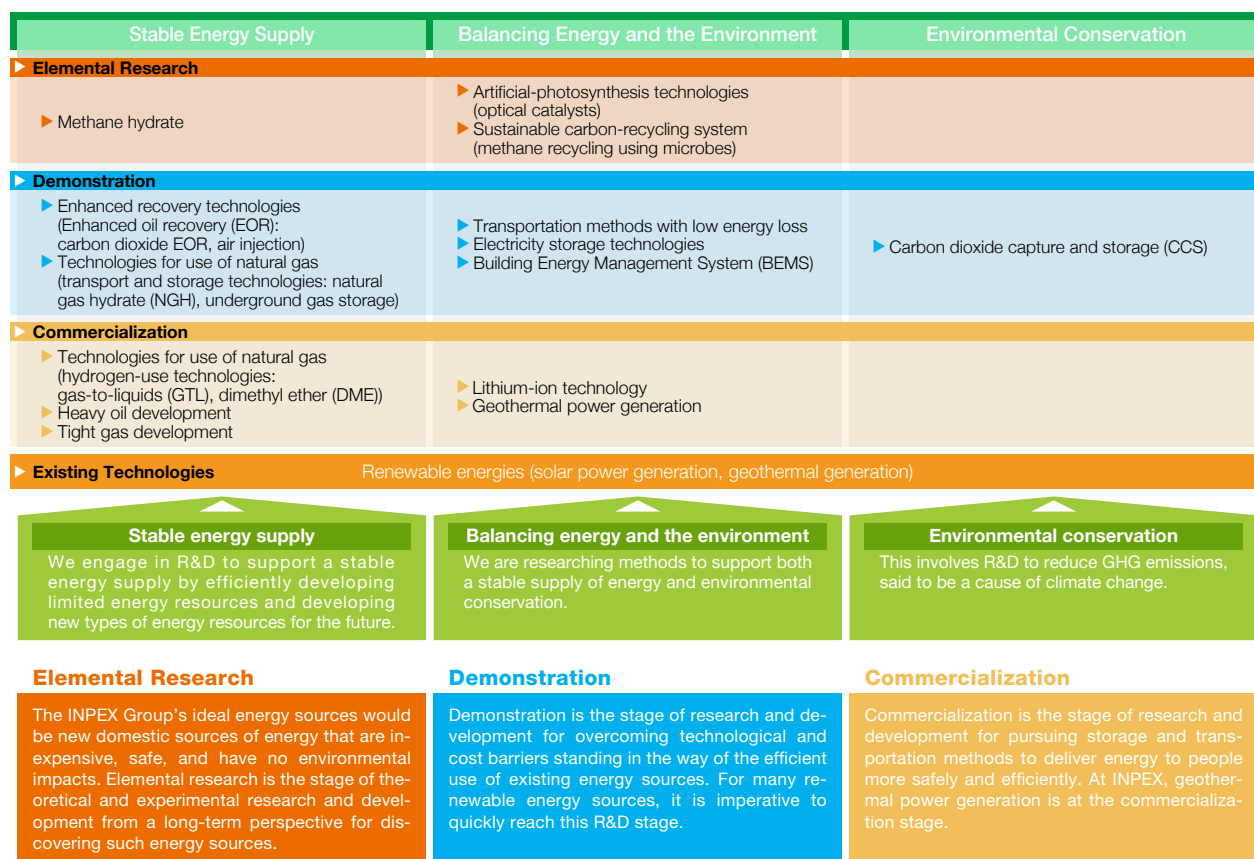
Basic Policy (Pursuit of New Energy Development)

In line with a policy of reinforcing renewable energy initiatives, positioned as a growth target in the INPEX Medium- to Long-Term Vision, the INPEX Group operates a solar power generation business in Joetsu City, Niigata Prefecture and is conducting surveys aimed at commercializing geothermal development in

Hokkaido, Akita Prefecture, and other areas. To achieve the best mix of energy sources for sustainable development, we combine the technologies and ideas of industry, government, and academia with our own technologies and continue to pursue new energy development by managing research and development in three areas: elemental research, demonstration, and commercialization.

Three Areas of New Energy R&D and the Technology Development Process

As a comprehensive energy developer and supplier, INPEX supports a sustainable society through rational oil and natural gas exploration and development businesses. INPEX classifies its R&D activities into the following three areas.



Development Process 1: Elemental Research

Hydrogen is said to be the ultimate source of clean and renewable energy and with joint effort by industry, government, and academia, INPEX is involved in establishing a technology for efficiently producing hydrogen through photocatalytic decomposition of water.

In addition, INPEX has participated in a course with an external partner held at the University of Tokyo. Research in this course is focused on methane-producing bacteria that live in oil and gas fields, groundwater, and other locations. The goal is to use these microbes to convert CO₂ that has been injected underground during Carbon Capture and Storage (CCS^{*1}) or CO₂ Enhanced Oil Recovery (CO₂ EOR^{*2}) into methane.

Development Process 2: Demonstration

Although electricity has an energy loss of several percent during long-distance transmission, this loss can be substantially reduced by conveying natural gas by pipeline and utilize fuel cell power generation or Natural Gas Cogeneration. The Group will continuously effort to overcome transmission loss and contribute to smart grid expansion by applying our natural gas-related technologies.

Development Process 3: Commercialization

Since much of geothermal energy in Japan is located in national parks and hot spring spas, tapping geothermal power requires consideration of factors, such as impact on scenery, various controls and regulations, and concern for local interests. In the geothermal energy studies now underway, INPEX discloses to local residents information about our survey plans, survey status, and other matters and proceeds while confirming the consent of local governments and residents through community briefings.

Solar Power

INPEX Mega Solar Joetsu is a solar power generation facility with a maximum output of approximately 2,000kW (2MW) that occupies 46,710 square meters of a site owned by wholly owned subsidiary INPEX Logistics (Japan) in Joetsu City, Niigata Prefecture. The facility started producing electricity in March 2013. The Group's second solar power generation facility started operation in August 2015. The total amount of electricity expected to be generated annually by these two solar power facilities will be equivalent to the electricity consumption of about 1,600 households.

Geothermal Power

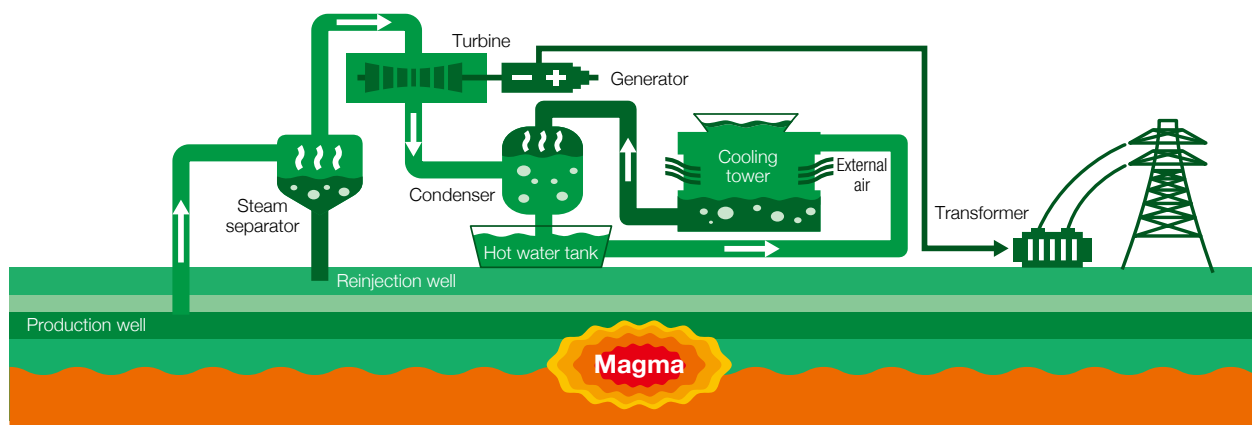
Geothermal power generation is a renewable energy source which produces only minimal CO₂ emissions compared to fossil fuels and makes possible stable power generation unaffected by weather changes. Furthermore, it is a domestic resource unaffected by exchange rates or fluctuations in crude oil prices. These characteristics make geothermal power an ideal means of achieving our goal of contributing to a stable supply of energy. Since 2011, we have been conducting surveys for the practical application of geothermal energy at two sites in Hokkaido and Akita Prefecture. We began drilling exploration wells in 2013 as the second stage of the surveys. Furthermore, a geothermal power investigation team comprising ten Japanese companies, including INPEX, started a ground survey in Fukushima prefecture in 2013.

In June 2015, we announced our participation in the largest-scale geothermal power generation project in Indonesia, a country with abundant geothermal resources that is one of the core areas of our oil and natural gas development business.

^{*1} **CCS:** A technology to extract and retrieve CO₂ from massive sources of CO₂ gas

^{*2} **CO₂ EOR:** A technology to enhance oil recovery efficiency utilizing CO₂ gas injection

Geothermal Power Generation Process



This technology uses water heated by magma after infiltration into the ground. The hot water is extracted from a production well, and its steam is used to produce electricity with turbines. Because hot water is returned into the ground through the injection well once it has cooled, electricity can be produced over long periods of time.

Climate Change Mitigation



***1 Ground Flare:** Equipment that incinerates excess hydrocarbon gas produced by crude oil drilling facilities, gas processing facilities and oil refineries instead of simply dissipating the gas as is. Shaped to combust flames within an upper chimney-like furnace, thereby resulting in no night-time illumination, noise pollution or impacts on the surrounding environment

***2 Commitment to a Low Carbon Society Plan:** Action plans prepared in response to a call issued by Nippon Keidanren to various industrial associations for approaches to reduction of GHG emissions. The JPDA is also participating, and has set targets for GHG (excluding concomitant CO₂) emissions from mining facilities in domestic projects for development of oil and natural gas resources

Basic Policy

Based on our HSE Policy, the INPEX Group is striving to address climate change by reducing greenhouse gas (GHG) emissions as established in Key Corporate HSE Objectives which are updated annually.

About 60% of the Group's GHG emissions are from domestic operations. However we expect the amount to increase significantly due to the start of production at Ichthys LNG Project. In response to this situation, we have launched a GHG working group to study the management of our domestic and overseas GHG emissions.

We are going to set new policies and objectives for the Group and have company-wide initiatives for managing GHG emissions and conserving energy.

Reducing GHG Emissions

One of our main source of GHG is the CO₂ derived from the use of energy in our oil and natural gas operations and our electric power generation. Other main sources of GHG are CO₂ diffused from natural gas separation and removal processes and methane diffused by venting natural gas. We control this diffusion, and especially in cases where diffusion is inevitable, we make every effort to reduce the GHG emissions by installing Ground Flare*¹ equipment for burning natural gas at each operating site. This switches emissions from methane, which has a high global-warming potential, to CO₂.

In fiscal 2014, GHG emissions throughout the Group decreased to 605 thousand tons from 651 thousand tons in fiscal 2013. This is due to the decrease of vented and flared gases by approximately 112 thousand tons compared to the emissions during the test operation period at the Naoetsu LNG Terminal in fiscal 2013. In addition, the volume of GHG emissions decreased due to the decrease on the production of domestic operations (24 thousand tons) and the

completion of excavation activities in Abadi LNG Project in June (45 thousand tons). On the other hand, the volume of GHG emissions increased due to the construction activities in Ichthys LNG Project (115 thousand tons) and the excavation activities in Northwest Sabah Offshore Project (approximately 20 thousand tons).

In our operations in Japan, as a short term target, we are aiming to reduce energy use per unit of production by at least 1% annually, as required by the Act on the Rational Use of Energy (Energy Conservation Law). The Act on Promotion of Global Warming Countermeasures also requires businesses to report to the government their annual CO₂ emissions from non-energy sources such as separation and removal processes and other GHGs. We comply with these two laws and are working to manage GHG emissions.

Moreover, by participating in the Japan Business Federation's (Nippon Keidanren) Commitment to a Lower Carbon Society Plan*², through the Japan Petroleum Development Association (Sekoren), we are working to confront the challenges of preventing climate change. In line with its production in the future, we also consider GHG reduction measurements for Ichthys LNG Project.

Forestation Project in Australia

The Ichthys LNG Project continues to assess the sustainability of carbon dioxide sequestration in trees as a CO₂ offset option via the Ichthys Biosequestration Assessment Project (BAP) in Australia. Since 2008, 1.4 million eucalyptus saplings have been planted on more than 650 hectares of land located in the southwest of Western Australia. Some of the larger eucalyptus trees now stand over eight meters tall. The Project has commenced the process of registering the BAP under an Emission Reduction Fund (ERF)*³ to generate Australian Carbon Credit Units (ACCUs)*⁴.



Eucalyptus trees growing at the forested site in the southwest of Western Australia

Savannah Fire Management

Darwin LNG Pty Ltd, which the Group owns a stake in, has supported the West Arnhem Land Fire Abatement project with Northern Territory Government and traditional Aboriginal land owners to reduce greenhouse gas emissions since 2006. Over the 28,000 square kilometer project area, an annual program of early dry season prescribed burning, loading of strategic firebreaks and active suppression of wildfire is conducted which minimizes the extent of destructive late seasons fires, in-turn reducing emissions produced and minimizing impacts on biodiversity and culturally sensitive sites. Total emissions abated for the project from 2007-2014 now stand at approximately 995 thousand tons of CO₂.

In addition, the Ichthys LNG Project is also investigating development of a savannah fire management project in the Northern Territory.

Approaches to Energy Conservation

As a part of the measures to reduce GHG emissions, we are also working to save energy.

In 2008, our Domestic Project Division prepared the Energy Management Manual. It supervises energy use reduction activities at each operating site. In line with this manual, we regularly hold energy conservation group meetings, in which are participated by personnel in charge of energy management at each operating site. At these meetings, the members confirm the progress of medium and long-term plans and review them as necessary. These plans were prepared in accordance with the Energy Conservation Law, and the energy use per unit of production and other factors were reviewed before including them in the periodic reports. The members also share information on energy-saving initiatives and know-how of each site.

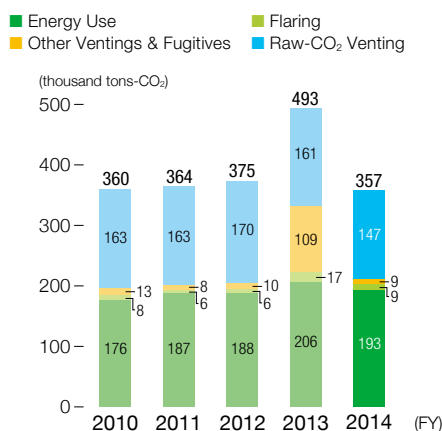
In Nagaoka Gas Field, Japan, we exchange and manage the defective steam traps, share them in the plant, and preferentially run high efficiency devices, such as a gas turbine to reduce energy consumption. As a result, the amount of energy consumption in Domestic Project Division in fiscal 2014 was 3.64 million GJ, 6% decrease compared to 3.88 million GJ in fiscal 2013. In the Ichthys LNG Project, we conducted study on energy efficiency from the engineering phase and strive for energy conservation for the future operation. The total amount of energy consumption in fiscal 2014 was 6.97 million GJ, about 23% increase compared to 5.66 million GJ in fiscal 2013. This result from the construction of Ichthys LNG Project and excavation in Northwest Sabah Offshore Project in Malaysia.

***3 ERF:** A mechanism introduced by the Australian Government aiming to reduce its carbon emissions

***4 ACCUs:** The equivalent of one tonne of carbon dioxide that is stored or abated, which can be used to reduce net emissions under the ERF

GHG Emissions (Domestic)

Annotation for CSR data: *4, 5, 6, 7
<http://www.inpex.co.jp/english/csr/data.html>



Human Resource Development and Deployment



Basic Policy

The INPEX Group places importance on the structure to accept the diversity and the development of human resources who have the common values. The HR Division has formulated the INPEX HR Vision, which comprises four key elements and covers the entire Group. HR policies centered on these elements are implemented from a global perspective with the aim of creating an organization with a high level of global competitiveness by linking employee skills development to excellent team performance.

One example of such HR initiatives is the unification of value standards in April 2014. During the unification previously instituted values at overseas business were replaced with the INPEX Values, which apply to all executives and employees of the Group. Since then, the HR Division has held briefings at business sites to explain the INPEX Values and sought to instill them in employees by incorporating them into personnel assessments. This has helped foster cohesion and a sense of unity throughout the Group.

1 Talent Attraction and Engagement

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

- Job satisfaction and opportunity for growth
- Competitive reward programs – “Total Reward”

2 Focus on People Development

Future leaders and global workforce capability

- Recognize and invest in future leaders
- Proper talent management cycle
- Provide employees with access to skill development programs

INPEX HR VISION

3 Organization Effectiveness

Maximize organizational performance through HR Management Process

- Workforce planning and organization review
- The right people at the right time, right place-staffing, internal posting and global mobility

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

INPEX Values



Safety

Anzen dai ichi – “Safety Number One” – is the way we think, act and promote safety at INPEX that forms the core of a strong HSE culture.



Integrity

We are ethical, honest and trustworthy in our business relationships and professional in our conduct at all times.



Diversity

We proactively embrace our individual differences which is central to who we are at INPEX and what makes a unique and welcoming workplace environment.



Ingenuity

We embrace initiative and innovative problem-solving at every level of INPEX and celebrate our successes at every opportunity.



Collaboration

We rely on unity and team spirit to build strong professional working relationships within INPEX as well as within the communities in which we operate.

Human Resource Development

INPEX conducts training to enhance the overall skills level of employees so that they can contribute to the company's business over the long term. We develop employees by providing level-based training geared toward the desired employee profile, expected roles, and required skills for each job category: global administrative staff, global engineering staff, and area staff.

To support global business operations, we also provide a range of programs to rapidly develop employees who can thrive in an international business environment, including foreign language training, overseas office training, and dispatch to overseas organizations for professional training.

We have been reinforcing HSE-related training initiatives since fiscal 2012 and are introducing new programs. Some examples are an HSE course conducted at the time of new employee training, a web-based HSE learning program in which all executives and employees participate, and assignment of young and mid-level engineering personnel to overseas offices and project sites for several months to raise awareness and sensitivity toward HSE.

In addition to conducting company-wide group training for new recruits, we have also introduced a mentoring system by which a senior employee is assigned to each new hire for one year to provide work-related guidance and moral support to help new employees adjust to work and life at the company.

System for Appropriate Human Resource Evaluation

INPEX strives to establish an employee evaluation system that fairly evaluates and rewards employees according to their work performance and competency and to operate this system in an equitable manner.

In personnel evaluation, we have prepared the Action Reflection Sheet and Goals Challenge Sheet as tools for use by employees to complete a self-evaluation while reflecting on their performance. Employees and managers discuss work performance and competency in interviews, identifying issues and areas for improvement. The system is designed to increase the credibility of the evaluation and contribute to personnel development.

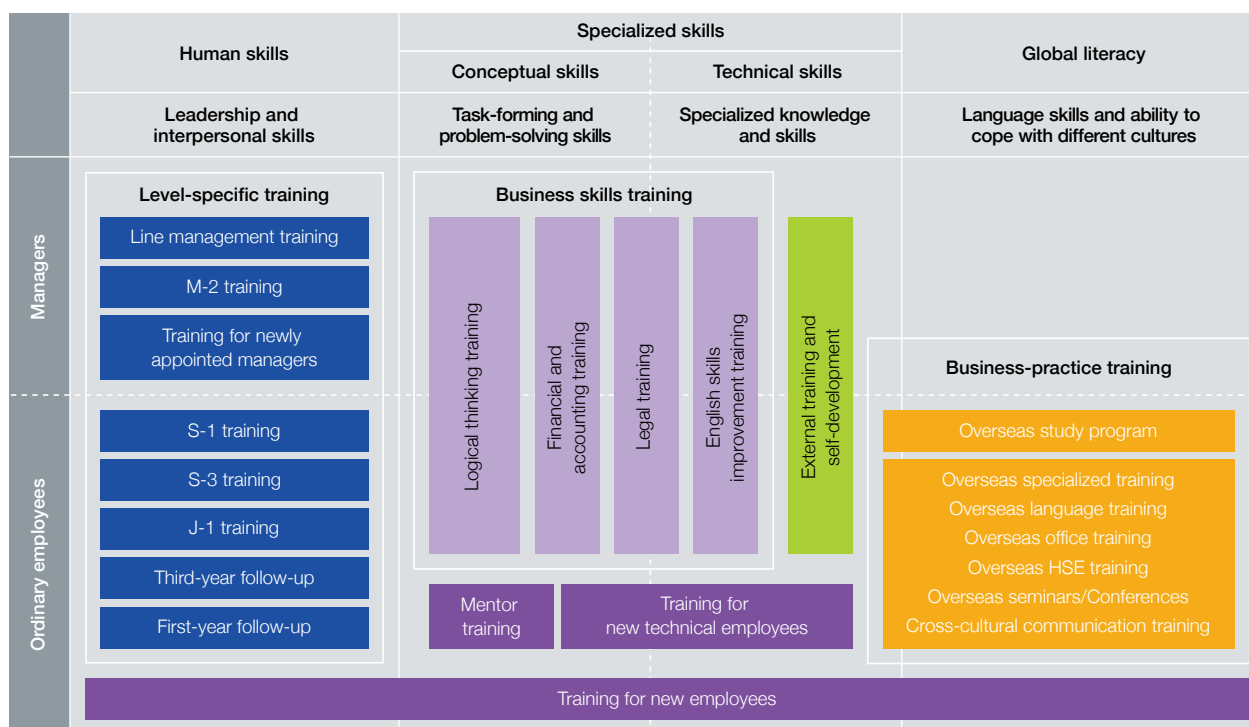
We have implemented a self-reporting system that enables employees to indicate their wishes concerning job description, reassignment, and other matters once a year. This system also functions as a means for the HR Division to identify issues that employees' concern at the time of reassignment, especially the need to care for a family member. Everyone in the Group participates in this system irrespective of gender, age, job category, level, or other considerations.

Major CSR Data



Overview of Training Programs and number of Participants (P. 70)

Diagram of Human Resource Development



Promoting Diversity

■ Diversity Management

INPEX hires talented employees without discriminating on the basis of gender, age, nationality, culture, customs, or other personal attributes. Our policy is to assign people to positions to which they are suited and treat them fairly, and there is no difference between male and female employees in base salary or other conditions of employment. We hire and develop employees necessary for the conduct of business regardless of nationality, and highly specialized employees of foreign nationality work throughout the Group.

In January 2015, INPEX established the Global Human Resources / Diversity & Inclusion Group at the corporate headquarters for the purpose of further reinforcing initiatives to promote diversity from a global perspective. As the number of employees of various nationalities and cultural backgrounds increases accompanying business expansion, we are working to develop a human resources management system appropriate to a global company. In addition, in January 2015 we instituted the Global Mobility Guideline and put in place a mechanism for making cross-border assignments of employees to suitable positions. A particular area of emphasis is to promote the utilization of persons hired in Australia at business sites in other countries; there were four such reassignments in fiscal 2014.

Additionally, because our large-scale overseas projects are now approaching their full-scale development and production phases and we expect our activities as an operator to continue for a long time, we are directly recruiting at our overseas offices local employees who will play a key role in operations, observing local laws and utilizing a transparent hiring process. We are maintaining a high incentive to work and increasing the employee retention rate by adopting measures such as maintaining competitive labor conditions. In fiscal 2014, the number of foreign nationals employed across the Group was 1,354, or 42.6% of the total workforce. Of these foreign nationals, 144 held management positions (120 men and 24 women).

In 2014, a number of diversity and inclusion programs have been implemented in Australia including:

- Training for provision of equal employment opportunities
- Training for understanding Australia's Aboriginal people and different cultures
- Holding of internal diversity workshops
- Participation in diversity discussions

Through these initiatives, we strive to create discrimination-free workplace environments that reflect due consideration of employee diversity.

■ Promoting Advancement of Female Employees

In accordance with the INPEX Values and the basic policy on diversity management, INPEX has instituted a voluntary action plan for actively creating an environment in which female employees can fully demonstrate their abilities.

We proactively engaged in the recruitment of female employees, and in fiscal 2015 the number of them in general employment positions among new hires was 2.7-times the average for the previous five years. We will continue to proactively recruit female employees and aim to more than double the number of females in management positions from the current level within a few years.

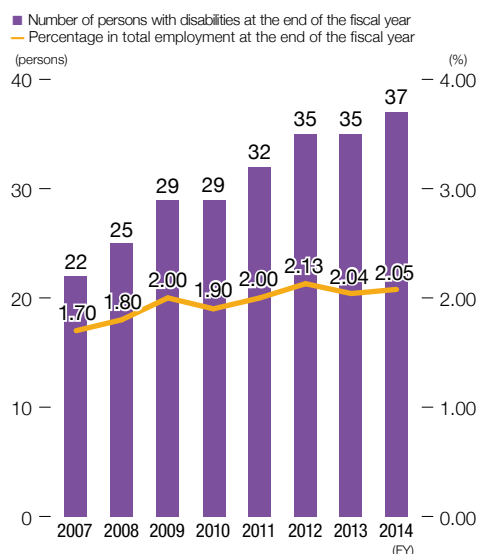
■ Rehiring of Retirees

INPEX has introduced a rehiring contract system that enables employees who have reached the mandatory retirement age of 60 to continue working to make use of their extensive experience and advanced abilities and skills. This system allows for continuous employment until the age of 65 on a one-year renewable basis when the desire of the individual and the requirements of the company coincide. We have hired all applicants to this program, and at the end of fiscal 2014 (March 31, 2015) 59 employees were working under retire-rehire contracts.

■ Promoting Employment of Persons with Disabilities

INPEX has been proactive in hiring persons with disabilities, giving consideration to factors such as job

Percentage of Persons with Disabilities in Total Employment



content and workplace environment. At the end of fiscal 2014, the number of persons with disabilities was 29 (actual number of persons with disabilities employed: 37) who account for 2.05% of the total workforce, higher than statutory employment quota under Japan's employment quota system. We will continue to make efforts in the future to employ as many persons with disabilities as is feasible.

Promoting Work-Life Balance

Based on the basic policy of diversity management, INPEX creates workplaces that reflect the importance we place on a healthy balance between work and home life. We provide working environments that accommodate the circumstances and lifestyles of individual employees and enable people to demonstrate their full potential. We also pay close attention to external factors, such as Japan's declining birth rate and aging population, when promoting work-life balance.

As part of these activities, we have instituted a program that allows employees to accumulate a portion of paid annual leave that has reached the legal expiration date. In April 2014, we improved this program to enable employees to accumulate even more days. To meet evolving social standards, we have also relaxed the requirements for using vacation days. For instance, employees can use annual leave for purposes such as regular doctor visits.

Efficient Use of Work Time

INPEX conducts a campaign to encourage individual employees to manage their own work schedules so that they can leave the office before 6:00 pm at least four days every month. We also have a campaign designed to promote the taking of summer holidays. By encouraging employees to take a number of consecutive days off, we want them to add variety to their day-to-day lives, refresh themselves mentally and physically, effectively utilize the limited time available, and work more efficiently.

To reduce overtime work, supervisors and HR Division personnel discuss the situations of employees who continuously work more than a certain number of overtime hours, assessing the situation, sharing issues, and confirming solutions.

Support for Child Rearing and Nursing Care

INPEX actively seeks to create an environment that supports work-life balance for employees involved in raising children or providing nursing care to family members. We have introduced a variety of support systems that exceed legal requirements, which are offered to all employees including contract workers. In April 2015, we expanded and upgraded the short-time working system and flextime system to support child rearing and the special leave system to support caring for sick or injured children.

Furthermore, we instituted the General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. We have implemented measures to promote the participation of employees, whether male or female, in child rearing and offer support to allow them to care for their children while continuing to work.


Thanks to penetration of these measures, in fiscal 2014, 17 employees (4 men and 13 women) took leave for birth or child care, and all of them returned to their jobs afterward. Among the employees who took child care leave in the previous fiscal year, 5 of 5 women (there were no men) remained INPEX employees at the end of fiscal 2014.

Dialogue between Employees and Management

The Group strives to build a sound relationship between management and employees based on a foundation of mutual trust and cooperation, and both management and employees seek the growth and development of the company. To maintain and develop a healthy relationship, management and labor representatives meet periodically to exchange views and ideas on a broad range of issues including challenges facing the company and the business outlook.

As of March 31, 2015, the INPEX labor union has 1,127 members, comprising about 70% of the total regular workforce. No complaints have been received since the union was formed in October 2008. The following significant revisions resulted from negotiations between INPEX and the labor union in fiscal 2014.

- Application of the short-time working system for child care was extended to children in the fourth year of elementary school (a one-year extension), and application of the flextime system was extended until children graduate from elementary school (a three-year extension).
- Previously, five days of paid special leave to care for sick or injured children per year were granted to care for pre-school children. In addition to this, three days of paid leave are now granted during the period of elementary school attendance.
- A new program has been established to enable employees accompanying spouses transferred overseas to take leave for a period of from one year to less than three years.



Major CSR Data

Number of Employees
(P. 77)


Recruitment in fiscal 2014 (Unconsolidated)
(P. 77)

Staff Turnover Rate in fiscal 2014 (Unconsolidated)
(P. 77)

Number of Physically Challenged Employees in fiscal 2014 (Unconsolidated)
(P. 78)

Number of Employees working under Retire-Rehire Contracts in fiscal 2014 (Unconsolidated)
(P. 78)

Support Programs for Child Rearing and Nursing Care
(P. 78)



Web

General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Phase 3) (External Link)
http://www.ryouritsu.jp/hiroba/planfile/201506191515211835884_3.pdf
 (in Japanese)

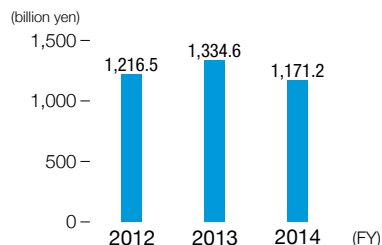
Major CSR Data

Annotation for CSR Data: <http://www.inpex.co.jp/english/csr/data.html>

Economic Data

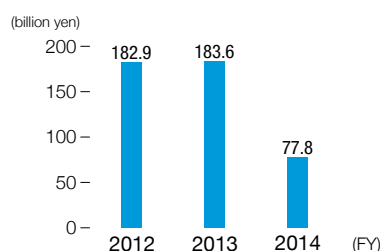
Net Sales (Consolidated)

Net Sales



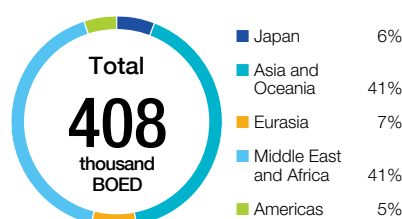
Net Income (Consolidated)

Net Income



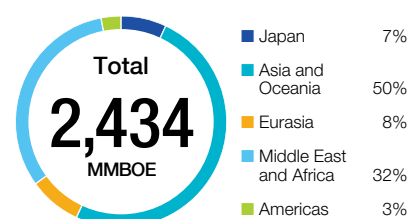
Net Production by Region (Consolidated)

Fiscal 2014 Net Production by Region

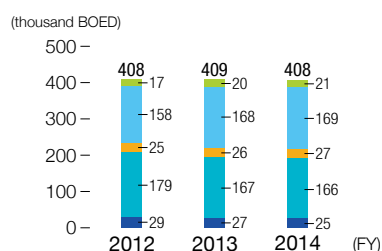


Proved Reserves by Region (Consolidated)

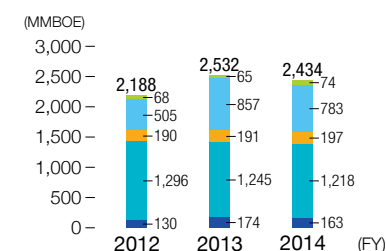
Fiscal 2014 Proved Reserves by Region



Net Production



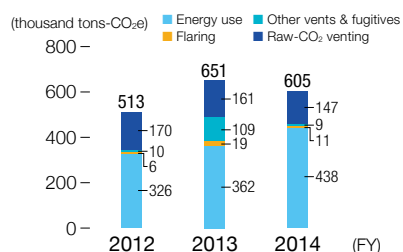
Proved Reserves



Environmental Data

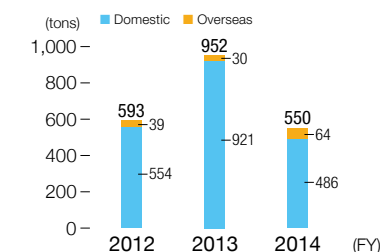
Total GHG Emissions (Consolidated)

Total GHG Emissions*4,5,6,7

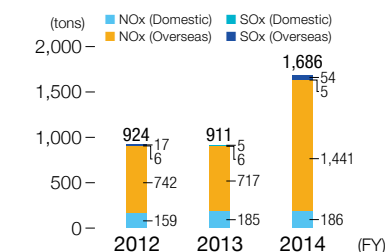


Emissions into the Atmosphere (Consolidated)

VOC Emissions*13

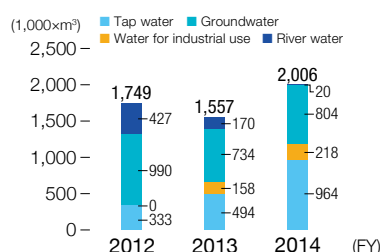


NOx and SOx Emissions



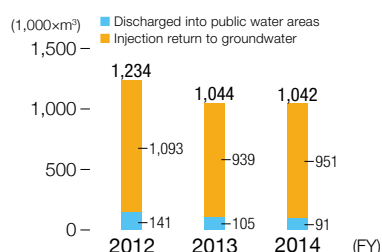
Water Consumption (Consolidated)

Water Consumption*12



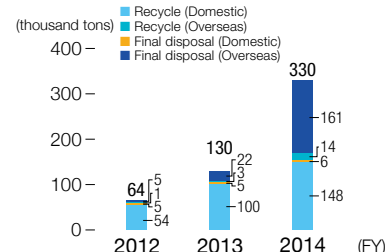
Wastewater Discharged (Consolidated)

Wastewater Discharged*14




Waste Volume (Consolidated)

Recycled Waste and Final Disposal



Third-Party Assurance

Performance data in FY2014 on domestic GHG emissions, GHG emissions related to sales energy consumption, water consumption, wastewater discharged, VOC emissions, LTIF and TRIR in Japan and overseas have been assured by KPMG AZSA Sustainability CO., Ltd. All performance data are available in Full Report. (The data marked with the symbol  are assured in this report.)

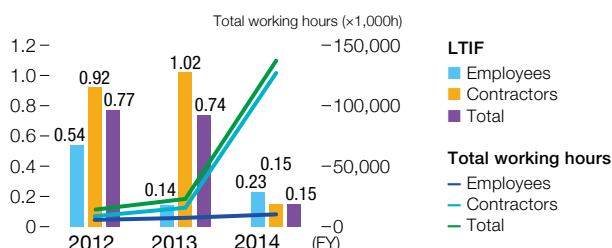
Breakdown of GHG Emissions by Type

Type	Unit	2012	2013	2014
CO ₂	tons	501,536	541,246	593,870
CH ₄	tons-CO ₂	10,516	109,591	9,543
N ₂ O	tons-CO ₂	894	624	1,717

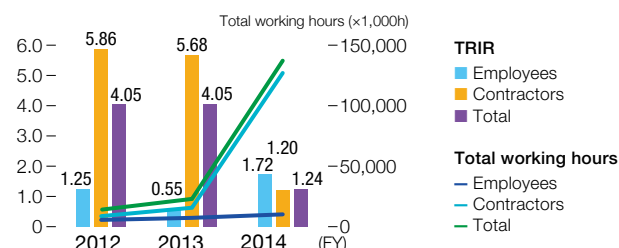
Report Boundary: INPEX CORPORATION and its 65 consolidated subsidiaries
The scope of environmental data is nine Operational Organizations

Social Data

LTIF (Consolidated)*15



TRIR (Consolidated)*16



Employees (Consolidated)

Fiscal 2014 Domestic and Foreign Employees

Unit: persons

Category	Male	Female	Total
Japanese	1,617	207	1,824
Foreigners	960	394	1,354
Total	2,577	601	3,178

Fiscal 2014 Directors and Employees by Position Category

Unit: persons

Category	Male	Female	Total
Directors and Executive Officers	42	0	42
Managerial staff	735	30	765
General staff	1,842	571	2,413
Total of Employees	2,577	601	3,178

Compliance

The Number of Internal Reports and Crucial Compliance Violations

Unit: Cases

	Boundary	2012	2013	2014
Number of Internal Reports	Japan	4	6	13
	Australia	0	3	3
Number of Crucial Compliance Violations	Consolidated	0	0	0

Employees (Unconsolidated)

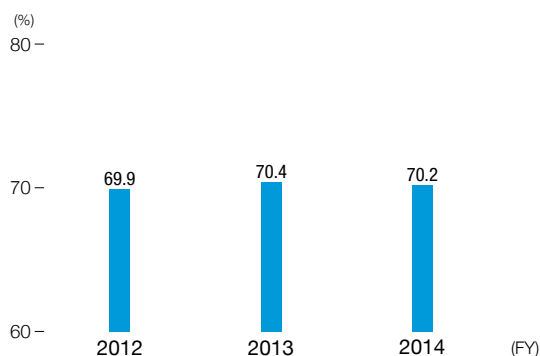
Fiscal 2014 Employees

Unit: persons

Type		Male	Female	Total
Number of employees		1,247	247	1,494
Average length of service (year)		15.5	10.2	14.7
Recruitment	New graduate hires	49	9	58
	Mid-career hires	30	3	33
Number of Staff Turnovers	29 and under	1	3	4
	30-59 (years-old)	7	1	8

*The total of the average length of service shows the average of all employees (unconsolidated)
*Excludes age-limit retirees and employees resigned as executives

Labor Union Participation Rate (Unconsolidated)



*Participation rate=the number of union members/the number of full-time employees

Human Resource Development (Unconsolidated)

Overview of Training Programs and Number of Participants

Unit: persons

Program	Overview	2012	2013	2014
Level-specific training	Training for employees at milestones in their career—from joining the company to being promoted or moved to a new position—to help them gain an understanding and awareness of their new role and acquire necessary skills	281	294	284
Overseas language training	Training at overseas language schools in other countries for young employees to improve their international communication skills	16	15	9
HSE training	Training for acquisition of basic knowledge about HSE and improvement of operational experience through OJT	97	84	115
Business skill training	In-house training to improve the skills including financial knowledge, logical thinking and legal knowledge	138	155	136
Overseas office training	Practical training at overseas offices for young clerical employees to acquire knowledge of overseas business practices in order to prepare for future overseas posting	17	17	24
Overseas specialized training	Practical training for young employees to acquire expert knowledge and the latest techniques of oil exploration and production at overseas specialized institutions	107	95	70
Overseas study program	Training for young employees to acquire expert knowledge of oil exploration and production at overseas specialized institutions	4	5	7

Economic Data

Financial Data

Sum range	Item	2012	2013	2014	Unit
Consolidated	Net Sales	1,216,533	1,334,625	1,171,226	million yen
	Operating Income	693,447	733,610	534,886	
	Net Income	182,961	183,690	77,820	
	Shareholders' Equity	2,339,956	2,497,725	2,549,494	
	Total Assets	3,616,158	4,038,139	4,499,153	
	Net Assets	2,670,983	2,996,036	3,288,703	%
	Return on Equity (ROE)	7.9	7.0	2.7	
	Net Debt * ¹	-815,309	-725,329	-472,194	
	Net Debt / Net Total Capital Employed * ²	-43.9	-31.9	-16.8	%
	Payout Ratio	14.0	14.3	33.8	
	Cash Dividends per Share and Payout Ratio * ³	17.5	18.0	18.0	yen
	R&D Expenses	98.0	40.0	85	million yen
	Finding and Development Cost per Boe (3-year average)	11.2	11.7	58.2	USD/boe
	Capital	29,089,835	29,089,835	29,089,835	thousand yen
	Payments to Governments	Azerbaijan	162,215	—	thousand USD
		Kazakhstan	31,282 (2011)	—	
		East Timor	492,117	—	
		DR. Congo	6553 (2010)	—	
		Indonesia	1,538,269 (2011)	—	
	Economic, Environmental and Social Charters, Principles, or Other Initiatives We Support	Global Compact, EITI (Extractive Industries Transparency Initiative)	Global Compact, EITI, IPIECA (International Petroleum Industry Environmental Conservation Association)	Global Compact, EITI, IPIECA	—
	Memberships of Associations in Japan and Overseas	Japan Petroleum Development Association, APPEA (The Australian Petroleum Production & Exploration Association), EITI (Extractive Industries Transparency Initiative)	Japan Petroleum Development Association, APPEA, EITI, Biodiversity and Eco-system Working Group jointly managed by IOGP and IPIECA	Japan Petroleum Development Association, APPEA, EITI, Biodiversity and Eco-system Working Group jointly managed by IOGP and IPIECA	—

Business-related Data

Sum range	Item	2012	2013	2014	Unit
Consolidated	Net Production by Region	Japan	133.7	125.5	113.9
		Asia and Oceania	638.7	643.5	662.6
		Eurasia	—	—	—
		Middle East and Africa	—	—	—
		Americas	90.9	107.4	103.4
		Total	863.4	876.4	880
	Crude Oil	Japan	3.9	3.6	3.2
		Asia and Oceania	58.3	46.0	40.9
		Eurasia	25.1	26.1	27.0
		Middle East and Africa	158.2	167.6	168.9
		Americas	0.5	1.5	2.7
		Total	245.9	244.9	242.7
Consolidated	Proved Reserves by Region	Japan	609	816	765
		Asia and Oceania	5,821	5,603	5,425
		Eurasia	42	27	27
		Middle East and Africa	—	—	—
		Americas	297	289	343
		Total	6,768	6,735	6,561
	Crude Oil	Japan	15	21	19
		Asia and Oceania	211	201	206
		Eurasia	183	186	192
		Middle East and Africa	505	857	783
		Americas	15	13	13
		Total	929	1,278	1,213
Consolidated	Total Amount of Investment to Renewable Energy	—	516	868	million yen

Environmental Data

Environmental Data

Sum range	Item		2012	2013	2014	Unit		
Unconsolidated	Environmental Protection Expenditures and Investments (Cost of Environmental Technologies)	Global warming countermeasures (incl. energy conservation costs)	723	212	263,699	million yen		
		Protection of atmospheric environment	72	66	94.05			
		Protection of water environment	38	8	168,397			
		Chemical substance countermeasures	29	43	98,944			
		Noise/vibration countermeasures	27	45	115,854			
		Protecting the natural environment	34	35	60			
		Others	16	0	0			
		Total	938	409	800,944			
Consolidated	GHG Emissions *4, 5, 6, 7	Emissions Source				tons-CO ₂		
		Energy Use	325,974	361,853	438,158			
		Flaring	6,433	19,450	11,349			
		Other Ventings & Fugitives	10,350	109,324	8,901			
	Gas Types	Raw-CO ₂ Venting	170,189	160,833	146,722	tons		
		CO ₂	501,536	541,246	593,870	tons		
		CH ₄	10,516	109,591	9,543	tons-CO ₂		
		N ₂ O	894	624	1,717			
Total GHG Emissions	512,946	651,460	605,130					
Consolidated (Japan)	GHG Emissions (Domestic) *4, 5, 6, 7 <input checked="" type="checkbox"/>	Energy Use	18.8	20.6	19.3 ^{*8}	thousand tons-CO ₂		
		Flaring	0.6	1.7	0.9			
		Other Ventings & Fugitives	1.0	10.9	0.9			
		Raw-CO ₂ Venting	17.0	16.1	14.7			
		Total	37.4	49.3	35.7			
Consolidated (Japan)	GHG Emissions per Unit (Domestic) *4, 5, 6, 7, 9, 10	1.390	1.425	1.444	tons-CO ₂ /GJ			
Consolidated	Direct GHG Emissions (Scope1) *4, 5, 7	Japan	35.0	45.8	31.7	thousand tons-CO ₂		
		Overseas	13.5	15.2	23.3			
		Total	48.5	61.0	55.0			
Consolidated	Indirect GHG Emissions (Scope2) *4, 5, 7	Japan	2.5	3.6	4.0	thousand tons-CO ₂		
		Overseas	0.3	0.6	1.5			
		Total	2.8	4.2	5.5			
Consolidated (Japan)	Other Indirect GHG Emissions (Scope3) *6, 11 <input checked="" type="checkbox"/>	—	—	427	thousand tons-CO ₂			
Consolidated (Japan)	Energy Consumption by Project	Ichthys LNG Project	1,352,055	1,227,918	2,821,929	GJ		
		Abadi LNG Project	26,840	504,405	242,480			
		Gas Guarico	45,195	45,073	31,755			
		Offshore Sabah Block	147,463	2,104	229,387			
		Suriname	0	0	0			
		Operations in Japan	3,640,870	3,877,146	3,643,115			
		Total	5,212,424	5,656,647	6,968,666			
Consolidated (Japan)	Energy Consumption (Domestic consumption only) <input checked="" type="checkbox"/>	Natural Gas	68,457	72,291	66,596	thousand Nm ³		
		Refinery Gas	1,005	0	0			
		Gas Oil	1,116	1,493	668	kl		
		Fuel Oil A	68	0	39			
		Kerosene	66	28	26			
		Gasoline	519	663	815	tons		
		Condensate	0	0	0			
		LPG	24	27	30			
		Purchased Electricity	45,593	62,913	67,873			
		Consolidated (Japan)		City Gas	289	398	427	thousand Nm ³
Heat Supply	6,886			8,350	8,201	GJ		
Electricity Generated Using Renewable Energy (Solar Power)	—			2,867	2,910	MWh		
Consolidated	Water Consumption *12	Japan <input checked="" type="checkbox"/>	Tap Water	188,901	211,233	194,971	m ³	
			Water for Industrial Use	—	158,443	218,128		
			Groundwater	989,587	727,482	802,229		
			Sea	172,083	158,443	0		
			Total	1,350,571	1,255,601	1,215,328		
		Overseas	Tap Water	144,261	282,786	768,976		
			Water for Industrial Use	—	0	0		
			Groundwater	92	6,441	2,109		
			Sea	254,528	12,052	19,787		
			Total	398,881	301,279	790,872		
		Total		—	1,749,452	1,556,878	2,006,200	

Environmental Data

Sum range	Item			2012	2013	2014	Unit			
Consolidated	Emissions into the Atmosphere ^{*14}	VOC ^{*13}	Domestic <input checked="" type="checkbox"/>	554	921	486	tons			
			Overseas	39	30	64				
			Total	593	952	550				
		NOx	Domestic	159	185	186				
			Overseas	742	716	1441				
			Total	901	901	1627				
		SOx	Domestic	6	5	5				
			Overseas	17	5	54				
			Total	23	10	59				
Consolidated	Wastewater Discharged	Japan <input checked="" type="checkbox"/>	Discharged into Public Water Areas	141,022	104,871	90,744	m³			
			Injection Return to Groundwater	1,093,424	932,670	942,183				
			Total	1,234,446	1,037,541	1,032,927				
		Overseas	Discharged into Public Water Areas	0	0	0				
			Injection Return to Groundwater	0	6,182	8,798				
			Total	0	6,182	8,798				
		Total	—	1,234,446	1,043,723	1,041,726				
		Consolidated	Waste Volume	Recycled	Domestic	54,255		99,917	147,648	tons
					Overseas	628		3,199	14,326	
Total	54,882				103,116	161,974				
Disposed	Domestic			4,731	4,549	6,097				
	Overseas			4,832	21,931	161,455				
	Total			9,563	26,480	167,552				
Total	—			64,444	129,594	329,526				
Consolidated	Category ①: General Waste			Combustible	Domestic	158	164	601	tons	
					Overseas	3,036	5,767	11,933		
		Total	3,195		5,931	12,533				
		Incombustible	Domestic	52	64	84				
			Overseas	97	578	79				
			Total	149	642	163				
		Category ②: Waste	Recycled	Domestic	54,166	99,906	147,648			
				Overseas	628	3,199	14,326			
				Total	54,793	103,105	161,974			
Final disposal	Domestic		4,307	3,654	4,861					
	Overseas		1,699	15,586	149,443					
	Total		6,006	19,240	154,304					
Category ③: Industrial Waste Subject to Special Control	Recycled	Domestic	89	10	0					
		Overseas	0	0	0					
		Total	89	10	0					
	Final disposal	Domestic	213	666	551					
		Overseas	0	0	0					
		Total	213	666	551					
Consolidated	Oil Spills	Number of Spills	13	49	202	cases				
		Quantity of Spills	330	11	197	bbl				

Biodiversity

Sum range	Item	2012	2013	2014	Unit
Consolidated	Ratio of Material Operation Sites of which Biodiversity Risk is Monitored and Evaluated	—	100	100	%

Environmental Data

Environmental Investments in Fiscal 2014—Implementation and Effects (April 2014 to March 2015)

Objectives	Items for Investment	Investment Amount (thousand yen)	Environmental Benefit	Quantitative Evaluation of Investment Effects or Environmental Impact Reduction (Physical Units)
Climate change countermeasures (includes cost of energy conserva- tion measures)	Switched to energy-saving lighting	12,809	Reduced electricity consumption by switching from fluorescent lamps to LED lighting	Electricity consumption reduced by 20,700 kWh/year
	Switched to energy-saving air conditioning facilities	114,668	Reduced electricity consumption by completely switching from gas boiler heating/ electric cooling facilities to energy-saving gas heat pump air conditioners	Electricity consumption reduced by 185,977 kWh/year
	Changed gas compressor suction pressure	64,608	Reduced electricity consumption by adding compressor processing volume	Electricity consumption reduced by 124,800 kWh/year (130 operating days)
	Constructed photovoltaic power generation facility	55,914	Reduced GHG emissions by using renewable energy	GHG emissions reduced by 4.74 t-CO ₂ /year
	Used air compressor high-pressure air for engine start-up	13,900	Curbed CO ₂ leakage and venting by using high-pressure compressed air for gas engine start-up	GHG emissions reduced by 6.6 t-CO ₂ /year accompanying reduction in released gas (CH ₄) of approx. 500 Nm ³ /year
	Installed the "Dr. Trap" system and software	1,800	Maintained the integrity of steam trap operation and reduced fuel consumption by installing the Dr. Trap system for detecting and replacing defective traps	Replaced 41 defective traps detected in steam trap inspections at 380 locations. Overall natural gas use at the Nagaoka Field Office reduced by 7% from the previous year
	Sub-total	263,699		
Conservation of air quality	Converted VOC removal systems to digital systems	40,000	Improved VOC removal efficiency through an increase in the VOC removal system operating rate attained by increasing the probability of trip avoidance accompanying manual control of temperature control operation	Fiscal 2014 VOC removal system operating rate: 99.4%
	Replaced VOC removal system catalyst	52,700	Reduced VOC emissions into the atmosphere through processing capacity improvement accompanying catalyst replacement	VOC outlet concentration after catalyst replacement: · Benzene, toluene, xylene → Reduced to 0 mg/Nm ³ · VOC Oyazawa → Reduced to 0 mg/Nm ³ · Koshijihara → Reduced to 129 mg/Nm ³
	Cleaned the inside of the VOC removal system air stripper and filling material	1,350	Restored groundwater VOC processing capacity by cleaning inside of the air stripper and cleaning and removing deposits	VOC processing capacity: 380 t/d in summer, 500 t/d in winter
	Sub-total	94,050		
Chemical substance management	Replaced adsorbents in mercury removal devices	98,944	Prevented impurity contamination of sales gas and sales oil and emission into the atmosphere by improving mercury removal capacity following adsorbent replacement	Amount of impurities removed: total of 670 kg/year (maintained capacity at the design value)
	Sub-total	98,944		
Conservation of soil and groundwater environment	Installed leach filters on injection equipment	114,807	Ensured stable injection water volume accompanying use of the injection water suspended solids removal method (land subsidence countermeasure)	Since additional countermeasure work was required after start of operation, quantitative evaluation to be conducted after completion of additional work (planned for fiscal 2016)
	Installed oil leak detectors	53,590	Prevented oil leakage into public water bodies through early detection following introduction of a 24-hour automated monitoring system at unmanned sites	Oil leak volume: zero
	Sub-total	168,397		
Prevention of noise and vibration	Installed noise barriers and acoustic absorption materials	43,754	Reduced noise near the plants by installing noise barriers and acoustic absorption materials	Noise reduction: 5 – 10 db at the site boundaries
	Changed the foundation pile driving method, adopted the auger drilling method	72,100	Reduced vibration and noise by switching from the hammer method to the auger drilling method	Noise reduction: estimated value of approx. 20 db
	Sub-total	115,854		
Conservation of natural environment	Installed water sprinkling pipes, developed green belt (continued)	60,000	Improved the local environment and made possible CO ₂ absorption into the future through green belt development and planting of pines and other saplings	CO ₂ absorption effect from tree planting: 1580.2 t/year
	Sub-total	60,000		
Investment total		800,944		

Environmental Data

Environmental Impact of Our Business Activities

INPUT

Fuel	Fuel (GJ)	6,968,666	Raw materials	Purchased gas (thousand CF)	25,844,242
	Water(kL)	2,006,200		Purchased crude oil (bbl)	29,747
				Purchased LPG (tons)	31,129

Exploration, Development,
and ConstructionProduction and
Power GenerationIncluding some fuel produced
by INPEX CORPORATIONTransportation and
Sales

OUTPUT

Sales	Natural gas (thousand CF)	60,475,460	Emissions	GHGs (tons-CO ₂)	357,462
	Crude oil (amount sold; bbl)	1,153,649		PRTR substances (tons)	0
	Petroleum products (bbl)	0		VOC (tons)	550
	LPG (tons)	0		NOX (tons)	1,627
	Electricity (thousand kWh)	205,857		SOX (tons)	59
	Iodine (tons)	483		Water discharged into public water areas (m ³)	90,744
Industrial waste	Total waste (tons)	329,526	<small>· Data on the output of PRTR substances was collected only from our domestic operations</small>		
	Disposed (tons)	167,552			
	Recycled (tons)	161,974			

Social

Health and Safety

Sum range	Item		2012	2013	2014	Unit
Consolidated	Incident Frequency	Employees	0.54	0.14	0.23	—
		By Contract <input checked="" type="checkbox"/> Contractors	0.92	1.02	0.15	
		Total	0.77	0.74	0.15	
		LTIF*15				
		Japan	0.64	1.09	0.72	
		Australia	0.85	0.09	0.06	
		Indonesia	0.00	0.00	0.00	
		By Region				
		Venezuela	1.64	7.73	6.80	
		Malaysia	0.00	0.00	0.00	
		Suriname	0.00	0.00	0.00	
		Libya	0.00	—	—	
		Employees	1.25	0.55	1.72	
		By Contract <input checked="" type="checkbox"/> Contractors	5.86	5.68	1.20	
		Total	4.05	4.05	1.24	
		TRIR*16				
		Japan	2.45	2.85	3.24	
		Australia	7.00	4.49	0.98	
		Indonesia	0.00	0.00	0.00	
		By Region				
		Venezuela	6.55	22.22	18.47	
		Malaysia	0.00	0.00	0.00	
		Suriname	0.00	0.00	0.00	
		Libya	0.00	—	—	
Consolidated	Fatalities	Employees	0	0	0	persons
		By Contract				
		Contractors	1	0	1	
		Total	1	0	1	
		Japan	1	0	0	
		Australia	0	0	1	
		Indonesia	0	0	0	
		By Region				
		Venezuela	0	0	0	
		Malaysia	0	0	0	
		Suriname	0	0	0	
		Libya	0	—	—	
Consolidated	Lost Time Injury	Employees	3	1	2	cases
		By Contract				
		Contractors	7	16	18	
		Total	10	17	20	
		Japan	4	8	6	
		Australia	4	1	7	
		Indonesia	0	0	0	
		By Region				
		Venezuela	1	8	7	
		Malaysia	0	0	0	
		Suriname	0	0	0	
		Libya	0	—	—	
Consolidated	Restricted Workday Injury	Employees	1	1	2	cases
		By Contract				
		Contractors	23	41	43	
Consolidated	Medical Treatment of Injury	Total	24	42	45	cases
		Employees	3	2	11	
		By Contract				
Consolidated	Medical Treatment of Injury	Contractors	20	32	91	cases
		Total	23	34	102	

Social

Employees

Sum range		Item	2012	2013	2014	Unit
Consolidated	Employees	Employees Sum Total	1,473	1,544	1,558	persons
		Japan				
		Managerial Staff	455	474	498	
		Short-term Employees	306	284	282	
		Asia and Oceania				
		Employees Sum Total	799	1,152	1,396	
		Managerial Staff	199	224	203	
		Short-term Employees	859	1,272	1,169	
		Eurasia				
		Employees Sum Total	12	14	25	
		Managerial Staff	5	6	11	
		Short-term Employees	3	8	19	
		Middle East and Africa				
		Employees Sum Total	57	62	67	
		Managerial Staff	22	21	25	
		Short-term Employees	13	6	6	
		North and Central America				
		Employees Sum Total	16	26	40	
		Managerial Staff	8	14	19	
		Short-term Employees	2	8	5	
		South America				
		Employees Sum Total	98	76	92	
		Managerial Staff	14	11	9	
		Short-term Employees	21	26	49	
Consolidated	Employees Overall	Japanese Male Employees Sum Total	1,491	1,588	1,617	persons
		Managerial Staff	590	612	654	
		Male Employees Sum Total (Figures in parentheses denote the ratio of male employees)	536	751	960	
		Managerial Staff	93	115	120	
		Male Employees Sum Total (Figures in parentheses denote the ratio of male employees)	2,027 (82.6)	2,339 (81.4)	2,577 (81.0)	
		Male Managerial Staff Sum Total (Figures in parentheses denote the ratio of male managerial staff)	683 (97.2)	727 (96.9)	735 (96.1)	
		Japanese Female Employees Sum Total	185	202	207	
		Managerial Staff	5	6	6	
		Foreign Female Employees Sum Total	243	333	394	
		Managerial Staff	15	17	24	
		Female Employees Sum Total (Figures in parentheses denote the ratio of female employees)	428 (17.4)	535 (18.6)	601 (18.9)	
		Female Managerial Staff Sum Total (Figures in parentheses denote the ratio of female managerial staff)	20 (2.8)	23 (3.1)	30 (3.9)	
		Foreign Employees Sum Total (Figures in parentheses denote the ratio of foreign employees)	779 (31.7)	1,084 (37.7)	1,354 (42.6)	
		Total	2,455	2,874	3,178	
		Number of Short-term Employees	1,204	1,604	1,530	
Unconsolidated	Employees	Male	1,096	1,247	1,247	persons
		Female	208	235	247	
		Total	1,304	1,482	1,494	
	Average Length of Service for New Graduate Hires	Male	16.3	16.1	15.5	years
		Female	11.5	9.9	10.2	
		Total	15.6	15.2	14.7	
	Number of Staff Turnovers	Male				persons
		29 and under	1	0	1	
		30-59 (years-old)	8	6	7	
		Total	9	6	8	
		Female				
		29 and under	4	1	3	
	Number of Staff Turnovers	30-59 (years-old)	4	1	1	persons
		Total	8	2	4	
		Staff Turnover Rate *17	1.3	0.5	0.8	
	Recruitment	Male	43	51	49	persons
		Female	10	11	9	
		Total	53	62	58	
		Male	22	30	30	
		Female	5	4	3	
		Total	27	34	33	
	Ratio of Standard Minimum Salary to Local Minimum Wage		—	—	1.46	%

Social

Sum range	Item	2012	2013	2014	Unit
Indonesia, Australia	Percentage of Senior Executives Appointed from Local Communities	Jakarta office	—	—	28.6
		Perth office	—	—	73.2
		Total	—	—	61.8
	Average Rate of Paid Leave Taken	Male	67.5	66.5	68.1
		Female	85.8	82.0	85.6
		Total	69.8	68.6	70.5
	Rates for Receipt of Physical Examinations and Checkups	98.5	99.1	99.9	%
	Number of Employees Taking Maternity Leave	8	6	6	persons
Unconsolidated	Male	Number of Employees	2	0	4
		Pct. Returning to Work after Maternity Leave *18	100	—	100
		Pct. Remaining at Work after Maternity Leave *19	100	100	-
	Female	Number of Employees	12	8	13
		Pct. Returning to Work after Maternity Leave *18	100	83	100
		Pct. Remaining at Work after Maternity Leave *19	100	75	100
	Total	Number of Employees	14	8	17
		Pct. Returning to Work after Maternity Leave *18	100	83	100
		Pct. Remaining at Work after Maternity Leave *19	100	83	100
	Number of Employees Making Use of Limited Working Hours for Childcare, and Flexible Working Hour Schemes	Male	5	5	8
		Female	17	20	26
		Total	22	25	34
	Number of Employees Taking Child Healthcare Leave	Male	5	8	13
		Female	17	22	25
		Total	22	30	38
	Number of Employees Making Use of Childcare, Nursery, Crèche, and Babysitter Subsidy Schemes	Male	38	37	38
		Female	15	13	14
		Total	53	50	52
	Number of Employees Making Use of Nursing Care Leave System	Male	0	0	1
		Female	1	0	0
		Total	1	0	0
	Number of Employees Making Use of Limited Working Hours for Nursing Care System	Male	0	0	0
		Female	1	0	1
		Total	1	0	1
	Number of Employees Taking Special Leave for Family Care	Male	4	4	6
		Female	4	3	4
		Total	8	7	10
	Number of Physically Challenged Employees (Figures in parenthesis denote the percentage in total employment)	35 (2.13)	35 (2.04)	37 (2.05)	persons (%)
	Number of Employees Working under Retire-Rehire Contract	50	52	59	persons
	Number of Employees Utilizing Volunteer Leave System	92	91	16	persons
	Labor Union Participation Rate	69.9	70.4	70.2	%
Unconsolidated	Number of Participants in Training Programs	Level-specific Training	281	294	284
		Business Skill Training	138	155	136
		Language Training	16	15	9
		Overseas Office Training	17	17	24
		Overseas Specialized Training	107	95	70
		Study Overseas Program	4	5	7
		HSE Training	97	84	115
		The HSE OJT Beginner-level Training	—	6	10
		The HSE OJT Intermediate-level Training	—	2	4
	Training Hours per Person	Male	—	—	92.7
		Female	—	—	78.5
		Total	—	—	90.0
	Training Expenditure per Person	—	—	305,553	yen
	Percentage of Employees Covered by Regular Personal and Career Development Reviews	Male	—	—	100
		Female	—	—	100
		Total	—	—	100
	Category of Employee	Managerial Staff	—	—	100
		General Staff	—	—	100
Japan, Australia	Employee Training Related to Human Rights	Employee Training	—	366	2,465
		Related to Human Rights	—	—	4,014
		Number of Employees Participating in Aboriginal Cultural Awareness Training in Australia	—	163	669

Social

Management

Sum range	Item		2012	2013	2014	Unit
Consolidated	Directors and Executive Officers	Male	46	44	42	persons
		Female	0	0	0	
		Japan total	46	44	42	
		Male	0	0	0	
		Female	0	0	0	
		Overseas total	0	0	0	
		Total Number of Directors and Executive Officers	46	44	42	persons (%)
		Outside Directors (Figures in parentheses denote the ratio of outside directors)	5 (31)	5 (31)	5 (33)	
		Outside Statutory Auditors (Figures in parentheses denote the ratio of outside statutory auditors)	4 (80)	4 (80)	4 (80)	
		Number of Cases of Sanctions for Regulatory Violations	0	0	0	
Japan, Australia	Number of Internal Reports	Japan	4	6	13	cases
		Australia	—	—	3	

Local Communities

Sum range	Item		2012	2013	2014	Unit
Consolidated	CSR Expenditure	Educating and Fostering Future Generations	1,275.90	686.2	668.8	million yen
		Support for Local Communities	286.6	372.1	405.7	
		Health, Medicine and Sports	176.7	120.5	107.0	
		Support for Disaster-affected Areas	6.3	5.2	3.8	
		Environment	23.2	30.4	144.4	
		Culture and Arts	42.1	11.9	15.1	
		Other	2.9	4.0	1.1	
		Total	1,813.80	1,230.20	1,345.97	
Japan, Australia	Social Impact Assessment (incl. enhancement of stakeholder engagement)	Complaints from Local Communities (Australia)	—	1	0	cases
		Disputes with Local Communities and Indigenous People	—	—	0	
		Number of Projects Suspended	—	—	0	

Procurement Practices

Sum range	Item	2012	2013	2014	Unit
Australia	Cumulative payments to Australia companies (since 2012)	—	90	130	AUD 100 mil.

Notes

■ Report Boundary

INPEX CORPORATION and its 65 consolidated subsidiaries

- Environmental data: Nine Operational Organizations.
- Consolidate(Japan): Operational Organizations (Headquarters, domestic oil and natural gas development projects and Gas Supply & Infrastructure Division) which include INPEX CORPORATION, Teiseki Pipeline Co., Ltd., INPEX Logistics (Japan) Co., Ltd. and Toyo Gas Engineering Co., Ltd., which changed the company name to INPEX ENGINEERING (JAPAN) CO.,LTD. as of April 1, 2015.

■ Third-Party Assurance

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

■ Annotation

- *1 Net debt = Interest-bearing debt – Cash and cash equivalents – Time deposits – Certificate of deposits – Public bonds and corporate bonds and other debt securities with determinable value – Long-term time deposits
- *2 Net debt / Net total capital employed = Net debt / (Net assets + Net debt)
- *3 The amounts of dividend prior to fiscal 2011 and 2012 are provided after taking into consideration the effect of a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date.
- *4 GHG emissions resulting from the use of energy by contractors are included.
- *5 This includes energy-related greenhouse gas emissions and non-energy greenhouse gas emissions, such as CO₂ emissions caused by flaring of natural gas, etc. (flare dispersal), methane emissions (CO₂ equivalent) caused by venting of natural gas, etc. (vent dispersal), and amounts dispersed when CO₂ contained in natural gas separated and removed (dispersal of separated CO₂).
- *6 GHG emissions including those caused from natural gas are calculated using the unit calorific values and emission coefficients in accordance with calculation standards stipulated in the Act on the Rational Use of Energy and the Act on the Promotion of Global Warming Countermeasures. In other countries, calculations are carried out in accordance with local laws and regulations and rules for HSE-related data.
- *7 GHG emissions also include emissions relating to electric power sold. GHG emissions resulting from electric power purchased are calculated using the adjusted emission coefficients.
- *8 Breakdown of GHG emissions (Domestic) from Energy Use in 2014 is; emissions for Scope 1: 15.3, emissions for Scope 2: 4.0 (10k tons of CO₂)
- *9 Calculated based on the Voluntary Action Plan of the Japan Petroleum Development Association under Keidanren's Commitment to a Low Carbon Society. Due to the change of emission coefficients for purchased electricity, the figures in previous years have been updated.
- *10 The basic unit described here shows the greenhouse gas emissions of heat production rate per unit at the mine facilities in domestic oil and natural gas development projects
- *11 CO₂ emissions from natural gas, oil, LPG and condensate sold in Japan are calculated by applying the CO₂ emission coefficients to the total quantities sold with the assumption that the entire amounts will be combusted. The unit calorific values and emission coefficients for natural gas (including INPEX natural gas), oil and LPG are calculated using the calculation standards stipulated in the Act on the Rational Use of Energy and the Act on the Promotion of Global Warming Countermeasures.
- *12 Water resources used by contractors are included. The quantity of seawater used is not included from this fiscal year and the figures in previous years also have been updated. (The amount of seawater used in fiscal 2014 was 23,779,644m³.)
- *13 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.
- *14 Discharges into public areas of water consist only of discharges of industrial water, excluding seawater from this fiscal year and the figures in previous years also have been updated.
- *15 Rate of injuries resulting in fatalities or lost time per million hours worked (LTIF: Lost Time Injury Frequency)
- *16 The rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours (TRIR: Total Recordable Injury Rate)
- *17 Excludes age-limit retirees and employees resigned as executives
- *18 Employees returning to work during fiscal year / Employees expected to return to work during fiscal year x 100
- *19 Returning employees from prior fiscal year who remained till the end of this fiscal year / Prior fiscal year returning employees x 100
- *20 Figures are for employees of subsidiaries in Japan and Australia



Independent Assurance Report

To the President and CEO of INPEX CORPORATION

We were engaged by INPEX CORPORATION (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with  for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its Sustainability Report 2015 (full and digest editions) (the "Report") for the fiscal year ended March 31, 2015.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the full edition Report, which are derived, among others, from the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's Nagaoka Field Office and Naoetsu LNG Terminal selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

August 6, 2015