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

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

The outlook for our activities points to the need to move even faster to make our HSE programs more global. For example, these programs will be needed at production facilities that use multi-national teams of workers. In 2013, we created The HSE Second Phase Mid-term Plan which targets to raise our HSE competency to the same level as at International Oil Companies (IOCs). Ending in March 2016, we strive to several central elements: HSE audits, HSE risk management, process safety management and prevention of major incidents. We are also stepping forward by conducting several HSE actions such as safety case approach, conducted coordinated emergency response training with overseas sites, and HSE education and training to enhance our HSE.

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

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

**Basic Policy**

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

HSE Management System Initiatives

Overview of the HSE Management System

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

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

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

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

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

To accomplish this, we will:

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

June 23, 2010

Toshiaki Kitamura
Representative Director, President & CEO
INPEX CORPORATION
Health, Safety, and Environmental Policy

Exposition of the Health, Safety and Environmental Policy

10 Elements of INPEX HSE Management System

1. Health, Safety and Environmental Policy
2. Organization and resources
3. Documents and records
4. Risk management
5. Legal and other requirements
6. Plan
7. Implementation, monitoring and measurement
8. Emergency response
9. Audit
10. Management review

Basic Elements

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

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

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

HSE Education
Each year the Group organizes and conducts HSE education and training programs in accordance with HSE competency and training guidelines in order to raise HSE awareness and improve the knowledge and
skills of the employees need to carry out HSE activities. In fiscal 2014, headquarters conducted approximately 384 hours of education and training activities covering 32 subjects. In addition, we conducted on-site HSE training at a shipyard in Geoje, South Korea, and process safety training at an engineering company and oil development company in Oman to increase the HSE competency of young engineers.

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

**HSE Communication**

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

**HSE Awards**

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

**Assess**

**Risk Management**

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

**Plan / Do**

**HSE Objectives and Programs**

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

**Check / Act**

**HSE Audits and Management Reviews**

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

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

Initiatives for the Prevention of Major Disasters

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

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

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

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

Process Safety Management Framework

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

1. Leadership, commitment & responsibility
2. Identification & compliance with legislation and industry standards
3. Employee selection, placement, competency & assurance
4. Workforce involvement
5. Communication with stakeholders
6. Hazard identification & risk management
7. Documentation, records & knowledge management
8. Operating manual procedures
9. Process & operational status monitoring and handover
10. Management of operational interfaces
11. Standards & practice
12. Management of change
13. Operational readiness
14. Emergency preparedness
15. Inspection & maintenance
16. Management of safety critical devices
17. PTW & work control
18. Contractor, supplier selection & management
19. Incident reporting & investigation
20. Audit, assurance, management review & intervention
Emergency Response and Preparation against Oil Spills

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

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

In fiscal 2014, Operational Organization in overseas and the corporate headquarters conducted two training programs together, simulating an oil leak in appraisal well drilling at the northwest Sabah offshore project in Malaysia. The training verified if the Operational Organization’s Emergency Response Teams and the Corporate Crisis Management Team function together to gather and transmit information properly to respond to the emergency. We assess and improve our implementation by having review meetings after the training.

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

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

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

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

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

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

The focus area for the Group during fiscal 2014 was the management of contractor HSE efforts, particularly for those contractors undertaking high risk construction and drilling activities, both domestically and internationally. Contractor HSE Management will continue to be primary focus area for both management

Number of Work-related Incidents

<table>
<thead>
<tr>
<th>Type</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost time injury</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Restricted workday</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Medical treatment</td>
<td>3</td>
<td>2</td>
<td>11</td>
</tr>
</tbody>
</table>

*Upper field: Employees, Lower field: Contractors

Incident Frequency

**LTIF**

[Annotation for CSR data: *15](http://www.inpex.co.jp/english/csr/data.html)

**TRIR**

[Annotation for CSR data: *16](http://www.inpex.co.jp/english/csr/data.html)
and site teams in fiscal 2015 as construction, drilling and commissioning activities peak.

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

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

Safety Management of Contractors

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

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

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

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

Activities at Major Projects

<table>
<thead>
<tr>
<th>Ichthys LNG Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>INPEX Australia works closely with its Ichthys LNG Project contractors and subcontractors across the globe to ensure there is a shared understanding and the highest commitment to safety for everyone involved in the Project.</td>
</tr>
<tr>
<td>Since 2012, INPEX has hosted HSE forums and workshops, bringing together leaders, HSE representatives and workers to share initiatives, identify issues and actions and discuss the roles leaders have in creating a positive HSE environment.</td>
</tr>
<tr>
<td>Forums are built around the INPEX HSE Charter which commits contracting company leaders to provide a safe and healthy environment for people and the communities in which we operate.</td>
</tr>
<tr>
<td><strong>Project in Japan</strong></td>
</tr>
<tr>
<td>INPEX operates wide-ranging projects in Japan. In the operation of our domestic oil and gas fields and the Naoetsu LNG Terminal and in the construction and operational control of pipelines that transport the natural gas we produce, we make “Safety first, day after day” our motto.</td>
</tr>
<tr>
<td>The Domestic Project Division has been raising the overall level of HSE competency since fiscal 2012 by benchmarking the HSE management system of each production site against Nagaoka gas field using the Top Runner approach, assessing gaps in operation and awareness and correcting disparities between workplaces. Specifically, the Division evaluates and improves necessary matters including risk assessment, contractor management, internal auditing, communication, the work authorization system, change management and non-regular work, and HSE education.</td>
</tr>
<tr>
<td>At the fiscal 2014 HSE Management Meeting attended by contractors and partner companies involved in construction of the Toyama line, the Gas Supply &amp; Infrastructure Division conferred HSE awards and reported on activities results. The companies that attended the meeting vowed to work in unison to eliminate incidents under the slogans in the HSE Declaration.</td>
</tr>
<tr>
<td>In addition, we work to eliminate traffic accidents by actively providing hands-on traffic safety education to increase awareness of safe operation and improve operating manners.</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

Physical Examinations Ratio (Unconsolidated)

<table>
<thead>
<tr>
<th>(%)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>98.0</td>
<td>98.5</td>
<td>99.1</td>
<td>99.9</td>
</tr>
<tr>
<td>98.5</td>
<td>99.5</td>
<td>99.1</td>
<td>99.9</td>
</tr>
<tr>
<td>99.0</td>
<td>99.5</td>
<td>99.1</td>
<td>99.9</td>
</tr>
<tr>
<td>99.5</td>
<td>99.5</td>
<td>99.1</td>
<td>99.9</td>
</tr>
<tr>
<td>100.0</td>
<td>99.5</td>
<td>99.1</td>
<td>99.9</td>
</tr>
</tbody>
</table>
Biodiversity Conservation

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

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

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

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

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

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

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

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

INPEX strives to mitigate the environmental impact through expanding the supply of natural gas, an energy source with less greenhouse gas emissions in comparison with other fossil fuels; coal and oil.

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

Preventing Air Pollution

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

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

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*1 EHS Guidelines: IFC Guidelines on Environment, Health, and Safety which was published on April 2007
occurred during temporary work. However, we will be measuring and managing the emissions continuously.

VOCs include substances such as benzene, toluene and xylene (BTX) and n-hexane contained in fossil fuels such as crude oil, natural gas, and other fossil fuels. These substances are mainly emitted with natural gas emissions and from the loading and unloading process of crude oil tanker trucks and tankers. In fiscal 2014, the total volume of VOC emissions was 550 tons. The volume of VOC emissions has decreased by approximately 400 tons when compared to that of fiscal 2013. This is due to the completion of commissioning in the Naoetsu LNG Terminal, which discharged 952 tons of VOC of venting.

We also continue to reduce VOC emissions by participating in initiatives launched by the Japanese government. In our domestic operations, we are considering a device to recover the VOCs that are discharged from the lorry when shipping the petroleum products of Naoetsu Oil Terminal.

### Management of Chemical Substances

We control our use of chemical substances at each of our Operational Organizations by managing and reporting our emissions in accordance with the laws of the operating countries. Pursuant to Japan’s Pollutant Release and Transfer Register (PRTR) Law**, we report the volume of specific chemical substances emitted, including the amount of benzene, toluene and xylene contained in crude oil and condensate that is released into the air, the amount of n-hexane contained in fuels such as kerosene and gasoline released into the air, and the amount of boron compounds in well water released into waterways. Pursuant to PRTR Law and environmental standard, we have set a voluntary consistency 15μg/Nm³ standard measure in the environmental standard, we have set a voluntary released into waterways. Pursuant to PRTR Law and environmental standard, we have set a voluntary released into waterways. Pursuant to PRTR Law and environmental standard, we have set a voluntary released into waterways.

For VOCs, we continue to improve the management of those substances, including the amount of benzene, toluene and xylene emitted into the air, the amount of n-hexane released into the air, the amount of benzene, toluene and xylene contained in crude oil and condensate that is released into the air, and the amount of boron compounds in well water released into waterways.

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

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

### Efficient Use of Water Resources

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

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

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

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

### Emissions of VOC (Domestic and Overseas)

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Domestic</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>732</td>
<td>24</td>
</tr>
<tr>
<td>2011</td>
<td>706</td>
<td>219</td>
</tr>
<tr>
<td>2012</td>
<td>578</td>
<td>189</td>
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<tr>
<td>2013</td>
<td>554</td>
<td>129</td>
</tr>
<tr>
<td>2014</td>
<td>550</td>
<td>30</td>
</tr>
</tbody>
</table>

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

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

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

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

When our business operations generate reusable resources, which are difficult to reuse for our company, we contract waste treatment to a contractor specialized in industrial waste treatment in order to make sure that the waste is properly treated. In order to confirm that the waste is properly treated, we regularly monitor contractors in domestic operations. In overseas operations, we implement waste management through creating waste management plan, which considers legal requirements, risk management, and audit implementations before construction.

Management of Specified CFCs*5
At operating facilities in Japan, a specific type of CFC (HCFC-22) is used as a refrigerant. As the Montreal Protocol*6 calls for the use of this substance to be completely abandoned by 2020, we are now gradually replacing it with alternative substances. We plan to continue reducing the use of this substance. Moreover, in cases where this specific type of CFC continues to be used, more stringent measures to control leakage from equipment and pipes are being implemented.

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

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

Water Consumption
(by Intake Source)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tap water</th>
<th>Water for industrial</th>
<th>Groundwater</th>
<th>River water</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,749</td>
<td>427</td>
<td>333</td>
<td>1,351</td>
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<tr>
<td>2013</td>
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<td>734</td>
<td>494</td>
<td>1,265</td>
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<tr>
<td>2014</td>
<td>2,006</td>
<td>218</td>
<td>158</td>
<td>964</td>
</tr>
</tbody>
</table>

Water Consumption
(Domestic and Overseas)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,351</td>
<td>339</td>
</tr>
<tr>
<td>2013</td>
<td>1,265</td>
<td>301</td>
</tr>
<tr>
<td>2014</td>
<td>1,215</td>
<td>791</td>
</tr>
</tbody>
</table>
Proper Management and Treatment of PCB Waste

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

No PCBs are stored in overseas operations.

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