

INPEX

An aerial photograph of a dense, vibrant green forest. A river or stream flows through the center of the forest, its surface reflecting the surrounding greenery and the sky. The water appears clear and bright, creating a central corridor of light blue and white. The forest is composed of various shades of green, from deep emerald to bright lime, suggesting a diverse ecosystem. The overall scene is one of natural beauty and environmental health.

**SUSTAINABILITY
REPORT // 2018**

DELIVERING TOMORROW'S ENERGY SOLUTIONS

INPEX contributes to global economic growth and social development by fulfilling our mission to deliver energy in a sustainable way.

Energy is vital to the world's economic and social development, and a stable supply of energy remains essential.

Beyond our core business of oil and gas, we deliver alternative energy solutions including renewable energy to meet growing global energy demand and contribute through our business operations to the realization of a sustainable society, as defined in the United Nations Sustainable Development Goals (SDGs).

Courtesy Capt. Serge Prakhov

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DISCLAIMER

This report contains not only historical and current facts about INPEX CORPORATION and its affiliates (INPEX), 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 reporting, they are subject to uncertainties. Actual future business results and events may differ from these forecasts, estimates and plans. We will accept no liability with regard to such situations. Readers should be aware of this when reading this report.

CORPORATE DATA

Trading Name	INPEX CORPORATION	Main Activities	Research, exploration, development, production and sales of oil, natural gas and other mineral resources, other related businesses, and investment and lending to the companies engaged in these activities, etc.
Established	April 3, 2006		
Capital	¥290,809,835,000		
Headquarters	Akasaka Biz Tower, 5-3-1, Akasaka, Minato-ku, Tokyo 107-6332, Japan		
Employees	3,189 (consolidated) as of March 31, 2018	End of Fiscal Year	March 31

About Our Reporting

INPEX publishes an annual Sustainability Report to inform stakeholders about our sustainability practices.

Reporting Scope

In principle, the report covers the fiscal period from April 1, 2017 to March 31, 2018 for activities in Japan, and from January 1 to December 31, 2017 for overseas activities. (Portions of the report contain information from before or after these periods.)

Boundary of the Report

INPEX CORPORATION and its 64 consolidated subsidiaries (The term "INPEX" in this report means INPEX CORPORATION and all of its subsidiaries and affiliates, unless otherwise stated.)

Publication Date

August 2018 (Previous report: August 2017, next report: August 2019)

Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Standards
 ISO 26000
 IPIECA Oil and gas industry guidance on voluntary sustainability reporting
 Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
 (The GRI Standards content index is shown only in the web edition.)

Versions of Report

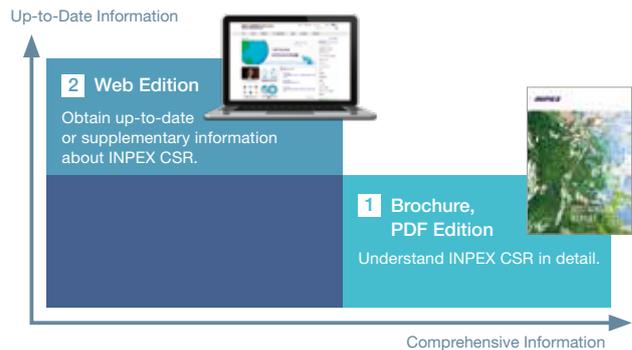
To help stakeholders effectively and efficiently understand our value creation in business, we prepared different versions of the 2018 Report and focused on reporting in line with Material Issues.

1 Brochure, PDF Edition

In consideration of the information required under international disclosure guidelines, the brochure and PDF edition are prepared for stakeholders, such as investors and NGOs, who need a broader range of non-financial information about INPEX.

2 Web Edition

Designed to provide up-to-date data, the web edition combines disclosure information that provides an overall picture of CSR with content from past Sustainability Reports and the latest CSR data.



A Message from the Editors



We aim to maintain close communication with our stakeholders. As such, we believe that the Sustainability Report is an essential tool to enhance stakeholder engagement. In this report, you will find information about our policies and approaches to sustainability. We hope that you will enjoy reading the report.



About the Cover

The cover painting depicts the earth filled with greens and blues, and expresses the responsibility that INPEX recognizes to contribute to the creation of a brighter future for society.

External Recognition

As of August 2018, INPEX has been selected for inclusion in the following major SRI Indexes.

Dow Jones Sustainability Indices (World)



FTSE4Good Global Index
 FTSE4Good Japan Index



FTSE4Good

MSCI ESG Leaders Indexes



FTSE Blossom Japan Index



FTSE Blossom Japan

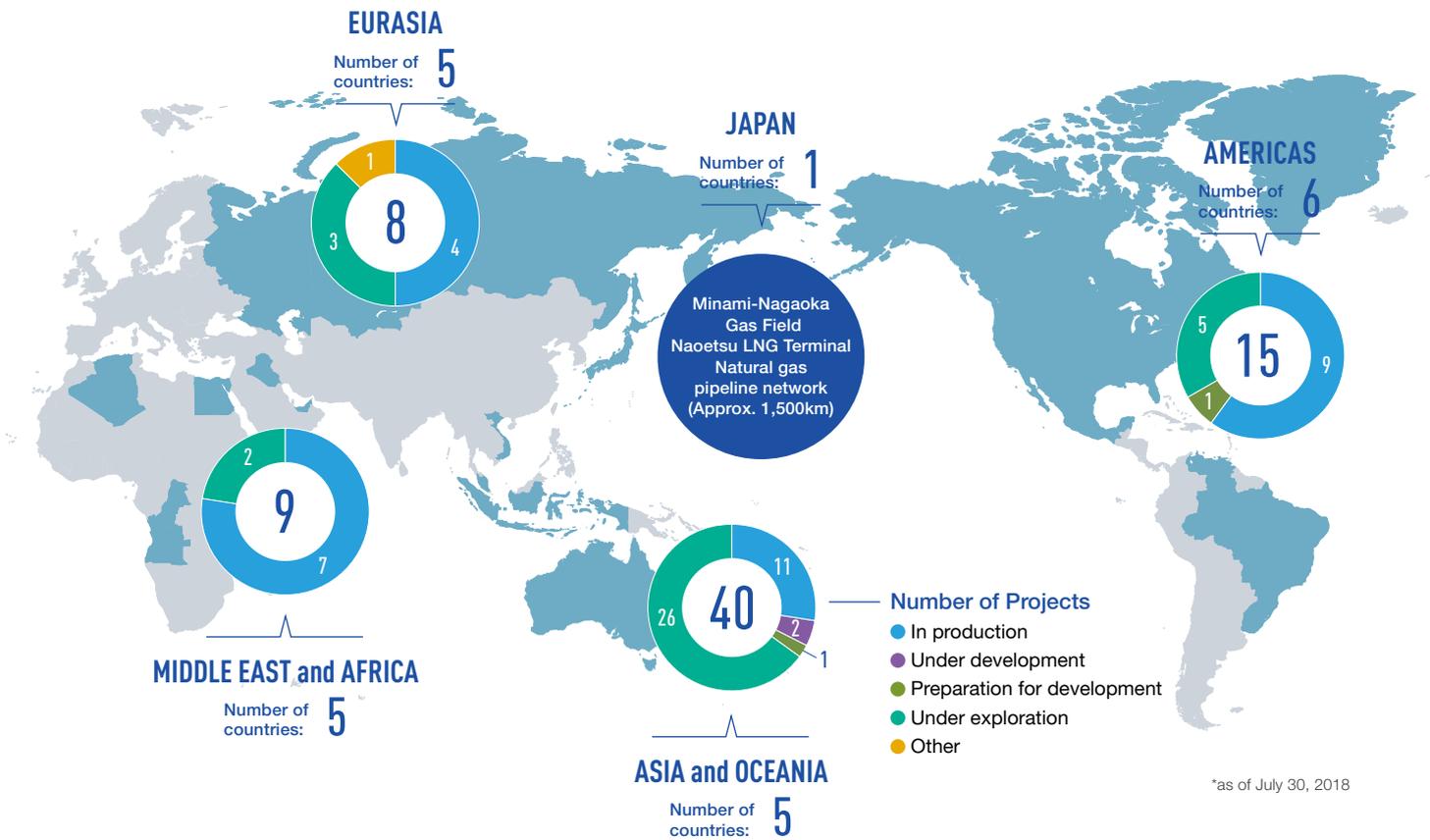
MSCI Japan ESG Select Leaders Indexes



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Our Areas of Activity

INPEX is the largest energy company in Japan, deploying more than 70 projects over 20 countries in the world. While engaged in reducing our carbon footprint throughout our business operations, we also accelerate climate change-related initiatives, which enable us to build a balanced portfolio that is flexible to changes in the external business environment.



Crude Oil and Natural Gas
Net Production
(barrels of oil equivalents)

450 thousand boe/d



Crude Oil and Natural Gas
Proved Reserves
(barrels of oil equivalents)

3,857 MMboe



Natural Gas Sales
in Japan

2.12 billion Nm³

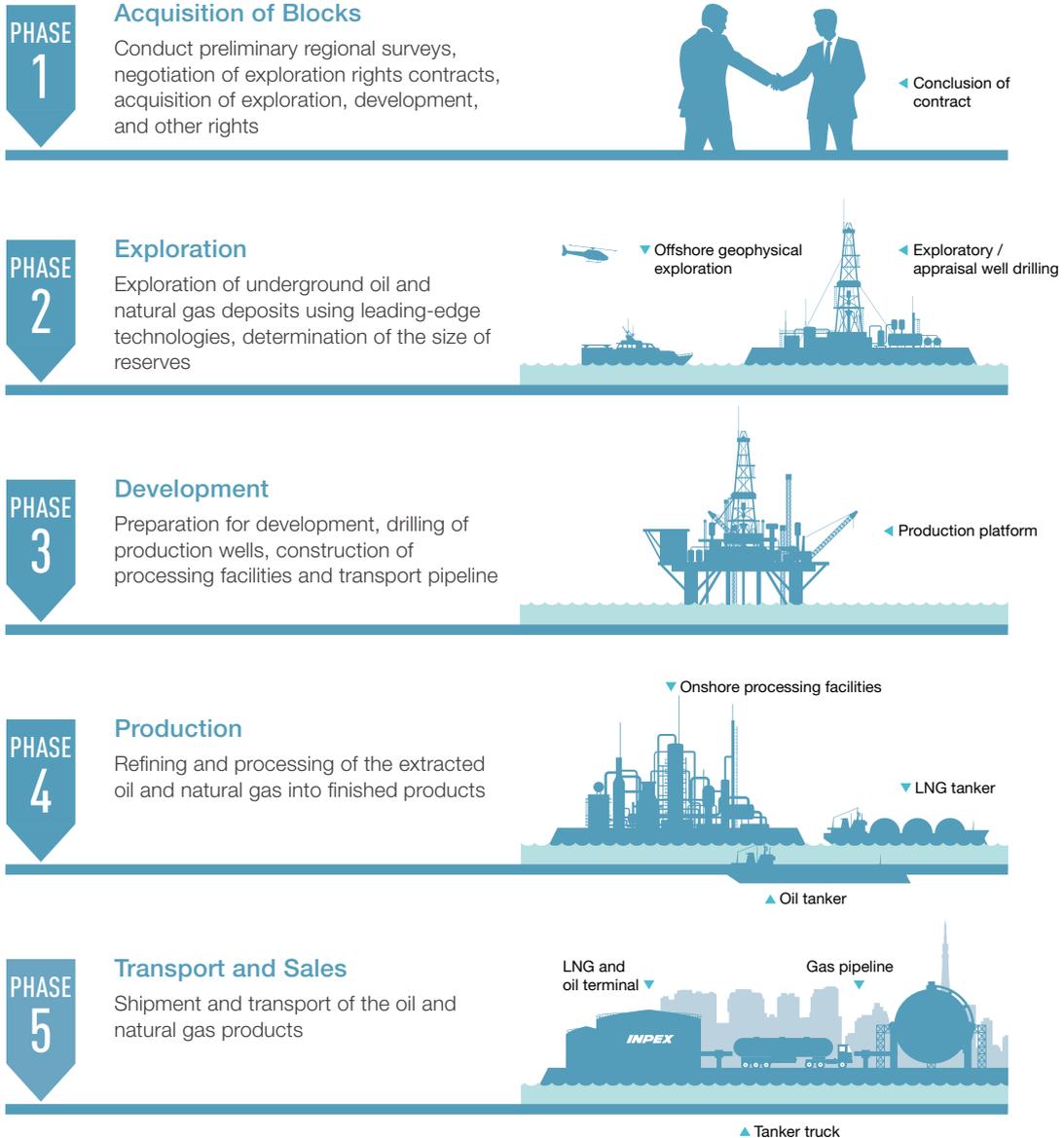


Crude Oil and Natural Gas
Production Ratios

Crude oil/LPG/Condensates: Approx. 73%

Natural gas: Approx. 27%

Our Value Chain



Safety Data

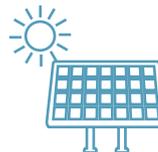
LTIF: **0.28**

TRIR: **1.74**



Annual GHG Emissions

935 thousand tons-CO₂



Annual Renewable Energy Generation

237,360 MWh



Cumulative Amount of Orders Placed with Local Companies in Australia

More than **A\$20** billion

We are committed to contributing to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way.

Looking at the future energy landscape, demand for primary energy sources is expected to continue to rise through the medium- to long-term future because of factors that include the expansion of the global middle-class and economic growth, especially in emerging countries.

While the oil demand trend is steady, there are also expectations for substantial long-term growth in the demand for natural gas, which emits less CO₂ than other fossil fuels, and for renewable energy with a small environmental footprint.

Japan's priorities are on securing stable energy supplies, and improving the self-development ratio, which is defined as the percentage of oil and natural gas offtakes by Japanese enterprises out of the total of imported and domestic production. The government has set a target for the self-development ratio of 40% or higher in 2030, rising from 27.4% in 2017.

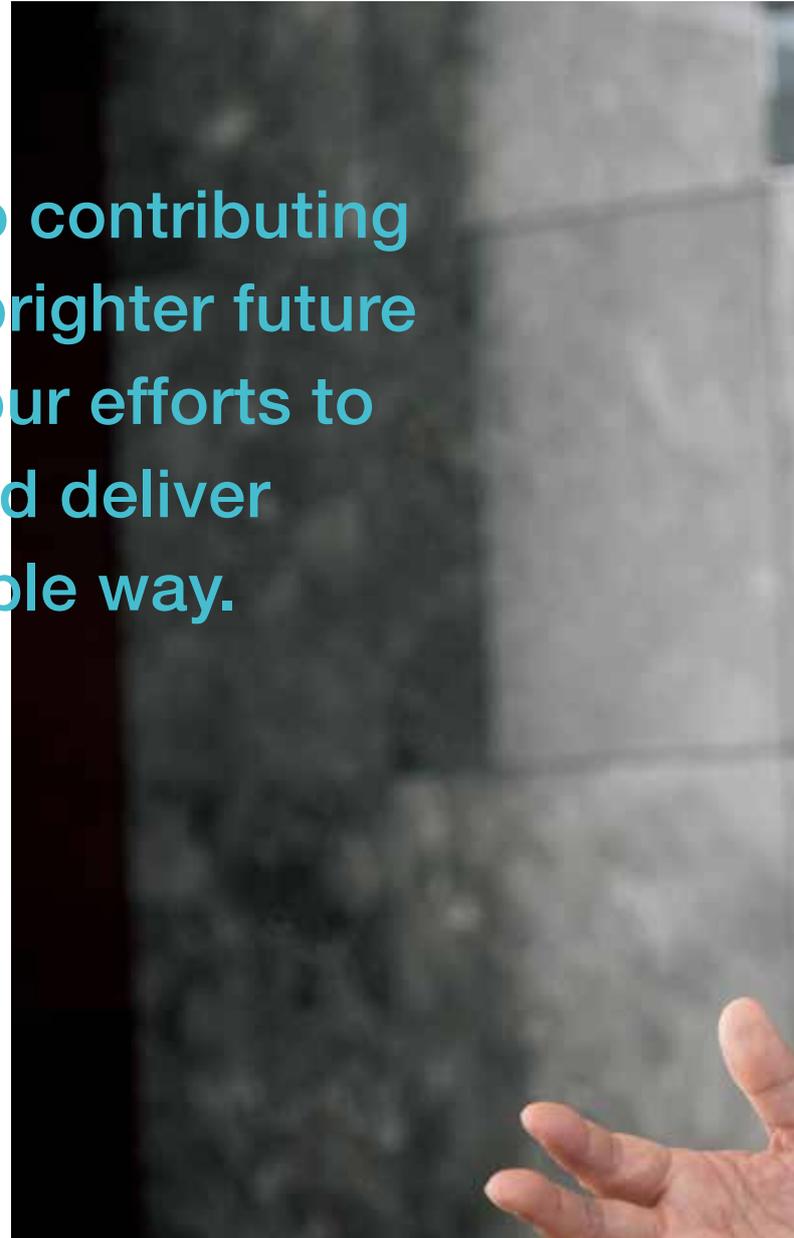
As energy demand is anticipated to grow, the international community will need to work proactively to reduce greenhouse gas emissions and create a low-carbon society if it is to achieve the targets in the 2015 Paris Agreement.

Reflecting these perceptions of the business environment, we formulated Vision 2040, in May 2018. Beyond our core business of oil and natural gas exploration and production, we will deliver alternative energy solutions, including renewable energy, to meet energy demand in Japan and around the world. Our goal is to become a leading energy company serving an essential role in global society.

To achieve our goal, we aim to become one of the top-ten international oil companies through the continued

growth of our oil and natural gas E&P activities. We will also build a global gas value chain to support our future as a key player in natural gas development and supply in Japan, Asia, and Oceania. Another target, with a view to responding to climate change, is to expand our renewable energy initiatives to account for 10% of its project portfolio in the long term.

In 2011, we signed the United Nations Global Compact and declared our support for its ten principles relating to human rights, labor, environment, and anti-corruption. We are determined to contribute to the creation of a sustainable society by steadily fulfilling our social responsibilities across our entire supply chain, while building relationships of trust with our stakeholders through initiatives in such areas as safety management, environmental protection, job creation, respect for human





rights, and contribution to local communities.

We strive to enhance our governance system, business strategies, risk & opportunity assessments and management of emissions in order to proactively contribute to a low-carbon society based on the long-term targets outlined in the Paris Agreement. We will continuously enhance our reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a universal set of goals and targets. A stable supply of energy remains essential, as it is vital to the world's economic and social development, and is a key enabler for multiple SDGs.

Vision 2040 clearly states our commitment to contribute through our business operations to the realization of a sustainable society, as defined in the SDGs. We aim to enhance our long-term corporate value by strengthening our CSR management, with particular focus on six material issues. At the same time, we will strive to ensure that we remain an indispensable member of society by managing our business activities responsibly.

Takayuki Ueda

Representative Director, President & CEO
INPEX CORPORATION

Delivering tomorrow's energy solutions

Our goal is to become a leading energy company serving an essential role in society by fulfilling our mission to deliver energy in a sustainable way. Through our effort to achieve the three strategic targets in Vision 2040, we will create and share value with stakeholders for sustainable growth.

Becoming a leading energy company

Value Creation

Social Value

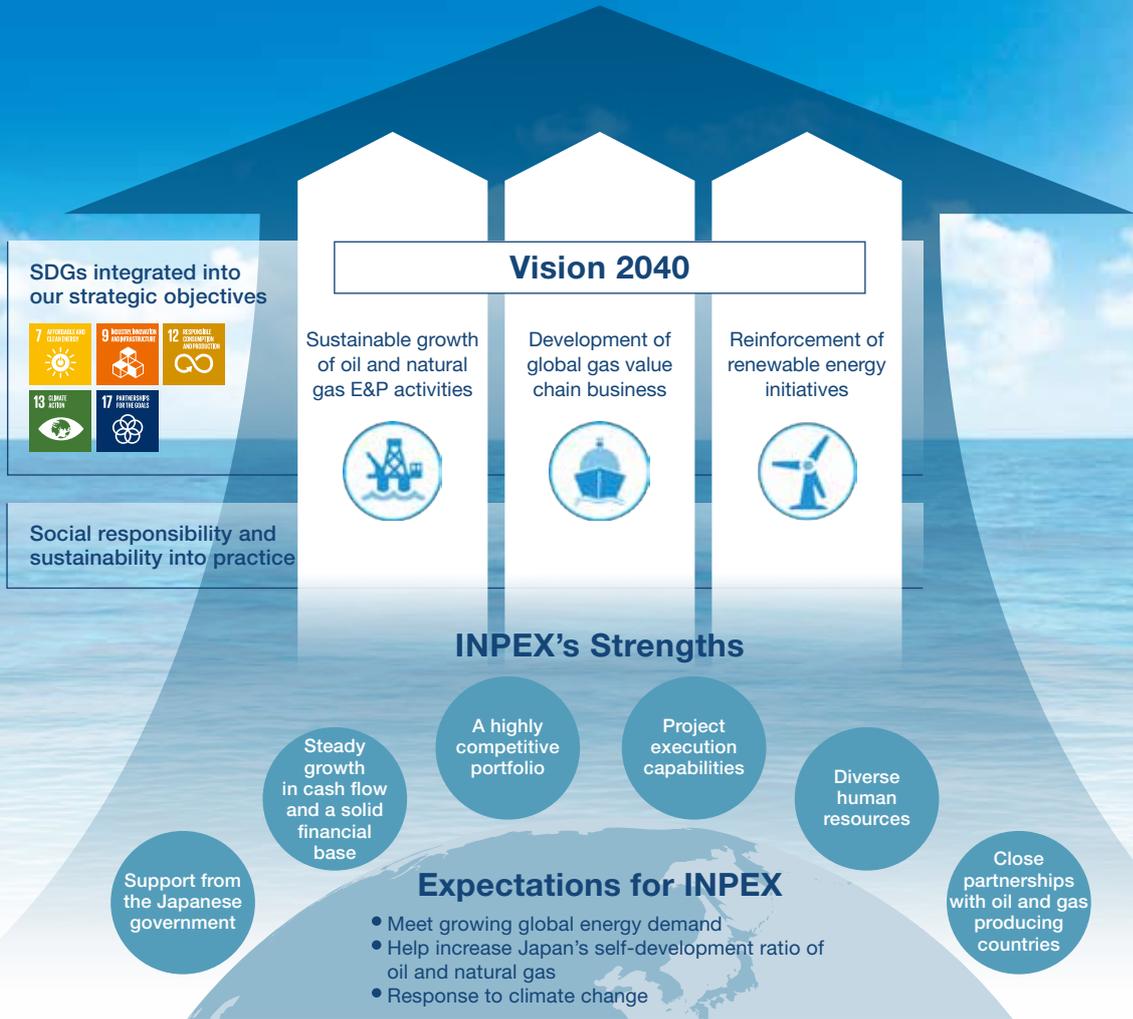
- Stable supply of energy
- Improving Japan's self-development ratio of oil and natural gas
- Improving access to reliable energy
- Contribution to sustainable development of local communities
- Creating stable job opportunities

Environmental Value

- Developing natural gas as a cleaner source of energy
- Energy Production with low-environmental footprint
- Increasing the ratio of the renewables in the energy mix
- Appropriate GHG emission management and reduction of carbon footprint
- Accelerating investments in clean energy technologies and related infrastructure

Economic Value

- Sustainable growth of corporate value
- Maximizing shareholder value
- Business portfolio resilient to changing business environment
- Expanding production volume and reserves
- Solid and diversified revenue base



Our Approach to Corporate Responsibility

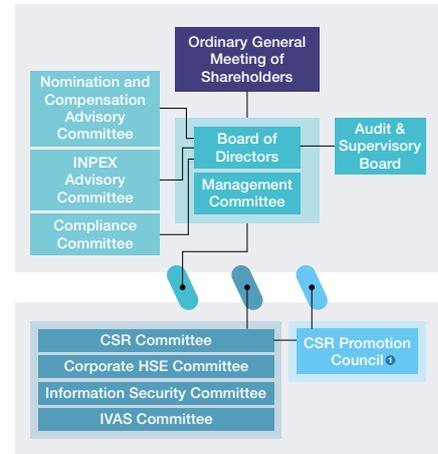
Basic Policy

With the aim of sustainable energy development, we engage in CSR management which focuses our priorities on the Material Issues closely related to our business and stakeholders. We dedicate our efforts to striving for sustainability and value creation throughout our value chain.

CSR Promotion System

We have disclosed the executive management's approach of sustainability, and established the CSR Committee, chaired by the Representative Director, President & CEO in order to promote companywide and systematic sustainability practices. The CSR Committee members include the Representative Directors, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (Vice-Chair). 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



External Initiatives in which INPEX Participates

In response to the needs of global society, we promote sustainability practices and participate in both domestic and overseas initiatives, such as the United Nations Global Compact, the International Association of Oil & Gas Producers (IOGP), the Australian Petroleum Production & Exploration Association (APPEA), the Extractive Industries Transparency Initiative (EITI), IPIECA, the Japan Petroleum Development Association (JPDA), and Japan Natural Gas Association.

Identification of Material Issues and Prioritization Process

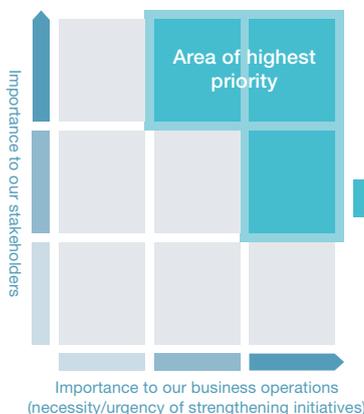
In April 2012, we identified five key issues among the seven core social responsibility subjects in ISO 26000 as Material Issues of importance to us and our stakeholders. In May 2015, we reexamined the Material Issues in light of factors such as events that affect business activities associated with the progress of our main projects and changes in the stakeholders' areas of concern. As a result, we redefined the Material Issues to include "Governance."

Furthermore, CSR actions that should be prioritized for each Material Issue have been defined as Key Tasks, and have been incorporated into our PDCA cycle in order to achieve continuous improvement. In fiscal 2017, we incorporated the concept of Sustainable Development Goals (SDGs) into high-priority topics and prioritized the Key Tasks in four steps: 1. Issue identification and gap analysis, 2. Stakeholder dialogues, 3. Issue prioritization, and 4. Management review.

Identification of Material Issues



Matrix of Key Tasks



INPEX Key Tasks

- Strengthen a governance structure
- Upgrade a risk management system
- Respect for human rights
- Legal compliance, prevention of bribery and corruption
- Conducting Environmental and Social Impact Assessment (ESIA) in supply chain
- Prevention of major incidents
- Securing occupational health and safety
- Conservation of biodiversity, appropriate water resource management
- Conducting assessments and measures to reduce impact on local and indigenous communities
- Contribution to local economies
- Promotion of renewable energy
- Development of natural gas as a cleaner source of energy
- Strengthen climate change-related risk management
- Human resource development and improvement of job satisfaction
- Promotion of diversity

See Page 9-10 for more information about "Targets and Results of Material Issues"

1 CSR Promotion Council:

A subsidiary organization of the CSR Committee comprising working-level members from various divisions. By creating this link between top management and the divisions, we engage in sustainability practices based on a common ground of understanding.

2 PDCA

Plan-Do-Check-Act

3 Sustainable Development Goals (SDGs)

Seventeen goals and 169 targets adopted by the UN Sustainable Development Summit in September 2015 that describe the UN's agenda for people, planet and prosperity.

Targets and Results of Material Issues

Material Issues	Key Tasks	FY2017 Targets
 Governance	Strengthen the governance structure	<ul style="list-style-type: none"> Evaluate the effectiveness of the Board of Directors as a whole and engage in continuous initiatives to improve effectiveness (establishment of a PDCA cycle) Ensure smooth operation of the Nomination and Compensation Advisory Committee
	Upgrade the risk management system	<ul style="list-style-type: none"> Promote earthquake-related Business Continuity Management (BCM) ❶ education and training activities to Tokyo (head office) personnel
 Compliance	Respect for human rights	<ul style="list-style-type: none"> Strengthen initiatives to improve human rights management, including formulation of human rights policy Provide training on human rights management (Target attendance ratio: 90%)
	Legal compliance, prevention of bribery and corruption	<ul style="list-style-type: none"> Continue ABC ❸ risk assessment at overseas offices Widely disseminate and strengthen the implementation of ABC regulations (conduct of training, etc.) Enhance global compliance systems
	Conducting Environmental and Social Impact Assessment (ESIA) in supply chain	<ul style="list-style-type: none"> Continue to participate in Global Compact Network Japan's Supply Chain Working Group Administer a cross-industry supplier self-evaluation questionnaire to main domestic suppliers and contractors Continue to conduct risk assessments of main suppliers and contractors
 HSE	Prevention of major incidents	<ul style="list-style-type: none"> Improve the HSEMS ❷ (revision of HSE Policy, HSEMS Manual and corporate HSE standards; expansion of HSEMS scope) Raise the level of HSE assurance and governance (HSE reviews as planned along with HSEMS; introduction of risk management-based method into corporate HSE audit) Strengthen the HSE risk management process (consideration of ALARP in risk management; preparation of safety cases and promotion of barrier management at major facilities) Conduct crisis exercises on a more practical level (exercises for a Tokyo inland earthquake, commencement of the Ichthys LNG Project and gas leaks from gas pipelines)
	Securing occupational health and safety	<ul style="list-style-type: none"> Provide HSE technical support and strengthen HSE management at worksites (promotion of HSE technical support beyond operator projects; management site visits to demonstrate leadership and share lessons learned) Incident reduction target: LTIF ❹ 0.12 / TRIR ❺ 0.81 or less (achieving zero incidents or LTIF 0.12 / TRIR 0.81; improvement of incident reporting system; enhancement of leading KPIs)
	Environmental management (Conservation of biodiversity, appropriate water resource management)	<ul style="list-style-type: none"> Strengthen environmental management and collect information on environmental risks (environmental impact assessment of our business, and plans to avoid or mitigate impact; continuing GHG emission risk management)
 Local Communities	Conducting assessments and measures to reduce impacts on local and indigenous communities	<p>Japan</p> <ul style="list-style-type: none"> Maintain good relationships through continuous dialogue with stakeholders using community briefings, issuance of newsletters, etc. <p>Australia</p> <ul style="list-style-type: none"> Manage the impact on and concerns of local communities and stakeholders as the Ichthys LNG Project transitions from construction to operations phase.
	Contribution to local economies	<p>Global</p> <ul style="list-style-type: none"> Social investment plan: ¥1.64 billion <p>Australia</p> <ul style="list-style-type: none"> Continue to retain INPEX Australia's 1% direct employees of Aboriginal and Torres Strait Islander descent <p>Ichthys LNG Project</p> <ul style="list-style-type: none"> Develop and implement Ichthys LNG Project operations-phase strategy to establish longer-term community investments Identify appropriate Aboriginal and Torres Strait Islander direct employment targets to be in place for the Ichthys LNG Project operations phase Set Aboriginal and Torres Strait Islander employment targets for Ichthys LNG Project operations-phase subcontractors Review, update and implement an Aboriginal and Torres Strait Islander procurement strategy (by the end of 2018)
 Climate Change	Promotion of renewable energy	<ul style="list-style-type: none"> Ensure stable operation of solar power generation facilities Start commercial operations of second and third unit of the Sarulla geothermal Independent Power Producer (IPP) Project in Indonesia Promote commercialization of geothermal power generation business in Japan Promote R&D of new energy and renewable energy
	Development of natural gas as a cleaner source of energy	<ul style="list-style-type: none"> Continue a stable supply of natural gas through safe operation of domestic gas fields, the Naoetsu LNG Terminal, and the approximately 1,500km gas pipeline network; increase supply volume Engage in activities to promote natural gas use
	Strengthen climate change-related risk management	<ul style="list-style-type: none"> Introduce and implement internal carbon pricing Develop scenarios for a low-carbon society Hold climate change strategy workshops
 Employees	Human resource development and improvement of job satisfaction	<ul style="list-style-type: none"> Continue measures to instill INPEX Values Provide career-building opportunities for employees Put in place a framework for work style reform
	Promotion of diversity	<ul style="list-style-type: none"> Implement a revised employer action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace Continue to promote diversity in the workplace (hiring of women, foreign nationals, and persons with disabilities)

❶ Business Continuity Management

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

❷ Business Continuity Plan

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

❸ Anti-bribery and Anti-Corruption (ABC)

FY2017 Results	FY2018 Targets
<ul style="list-style-type: none"> Improved the diversity of the Board of Directors by increasing the number of Outside Directors and appointing a female director Mid to long-term corporate strategic management discussion held at the Board of Directors to support the development of Vision 2040 and Medium-term Business Plan 2018-2022 Conducted an evaluation of the Board of Directors as a whole and improved the operation of board meetings based on the evaluation results Convened meetings of Nomination and Compensation Advisory Committee (held 4 times) 	<ul style="list-style-type: none"> Continue initiatives to improve corporate governance, including in response to the revision of the Corporate Governance Code (e.g. introduce an executive officer stock compensation plan overseen by the Nomination and Compensation Advisory Committee) Monitor status of Medium-term Business plan 2018-2022 Continue initiatives for the implementation of efficiency evaluations and improvements for the Board of Directors as a whole. (PDCA cycle)
<ul style="list-style-type: none"> Engaged in headquarters Business Continuity Management (BCM) activities for earthquakes (convening of the BCM headquarters Promotion Committee) and provided education and training to employees. 	<ul style="list-style-type: none"> Conduct Tokyo Office-based BCM activities for earthquakes scenario, provide BCM education and training to employees, and review Tokyo office BCP for highly virulent infectious disease scenarios.
<ul style="list-style-type: none"> Issued a FY2016 disclosure statement in response to the UK Modern Slavery Act 2015 Strengthened human rights management, including the introduction of a human rights policy Conducted training on human rights management (98% attendance) 	<ul style="list-style-type: none"> Strengthen initiatives to improve human rights management Issue a FY2017 disclosure statement in response to UK Modern Slavery Act 2015 Continue human rights management training for new recruits and mid-career employees Implementation of human rights risk assessment on supply chain
<ul style="list-style-type: none"> Conducted compliance training by work theme and level Conducted an ABC risk assessment at one overseas office Conducted ABC-related training (e-learning) Engaged in global compliance activities through cooperation with the departments in charge of compliance at the Jakarta Office and Perth Office 	<ul style="list-style-type: none"> Conduct compliance training by work theme and level Continue ABC-related risk assessments at overseas offices Widely disseminate and strengthen implementation of ABC regulations (through training and other means) Enhance global compliance systems
<ul style="list-style-type: none"> Participated in the Supply Chain Working Group of Global Compact Network Japan and contributed to preparation of a cross-industry supplier self-evaluation questionnaire Conducted risk assessments of major domestic service and construction contractor candidates (26 ABC due diligence risk assessments) Incorporated ABC clauses and clauses on compliance with the INPEX Code of Conduct into all service and construction work agreements with domestic suppliers Conducted risk assessments of major service and construction contractor candidates in Australia and Indonesia (ABC due diligence risk assessments, HSE assessments) 	<ul style="list-style-type: none"> Continue to participate in the Supply Chain Working Group of Global Compact Network Japan Administer a cross-industry supplier self-evaluation questionnaire to major domestic suppliers and contractors Continue risk assessment of major domestic suppliers and contractors
<ul style="list-style-type: none"> Revised 5 corporate HSE Standards; introduced e-learning system for HSE education; discussed HSE management for non-operator projects Conducted risk management-based corporate HSE audit at 3 operational organizations; participated in 15 HSE reviews responding to requests from the site Reported HSE risks to the quarterly Management Committee; assisted preparation of a safety case for the oil terminal Naetsu, Gas Guarico, and gas pipelines Conducted emergency response exercises for: gas pipelines damages and gas leaks due to natural disaster; Ichthys LNG Project oil spills, and a Tokyo inland earthquake 	<ul style="list-style-type: none"> Strengthen the HSE Management System (continuous improvement of HSE standards; establishment of the HSE management manual of non-operator projects) Enhance HSE assurance and governance (improve the consistency and effectiveness of HSEMS through HSE reviews and audits; execution of HSE First policy) Strengthen the HSE risk management process to prevent major incidents (promote safety case document creation and barrier management at major facilities; application of Process Safety leading KPIs) Enhance emergency and crisis preparedness (Practical exercises for a Tokyo inland earthquake, the Ichthys LNG Project and the Naetsu LNG Terminal)
<ul style="list-style-type: none"> Assisted preparation of more than 17 safety cases for operator projects; shared lessons for contractor HSE management at HSE Forum; conducted 8 management site visits Built a system to share lessons learned from incidents; introduced global incident reporting software Rate of incidents: LTIF 0.28 / TRIR 1.74 	<ul style="list-style-type: none"> Provide HSE technical support and strengthen HSE management at worksites (expansion of the support scope; site visit exchanges by site representatives; deepen mutual understanding with site workers) Incident reduction (Target: LTIF 0.12 / TRIR 0.70 or less; zero incidents of Process Safety KPI Tier 1 and 2; stringent safety controls for works at height or in confined space)
<ul style="list-style-type: none"> Began the Environmental Management Working Group quarterly discussions over company-wide environmental concerns; completed surveys on water and biodiversity 	<ul style="list-style-type: none"> Strengthen environmental management and climate change risk management (GHG emission controls; plans for biodiversity, water, and companywide environmental KPIs)
<p>Japan</p> <ul style="list-style-type: none"> Provided information on operating status and safety initiatives through community briefings and issuance of newsletters at the Naetsu LNG Terminal <p>Australia</p> <ul style="list-style-type: none"> Held approximately 300 stakeholder engagement activities Among inquiries from local communities, we adequately addressed community concerns (comprising 3% of all inquiries received) Held six meetings with INPEX Larrakia Advisory Committee 	<p>Japan</p> <ul style="list-style-type: none"> Maintain good relationships with stakeholders through continuous dialogue including community briefings and issuance of newsletters <p>Australia</p> <ul style="list-style-type: none"> Continue to manage the impact on and concerns of local communities and stakeholders as the Ichthys LNG Project transitions from construction to operations phase
<p>Global</p> <ul style="list-style-type: none"> Actual social investment was ¥1.41 billion <p>Australia</p> <ul style="list-style-type: none"> Retained INPEX Australia's 1% Aboriginal and Torres Strait Islander employees <p>Ichthys LNG Project</p> <ul style="list-style-type: none"> Framework is being established for a mid-term social contribution strategy and evaluations of social contribution effects "Target-setting deliberations in progress" for direct and indirect employment of Aboriginal and Torres Strait Island workers in the project operations phase Contracted 62 Aboriginal and Torres Strait Islander owned businesses to a value over A\$157 million during the onshore construction phase since its commencement 	<p>Global</p> <ul style="list-style-type: none"> Social investment plan: ¥1.61 billion <p>Australia</p> <ul style="list-style-type: none"> Finalize and implement mid-term community investment strategy and outcomes measurement of key community investments Increase Aboriginal and Torres Strait Islander recruitment and retention (direct & indirect) Increase Aboriginal and Torres Strait Islander supply diversity
<ul style="list-style-type: none"> Ensured stable operation of solar power generation facilities Started commercial operation of Unit 2 at the Sarulla Geothermal IPP Project in Indonesia, cleared a path to commercial operation of Unit 3 Geothermal plant in the Oyasu region in Akita Prefecture moved to the next-period survey phase; Continued drilling surveys and short-term fumarolic testing in the Amemasudake region of Hokkaido. Set a clear path to the start-up of a domestic wind power business Promoted R&D for construction of a renewable energy value chain, including artificial photosynthesis 	<ul style="list-style-type: none"> Ensure stable operation of solar power generation facilities Start commercial operation of Unit 3 of the Sarulla Geothermal IPP Project in Indonesia, achieve stable operations of the power plant as a whole Promote existing geothermal power generation business in Japan Pursue new geothermal and wind power business Promote various forms of R&D towards the building of a renewable energy value chain
<ul style="list-style-type: none"> Achieved stable supply of natural gas through safe operation of domestic gas fields, the Naetsu LNG Terminal, and a 1,500-km network of pipelines; Increased volume of gas supplied by 11.2% versus fiscal 2016 Proactively promoted natural gas to potential buyers along the domestic gas pipeline 	<ul style="list-style-type: none"> Continue a stable supply of natural gas through safe operation of domestic gas fields, the Naetsu LNG Terminal, and the approximately 1,500km gas pipeline network; increase supply volume Engage in activities to promote natural gas use
<ul style="list-style-type: none"> Introduced and started administering internal carbon pricing in October 2017. Established four scenarios for a low-carbon society including a 2°C scenario. Held a climate change risk assessment workshop in December 2017 	<ul style="list-style-type: none"> Erect a framework for assessing the risks and opportunities related to climate change Construct a process for evaluating the financial effects of our ability to respond to the 2°C scenario Construct a process for estimating the volume of methane leaks
<ul style="list-style-type: none"> Internal sharing of INPEX values case studies: Posted a handbook and case studies on the company intranet and initiated "Value Awards" award system to encourage employees to provide case studies of excellence in practicing INPEX values Introduced an internal recruiting system and a career consultation system for corporate employees Reduced overtime work and improved the proportion of paid leave taken by introducing a staggered work hours system and a promotion to take paid leave 	<ul style="list-style-type: none"> Take measures to instill INPEX Values and continue the Value Awards (including Group companies) Continue the internal recruiting system and the career consultation system for corporate employees Reduce overtime work and continue measures to improve the proportion of paid leave taken
<ul style="list-style-type: none"> Conducted training for managers and supervisors who oversee the work of employees at child-raising age Conducted LGBT Training Proactively hired women, foreign nationals, and persons with disabilities 	<ul style="list-style-type: none"> Implement a revised employer action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace Continue to promote diversity (hiring of women, foreign nationals, and persons with disabilities)

4 HSE Management System

5 Lost Time Injury Frequency

Rate of injury resulting in fatalities or lost time per million hours worked

6 Total Recordable Injury Rate

Rate of total fatalities, lost work day cases, restricted work day cases, and medical treatment cases per million hours worked

Coexisting with Society through Stakeholder Engagement

INPEX is fully aware of the social responsibilities it must fulfill as a corporate citizen and strive to maintain continuous dialogue with the wide range of stakeholders to meet their expectations. In this section, we report the main opportunities for dialogue with stakeholders and our engagements in fiscal 2017.

Our Key Stakeholders



 <p>Project Partners We aim to build a sustainable society together with project partners through fair and impartial project operation with a focus on compliance.</p>	 <p>Local Communities We seek to coexist with local communities as a good corporate citizen through respectful dialogues.</p>
 <p>Contractors We engage in day-to-day regular communication with contractors to carry out construction and operation with maximum consideration for safety and the environment.</p>	 <p>NGOs We strive to build a network of NGOs in wide-ranging fields including environment, human rights, and social contribution and seek to create partnerships to solve environmental and social problems.</p>
 <p>Customers We contribute to the growth and development of our customers by providing a stable and efficient supply of energy.</p>	 <p>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.</p>
 <p>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.</p>	 <p>Oil and Gas Producing Countries We develop long-term relationships based on mutual trust with Oil and Gas Producing countries and contribute to mutual development by serving as a bridge between the producing countries and Japan.</p>

Main Opportunities for Dialogue with Stakeholders and Engagements in Fiscal 2017

Key stakeholders	Main opportunities for dialogue	Summary of FY2017 engagements	Key interests of stakeholders
Project Partners 	<ul style="list-style-type: none"> Regular meetings Work-related communication 	<ul style="list-style-type: none"> Participated in operating committees, technical committees, and subcommittees that make project decisions Held discussions with operators to reduce OPEX/CAPEX 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Development of natural gas as a cleaner source of energy
Contractors 	<ul style="list-style-type: none"> Indication of eligibility standards to prospective suppliers Briefings on eligibility standards Regular meetings HSE audits 	<ul style="list-style-type: none"> Provided fair and equitable participation opportunities to prospective suppliers Facilitated the understanding of our HSE activities by holding HSE forums Held an HSE contractor meeting Conferred annual HSE awards 	<ul style="list-style-type: none"> Development of a risk management system Legal compliance, prevention of bribery and corruption Conducting Environmental and Social Impact Assessment (ESIA) in supply chain Prevention of major accidents Securing occupational health and safety
Customers 	<ul style="list-style-type: none"> Establishment of a dedicated point of contact Provision of product information Identification of customer needs at service stations 	<ul style="list-style-type: none"> Announced safe handling information by issuing SDS^① Improved service station operation by analyzing customer needs 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Promotion of renewable energy Development of natural gas as a cleaner source of energy
Shareholders and Investors 	<ul style="list-style-type: none"> Holding of the General Meeting of Shareholders, briefings and exhibitions, IR meetings, etc. Issuance of reports (securities report, annual report, presentation slides, etc.) 	<ul style="list-style-type: none"> Held the General Meeting of Shareholders, results briefings (semi-annual), IR meetings (approx. 200 times), exhibitions and briefings for individual investors, etc. Engaged in timely, appropriate, and fair information disclosure through the corporate website and improved website content (approx. 1,500 website accesses per day and 70 press releases) 	<ul style="list-style-type: none"> Strengthening a governance structure Upgrading a risk management system Development of natural gas as a cleaner source of energy Strengthening climate change-related risk management
Local Communities 	<ul style="list-style-type: none"> Environmental and social impact assessment Community briefings Various pamphlets Social contribution activities 	<ul style="list-style-type: none"> Conducted social contribution activities adapted to local areas (total expenditure: ¥1.41 billion) Engaged with local communities in Japan (Hokkaido, Akita, Niigata) and overseas (Australia [approx. 300 times], Indonesia [approx. 80 times]) Implemented "the Reconciliation Action Plan (RAP)" outlining the commitments to ATSI^② in Australia 	<ul style="list-style-type: none"> Respect for human rights Conservation of biodiversity and efficient use of water resources Conducting assessments and reduction measures of impacts on local communities and indigenous communities Contribution to local economies
NGOs 	<ul style="list-style-type: none"> Information gathering to solve global social issues Round-table discussions 	<ul style="list-style-type: none"> Supported and held dialogues with NGOs Participated in NGO-hosted seminars 	<ul style="list-style-type: none"> Respect for human rights Contribution to local economies Promotion of renewable energy Strengthening climate change-related risk management
Employees 	<ul style="list-style-type: none"> Face-to-face meetings with superiors Consultation between labor and management Various training and study abroad programs In-house newsletter 	<ul style="list-style-type: none"> Conducted regular meetings with superiors Engaged in regular communication with the labor union (2 times) Conducted various training programs (62.2 hours / person) Dispatched employees on study abroad programs for clerical and technical positions (10 persons) Issued an in-house newsletter (4 times) 	<ul style="list-style-type: none"> Securing occupational health and safety Human resource development and improvement of job satisfaction Promotion of diversity
Oil and Gas Producing Countries 	<ul style="list-style-type: none"> Communication at each project phase (when tendering and obtaining development approval; during development and operation; when withdrawing from a business) 	<ul style="list-style-type: none"> Closely communicated with oil and gas producing countries in accordance with project progress and management Contributed to preventing corruption and improving transparency in oil and gas producing countries through support for EITI 	<ul style="list-style-type: none"> Legal compliance, prevention of bribery and corruption Prevention of major accidents Contribution to local economies Development of natural gas as a cleaner source of energy

① Safety Data Sheet

A datasheet that contains information needed for the safe handling of products that contain certain chemical substances

② ATSI

Aboriginal and Torres Strait Islanders

Materiality

01

GOVERNANCE

Average attendance
rate at board meetings

98%

Basic Policy

● Corporate Governance

In order to achieve sustainable growth and increase corporate value over the medium- to long-term, INPEX fulfills its social responsibilities in cooperation with its shareholders and other stakeholders, and works to enhance its corporate governance for the purpose of conducting transparent, fair, timely, and decisive decision-making. Furthermore, in November 2015 we formulated and disclosed the Corporate Governance Guidelines for the purpose of ensuring transparency and fairness in decision-making and realizing effective corporate governance through the proactive provision of information.

● Risk Management

We strive to accurately identify and assess the complex and varied risks inherent in the business environment and

to implement necessary risk prevention measures and systems to minimize risks. 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 as well as risks that exist in business processes such as exploration, production, transportation, and sales. We have implemented internal controls under Japan's Financial Instruments and Exchange Law (known as "J-SOX") based on the COSO¹ framework. Each Operational Organization² also performs risk management related to occupational health and safety and environmental conservation under the HSE Management System. Additionally, we analyze the impact of fluctuation in oil prices and exchange rates and disclose the information in results briefings.

¹ COSO

The Committee of Sponsoring Organizations of the Treadway Commission

² Operational Organization

An INPEX headquarter or organization that implements operator projects

CASE STUDY 01

Board of Directors Effectiveness Evaluation Results in FY 2017

With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues to resolve for continuing improvement, we undertake an evaluation of the effectiveness of the Board of Directors each year, and disclose the summary of the evaluation results. Based on this policy, an evaluation was

conducted in fiscal 2017. The evaluation method and summary of the results are as follows.

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

Evaluation Method

Prior to this FY 2017 evaluation, at a meeting between Outside Directors and Audit & Supervisory Board members held in November 2017, the progress in the first half of the fiscal year regarding issues identified in the previous evaluation was discussed and an interim evaluation was conducted. In addition to the interim evaluation, at the Board of Directors meeting held in January 2018, overall results of the initiatives taken during the fiscal year were reviewed, and the implementation policy of the evaluation for the FY 2017 was deliberated and determined.

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

Subsequently, results of the survey were consolidated and analyzed by the Board of Directors office. The results of the analysis, new issues identified, and action plans were discussed at a meeting among the Outside Directors, Audit & Supervisory Board members and the Representative Director. Based on such discussion, the final evaluation results and action plans were confirmed at the Board of Directors meeting held in April 2018.

Summary of Evaluation Results

- 1) Effectiveness of the Board of Directors is ensured appropriately.
- 2) Compared to the previous fiscal year's evaluation results, notable improvements based on the past evaluations were seen. In particular, among issues identified in the previous evaluation, the election of a female independent Outside Director represented an improvement in diversity of the Board of Directors, and the operation of board meetings was also improved in the areas of board meeting materials and briefings for Outside Directors prior to board meetings. Furthermore, intensive strategic discussions conducted for the formulation of Vision 2040 and Medium-term Business Plan 2018-2022 resulted in better evaluation on the status of improvement of issues identified in the previous evaluation.
- 3) The priority issues for further improvement in the effectiveness of the Board of Directors are as follows:
 - Continue strategic discussions at Board of Directors meetings, including monitoring of the steady execution of the medium-term business plan spanning from FY 2018 to FY 2022;
 - For efficient deliberation and decisive investment decisions by the Board of Directors, enhance information regarding risks and the Company's business portfolio in investment-related proposal materials; and
 - Continue discussions regarding the medium-to long-term improvement of the board, such as the further advance of diversity of the Board of Directors.

CASE STUDY 02

Regular Meetings to Enhance Cooperation among Directors

INPEX regularly holds meetings among Outside Directors, the Representative Director, Audit & Supervisory Board members, and accounting auditors — such as the “Meeting of Outside Directors, Audit & Supervisory Board Members, and the Representative Director”; the “Meeting of Outside Directors and Audit & Supervisory Board Members (including the Accounting Auditors)”; the “Meeting of Outside Directors and the Representative Director”; and the “Meeting of Audit & Supervisory Board Members and the Representative Director,” to provide opportunities to exchange opinions on a wide range of

themes relating to important business challenges, the establishment and implementation of internal control systems, and other items related to corporate governance.

Also, in the process of establishing Vision 2040 and Medium-term Business Plan 2018–2022, the members of the Board met five times for intensive discussions on our medium- to long-term challenges in light of the changing business environment and on our business strategy, including the strengthening of initiatives towards renewable energy and the establishment of a global gas value chain.

Corporate Governance

State of Corporate Governance

In accordance with our mission, INPEX is committed to sustainability and stability in its business operations. We have adopted an organizational structure of a Company with an Audit & Supervisory Board. In this model, each of the Audit & Supervisory Board members supervises the executive actions of Directors who possess strong knowledge of business operations.

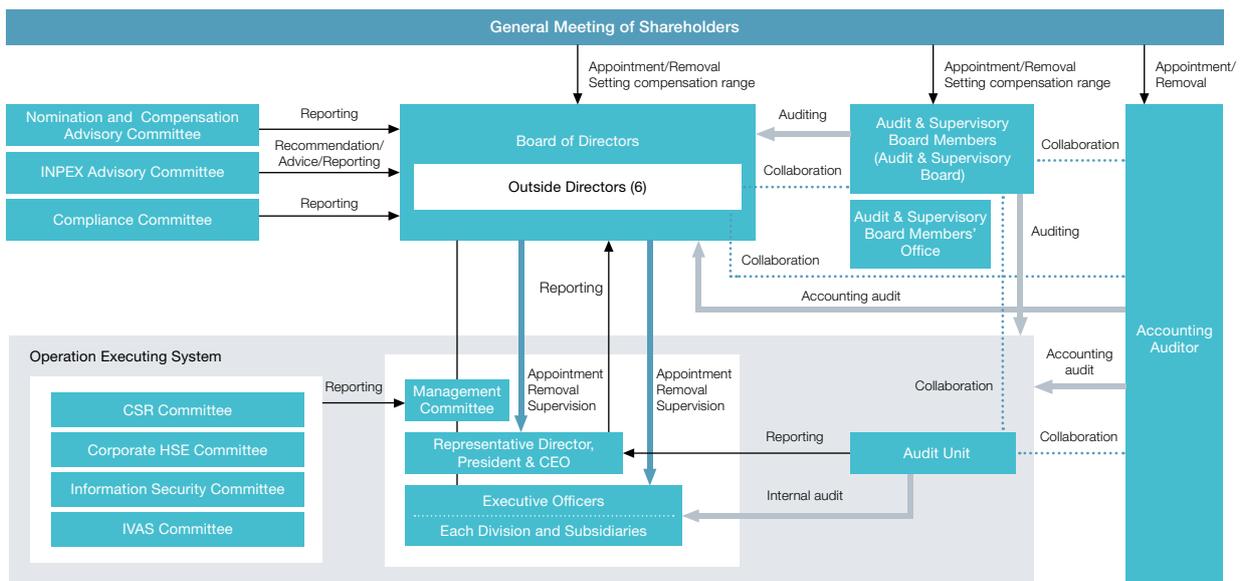
We have established as advisory bodies to the Board of Directors 1) the Nomination and Compensation Advisory Committee, for the purpose of enhancing the independence, objectivity, and accountability of Board of Directors functions related to the nomination and compensation of Directors and contributing to the further enhancement of the corporate governance system; and 2) the INPEX Advisory Committee, for the purpose of obtaining multifaceted and objective advice and recommendations from internal and external experts about issues in fields such as domestic and international politics and economics, the energy situation, and CSR as they relate to business management and aiming for sustained growth and enhancement of medium- and long-term corporate value. We have many opportunities to negotiate with oil-producing countries and state-owned oil companies in those countries, as well as with international oil companies and other organizations. We believe that these negotiations

require Directors as well as Executive Officers who have a thorough knowledge of our business operations and technologies and extensive international experience. For this reason, Directors appointed from within INPEX in principle hold concurrent positions as Executive Officers. This ensures a governance structure in which the Board of Directors executes business decisions efficiently while also effectively performing its management oversight function.

In order to improve management transparency and to enhance the effectiveness of the supervisory role of the Board of Directors, we have appointed six Outside Directors (out of fifteen Board members) who are expected to objectively monitor management processes, prevent conflicts of interests, provide expert advice, and incorporate the feedback of stakeholders. The appointed Outside Directors include business leaders, academics or other specialists who possess rich experience and knowledge in the fields of energy and resources, finance, law, diplomacy or other related disciplines.

As of the end of June 2018, three out of four Audit & Supervisory Board members are also appointed from Outside Auditors. In order to ensure the independence and effectiveness of the audit, we established the Audit & Supervisory Board as required by law. In addition, to support the supervisory function of the Audit & Supervisory Board members, we have assigned dedicated employees in the Audit & Supervisory Board Members' Office strengthening coordination between the internal audit department (Audit Unit), and the accounting auditors.

Corporate Governance Chart



As of June 27, 2018

Overview of the Corporate Organization

Name	Role/Composition	Frequency of meetings
Board of Directors	<ul style="list-style-type: none"> Supervises the Directors and Executive Officers in the performance of their duties Deliberates and makes decisions on important business operations Six out of the fifteen members are Outside Directors Term of office is one year 	Once a month*
Audit & Supervisory Board	<ul style="list-style-type: none"> Assesses performance of Directors in the management of general and specific projects Three out of four members are Outside Auditors Term of office is four years 	Once a month*
Management Committee	<ul style="list-style-type: none"> Makes 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 	Once a week*
Executive Officer System	<ul style="list-style-type: none"> Supports effective and timely adaptation to rapid changes in the business environment and to the expansion of our operations Term of office is one year 	—

*Special meetings held as necessary

Committees

Name	Role/Composition	Number of meetings held in fiscal 2017
Nomination and Compensation Advisory Committee	<ul style="list-style-type: none"> Deliberates on matters relating to nomination and compensation of Directors and reports resolutions to the Board of Directors Comprises two Directors from within the company, two Outside Directors and one Independent Outside Audit & Supervisory Board member. Majority of the members are Independent Outside Executive Officers 	4
INPEX Advisory Committee	<ul style="list-style-type: none"> Spearheads measures to increase corporate value, based on the expertise and recommendations of outside experts Consists of four domestic and international experts (three male and one female) 	2
Compliance Committee	<ul style="list-style-type: none"> Chaired by the Director in charge of compliance, the committee furthers compliance measures and monitors their implementation 	6
CSR Committee	<ul style="list-style-type: none"> Chaired by the President & CEO, the committee determines basic policies and measures on important matters relating to CSR, including Corporate Governance 	3
Corporate HSE Committee	<ul style="list-style-type: none"> Develops HSE policies and annual goals, and promotes cross-organizational HSE activities 	9
Information Security Committee	<ul style="list-style-type: none"> Deliberates and makes decisions on all policies related to the maintenance, management, and strengthening of information security 	2
INPEX Value Assurance System Committee	<ul style="list-style-type: none"> Contributes technical support to the decision-making process for the enhancement and promotion of all oil and natural gas E&P projects 	19

Internal Audits

- Establishment of the Audit Unit, which acts independently of the operational executive organization and reports directly to the President & CEO, to ensure the appropriateness and efficiency of business activities
- Verification of matters such as the status of development and operation of internal controls and the efficiency of business processes across all business activities, identification of issues, necessary reporting, and conducting of follow-up audits to monitor progress of remedial actions as well as contribution to the improvement of the internal control system while exchanging views with the accounting auditors and Audit & Supervisory Board members as necessary



Structure for Corporate Governance:

- Management System
- Monitoring of Management by Outside Directors and Audit & Supervisory Board Members
- Director Compensation
- Internal Control Systems

Risk Management

Risk Management System

Risks are inherent in business operation. INPEX recognizes that it is important to prevent the occurrence or spread of loss or damage and maintain and bolster the trust of customers, business partners, and investors by appropriately managing such risks. Therefore, we constantly strive to strengthen risk management. The divisions in charge cooperatively undertake the identification, analysis, and assessment of risks and conduct risk management activities on the basis of internal regulations, guidelines, and other rules. Furthermore, the operational status of risk management pertaining to day-to-day operations is examined and assessed through means such as audits by an internal audit organization reporting directly to the President & CEO as well as audits by other internal divisions or external experts. In addition, reviews are undertaken in response to changes in the operating environment.

With regard to risk management in subsidiaries, we conduct risk management for the Group as a whole on the basis of mutual collaboration among the Group companies in accordance with the Regulations on Group Operations. The operational status of risk management pertaining to day-to-day operations is examined and assessed through means such as audits by an internal audit organization reporting directly to the President & CEO as well as audits by other internal divisions or external experts, and in light of the examination and assessment results subsidiaries are requested to undertake reviews in response to changes in the operating environment as necessary.

The Board of Directors has delegated assessment of climate change-related risks to the Executive Committee, and the results of the Executive Committee's assessments are reported to the Board of Directors.

We have established the Standards for Evaluation and Selection of Independent Auditors, which mandate the criteria for the Audit & Supervisory Board to follow when evaluating the quality management, independence, and audit compensation of independent auditors. The Audit & Supervisory Board evaluates independent auditors annually, based on these standards.

Operational Risk Management System

To cope with various risks related to business projects, the New Ventures Division carries out a centralized analysis and evaluation of whether or not to proceed with acquisition of a new upstream oil and natural gas project.

We also operate the IVAS (INPEX Value Assurance System) Committee as a mechanism for conducting cross-organizational technical evaluation at each project phase, including exploration, evaluation, and development.

In order to handle country risks in the countries where we operate, we have set guidelines that include the maximum target amount for accumulated investment balance for high-risk countries.

Further, we have been conducting financial risk control by identifying risks associated with fluctuation of currency exchange rates, interest rates, crude oil/natural gas prices and securities prices, and establishing corresponding managing/hedging methods.

With regard to HSE^③ risks, to promote continuous improvement of the environment and occupational health and safety in business activities associated with the development of crude oil and natural gas, we identify, analyze, and evaluate HSE risks for each business location on the basis of the Corporate HSE Standard of Risk Management established under the HSE Management System. In addition, to formulate and implement risk countermeasures and monitor HSE risks, business sites are required to report the risk management situation to headquarters for review and confirmation. Further, with regard to health and security related risks, we engage in company-wide management based on the corporate standards and guidelines.

In fiscal 2017, the second year of the Corporate HSE Third Phase Mid-term Plan, we revised the HSE Policy and the Corporate HSE Management System Manual. We have adopted the fundamental principles: Leadership, Risk Management, Continuous Improvement, and Implementation; and expanded the scope to cover domestic subsidiaries. In this way, we are committed to carrying out more effective and consistent HSE activities.

Climate Change-related Risk

We assess and manage climate change risks using an annual PDCA cycle process. Beginning in fiscal 2017, we have classified climate change risks into transition risks and physical risks in line with the TCFD^④ recommendations. Transition risks include policy and legal, technology, market, and reputational risks. We classify physical risks into acute and chronic risks. We further classify risks in each category into medium-term and long-term risks.^⑤

We have developed and implemented a framework for assessing and managing climate change risks in line with TCFD recommendations. The Climate Change Strategy Group, established within the Corporate Strategy & Planning Division in fiscal 2018, takes the lead in performing



and managing risk analysis under the new governance structure. We will also develop a process to assess the resilience of our strategy financially to a 2°C scenario.

Large-scale Natural Disaster and Pandemic Countermeasures

● Large-scale Natural Disaster Countermeasures

We are preparing a Business Continuity Plan (BCP) and response manual in the event that the Tokyo metropolitan area is at an earthquake's epicenter, taking into account the damage estimation for such an earthquake conducted by the Cabinet Office's Central Disaster Management Council. First of all, our business continuity policy clearly expresses groupwide values prioritizing the maintenance of a stable energy supply while ensuring human safety and environmental preservation. The BCP also stipulates not only the action of provisional offices but also how our employees should react in the event of an earthquake on a holiday or at night, and procedures for returning home from the office.

In fiscal 2017, Operational Organizations and the corporate headquarters cooperatively conducted a level 3

crisis exercise in preparation of a Tokyo inland earthquake. We will strive to increase effectiveness of the plan through emergency response training and other activities to enable us to maintain important headquarters functions even in an emergency.

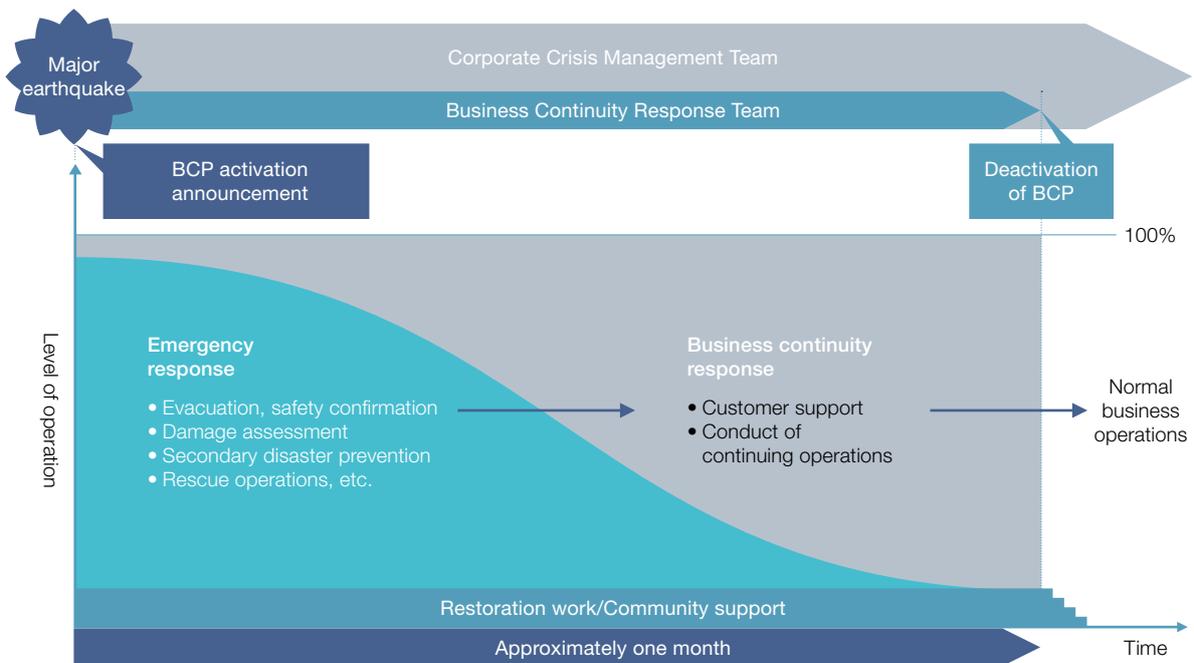
For our projects, we postulate oil spills and gas leaks as well as other project-specific worst-case scenarios and conduct emergency and crisis response training.

● Novel Virus and Pandemic Risk Countermeasures

In the event that an infectious or contagious disease spreads on a global scale, we are likely to face serious obstacles in continuing business operations as the number of infected employees increase. For this reason, we are considering preparatory measures similar to our large-scale natural disaster countermeasures.

For example, we have prepared a response manual to handle the possibility of a pandemic involving a novel influenza strain in Japan, and have created a stockpile of protective clothing, disinfectants, and other emergency supplies.

Emergency Response and Business Continuity Response Overview



Materiality

02

COMPLIANCE

Attendees at
ABC related training

2,755

Basic Policy

● Compliance

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

In addition, in accordance with the Corporate Social Responsibility Principles, we have instituted the Code of Conduct, which prescribes matters to be observed to realize compliance, in order to increase compliance awareness among executives and employees in an effort to put the Business Principles into practice.

● Anti-bribery and Anti-corruption Initiatives

The Code of Conduct stipulates the building of sound and appropriate relationships with government and administrative authorities (prohibition of political donations except in cases permitted under relevant laws and regulations) and compliance with the anti-bribery and

anti-corruption laws and regulations in the countries in which we operate. We make no donations relating to political activities.

We have been participating in the United Nations Global Compact since December 2011 and have declared our commitment to preventing corruption. Based on our Code of Conduct, we have prepared a corporate Anti-bribery and Anti-Corruption Policy (ABC Policy) and ABC procedures and we are engaged in the prevention of bribery and corruption.

● Respect for Human Rights

We support international standards relating to human rights, such as the International Bill of Human Rights, the International Labor Standards of the International Labor Organization (ILO), and the United Nations Guiding Principles on Business and Human Rights, and favor the United Nations Global Compact, which promotes voluntary activities by companies as good corporate citizens.

Compliance and Human Rights Initiatives

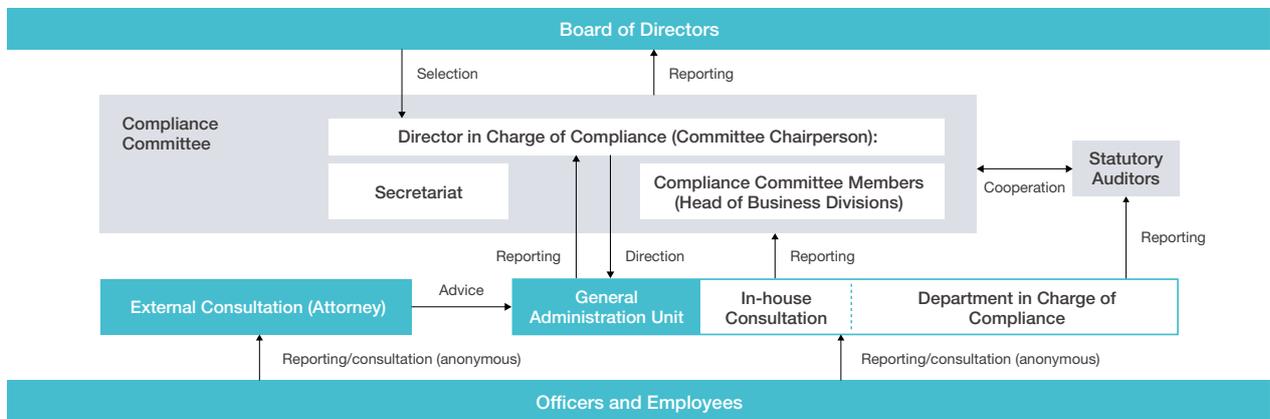
System for Promoting Compliance

INPEX has established a system by which the Compliance Committee promptly considers and implements countermeasures if a serious compliance-related incident occurs. The directors in charge of compliance issues and the Compliance Committee cooperate with the Audit &

Supervisory Board and its members, the accounting auditors, the Audit Unit, which is the internal audit department, as well as equivalent bodies or departments in our subsidiaries in (1) developing and implementing compliance measures, (2) monitoring their implementation, (3) raising compliance awareness, (4) receiving reports on and investigating cases of violations, (5) issuing warnings and taking measures against violations, and (6) instituting measures to prevent the recurrence of violations.

There were no cases of serious compliance violations in fiscal 2017.

Compliance Chart



CASE STUDY

Structuring and Strengthening the Anti-bribery and Anti-corruption (ABC) Framework

Recently, while laws and regulations related to bribery are highly strengthened worldwide, INPEX's Code of Conduct has been in place to prohibit bribery without exception in the Group's business activities. In May 2014, we established the ABC^① Guidelines, which are applicable throughout the entire company, and effective from October 2014. When building our ABC framework based on the Guidelines, we prioritized risk assessment and the drafting of internal rules and regulation in support of the Guidelines and appointed an external law firm with expertise in introducing such guidelines to assist us.

Since fiscal 2015, our headquarters, together with our overseas offices in countries and regions with a comparatively high risk of bribery and corruption, have conducted a series of risk assessments and have prepared

risk assessment reports that summarize the degree of risk and needed improvements. In light of these risk assessment results, in 2017 we revised our ABC Guidelines (renamed to ABC Policy) and drew up procedures in our efforts to erect a structured system and strengthen its operation. Furthermore, for these procedures we have established due diligence processes related to the following: prior notification concerning gifts and social events, prior notification for social contributions, employment procedures, appointment of third party service providers, jointly run businesses, and mergers & acquisitions.

Also, in order to plan out awareness efforts concerning these regulations, in fiscal 2016 and 2017 we carried out e-learning sessions on ABC themes for managerial employees in Japan and abroad.

^① Anti-bribery and Anti-corruption (ABC)

Compliance Training

With the objective of having each and every member of INPEX carry out compliance activities, we provide regular compliance training sessions, including business theme training and stratified training. In 2017, some of these trainings covered the themes of antitrust law, judicial/administrative sanctions, harassment, anti-social forces, and the Modern Slavery Act in the U.K. and human rights, as they all relate to the Code of Conduct.

Major overseas offices are instituting and implementing the Code of Conduct while taking into account the laws, regulations and cultures of host countries. In this way, we are strengthening our global compliance systems.

● Whistle-blower Hotline

We set up a hotline that uses a Whistle-blower Hotline that complies with the Whistle-blower Protection Act. The Hotline is accessible to our executives and employees. Contact points are offered internally and externally through a law firm. Bribery and corruption, discrimination, human rights, and harassment are also covered by this Whistle-blower System. Rigorous measures have been taken to protect individuals who submit reports from any negative consequences. In addition, we promptly report the content of reports from whistle-blowers and the results of investigations and responses to the Audit & Supervisory Board members so as to ensure the Whistle-blower System functions more effectively.

Two reports to the internal hotline and four to the external hotline were submitted during fiscal 2017. The Compliance Committee responded to each report by taking appropriate action in accordance with the Hotline Procedures, taking into consideration the advice of attorneys and other experts. There were no compliance violations related to bribery and corruption, discrimination, or human rights abuses among these reports.

Anti-bribery and Anti-corruption Initiatives

Since the ABC Guidelines went into effect in October 2014, after obtaining approval from the Compliance Committee, we have been conducting risk assessments and revised the guideline to the ABC Policy, including related procedures, in 2017.

In fiscal 2017, a risk assessment was performed at one overseas office. In addition to the continuous implementation of compliance training for new graduates and mid-career new hires, e-learning is also being conducted for domestic and overseas executives and employees. About 2,700 people have successfully completed this training. On top of this, we regularly

organize information sharing and exchange of views on compliance activities with Perth and Jakarta offices to assist formulation of global ABC compliance framework. In fiscal 2017, there were no occurrences of major violations related to bribery and corruption. There were also no acts of discipline or punishment for anti-bribery and anti-corruption infractions.

● Heightening Transparency through EITI Participation

We have participated in the Extractive Industries Transparency Initiative (EITI)^② since October 2012. As of April 30, 2018, EITI participants include 51 resource countries, many supporting countries including Japan, and many companies in extractive industries and non-governmental organizations (NGOs). Among countries in which we operate projects, we provide project data relevant to EITI.

Our Approach to Tax Compliance

We strive to ensure tax compliance and transparency. We realize that by paying taxes appropriately and in accordance with laws and regulations of each respective country in which we operate, we contribute to local economic development, thus fulfilling one of our most important social responsibilities.

Not only do we comply with the Japanese tax laws and make appropriate tax payments, but because most of our operations are located in foreign jurisdictions, we also constantly strive to expand our expertise in relevant local tax legislation in order to minimize the risk of uncertainty or dispute, and also to timely recognize transfer pricing risks associated with cross border transactions. We seek to ensure that our tax payments are performed in an appropriate manner, by building constructive relationships based on mutual trust with local tax authorities, such as applying for advance pricing agreements.

The final reports of the OECD/G20 BEPS^③ project were published in October 2015, and legislation governing international transactions is being developed in Japan and the other G20 countries based on the report content. As a global company, INPEX will continue to closely follow international taxation trends and legislative developments in each country and strive to respond in a timely and appropriate manner.

Furthermore, we promote tax compliance throughout the entire Group by providing education not only to tax and accounting division members, but to all Group employees.

② EITI

Extractive Industries Transparency Initiative

③ Base Erosion and Profit Shifting (BEPS) Project

A joint project of the OECD and the G20, which aims to prevent excessive tax planning strategies of multinational enterprises that exploit gaps and loopholes in tax rules to shift profits to low or no tax locations

Fair Procurement

The Details on Ethical Procurement Guideline specifies matters including prohibition of practices that impede on 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. It stipulates that departments involved in procurement processes adhere to and put into practice the Guidelines not only as a basic policy governing procurement operations, but also as part of the Group's Code of Conduct.

Also, we require contractors to comply with laws and regulations related to labor and the environment, prevent bribery, and respect the INPEX Group Human Rights Policy.

We are committed to providing opportunities to all suppliers and select contractors to supply goods and services based on a fair and transparent evaluation.

In selecting main suppliers for our operator projects, we conduct anti-corruption risk assessment and work within a prequalification process that ensures that our suppliers have detailed HSE systems in place.

In domestic projects, when bidding on and placing orders for large-scale construction, we follow the Details on Ethical Procurement Guideline after implementing an ABC Preliminary Investigation. We also incorporate HSE perspectives in our assessments, while practicing fair and open procurement. After the bid, we further carry out continuous monitoring of suppliers based on the ABC Policy. At the same time, we comply with the laws and regulations of each country.

Human Rights Initiatives

As a company that engages in global business operations, we recognize that respect for the cultures and customs of the areas in which we operate and consideration of human rights are essential. In May 2017, we formulated the INPEX Group Human Rights Policy to address the Modern Slavery Act 2015 in the U.K. We have continued to publish annual statements on this act on our website every year since 2016.

In project implementation, we voluntarily adopt IFC Performance Standards as our own standards. For new and existing projects alike, we conduct studies in the areas in which we operate, on possible environmental and social impacts such as labor issues and human rights, in which we identify, mitigate and monitor risks. In conducting these studies, we emphasize dialogue with local governments, residents, and other stakeholders in the affected areas.

When we withdraw from businesses, we conduct advance studies and assessments of the environmental and social impacts of abandoning and removing facilities, fully consider the safety of local communities and the environment, and take appropriate measures after obtaining the consent of local residents.

In order to cultivate a better understanding of human rights, we conducted online human rights training for our executives and employees in October 2017. A total of 98% of employees completed the training. Compliance training for managerial employees also covered the Modern Slavery Act in the U.K. and human rights.

We also participate in the IPIECA⁴ Human Rights Working Group, an industry association. This working group collaborates on activities such as review of human rights due diligence in the supply chain and information-sharing for the prevention of modern slavery, such as child labor and forced labor.

There were no cases of serious violations related to discrimination or human rights abuse in fiscal 2017.

● Dialogue between Labor and Management

The labor agreement with the INPEX labor union stipulates that the union possesses the three labor rights (the right to organize, the right to bargain collectively, and the right to act collectively). We arrange opportunities for discussion of labor issues between management and labor representatives at overseas offices as well.

We strive to maintain and develop a healthy labor-management relationship by periodically providing opportunities for labor and management representatives to exchange views and ideas on a broad range of issues, including not only labor issues but challenges faced by the company and the business outlook. We take care to provide appropriate advance notification of any operational changes that significantly affect employees. No complaints have been received since the union was formed in October 2008.

In fiscal 2017, in order to contribute to continually safe and stable work sites in Japan, INPEX and its labor unions agreed on a cash bonus system for the earning of designated qualifications, starting in July 2018, to encourage employees working in Japan to obtain legally required qualification.

INPEX

Materiality

03
HSESafety Data
(FY2017 results)LTIF: 0.28
TRIR: 1.74**Basic Policy**

INPEX has issued an HSE Policy to help ensure the safety and health of all those involved in our business activities while we also strive for the conservation of local ecosystems and the global environment. To implement this Policy firmly, we have established the Corporate HSE Unit which consists of five groups: HSE System Group, Health & Safety Group, Process Safety Group, Security & Crisis Management Group, and Environment Group, at headquarters, to promote HSE management through a robust HSE Management System.

● HSE Management System (HSEMS)

To ensure the successful implementation of the HSE Policy across the organization, we have been striving to prepare and execute various plans based on the HSEMS through the use of the PDCA methodology. The focus of our effort includes the preparation and revision of key HSE documents such as corporate manuals, standards and guidelines; establishment of HSE organizations; HSE technical support for Operational Organizations; HSE

education and training; periodical HSE audit and reviews; and HSE communication activities including periodical HSE meetings in which we discuss and share lessons learned from incidents, publications of the HSE Monthly Report, HSE management site visits, and conferment of HSE Awards.

● Occupational Safety and Health

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

● Prevention of Major Incidents

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

● Security and Crisis Management

We reinforce the management of overseas security as necessary by considering the recent security circumstances. We also prepare the necessary documents to respond to various types of emergencies, and conduct crisis management exercises to prepare for the worst-case scenario.

● Environmental Management

We strive to minimize negative impacts on the environment and local communities by conducting environmental and social impact surveys before starting a project, monitoring those impacts through the project's lifecycle, and promoting environmental management based on the monitored results.

CASE STUDY

HSE Management Site Visit for Sarulla Geothermal IPP^① Project

On July 7 and 8, 2017, a HSE management site visit for non-operator project was conducted; managers, including a member of Corporate HSE Committee, visited the operation & construction sites of Sarulla Geothermal Independent Power Producer (IPP) Project in North Sumatra, Indonesia. Participants confirmed the onsite HSE management and had an interactive and open dialogue with the HSE managers and site workers during the visit. The onsite HSE team is small but working efficiently to meet local environmental authority's requirements as well as the lender's requirements. It was a good opportunity to obtain useful knowledge and experience that will serve as a reference for HSE activities of other projects.



Sarulla geothermal site visit by the HSE management

MESSAGE FROM THE DIRECTOR IN CHARGE OF HSE



Takahiko Ikeda

Director, Senior Managing
Executive Officer in charge of HSE

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

We have been implementing the Corporate HSE Third Phase Mid-term Plan (FY2016–2020) since fiscal 2016, with the aim of enhancing our HSE competency to the

same level as that of the first tier group of independent International Oil Companies (IOCs)^②. As a first step, we issued a revision of HSE Policy on April 1, 2017. In the updated HSE Policy, we have added new declarative elements to demonstrate HSE leadership's efforts, to address process safety management, to reduce greenhouse gas emissions, and to strengthen security management. With the fulfillment of these, we will develop an INPEX HSE culture in which HSE is regarded as an indispensable factor in all decision-making, and that will be pursued on a daily basis.

In addition, we revised related internal rules and decided to extend the scope of the HSEMS to cover domestic subsidiaries. By so doing, we will promote consistent HSE management, and improve HSE performance of all Group companies.

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

HSE Management System

HSE Programs

We annually establish the Corporate HSE Objectives and Programs and measures progress to achieve the goals of our HSE Mid-term Plan.

In fiscal 2017, we revised the HSE Policy and HSE Management System Manual in accordance with the Corporate HSE Third Phase Mid-term Plan issued the previous year. We have adopted the fundamental principles: Leadership, Risk Management, Continuous Improvement, and Implementation; and expanded the scope to cover domestic subsidiaries, geothermal projects, as well as projects of shipbuilding and marine operations. In this way, we are committed to carrying out more effective and consistent HSE activities.

HSE Audits

Aiming to systematically evaluate compatibility and effectiveness of the HSEMS at our Operational Organizations and Headquarters Organizations from the viewpoint of assurance and governance, we conduct Corporate HSE audits and reviews. In fiscal 2017, we participated in fifteen HSE reviews and conducted three risk management-based Corporate HSE audits^③.

HSE Training and Development

In fiscal 2017, we conducted approximately 200 hours of HSE education and training through e-learning, training sessions and exercises. Apart from these, we continue to provide domestic and overseas OJT opportunities for young engineers so that they can acquire practical skills of risk management and process safety management.

In addition, our HSE experts are encouraged to further develop their competency through OJT or participation in a training session offered by HSE specialized institutes, and are provided with a career development program for each competency stream as outlined in their individual job competency profile.

To realize the Corporate HSE Third Phase Mid-term Plan, we will continue to build up HSE education and training schemes focusing on their execution.

HSE Communication

Since fiscal 2008, the Annual HSE Meeting has been chaired by the President & CEO and attended by Corporate HSE Committee members and the top

executives in charge of HSE at domestic and overseas Operational Organizations in order to raise HSE awareness. We organized the 2nd HSE Forum with HSE managers and experts from the Operational Organizations, in November 2017; the discussions focused on practical HSE issues at the worksite and how to improve company-wide HSE performance. In addition, we conduct HSE management site visits, to allow managers to demonstrate their commitment to HSE in a powerful and visible manner by seeing firsthand and understanding the risks associated with site work. This is to achieve Safety First, one of the INPEX Values. In fiscal 2017, the management site visits were carried out eight times: for domestic and overseas operator project sites, non-operated overseas geothermal project sites, and domestic subsidiaries. With these activities, both management and field workers were able to exchange frank opinions and discuss HSE. We will continue to conduct management site visits in a proactive manner.

To share information with employees, the INPEX Corporate HSE Unit publishes the HSE Highlights newsletter and the HSE Monthly Reports to enlighten all employees about HSE and to prevent the recurrence of incidents. In addition, the Corporate HSE Unit posts the latest KPI data, HSE documents, meeting minutes of the Corporate HSE Committee, HSE training, incident information or HSE alerts, security information, as well as international HSE activities, including IOGP^④ reports on our intranet. All employees can access this HSE information at any time.

For the purpose of raising motivation and HSE awareness of organizations and individuals, and to improve companywide HSE performance, we also bestow Corporate HSE Awards annually. In fiscal 2017, four awards were bestowed, with one HSE Excellence Award to a group, two HSE Activity Awards to groups and another HSE Activity Award to an individual. In accordance with the expanded scope of the HSEMS, we have reviewed commendation targets specified in the Corporate HSE Award Manual to now include all domestic subsidiaries and the joint business partners (Operator) of our non-operated projects as well.

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

^③ Risk management-based Corporate HSE audits

A methodology for narrowing audit focus to areas with greater risks by considering risks inherent in the organization.

^④ International Association of Oil and Gas Producers (IOGP)

Management of Health and Safety

Aiming to Reduce Incidents

We place the highest priority on preventing injuries to all people working on our projects, and are engaged in managing occupational safety risks through our HSE Management System and the INPEX 7 Safety Rules.

To support performance improvement, a number of key performance indicators (KPIs) were established, from both management and the workforce alike, to move us toward the goal of achieving company HSE performance that is within the top quartile of IOGP member companies.

For fiscal 2017, leading KPIs were set with a target LTIF of 0.12 and TRIR of 0.81 as favorable as IOGP top 25%. The results for these KPIs were 0.28 and 1.74 respectively, showing a deterioration compared to those achieved in fiscal 2016 of 0.11 and 0.97, hence both fell below the initial target.

It is with great sadness that we report one fatality of a sub-contractor that occurred on November 29, 2017, at a construction site of the Ichthys LNG Project where a contractor is managing operations and controlling safety under an EPC⁶ contract with INPEX. We have been dedicated to reducing major incident risks, including those involving work in confined spaces and at heights. Nevertheless, it is regrettable to have had another occurrence with similarities to past fatalities whilst constructing the Ichthys LNG facilities, such as the single fatality incident in Singapore in 2014 and the double fatality incident in Thailand 2016 where those fatality incidents also occurred at contractor's controlling sites. With earnest determination, we reaffirm our commitment and efforts to never let such an incident occur again.

We have continued to work at reducing incidents by enhancing rigor in investigation and analysis of incidents, building a system to share lessons learned on a companywide basis, as well as new initiatives such as the introduction of global incident reporting software.

We will continue our unrelenting pursuit of raising HSE awareness and improving our HSE performance to achieve the benchmark within the top 25% of IOGP member companies in fiscal 2018.

Safety Management of Contractors

Contractors have played a key role in the construction

of many small to large facilities and those operations.

In fiscal 2017, the 2nd HSE Forum was held at the Tokyo headquarters, and themed "Improvement of the Contractor HSE Management and Capability." Delegates from both domestic and overseas Operational Organizations and HSE management units shared experiences and considerations and worked to envisage the future for HSE Management of Contractors.

We believe that safety culture cannot be improved without sharing lessons learned from past projects; thus, we will continue to do so and to pursue efforts to improve safety management of contractors.

Health Management of Employees

We strive to maintain and improve the health of employees by providing periodical medical checks to all employees, group influenza vaccinations at the worksites, and mental health support. We periodically inform employees who travel or live abroad of the medical risks associated with their respective countries, and share information about public health concerns such as malaria and the Zika virus with all employees.

The 2nd HSE Forum Held at Headquarters

From November 30 to December 1, 2017, the 2nd HSE Forum was held at Tokyo headquarters. As the 9th forum of its kind, and following the former H&S Managers Meeting, delegates from both domestic and overseas Operational Organizations and HSE management units gathered to mainly discuss "Improvement of the Contractor HSE Management and Capability." Participants shared a common understanding of future HSE management of contractors through discussions over lessons learned in managing contractor HSE, the required actions to improve contractors' HSE management, and IOGP-suggested practices to manage HSE in a contracting environment, etc.



2nd HSE Forum

Prevention of Major Incidents

Comprehensive Process Safety Management

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

As shown in the figure below, the INPEX Process Safety Management consists of four focus areas and twenty elements. Each element has a detailed set of expectations. Within the PSM framework, we have adopted a voluntary Safety Case regime for INPEX operated assets, and we conduct Asset Integrity/Process Safety (AIPS) assurance reviews for all Operational Organizations to ensure risks are maintained to ALARP⁶.

Process Safety KPI

We are collecting and reporting Tier 1 and Tier 2 Process Safety Events* in line with IOGP requirements. In fiscal 2017, two Tier 1 and one Tier 2 Process Safety Events⁷ were reported. Collecting, analyzing, and reporting process safety KPI contributes to the

prevention of major disasters by improving the reliability of operations, avoiding complacency in Process Safety, and communicating process safety performance to relevant stakeholders.

Asset Integrity Management and Process Safety Assurance Review

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

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

In addition, other assurance reviews such as Pre-Startup Safety Reviews and Operations Readiness Reviews are conducted at each phase of the project where appropriate.

In order to continuously improve AIPS practices, actions from AIPS Assurance Reviews are followed up periodically and given feedback.

Process Safety Management Framework



⁶ As Low As Reasonably Practicable (ALARP)

⁷ Tier 1 and Tier 2 Process Safety Events (PSE)

Process Safety Events are unplanned or uncontrolled releases of any material, including non-toxic and non-flammable materials. Classification as Tier 1 and Tier 2 relies on actual consequence of the release (expressed as injury to person, direct cost to the Company, quantity of material released, etc.) and follows IOGP requirements.

Risk Management Process

HSE Risk Management activities includes quarterly collection, analysis and reporting Major Accident Event (MAE) and Top 10 HSE Risks from all our Operating Organizations via a centralized software system. This allows us to verify that all the Risks are managed to ALARP.

Security and Crisis Management

Enhancement of Security Management

INPEX always collects security information concerning the areas in which employees are working, then evaluates and shares the information internally. The threat level of each region is periodically evaluated and updated. Based on these threat levels, we formulate policies for employees assigned to foreign countries and for overseas business travelers, and issue alerts to all employees to raise awareness.

With regard to terrorist attacks, which still occur sporadically across the world, security alerts are posted on our intranet. We also hold in-house seminars and exercises to promote understanding and improve our response capabilities.

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

In fiscal 2017, we enhanced physical security level of operational sites in Venezuela and that of the related offices.

Preparation for Emergency and Crisis Response

In the event of an emergency, various units of Corporate and Operational Organizations of the Group collaborate.

Based on outcomes from the past crisis exercise, we have been working to improve the Corporate Emergency Response Plan and to develop other related documents in preparation for a Tokyo inland earthquake. In addition, the equipment of the Crisis Management Team (headquarters and Technical Research Center) is being expanded further. We have also established a system and are strengthening our partnership with the East Japan Regional Office in Niigata, which will act as the provisional Crisis Management Team and provide a site for operations in the event that functions at the headquarters are partially interrupted.

Emergency Response Exercise

Based on the annual HSE plan, the Operational Organizations in Japan and overseas conduct emergency response exercises both independently and collectively with the corporate headquarters for continuous improvement. Regarding the Ichthys LNG Project, in particular, we have been conducting exercises to be prepared for potential incidents at onshore and offshore facilities in Australia in view of commencing the production. In fiscal 2018, three emergency response exercises will be conducted apart from desktop exercises.

In fiscal 2017, Operational Organizations and corporate headquarters cooperatively conducted three level 3 crisis exercises, as follows, in preparation of a major incident:

- Domestic pipeline break & gas leak exercise
- Ichthys subsea production facility gas leak exercise
- Tokyo inland earthquake exercise

In terms of the fiscal 2018 plan, Corporate will organize the following level 3 exercises:

- Ichthys LNG onshore plant facility oil spill exercise
- Naoetsu LNG Terminal gas leak exercise
- Tokyo inland earthquake exercise

Based on the lessons learned from training and exercises, we will work to improve our crisis response capability.

Response to Blowouts and Oil Spill Incidents

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

Based on the lessons learned from the emergency response actions of other companies, we are reinforcing our well accident management system in all aspects of prevention, containment, and responses, which are required to control assets such as well, pipelines, and plant. To prevent incidents, rules and procedures are developed for consistent well management. To prepare against the malfunctioning of a subsea blowout preventer (BOP) in offshore drilling, we concluded an agreement with Wild Well Control, Inc., a supplier of capping equipment, for a device designed to switch on in the event of a blowout. We also have a contract with Oil Spill Response Limited (OSRL)^⑥, the world's largest provider of oil spill response services, as a part of our structure for responding to a large-scale oil spill, and constantly strive to acquire new knowledge about oil spill response technologies and procedures.

⑥ Oil Spill Response Limited (OSRL)

Environmental Management

Environmental Management Initiatives

We are committed in the HSE Policy to “avert and minimize any negative impacts to all, including the health, the environment and community as we continue to maintain a social license to operate.”

To realize this declaration, we have targeted to strengthen environmental management as one of the FY2017 Corporate HSE Objectives and implemented the following programs:

- Activate the Environmental Management Working Group
- Identify and evaluate the environmental aspects of our projects
- Develop the companywide environmental risk register
- Conduct studies of biodiversity and water management

Environmental Management Working Group

Environmental Management Working Group holds a quarterly meeting attended by managers and members in charge of environmental issues at domestic and overseas projects to discuss environmental management. In fiscal 2017, it was held in April, August, November and March. The working group has the following purposes:

- To identify the companywide environmental concerns and to consider actions.
- To share environmental management information and enhance communication



Environmental Working Group meeting

In fiscal 2017, we discussed the environmental aspects and risks exposed by our domestic and overseas projects through the Environmental Management Working Group, then identified that biodiversity and water management are companywide challenges for us considering global trends including Sustainable Development Goals (SDGs), and we conducted surveys to evaluate the current situation in order to discuss future actions. Consequently, the survey revealed that required actions for biodiversity or water management are distinct depending on each status of the project or its surrounding environment. We will continue more detailed studies so that we comprehend actions suitable to the real state of each project.

Based on these outcomes of discussion and survey in fiscal 2017, we will continue companywide efforts such as development of plans covering biodiversity and water management with the view of strengthening environmental management that remains as our HSE Objective in fiscal 2018.

Environmental Compliance

We comply with laws and regulations of the countries in which we operate.

For every project, in line with the HSE Legal and Other Requirements Procedure, we make a list of all applicable legal requirements and identify compliance obligations. The long-standing domestic projects have already made a legal requirements list at each operational site, annually updated based on new enactment and revision of relevant laws and regulations, and confirmed the compliance status.

Moreover, the HSE Legal and Other Requirements Procedure incorporates the “IFC Performance Standards^⑨” and “EHS Guidelines^⑩” as a voluntary standard.

Again in fiscal 2017, no legal violations in terms of the environment were registered.

Biodiversity Conservation

Recognizing that biodiversity conservation is a key task for us, we take actions to biodiversity conservation in order to achieve co-existence with natural environment nearby our projects.

Our business operations can be divided broadly into the overseas projects commencing productions in years to come and the domestic projects that we have been operating for a long period. Provided that the degrees of impact on the ecosystem or biodiversity differ at each

⑨ IFC Performance Standards

Environmental and Social Performance Standards defined by International Finance Corporation (IFC)

⑩ EHS Guidelines

Environmental, Health, and Safety (EHS) Guideline published by IFC in April 2007

and every project phase, necessary actions for the conservation are different accordingly. We identify potential biodiversity Risk and Opportunity which may be brought by our projects, and take necessary measures.

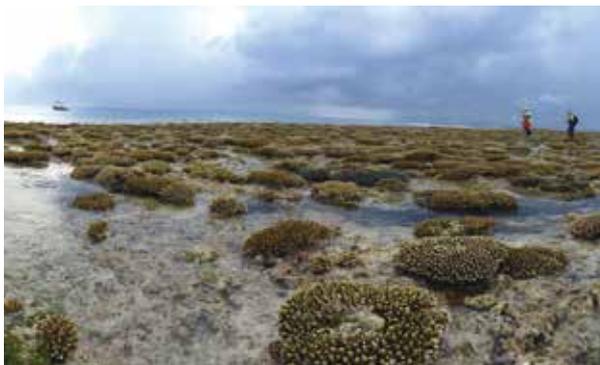
Since 2014, we have been sharing experiences, information and good practices across the industry through the Biodiversity and Ecosystem Working Group that is collaboratively hosted by IOGP and IPIECA¹¹.

● Overseas Activities to Conserve Biodiversity

Potential risks caused by a new overseas development project include adverse impacts affecting Environmentally Sensitive Areas (mangrove forests, coral reefs, wetlands etc.) and critical habitats of threatened species, and threats of biological invasions. We apply a mitigation hierarchy¹² in Environmental and Social Impact Assessment, to avoid, reduce, restore or compensate those impacts as much as possible.

The Ichthys LNG Project is located in Darwin, where mangrove forests thrive along the coastal area, which provides breeding and feeding grounds for fish and sea turtles. To protect the rich biodiversity, the Ichthys LNG Project conducts a comprehensive monitoring of discharges, seawater quality, mangrove forest health, and natural vegetation etc.

The Abadi LNG Project will conduct Environmental and Social Impact Assessment to survey biodiversity and ecosystem services¹³ in accordance with IFC Performance Standards.



Monitoring the coastal area of the Ichthys LNG Project

● Domestic Activities to Conserve Biodiversity

INPEX has been proactively engaged in activities to protect biodiversity around our long-standing projects.

INPEX Nagaoka Field Office, for example, organizes a forestation event and a nature study event for local children biannually in spring and autumn in the area known as “Kitsunedaira Donguri-no-mori” where we run operations nearby. Meanwhile, the Naoetsu LNG Terminal participates in the Joetsu Fishery Cooperative’s reforestation activity for the sake of fish living in the Kuwadori River. These forestation efforts in the upper reaches of the Kuwadori River will benefit environmental protection and regeneration of a healthy ocean. We support the purpose of this activity and participates in weeding nearby the upper Kuwadori River.

We will be actively engaged in environmental conservation with other operational sites in Japan besides the above. We will also conduct biodiversity surveys around our domestic sites in fiscal 2018, for example at the Naoetsu LNG Terminal, based on Niigata Prefecture Ordinances concerning Environmental Impact Assessment, we will carry out a follow-up survey in the surrounding sea to research plankton, benthos, fish egg, as well as juvenile and intertidal biota.



Participants at the biannual reforestation event

¹¹ IPIECA

the global oil and gas industry association for environmental and social issues.

¹² Mitigation hierarchy

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

¹³ Ecosystem services

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

Water Management

Recognizing that water management is a key task for us, we have been working to reduce influences on water resources. In fiscal 2017, we collected information about water management such as international trends or practices of the International Oil Companies, and rearranged our domestic and overseas conditions of water usage (source of water and consumption, reducing water consumption, wastewater destination and displacement). We continue to review our water usage, and identify risks and opportunities concerning water resources by rearranging conditions of water treatment, recycling, and quality monitoring etc.

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

● Identification of High Water Stress Area

Our efforts in water management range from full compliance of relevant domestic and international laws and regulations, to an assessment of water availability prior to the commencement of a project. We use "AQUEDUCT," a water risk mapping tool developed by World Resource Institute (WRI) ¹⁴, for the assessment. As of the end of March 2018, we are not operating in high water stress ¹⁵ areas.

The Abadi LNG Project, scheduled for development in the near future, is located in a high water risk area according to the result of assessment using AQUEDUCT. Therefore we will conduct a water resource survey in the surrounding sea as a part of environmental impact assessment, then we will take measures to avoid and mitigate adverse impacts on water resources accordingly.

● Efficient Use of Water Resources

Our domestic projects use drinking water, industrial water and ground water as coolants. Groundwater is also used as a coolant for power generation and snowmelt. We have adopted a circulating system for cooling water and installed a sensor equipped with an automatic shutoff system for snowmelt to reduce water consumption.

Overseas, although we use a large volume of freshwater for pressure testing of storage tanks during pre-startup inspection at the Ichthys LNG Project, the water is used repeatedly for multiple tests to curb the total volume.

● Wastewater Management

Produced water is re-injected into the reservoir or discharged into public waters such as river or sea. Prior to discharge, however, the water quality has to comply with the relevant standards of each country, or with the IFC EHS Guidelines in the absence of adequate standards. In fiscal 2017, approximately 82% of the total produced water (0.69 million m³) was reinjected, while the remainder was discharged into rivers etc.

Our offshore platforms and the Naoetsu LNG Terminal utilize seawater for cooling and heating, respectively. Mandatory checks of seawater temperature and residual chlorine assure that the marine environment will not be harmed, and that relevant laws and IFC EHS Guidelines are met before it is discharged into the sea.

● Development of Water Treatment Technology

From fiscal 2015 to 2017, we conducted a pilot project at our Sotoasahikawa plant in Akita Prefecture in collaboration with Chiyoda Corporation and METAWATER, under the support of JOGMEC ¹⁶, to test ceramic membrane filtration of produced water. This technology is expected, once established, to further reduce the environmental impacts of produced water discharges. In fiscal 2018, we will start a discussion for commercial use of this technology.

Preventing Air Pollution

We engage in mitigating emissions in the environment to meet relevant laws and regulations and, in particular, international regulatory trends. We monitor and manage NOx, SOx and VOC (Volatile Organic Compounds) emissions from our domestic and overseas businesses.

VOC is volatile organic compounds such as BTX (benzene, toluene and xylene) or n-hexane contained in oil and natural gas sources, which can lead to photochemical smog. In the case of our domestic operations, we identify the root cause of the release of natural gas, during storage in tanks and loading to a lorry or tanker; then, VOC emissions are reported to the government in accordance with the Law concerning Pollutant Release and Transfer Resister (PRTR) ¹⁷. As for benzene, we check the impact to ambient air quality by benzene monitoring at the site boundaries.

NOx emissions in fiscal 2017 were 6,071 tons, an increase of 3,555 tons from fiscal 2016. The increase reflects a rise in fuel consumption led by service vessels for production preparation at the Ichthys LNG Project. VOC emissions this year were 675 tons, comparable to that of fiscal 2016.

¹⁴ World Resource Institute

¹⁵ Water stress

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

¹⁶ Japan Oil, Gas and Metals National Corporation (JOGMEC)

¹⁷ the Law concerning Pollutant Release and Transfer Resister (PRTR)

Waste Management

We actively promote measures on the basis of the 3Rs (reduce, reuse, and recycle) to minimize the use of natural resources, thereby reducing negative environmental impacts. Where recycling or reusing leftovers from our operations is difficult and waste generation cannot be avoided, we have contacts with licensed waste service providers for appropriate waste treatment and disposal.

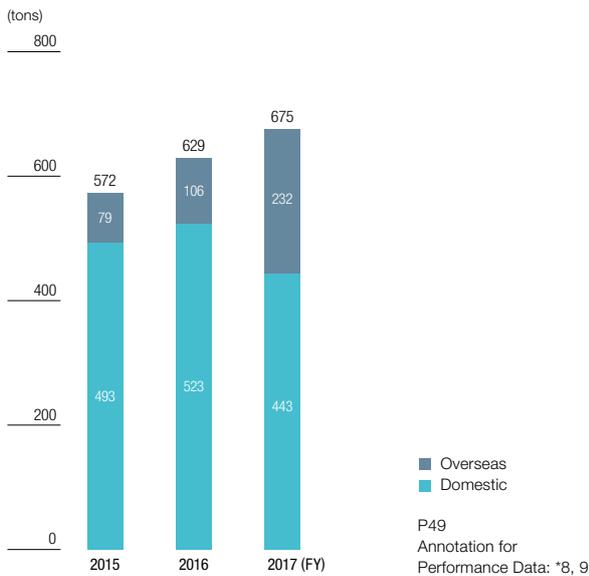
Overseas projects manage the waste in accordance with their waste management plan including regulatory requirements, risk management, and audit implementation.

To ensure appropriate treatment and disposal of our waste, domestic projects periodically conduct annual inspections by waste service providers to monitor the status of waste treatment and disposal.

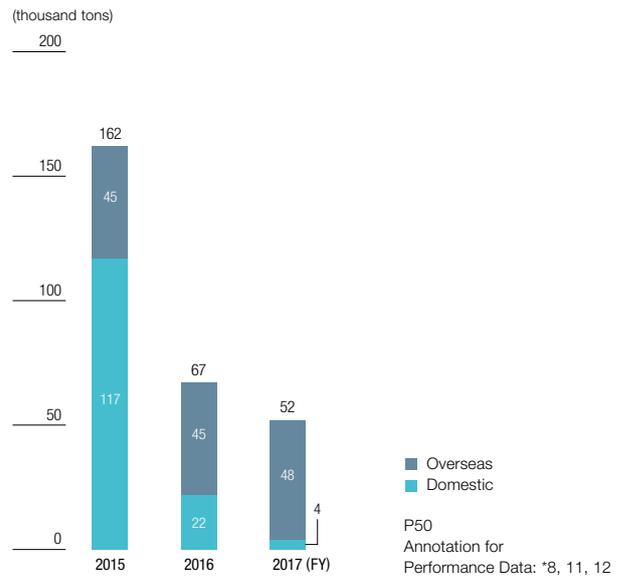
The gross amount of waste generated in fiscal 2017 was approximately 52 thousand tons. After recycling 8 thousand tons, the final disposal amount was reduced to 44 thousand tons.

In August 2017, the Minamata Convention on Mercury entered into force. The convention imposes the phase-out of mercury use, curbs on emissions, and stringent waste management of mercury-added products. Accordingly, the related domestic laws have been revised and newly legislated. To comply with the new enforcement related to mercury waste control, we enhanced the measures for collection and interim storage of mercury wastes at domestic worksites. In terms of PCB waste[Ⓔ] treatment, it is progressing and expected to complete within fiscal 2018.

VOC Emissions (Domestic and Overseas)



Waste Volume (Domestic and Overseas)



[Ⓔ] PCB waste

Poly Chlorinated Biphenyl

Materiality

04

LOCAL COMMUNITIES

Social
Investment¥1.41
billion

Basic Policy

INPEX is committed to building and maintaining trust with local communities through open and transparent engagement.

Dedicated community engagement teams are set up for our operator projects. In Australia, a community grievance management procedure is in place to appropriately address grievances received from local residents and no major grievances were reported in fiscal 2017.

In 2017, we issued the INPEX Group Human Rights Policy, based on the United Nations Guiding Principles on Business and Human Rights. The policy aims to recognize and respect the human rights of people in the communities, including indigenous communities, in which INPEX operates. In Australia, we are committed to working with Aboriginal and Torres Strait Islander peoples to build sustainable and mutually beneficial relationships as captured in our Aboriginal and Torres

Strait Islander Engagement Policy. No involuntary resettlement of Indigenous community groups has been required by INPEX operated projects in 2017.

By applying the Creating Shared Value (CSV)¹ philosophy to support initiatives that produce social benefits while meeting business objectives, we contribute to the development of local communities through employment opportunities, skills development, support for education, and environmental preservation.

In 2017, INPEX Australia began development of a community investment outcomes measurement framework in consultation with community partners. The framework will help us to evaluate the social outcomes and impact created by the initiatives in which we invest, and additionally support the community investment strategy that we will execute to complement the 40-year operation of the Ichthys LNG Project.

¹ Creating Shared Value

An approach proposed by Michael E. Porter and Mark R. Kramer in which social value is created by addressing social demands and generating economic value

Build Trust with and Contribute to Local Communities

Engaging with Stakeholders

In Japan, six community engagement teams have been set up: Akita, Chiba, Minami-Aga, Nagaoka, and the two teams at the operation management unit of the Domestic Project Division. The teams actively participate in local events and also take part in reforestation activities semi-annually as part of our environmental conservation efforts.

At the Naoetsu LNG Terminal—the core facility throughout our gas supply chain—a bimonthly newsletter informs local residents, the municipal government and other government offices about different processes and safe operations inside the Terminal. We also participate in local events such as marathons to interact and build relationships with local communities.

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

organizations.

In 2017, approximately 300 stakeholder engagement activities were held in Australia. This includes face-to-face meetings and phone and e-mail updates to provide information about Ichthys LNG Project activities as well as local employment and business opportunities.

Addressing Community Feedback

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

Approximately 1,500 inquiries received from Australian community members in 2017. Of these, more than 60% were regarded employment opportunities. The majority of all other inquiries were about business and sponsorship opportunities. Community concerns accounted for around 3% of all inquiries received and largely related to the behavior of the Project construction workforce or were in relation to helicopter operations. We work closely with our contractors and stakeholders to investigate all matters and address issues in a consistent manner.

CASE STUDY 01

Listening to the Community

In Darwin, fishing is a huge part of life, with an estimated one-in-three households having access to a fishing boat. How the Darwin Harbour is utilised is therefore incredibly important to the community and it was essential to proactively seek feedback on the Ichthys LNG Project concept.

We started engaging with local communities and stakeholders in Darwin, the location for the Ichthys LNG Project's onshore operations, early in the Project's lifecycle.

For example, community feedback helped to shape project execution decisions that concerned public access to Darwin Harbour's Catalina Creeks, a popular local fishing spot located next to the Project's onshore processing facilities. The original concept for the Project's product loading jetty could have impeded, or even prevented public access to this important recreational area.

This community feedback was a key factor in the

redesign of the product loading jetty and implementation of a marine safety zone around the plant site to maximise the safety of the harbor, while also ensuring that public access to the popular Catalina fishing creeks was maintained.



The Catalina Creeks (two rivers shown in the foreground of the image) and the product loading jetty (shown at the center left of the image)

Working with Indigenous Communities

In INPEX Australia's Reconciliation Action Plan (RAP)² we publish our commitments on the key themes of relationships, respect, and opportunities and report annually on our progress towards achieving those actions. The RAP Steering Committee, which comprises key members of INPEX Australia's senior management, is accountable for the execution of these commitments.

As we near the close of our Stretch RAP 2016-2018, we plan to develop the next Stretch RAP, covering 2019-2021.

Some of our key achievements to December 2017 include:

- Working collaboratively with the INPEX Larrakia Advisory Committee towards the development and delivery of long-term benefits for the Larrakia community.
- Engaging more than 1,400 Aboriginal and Torres

Strait Islander peoples in onshore construction work on the Ichthys LNG Project³.

- Contracting 62 Aboriginal and Torres Strait Islander-owned businesses in contracts valued at more than A\$157 million³.
- Delivering internal events during Harmony Week, National Reconciliation Week and National Aboriginals and Islanders Day Observance Committee (NAIDOC) Week to increase knowledge and understanding of Aboriginal and Torres Strait Islander cultures.
- Provided university scholarships to two Aboriginal and Torres Strait Islander students at the University of Western Australia and six Larrakia students in 2017.
- Supported and improved access to education to more than 90 Larrakia families through the Larrakia School Participation Program in 2017.
- Larrakia language names assigned to meeting rooms at the INPEX Onshore Operations Complex in Darwin.

CASE STUDY 02

Celebrating a Remote Aboriginal Community's Airport Ownership

In April 2009, INPEX formed a partnership with the Djarindjin Aboriginal Corporation for the long-term use of Djarindjin Airport, which is located 185 kilometers north of Broome on the remote Dampier Peninsula in the Kimberley region of Western Australia.

Because of its close proximity to Broome, a support and logistics hub for the Ichthys LNG Project's offshore works, and the offshore Browse Basin where the Ichthys gas field is located, the airport was an ideal location for the refueling and emergency landing of helicopters to and from the Ichthys offshore facilities. However, the airport required major upgrades to support the operation of a world-class project, including airstrip resealing, expansion of fuel facilities, and the installation of shelters and an automated weather station.

Realizing its potential to enable a dedicated income stream and employment opportunities for the community, the Djarindjin Aboriginal Corporation decided to upgrade the airport and took out a substantial loan to finance the work. In April 2018, a ceremony was held to celebrate the significant achievement of the Djarindjin Aboriginal Corporation fully repaying the loan and thereby becoming Western Australia's first Aboriginal-owned airport operator.

Members of local Aboriginal communities have been employed to support ongoing maintenance of the airport. The refueling team is led by local man, Kimberley

(Kim) Baird, who was recognized at the celebration event for his contribution and vision. Having overcome significant personal challenges himself, Kim understood the issues in developing a local workforce that includes individuals with an array of personal difficulties associated with the use and misuse of drugs and alcohol and mental health problems, as well as individuals with limited work experience.

Kim's dedication to developing a local team paid off. Today, Aboriginal refueling crew supports the INPEX Ichthys and Shell Prelude LNG projects and operates to international safety standards while undertaking 'hot' refueling of up to 24 helicopters per day.



Djarindjin Airport's local Aboriginal refueling team

² Reconciliation Action Plan (RAP)

A business plan endorsed by Reconciliation Australia that publicly documents what we commit to do to work with Aboriginal and Torres Strait Islander communities in Australia. There are four types of RAP – Reflect, Innovate, Stretch, and Elevate

³ Reported INPEX RAP achievements

Cumulative figures since the commencement of the Ichthys LNG Project in 2012 to the end of 2017

Contributing to Local Economies

We are committed to creating economic benefits for host countries and communities by providing contract and procurement opportunities to local businesses and employment opportunities to local residents.

In 2017, INPEX Australia published an independent economic impact assessment by ACIL Allen Consulting⁴, to demonstrate how the Ichthys LNG Project is making a long-term economic contribution to Australia. The assessment demonstrated the various ways that the Project will contribute to the Australian economy and local communities from early construction through 40 years of operation, including:

- A\$190 billion in additional gross domestic product
- 1800 full-time-equivalent jobs per annum over 40 years (direct and indirect)
- A\$73 billion in taxation payments to Australian governments
- A\$195 billion in exports

Supporting Local Communities

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

In Australia, supporting education and the wellbeing of

young people is a key focus, in particular Aboriginal and Torres Strait Islander youth. In 2017, we supported 57 community initiatives, through small community grants to strategic partnerships with not-for-profit organizations. Since 2012, we and the Ichthys LNG Project have contributed more than A\$3.4 million to community support programs in Australia.

At the Abadi LNG Project in Indonesia, INPEX has been conducting training for local people since 2011 with the objective of preserving, passing down, and promoting the culture of ikat, traditional woven textiles from the Tanimbar Islands in Maluku Province. This is part of the Company's programs aimed at empowering local communities. In April 2017, we contributed to the promotion of ikat by sponsoring an ikat fashion show in Tokyo which was organized by the West Southeastern Maluku Regency of Maluku Province jointly with the Embassy of the Republic of Indonesia. In March 2018, we received the Gold Prize in the category of Community Based Development Program of the PR Indonesia Awards 2018 in recognition of our contributions to date.

Since 2014, INPEX has also been offering scholarships to selected students in Maluku Province who wish to receive a university education or pursue research. With this scholarship fund, we have supported 454 students as of 2017 and are supporting an additional 130 students in 2018.

CASE STUDY 03

Social Contribution Activities in Abu Dhabi

Our business activities in Abu Dhabi have entered a new phase with the acquisition of an interest in the onshore oil fields in 2015, the extension of an interest in the Upper Zakum oil field in 2017, as well as the extension of an interest in the Satah and Umm Al-Dalkh oil fields and acquisition of an interest in the Lower Zakum oil field, both in 2018.

In order to foster our long-term relationship with the UAE and Abu Dhabi over the next 40 years, we strive to focus on the key task of supporting the next generation of the country.

Since 2018, with the aim of establishing an educational foundation in the STEM fields (Science, Technology, Engineering and Mathematics) by nurturing mathematical proficiency at a young age, we have collaborated with the Kumon Institute of Education on the introduction of the Kumon method in Abu Dhabi elementary schools to spread the method in future. In addition, INPEX has hosted university students from the

UAE on a three-week training program held in Japan every year since 1993 during summer break, in which they attend technology lectures, cultural experiences, and engagement with local university students. We also promote the sport of judo and support young athletes.



Kumon Ceremony at an Abu Dhabi elementary school

⁴  economic impact assessment by ACIL Allen Consulting

Materiality

05

CLIMATE CHANGE

Renewable Energy
Generation

237,360

MWh

Basic Policy

INPEX recognizes that climate change is a critical business issue. To achieve the long-term goals of the Paris Agreement, an economy wide transition to a low carbon society is under way. Global climate change response requires action by all members of the international community. Governmental policy measures, technology, development, industry response, and other long-term initiatives are particularly pertinent. We are committed to fulfilling our role in addressing climate change as a responsible member of the oil and natural gas industry.

Furthermore, we comply with national regulations of each country in which we operate, including those introduced to support the international policy framework for greenhouse gas (GHG) emissions reductions. Our businesses will work with governments and other stakeholders to address the two societal demands of meeting energy needs and reducing greenhouse gas (GHG) emissions; to achieve a balance between the two.

In our actions towards achieving a low-carbon society, we will strengthen initiatives on promoting natural gas development and renewable energy as a means to reduce the emissions associated with INPEX's value chain. In addition, we will also exercise proper management of greenhouse gases from our operations and proceed with technology development for practical application of carbon capture and storage (CCS)¹ to capture and sequester GHG emissions.

We shall also undertake analysis and initiatives in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations and seek to complete disclosure of exposure to climate-related risks as well as information on climate related opportunities.

Furthermore, we have developed a position paper, "Corporate Position on Climate Change," (issued December 2015, last revised July 2018) and published it on our website.

¹ Carbon dioxide Capture and Storage



Corporate Position on
Climate Change

Response to Climate Change

Sustainability Initiatives on the TCFD Recommendations

The TCFD is a task force established by the FSB^② in December 2015, which encourages companies to disclose information on the impact of climate change from the viewpoint of stable financial system. Since the final

report was published in June 2017, social concern about responses to climate change and climate-related financial disclosures has been growing.

The TCFD recommendations include challenges requiring company-wide, long-term initiatives. After examining the adequate methods for disclosure, we will prepare the systems and processes for disclosure to specify the necessary information & data, and build the collection process.

Disclosure Content and Location in Line with TCFD Recommendations

Overview of the TCFD Recommendations	INPEX Disclosure Content	Disclosure location
Governance Disclose the organization's governance around climate-related risks and opportunities.		
1. Describe the board's oversight of climate-related risks and opportunities.	• Governance framework for climate change	P39
2. Describe management's role in assessing and managing climate-related risks and opportunities	• Governance framework for climate change	P39
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.		
1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	• Identification of risks and opportunities • Development and implementation of an assessment framework for climate change risks and opportunities, both transition or physical risks, and its governance framework	P39 P40
2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	• Strategy on the transition to a low-carbon society • Initiatives on renewable energy	P41 P43-44
3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Establishing scenarios • Evaluation of the financial impacts of a 2°C scenario	P41
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks		
1. Describe the organization's processes for identifying and assessing climate-related risks.	• Risk assessment process related to climate change	P39
2. Describe the organization's processes for managing climate-related risks.	• Risk management process related to climate change • Application of an internal carbon price	P39 P39
3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	• Comprehensive risk management framework	P17
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Management of GHG emissions	P42
2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• Performance data: Addressing climate change <Emissions control>	P52
3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	• Targets of the Japan Petroleum Development Association • Setting emissions management targets	P42

② Financial Stability Board

An international body that monitors and makes recommendations about the global finance system. It was established after in April 2009 as a successor to the Financial Stability Forum (FSF)

Governance Framework for Climate Change

In accordance with the Company's recognition that climate change is a critical business issue, the Board of Directors seeks to maintain its oversight and expand the Company's involvement. Specifically, the Corporate Position on Climate Change was resolved at the board meeting, and we published our position paper in 2015 (last revised in July 2018). This position paper will normally be reviewed each year and any revisions will require approval by the Board of Directors. Starting in 2018, the results of our assessment of risks and opportunities arising from climate change, which are determined by the Executive Committee, will be reported to the Board of Directors and will serve as a basis for reviewing the position paper.

Targets relating to climate change are also set by the Executive Committee. Actions that address climate change in the form of qualitative targets are spelled out in Mid-term Business Plan 2018–2022 regarding governance, business strategies, risk and opportunity assessment, GHG emissions management, and information disclosure. We provide incentives for the executives in charge of business planning depending on the progress of initiatives to achieve these targets. In June 2018, the Climate Change Strategy Group was established within the Corporate Strategy & Planning Unit in order to promote action against climate change and create a framework for responding to this critical business issue.

Governance Framework for Climate Change

Role of the Board of Directors
<ul style="list-style-type: none"> • Set the Corporate Position on Climate Change • Monitor actions on climate change
Role of the Executive Committee
<ul style="list-style-type: none"> • Assess climate change risks and opportunities • Set targets for addressing climate change

Process for the Assessment and Management of Climate Change Risks and Opportunities

We use the PDCA cycle to assess and manage climate change risks and opportunities, as shown in the following table. In fiscal 2017, we adopted the classification of these risks and opportunities from the TCFD recommendations. These were then put to use in risk assessments by a project team composed of a cross-section of members for which the Corporate Strategy and Planning Division serves as the secretariat. Starting in fiscal 2018, a newly established Climate Change Strategy Group to promote action on climate change is spearheading the assessment and management of these risks within the new governance framework. We also introduced an internal carbon price in October 2017 and applied it to economic evaluation. The objective is to conduct sensitivity analysis for increasing financial risk due to introducing a carbon pricing policy (such as cap-and-trade or a carbon tax) in each country under the Paris Agreement. The internal carbon price has been set to US\$35/t CO₂-e (2018 real). This price will be reviewed each year.

PDCA Cycle for the Assessment and Management of Climate Change Risks

Step 1	Survey trends in the external environment (investors, NGOs, the UN, governments, industry organizations, other companies in the same industry)
Step 2	Forecast corporate GHG emissions and benchmark against other similar companies
Step 3	Assess climate change risks and opportunities
Step 4	Identify issues and develop an action plan on climate change in response to TCFD and others.
Step 5	Review the position paper, the Corporate Position on Climate Change

Major Milestones in the Management Strategy for Addressing Climate Change



**Fiscal 2017 Status of Climate Change Risks and Opportunities:
Assessment Coverage Plus Management/Initiatives**

Risk/opportunity category	Risks and opportunities covered	Management/initiatives status
Transition risks	Medium-term (to 2022) <ul style="list-style-type: none"> • Reputation risks related to absolute emissions and emissions intensity • Increased stakeholder concerns against the industry regarding carbon budgets, and emissions reductions • Disclosures regarded as inadequate 	<ul style="list-style-type: none"> • Proper control of emissions from operations • Setting of management targets for company-wide emissions • Disclose climate risk exposure in line with TCFD recommendations
	<ul style="list-style-type: none"> • Introducing a carbon pricing policy in project countries results in higher financial costs 	<ul style="list-style-type: none"> • Carbon pricing policies trends are monitored • Sensitivity analysis being conducted on internal carbon prices • Practical use of CCS technology being strengthened
	Long-term (to 2040) <ul style="list-style-type: none"> • A continuing business environment with potential decreased oil demand as climate policies are enhanced in each country • A continuing business environment with potential decreased oil demand due to technological progress in renewables, EVs, etc. • Development is difficult for oil/gas projects with high production costs due to changed energy choices in the market, resulting in long term demand and pricing impacts 	<ul style="list-style-type: none"> • Analyzing scenarios in policy, technology, and market trends • Develop and expand natural gas • Strengthen initiatives on renewable energy • Reducing production costs in upstream oil and natural gas businesses • Maintaining a framework enabling stable operations even if oil prices stay at \$50/bbl
Physical risks	Long-term (to 2040) <ul style="list-style-type: none"> • Project operations impacted by increase in abnormal events relating to climate risks • Project operations are impacted by increasing average temperatures, changing precipitation patterns, and rising sea levels 	<ul style="list-style-type: none"> • Ichthys LNG Project: Impact of large tropical cyclones on the design of offshore facilities and of rising sea levels on the placement of terrestrial facilities • Erecting a company-wide framework for assessing and managing physical risks
Opportunities	Medium-term (to 2022) <ul style="list-style-type: none"> • Develop and adopt low-carbon products and services 	<ul style="list-style-type: none"> • Develop and expand natural gas • Strengthen renewable energy projects • Build a company-wide framework for assessing and managing opportunities
	Long-term (to 2040) <ul style="list-style-type: none"> • Develop and adopt low-carbon products and services • Develop new products and services through R&D and technology innovation 	<ul style="list-style-type: none"> • Put 10% of project portfolio into renewable energy projects • Develop technology for practical application of CCS • Continue R&D in renewable energy technologies including storage batteries, artificial photosynthesis, and methane reuse using microorganisms

The INPEX Scenario for a Low-carbon Society

With regard to energy demand scenarios and the transition to a low-carbon society, we have set the IEA’s New Policies Scenario as the base case scenario, and will also consider transition scenarios including a scenario of additional growth in demand for renewable energy and electric vehicles compared to the New

Policies Scenario, spurred by cost reductions based on market principles, and a scenario with stronger climate change policies in various nations, based on the Paris Agreement. We assess how effectively its business strategies are able to respond to a number of scenarios including a 2°C scenario.

③ International Energy Agency

Low-carbon Transition Plan

For this scenario entailing a further shift from the IEA New Policies Scenario to a low-carbon society, we acknowledge the uncertain prospects for a large increase in oil prices.

Under these conditions, we assume in the Medium-term Business Plan 2018-2022 that oil prices will trend within the \$50 to \$70/bbl range with a gradual increase to \$70/bbl. During this time, our target is to reduce production costs to \$5/bbl (excluding royalties) for oil and natural gas upstream businesses, and we maintain financial and corporate resilience even if the crude oil price drops to US\$50/bbl. In addition, in order to promote low-carbon footprint in operations, we promote development of natural gas, enhance renewable energy initiatives, and manage emissions from operations. We

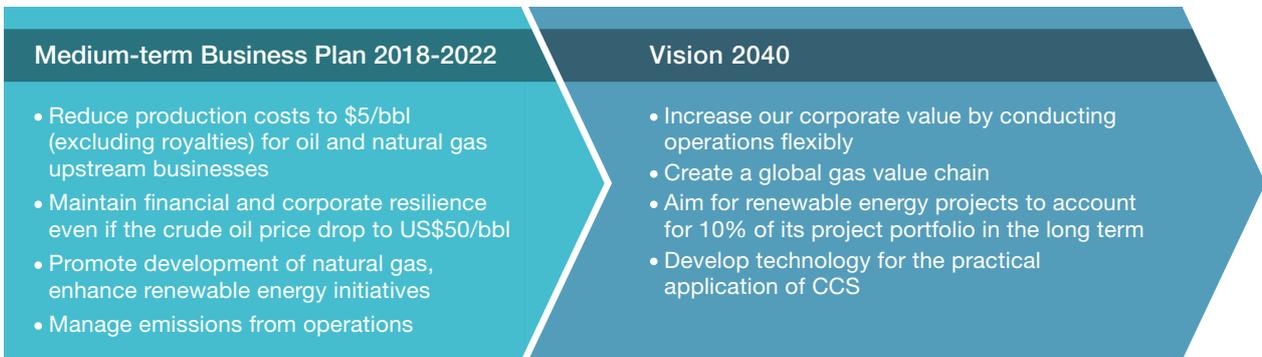
also participate in Proof of Concept trials for CCS, which captures and stores CO₂.

In Vision 2040 we will further promote a low-carbon footprint in operations. We aim to be a key player in natural gas development and supply, mainly focusing on Asia and Oceania, as well as Japan to expand the company's domestic gas supply chain – which our development and supply of natural gas has so far focused on, and create a global gas value chain. In the field of renewable energy, we aim for renewable energy projects to account for 10% of our project portfolio in the long term. For CCS, we will develop technologies for the practical application of CCS. Accordingly, while reducing our own carbon footprint in operations, we will work to continuously increase corporate value by maintaining the flexibility to respond to changes in the business environment between now and 2040.

The INPEX Low-carbon Society Scenarios

Scenario (to 2040)	Enhanced policy level	Technological progress level
IEA New Policies Scenario	Preserving actual NDC ⁴ trends after 2025	Level of actual NDC plus announced technological progress in each country
Technology progress scenario	Preserving actual NDC trends after 2025	Technology of solar, wind and EVs will progress more than those of the IEA New Policies Scenario due to decreasing the cost.
Wake-up scenario	Strengthen NDCs greatly enhanced by 2025	Technological progress level: same as IEA New Policies Scenario through 2025; thereafter the 2°C scenario level
2°C scenario	Strengthen NDCs greatly enhanced by 2020	Energy efficiency improvements and CCS largely contribute to emissions reduction in addition to expansion of solar and wind power, and EVs according to technology development.

Low-carbon Transition Plan Based on Scenario Analysis



⁴ Nationally Determined Contributions

Managing Greenhouse Gas Emissions

Efforts to Reduce Greenhouse Gas Emissions

In our Health, Safety and Environmental Policy, we have declared that we will pursue every effort to reduce GHG emissions and adhere to the GHG emissions management process. To achieve the goals of this declaration, we were involved in the following programs in Fiscal 2017.

- Compilation, analysis, and reporting of GHG emissions
- Construction of a statistical collection and reporting framework for methane leaks

In order to curtail the venting of methane gas, which has a much larger impact on global warming than CO₂, we have equipped sites with ground flare^⑤ systems. This allows methane gas to be combusted into CO₂, even in cases where a gas release cannot be avoided—Our effort to curtail GHGs. In fiscal 2017, we also started to collect and compile statistics on methane leakage at domestic and foreign business sites, based on international methods. Our overall GHG emissions will increase significantly as we commence production activities at the Ichthys LNG Project. In this regard, the GHG Management Working Group is leading a corporate-wide discussion to define how we manage GHG.

Our overall GHG emissions (including emissions from contractors) in fiscal 2017 were approximately 935 thousand tons, increasing approximately 299 thousand tons from the previous fiscal year. This change is attributed to the increase in fuel consumption of working vessels in preparation for production of the Ichthys LNG Project. In our operations in Japan, we engage in improvement activities aimed at reducing energy use per unit of production by at least 1% from the previous fiscal year as a short-term target, as required by the Act on the Rational Use of Energy (Revised Energy Conservation Law). The Act on Promotion of Global Warming Countermeasures requires businesses to report to the government their GHG emissions from non-energy sources, such as separated and removed CO₂. We manage GHG emissions in compliance with these two laws.

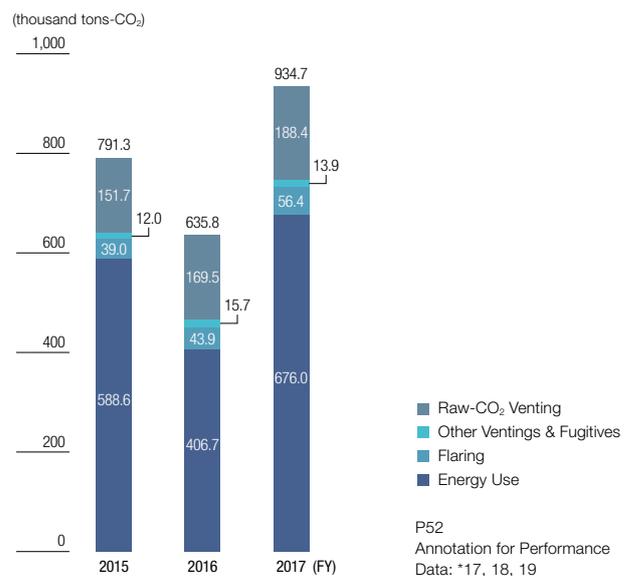
In 2008, our Domestic Project Division prepared the Energy Management Manual and aims to reduce energy use at our operating sites. In accordance with this manual, we regularly hold energy conservation group meetings, which are attended by employees in charge of energy management at each operating site. At these

meetings, the members confirm the progress of medium- to 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 prior to inclusion in regularly issued reports. The members also share the information on energy-saving measures at each site.

We participate in the Japan Business Federation's (Nippon Keidanren) Commitment to a Lower Carbon Society Plan and is implementing initiatives to prevent climate change. Through this initiative, the Japan Petroleum Development Association (JPDA) has set targets of reducing GHG emissions by 5% from the fiscal 2005 level by 2020 and by 28% from the fiscal 2013 level by 2030.

The reduction rates identified as 2020 and 2030 targets far exceed the most recent target rates indicated by the Japanese government. As of fiscal 2017, JPDA GHG emissions were reduced by 8.0% compared to the fiscal 2005 level and by 19.4% compared to the fiscal 2013 level. We will cooperate with other JPDA members and undertake further GHG emissions reduction to achieve the 2020 and 2030 targets.

GHG Emissions by Sources (Consolidated)



⑤ Ground Flares

Equipment that incinerates excess hydrocarbon gas produced at crude oil drilling facilities, gas processing facilities and oil refineries, instead of simply dissipating the gas as it is. It is shaped to combust flames within an upper chimney-like furnace, thereby resulting in less night-time pollution or impacts on the surrounding environment.

Initiatives on Renewable Energy

Initiatives to Strengthen Renewable Energy and Electric Power Businesses

On October 1, 2017, INPEX established the Renewable Energy & Power Business Planning Unit from the existing New Business Planning Unit, a subdivision of the Corporate Strategy & Planning Division. The new unit was created to actively pursue the reinforcement of renewable energy initiatives and then Renewable Energy & Power Business Division was established in June 2018, and demonstrate our commitment to strengthen our renewable energy and electric power businesses both internally and externally. The division currently operates with a total of over 20 staff members assigned to three groups —New Business Planning Group, Geothermal Group and Electric Power Business Group—where they are sharing challenges, formulating action plans and implementing initiatives to achieve their targets.

These roles are expected to be significantly strengthened in May 2018 in the newly developed Vision 2040. Given the recent growing concern over global climate change and in light of the consequent trend to rapidly expand renewable energy operations, both in Japan and abroad, we will actively expand its business initiatives in these fields as a corporate strategy.



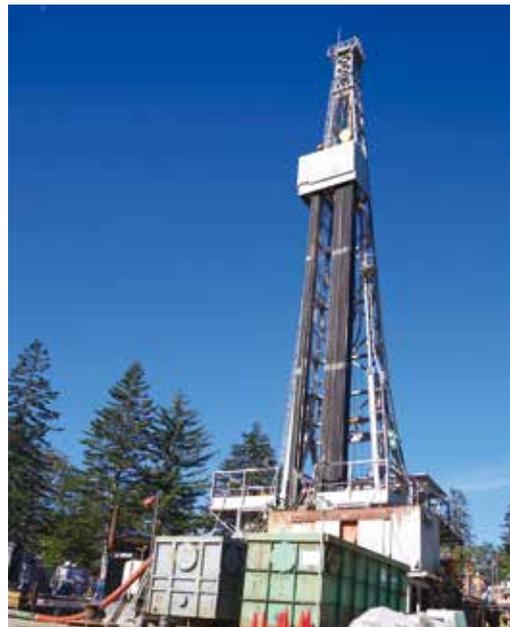
Flow tests in the Oyasu region of Akita Prefecture

Initiatives on Domestic Geothermal Power

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

Since 2011, we have been working with Idemitsu Kosan and Mitsui Oil Exploration on geothermal resource exploration in the Amemasudake region in Hokkaido, the Oyasu region in Akita Prefecture, and the Bandai region in Fukushima Prefecture. After conducting geological surveys, gravity surveys and electromagnetic surveys in the Amemasudake and Oyasu areas, we drilled geothermal exploratory wells and confirmed steam and hot water production through flow tests.

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



Drilling operations in the Amemasudake region of Hokkaido

Initiatives in Overseas Geothermal Power Production (Sarulla Geothermal IPP)

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

This project is also one of our CSR initiatives: we are making contributions in response to the needs of the local community by building infrastructure for the region, including roads, bridges, and waterworks, introducing English classes for local students, and supporting the lifestyles of local residents.

This project contributes to meeting the electric power demands of Indonesia, which has achieved remarkable economic development and is expected to make a significant contribution to the growth of the Indonesian economy.

Solar Power

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



INPEX Mega Solar Joetsu in Niigata Prefecture

Wind Power Generation Initiatives

In 2015, the annual volume of electricity generated from renewable energies exceeded that which was generated from fossil fuels and nuclear power throughout the world. Wind power generation is also becoming the lowest cost choice for many regions adopting new power sources over recent years, largely due to the increased size and efficiency of wind generators. Despite the Japanese market facing many challenges, including site restrictions, wind power generation is being promoted through fixed price purchasing scheme with conditions that are competitive by international standards.

At the end of 2017, we took our first step toward developing a wind power generation business in Japan to help address local needs and challenges. We are currently building experience in this business field, and will study ways in which to contribute to Vision 2040 going forward.

Photocatalyst Development

We are participating in an artificial photosynthesis project by NEDO (the New Energy and Industrial Technology Development Organization), which aims to develop technologies for a basic chemical manufacturing process using CO₂ and clean hydrogen converted from water through photocatalysis using solar energy.

This project, which involves the three R&D themes, aims to develop innovative technology contributing to the reduction of CO₂ emissions.

Of these three R&D themes, we have been participating in the development of photocatalysts that produce hydrogen by decomposing water with sunlight, with the aim of achieving a solar energy conversion rate of 10% by the end of 2021.



Materiality

06

EMPLOYEES

Number of INPEX Values People

774

Basic Policy

INPEX values workforce diversity and the development of global employees who share common values, ensuring responsible management as a global organization. To achieve this, our HR Division formulated the INPEX HR VISION, which is comprised of four key elements and covers the entire Group. HR activities based on these elements are implemented from a global perspective,

linking employee development to optimum team performance to become a globally competitive organization. In April 2014, we established INPEX Values, which are shared by all executives and employees alike. These values are instilled in our employees with different backgrounds working at domestic and overseas operations, which, we believe, makes us feel we are One INPEX.

INPEX HR VISION

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 Organization Effectiveness

Maximize organizational performance through HR Management Process

- Workforce planning and organization review
- Appropriate placement within the organization

3 Focus on People Development

Future leaders and global workforce capability

- Recognize and invest in future leaders
- Proper talent management cycle
- Access to diverse development programs

4 HR Excellence

Support business strategy with world-class functional expertise

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

CASE STUDY 01

Activities for the Global Diffusion of INPEX Values among Executives and Employees

The HR Unit has been carrying out activities to spread the INPEX Values which were established in 2014. Through company-wide surveys, the unit has obtained nominations for “Values People”—executives, employees and contractors who put the INPEX Values into practice. The third survey, conducted in 2017, resulted in the identification of 774 Values People. Each year, in addition to publishing interviews with those who received the most nominations, we also publish a selection of case studies collected from Values People throughout the business. This survey asks about how the Values People consider and carry out the INPEX Values in their daily lives. In fiscal year 2017, we also initiated the INPEX Values Awards Program to recognize those employees who practice the Values. We are moving ahead with other activities to further promote the INPEX Values among our employees.



A winner of the 2017 INPEX Values Awards Program

CASE STUDY 02

Building an Environment in which a Diverse Workforce Can Flourish

INPEX is building an environment which enables employees from a wide variety of backgrounds to work to their fullest potential. One initiative we have started in Australia and Japan relates to the LGBT community.

In Japan, as our initial focus, we have initiated LGBT training for employees in recruitment, HR and administration. Participants came to understand the concerns held by LGBT people and learned points to consider if someone who identifies as LGBT “comes out” to them. Training participants have responded with such comments as “It turned out there were so many things I didn’t know; I’m glad I took part in the training” and “I realized there are many things we must do as a company and as individuals.”

In Australia, we held LGBT fundamental training for HR staff on two occasions in 2017, and are providing consultation for employees on LGBT matters through a counseling service. In addition, we have started a study of amendments to certain company regulations.

Current initiatives have addressed departments that are most likely to receive LGBT-related contact, centering on the Human Resource Divisions in Japan and Australia, but we plan to expand the programs to reach all employees.



LGBT training for employees in recruitment, HR and administration

Human Resource Development and Utilization

Human Resource Development

INPEX conducts training to enhance the overall skill level of employees in order to contribute to our business over the long term. We develop employees by providing level-based training for executives and regular employees according to employee profiles, expected roles and required skills for corporate, engineering and administrative job categories. We also provide opportunities for employees both in Japan and overseas to acquire necessary business skills, and support global business operations by offering a range of programs to help them thrive in an international business environment. These programs include foreign language training as well as overseas training at our global offices and other organizations.

In addition to conducting company-wide group

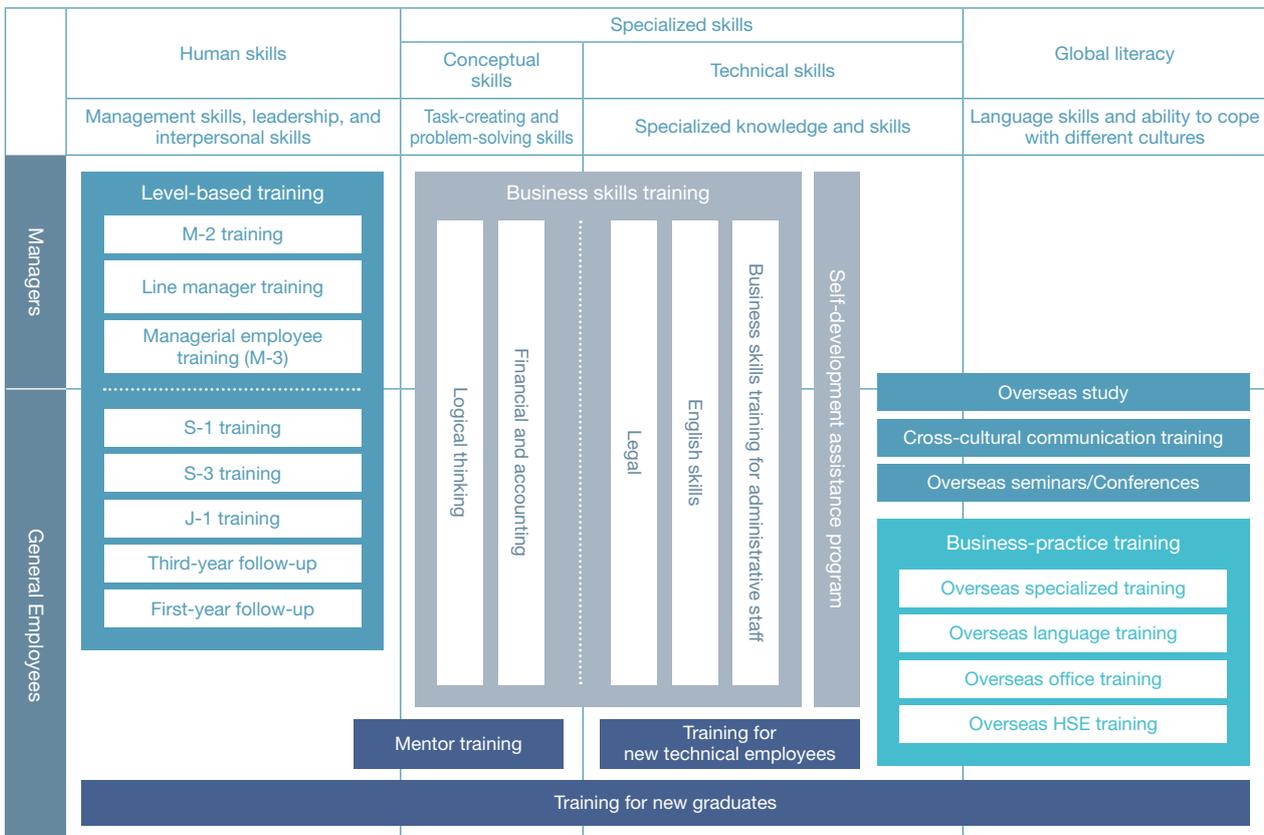
training for our new graduates, we have also introduced a mentoring system whereby an experienced employee is assigned to each graduate for one year to provide work-related guidance and moral support, helping them adjust to working life.

HR Evaluation Structure

We aim to stimulate motivation and capability by allowing employees to identify their own annual objectives and how to achieve them, while working toward the accomplishment of organizational goals set each fiscal year.

Through interviews conducted several times a year with their superiors, employees discuss their work performance and competency, identifying any issues and areas for improvement. This approach ensures a credible evaluation system and contributes to HR development. Employees are also given the opportunity to express an interest in challenging a role in a different area, leading to effective HR placement.

Diagram of Human Resource Development



Promoting Diversity

● Promoting the Advancement of Female Employees

In accordance with the INPEX Values and our basic policy on diversity management, we are actively working to create an environment in which female employees can fully utilize their abilities.

Under Japan's Act of Promotion of Women's Participation and Advancement in the Workplace, we have created an action plan starting this year in which we will increase the percentage of women in management roles to over 3% within the next five years and raise the proportion of women among new graduate hires to about 25%.

● Re-employment of Retirees

We introduced a re-employment system to benefit from the extensive experience and abilities of employees who have reached the mandatory retirement age of 60. This system allows for continuous employment until the age of 65 on a one-year renewable basis. We have accepted every applicant to this program and at the end of fiscal 2017 (March 31, 2018) 55 employees have been working under re-employment contracts.

● Promoting Employment of Persons with Disabilities

We have been proactive in hiring persons with disabilities, giving consideration to factors such as job content and workplace environment. As of the end of fiscal 2017 (March 31, 2018), the number of employees with disabilities was 33 (rate of person with disabilities employed: 2.1%).

We will continue to make efforts to create a workplace where those with disabilities can be fully engaged.

Promoting Work-life Balance

Our workplace environment reflects the importance we place on a healthy balance between work and private life. We provide a working environment that can accommodate the circumstances and lifestyles of all employees, enabling them 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.

Initiatives include the full-year incorporation of staggered work hours enabling employees to select their own hours to accommodate their individual circumstances

from April 2017. We also plan a company-wide introduction of a flextime system for employees starting in April 2019. The program had previously covered only employees involved in childcare and nursing care.

● Efficient Use of Work Time

We are creating an environment that enables employees to add variety to their daily schedules to obtain mental and physical refreshment. In addition to the abovementioned staggered work hours system, we promote the taking of consecutive summer holidays and also designate days on which employees are encouraged to take paid leave. In fiscal 2017, the percentage of paid leave taken was 79.7%.

We have designated every Wednesday as a no-overtime day as a measure to reduce overtime work. Further, if an employee's overtime work continuously exceeds a certain number of hours, their supervisors and the HR Division will approach them about the matter to assess the situation, share issues and identify solutions.

Starting in fiscal 2017, we also initiated a system in which the status of overtime hours and paid leave taken at each department is shared quarterly with executives in an effort to bring down total hours worked.

● Support for Child Raising and Nursing Care

We nurture an environment that supports the work-life balance of employees who are raising children or providing care to family members. We have introduced a variety of support systems for all employees that go above and beyond the legal requirement.

Furthermore, we formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. We have implemented measures to promote male and female employee participation in child raising, and provide support to allow them to care for their children while continuing to work.

Through these initiatives, we obtained the Next Generation Support Certification (known as Kurumin Mark) from the Tokyo Labor Bureau for the first time in recognition of the measures taken between fiscal 2009 and 2011 as a "company that supports child-raising." We obtained the certification again on September 17th 2015 for measures taken from fiscal 2012 to 2014. We also plan to apply for a third Kurumin certification for initiatives during fiscal 2015 through 2017. We will continue to support our employees as they balance work and child-raising.



Performance Data

Overall Employees (Consolidated) / Employees (Unconsolidated) / Recruitment (Unconsolidated) / Number of Employees Working under Re-employment Contracts (Unconsolidated) / Staff Turnover Rate (Unconsolidated) / Number of Employees with Disabilities (Unconsolidated) / Number of Employees Taking Advantage of the Parental Leave System and Nursing Care Leave System (Unconsolidated) (P. 53-54)



INPEX Action Plan to Promote Women's Participation and Advancement in Workplace

Governance

Sum range	Item		FY2015	FY2016	FY2017	Unit	
Consolidated	Directors and Executive Officers*1	Domestic*2	Male	42	40	39	persons
			Female	0	0	1	
			Total	42	40	40	
		Overseas	Male	0	0	0	
			Female	0	0	0	
			Total	0	0	0	
	Total Number of Directors and Executive Officers			42	40	40	
Outside Directors (Figures in parentheses denote the ratio of Outside Directors)			5 (33)	5 (35)	6 (40)	persons (%)	
Outside Auditors (Figures in parentheses denote the ratio of Outside Auditors)			4 (80)	4 (80)	4 (80)		

Compliance

Sum range	Item		FY2015	FY2016	FY2017	Unit
Japan, Australia, Indonesia	Number of Internal Reports	Japan	5	4	6	cases
		Australia	18	6	6	
		Indonesia*3	7	53	62	
Japan	Training Related to Human Rights <input checked="" type="checkbox"/>	Attendance Ratio*4	82	—	98	%
		Training Hours	807	—	659	hours
Australia	Aboriginal Cultural Awareness Training <input checked="" type="checkbox"/>	Attendance Ratio*5	66.0	84.9	72.0	%
Japan, Australia, Indonesia	Anti-Bribery and Anti-Corruption (ABC) Training*6	Japan	—	1,345	918*7	persons
		Australia	—	1,633	1,641	
		Indonesia	—	185	196	

Sum range	Item		Year	Amount	Unit
Consolidated	Payment Amounts to Governments (EITI)	Kazakhstan	2011	31,282	thousand USD
		Iraq	2013	10,000	
		East Timor	2015	140,256	
		Indonesia	2015	491,845	
		D.R. Congo	2016	23,950	

HSE (Environmental Data)

Sum range	Item		FY2015	FY2016	FY2017	Unit	
Consolidated** (Data in parentheses is for the Company only and does not include contractor data)	VOC*9	Domestic <input checked="" type="checkbox"/>	493	523 (523)	443 (443)	tons	
		Overseas	79	106 (19)	232 (82)		
		Total	572	629 (542)	675 (525)		
		NO _x	Domestic <input checked="" type="checkbox"/>	192	356 (159)		171 (171)
			Overseas	1,645	2,160 (53)		5,900 (2,507)
			Total	1,837	2,516 (212)		6,071 (2,678)
	SO _x	Domestic <input checked="" type="checkbox"/>	5	89 (6)	7 (7)		
		Overseas	14	2 (1)	5 (3)		
		Total	19	91 (7)	12 (10)		

HSE (Environmental Data)

Sum range	Item		FY2015	FY2016	FY2017	Unit		
Water Consumption*10	Domestic <input checked="" type="checkbox"/>	Tap Water	212,831	202,645 (192,202)	178,671 (178,671)	m ³		
		Water for Industrial Use	180,436	177,627 (177,627)	178,983 (178,983)			
		Groundwater	756,801	807,050 (806,868)	837,153 (837,153)			
		Total	1,150,067	1,187,322 (1,176,697)	1,194,807 (1,194,807)			
	Overseas	Tap Water	844,435	635,506 (7,325)	1,095,629 (7,410)			
		Water for Industrial Use	0	0 (0)	0 (0)			
		Groundwater	0	0 (0)	778 (0)			
		Total	844,435	635,506 (7,325)	1,096,407 (7,410)			
	Total		1,994,502	1,822,828 (1,184,022)	2,291,214 (1,202,217)			
	Discharge of Produced Water	Domestic <input checked="" type="checkbox"/>	Discharged into Public Water Areas	99,787	112,407 (112,407)		121,380 (121,380)	m ³
			Injection Return to Groundwater	803,200	809,802 (809,802)		561,213 (561,213)	
			Total	902,987	922,209 (922,209)		682,593 (682,593)	
		Overseas	Discharged into Public Water Areas	0	0 (0)		0 (0)	
Injection Return to Groundwater			3,431	18,625 (18,625)	2,688 (2,688)			
Total			3,431	18,625 (18,625)	2,688 (2,688)			
Total		906,418	940,834 (940,834)	685,281 (685,281)				
Waste*11	Domestic <input checked="" type="checkbox"/> *12	Non-hazardous Waste (Recycle)	112,959	19,745 (6,889)	2,287 (2,284)	tons		
		Non-hazardous Waste (Final disposal)	3,453	2,369 (611)	732 (687)			
		Hazardous Waste (Recycle)	0	0 (0)	0 (0)			
		Hazardous Waste (Final disposal)	948	282 (282)	589 (589)			
		Total	117,360	22,396 (7,782)	3,608 (3,560)			
	Overseas	Non-hazardous Waste (Recycle)	25,172	11,505 (10)	5,402 (4)			
		Non-hazardous Waste (Final disposal)	13,551	19,855 (39)	18,338 (69)			
		Hazardous Waste (Recycle)	0	0 (0)	0 (0)			
		Hazardous Waste (Final disposal)	6,178	13,592 (9)	24,317 (5)			
		Total	44,901	44,952 (58)	48,057 (78)			
	Total		162,261	67,348 (7,840)	51,665 (3,638)			
Oil Spills	Number of Spills		322	269 (1)	164 (9)	cases		
	Quantity of Spills		9	9 (0.2)	21 (0.5)	bbl		

Consolidated*8
(Data in parentheses is for the Company only and does not include contractor data)

HSE (Health & Safety)

Sum range	Item		FY2015	FY2016	FY2017	Unit		
Consolidated	Incident Frequency* ¹³	By Contract <input checked="" type="checkbox"/>	Employees	0.11	0.12	0.54	-	
			Contractors	0.15	0.10	0.23		
			Total	0.15	0.11	0.28		
		By Region	Japan	0.00	0.39	0.49		
			Australia	0.13	0.10	0.24		
			Indonesia	0.77	0.00	0.00		
			Venezuela	2.11	0.00	2.40		
			Malaysia	0.00	-	-		
			Suriname	0.00	-	-		
		By Contract <input checked="" type="checkbox"/>	Employees	0.77	1.11	1.74		
			Contractors	1.15	0.95	1.74		
			Total	1.12	0.97	1.74		
			By Region	Japan	1.89	1.96		0.98
				Australia	1.07	0.89		1.81
	Indonesia			0.77	0.00	2.20		
	Venezuela			2.11	0.00	2.40		
	Malaysia	0.00		-	-			
	Suriname	0.00	-	-				
	Fatalities* ¹³	By Contract	Employees	0	0	0	persons	
			Contractors	2	0	1		
			Total	2	0	1		
		By Region	Japan	0	0	0		
			Australia	2	0	1		
			Indonesia	0	0	0		
Venezuela			0	0	0			
Malaysia			0	-	-			
Suriname			0	-	-			
Lost Time Injury* ¹³			By Contract	Employees	1	1		4
	Contractors	15		6	7			
	Total	16		7	11			
	By Region	Japan	0	1	2			
		Australia	13	6	8			
		Indonesia	1	0	0			
		Venezuela	2	0	1			
		Malaysia	0	-	-			
		Suriname	0	-	-			
Restricted Workday Injury	By Contract	Employees	0	1	0	cases		
		Contractors	28	5	13			
		Total	28	6	13			
Medical Treatment of Injury	By Contract	Employees	6	7	9	cases		
		Contractors	85	44	40			
		Total	91	51	49			

Local Communities

Sum range	Item	FY2015	FY2016	FY2017	Unit	
Consolidated	Social Investment	Education and Fostering Future Generations	1,108.9	831.2	774.8	million yen
		Support for Local Communities	246.5	233.4	208.8	
		Health, Medicine and Sports	105.5	17.8	19.1	
		Support for Disaster-affected Areas	1.6	1.1	2.0	
		Environment	165.9	244.3	391.6	
		Culture and Arts	15.4	12.9	10.2	
		Others	70.5	4.4	1.8	
		Total	1,714.2	1,345.1	1,408.3	
	Percentage of Senior Executives Appointed from Local Communities* ¹⁶	Jakarta office	46.1	63.6	63.6	%
		Perth office	69.4	52.7	52.1	
		Total	63.2	54.5	54.2	

Climate Change (GHG Emissions Management)

Sum range	Item		FY2015	FY2016	FY2017	Unit		
GHG Emissions *17, 18, 19	Emissions Source	Domestic <input checked="" type="checkbox"/>	Energy Use	194,364	223,823 (207,653)	215,975 (215,910)	tons-CO ₂	
			Flaring	7,595	3,308 (3,308)	4,689 (4,689)		
			Other Ventings & Fugitives	12,053	15,678 (15,678)	13,891 (13,891)		
			Raw-CO ₂ Venting	151,708	169,505 (169,505)	188,336 (188,336)		
		Overseas	Energy Use	394,236	182,889 (22,578)	460,044 (202,122)		
			Flaring	31,357	40,604 (3,221)	51,720 (3,557)		
			Other Ventings & Fugitives	0	0 (0)	14 (0)		
			Raw-CO ₂ Venting	0	0 (0)	0 (0)		
	Gas Types	Domestic <input checked="" type="checkbox"/>	CO ₂	353,575	396,576 (380,430)	408,948 (408,900)		
			CH ₄	12,057	15,680 (15,679)	13,893 (13,892)		
			N ₂ O	88	57 (36)	50 (33)		
		Overseas	CO ₂	416,388	215,158 (25,652)	499,485 (204,751)		
			CH ₄	6,253	6,860 (134)	9,959 (525)		
			N ₂ O	2,953	1,475 (13)	2,333 (402)		
	Total		791,314	635,807 (421,943)	934,668 (628,504)			
	GHG Emissions per Unit*17, 18, 19, 20			3.37	3.20 (3.03)	3.20 (3.20)		tons-CO ₂ /TJ
	Direct Emissions (Scope 1)*17, 18, 19		Domestic <input checked="" type="checkbox"/>	328,912	370,736 (354,739)	380,880 (380,816)		tons-CO ₂
			Overseas	404,188	199,607 (22,687)	465,642 (203,493)		
			Total	733,100	570,343 (377,426)	846,522 (584,309)		
	Indirect Emissions (Scope 2)*17, 18, 19		Domestic <input checked="" type="checkbox"/>	36,808	41,578 (41,405)	42,011 (42,010)		tons-CO ₂
		Overseas	21,406	23,887 (3,112)	46,136 (2,185)			
		Total	58,214	65,464 (44,517)	88,147 (44,195)			
GHG Emissions from Use of Sold Products (Scope 3)*21 <input checked="" type="checkbox"/>			4,169,752	4,584,985	63,308,685	tons-CO ₂		
Energy Consumption*22		Domestic	3,692,851	4,132,829 (3,899,154)	4,102,514 (4,101,809)	GJ		
		Overseas	5,306,895	2,712,744 (739,045)	6,323,517 (3,234,691)			
		Total	8,999,747	6,845,573 (4,638,199)	10,426,031 (7,336,500)			

Consolidated*8
(Data in parentheses is for the Company only and does not include contractor data)

Climate Change (GHG Emissions Management)

Sum range	Item	FY2015	FY2016	FY2017	Unit	
Domestic** (Data in parentheses is for the Company only and does not include contractor data)	Energy Consumption <input checked="" type="checkbox"/>	Natural Gas	67,984	73,974 (73,974)	77,596 (77,596)	thousand Nm ³
		Gas Oil	1,310	317 (213)	76 (68)	KL
		Fuel Oil A	225	5,643 (0)	0 (0)	
		Kerosene	25	13 (13)	9 (9)	
		Gasoline	748	356 (301)	284 (274)	
		Jet Fuel	0	114 (0)	0 (0)	
		Condensate	0	0 (0)	0 (0)	
		LPG	15	8 (7)	21 (21)	tons
		Purchased Electricity	64,112	65,774 (65,481)	70,742 (70,739)	MWh
		City Gas	406	430 (430)	444 (444)	thousand Nm ³
		Outside Heat Supply	7,893	8,380 (8,380)	8,671 (8,671)	GJ

Climate Change (Renewable Energy)

Sum range	Item	FY2015	FY2016	FY2017	Unit	
Consolidated	Electricity Generated Using Renewable Energy	Domestic	4,890	5,850	5,711	MWh
		Overseas	—	6,439	231,649	
	Total Investment in Renewable Energy*23	General Employees	1,399	560	536	million yen

Employees (Employment)

Sum range	Item	FY2015	FY2016	FY2017	Unit				
Consolidated	By Gender*24 (Figures in parentheses denote the ratio)	Male	General Employees	2,011 (77.0)	1,906 (78.6)	1,854 (78.6)	persons (%)		
			Managerial Employees	810 (96.7)	774 (96.3)	788 (95.1)			
			Total	2,821 (81.8)	2,680 (83.0)	2,642 (82.8)			
		Female	General Employees	600 (23.0)	518 (21.4)	506 (21.4)			
			Managerial Employees	28 (3.3)	30 (3.7)	41 (4.9)			
			Total	628 (18.2)	548 (17.0)	547 (17.2)			
		Total	3,449	3,228	3,189				
		By Employment Contract	Permanent Employees	Male	2,821	2,680		2,642	persons
				Female	628	548		547	
	Total			3,449	3,228	3,189			
	Temporary Employees		Male	1,087	943	909			
			Female	274	219	194			
			Total	1,361	1,162	1,103			
	By Region	Japan	Permanent Employees	1,627	1,639	1,616	persons		
			Temporary Employees	283	269	267			
			Total	1,910	1,908	1,883			
		Asia and Oceania	Permanent Employees	1,598	1,374	1,362			
			Temporary Employees	1,017	845	788			
			Total	2,615	2,219	2,150			
		Eurasia	Permanent Employees	26	34	37			
			Temporary Employees	18	11	14			
Total			44	45	51				
Middle East and Africa		Permanent Employees	66	68	65				
		Temporary Employees	6	2	4				
		Total	72	70	69				
Americas		Permanent Employees	132	113	109				
		Temporary Employees	37	35	30				
		Total	169	148	139				

Employees (Employment)

Sum range	Item		FY2015	FY2016	FY2017	Unit	
Unconsolidated	Employees* ²⁵ <input checked="" type="checkbox"/>	Male	1,286	1,097	1,016	persons	
		Female	256	226	215		
		Total	1,542	1,323	1,231		
	Average Length of Service <input checked="" type="checkbox"/>	Male	16.3	16.6	16.9	years	
		Female	11.1	11.0	11.2		
		Total	15.5	15.7	15.9		
	Number of Staff Turnovers <input checked="" type="checkbox"/>	Male	29 and under	2	6	2	persons
			30-60	4	15	6	
			Total	6	21	8	
		Female	29 and under	2	0	2	
			30-60	4	4	6	
			Total	6	4	8	
	Number of Staff Turnovers		12	25	16		
	Staff Turnover Rate* ²⁶		0.93	1.99	1.31	%	
	Recruitment <input checked="" type="checkbox"/>	New Graduate Hires	Male	60	57	33	persons
			Female	16	13	15	
			Total	76	70	48	
		Mid-career Hires	Male	14	2	1	persons
			Female	2	5	3	
			Total	16	7	4	
Ratio of Standard Minimum Salary to Local Minimum Wage* ²⁷ <input checked="" type="checkbox"/>		1.34	1.19	1.17	times		
Number of Employees Working under Re-employment Contracts <input checked="" type="checkbox"/>		46	49	55	persons		
Labor Union Participation Rate* ²⁸ <input checked="" type="checkbox"/>		70.3	70.8	71.2	%		

Employees (Work-life Balance, Human Resource Development)

Sum range	Item		FY2015	FY2016	FY2017	Unit	
Unconsolidated	Monthly Average of Overtime Work		19.5	19.8	18.2	hour	
	Average Days of Paid Leave Taken () Average Rate of Paid Leave Taken* ²⁹ <input checked="" type="checkbox"/>	Male	13.2 (69.5)	14.1 (75.2)	14.7 (77.8)	days %	
		Female	16.0 (87.0)	17.0 (92.0)	16.3 (88.4)		
		Total	13.5 (71.7)	14.6 (78.2)	15.0 (79.7)		
	Rate of Receipt of Physical Examinations and Checkups <input checked="" type="checkbox"/>		100	99.7	100		
	Number of Employees Taking Maternity Leave <input checked="" type="checkbox"/>		12	20	16	persons	
	Number of Employees Taking Advantage of Parental Leave System* ^{30, 31} <input checked="" type="checkbox"/>	Male	Number of Employees	3	12	11	persons
			Rate of those returning to work* ³²	100	100	100	%
			Retention Rate* ³³	100	100	100	
		Female	Number of Employees	9	23	30	persons
			Rate of those returning to work* ³²	75	100	100	%
			Retention Rate* ³³	71	100	100	
	Total	Number of Employees	12	35	41	persons	
		Rate of those returning to work* ³²	86	100	100	%	
		Retention Rate* ³³	82	100	100		
	Number of Employees Taking Advantage of Limited Working Hours for Childcare, and Flexible Working Hour Scheme <input checked="" type="checkbox"/>	Male	15	17	27	persons	
		Female	28	29	41		
		Total	43	46	68		
	Number of Employees Taking Child Healthcare Leave <input checked="" type="checkbox"/>	Male	24	28	38	persons	
		Female	33	36	39		
Total		57	64	77			
Number of Employees Taking Advantage of Childcare, Nursery, and Babysitter Subsidies <input checked="" type="checkbox"/>	Male	37	40	40	persons		
	Female	13	10	16			
	Total	50	50	56			
Number of Employees Taking Advantage of Nursing Care Leave System <input checked="" type="checkbox"/>	Male	1	0	0	persons		
	Female	0	1	1			
	Total	1	1	1			
Number of Employees Taking Advantage of Limited Working Hours for Nursing Care System <input checked="" type="checkbox"/>	Male	1	0	0	persons		
	Female	1	0	0			
	Total	2	0	0			
Number of Employees taking Special Leave for Family Care <input checked="" type="checkbox"/>	Male	5	4	5	persons		
	Female	5	5	7			
	Total	10	9	12			

Employees (Work-life Balance, Human Resource Development)

Sum range	Item		FY2015	FY2016	FY2017	Unit	
Unconsolidated	Number of Employees with Disabilities*24 <input checked="" type="checkbox"/>		29	30	33	persons (%)	
	(Figures in parenthesis denote the percentage in total employment)		(1.9)	(1.9)	(2.1)		
	Number of Employees Utilizing Volunteer Leave System <input checked="" type="checkbox"/>		8	14	4	persons	
	Number of Participants in Training Programs		Level-specific Training	327	428	356	persons
			Business Skill Training	133	113	135	
			Language Training	10	6	1	
			Overseas Office Training	27	24	21	
			Overseas Specialized Training	56	22	54	
			Study Overseas Program	6	8	10	
	Training Hours per Person	By Gender	Male	80.6	58.7	62.0	hours / person
			Female	78.1	56.9	62.6	
		Total	80.1	58.3	62.2		
	Training Expenditure per Person			217,478	192,501	205,250	yen
Employee who Seek Personal and Career Development Reviews Regularly	By Gender	Male	100	100	100	%	
		Female	100	100	100		
	Total		100	100	100		
	Category of Employee	Managerial Employees	100	100	100		
		General Employees	100	100	100		
Total		100	100	100			

Notes

■ Scope of Report

- INPEX CORPORATION and its 64 consolidated subsidiaries.
- HSE and GHG Emissions Management data: Headquarters, Technical Research Center, overseas offices and domestic and overseas Operational Organizations.

■ Third-Party Assurance

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

■ Annotation

- *1 Number of persons who are elected by resolutions at Ordinary General Meeting of Shareholders every June.
- *2 In fiscal 2017, the percentage of female executive officers was 2.5%.
- *3 The number of internal reports at the Indonesia office includes consultation on the procedures for ABC (anti-bribery and anti-corruption) measures.
- *4 In fiscal 2015, training target is all domestic employees (Headquarters employees/Domestic Group employees/Temporarily transferred employees/Fixed-term employees/Temporary agency employees), in fiscal 2017, training target includes all directors, officers and domestic employees.
- *5 Training target is employees at all Australia locations (Group employees/Temporarily transferred employees/Fixed-term employees). The attendance rate is based on the cumulative number of attendees since 2012.
- *6 Number of attendees for anti-bribery and anti-corruption training (ABC training) since 2016 has been added.
- *7 The fiscal 2017 data includes the number of participants in training at overseas locations excluding Australia and Indonesia.
- *8 Data includes not only the Company's data but also contractors' data.
- *9 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.
- *10 The quantity of seawater used is not included.
- *11 Wastes are defined as hazardous wastes in accordance with the laws of each country. Within Japan, "specially controlled industrial wastes" as stipulated in the Act on Waste Disposal and Public Cleansing are set as "hazardous wastes" and other wastes (including "industrial wastes" and "municipal waste") are set as "non-hazardous wastes."
- *12 Since general waste discharge volume by disposal category is uncertain, the entire discharge volume of general waste has been included in the final disposal amount.
- *13 Because Malaysia and Suriname have withdrawn from the project, the stated value covers the period through fiscal year 2015.
- *14 Rate of injuries resulting in fatalities or lost time per million hours worked (LTIF: Lost Time Injury Frequency).
- *15 The rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours (TRIR: Total Recordable Injury Rate).
- *16 Executive management designates the managerial positions at senior manager grade or higher.
- *17 This includes energy-related GHG emissions and non-energy GHG emissions, such as CO₂ emissions caused by flaring of natural gas, etc. (flare dispersal), methane emissions (CO₂ equivalent) caused by venting of natural gas, etc. (vent dispersal), and amounts dispersed when CO₂ contained in natural gas is separated and removed (dispersal of separated CO₂).

*18 Domestic GHG emissions produced by INPEX are calculated using the unit calorific values and emission coefficients in accordance with calculation standards stipulated in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. GHG emissions resulting from electric power purchased are calculated using the adjusted emission coefficients. In other countries, calculations are carried out in accordance with local laws and regulations and rules for HSE-related data.

*19 "GHG emissions" and "GHG Emissions per Unit" do not include "GHG emissions from use of sold products."

*20 The basic unit described here shows the GHG emissions of heat production rate per consolidated production of oil and natural gas. The revision of the calculation method resulted in a change in the data disclosed in Sustainability Report 2017.

*21 For scope 3 emissions, results are calculated under the assumption that the oil, natural gas and LPG sold in fiscal 2015 and fiscal 2016 in Japan and sold in fiscal 2017 both domestically and overseas was completely combusted. The emissions are calculated by multiplying total sales volume by a CO₂ emission coefficient. In fiscal 2015 and fiscal 2016, results were calculated according to the emission factor of the Japanese Energy Conservation Act and Global Warming Countermeasure Act, while in fiscal 2017, emissions were calculated using emission factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

*22 The calculation method and conversion coefficients are set in accordance with the laws and regulations of each country (including the Act on the Rational Use of Energy [Energy Conservation Act] in Japan).

*23 The amount of total investment in renewable energy disclosed in Japan only. Amounts of our overseas investment are confidential, and thus, not disclosed.

*24 The revision of the calculation method resulted in a change in the data disclosed in Sustainability Report 2016.

*25 Data of Japan, the Jakarta, Houston and London Office is included, but due to the revision of the calculation method, the Jakarta Office is excluded from fiscal 2017.

*26 Calculated based on the number of resignees. Resignees here exclude retirees and resigned executive officers.

*27 The Ministry of Health, Labour and Welfare lists the minimum value among all companies based on the most recently published minimum wage per region.

*28 Fixed-term employees are not included.

*29 The calculation method has been revised beginning with FY2016 data, and certain fixed-term employees equivalent to employees have been included.

*30 Employees have the right to apply for parental leave if they wish to take leave for the purpose of childcare, live in the same residence as a child under the age of one year and are raising that child.

*31 States the cumulative number of people from fiscal year 2016 data.

*32 Returned employees in the current fiscal year/ Employees expected to return in the current fiscal year × 100.

*33 The rate of those returning to work from parental leave is the total number of employees retaining employment 12 months after return from leave ÷ number of employees returning to work in the previous fiscal year × 100.

*34 From fiscal 2017, we have included the number of e-learning training participants.



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, 2017 to March 31, 2018 (the "Indicators") included in its Sustainability Report 2018 (the "Report") for the fiscal year ended March 31, 2018.

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 Report.

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 the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. 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 the Company's responsible personnel to obtain an understanding of its policy for preparing 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 procedures on 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 recalculating the Indicators.
- Visiting the Company's Domestic Exploration & Production Division East Japan Regional Office Chiba Field Office selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

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 22, 2018



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