

Our Approach to Corporate Responsibility

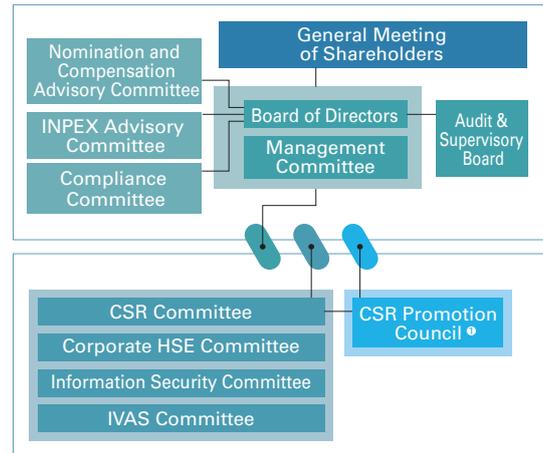
Our Policy

With the aim of sustainable energy development, production and supply, we engage in CSR management, which focuses on the Material Issues that are most important to both our business and our stakeholders. We dedicate our efforts to 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 also attend the CSR Committee meetings to facilitate collaboration with their respective committees.

CSR Promotion System



Participation in External Initiatives

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.

Participation in the United Nations Global Compact

In 2011, we became a signatory to the United Nations Global Compact and declared our support for its ten principles related to the four areas, human rights, labor, environment, and anti-corruption. Since fiscal 2012, we have continuously participated in activities of the various sustainability-related subcommittees of the Global Compact Japan Network.

Identification of Material Issues and Prioritization Process

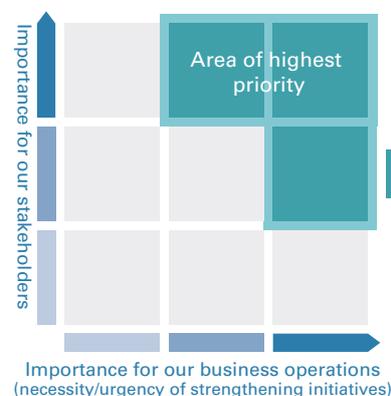
In April 2012, we identified five key issues among the seven core social responsibility subjects in ISO 26000 as Material Issues of importance for us and our stakeholders. In May 2015, we reexamined the Material Issues in light of factors such as impacts of business activities associated with the progress of our main projects and changes in stakeholders' concern. As a result, we redefined the Material Issues by adding the sixth issue, "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 perspectives of Sustainable Development Goals (SDGs)[®] into the existing Key Tasks, mapped the Key Tasks through a four-step prioritization process (1. Issue identification and gap analysis, 2. Stakeholder dialogues, 3. Issue prioritization, and 4. Management review), and reevaluated the Key Tasks.

Identification of Material Issues



Matrix of Key Tasks



- #### INPEX Key Tasks [※]
- Strengthen governance structure
 - Upgrade 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
 - Development of personnel and increasing the motivation of the workforce
 - Promotion of diversity

※ See page 17-18 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 IPIECA

The global oil and gas industry association for environmental and social issues

3 PDCA

Plan-Do-Check-Act

4 Sustainable Development Goals (SDGs)

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

Engaging with Our Stakeholders

Main Stakeholder Engagement Activities and Dialogues in Fiscal 2018

Key stakeholders	Main opportunities for dialogue	Summary of engagement activities in FY2018	Expectations and requests from 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 for 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, equitable and transparent participation opportunities for prospective suppliers Conducted HSE management site visits Conferred annual HSE awards 	<ul style="list-style-type: none"> Upgrade a risk management system 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
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 SDS⁵ 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"> The General Meeting of Shareholders, briefings and exhibitions, IR meetings 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. 260 times), exhibitions and briefings for individual investors. Engaged in timely, appropriate, and fair information disclosure through the corporate website and improved website content (approx. 1,500 website accesses per day and 82 press releases) 	<ul style="list-style-type: none"> Reinforcement of governance structure Upgrade a risk management system Development of natural gas as a cleaner source of energy Reinforcement of 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 investment adapted to local communities (total expenditure: approx. ¥1.6 billion) Engaged in dialogue with local communities in Japan (Niigata, Akita) and overseas (Australia [approx. more than 430 times], Indonesia [approx. 80 times]) Implemented a Reconciliation Action Plan (RAP) with Aboriginal and Torres Strait Islander peoples in Australia 	<ul style="list-style-type: none"> Respect for human rights Conservation of biodiversity and efficient use of water resources Conducting assessments and measures to reduce impact on local 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 communicated with NGOs through employee fundraising Participated in NGO-hosted seminars 	<ul style="list-style-type: none"> Respect for human rights Contribution to local economies Promotion of renewable energy Reinforcement of 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 Internal magazines 	<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 (82.7 hours / person) Dispatched employees through study abroad programs for business and technical positions (9 persons) Updated internal online magazines in a timely manner 	<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 incidents Contribution to local economies Development of natural gas as a cleaner source of energy

Safety Data Sheet

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

Targets and Results of Material Issues

Material Issues	Key Tasks	FY2018 Results
Governance 	Strengthen governance structure	<ul style="list-style-type: none"> Held several meetings with participation of outside directors, and held discussions on improving corporate governance at INPEX As part of the PDCA cycle of evaluation of effectiveness of the Board of Directors, conducted interim reviews of progress made on matters requiring improvement, as identified during last fiscal year's evaluations, at meetings that included outside directors. In light of these reviews, finally conducted the evaluation of effectiveness of the Board of Directors during fiscal 2018 Held meetings of the Nomination and Compensation Advisory Committee (six times) and discussed support for the Corporate Governance Code (director compensation system, selection and removal of senior management, plans for succession, etc.) Started implementing Stock-Based Remuneration System for directors with appropriate oversight of this committee Formulated a Tax Policy
	Upgrade risk management system	<ul style="list-style-type: none"> Promoted Business Continuity Management (BCM) for earthquake scenarios activities and conducted training and education at corporate headquarters
Compliance   	Respect for human rights	<ul style="list-style-type: none"> Published the UK Modern Slavery Act Statement FY2017 Conducted human rights training for new recruits Continuous participation in the IPIECA human rights working group
	Legal compliance, prevention of bribery and corruption	<ul style="list-style-type: none"> Conducted a compliance awareness survey Conducted compliance training by theme and level Continued ABC risk assessments at overseas offices Continuous education and strengthened implementation of ABC regulations (formulated the INPEX Group Global ABC Policy and conducted training, etc.) Implemented initiatives to enhance global compliance systems Continued participation in the anti-corruption working group of the Global Compact Network Japan
	Conducting Environmental and Social Impact Assessment (ESIA) in supply chain	<ul style="list-style-type: none"> Continued participation in the supply chain working group of the Global Compact Network Japan Administered a supplier self-evaluation questionnaire including human rights and anti-bribery and corruption to major domestic suppliers and contractors Continued risk assessment including human rights, anti-bribery and corruption of major domestic suppliers and contractors
HSE      	Prevention of major incidents	<ul style="list-style-type: none"> Enhanced the Corporate HSEMS (Revised the Corporate HSEMS Manual and 8 of related Corporate HSE Standards, and expanded the HSE management scope to cover non-operated projects) Improved HSE assurance and governance (Participated in 14 HSE reviews and conducted 3 risk-based audits at domestic and overseas sites) Strengthened HSE risk management process to prevent major incidents and the associated risks (Conducted HSE risk management activities and quarterly reviews for all Operational Organizations throughout the year and reported the result to Executive Committee; conducted 3 AIPS Assurance Review at 3 organizations; assisted preparation of Safety Case for Tokyo line and Oyazawa plant; started to apply Process Safety KPI and issued PS KPI Implementation Report; conducted INPEX Barrier Management (IBM) Training for domestic operations) Reinforced emergency and crisis response capability (Operational Organizations and the corporate headquarters cooperatively conducted 3 of level 3 exercises: earthquake exercise at the Naoetsu LNG Terminal, Ichthys LNG offshore facility gas leak exercise, and Tokyo inland earthquake exercise)
	Securing occupational health and safety	<ul style="list-style-type: none"> Provided HSE technical support and strengthened HSE management at worksites (Conducted 5 HSE Management Site Visit at domestic and overseas operator project sites, non-operated project sites and domestic subsidiaries; conducted 3 site visits exchanges by site representatives; HSE Award conferment) Incident reduction (LTIF: 0.23 / TRIR: 1.85, PS KPI Tier 1: 1 / Tier 2: 6)
	Conservation of biodiversity, appropriate water resource management	<ul style="list-style-type: none"> Developed Corporate Environmental Management Plan including initiatives for biodiversity conservation and water management Conservation of biodiversity <ul style="list-style-type: none"> In Japan: conducted marine research In Japan: participated in forestation and biodiversity conservation activities Overseas: conducted biodiversity monitoring Water management <ul style="list-style-type: none"> Conducted water stress assessment in our project area Collected and analyzed water consumption in our business
Local Communities     	Conducting assessments and measures to reduce impact on local and indigenous communities	<ul style="list-style-type: none"> Japan <ul style="list-style-type: none"> Provided information on operational status and safety initiatives through community briefings and issuance of newsletters at Naoetsu LNG terminal Australia <ul style="list-style-type: none"> Held more than 430 stakeholder engagement activities Received more than 1,500 local inquiries (of which 50% related to employment opportunities)
	Contribution to local economies	<ul style="list-style-type: none"> Global <ul style="list-style-type: none"> Social investment results: Approx. ¥1.6 billion Australia <ul style="list-style-type: none"> Finalized the Larrakia Benefits Package Commenced the Solid Pathways program creating 10 additional roles for Aboriginal and/or Torres Strait Islander people Engaged 1,471 Aboriginal and Torres Strait peoples through contractors during the Ichthys LNG construction phase between April 2012 and March 2018 Contracted 62 Aboriginal and Torres Strait Islander owned businesses to a value over A\$175 million during the Ichthys LNG construction phase from 2012 to mid 2018
	Promotion of renewable energy	<ul style="list-style-type: none"> Ensured stable operation of solar power generation Started commercial operation of Unit 3 of the Sarulla Geothermal IPP Project in Indonesia, achieved stable operations of the power plant as a whole Moved the geothermal plant in the Oyasu region in Akita Prefecture to the next-period survey phase and started an environmental assessment. Continued drilling surveys and short-term fumarolic testing etc., in Amemasudake, Hokkaido Set a clear path to the start-up of a domestic wind power business Continued research and development of technologies that contribute to building an electricity-hydrogen-methane value chain
Climate Change   	Development of natural gas as a cleaner source of energy	<ul style="list-style-type: none"> Commenced the Ichthys LNG Project production and shipping Continued a stable supply of natural gas and increased supply volume through safe operation of domestic gas fields, the Naoetsu LNG Terminal, and the approximately 1,500km high-pressure gas pipeline network Engaged in activities to promote natural gas use
	Strengthen climate change-related risk management	<ul style="list-style-type: none"> Established the Climate Change Strategy Group in the Corporate Strategy & Planning Unit of the Corporate Strategy & Planning Division Applied oil prices and carbon prices according to the IEA WEO 2 °C scenario to the INPEX portfolio, and conducted a trial financial assessment using a method that calculates the NPV rate of change from a base NPV Constructed a process for estimating the level of methane fugacity and published the results for FY2018
	Development of personnel and increasing the motivation of the workforce	<ul style="list-style-type: none"> Global <ul style="list-style-type: none"> Continued promotion of INPEX Values (Value Awards, expansion of program to Group companies, etc.) Formulated the INPEX Group Health Statement Japan <ul style="list-style-type: none"> Continued the internal recruiting system and career consultations for corporate employees Reduced overtime hours and continued promotion of the taking of paid leave Introduced a year-round "business casual" work wear policy
Employees   	Promotion of diversity	<ul style="list-style-type: none"> Global <ul style="list-style-type: none"> Published a message from the president on diversity and inclusion Japan <ul style="list-style-type: none"> Conducted training for managers of people with parental responsibilities, and increased information available to male employees regarding the Parental Leave System Conducted LGBT Training

1 Business Continuity Management

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

2 Business Continuity Plan

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

FY2019 Targets

- Monitor status of Medium-term Business plan 2018-2022
- Conduct the evaluation of effectiveness of the Board of Directors for FY 2019 and ensure the continuous efforts to enhance the Board of Director's effectiveness (PDCA cycle)
- Continue taking some measures to improve governance, including in response to the revised disclosure ordinances of the Financial Services Agency (director compensation and nomination, etc., with appropriate oversight of the Nomination and Compensation Advisory Committee)
- Strengthen tax governance

- Promote Tokyo Office-based BCM activities for earthquake scenarios provide BCM education and training for employees, and review Tokyo office BCP for highly virulent infectious disease scenarios.

- Publish the UK Modern Slavery Act Statement FY2018
- Continue human rights training for new recruits
- Strengthen human rights management

- Continuous education information on compliance and conduct education and training programs
- Continue ABC risk assessments at overseas offices
- Widely disseminate and strengthen the implementation of ABC regulations (conduct training, etc.)
- Implement initiatives to enhance global compliance systems

- Administer a supplier self-evaluation questionnaire including human rights and anti-bribery and corruption to major suppliers and contractors
- Continue risk assessment including human rights, anti-bribery and corruption of major domestic suppliers and contractors

- Continuous improvement of the Corporate HSE Management System (Revise Corporate Standards; facilitate HSE management of HQ Organization including non-operated projects)
- Improve HSE assurance and governance (Improve the consistency and effectiveness of HSEMS through HSE reviews and risk management-based audits)
- Provide HSE technical support (to operator project and HQ organization including non-operated project)
- Strengthen HSE risk management process to prevent major incidents (Preparation of Safety Case for major facilities; barrier management promotion; implementation of PS leading KPI)
- Reinforce emergency and crisis response capability (Comprehensive exercise involving Corporate Crisis Management Team assuming major incidents at Domestic E&P Project and the Ichthys LNG Project; emergency response exercise based on the function and phase of relevant divisions)

- Strengthen HSE management at worksites (Confirm measures to prevent recurrence of incidents through HSE Management Site Visits and site visit exchanges by site representatives; communicate and deepen mutual understanding with site workers)
- Incident reduction (LTIF: 0.12 / TRIR: 0.70 or less; prepare to adopt IOGP Life-Saving Rules; use the new event reporting system)
- Improve health promotion and maintenance program (Improve health promotion and maintenance programs in line with INPEX Group Health Statement)

- Implement and revise Corporate Environmental Management Plan including actions for biodiversity conservation and water management

- Conservation of biodiversity
 - Create a protected areas database nearby our projects
 - In Japan: measures for specific invasive alien plant species
 - In Japan: marine research (continued)
 - In Japan: participate in forestation and biodiversity conservation activities
 - Overseas: biodiversity survey
 - Overseas: conduct biodiversity monitoring
 - Develop a report about our biodiversity conservation activity

- Water management
 - Conduct water stress assessment in our project area
 - Understand water balance in our business and collect and analyze water consumption

- Japan
 - Maintain good relationships with stakeholders through continuous dialogue including community briefings and issuance of newsletters

- Australia
 - Continue to manage the impact on and concerns of local communities and stakeholders as the Ichthys LNG transitions to steady, safe and reliable operations

- Global
 - Social investment plan: Approx. ¥1.3 billion

- Australia
 - Continue delivery of the Larrakia Benefits Package through ongoing engagement with the INPEX Larrakia Advisory Committee
 - Increase Aboriginal and/or Torres Strait Islander direct employees by 36 people or 3% of our workforce by end of 2021
 - Employ an average of 60 Aboriginal and Torres Strait Islander peoples through Ichthys LNG operations subcontractors in each year from 2019 to 2021
 - Increase Aboriginal and Torres Strait Islander business contracts by 50%, to a value more than A\$1 million for the Ichthys LNG operations phase from 2019 to 2021

- Ensure stable operation of solar power generation facilities
- Ensure stable operation of the entire Sarulla Geothermal IPP Project in Indonesia
- Promote existing geothermal power generation business in Japan
- Pursue new geothermal and wind power business, etc.
- Continue research and development of technologies that contribute to building an electricity-hydrogen-methane value chain

- Achieve stable and efficient production and operation at the Ichthys LNG Project
- Continue a stable supply of natural gas and increase supply volume through safe operation of domestic gas fields, the Naoetsu LNG Terminal, and the approximately 1,500km high-pressure gas pipeline network
- Engage in activities to promote natural gas use

- Continue improving the assessment process for climate change-related risks and opportunities
- Develop a framework for physical risk assessment
- Continue improving methods of financial assessment of our ability to respond to climate change-related risks
- Strengthen emission controls at non-operator projects

- Global
 - Continue promoting INPEX Values (Value Awards, inclusion of Group companies, etc.)
 - Formulated the INPEX Group Health Statement

- Japan
 - Implement additional effective measures for health and productivity management (introduction of a health and productivity app, increased participation in specific health checkups and health guidance, expansion of health education content, etc.)
 - Continue the internal recruiting system and career consultations for corporate employees
 - Reduce overtime work and continue measures to improve the proportion of paid leave taken
 - Introduce a companywide flexible work system for employees

- Global
 - Facilitate employee transfers between global sites

- Japan
 - Implement measures based on our General Employer Action Plan to promote active participation of women (ongoing training for managers of people with parental responsibilities, career guidance for female employees, etc.)
 - Improve the workplace environment for persons with disabilities

Medium- to Long-Term Initiatives and Directions

Improvement of the effectiveness of the Board of Directors, appropriate information disclosure including dialogue with shareholders, cooperation with stakeholders, and continual strengthening of corporate governance

- Strengthening of the corporate governance structure, including strengthening of the supervisory role of the Board of Directors
- Expansion of discussion on business strategies in light of Vision 2040 and the Medium-term Business Plan, and monitoring of plan progress

Appropriate responses to and full compliance with the laws and regulations of the areas in which we operate, anti-bribery and anti-corruption laws, judicial/administrative sanctions, international standards and ethics, and respect for human rights

- Strengthening of a global human rights management structure
- Strengthening of supply chain risk assessment and compliance

Under our commitment to the HSE Policy, top management, managers and working-level personnel earnestly implement the process defined in the HSE Management System

Think, act and promote safety culture as "Safety Number One" on INPEX Values and aim to achieve zero incidents and prevent major incidents

- Promote actions to achieve the Corporate HSE Third Phase Mid-term Plan (2016-2020) as follows:

- Enhance the Corporate HSE Management System (HSEMS)
- Improve HSE assurance and governance by continuous implementation of the risk management-based audits and HSE reviews
- Fulfill HSE technical support by utilizing HSE human resources
- Develop HSE activities that incorporated opinions on the sites
- Thoroughly prevent major incidents by promoting Process Safety management
- Continue to monitor and analyze LTIF/TRIR
- Reinforce emergency and crisis response capability
- Promote plans for reducing GHG emissions

Contributions to regional development and the resolution of social issues through projects, while respecting human rights and the cultures and customs of the areas in which we operate

- Understanding community needs and implementing measures through engagement with stakeholders in the areas in which we operate

Strengthening the governance structure, and implementation of initiatives in the areas of business strategy, risk and opportunity assessment and emissions management, to actively support a low-carbon society in line with the long-term goals of the Paris Agreement

- Initiatives to create a low-carbon society
- Ongoing promotion of information disclosure in accordance with the TCFD recommendations

Creation of a company where a diverse range of people are able to exercise autonomy and play an active role with a high sense of values and purpose in accordance with the standards of the INPEX Values

- Continue the promotion of INPEX Values
- Development of environments where diverse HR can be actively involved

3 Asset Integrity Process Safety

Management of facility integrity/process safety

4 Lost Time Injury Frequency

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

5 Total Recordable Injury Rate

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