



1st edition: Issued in September 2021

Revised edition: Issued in March 2023

- Renamed to Green Finance Framework from Green Bond Framework
- Updated “1. Outline and Environmental Initiative of the issuer” in connection with the establishment of “Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022”
- Added the section of “2.5 External Review”

GREEN FINANCE FRAMEWORK

INPEX CORPORATION
Green Finance Framework

March 2023

Introduction

In September 2021, INPEX Corporation (hereinafter, “our company”, “INPEX”) formulated its first edition of Green Bond Framework. Afterwards, in order to further diversify our ways of funding, we revised it into the Green Finance Framework (hereinafter, “framework”), which covers both green bonds and green loans, as we formulated the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) in February 2022 to lay out a more concrete roadmap and set of goals for driving energy transformation forward while maintaining our commitment to the stable supply of energy. In formulating the framework, our company has received verification or evaluation of eligibility against the following standards from DNV Business Assurance Japan Co., Ltd., as a third-party reviewer. This framework applies or references some of the following standards, according to whether we issue a green bond or a green loan.

- Climate Bonds Standard Version 3.0
- Green Bond Principles 2021
- Green Bond Guidelines 2020
- Green Loan Guidelines 2020
- Green Loan Principles (GLP LMA, APLMA, LSTA 2021)

1.Outline and Environmental Initiative of the issuer

1.1 Outline of the issuer

INPEX is Japan’s largest oil and natural gas E&P company. INPEX will proactively engage in energy structure reforms towards the realization of a net zero carbon society by 2050, while responding to the growing energy demands of Japan and the world and fulfilling the company’s responsibility for the development and stable supply of energy over the long-term. By doing so, INPEX will contribute to a brighter future for society and also sustainably increase its enterprise value.

1.2 Our Policy on Climate Change, Setting and Achieving Climate Change Goals

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

INPEX's disclosures related to climate change are in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Specifically, we have maintained the Board of Directors' oversight role and expanded its involvement in corporate governance. In designing business strategies, we assess our ability to respond to multiple scenarios, including the IEA^{*1} WEO Sustainable Development Scenario (SDS^{*2}: scenario consistent with the Paris Agreement goals) as we evaluate our business portfolio. In 2021, we also started factoring in the Net Zero Emissions by 2050 Scenario (NZE^{*3}).

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

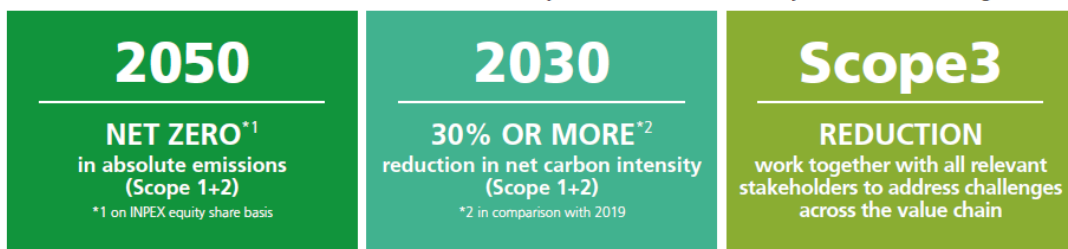
*1: International Energy Agency

*2: Sustainable Development Scenario

*3: IEA's Roadmap for the Global Energy Sector to Reach Net Zero by 2050

Climate Change Goals

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

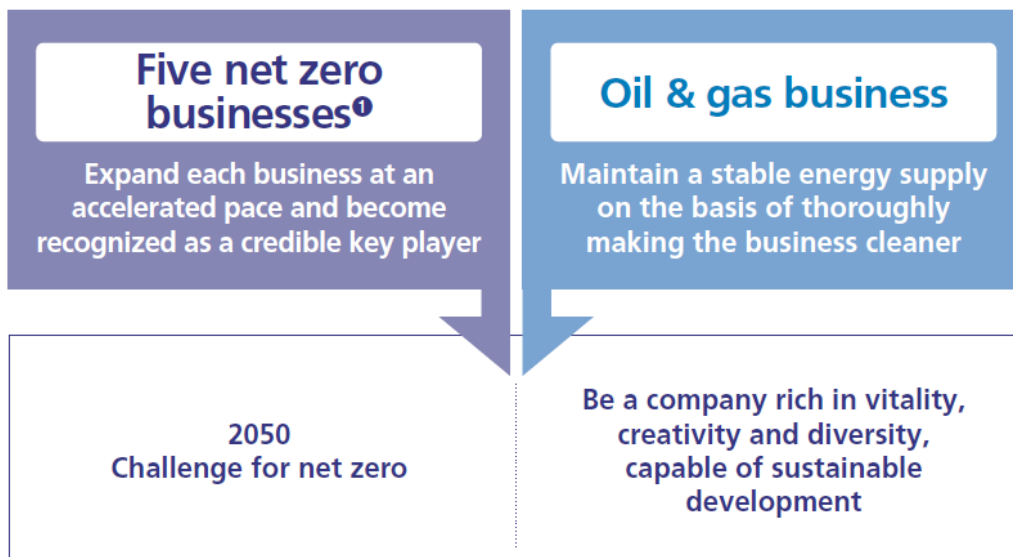


1.3 Our Long-term Strategy and Medium-term Business Plan – INPEX Vision @2022

Our Policy above provided a basis for the subsequent development of our Long-term Strategy - which outlines our specific ten-year strategy for advancing energy transition toward our 2030 goals - and our Medium-term Business Plan - which outlines concrete actions to be taken from 2022 to 2024. In this section, we highlight our core policy to help usher in a net zero society by 2050, and our vision for where we aim to be in 2030.

【Basic management policy towards a net zero carbon society by 2050】

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



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

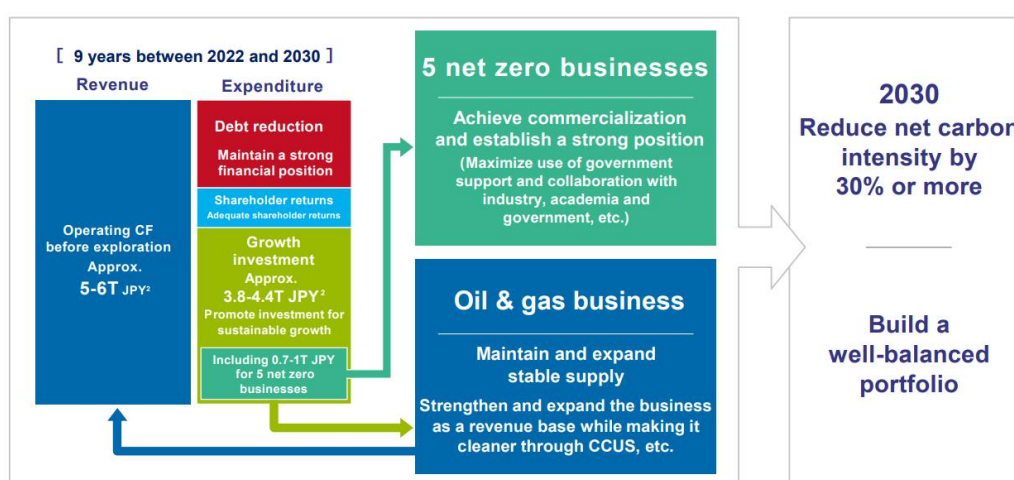
* Carbon dioxide Capture, Utilization and Storage

【Vision for around 2030】

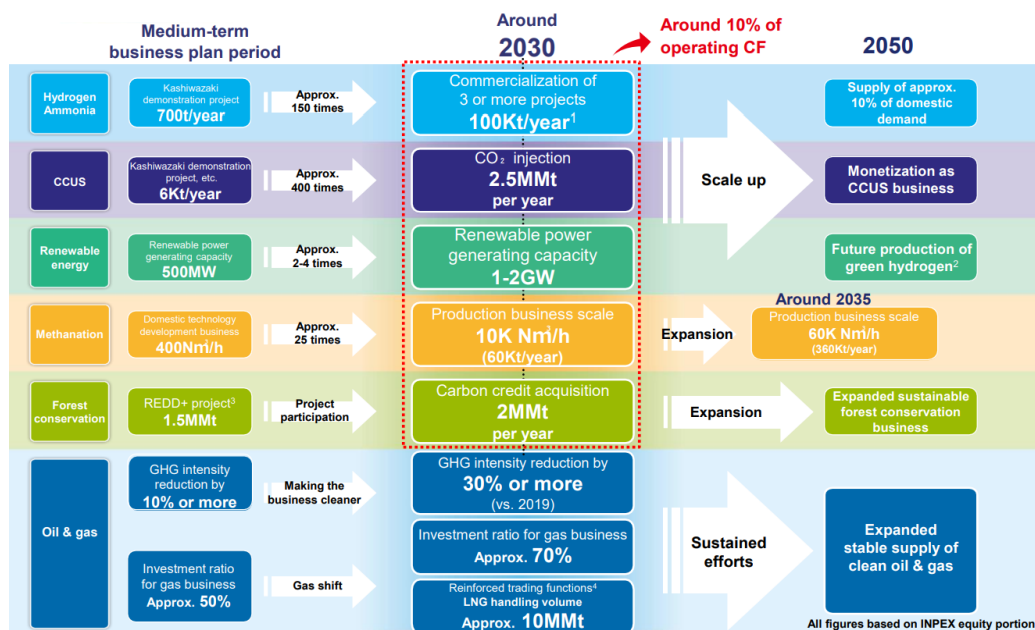
Transforming our “net zero carbon” concept from ideal to reality by 2030 is critical on our journey towards a net zero carbon society in 2050. We will continue our efforts to provide a stable supply of oil and natural gas, which - in light of current socioeconomic trends - will remain indispensable energy sources. Natural gas is expected to generate robust demand in the coming years, particularly in Asia. To make our natural gas operations cleaner, we will introduce CCUS projects while also working to strengthen

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

INPEX will transform net zero carbon from an ideal to reality.
Invest up to about 1 trillion JPY in the 5 net zero businesses and aim for these businesses to generate about 10% of operating cash flow¹ by 2030



- ① Operating Cash flow before exploration (including Ichthys LNG Pty Ltd, the Ichthys Downstream Incorporated Joint Venture). Cash flow from renewable energy business is estimated based on equity operating cash flow
- ② Estimates based on the assumption of a Brent oil price of USD 60-70 per barrel



- ① Ammonia volume shown in hydrogen equivalent
- ② Hydrogen that is produced by splitting water using electricity generated from renewable energy
- ③ Concept defined at the 2010 United Nations Climate Change Conference that augments REDD (Reducing Emissions from Deforestation and forest Degradation) with the active prevention of forest degradation through forest management and enhancement of carbon stocks through forestation.
- ④ Inclusive of midstream and downstream business, etc.

[Initiatives in the five net zero businesses]

Initiative	Summary
Hydrogen & Ammonia	Commercialize three or more projects by around 2030 and aim to produce and supply 100 thousand tons or more of hydrogen/ammonia per year.
CCUS	Aim to become a leading company in the CCUS business by targeting an annual CO ₂ injection volume of 2.5 million tons or more in around 2030 and promoting technical development and commercialization.
Renewable energy	Aim to secure 1-2 gigawatts of installed capacity, mainly in the offshore wind and geothermal power generation business. Become a key player by accelerating business expansion using assets acquired through M&A and other means as a platform.

Carbon recycling & New business	Promote the adoption of methanation in society and aim to supply about 60 thousand tons (equivalent to approx. 200 thousand households) of synthetic methane per year through INPEX's natural gas trunk pipeline network by 2030 while pursuing further development.
Forest conservation	Strengthen and expand projects aimed at CO ₂ absorption through forest conservation, from supportive measures to project participation.

【Initiatives in Oil and Gas】

Aim to achieve a stable supply of clean energy by focusing on core business areas, implementing a shift to natural gas and promoting resilience and making the business cleaner in an integrated manner.

- Selection and concentration of core business areas
 - Improve business efficiency by concentrating resources such as capital and human resources in core business areas.
 - Consider all options including the sale of non-core assets to build a well-balanced portfolio.
- Implementation of a shift to natural gas
 - Raise the gas investment ration from the current level of around 50% to around 70% to increase the gas ratio of the portfolio. Through these efforts, contribute to raising Japan's independent development ratio.
 - Expand the scale of the natural gas development business mainly in Asia and Oceania to meet demand and consider feedstock supply for hydrogen and ammonia projects and business transformation opportunities.
 - In the oil business development, carefully select projects with an emphasis on early production, early cost recovery and GHG emissions intensely.
- Making the business more resilient and cleaner
 - Strengthen the business framework to generate profit even at low oil prices through cost reduction and portfolio management.
 - Aim to achieve zero routine flaring by 2030 and thoroughly make projects cleaner by introducing CCUS, utilizing forest credits, introducing electricity based on renewable and saving energy.





- Promote the digitalization of operations to achieve higher productivity and power saving and help make businesses cleaner and more resilient.





1.4 Strengthening sustainable management



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




INPEX identified six of the seven core sustainability themes in ISO 26000 as areas of high importance for INPEX and our stakeholders - that is, our Material Issues. We also defined priority actions (Key Tasks) for each Material Issue area that have been incorporated into our PDCA cycle to enable continuous improvement.

[Sustainability Material Issues / Medium- to Long-Term Targets, Initiatives and Directions]

Material Issues	Key Tasks	Medium- to Long-Term Targets, Initiatives and Directions
<p>Governance</p> 	<p>Strengthen our governance structure</p>	<p>Improve the effectiveness of the Board of Directors, appropriately disclose information (including through dialogue with shareholders), cooperate with stakeholders, and continuously enhance corporate governance</p> <ul style="list-style-type: none"> Strengthen the corporate governance structure, including enhancement of the supervisory role of the Board of Directors Deepen discussion by the Nomination and Compensation Advisory Committee toward achieving further diversity of the Board of Directors, and provide feedback on those discussions to the Board Enhance discussion on business strategies supporting INPEX Vision @2022, its associated Medium-term Business Plan, and anticipated future business development, and monitor the progress made
	<p>Strengthen our risk management system</p>	<p>Continue implementing and monitoring measures to manage critical risks and issues identified by each division under the Medium-term Business Plan</p>
	<p>Supply Chain Risk Management</p>	<p>Strengthen supply chain risk assessment and compliance</p>
<p>Compliance</p>   	<p>Respect human rights</p>	<ul style="list-style-type: none"> Fully comply with and appropriately respond to the laws and regulations of the areas in which we operate, including ABC laws, judicial/administrative sanctions, international norms and ethics, and full respect for human rights Continue human rights due diligence
<p>Comply with laws, prevent bribery and corruption</p>		

Material Issues	Key Tasks	Medium- to Long-Term Targets, Initiatives and Directions	
Climate Change    	Pursue climate change goals and provide TCFD recommended disclosures	<ul style="list-style-type: none"> • Reduce GHG emissions intensity by 30% or more by 2030 • Achieve zero routine flaring by 2030 • Maintain methane emissions intensity (methane emissions/natural gas production) at its current low level (approx. 0.1%) 	
	Advancing five net zero businesses	Hydrogen & ammonia	<ul style="list-style-type: none"> • Commercialize three or more projects • Aim for hydrogen/ammonia production and supply of 100,000 tons/year or more
		CCUS	<ul style="list-style-type: none"> • Achieve annual CO₂ injection volume of 2.5 million tons or more • Become a leading company in CCUS by promoting technical development and commercialization
		Renewable energy	<ul style="list-style-type: none"> • Aim to secure 1-2 GW-scale installed capacity, mainly in the offshore wind and geothermal power generation business • Accelerate business expansion using assets acquired through M&A and other means as a platform
		Carbon recycling & new business	<ul style="list-style-type: none"> • Promote the adoption of methanation in society • Supply about 60,000 tons of synthetic methane annually via our pipeline network
		Forest conservation	<ul style="list-style-type: none"> • Secure about 2 million tons of forestation credits per year from leading forest conservation projects by 2030 through project participation, development, etc.
	Cleaner oil & gas business and transition to natural gas	<ul style="list-style-type: none"> • Increase gas ratio of portfolio by raising gas investment ratio to about 70% • Make our projects and operations cleaner by achieving zero routine flaring, introducing CCUS and renewable electricity, conserving energy, utilizing forestation credits, and other actions 	

Material Issues	Key Tasks	Medium- to Long-Term Targets, Initiatives and Directions
<p>HSE</p> 	Prevention of major incidents	<ul style="list-style-type: none"> • Achieve safe performance of high-risk operations and full prevention of serious incidents by thorough practicing the Life-Saving Rules and strengthening process safety management • Carry out actions that help improve HSE management <ol style="list-style-type: none"> ① Senior executives demonstrate HSE leadership ② Contribute to carbon-reduction projects through HSE management ③ Perform thorough risk management ④ Strengthen incident prevention efforts ⑤ Prevent leaks from facility processes ⑥ Prepare for emerging threats ⑦ Help to address global environmental challenges and create environmental value ⑧ Reinforce infection control measures • Compliance of executive management, managers, and staff with processes established under the HSEMS • Aim to achieve zero incidents and prevent major incidents by more firmly embedding the culture of the INPEX Value “Safety Number One”
Securing occupational health and safety	Biodiversity conservation & water risk assessment	
<p>Local Communities</p> 	Conducting assessments and measures to reduce impact on local and indigenous communities	
Contribution to local economies		

Material Issues	Key Tasks	Medium- to Long-Term Targets, Initiatives and Directions
Employees   	Make INPEX the best place to work	<ul style="list-style-type: none"> • Implement programs and promote a corporate culture that cultivates employee satisfaction/engagement • Expand support for employee career development • Create a workplace environment that supports diverse workstyles and employee wellbeing

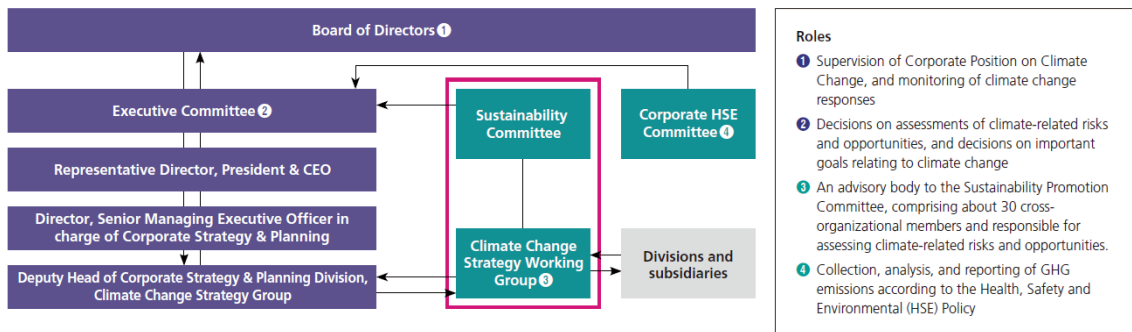
1.5 Governance System for Climate Change Response

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

【Climate Change Response and Directors’ Compensation】

In February 2022, we revised our compensation system in relation to bonuses for all of the company’s representative directors and other internal directors. We adopted GHG emissions intensity, the indicator used in our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022), as a key performance indicator for stock-based compensation, which serves as a medium- to long-term form of incentive. Further to this, for the directors in charge, qualitative targets are set each year to promote climate change response, risk management and information disclosure. The degree to which these targets have been achieved is evaluated and reflected in the director’s remuneration.

Governance Framework for Climate Change Response



1.6 Reinforcement of Renewable Energy Initiatives

With the goal of becoming an integrated energy company that contributes to a stable energy supply to broader communities, INPEX is engaged in efforts to commercialize renewable energies and reinforce Research and Development (R&D) activities for the next generation.

Currently, we are promoting the geothermal power generation business in Japan and Indonesia, and the offshore wind power generation business in Japan, the Netherlands and the United Kingdom. INPEX will accelerate its initiatives aimed at its geothermal and offshore wind power generation businesses, which can utilize the technologies cultivated by the company through oil and natural gas development.

1.7 Purpose and Significance of issuing green bond and green loan

Our company is to issue a green bond and a green loan to raise proceeds to promote efforts towards the realization of the above-mentioned “Our Long-term Strategy and Medium-term Business Plan – INPEX Vision@2022”, and we will communicate our efforts to our stakeholders.

2.Green Finance Framework

2.1 Use of proceeds

INPEX plans to allocate the proceeds from the Green Bond and the Green Loan to new investments and refinance to the projects which meets the following eligibility criteria (hereinafter, “eligible project”).

【Eligibility criteria】

- **Renewable energy**

Business related to the development, construction, operation and refurbishment of renewable energy of wind, geothermal and solar.

2.2 Process for project evaluation and selection

Regarding eligible projects, Finance & Accounting Division selects candidate projects based on the eligible criteria specified in section 2.1, and eligible projects will be approved through appropriate internal decision process in consultation with Renewable Energy & New Business Division and Corporate Strategy & Planning Division.

【Mitigation of environmental and social risks】

Environmental impacts

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

Local Communities

Trusted relationships with the communities in which we operate are fundamental to maintaining our social license to operate. We build and maintain our relationships with our stakeholders through open and transparent engagement. INPEX Group Human Rights Policy outlines our commitment to recognize and respect the rights of people, including indigenous peoples, in our host communities. To minimize the negative impact

of our business operations on the local communities in which we operate, we conduct impact assessments in advance and implement a variety of countermeasures. Engagement of local industry and people are essential to our business success. As a global company, INPEX is committed to contributing to the economic and social development of society through our business and to building sustainable and prosperous communities.

2.3 Management of proceeds

The Finance & Accounting Division allocates and manages the proceeds. The balance of unallocated amount will be checked on a quarterly basis and managed the total amount of eligible projects in order to be not below the amount of green bond / green loan issuance until the allocation completed. The allocation status is regularly reported to the officer in charge of The Finance & Accounting Division. The proceeds will be managed in cash or cash equivalents until the full amount of the proceeds is allocated.

2.4 Reporting

INPEX will disclose the following items in the annual report, sustainability report or its website until the full amount of the proceeds is allocated.

Allocation reporting

- Balance of unallocated amount
- Allocated amount
- Approximate amount (or share) of the proceeds used as refinancing

Impact reporting

Regarding the positive environmental impact of eligible projects, INPEX will disclose the following indicators within the scope of confidentiality and as far as reasonably practicable.

- Installed Capacity (MW)
- Annual CO₂ emission reduction amount (t-CO₂/y)

2.5 External review

【Pre-issuance external review】

INPEX has engaged DNV Business Assurance Japan to provide a pre-issuance external review on the environmental benefits of the Framework, as well as the alignment to the standards set forth in the Framework. The pre-issuance external review is available on DNV's website.

【Post-issuance external review】

Until the amount equal to the net proceeds of the issuance of the Green Bonds / Green Loans has been fully allocated, INPEX will have DNV Business Assurance Japan conduct a post-issuance external review on an annual basis to provide assurance as to the amount of net proceeds that has been allocated in compliance with the eligibility criteria set forth in the Framework.

(End of Green Finance Framework)