

LOCAL COMMUNITIES



Our Policy

Trusted relationships with the communities in which we operate is fundamental to maintaining our social licence to operate. We build and strengthen our relationships with our stakeholders through open and transparent engagement.

The INPEX Group Human Rights Policy outlines our commitment to recognize and respect the human rights of people, including indigenous peoples, in our host communities. INPEX's commitment to working with Aboriginal and Torres Strait Islander peoples in Australia is set out in and implemented through the INPEX Reconciliation Action Plan ¹.

Impact assessments are undertaken on key activities and management measures are implemented to mitigate negative impact on our host communities. By applying the Creating Shared Value (CSV) ² philosophy to support initiatives that

produce social benefits while meeting business objectives, we contribute to the development of local communities through employment opportunities, skills development, support for education, and environmental preservation.

We are committed to providing business and job opportunities for local communities. Under an Industry Participation Plan, we provide full, fair and reasonable opportunities for Australian businesses to participate in the Ichthys LNG Project. We also work closely with educational and training institutions to build the capacity of our local workforce and create employment opportunities for local communities.

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.

Build Trust with and Contribute to Local Communities

Engaging with Stakeholders

In Japan, community engagement teams have been set up at each of the domestic project sites (Niigata, Minami-Aga, Nagaoka, Kashiwazaki, Naoetsu, Akita and Chiba) and dialogues are being conducted with stakeholders of each of those areas in which we operate. The teams actively participate in local events, including sponsoring and providing volunteers for marathons held at Kashiwazaki and Chiba. They also sponsor fireworks events at summer festivals held at Niigata, Nagaoka, Kashiwazaki, Naoetsu and Akita, and take part in reforestation activities semiannually with local communities in Nagaoka as part of our environmental conservation efforts. At the Naoetsu LNG Terminal—the

core facility of our gas supply chain and receiving terminal for LNG shipped from the Ichthys LNG Project—a bimonthly newsletter informs local residents, the municipal government and other government offices about different processes and safe operations inside the terminal. We also participate in local events such as softball tournaments to interact and build relationships with local communities.

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

¹ Reconciliation Action Plan (RAP)

A business plan endorsed by Reconciliation Australia (an independent expert body promoting reconciliation between the Australian community and Aboriginal and Torres Strait Islander peoples) that publicly documents what we commit to do to work with Aboriginal and Torres Strait Islander communities in Australia.

² Creating Shared Value

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

In Australia, more than 430 face-to-face meetings and phone/e-mail updates were provided to government, industry, business and community stakeholders in 2018. For local communities, traditional and social media and publications were also used to provide information on Ichthys LNG activities, employment, business and sponsorship opportunities. Engagement focused on communicating on activities associated with Ichthys LNG's start-up and its 40-year operations phase, as well as the potential impact on and opportunities for communities. Several community and stakeholder events were also held in Darwin, Broome, Canberra and Perth to celebrate the start of Ichthys LNG production and thank the communities for their support to date.

Community engagement and contribution activities on operator projects and lessons learned are shared among teams in Tokyo, Australia, Indonesia and Abu Dhabi through regular meetings.

Addressing Community Feedback

In Australia, community feedback – received via toll-free telephone number, a community enquiries email account and face-to-face interactions – is recorded and tracked to ensure enquiries are addressed in a timely manner. Analyses of feedback are shared among internal stakeholders to monitor trends and identify emerging issues. A community grievance management procedure is in place to appropriately address grievances received from local communities. We work closely with our contractors and stakeholders to investigate all matters and address issues in a consistent manner.

Approximately 1,560 enquiries were received in Australia in 2018. Enquiries regarding employment opportunities continued to be the highest category, comprising about 50 percent of overall enquiries received. Other enquiries included business and sponsorship opportunities. No grievances were reported in 2018.

Working with Indigenous Communities

• Reconciliation Action Plan (RAP)

In Australia, our commitment to working with Aboriginal and Torres Strait Islander peoples to build sustainable and mutually beneficial relationships is underpinned by our Reconciliation Action Plan (RAP). To fulfil our RAP commitments, actions and deliverables are set under the key themes of relationships, respect and opportunities. The implementation of RAP commitments is overseen by the RAP Steering Committee and reported annually on our website.

Some of our key achievements in 2018 include:

- Through ongoing engagement with the INPEX Larrakia Advisory Committee, agreed on a A\$24 million benefits package to support the Larrakia community over the next 40 years.
- Delivered internal events during Harmony Week, National Reconciliation Week and National Aboriginals and Islanders Day Observance Committee (NAIDOC) Week to increase knowledge and understanding of Aboriginal and Torres Strait Islander cultures.
- Provided 11 scholarships to Aboriginal and Torres Strait Islander students through the University of Western Australia and the Larrakia Development Corporation to support their university and other tertiary studies.

To continue to build on the efforts and achievements to date, the INPEX 2019-2021 Stretch RAP has been developed with clear targets including employment and procurement targets.

• Employment and Business

We recognize that employment of Aboriginal and Torres Strait Islander peoples is one of the key benefits that can be delivered through our activities. To deliver improved employment outcomes INPEX Australia has initiated the Solid Pathways program, which creates 10 additional roles across the organization each year for Aboriginal and/or Torres Strait Islander peoples to support their transition into our direct workforce. This program along with others underpins our commitment to employ 36 Aboriginal and/or Torres Strait Islander peoples or 3 percent of our workforce. We are also committed to employ an average of 60 Aboriginal and Torres Strait Islander peoples through Ichthys LNG operations subcontractors in each year from 2019 to 2021.

Additionally, a target has been set to increase by fifty percent the number of contracts that are awarded through INPEX and our sub-contractors to Aboriginal and/or Torres Strait Islander-owned businesses, to a value of more than A\$1 million for the Ichthys LNG operations phase from 2019 to 2021.

• Cultural Heritage

In Australia, heritage management plans have been developed and implemented to protect the cultural heritage of the communities where we operate.

The INPEX Larrakia Advisory Committee is consulted on cultural heritage matters for Larrakia lands and waters.

INPEX Australia has recently signed an agreement with the Larrakia Development Corporation for the ongoing maintenance of a location known as Heritage Hill, situated alongside the Ichthys LNG onshore processing facility. This location contains culturally significant material for the Larrakia people, that will be protected for the life of Ichthys LNG Project and beyond. Signage and a new fence around Heritage Hill will be installed to further highlight the importance of this location and ensure its enduring protection.

Larrakia Benefits Package

In November 2018, INPEX, on behalf of the Ichthys Joint Venture, agreed with the Larrakia people to a A\$24 million benefits trust being delivered over 40 years.

The agreement recognizes the important role that the Larrakia people have played in supporting Ichthys LNG Project through the construction phase and highlights the continued importance of the relationship between INPEX and the Larrakia people into the future.

The funds are held in trust and distributed based on advices of the INPEX Larrakia Advisory Committee, a group primarily comprising of Larrakia people from a range of backgrounds and experience. Funding aims to provide a range of opportunities, including economic, educational and social programs.

Prior to finalising the agreement, INPEX delivered university scholarships, grants to support school participation for youth, and the installation of air conditioners for the elderly and people with disabilities.



Contributing to Local Economies

Business and job opportunities are some of the key economic benefits that our business can create in local communities.



Ichthys Drives Local Business Growth

A family-owned Darwin business has doubled in size after successfully remodeling to target service and supply opportunities in the oil and gas sector.

“When construction of the Ichthys LNG Project started in 2012, we saw the opportunity to grow our business by targeting the resources industry;” Max Nicholson, owner of Winnellie Hydraulics, said.

Max identified gaps in the local market and implemented strategic changes in his business model to become a specialist supplier. Winnellie Hydraulics has supplied equipment to a number of businesses delivering a wide range of work on the Ichthys LNG Project, and is now supplying for its onshore and offshore facilities.

“Our business wins during the construction phase of the Ichthys LNG Project gave us an understanding of how mega projects operate but our main focus was always on the long-term opportunities and positioning the business to have a competitive edge.”

As Winnellie Hydraulics workload has grown, its workforce has doubled in size to now employ 10 people.

“In order to keep up with demand, we have invested locally in employees and equipment but we are also globally connected with specialist manufacturers worldwide who we deal with on a daily basis,” said Max.

INPEX Australia developed an Industry Participation Plan for Ichthys LNG Project to provide full, fair and reasonable opportunities for Australian suppliers. These commitments are cascaded to contractors and the Industry Capability Network is engaged to help identify local suppliers. The overall Australian content level achieved by the Ichthys LNG Project during the construction phase (2012 to mid-2018) was almost fifty percent, of which close to half was Northern Territory content.

Significant employment opportunities were also created during the construction phase, with more than 10,000 people having worked on site each day at the peak of onshore construction. A variety of training programs were delivered during the construction phase to build the skills of the local workforce, with 47 courses being delivered over a total of 6,100 hours to 434 subcontractor employees.

Supporting Local Communities

We implement social contribution activities to support and enhance the social and economic development of host communities in response to social and regional needs. Social investment programs are undertaken to provide economic and social benefits to communities and INPEX contributed JPY 1.6 billion to communities globally in 2018. The education and training of the next generation is one of the key focus areas for our social investment activities, with 36 percent of our overall social investment funding in 2018 supporting programs in this area.

In Australia, INPEX aims to contribute to building communities that are vibrant, prosperous and resilient. We focus our community investment activities on initiatives that promote positive educational, health and wellbeing outcomes for the people in our host communities, and capacity building of local businesses. In 2018, we supported more than 70 community initiatives, ranging from small community grants to strategic partnerships with not-for-profit organizations. Since 2012, we have contributed more than A\$4 million to community programs in Australia.

At the Abadi LNG Project in Indonesia, INPEX has been conducting training for local people since 2011 with the objective of preserving, passing down, and promoting the culture of ikat, traditional woven textiles from the Tanimbar Islands in Maluku Province. This is part of the Company's programs aimed at empowering local communities. In 2017, we enhanced the program by introducing the collaboration with Bank Indonesia, the country's central bank, to jointly support the tradition and textile weavers, while in 2018 we collaborated with local governments to establish handloom workshops. With these workshops serving as their activity bases, we provide advice on not only production technologies but also promoting sales.

Since 2014, INPEX has also been offering scholarships to selected students in Maluku Province who wish to receive a university education or pursue research. With this scholarship fund, we have supported 584 students as of 2018 and are supporting an additional 130 students in 2019.

Social Contribution Activities in Abu Dhabi

Our business activities in Abu Dhabi have entered a new phase with the acquisition of an interest in the onshore oil fields in 2015, the extension of an interest in the Upper Zakum oil field in 2017, as well as the extension of an interest in the Satah and Umm Al-Dalkh oil fields and acquisition of an interest in the Lower Zakum oil field, both in 2018. In order to foster our long-term relationship with the UAE and Abu Dhabi over the next 40 years, we strive to focus on the key task of supporting the next generation of the country.

Since 2018, with the aim of nurturing mathematical proficiency—the foundation for education in the STEM fields of science, technology, engineering and mathematics—at a young age, we have collaborated with the Kumon Institute of Education and the Abu Dhabi National Oil Company on the introduction of the Kumon method in four Abu Dhabi elementary schools. Going forward, we hope to expand the program to other schools as well. In addition, INPEX has hosted local university students on a three-week training program held in Japan every year since 1993 during summer break, in which they attend technology lectures, cultural experiences, and engagement with local university students. We also promote the sport of judo and support young athletes.



Kumon Ceremony at an Abu Dhabi elementary school