INPEX

Sustainability Report 2023

(January 1 – December 31, 2023)

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Sustainability at INPEX

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Message from the President & CEO

We aim to contribute to society, enhance our corporate value, and grow as a sustainable energy supplier.

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I would like to begin by expressing my deepest sympathies to those devastated by the 2024 Noto Peninsula Earthquake, which occurred at the beginning of the year, as well as to those living in the affected areas, and strongly hope for a speedy recovery. Our mission at INPEX is to provide a stable supply of energy, and as such, we have committed to playing our small part in supporting relief measures.

Based on our "INPEX Vision @2022" Medium-Term Business Plan formulated in 2022, we have been promoting initiatives aimed at sustainable growth toward a net-zero carbon society by 2050. Looking at the situation in Japan and around the world, a sense of uncertainty has pervaded over the last year due to several factors such as heightened security threats caused by Russia's invasion of Ukraine, the strategic use of resources and energy, the sharp depreciation of the yen and the surge in prices. The intensification of the Israeli-Palestinian conflict has added an element of instability to the situation, making it a challenge to foresee the recovery and growth of the global economy. Under such circumstances, I have come to recognize that stable energy supply is now more important than ever.

Global efforts are also under way to achieve the goals of the Paris Agreement, while the COP28 communique included a work plan on a "just transition" and tripling the world's renewable energy capacity by 2030 as well as doubling the rate of energy efficiency. We too signed the Oil and Gas Decarbonization Charter, an industry-wide initiative aimed at reducing methane emissions and other efforts.

In this business climate, I feel that natural gas and LNG are becoming increasingly more important as transition fuels to achieve both a stable energy supply and decarbonization.

We are engaged in business activities that unlock solutions for the decarbonization of energy through the reduction of GHG emissions, such as integrating CCS into our natural gas and LNG operations at Ichthys LNG in Australia and the development of our Abadi LNG Project in Indonesia, and zero flaring during normal operations.

In the field of renewable energy, we entered the Australian renewable energy business by investing in an Australian subsidiary of Italian energy giant Enel. Going forward, we aim to secure 1-2 gigawatts of installed capacity through the combination of offshore wind and solar power generation with battery energy storage systems and geothermal power. We will also promote a responsible energy transition by commercializing clean hydrogen and ammonia value chains at an early stage, given these energy sources do not emit carbon dioxide when combusted.

Furthermore, we are strengthening our human resources in terms of operations, technology and internationalization, and formulating strategies for the deployment of business units and personnel that can respond flexibly even in a rapidly changing business environment. Notably, we aim to become "a most rewarding company to work for" by creating an organization, workplace and culture that promotes employee autonomy and instills a spirit of challenge. We will strive to ensure the success of a diverse workforce by placing the right people in the right places and providing suitable evaluation and support measures.

In Australia, we are proactively contributing to the empowerment of local communities, pledging the continual improvement of our contracting and procurement practices enabling INPEX and our contractors to engage 24 Aboriginal and Torres Strait Islander-owned and operated businesses for work scopes to the value of 15 million Australian dollars over a period of three years. As of the end of fiscal 2023, we have engaged with 16 such companies, for a total expenditure of 8.2 million Australian dollars.

Through these initiatives, we aim to contribute to society, enhance our corporate value, and grow as a sustainable energy supplier. Fiscal 2024 is the final year of our medium-term business plan where we will review our past activities and continue our efforts ahead of our next challenge.

Editorial Policy

About This Sustainability Report

We at INPEX CORPORATION (hereinafter, "INPEX" or "the Company") use our Annual Report to assemble important information and report on our long-term value creation process and our environment, social, and governance (ESG) initiatives.

This Sustainability Report consolidates various information related to sustainability and ESG also disclosed through our Integrated Report, website, and other publications. It refers to several reporting guidelines to centralize a broader range of non-financial information about the Company for the benefit of stakeholders, such as investors and NGOs.

Period Covered

The report is prepared in accordance with the fiscal year-end and covers the period from January 1 to December 31, 2023, with certain sections including information from before or after this timeframe.

Scope

INPEX CORPORATION and its 68 consolidated subsidiaries (as of December 31, 2023)

(The terms "INPEX" and "the Company" in this report refer to INPEX CORPORATION and all its subsidiaries and affiliates, unless otherwise stated.)

Performance Data

Numbers in table may not sum due to rounding or numbers after decimal point.

Publication Date

June 2024

(Previous report: June 2023, next report: June 2025)

Reference Guidelines

- Global Reporting Initiative (GRI) Standards
- ISO 26000
- IPIECA Oil and gas industry guidance on voluntary sustainability reporting
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- SASB (Sustainability Accounting Standards Board) Oil & Gas - Exploration & Production Standard

Reports and Publications

Financial information and initiatives not included in this report are available on the following pages within the corporate website.

Business Development Strategy: Towards a Net Zero Carbon Society by 2050

Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)

Integrated Report

Earnings Report

Annual Securities Report (under the Tokyo Stock Exchange rules; in Japanese only)

Corporate Governance Report

Basic Policies

From the Editorial Team

This Sustainability Report is intended to serve as a key opportunity for us to communicate with our stakeholders. Please read it and share your feedback with us.

Editorial Team

DISCLAIMER

This Sustainability Report includes forward-looking information such as forecasts, estimates, targets, and plans based on the current assumptions and beliefs of the Company (INPEX CORPORATION and its partner companies) considering information available at the time of writing, and therefore involves uncertainties. Such uncertainties could cause the Company's actual results, performance, achievements, or position to be materially different from any forward-looking information expressed or implied herein. The Company undertakes no obligation to publicly update or revise any information in this Sustainability Report (including forward-looking information).

Feature 1: Energy Transition

To help realize a net zero carbon society by 2050, INPEX is developing five net zero businesses: hydrogen and ammonia, CCUS, renewable energy, carbon recycling and new business, and forest conservation.

Introduction of bases for renewable energy, hydrogen, and CCS businesses

In 2023, we entered the Australian renewable energy business by investing in a local subsidiary in Australia of Enel Green Power S.p.A., a major Italian power and energy company.

In our hydrogen and ammonia business, we began construction of a facility in Kashiwazaki City, Niigata Prefecture for integrated demonstration testing of blue hydrogen and ammonia production and utilization in July 2023, with the aim of starting operation in 2025. Based on this, we are also aiming to commercialize the blue hydrogen business by around 2030. In Australia, a commercialization study on clean hydrogen was selected for the Australian government subsidy program in June 2023. In October, we took a stake in Japan Suiso Energy, Ltd. and decided to participate in a demonstration project between the two countries to establish an international liquefied hydrogen supply chain. One of the feature articles in this year's report is related to this.

1 Hydrogen Business

We will commercialize 3 or more projects by around 2030 and aim to produce and supply 100 thousand tons or more of hydrogen and ammonia per year. Then, we will aim to expand our supply capacity to achieve approximately a 10% share of domestic demand by 2050. **more**

2 Reduction of CO_2 emissions from oil and gas operations (CCUS)

We aim to become a leading company in the CCS and 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. Then, we will aim to establish a CCUS business and generate profit from it by 2050. **more**

3 Renewable Energy Business

We aim to secure 1-2 gigawatts of installed capacity, mainly in the offshore wind and geothermal power generation business and become a key player by accelerating business expansion using assets acquired through M&A and other means as a platform. We also aim to produce green hydrogen [1] using renewable energy by 2050.

[1] Green hydrogen: hydrogen produced through the electrolysis of water using renewable energy such as wind power

more

Hydrogen Business

Use of hydrogen as a clean energy is expected to increase in the future as it does not emit CO_2 or harmful substances during use.

INPEX is conducting integrated demonstration testing of blue hydrogen and ammonia production and utilization in the Hirai area of the Higashi-Kashiwazaki Gas Field. The project will produce 700 tons of hydrogen per year from FY2025.

INPEX Hydrogen and Ammonia Business Introduction Video 2022 Enjoy full video online

We will use a portion of this hydrogen as the raw material for producing ammonia, and use the remaining portion as a fuel for hydrogen power generation. As the raw material for hydrogen production, we will transport natural gas from our operations in Niigata Prefecture to the production facility using an existing gas pipeline. Employing CCUS, we will also inject CO_2, created as a byproduct of hydrogen and ammonia production, into reservoirs in the Hirai area of the Higashi-Kashiwazaki Gas Field, which has already finished production. This will ensure that the hydrogen and ammonia produced during demonstration testing will become blue hydrogen and ammonia with minimal atmospheric CO_2 emissions. Giving due consideration to safety and the environment, after the underground CO_2 injection begins we will appropriately monitor the injection operations and the injected CO_2.

This project marks Japan's first endeavor of an integrated testing operation in this field. It will encompass all aspects of production of blue hydrogen and ammonia using domestic natural gas, to CCUS implementation in a depleted domestic gas field, and use of the hydrogen and ammonia for power generation and other uses. On a global level, there are very few blue hydrogen and ammonia production projects at the plant construction stage. Using our own depleted gas field and CCUS technologies, we expect this project to be the first in the world to realize production of blue hydrogen and ammonia.

Through demonstration testing, we will gain and accumulate technologies and experience ahead of other companies, spanning hydrogen and ammonia production to CCUS, hydrogen power generation, and beyond. This track record encompassing the entire supply chain will make us the front runner in the hydrogen and ammonia business in Japan and globally. Leveraging these achievements, we will acquire or participate in new projects not only in Niigata and other areas in Japan, and worldwide.

Comments from the people involved

Left to right: Akihiro Kohata, Koji Takase, Sota Kaneko

Sota Kaneko (Construction Unit, Domestic Exploration & Production Division)

"As a member of the EPC team, I am involved in project management for the aboveground facilities. With few precedents globally, this project is facing many challenges without clear solutions. Nonetheless, I am confident we will gain knowledge as we overcome these challenges one by one. While continuing my work in constructing our plants, I will strive to maintain a safe work environment, free of incidents and personal injuries.

Akihiro Kohata (Technical Development & Coordination Unit, Hydrogen & CCUS Development Division)

"As a member of the CCUS team, I oversee project management for drilling wells where we will inject CO_2, and creating plans to monitor the behavior of the CO_2 afterward. There are a range of difficulties involved in trying to predict conditions underground when we cannot see them. However, this is an area where we can apply the knowledge acquired in the past through our oil and gas exploration business. With the helpful knowledge of my many senior colleagues, I strive every day to gain new knowledge from every new challenge.

Koji Takase (Technical Development & Coordination Unit, Hydrogen & CCUS Development Division)

"I manage coordination with internal departments related to the demonstration testing, and work with the operation and maintenance teams and others to prepare for the start of operations. Being involved in the launch of new plants is a valuable experience for me. With the interest and enthusiasm of so many people, both inside and outside the company, I am finding managing the project to be very rewarding. For the demonstration testing, we are procuring materials and equipment from many different places. With the cooperation of many people at INPEX and elsewhere, I will strive to maintain safety throughout the project.

Participation in Outside Initiatives

Japan Hydrogen Association

INPEX participates in the Japan Hydrogen Association and conducts a range of activities to support growth and expansion of the hydrogen industry. These activities include collaborating with governments, building domestic and international partnerships, making government policy recommendations, and assisting in market development. We also share information on the latest domestic and international trends in technologies and markets, and promote domestic and international collaborations to help realize a hydrogen society.

JAPAN HYDROGEN ASSOCIATION

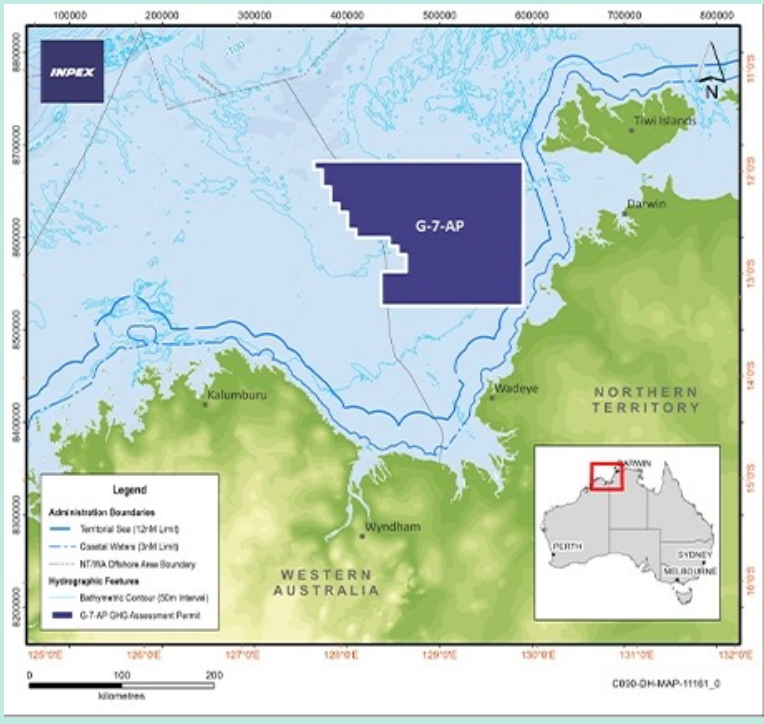
CCUS Business

Bonaparte CCS project—Australia

Enjoy full video online

Carbon Capture and Storage (CCS) is a proven and safe technology that can avoid carbon dioxide (CO_2) from being emitted into the atmosphere by sequestering it deep underground for geological time. The International Energy Agency has concluded that achieving net zero by 2050 is simply not possible without large-scale global deployment of CCS.

The Bonaparte CCS Assessment Joint Venture—with INPEX (as Operator), Total Energies and Woodside Energy- was awarded the greenhouse gas assessment permit (G-7-AP block) in the Petrel Sub-basin in 2022. The approved appraisal work program includes a two-well-appraisal drilling campaign, new 3D seismic and a comprehensive post-well analysis program which will be conducted in 2024. The appraisal program aims to demonstrate the Petrel Sub-basin's suitability for large-scale CO_2 sequestration which has the potential to host multiple hundred-million-ton storage project.



INPEX is actively working to decarbonize its upstream operations, to provide a stable supply of diverse and clean energy sources. Key to the planned decarbonization of the INPEX-operated Ichthys LNG facility is the development of a large-scale CCS facility close to Darwin. INPEX can provide Bonaparte CCS offers Ichthys LNG and other major emitters in the region the opportunity to implement CCS at scale and become the key foundation customer via the Darwin CCS Hub infrastructure.

Bonaparte CCS has the potential to provide significant CO_2 sequestration opportunities for overseas industrial emitters and help companies and countries meet their global net zero commitments. Bonaparte CCS can be an enabler for the development of the full CCS value chain, from regional emitters across a range of industries, CO_2 capture, aggregation, liquefaction, loading, shipping, receiving in Darwin, pumping/heating, transportation, and offshore geological storage.

Our team in INPEX Perth office is committed to deliver the Bonaparte CCS project around 2030 for large CO_2 abatement solutions to not only to Ichthys LNG project, but also to Darwin local emitters and overseas emitters to provide decarbonize solution to reach net zero target.

Message from INPEX Australia Vice President Growth

"Hi, my name is Steve Ovenden and I lead the Growth Department in our Perth Office. One of our most important duties is the Bonaparte CCS (BCCS) project, where I oversee an integrated team of professionals from across the Australian Business to progress this important project for INPEX. Steven Curtis, CCS Manager, stewards the overall BCCS opportunity, with support from Exploration & Subsurface Evaluation, Drilling, Development, HSE, Supply Chain, Government Affairs and others—it's truly an integrated effort. BCCS is an exciting project that is expected to play a large and critical role in decarbonising Ichthys and support INPEX's ambition to achieve net-zero emissions by 2050. Importantly, BCCS will also protect our ongoing licence to operate and facilitate the sanctioning of new Ichthys backfill and expansion projects. The targeted saline reservoirs of the Petrel-Sub basin offer the potential for large-scale gigatonne level storage which provides the further opportunity for BCCS to support a large multi-user CCS hub in Darwin and realise CCS as a future viable business. It's a pleasure and honour to be working on this very important project for INPEX.

Participation in Outside Initiatives

CCS+ Initiative

INPEX participates in the CCS+ Initiative, which aims to develop an integrated carbon accounting infrastructure for CCUS under Verra's Verified Carbon Standard (VCS), the world's most widely used greenhouse gas crediting program. We share information on the latest trends in CCUS-related technologies and markets, and actively support the spread and expansion of CCS, contributing to realizing a carbon-neutral society.

CCS+ initiative

Renewable Energy Business

INPEX EGPA renewable energy acquisition

We have been working hard to diversify our Australian asset portfolio to include renewable energy assets and a strong pipeline of development opportunities. Following extensive negotiations and a competitive bidding process, in September 2023 we acquired a 50 per cent share in Enel Green Power Australia (EGPA).

INPEX is now firmly on the path to achieving one of our global net zero goals for renewable power generating capacity to secure 1–2 gigawatts (GW) of installed capacity by 2030.

Our newly established subsidiary INPEX Renewable Energy Australia P/L jointly owns EGPA, the Sydney-based subsidiary of Italian major energy company Enel Green Power (EGP).

The joint venture with EGP represents an exciting opportunity to shape a lower carbon future. Working together with EGP, INPEX is now jointly overseeing EGPA's Australian renewable generation portfolio, targeting an increase in installed capacity through new project development.

EGPA is currently engaged in renewable energy operations across Australia including wind, solar, storage and hybrid projects, alongside expanding its activities in innovative solutions within its retail and trading operations—targeting operating a power generation capacity across Australia of 2–4 GW by 2030.

Message from New Energy Business Australia (NEBA):

"INPEX and EGP's joint venture relationship is founded on shared values. We are a closely aligned highly capable team, working towards a common goal—a cleaner energy future.

Within INPEX, EGPA asset management is a collaboration between our New Energy Business Australia Division (NEBA) in Perth and the Renewable Energy Business Division at Tokyo head office.

EGPA is accelerating its business development in a dynamic manner, so a variety of things are happening every day, and as a shareholder we are actively involved. We are working closely with EGPA's management and the EGP team in Rome to provide strong support for its business development and operations.

NEBA is a strong team with diverse membership. EGPA-related operations are significant in NEBA's diverse portfolio setting a foundation of renewable energy capability and capacity that will enable the future progress of new energy and carbon offset projects. EGPA is a large-scale and important asset for INPEX's global renewable energy businesses and diversifying our energy to market portfolio, as together we progress our shared net zero 2050 goals.

Feature 2: Digitalization

The advancement of digital technologies brings great opportunities to pioneer new businesses and reduce costs through operational efficiencies. However, digitization also poses threats of cybersecurity risks and increasingly competitive markets. Investment an innovation is essential for adapting to these technological changes and for continuing growth. There are also important social and ethical considerations associated with the adoption of artificial intelligence (AI) and other advanced technologies. A comprehensive understanding of these factors, together with strategic responses, will lead to sustainable growth for companies in the age of digitalization.

At INPEX, we have formulated a DX Vision and DX Strategy to help realize a business model based on the INPEX Vision @2022. This management vision comprises our Long-term Strategy and Medium-term Business Plan. Such efforts in the information technology (IT) and digital transformation (DX) fields are reported at liaison meetings of officers. During 2023, IT/DX briefings were generally provided on a monthly basis. They included use of mobile devices, paperless accounting, use of generative AI and technical AI, use of Power Platform, adoption of new systems, DX-related labor savings and automation, and cybersecurity.

We aim to maximize utilization of digital technologies across our businesses to establish ourselves as a digital energy company. Through this approach, we will achieve new technology development and innovative business processes.

Digitalization Risks and Responses

The INPEX business has long benefited from the widespread use of digital technology in the oil and gas industry. In recent years, cutting-edge digital technology has made data processing faster and more sophisticated, enabling us to utilize large volumes of diverse data. We are actively working to transform the energy landscape to help achieve a net-zero carbon society by 2050, while meeting the energy demands of Japan and the world. The use of new digital technology centered on AI is positioned as an important pillar of these efforts.

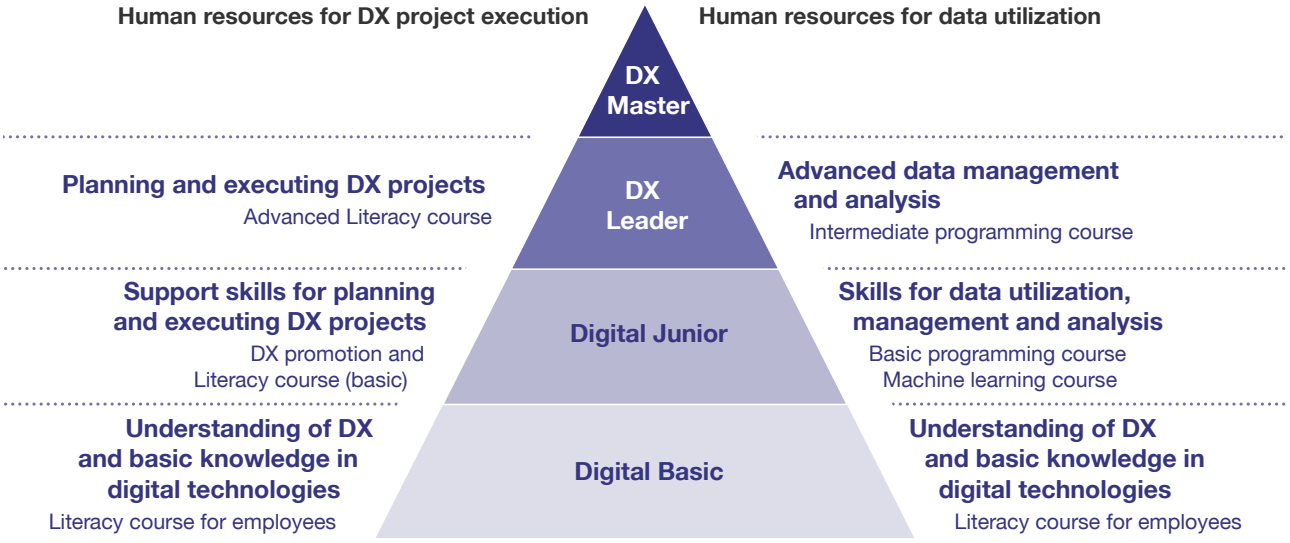
Alongside recent utilization of generative AI, deepfake-based misinformation, stock price manipulation through rumors, prompt injection, and other issues have arisen. As a result, there has been an increase in the probability of various risks, including personal and confidential information leaks. We established an internal AI-related committee and advisory group to counter these risks. Part of these efforts has included discussion and codification of governance for generative AI.

DX Strategy

INPEX's DX strategy aims to promote the resilience and sustainability of its oil and natural gas business by digitalizing operations in accordance with its Medium-term Business Plan and technical strategies.

Furthermore, as part of our ongoing efforts to improve our operational structure, we have formulated a plan to increase efficiency and create new value by establishing a digital data infrastructure and accelerating the adoption of digital technology.

Reskilling in Digital Technologies



INPEX aims to strengthen corporate competitiveness by increasing the number of personnel with data science and programming skills. We established the Digital Academy mainly to develop human resources for planning and execution of DX projects, as well as data utilization, management, and analysis. The academy provides a range of digital technology-related education. Application of the knowledge acquired through these courses will improve data analysis and management capabilities. In 2023, a digital transformation literacy course was offered to all employees, drawing approximately 350 participants from diverse professional backgrounds, aiming to enhance their digital skills. We expect these initiatives to deliver the following outcomes while contributing to the organization over the long term.

Data Utilization

INPEX collects data on its management goals (net income, cash flow from operations before exploration expenditure, ROE, etc.) and business goals (production volumes, net carbon intensity, etc.) for storage in databases. We then create business intelligence reports at the desired hierarchies/levels for visualizing and analyzing the data for use in management.

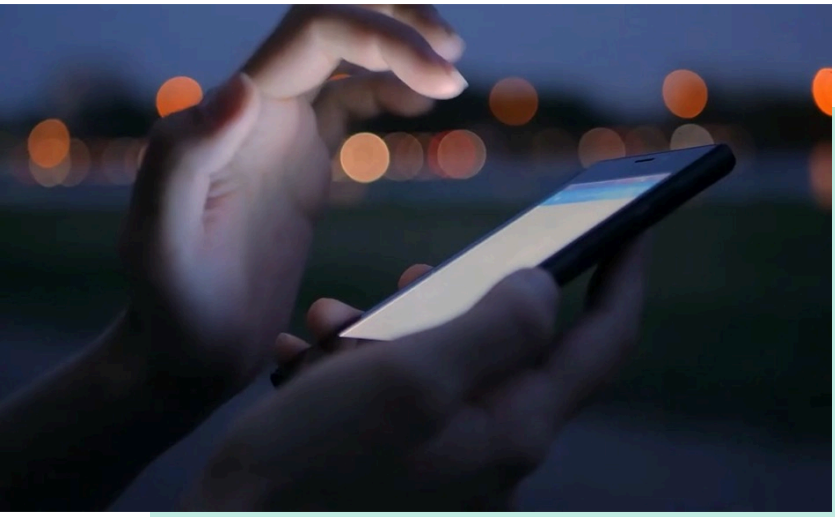
In terms of managing greenhouse gas (GHG) emissions, we have traditionally used systems for collecting, managing, and utilizing environmental information, needed for environment and safety, from all sites. Additionally, we manage the forecasting of annual and medium- to long-term emissions in the databases, utilizing them as important management indicators.

Digitalization of Operations

Digitalization of operations at INPEX does not consider digital technologies and tools on an individual basis. Instead, digital technologies are applied in a comprehensive and integrated manner to reduce operational working hours, improve safety, and reduce GHG emissions. In particular, we are implementing the following three initiatives.

- Integrated operation center: Conducting integrated and remote monitoring of multiple plants, with operational support and other functions through the collaboration center and AI
- Smart facilities: Sharing data with the integrated operation center using IoT sensors located at gas wells and low-power, wide-area (LPWA) wireless networks; improving automation levels of field work through explosion-proof mobile devices and electronic permission to work; and considering use of explosion-proof roving inspection robots
- Plant digital platform: Developing a cloud-based operations-oriented digital platform with real-time connection of gas well and plant data

It is expected that rollout of solutions based on this pilot scheme to all plants could reduce overall man-hours for the relevant work by at least 25%.



Enjoy full video online

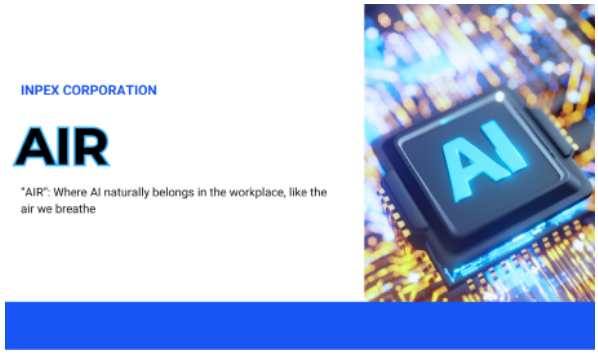
Case studies: Digital transformation in Australia

INPEX has been using a scheduling and planning optimization tool for production and operations at the Ichthys LNG Project, as part of its digital transformation framework. The tool optimizes maintenance plans and reduces operational risks by effectively utilizing the data of maintenance work management. We then apply data science and data analysis methods to generate optimized maintenance plans almost automatically for facilities. This approach considers the aspects of work management processes, personnel availability, delivery periods of necessary equipment, and existing constraints at facilities.

Utilization of AI and Machine Learning

Use of Generative AI

INPEX established the AIR [1] concept in 2023 as the basis for encouraging the use of generative AI within the company. Using interactive AI chat on the Microsoft Azure Open AI platform, we developed a secure environment for using ChatGPT and Microsoft Copilot with low risk of information leaks. This enables us to expand internal use of generative AI for things like document creation, summarization, and search. We also adopted a data search tool using a generative AI chatbot, providing an environment where our employees can experience generative AI. This has facilitated internal information search while improving work efficiency.



[1] An INPEX activity for promoting internal use of generative AI under the AIR concept of "Where AI naturally belongs in the workplace, like the air we breathe."

Secure Translation Environment for a Global Business

INPEX operates a global business, which can require the collection and analysis of information for each language and business environment. In addition to English and Japanese, this information is produced in a range of languages, including Russian and Indonesian. Free document translation services exist, but they carry the risks of information leaks and of that information being used to improve the quality of the service itself. Use of such free services for translating our confidential information is prohibited, therefore we implemented a multilingual translation system that is both efficient and secure. This tool enables our diverse workforce to access information in their local dialect.

Deep Learning-based Analysis of Rock Textures Using Electron Microscope Images

Deep learning technology using semantic segmentation, labels or categorizes every pixel within an image, making it promising for evaluating reservoir rock. Employing this technique to analyze microscope images of rocks enables the observation of their textures and structures at a microscopic level. This can become an important source for understanding the process of reservoir rocks slowly losing their properties.

Using large volumes of image data and interpretations to build and update its AI model, INPEX has dramatically improved the efficiency of sandstone reservoir evaluation. This technology can also express changing reservoir rock properties as a numerical model, and therefore is expected to increase in significance across a range of areas going forward. This includes predicting porosity in areas without wells, application to carbon capture, usage, and storage (CCUS), and the exploration activity of prospect evaluation.

Participation in Outside Initiatives

Japan's Digital Governance Code summarizes the requirements of managers in response to social change driven by digital technologies. The related Digital Transformation Certification system provides national recognition of those business operators who comply with the code and are ready to promote DX. INPEX considers DX to be a necessary element of sustainable management. By digitalizing operations, we are contributing to a resilient and clean oil and natural gas business, along with promoting efforts such as reducing CO_2 emissions through productivity improvements and power savings.

Digital Transformation Certification

Sustainability Management

Our Policy

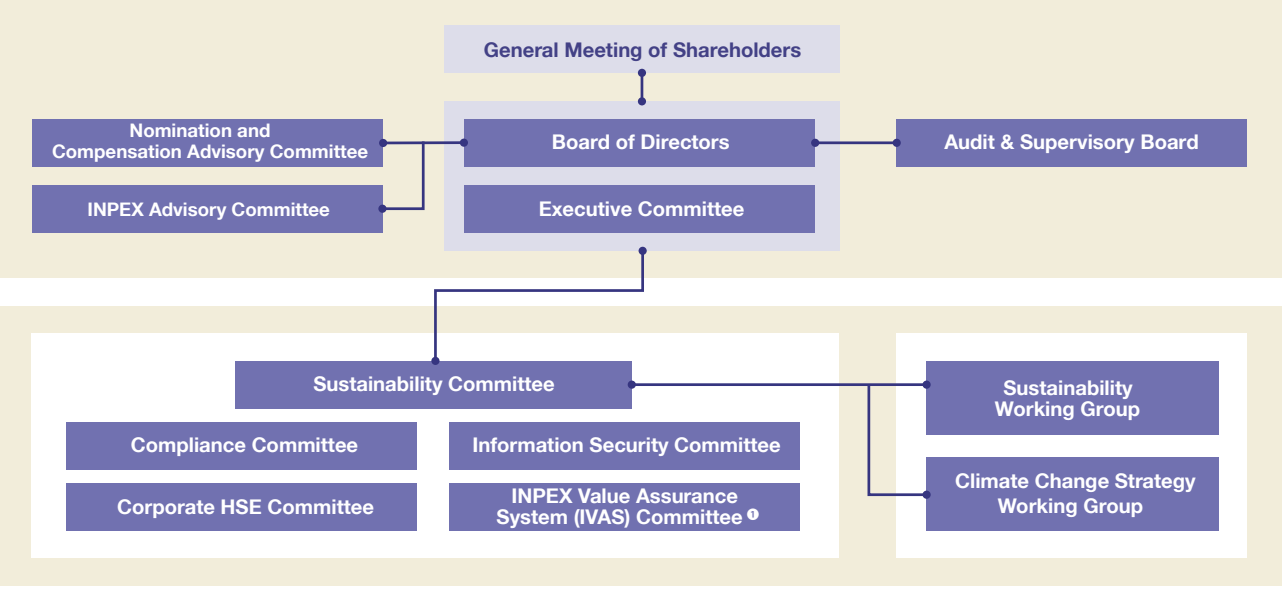
INPEX's basic approach to sustainability management is to promote both a stable supply of energy and energy transition initiatives, while addressing climate change and other sustainability issues through its business and value chains. Our sustainability management activities focus on the six Sustainability Material Issues of greatest importance to our business and our stakeholders. They are governance, compliance, climate change, health, safety and environment, local communities, and human capital.

Sustainability Governance Structure

Chaired by our Representative Director, President & CEO, our Sustainability Committee was established to clearly communicate our senior management executives' vision for sustainability, discuss basic policies for sustainability, and promote Group-wide and systematic sustainability practices. The members include Representative Directors, the Senior Vice President of the General Administration Division, and the Senior Vice President of the Corporate Strategy & Planning Division (Vice-chair of the Sustainability Committee). The Chairs of our Compliance Committee and Corporate HSE Committee also attend the meetings to facilitate collaboration with their respective committees. The Sustainability Committee met three times in FY2023, and the matters addressed at those meetings were also discussed at Executive Committee and Board of Director meetings.

Under the Sustainability Committee, we have established a Sustainability Working Group and Climate Change Strategy Working Group, which comprise operational-level members from various divisions to support Group-wide, cross-sectional consultation.

Sustainability Governance Structure



❶ INPEX Value Assurance System (IVAS) Committee: A committee that supports our project promotion and value enhancement decision-making process

Sustainability Material Issues

We have identified six of the seven core sustainability themes in ISO 26000 as areas of high importance for the Company and our stakeholders, and these form our Material Issues. Our Material Issues have been identified based on double materiality, whereby we identify and prioritize issues that may have a significant impact on our business sustainability, external stakeholders, or the environment.

Six Sustainability Material Issues

We have also identified priority actions (Key Tasks) for each Material Issue area and embedded these Key Tasks into our PDCA cycle to enable continuous improvement. In 2017, we reviewed and revised each Key Task through a four-step prioritization process (1. Issue identification and gap analysis; 2. Stakeholder dialogue; 3. Issue prioritization; and 4. Management review). This review also incorporated the perspective of the United Nations Sustainable Development Goals (SDGs)[2].

In March 2022, we reviewed our Key Tasks following dialogues with major stakeholders which were conducted concurrently with the announcement of our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) during the previous month. Our Material Issues and Key Tasks are reviewed annually through engagement with internal and external stakeholders. The results are approved by the Sustainability Committee chaired by the Representative Director, President & CEO and reported to the Board of Directors.

[2] Sustainable Development Goals (SDGs): 17 goals and 169 targets adopted by the United Nations Sustainable Development Summit in September 2015 that represent common goals for ending poverty, protecting the planet, and ensuring that by 2030 all people enjoy peace and prosperity

INPEX Key Tasks

- Improvement of the governance structure
- Improvement of the risk management structure
- Respect for human rights
- Compliance with laws and prevention of bribery and corruption
- Supply chain risk management
- Prevention of major incidents
- Securing of occupational health and safety
- Biodiversity conservation and water risk management
- Implementation of assessments of impact on local and indigenous communities and measures to reduce impact
- Contribution to local economies
- Promotion of climate change response goals and disclosures based on TCFD recommendations
- Promotion of five net zero businesses
  - Hydrogen/ammonia
  - CCUS
  - Renewable energy
  - Carbon recycling and new business
  - Forest conservation
- Cleaner oil and gas business and transition to natural gas
- Realization of Making INPEX employer of choice

Engagement with Industry Associations

To support our business and sustainability objectives, we participate in the International Association of Oil & Gas Producers (IOGP), Australian Energy Producers , and Ipieca (an international association addressing environmental and social issues in the oil and gas industry). Through our membership and participation in these initiatives, we aim to continuously improve our business practices and governance, as well as our safety, environmental, economic and social performance. Aligned with our own Corporate Position on Climate Change, each of these organizations is positioned to support energy transition consistent with the objectives of the Paris Agreement. Within Japan, we are members of the Japan Energy Resources Development Association, the Japan Natural Gas Association, and Japan Gas Association to ensure the sound development of the industry and a stable energy supply. Our industry association memberships further support our efforts to build sound and constructive relationships with governments and administrative authorities by presenting a collective voice on key matters within the energy industry. Other initiatives in which we participate include the Extractive Industries Transparency Initiative (EITI)—which aims to increase transparency and improve natural resource management in oil, gas, and mineral producing countries—, Challenge Zero (Challenge Net Zero Carbon Innovation)—an initiative led by the Japan Business Federation (Keidanren)—, New Energy Foundation, Japan Hydrogen Association, and ccus + initiative that challenges groups and organizations in Japan and abroad to take concrete innovation actions to help achieve a decarbonized society.

The following industry organizations are a selection of those in which we participate.

United Nations Global Compact

We have been a signatory to the United Nations Global Compact since 2011 and have declared our support for its Ten Principles in the areas of human rights, labor, the environment, and anti-corruption. Since 2012, we have participated in activities of the various sustainability-related subcommittees set up by the Global Compact Network Japan.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

International Association of Oil & Gas Producers (IOGP)

IOGP is an international industry association representing the world's main oil and gas companies, and related organizations. Its principle objectives are to promote greater sustainability and safety of oil and gas production activities. Additionally, IOGP conducts a range of activities, including formulating best practices, sharing technologies in the industry, and addressing important issues such as environmental protection and occupational safety. When comparing ourselves with industry standards, we evaluate IOGP's health and safety benchmarks.

IOGP
International Association of Oil & Gas Producers

Australian Energy Producers (formerly Australian Petroleum Production and Exploration Association)

Australian Energy Producers (formerly known as the Australian Petroleum Production and Exploration Association) is an industry association representing the energy sector in Australia. We engage in policy and regulatory development related to the Paris Agreement, supporting efforts by the oil, gas, and LNG sectors to reduce greenhouse gas emissions and transition to clean energy.

australian energy producers

Ipieca

Ipieca is an international industry association representing companies, organizations, and persons involved in the oil and gas industry. It provides guidance and resources for a range of environmental challenges, including environmental protection, climate change, biodiversity, and water management. It is also engaged in collaborative activities, offering exemplary practice as guidelines, for promoting the role of the oil and gas industry in international environmental frameworks and in achieving the SDGs.

GX League Basic Concept

GX stands for "green transformation," a concept for transforming the entire economic and social system to reduce emissions and increase industrial competitiveness. It perceives opportunities for economic growth in Japan's goal of carbon neutrality by 2050 and its GHG emission reduction targets by 2030. We have participated in the GX League since April 2023, with the Ministry of Economy, Trade and Industry serving as the secretariat. Participating companies are required to establish targets for direct and indirect domestic emissions, work to reduce emissions, and publicize their efforts. We have already disclosed our own transition strategy and vision for climate change.

Extractive Industries Transparency Initiative (EITI)

EITI is an international initiative established to improve transparency and accountability in the resources extraction industry. It is operated by a partnership of governments, companies, civil society organizations, and international institutions. We disclose our financial contributions by country in our ESG data.

Japan Business Federation (Keidanren)

As a member of Keidanren, we uphold and implement the spirit of the federation's Charter of Corporate Behavior. We also participate in Challenge Zero, with our methanation technologies and artificial photosynthetic chemical process listed as examples of our innovation challenges on the official website. Challenge Zero is a collaboration between Keidanren and the Japanese government to realize a decarbonized society as the long-term goal of the Paris Agreement, an international framework for climate change measures. This is a new initiative designed to provide a powerful voice and support, both domestically and internationally, for the innovation challenges of companies and organizations.

Japan Hydrogen Association

INPEX participates in the Japan Hydrogen Association and conducts a range of activities to support growth and expansion of the hydrogen industry. These activities include collaborating with governments, building domestic and international partnerships, making government policy recommendations, and assisting in market development. We also share information on the latest domestic and international trends in technologies and markets, and promote domestic and international collaborations to help realize a hydrogen society.

CCS+ Initiative

INPEX participates in the CCS+ Initiative, which aims to develop an integrated carbon accounting infrastructure for CCUS under Verra's Verified Carbon Standard (VCS), the world's most widely used greenhouse gas crediting program. We share information on the latest trends in CCUS-related technologies and markets, and actively support the spread and expansion of CCS, contributing to realizing a carbon-neutral society.

The Oil & Gas Methane Partnership 2.0 (OGMP 2.0)

INPEX joined the Oil & Gas Methane Partnership 2.0 (OGMP 2.0), a reporting framework for methane reductions by oil and gas companies. OGMP 2.0 was established as an international reporting framework under the United Nations Environment Programme (UNEP), providing member companies with a framework for comprehensive, measurement-based reporting to promote methane reductions. By reporting methane emission reductions through the OGMP 2.0 framework, we are improving the accuracy and transparency of our methane emissions reporting. We are also actively sharing technological innovation and information on specific initiatives with other member companies with the aim of measuring and reducing methane emissions.

Energy Development Value Chain

1 Oil and Gas Business

2 Transportation and Sales of Oil and Gas

3 Reduction of CO_2 emissions from oil and gas operations (CCUS)

4 Hydrogen and Ammonia Business

5 Renewable Energy Business

6 Carbon recycling and new business opportunities

7 Forest conservation

1 Oil and Gas Business

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Environmental and social impact assessment, and acquisition of environmental approval
- Management of safety and consideration of potential impacts for the environment and society in the exploration phase
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Use of clean energy
- Management of GHG emission
- Management of occupational health and safety for all employees and contractors
- Respect for human rights

2 Transportation and Sales of Oil and Gas

Key Stakeholders

- Contractors
- Local communities
- NGOs/NPOs
- Customers
- Employees

Key Sustainability Activities

- Stable and efficient supply of energy
- Product quality and safety management
- Managing safety and considering potential impacts for the environment and society in the transport phase
- Dialogue with customers and consumers
- Use of clean energy

3 Reduction of CO_2 emissions from oil and gas operations (CCUS)

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Reduction of GHG emissions through carbon capture and storage (CCS)
- Consideration of safety and potential impacts on the environment and society is crucial in the management of business operations
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Respect for human rights

4 Hydrogen and Ammonia Business

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Study and research toward commercialization of hydrogen, methanation, etc.
- Consideration of safety and potential impacts on the environment and society is crucial in the management of business operations
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Respect for human rights

5 Renewable Energy Business

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Generation of power from natural energy sources such as wind, solar, and geothermal to reduce GHG emissions
- Consideration of safety and potential impacts on the environment and society is crucial in the management of business operations
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Respect for human rights

6 Carbon recycling and new business opportunities

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Study and research into technology to synthesize methane from CO_2 and hydrogen (carbon recycling)
- Improvement of solar energy conversion efficiency through technological development of solar hydrogen production using catalytic reactions
- R&D of labor saving through the use of drones
- Consideration of safety and potential impacts on the environment and society is crucial in the management of business operations
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Respect for human rights

7 Forest conservation

Key Stakeholders

- Oil and gas producing countries
- Project partners
- Contractors, suppliers
- Local communities, indigenous peoples
- NGOs/NPOs
- Employees

Key Sustainability Activities

- Reduction of CO_2 emissions and absorption of CO_2 through forest conservation and afforestation
- Preservation of biodiversity and water resources
- Reduction of soil erosion
- Alleviation of poverty and improvement of the livelihoods of local communities
- Consideration of safety and potential impacts on the environment and society is crucial in the management of business operations
- Communication with stakeholders in local communities, and briefings for residents (if required)
- Fair and impartial procurement of materials and equipment
- Local employment
- Respect for human rights

Engagement with Stakeholders

Project Partners

Engagement approach

- Regular meetings
- Regular communication

Key engagement in FY2023

- Participation in operating committees, technical committees, and subcommittees for project decision making
- Discussions with operators for cost reduction
- Prevention of major incidents

Expectations/Requirements Identified Through Stakeholder Engagement

- Compliance with laws and prevention of bribery and corruption
- Management of business activity risks
- Respect for human rights

Contractors and Suppliers

Engagement approach

- Presentation of qualification criteria to prospective suppliers
- Briefings on qualifications
- Regular meetings
- HSE audits
- CSR audits
- Supplier Forum

Key engagement in FY2023

- Provision of fair, equitable, and transparent participation opportunities for prospective suppliers
- Annual INPEX HSE Awards
- Strengthening of supply chain management (implementation of supplier self-evaluation survey for major suppliers and contractors in Japan)
- Implementation of CSR audit to suppliers
- Ongoing risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improve the methods used for risk assessment
- Establishment of the Supplier Code of Conduct Guidelines and holding of the Supplier Forum for explanation

Expectations/Requirements Identified Through Stakeholder Engagement

- Improvement of our risk management structure
- Compliance with laws and prevention of bribery and corruption
- Supply chain environmental and social due-diligence
- Prevention of major incidents
- Ensuring occupational health and safety
- Respect for human rights

Customers

Engagement approach

- Establishment of designated contact points
- Provision of product information
- Identification of customer needs at service stations

Key engagement in FY2023

- Provision of product safe handling information (SDS)
- Improvement of service station operations based on customer needs analysis

Expectations/Requirements Identified Through Stakeholder Engagement

- Compliance with laws and prevention of bribery and corruption
- Transition to clean energy

Shareholders and Investors

Engagement approach

- General Meeting of Shareholders, briefings and exhibitions, investor relations (IR) meetings
- Issuance of reports (earnings report, earnings presentation materials, securities report, Integrated Report, sustainability report, fact book, investor notes, etc.)

Key engagement in FY2023

- General Meeting of Shareholders, financial result briefings (biannual, February and August), IR meetings (268 meetings held), briefings for individual investors, Investor Day
- Timely, appropriate, and fair information disclosure through the corporate website and content updates

Expectations/Requirements Identified Through Stakeholder Engagement

- Strengthening our governance structure
- Enhancing our risk management system
- Strengthening climate-related risk management

Local Communities and Indigenous Peoples

Engagement approach

- Environmental and social impact assessment
- Community briefings
- Various pamphlets, mass media, social media, websites
- Social contribution activities

Key engagement in FY2023

- Social investment in response to local community needs (total expenditure: about 4.4 billion yen)
- Response to community feedback in Japan and overseas
- Activities in accordance with the Reconciliation Action Plan (RAP) with Aboriginal and Torres Strait Islander peoples in Australia
- Presentations and lessons for junior high school and technical college students in Japan

Expectations/Requirements Identified Through Stakeholder Engagement

- Respect for human rights
- Proper management of water and biodiversity conservation
- Managing impacts on local and indigenous communities
- Contributing to local economies

NGOs/NPOs

Engagement approach

- Information gathering to respond to global social issues
- Round-table discussions

Key engagement in FY2023

- Support for NGOs/NPOs through employee fundraising activities
- Support for NGOs/NPOs through our social contribution activities
- Participation in webinars hosted by NGOs/NPOs

Expectations/Requirements Identified Through Stakeholder Engagement

- Respect for human rights
- Contributing to local economies
- Transition to clean energy
- Strengthening climate-related risk management
- Co-operations with NGO/NPO

Employees

Engagement approach

- Meetings with managers
- Consultation between labor and management
- Various training and study abroad programs
- Internal magazines and newsletters
- Various recognitions/awards

Key engagement in FY2023

- Communication from senior management via Message from the President & CEO
- Dialogue with management via Open Offices (President & CEO, Senior Executive Vice Presidents, Senior Vice Presidents)
- One-on-one meetings with supervisors
- Regular engagement with labor unions
- Various training programs (averaging 65 hours training/person)
- Timely update of internal online magazines (2 or 3 times/week)
- Publication of compliance newsletter (12 issues)
- Publication of information security newsletter (12 issues)
- INPEX HSE Awards, INPEX Paper Award
- SVP/General Manager Awards

Expectations/Requirements Identified Through Stakeholder Engagement

- Management occupational health and safety
- Human resource development and employee motivation
- Promoting diversity
- Respect for human rights

Oil and Gas Producing Countries

Engagement approach

- Communication at each project phase (tender, development plan approval process, development, production, decommissioning)

Key engagement in FY2023

- Close communication with oil and gas producing countries aligned with project progress / management
- Prevention of corruption and improving transparency in oil and gas producing countries through support for EITI

Expectations/Requirements Identified Through Stakeholder Engagement

- Compliance with laws and prevention of bribery and corruption
- Prevention of major incidents
- Contributing to local economies
- Cleaner oil/gas operations and transition to natural gas

Sustainability Material Issues: Targets and Achievements

Governance

Improvement of our governance structure

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
● Enhanced the corporate governance structure through appropriate operation of the Board of Directors, evaluated the effectiveness of the Board of Directors using a third-party evaluation organization, and continued implementing the PDCA cycle ● Built relationships between the Board of Directors and local stakeholders, such as partners and local communities (held Board of Directors meetings in countries in which we operate) ● Responded to revisions of the Companies Act and the Corporate Governance Code, and to Tokyo Stock Exchange reforms	● Enhance the corporate governance structure through appropriate operation of the Board of Directors, and evaluate the effectiveness of the Board of Directors and continue implementing the PDCA cycle ● Continue holding comprehensive discussions in Board of Directors meetings (in particular, active discussions that contribute to formulation of the next Medium-term Business Plan)	● Strengthen the corporate governance structure, including enhancement of the supervisory role of the Board of Directors ● Deepen discussions by the Nomination and Compensation Advisory Committee about achieving further diversity in the Board of Directors and about a succession plan for the President & CEO, and provide feedback on those discussions to the Board ● Continue efforts to achieve the Long-term Strategy and Medium-term Business Plan of INPEX Vision @2022 to realize a net zero carbon society by 2050
● Published a skill matrix for Directors and Audit & Supervisory Board Members ● Conducted a site visit to the Ichthys LNG plant in Darwin, Australia, for Outside Directors and Audit & Supervisory Board Members ● Discussed the nomination and compensation of Directors with the appropriate involvement of the Nomination and Compensation Advisory Committee	● Expand disclosure of skill matrix details ● Further enhance the governance structure for the nomination and compensation of Directors ● Discuss the nomination and compensation of Directors with the appropriate involvement of the Nomination and Compensation Advisory Committee ● Appoint an Outside Director as the Chairman of the Nomination and Compensation Advisory Committee to strengthen the independence of the Committee.	
● Assessed state of tax compliance in each country through centralized management of tax information	● Enhance the global tax governance structure through close communication with overseas sites	

Improvement of our risk management structure

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
● Held 28 INPEX Value Assurance System (IVAS) Committee meetings ● Provided the Board of Directors with an executive summary of risk assessment results for major projects	● Hold IVAS Committee meetings as needed ● Report progress and action plans for each of our projects, including the net zero businesses, at the monthly Board of Directors meetings	● Continue to monitor mitigation/ management plans for material risks and issues identified by each division under the Medium-term Business Plan and their implementation
● Held two Information Security Committee meetings ● Held one training session on targeted email attacks ● Conducted one e-learning lesson on information security ● Conducted a security assessment of operating systems	● Hold two Information Security Committee meetings ● Hold two training sessions on targeted email attacks ● Conduct one e-learning lesson on information security ● Conduct a security assessment of operating systems	
● Promoted head office-based business continuity management (BCM) activities for earthquake scenarios, and provided BCM education and training for employees ● Revised the head office business continuity plan (BCP) for infectious disease scenarios based on verification and assessment of COVID-19 responses	● Promote head office-based BCM activities for earthquake scenarios, and provide BCM education and training for employees	

Supply Chain Risk Management

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
● Published the Supplier Code of Conduct Guidelines ● Continued self-assessment surveys (including questions on human rights and anti-bribery and anti-corruption (ABC) measures) by major domestic suppliers and contractors ● Continued risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improved the methods used for risk assessment ● Participated in the supply chain subcommittee of the Global Compact Network Japan ● Held a Supplier Forum ● Acquired SA8000 Basic Auditor Training Course Completion Certificate (two people)	● Continue self-assessment surveys (including questions on human rights and ABC measures) by major domestic suppliers and contractors ● Continue risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improve the methods used for risk assessment ● Participate in the supply chain subcommittee of the Global Compact Network Japan ● Conduct CSR audit to suppliers (paper and on-site audits) ● Hold a Supplier Forum	● Strengthen supply chain risk assessment and compliance

Compliance

Respect for human rights

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
• Published respective FY2022 statements pursuant to the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act • Continued to conduct human rights training • Worked with external human rights specialists to identify important human rights challenges (10 issues in the oil and natural gas exploration business and 11 issues in the renewable energy business)	• Publish respective FY2023 statements pursuant to the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act • Continue to conduct human rights training • Improve the methods used for risk assessment of major suppliers and contractors (including with regard to human rights)	• Fully comply with and appropriately respond to the laws and regulations, including ABC laws, of the areas in which we operate, judicial/administrative sanctions, international norms and ethics, and full respect for human rights • Continue human rights due diligence

Compliance with laws and prevention of bribery and corruption

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
• Ensured awareness of compliance and enhanced education and training programs (monthly publication of compliance news, e-learning lessons, officer and manager compliance training, compliance assessments, etc.) • Bolstered Group-wide compliance cooperation (continued operation of the INPEX Global Hotline, held a global compliance meeting, etc.) • Ensured awareness and enhanced operation of ABC regulations (continued training, due diligence, risk assessments of ABC practices at domestic and overseas offices, etc.)	• Ensure awareness of compliance and enhance education and training programs (monthly publication of compliance news, officer and executive compliance training, compliance assessments, whistleblower response personnel training, etc.) • Bolster Group-wide compliance cooperation (structure development, continuing operation of the INPEX Global Hotline, etc.) • Ensure awareness and enhance operation of ABC regulations (continue training, due diligence, risk assessments of ABC practices at domestic and overseas offices and subsidiaries, etc.)	• Fully comply with and appropriately respond to the laws and regulations, including ABC laws, of the areas in which we operate, judicial/administrative sanctions, international norms and ethics, and full respect for human rights • Continue human rights due diligence

Climate Change

Promotion of climate change response goals and disclosures based on TCFD recommendations

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
• Continued to achieve a CDP Climate Change A-score • Achieved net carbon intensity of 28 kg-CO_2e/boe in FY2023 • Achieved methane emissions intensity (methane emissions/natural gas production) of 0.05%	• Continue to achieve a CDP Climate Change A-score • Reduce net carbon intensity by 10% (4.1 kg-CO_2e/boe) or more between FY2022 and FY2024 • Check details of emissions reduction measures in individual projects for achieving the FY2030 target for net carbon intensity	• Reduce net carbon intensity by 30% or more by FY2030 • Achieve zero routine flaring by FY2030 • Maintain methane emissions intensity (methane emissions/ natural gas production) at its current low level (about 0.1%)

Promotion of five net zero businesses

	FY2023 achievements	FY2024 targets	Targets to FY2030
Hydrogen and ammonia	• Began construction of aboveground facilities for the integrated demonstration testing of hydrogen and ammonia production and utilization in Kashiwazaki City, Niigata Prefecture, Japan • Signed a memorandum of understanding for a joint study with the Abu Dhabi National Oil Company (ADNOC), Japan Organization for Metals and Energy Security (JOGMEC), and Mitsui & Co., Ltd. for the verification of GHG emissions at a clean ammonia production project in Abu Dhabi • Began pre-FEED work for a large-scale, low-carbon ammonia production project at the Port of Houston, Texas, USA • Signed a joint study agreement for a green hydrogen project in South Texas, USA	• With the aim of beginning operations in 2025, complete construction of aboveground facilities and drill three wells for CO_2 injection, production, and observation for the demonstration project of hydrogen and ammonia production in Kashiwazaki City, Niigata Prefecture, Japan • Pursue opportunities to participate in clean ammonia project in Abu Dhabi • With the aim of beginning commercial production between the late 2020s and around 2030, promote the clean hydrogen and ammonia project in Japan and overseas, starting with the large-scale, low-carbon ammonia production project at the Port of Houston, Texas, USA	• Commercialize three or more projects • Aim for hydrogen and ammonia production and supply of 100,000 tons/year or more
CCUS	• Conducted Huff & Puff tests for the CO_2 EOR demonstration testing in the Minamiaga Field Office • Conducted reservoir evaluations, acquired new 3D seismic data, and conducted preparatory work for drilling in the G-7-AP GHG assessment block in Australia • The Tokyo Metropolitan Area CCS Project and Tohoku Region West Coast CCS Initiative Project, in which we participate, were adopted under the 2023 Survey on Implementation of Advanced CCS Projects commissioned by JOGMEC	• Investigate moving to the next phase of the CO_2 EOR demonstration testing in the Minamiaga Field Office • Acquire new 3D seismic data, drill two evaluation wells, and conduct investigations into updating reservoir evaluations and evaluating CCS feasibility, in the G-7-AP GHG assessment block in Australia • Conduct evaluations into CCS adoption at the Ichthys LNG Project • Consider and launch new projects in Japan and overseas	• Achieve annual CO_2 injection volume of 2.5 million tons or more • Become a leading company in CCUS by promoting technical development and commercialization

Renewable energy	• Acquired a 50% stake in Enel Green Power Australia Pty Ltd, through which we began a collaboration with Enel Green Power S.p.A. for a renewable energy business in Australia • Achieved the renewable energy generation capacity target (500 MW) in the Medium-term Business Plan		• Secure 1–2 gigawatt-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
(i) Wind power generation	• Made the final investment decision (FID) for a floating offshore wind power project off Goto City, Nagasaki Prefecture, Japan • Began investigations into domestic offshore wind power project tenders from next fiscal year	• Develop a domestic offshore wind power project • Ensure stable operations and expand business at European wind power projects • Generate business opportunities in Southeast Asia, Australia, and the Americas	
(ii) Geother-mal power generation	• Established and enhanced a project promotion structure in Indonesia • Began construction for the Oyasu Geothermal Power Project in Akita Prefecture, Japan	• Carry out additional development at Muara Laboh Geothermal Power Project in Indonesia • Progress construction for Oyasu Geothermal Power Project • Progress geothermal exploration activities in Indonesia, Japan, and other regions	
Carbon recycling and new business	• Began construction of a methanation test facility (400 Nm^3/h) in Nagaoka City, Niigata Prefecture, Japan • Currently working with Masdar, Tokyo Gas Co., Ltd., and Osaka Gas Co., Ltd. on a joint feasibility study to produce e-methane in Abu Dhabi • Signed a joint feasibility study agreement with Masdar for a carbon recycle chemicals production project in Abu Dhabi • Conducted 14 drone demonstration testing flights to inspect our facilities • Invested in TeraWatt Technology Inc. (developing next-generation lithium-ion batteries), Kyoto Fusioneering Ltd. (accelerating development of fusion energy), and OCOchem (developing green formic acid production technologies)	• Construct a plant as a methanation technology development project with the aim of beginning operation during 2026 • Complete the business feasibility study for an e-methane project in Abu Dhabi, and decide whether to move to the pre-FEED stage • Pursue further R&D in artificial photosynthesis • Use drones to inspect our facilities • Promote collaborations with venture companies in which we have invested	• Promote the adoption of methanation in society • Supply about 60,000 tons of synthetic methane annually via our pipeline network
Forest conservation	• Acquired credits for outstanding forest conservation projects and investigated participating in the projects • Began planting trees for a carbon farming and renewable biofuel project in Australia in conjunction with Australia and New Zealand Banking Group Limited (ANZ) and Qantas Airways Limited	• Participate in and pursue development opportunities for forest conservation projects • Acquire about 1.5 million tons of forestation credits per year from leading forest conservation projects	• Secure about 2 million tons of forestation credits per year from forest conservation projects by FY2030 through project participation, development, etc.

Cleaner oil and gas business and transition to natural gas

	FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
Australia	● Confirmed that the Ichthys LNG Project has increased the capacity of the facility to produce 9.3 million tons per year. In addition, promoted low-carbon operations by minimizing flaring and fuel gas emissions during production	● Aim to produce 9.3 million tons per year at the Ichthys LNG Project through safe operations and improved facility utilization rates. Also, continue promoting low-carbon operations	● Increase natural gas ratio of portfolio by raising natural gas investment ratio to about 70% ● Make our projects cleaner by achieving zero routine flaring, introducing CCUS and renewable electricity, conserving energy, utilizing forestation credits, etc.
Indonesia	● Received approval from the Indonesian government for a revised plan of development for the Abadi LNG Project to incorporate a CCS component (plan to eliminate all CO_2 emissions associated	● Promote various surveys, studies related to CCS, preparation of basic design work (FEED), and other necessary preparations for final investment decision (FID)	
Abu Dhabi	● In addition to using 100% clean power at onshore facilities, worked with ADNOC to adopt clean power, including using onshore clean power to supply offshore facility power needs	● Aim to further reduce production costs by optimizing personnel allocation and introducing new technologies, and supply offshore facilities with clean power	
Norway	● Began power provision from the Hywind Tampen floating wind farm to the Snorre oil field, and converted a portion of the electricity required for production and operation of the oil and natural gas production plant to clean power by using electricity supplied from the wind farm	● Gain knowledge through stable operation and continuous monitoring of the Hywind Tampen floating wind farm, and consider low-carbon projects based on the information gathered on renewable energy, hydrogen, and CCUS projects. ● Expand the volume of carbon neutral gas sold.	

HSE

Prevention of major incidents

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
● Reduced the number of incidents by: issuing incident bulletins; drawing lessons from incidents; statistically analyzing and benchmarking incidents; strengthening incident cause investigation; and planning and implementing a Group-wide "safety month" campaign from September to October 2023 ● Steadily implemented the process safety management roadmap (identified necessary Group-wide process safety management-related competencies, published change control requirements, etc.); held process safety workshops with ADNOC; and provided support for the Hirai Blue Hydrogen project and addressed challenges through third-party committees ● Began implementing HSE management for the five net zero businesses, including the geothermal business	● Strengthen incident prevention efforts by: issuing incident bulletins; drawing lessons from incidents; strengthening contractor HSE management; implementing a "safety month" campaign; and implementing LSRs, PSFs, and other internal campaigns ● Formulate and implement management methods for achieving Group-wide process safety management-related competencies, confirm process safety risks associated with the Ichthys LNG Project, and adopt process safety management in design and operational readiness in the hydrogen and CCUS fields ● Continue implementing HSE risk management and HSE management for the five net zero businesses	● Ensure compliance with LSRs for safety in high-risk operations, strengthen process safety management, and completely eliminate major incidents ● Carry out the following actions that further improve HSE management: 1. Strengthen incident prevention efforts 2. Further improve process safety management through systemic programs 3. Help to address global environmental challenges and create environmental value 4. Prepare for emerging threats 5. Reinforce health management and measures for infectious diseases 6. Demonstrate HSE leadership and improve effectiveness of the HSEMS 7. Enhance HSE competency and secure personnel 8. Implement HSE management for the five net zero businesses

Securing of occupational health and safety

FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
● Demonstrated HSE leadership by: coordinating between corporate divisions and operator projects; holding an HSE Forum; and conducting 11 management site visits ● Strengthened health management by: standardizing health management activities; strengthening mental health management; and standardizing infectious disease management	● Demonstrate HSE leadership by: reinforcing coordination between corporate divisions and operator projects; holding an HSE Forum; and conducting management site visits ● Strengthen health management by: standardizing health management activities; strengthening mental health management; and standardizing infectious disease management	● Ensure compliance with LSRs for safety in high-risk operations, strengthen process safety management, and completely eliminate major incidents ● Carry out the following actions that further improve HSE management: 1. Strengthen incident prevention efforts 2. Further improve process safety management through systemic programs 3. Help to address global environmental challenges and create environmental value 4. Prepare for emerging threats 5. Reinforce health management and measures for infectious diseases 6. Demonstrate HSE leadership and improve effectiveness of the HSEMS 7. Enhance HSE competency and secure personnel 8. Implement HSE management for the five net zero businesses

Biodiversity conservation and water risk management

	FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
Biodiversity conservation	● Conducted nature readiness self-assessments and identified challenges with our nature-related initiatives ● Conducted trial evaluations at our domestic projects based on TNFD's LEAP approach ● Updated the database of protected areas for our project areas	● Conduct evaluations based on TNFD's LEAP approach for all operator projects ● Identify impacts and dependencies, and risks and opportunities, related to biodiversity ● Establish quantitative targets for biodiversity ● Implement biodiversity conservation initiatives in our project areas	● Ensure compliance with LSRs for safety in high-risk operations, strengthen process safety management, and completely eliminate major incidents ● Carry out the following actions that further improve HSE management: 1. Strengthen incident prevention efforts 2. Further improve process safety management through systemic programs 3. Help to address global environmental challenges and create environmental value 4. Prepare for emerging threats 5. Reinforce health management and measures for infectious diseases 6. Demonstrate HSE leadership and improve effectiveness of the HSEMS 7. Enhance HSE competency and secure personnel 8. Implement HSE management for the five net zero businesses
Water risk management	● Updated water stress assessments in our project areas ● Assessed the current state of water balance and aggregated/analyzed data on the volume of freshwater/seawater intake and use in our projects ● Considered quantitative targets for water management	● Conduct evaluations based on TNFD's LEAP approach for all operator projects ● Identify impacts and dependencies, and risks and opportunities, related to water management ● Establish quantitative targets for water management	

Local Communities

Implementation of assessments of impact on local and indigenous communities and measures to reduce impact

	FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
Japan	● Maintained positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters	● Maintain positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters	● Contribute to local development and the addressing of social issues through our business activities, while respecting human rights and the cultures and customs of the areas in which we operate ● Understand and respond to community needs through dialogue with stakeholders in the areas in which we operate
Australia	● Maintained positive relationships with government agencies, industry groups, and local stakeholders through more than 300 dialogues	● Maintain positive relationships with stakeholders through proactive dialogue	

Contribution to local economies

	FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
Global	● Invested approximately 4.4 billion yen in social contribution initiatives	● Continue investment in social contribution initiatives in response to the needs of local communities	● Contribute to local development and the addressing of social issues through our business activities, while respecting human rights and the cultures and customs of the areas in which we operate ● Understand and respond to community needs through dialogue with stakeholders in the areas in which we operate
Australia	● Developed and started to execute Reconciliation Action Plan (RAP) 2023–2025 ● Directly employed 52 Aboriginal and/or Torres Strait Islander people and indirectly employed about 130 people on average through contractors, as of the end of FY2023 ● Procured more than A$ 8.2 million of goods/services from 16 Aboriginal and/or Torres Strait Islander businesses, as of the end of FY2023	● Achieve targets set in Reconciliation Action Plan (RAP) 2023–2025 ● Continue to implement our social contribution strategy	

Human Capital

Making INPEX the best place to work

	FY2023 achievements	FY2024 targets	Medium- to long-term targets, initiatives, and directions
Global	● Held a symposium with past recipients of the Value Awards as part of efforts to promote INPEX Values ● Provided opportunities for overseas office employees to be assigned to our headquarters (seven employees from Australia)	● Continue promoting INPEX Values (Value Awards Symposium) ● Provide opportunities for overseas office employees to be assigned to our headquarters (expand the number of applicable overseas offices)	● Implement programs and establish a corporate culture that cultivates employee satisfaction and engagement ● Expand support for employee career development ● Create a workplace environment that supports needs for diverse workstyles and employee well-being
Japan	● Adopted a job- and role-focused personnel system for regular employees and employees working under reemployment contracts ● Secured human resources by increasing recruitment of new employees ● Overhauled the employee benefit program (introduced Cafeteria Plan)	● Continue promoting specific measures tied to the human resources strategy ● Promote measures to advance female employees as part of efforts to promote diversity, equity, and inclusion (DE&I) ● Adopt a talent management system (personnel evaluation, succession planning, etc.)	

Governance

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Corporate Governance

Our Policy

INPEX's Mission is to contribute to the creation of a brighter future for society through its efforts to develop, produce, and deliver energy in a sustainable way. Based on this Mission, to achieve sustainable growth and enhance our corporate value over the medium- to long-term, we fulfill our social responsibilities in cooperation with shareholders and stakeholders. Furthermore, we continually strive to strengthen our corporate governance to ensure transparent, fair, and timely decision-making.

Please refer to this link for information on the Basic Policy on Corporate Governance and Corporate Governance Report. (Corporate Governance | INPEX CORPORATION)

Management Structure

To ensure efficient corporate management and highly effective supervision based on our Mission, we have adopted the structure of a Company with Audit & Supervisory Board Members, whereby Audit & Supervisory Board Members audit the business execution of Directors, who are well versed in their fields. In addition, to further increase the agility and efficiency of our management, we have introduced an Executive Officer System. This system strengthens our business execution structure to respond accurately and quickly to a rapidly changing management environment and business growth.

We have many opportunities to engage in important negotiations with governments and international energy companies. This requires Executive Directors and Executive Officers who possess knowledge, expertise, and international experience related to our business. They must also have in-depth knowledge of both the Company and their particular fields of expertise. Typically, Directors who were initially the Company's employees also serve as Executive Officers. This ensures that the Board of Directors is well-versed in the current management and business environments, enabling them to make informed decisions regarding optimal business execution while maintaining effective management supervision functions. At the same time, at least one third of the Board comprises of Independent Outside Directors. The measure aims to improve management transparency and strengthen the effective supervisory function of the Board. We leverage the objective perspectives of Independent Outside Directors, which may differ from those of the Executive Directors. Given their independent standing, Independent Outside Directors are expected to provide advice based on their personal knowledge and experience. They oversee management and conflicts of interest transactions, and appropriately represent the views of stakeholders at Board of Directors meetings. Our Independent Outside Directors bring backgrounds in corporate management or academia, or specialized fields such as the resources and energy industry, finance, or legal affairs. They were appointed based on their extensive experience and comprehensive insights.

We are making progress to increase the diversity of our Board of Directors in terms of skills and gender. In recent years, we have appointed an Outside Director with extensive experience and knowledge in environmental and sustainability management, alongside the addition of both a female Outside Director and a female Audit & Supervisory Board Member. Currently, two of the members of the Board, which includes Audit & Supervisory Board Members, are women, accounting for 13% of the total Board membership. We have also appointed the internal promotion of a female employee to an Executive Officer role, ensuring diversity in our management structure.

The Nomination and Compensation Advisory Committee deepens discussions on ensuring further diversity and the appropriate size and composition of the Board. The Committee then shares the content of these discussions with the Board. Diversity here includes age, gender, work history, field of expertise, cross-cultural backgrounds, wide-ranging knowledge, and more.

Four of the five members of our Audit & Supervisory Board are Independent Outside Audit & Supervisory Board Members. The Board has been established pursuant to Japanese laws and regulations to strengthen the audit function, ensuring the independence of Audit & Supervisory Board Members and effectiveness of audits. Further efforts include assigning audit assistants to the Audit & Supervisory Board Members' Office—which assists Audit & Supervisory Board operations—and strengthening the Board's coordination with the internal audit department (Audit Unit) and accounting auditor.

We hold regular meetings for Outside Directors, Representative Directors, Audit & Supervisory Board Members, and the accounting auditor. These include: meetings attended by Outside Directors, Audit & Supervisory Board Members, and Representative Directors; meetings attended by Outside Directors and Audit & Supervisory Board Members (which can include the accounting auditor); and meetings attended by Audit & Supervisory Board Members and Representative Directors. Meeting participants exchange opinions on a wide range of key management issues, the development and operation of internal control systems, and other corporate governance-related matters.

Directors and the Board of Directors

The responsibilities of the Board of Directors include exercising its supervisory function to the full extent, ensuring fairness and transparency in management, fostering sustainable growth and increasing corporate value over the medium- to long-term. This is achieved through effective corporate governance, acknowledging the fiduciary responsibility to shareholders.

Our Board of Directors consists of 10 members, five of who are Independent Outside Directors. The Representative Director, President & CEO, who is the most well versed in our operations, serves as the Chair of the Board to ensure efficient discussions.

In addition to regular monthly meeting, the Board meets as needed to discuss and decide on matters concerning management strategy and important business operations. It also supervises the execution of duties by Directors.

The Articles of Incorporation state that the term of office of Directors shall be once year. This is to enhance their ability to promptly respond to changes in the global management environment and to further clarify management responsibilities.

Directors, Board of Directors Meeting Attendance, and Activities

The table below shows the composition of the Board of Directors as of the time of the writing of this report and attendance at Board of Directors meetings in FY2023.

Notice and Material of the 18th Ordinary General Meeting of Shareholders: pp15, 69, 70

Attendance of All Directors at Board of Directors Meetings (FY2023)

Position	Name	Responsibilities	Attendance at the Board of Directors
Representative Director, President & CEO	Takayuki Ueda	—	100% (16/16 times)
Representative Director, Senior Executive Vice President	Kenji Kawano	Senior Vice President, Renewable Energy, Strategic Projects Office, Compliance, Head of Overseas Projects	100% (16/16 times)
Director, Senior Managing Executive Officer	Hitoshi Okawa	Senior Vice President, General Administration, Senior Vice President, Oceania Projects	—[1]
Director, Senior Managing Executive Officer	Daisuke Yamada	Senior Vice President, Finance & Accounting	100% (16/16 times)
Director, Senior Managing Executive Officer	Toshiaki Takimoto	Senior Vice President, Corporate Strategy & Planning, Legal Affairs, Head of Net Zero Business	100% (12/12 times)[2]
Director (Outside)	Jun Yanai	—	100% (16/16 times)
Director (Outside)	Norinao Iio	—	100% (16/16 times)
Director (Outside)	Atsuko Nishimura	—	100% (16/16 times)
Director (Outside)	Tomoo Nishikawa	—	100% (16/16 times)
Director (Outside)	Hideka Morimoto	—	100% (16/16 times)

1 Attendance in this fiscal year is not applicable because Director Hitoshi Okawa was appointed on March 26, 2024.
2 Appointed as a Director on March 28, 2023
Note 1: Director Takahiko Ikeda resigned on March 28, 2023. He attended all four Board of Directors meetings held during his term of office.
Note 2: Representative Director, Chairman Toshiaki Kitamura, Directors Kimihisa Kittaka, and Nobuharu Sase resigned on March 26, 2024. They attended all 16 Board of Directors meetings held in FY2023.
Note 3: Positions and responsibilities are as of December 31, 2023

Specific Content of Deliberations	Number of Items Deliberated
Individual projects (oil and gas business)	41
Corporate governance	23
Management strategy/business strategy/market dialogue	23
Finance/accounting	17
HSE	10
Individual projects (five net zero businesses)	10
General Meeting of Shareholders	8
Compliance	7
Sustainability	5
Total	**144**

Advisory Bodies

We have established the following advisory bodies to the Board of Directors: 1. The Nomination and Compensation Advisory Committee—the majority of which consists of outside officers including Independent Outside Directors and Chair of which is an Outside Director—for the purpose of strengthening the independence, objectivity, and accountability of the functions of the Board regarding the nomination and compensation of Directors, and contributing to the further enhancement of the corporate governance structure; and 2. The INPEX Advisory Committee, for the purpose of obtaining multifaceted and objective advice and recommendations from outside experts in Japan and overseas on a wide range of areas such as domestic/international political and economic outlooks, prospects for the energy sector, and sustainability, achieving sustainable growth, and enhancing medium- and long-term corporate value.

The table below shows the composition of the Nomination and Compensation Advisory Committee at the time of this report's disclosure and the attendance status of the Nomination and Compensation Advisory Committee meetings in FY 2023.

Position	Name	Attendance
Committee Chair	Jun Yanai (Independent Outside Director)	100% (6/6 times)
Committee member	Takayuki Ueda (Representative Director, President & CEO)	100% (6/6 times)
Committee member	Norinao Iio (Independent Outside Director)	100% (6/6 times)
Committee member	Atsuko Nishimura (Independent Outside Director)	100% (6/6 times)

Note: Representative Director, Chairman Toshiaki Kitamura resigned on March 26, 2024. He attended all six Nomination and Compensation Advisory Committee meetings held during his term of office.

<Specific content of deliberations>

Nomination:

- Progress on the Medium-term Business Plan, current state of main management issues, and reorganization of executive organization
- New Executive Officer structure for the fiscal year ending December 31, 2024
- Requirements for Executive and Outside Directors (redefining of requirements)
- Candidates for Directors and Representative Directors
- Director and Audit & Supervisory Board Member skill matrix
- Terms of office of Directors and Audit & Supervisory Board Members, treatment of Outside Directors following the end of their term of office, etc.

Compensation:

- Review of the appropriateness of compensation levels (comparison with peer group)
- Company financial results, management indicator results, and individual division results for the fiscal year ended December 31, 2023
- Performance-linked compensation (bonuses and stock-based compensation) KPI results
- Proposal of Director bonuses and stock-based compensation for the fiscal year ended December 31, 2023

Nomination and compensation:

- Annual deliberation schedule
- Revisions to Nomination and Compensation Advisory Committee regulations, reelection of Committee members and Committee Chair
- Action plan in light of the results of the effectiveness evaluation of the Board of Directors

The table below shows the composition of the INPEX Advisory Committee at the time of this report's disclosure and the attendance status of the INPEX Advisory Committee meetings in FY 2023.

Position	Name	Attendance
Committee member	Ken Koyama (Senior Managing Director and Chief Economist in charge of Research Strategy Unit of The Institute of Energy Economics, Japan)	100% (2/2 times)
Committee member	Sumiko Takeuchi (Director and Chief Researcher of the International Environment and Economy Institute)	100% (2/2 times)
Committee member	Ryuji Yasuda (Adjunct Professor of School of International Corporate Strategy at Hitotsubashi University Business School)	100% (2/2 times)

Note: Outside experts Kent Calder and Masayuki Yamauchi, who resigned on June 30, 2023, attended one INPEX Advisory Committee meeting held during their term of office.

<Specific content of deliberations>

- How to help achieve a net zero carbon society by 2050
- Evaluation of the basic policy for achieving GX and identification of the challenges involved—focusing on carbon pricing
- Prospects and challenges of the international energy situation—focusing on the discussion points of IEEJ Outlook 2024
- Background and overview of the GX implementation conference and global GX trends

Other Committees Involved in Business Execution

Other committees involved in business execution are the Compliance Committee, Sustainability Committee, Corporate HSE Committee, Information Security Committee, and INPEX Value Assurance System (IVAS) Committee. Below are overviews of each committee and the activities they conducted in FY2023.

i. **Compliance Committee**
The Compliance Committee was established in April 2006 with the objective to promote compliance initiatives across the Group. Chaired by the Director in charge of compliance, the Committee comprises of the Senior Vice Presidents and officers of the internal business units. The Committee discusses basic policies and important Group matters concerning compliance, while also managing the implementation status of compliance activities. The Committee met four times in FY2023. For details, please see Compliance—Management Structure.

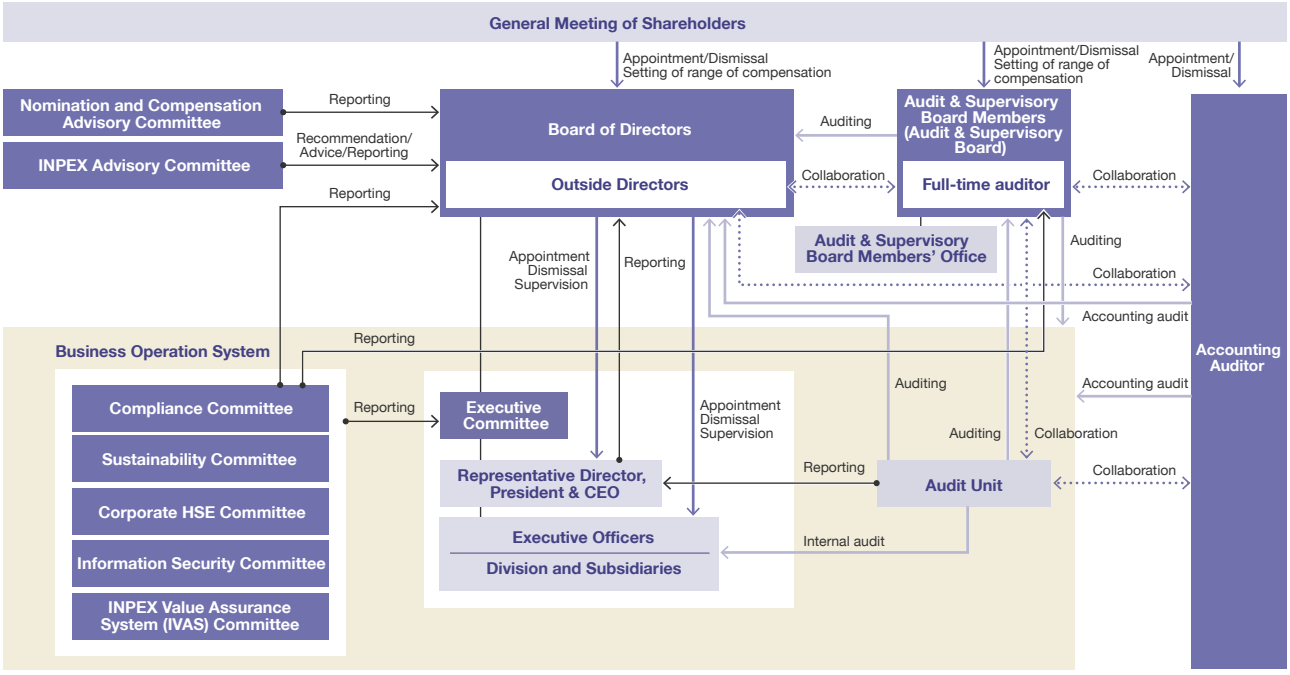
ii. **Sustainability Committee**
The Sustainability Committee (originally named as the CSR Committee and changed its name to the Sustainability Committee in November 2021) was established in April 2012 to fulfill our corporate social responsibilities and promote activities that contribute to the sustainable development of society. Chaired by the Representative Director, President & CEO, the Committee comprises of the Representative Director, Chairman; Senior Vice President, General Administration Division; Senior Vice President, Corporate Strategy & Planning Division; Chair of the Compliance Committee; and Chair of the Corporate HSE Committee. The Committee discusses basic policies regarding sustainability, important matters pertaining to sustainability implementation, encompassing corporate governance and climate change response. The Committee met three times in FY2023.

iii. **Corporate HSE Committee**
In accordance with the HSE Management System regulations, the Corporate HSE Committee was established on September 17, 2008 to promote occupational health and safety and environmental initiatives. The Committee, chaired by the Director in charge of HSE, is comprised of the Senior Vice Presidents and officers of the standing organizational units and deliberates on basic policies and important Group HSE matters. The Committee met 10 times in FY2023.

iv. **Information Security Committee**
The Information Security Committee was established in November 2007 to consider and make decisions regarding measures necessary for maintaining, managing, and strengthening information security.The Committee, chaired by the Director in charge of information systems, deliberates on basic policies and important matters of the Group relating to information security, and manages our response to information security incidents and reoccurrence prevention measures. The Committee met twice in FY2023.

v. **INPEX Value Assurance System (IVAS) Committee**
The IVAS Committee was established in May 2014 to confirm the status of preparations in connection with important milestones of major projects in which we participate. The Committee contributes to our decision-making process, striving to improve and promote the value of the projects. Chaired by the Senior Vice President of the Technical Division, the Committee engages in organization-wide activities such as acquiring new projects, performing technical evaluations and other matters in every phase of existing projects, including exploration, assessment, and development. The Committee met 28 times in FY2023.

Corporate Governance Structure



Effectiveness Evaluation Results of Board of Directors in FY2023

With the aim of regularly verifying that the Board of Directors is functioning appropriately, identifying issues, and continuing improvement initiatives, we conduct an annual effectiveness evaluation of the Board and disclose a summary of the results. In line with this policy, we conducted our ninth evaluation in FY2023. The evaluation method and summary of the results are as follows.

Evaluation Method

In September 2023, the Outside Directors and Audit & Supervisory Board members conducted an interim review of the action plan produced through the effectiveness evaluation for the previous fiscal year. The implementation method for the FY2023 evaluation was also discussed, including how to involve a third-party evaluation organization.

As a result, an external major law firm was appointed to review the content and composition of the questionnaire, the methods of consolidation and analysis by the Board of Directors secretariat, as well as the appropriateness of the proposed improvement plans. The FY2023 evaluation items were thereafter discussed at the Board of Directors meeting held in November, including the implementation policy and the content and structure of the questionnaire prepared by the Board of Directors secretariat then reviewed by a third-party evaluation organization.

Based on the results of this review, the following were selected as evaluation items and a completely anonymous (web-based) questionnaire was administered to all Directors and Audit & Supervisory Board Members. The secretariat consolidated and analyzed the questionnaire responses, and a third-party evaluation organization verified the methods used to consolidate and analyze the responses as well as appropriateness of the action plan. Subsequently, any issues identified were highlighted. During a meeting with Outside Directors, Audit & Supervisory Board Members, and Representative Directors held in January 2024, the consolidation and analysis results, future issues and initiatives were discussed. Based on that discussion, the following evaluation results were confirmed at the Board of Directors meeting held in February.

Evaluation Items

The items on the FY2023 questionnaire were as indicated below. A four-point scale was generally used for each question, and many open-ended questions were included to collect more specific opinions.

Part 1: Self-evaluation

Part 2: Composition of the Board of Directors

Part 3: Operation of the Board of Directors

Part 4: Support System for the Board of Directors

Part 5: Roles and Responsibilities of the Board of Directors

Part 6: The Nomination and Compensation Advisory Committee

Part 7: Actions on the Previously Prepared Action Plan

Part 8 Comments

Activities in FY2023 in Light of the Previous Year's Effectiveness Evaluation

A status of activities conducted in FY2023, based on the FY2022 results, outlined below.

1. **Expansion of discussions on management strategy**
   - Progress toward INPEX Vision @2022 was regularly reported at Board of Directors meetings.
   - Deliberation points were specifically outlined for projects with a notable impact on achievement of plans, leading to thorough discussions across several meetings.
2. **Further invigoration of discussions at Board of Directors meetings**
   - Key points of discussions in Executive Committee meetings and previous meetings within the Company were presented.
   - In the process of determining a new project, the background circumstances of the project were clarified and discussed multiple times, as necessary.
   - Independent experts and others conducted lectures and shared their opinions with the Board of Directors regarding timely themes related to the situation in the Middle East and other matters. Opportunities for interaction and exchange, such as social gatherings for officers, were provided and site tours for outside officers were conducted for key operational sites in Japan and overseas.
   - Board of Directors meetings continued to be conducted in a lively and well-structured format, within time allocation. New initiatives, such as identifying issues for focused deliberation, were introduced and preliminary briefings and other materials were provided in advance.
3. **Deeper discussions on the desired state of the Board of Directors**
   - The Nomination and Compensation Advisory Committee furthered discussions on enhancing diversity and the appropriate size and composition of the Board of Directors. The Committee relayed the content of these discussions to the Board.
4. **Enhanced discussion on portfolio management**
   - Approaches to issues such as fund allocation were discussed in light of the status of each business segment in the five net zero businesses.
   - Information on net present value (NPV), risks, and other matters were organized for each core area. This information was reported to the Board of Directors on an ongoing basis.

Summary of FY2023 Evaluation Results

As a result of a meeting of the Outside Directors, Audit & Supervisory Board Members, and Representative Directors, Executive Committee deliberations, and Board of Directors deliberations, the effectiveness of the Board in FY2023 was evaluated as indicated below.

- Regarding the composition of the Board of Directors, the knowledge and experience of its members are sufficiently diverse. Although generally there is no problem with the size of the Board and the ratio of Outside Directors under the current circumstances, going forward, discussions regarding the desired state of the Board, including ensuring further diversity, should deepen.
- Initiatives to stimulate discussions at Board of Directors meetings, such as holding preliminary briefings, sharing discussions at Executive Committee and other meetings, and explaining and annotating technical terms, are all effective and should be continued.
- The holding of lectures by outside experts, tours of operational sites in Japan and overseas, and other measures adequately ensured that non-executive officers were provided with opportunities to improve their knowledge and understanding, and these efforts should be continued.
- The Nomination and Compensation Advisory Committee has played a necessary role in deliberations and other relevant matters in the fields of both nomination and compensation. Going forward, the independence of the Committee should be further enhanced, and the efforts to strengthen cooperation with the Board of Directors should also be continued.

As a result of the summary of the individual evaluation results—including the above—the Board of Directors was evaluated as being sufficiently effective overall in FY2023, as it had been in the previous year.

Initiatives for Further Evaluation of Effectiveness

The following action plans have been devised to enhance the effectiveness of the Board of Directors going forward.

1. **Improvement of discussions regarding management strategies**
   - Define agenda items multiple times in preparation for the next Medium-term Business Plan, and allocate sufficient opportunities and time for discussions.
2. **Initiate discussions at Board of Directors meetings**
   - With respect to materials and preliminary briefings, present discussion points and points of note at Executive Committee meetings and the discussions held before them. Provide extensive explanations and annotations regarding technical terms and clarify the process for presenting issues to the Board of Directors.
   - Create opportunities for appropriate discussions and the sharing of opinions with persons other than members of the Board of Directors. Conduct on-site tours in Japan and overseas as necessary.
   - Consider and implement methods, such as lectures by outside experts and others, for providing members of the Board of Directors with greater knowledge regarding corporate management, sustainability, environmental policy and regulation trends in major countries in which we operate, technology trends, and the like.
   - Continue dynamic and clearly defined management practices by identifying issues for focused deliberation, and improve the quality of its deliberations on critical matters.
3. **Strengthen function of the Nomination and Compensation Advisory Committee**
   - Deepen discussions by the Nomination and Compensation Advisory Committee regarding succession plans for the Representative Director, President & CEO, and provide feedback on those discussions to the Board of Directors.
   - Appoint an Outside Director as the Chair of the Nomination and Compensation Advisory Committee to enhance its independence.
   - Enhance the reporting by the Chair of the Nomination and Compensation Advisory Committee to the Board of Directors regarding the substance of the Committee's discussions.
4. **Deeper discussions regarding the desired state of the Board of Directors**
   - Deepen discussions by the Nomination and Compensation Advisory Committee on broadening the diversity of the Board of Directors (increasing the number of women, people with management experience in different business fields, non-Japanese Directors, etc.) and assess the appropriate size and composition of the Board.

The third-party evaluation organization has concluded that the Board of Directors secretariat has appropriately consolidated and analyzed the results of the evaluation, and that the action plans presented above, drawn from these results and analysis, have been suitably established. Based on these evaluation results, the Company will continue striving to improve the effectiveness of the Board of Directors.

Skill Matrix

The Company recommends candidates for Director who have diverse and abundant experience and insight for executing its "Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)" aimed at the realization of a net-zero carbon society in 2050.

Director and Audit & Supervisory Board Member Skill Matrix

Position			Field								
			Corporate management/ Organizational Operation	Global	Finance/ Accounting	Legal Affairs/ Risk management	Sustainability	Technology/ DX	Energy	Sales/ Marketing	HR Development/ Diversity
Director	Inside	Takayuki Ueda	●	●			●	●	●		
	Inside	Kenji Kawano	●	●				●	●		
	Inside	Hitoshi Okawa		●		●			●		●
	Inside	Daisuke Yamada	●		●			●			
	Inside	Toshiaki Takimoto		●		●	●	●	●		
	Outside	Jun Yanai	●	●		●			●	●	
	Outside	Norinao Iio	●	●					●	●	
	Outside	Atsuko Nishimura		●		●	●				●
	Outside	Tomoo Nishikawa	●	●	●	●					●
	Outside	Hideka Morimoto				●	●		●		●
Audit & Supervisory Board Member	Inside	Akio Kawamura		●	●				●		
	Outside	Toshiya Tone		●	●	●					
	Outside	Kenichi Aso		●	●						●
	Outside	Mitsuru Akiyoshi	●	●	●	●	●				
	Outside	Hiroko Kiba					●		●		●

● indicates fields in which the company has particular expectations of the candidate. The table does not represent the complete knowledge and experience of the Board of Directors.

Reasons for the selection of each skill matrix item

Skill Item	Reason for Selection
Corporate management/ organizational operation	Under the complex management environment surrounding energy businesses, broad knowledge and experience of management and organizational operation are required to formulate and implement medium- to long-term management strategies and management plans based on our Mission, and supervise effectiveness thereof.
Global	Knowledge and experience in the fields such as geopolitics and policies are required to effectively conduct global businesses we operate, and exercise appropriate supervision thereof.
Finance/accounting	Knowledge and experience in finance, accounting and tax affairs are required to plan and implement strategies for the achievement of targets, such as financial indicators and effectiveness indicators, called for in our Medium-term Business Plan, and exercise appropriate supervision thereof.
Legal affairs/risk management	Knowledge and experience in legal affairs, compliance, corporate government, and risk management are required to implement appropriate risk management. This includes compliance of domestic and overseas laws and regulations related to our management and businesses, and exercise appropriate supervision thereof.
Sustainability	Knowledge and experience in health, safety, and environment (HSE) and sustainability management are required in the promotion of actions on various issues through our businesses and value chain, as well as the supervision of progress of these actions in accordance with the Sustainability Principles and HSE Policy.
Technology/DX	Technical insight on the overall exploration and production (E&P) business is required. Broad knowledge and experience in development and innovation of diverse energies and decarbonization solutions, utilizing digital and expertise, are required to plan and implement strategies for technologies and DX that help the realization of a stable energy supply and decarbonization of business, and exercise appropriate supervision thereof.
Energy	Broad knowledge and experience in not only our core businesses but also commercialization, development, production, and operation of diverse energies, including renewable energy, hydrogen, and ammonia. This knowledge is required to plan and implement energy business strategies aimed at the realization of a net zero carbon society by 2050, and exercise appropriate supervision thereof.
Sales/marketing	Knowledge and experience in sales and marketing of diverse energies are required to provide optimal products/services and added value to all customers in Japan and overseas, plan and implement marketing strategies to expand customer base, and exercise appropriate supervision thereof.
HR development/diversity	As a global corporation, we recognize the significance of diversifying our workforce and cultivating individuals who resonate with our values to foster sustainable responsible management. Diverse experience in human resources, education, and women's empowerment are required to plan and implement strategies related to human resources development and diversity, and exercise appropriate supervision thereof.

Compensation for Directors

Basic Policy for Compensation

The Company's basic policy on compensation for Directors is as follows.

1. Attractive to recruit and retain qualified management personnel to realize the Company's management philosophy
2. Raise awareness of the need to contribute to the sustainable growth and medium- to long-term enhancement of corporate value of the Company
3. The compensation system shall be highly transparent and objective to ensure accountability to shareholders and other stakeholders

Based on the basic policy, the Company has passed a resolution at a Board of Directors' meeting as below, on the policy for determining the content of compensation, etc. for individual Directors. In determining the content of compensation, etc. for each individual Director, as an advisory body to the Board of Directors, the Nomination and Compensation Advisory Committee, the majority of whose members are Outside Directors, conducts a multifaceted review including consistency between the draft and the decision policy, and the Board of Directors also respects the report of the Committee and judges that it is in line with the decision policy.

Compensation Levels

The level of compensation for Directors of the Company shall be set by a resolution of the Board of Directors after the Nomination and Compensation Advisory Committee verifies the appropriateness of the level after conducting an analysis of the level of compensation for each position in a peer group of companies of the same size and similar industries, utilizing data from external research organizations. The compensation shall be reviewed as necessary to meet changes in the external environment, etc.

Compensation composition

The compensation composition of the Company's Directors (excluding Outside Directors) consists of basic compensation in accordance with the duties of each position, bonuses as short-term incentive compensation, and stock-based compensation as medium- to long-term incentive. Compensation for Outside Directors and Audit & Supervisory Board Members consists only of basic compensation from the perspective of the independence of their duties.

	Content	KPIs, etc.
Basic compensation	● Cash compensation paid to Directors as a fixed monthly compensation in accordance with the duties of each position ● Cash compensation paid (in addition to the aforementioned monthly fixed compensation) to Outside Directors who also serve as committee members	The Nomination and Compensation Advisory Committee reviews the appropriateness of compensation levels, once surveys and analysis have been done on the levels for each position among peer groups in companies of similar sizes and industries by using data from an external research organization.

Bonuses (Not applicable to Outside Directors)

- Performance-linked cash compensation paid each June, taking into account the Company's performance for the fiscal year in question and the performance of the division in charge
- In addition to the Company's main financial indicators of net income attributable to shareholders of the parent company (hereinafter "net income") and cash flows from operating activities before exploration, the Company adopts non-financial indicators including safety indicators (zero major accidents), which are indispensable to fulfill the Company's mission of stable energy supply. Depending on the degree of achievement of these goals, the amount of compensation is calculated based on the evaluation weights in the table below. The final amount of compensation fluctuates within the range of 0% to 200%.

Bonus KPIs		Evaluation weight
Financial indicators	Net income	45%
	Cash flows from operating activities before exploration	45%
Non-financial indicators	Safety indicators (zero major accidents)	10%

Stock-based compensation (Not applicable to Outside Directors)

- Stock-based compensation to be paid to Directors after their retirement is a combination of performance-linked elements aimed at raising Directors' awareness of their contribution to the Company's medium- to long-term business performance and enhancing corporate value, and fixed elements aimed at strengthening Directors' awareness of sharing interests with shareholders through ownership of the Company's shares.
- The standard amount of stock-based compensation is set for each position, and a portion of the standard amount is linked to performance share, while the remainder is comprised of non-financial performance share stock-based compensation.
- The Company's performance indicators for the performance share portion are based on the key management indicators in the Medium-term Business Plan—such as net income, cash flows from operating activities before exploration, return on equity (ROE), and total payout ratio—as well as on the performance indicators for production costs per barrel oil equivalent and net carbon intensity, with the goal of thoroughly strengthening the oil and natural gas business and promoting each of the five net zero businesses. Depending on the degree of achievement of these goals, the amount of compensation is calculated based on the evaluation weights in the table below. The final amount of compensation fluctuates within the range of 0% to 200%.
- The non-performance share portion is paid as stock-based compensation with a fixed number of shares to be delivered, from the perspective of strengthening Directors' awareness of sharing interests with shareholders.
- Stock-based compensation is provided through a system using the Board Incentive Plan Trust. Under this system, points are granted annually to those eligible for the system based on their position, performance, and other factors, and in principle, the Company's shares equivalent to the accumulated number of points are delivered from the trust after the retirement of those eligible for the system.
- For stock-based compensation, in the event that any Director commit a significant improper or illegal act, the Company may cancel or forfeit their right to receive the Company's shares under the system (malus) and demand the return of cash corresponding to the Company's shares already delivered to them (clawback).

Stock-based compensation KPIs		Evaluation weight
Financial indicators	Net income	30%
	Cash flows from operating activities before exploration	30%
	ROE	10%
	Total payout ratio	10%
Non-financial indicators	Production costs per BOE	10%
	Net carbon intensity	10%

The ratio of the President's basic compensation, bonuses, and stock-based compensation when the target achievement level for each index is 100% is set generally at 50%:30%:20%, respectively.

Process for Determining Compensation for Directors

In order to strengthen the independence, objectivity and accountability of the Board of Directors' functions in determining Directors' compensation, the Company has established the Nomination and Compensation Advisory Committee, the majority of whose members are Independent Outside Directors, as an advisory body to the Board of Directors. Based on the report of the Committee, the Board of Directors establishes a policy for determining the amount of compensation for Directors and the method of calculating such amount. The compensation for the Audit & Supervisory Board Members is determined through consultation among the Audit & Supervisory Board Members within the limits approved at the General Meeting of Shareholders.

The Nomination and Compensation Advisory Committee shall, in principle, meet at least four (4) times a year to deliberate major matters concerning the policy for determining the amount and calculation method of compensation, etc. for Directors and the

details of compensation, etc. for each individual, and to provide advice and proposals to the Board of Directors, and the Board of Directors makes decisions with the utmost respect for the content of such advice and proposals. The amount of compensation to be paid to each Director (including the final amount of bonuses based on the evaluation of the performance of the division in charge) shall be decided by the Representative Director, President & CEO Takayuki Ueda, who is most familiar with the Company's management situation, based on the content of the advice and proposals of the Committee.

Considering the external environment and social and economic trends, etc. surrounding the Company, the Nomination and Compensation Advisory Committee shall carefully deliberate on the appropriateness of the target value and calculation method for performance-based compensation, and may make adjustments to the calculation of the amount of compensation for each Director by resolution of the Board of Directors.

We do not disclose the total amount of consolidated compensation paid to each Director or Audit & Supervisory Board Member. This is because there is no one Director or Audit & Supervisory Board Member whose consolidated compensation is 100 million yen or more, which is the disclosure standard stipulated in the Cabinet Office Ordinance on Disclosure of Corporate Affairs issued by the Financial Services Agency of Japan.

Audit & Supervisory Board

We have adopted an Audit & Supervisory Board Member system which comprises a five-member Board, four of whom are Outside Auditors. These Outside Auditors have abundant experience and knowledge of our business, finance, accounting, legal, and other fields, which they apply to their auditing duties. We have also established an Audit & Supervisory Board Members' Office, which is an organization independent from executive divisions that assists the Audit & Supervisory Board Members in the execution of their duties. Four full-time employees with relevant skills and knowledge have been assigned to the Office. In principle, the Audit & Supervisory Board meets monthly on the same day as Board of Directors meetings, or as necessary. The Audit & Supervisory Board makes determinations on statutory matters including audit plans, and receives reports from the internal audit department and accounting auditor on the performance of their duties, requesting explanations when necessary. In addition, the Audit & Supervisory Board Members share information on issues and other matters identified through audit activities and hold discussions on these as necessary.

In FY2023, a total of 17 Audit & Supervisory Board meetings were held and all Audit & Supervisory Board Members attended each of these meetings, as shown in the table below.

Position	Name	Attendance at Audit & Supervisory Board meetings in FY2023
Full-time Audit & Supervisory Board Member	Akio Kawamura	100% (13/13 times)
Full-time Audit & Supervisory Board Member (Outside)	Toshiya Tone	100% (13/13 times)
Full-time Audit & Supervisory Board Member (Outside)	Kenichi Aso	100% (13/13 times)
Audit & Supervisory Board Member (Outside)	Mitsuru Akiyoshi	100% (17/17 times)
Audit & Supervisory Board Member (Outside)	Hiroko Kiba	100% (17/17 times)

Note: Akio Kawamura, Toshiya Tone and Kenichi Aso were newly appointed at the 17th Ordinary General Meeting of Sharehodes held on March 28, 2023, and Mitsuru Akiyoshi and Hiroko Kiba were re-appointed at the same Ordinary General Meeting of Shareholders.

Training for Directors and Audit & Supervisory Board Members

To ensure that Directors and Audit & Supervisory Board Members can effectively fulfill their roles and responsibilities, we provide comprehensive explanations on important matters such as our business and management strategies, along with business risks, to newly appointed members. We also provide each Director and Audit & Supervisory Board Member with necessary training opportunities (training by experts, site visits, etc.). In FY2023, training sessions were provided for Executive Directors (one session) and Outside Directors (five sessions). These include two sessions on business risks.

In addition, we strive to enhance cooperation and business knowledge among our Board of Directors by arranging regular lectures and opinion exchange meetings with external experts on affairs in the Middle East.

Risk Management

Our Policy

INPEX is committed to accurately identifying and assessing the complex and diverse risks inherent in its business environment, while establishing appropriate risk prevention and mitigation measures to help minimize risks. In addition to preparing for large-scale natural disasters and epidemics, we also address risks related to the business environment such as changes to economic and social conditions or laws and regulations, as well as risks that exist in each process of our business. This includes exploration, production, transportation, and sales. We have established internal controls under Japan's Financial Instruments and Exchange Act—known as "JSOX"— based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, and each business division also conducts risk management related to occupational health, safety, and environmental protection under our HSE [1] Management System. Additionally, we analyze the impact of fluctuations in crude oil prices and foreign exchange rates on our net income and disclose this information at every financial result briefing.

[1] HSE: Health, safety, and environment

Risk Management Structure

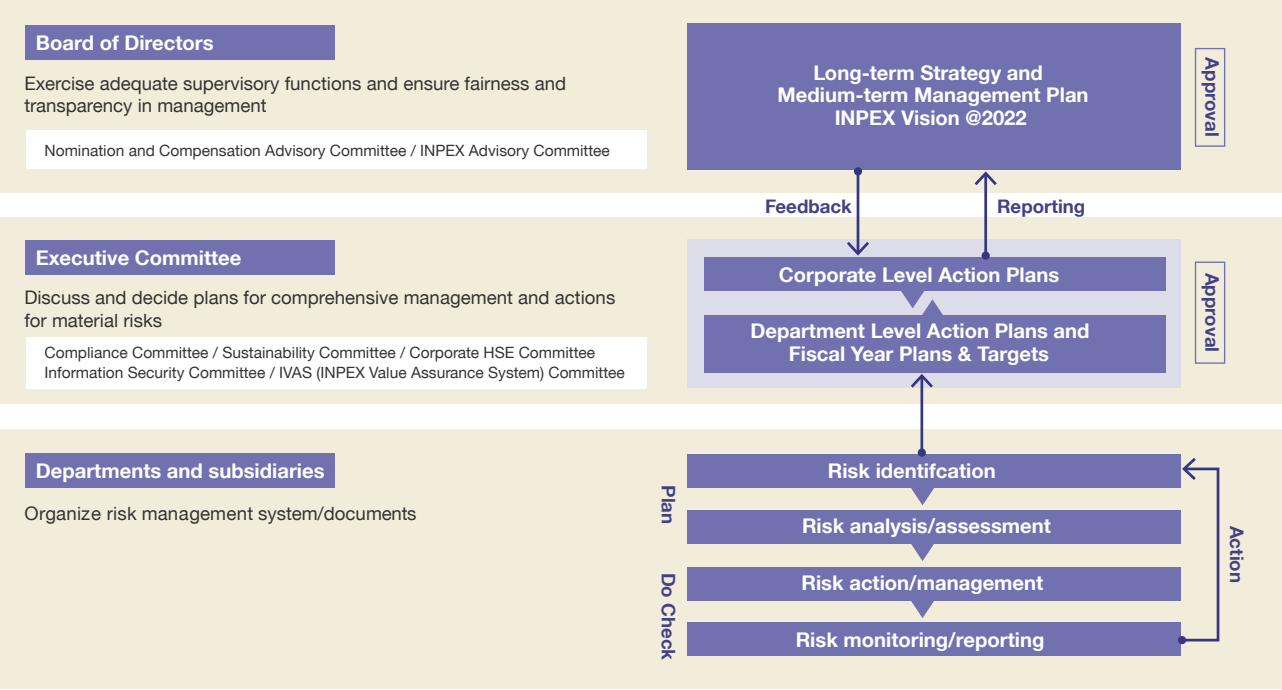
We strive to continuously improve our risk management structure, which is designed to appropriately identify and manage the risks associated with our business operations. We have established a structure to prevent, or otherwise mitigate, adverse impact. This helps us to maintain and reinforce the trust of our customers, business partners, investors, and other stakeholders, and maximize our corporate value.

We have adopted a divisional system and assigned Directors and other officers as the Senior Vice President of each division. This system ensures responsibility and efficient management of business operations. The divisions work closely together to conduct risk identification, analysis, and assessment in accordance with our internal regulations, guidelines, and other rules. Material risks associated with individual projects are reported to the Executive Committee, and the Board of Directors as necessary, for comprehensive review and determination of action plans for the risks. For example, when considering the acquisition of concessions or formulation of development plans for E&P activities, material risks are identified, analyzed, and assessed based on guidelines related to economic and risk assessment. To ensure the efficacy of our risk management structure to daily operations, in addition to continuous monitoring by each division in charge and collaboration with relevant divisions, regular audits are conducted either by the internal audit department reporting directly to the President & CEO or by external experts. By providing feedback from these audits to each division in charge, we can review our risk management structure and respond to changing conditions in the business environment in a timely manner.

Furthermore, to realize our Medium-term Business Plan and other key business objectives, annual plans and targets are developed for each department, aligning with our medium- to long-term goals. This process incorporates identified material risks and associated mitigation/management plans and is determined by the Executive Committee. Each department subsequently carries out initiatives to achieve its targets and manage any risks, and reviews its progress at the midterm and end of each fiscal year.

In accordance with our internal regulations on Group management, we conduct Group-wide risk management in collaboration with each subsidiary. To verify and assess the management of risks related to daily operations, our subsidiaries must cooperate in audits conducted by the internal audit department under the direct control of the President & CEO and other relevant departments or an external expert. Based on audits results, subsidiaries then review their risk management activities in response to changes in the business environment. We have established our Standards for Evaluation and Selection of Independent Auditors, which outline the criteria for the Audit & Supervisory Board to follow when evaluating the quality control, independence, and audit fees of independent auditors. The Audit & Supervisory Board evaluates independent auditors annually, based on these standards.

Risk Governance Structure



Business Risk

The following is a list of key items that can be considered potential risk factors relating to the business operations of the INPEX Group. From the standpoint of information disclosure to investors and shareholders, we actively communicate matters that are not necessarily the business risks but that can be considered to have important effects on the investment decisions of investors. The following discussion does not completely cover all risks relating to the Group's businesses.

1. Characteristics and risks of the oil and gas development business
   - Risks of disasters, accidents, system failures, etc.
   - Risks of failure in exploration, development, or production
   - Dependence of production volume on specific regions and mining areas
   - Risks related to contract deadlines, etc.
   - Risks of change in reserves of oil, condensate, LPG, and gas
   - Risks related to operatorship
   - Risks related to project partners
   - Risks attributable to a large capital investment and lengthy period of recovery of funds for the oil and gas development business
   - Risks related to future abandonment
2. Impact on financial results from fluctuations in oil and gas prices, foreign exchange rates, and interest rates
   - Impact on financial results from fluctuations in oil and gas prices
   - Impact on financial results from fluctuations in foreign exchange rates
3. Climate-related risks
   - Policy and regulatory risks
   - Technology and market risks
   - Physical risks
   - Financing risks
4. Country risks in overseas business

Business Risk Management

To manage the diverse risks related to our business, we have introduced guidelines for economic and risk assessments for each project. We evaluate the feasibility of potential new projects based on identified material risks, and respond to these risks accordingly. For existing projects, we convene the IVAS Committee as a mechanism for cross-organizational technical evaluation in each phase. We conduct economic and risk assessments in principle at least once a year, and provide an annual summary report of assessment results for major projects to the Board of Directors.

To enhance our ability to respond to emergencies caused by large-scale accidents or disasters, we have developed emergency and crisis response plans. Emergency response drills are conducted regularly to proactively manage risks related to our business. We have also established a business continuity plan (BCP) to ensure continuity of critical operation without interruption. The BCP is reviewed as necessary.

With respect to HSE risks, we identify, analyze, and assess risks for each business segment based on the HSE Risk Management Procedure established under the HSE Management System. This aims to promote continuous improvement activities in our business activities, including new projects. For our non-operator projects, we also actively promote HSE involvement based on the risk of each project.

We manage financial risks presented by fluctuations in oil and gas prices, foreign exchange rates, interest rates, and securities prices by identifying the risk of fluctuations in each of these areas and establishing methods for managing and hedging these risks. We have also developed guidelines for managing risks specific to the countries and regions in which we operate, and mitigate these risks by setting target limits on the cumulative investment balance within high-risk countries. To manage legal risks, we have established the Legal Unit as an independent body to provide appropriate legal advice to divisions and senior management executives on major contracts and lawsuits. We are also enhancing our legal support functions for projects in Japan and overseas.

Our Informaiton security initiatives are as follows.

We have established our Basic Policy for Information Security to uphold confidentiality, integrity, and availability of information. Similarly, our Basic Policy for the Appropriate Handling of Individual Numbers and Personally Identifiable Information is implemented to protect personal information. Furthermore, under the supervision of the Information Security Committee established as a Group-wide supervisory body, we establish related regulations and management structures, and systematically implement systems-related, physical, and personnel-related measures necessary to protect our information assets. The Committee normally meets twice a year and is chaired by the Senior Vice President of the Logistics & IMT Division—who is also a member of the Executive Committee—and consists of the Senior Vice Presidents of the General Administration, Corporate Strategy & Planning, Finance & Accounting, Technical, and New Ventures & Global Exploration divisions, as well as the General Managers of the Legal Unit. The matters determined by the Committee are reported to and deliberated by the Executive Committee. Results are then reported to the Board of Directors as needed.

Information security strategies and measures are developed following determinations by the Executive Committee during annual budget deliberations. We aim to prevent information leaks from within the Company by raising employee awareness of information security. We also firmly embed the values and culture essential for the proactive safeguarding our information assets. These efforts include not only system enhancements but also educational initiatives, such as regular e-learning courses, targeted email drills, and circulating a monthly Information Security News. We implement system-related measures for detecting and preventing external attacks, monitor 24 hours a day, 365 days a year to promptly address and deal with incidents, and have created and utilize a Computer Security Incident Response Team (CSIRT) to respond to incidents. Furthermore, an external security vendor performs periodic assessments.

We also perform internal security assessments at our domestic subsidiaries and overseas business sites. In FY2023, we assessed our security measures, focusing on our control systems, at our operational sites in Japan in accordance with a security standard for control systems (the IEC 62443 global standard).

In FY2023, there were zero incidents caused by major cyberattacks requiring public disclosure.

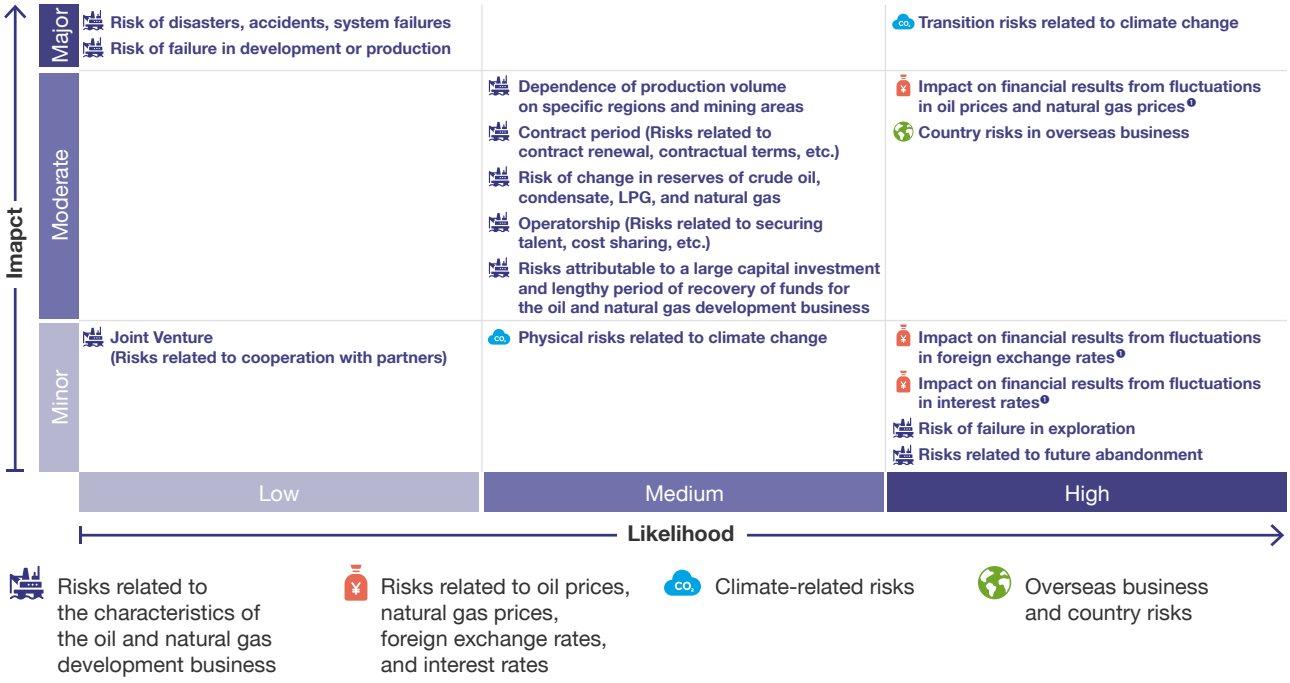
Also in FY2023, as in FY2022, we carried out two targeted email drills and one e-learning session to boost awareness of information security across the Group.

Basic Policy for Information Security

Basic Policy for the Appropriate Handling of Individual Numbers and Personally Identifiable Information (Japanese only)

Risk Maps

The main risks in our business operations are outlined below, and basic measures for dealing with each are defined. Furthermore, we utilize risk maps to analyze specific and current risks affecting our business strategies. This includes risks that have already manifested themselves, from the perspectives of impact and likelihood affecting the business and financial perfomance. We define our response policies based on the urgency and impact of these risks, and promptly implement countermeasures.



Risks related to the characteristics of the oil and natural gas development business

Risks related to oil prices, natural gas prices, foreign exchange rates, and interest rates

Climate-related risks

Overseas business and country risks

① Depending on market conditions, there may also be a positive effect on the Company's financial results

Key control measures for managing various risks

Climate change-related transition risks control measures

- Introduction of clean energy and CO_2 emission reduction measures

Market risks control measures

- Financial risk management

Country risk control measures

- Setting a maximum target of accumulated investments in high-risk countries

Project risks control measures

- Cross-organizational technical evaluation (IVAS Committee)
- Periodical economic and risk evaluation

Operational risks control measures

- Formulation of Emergency and Crisis Response Plan, regular drills
- Formulation of Business Continuity Plan (BCP)
- Information Security Committee, education and training

BCP Initiatives

Large-scale Natural Disaster Countermeasures

INPEX assesses the risk of natural disasters that may occur at each of its business sites. We implement appropriate prevention and mitigation measures for each natural disaster, such as earthquakes, heavy rainfall, and flooding. In addition, we have prepared emergency response plans and a BCP to protect lives in the event of unexpected events and quickly restore business operations.

We have developed a BCP and an initial response manual tailored for our head office area. These protocols are designed for the potential scenario of an earthquake centered directly under the Tokyo metropolitan area, based on the damage assumptions made by the Cabinet Office of Japan's Central Disaster Management Council. Our policy on business continuity clearly expresses Group-wide values, prioritizing the maintenance of stable energy supply while ensuring human safety and environmental preservation. The BCP and other manuals stipulate not only for setting up temporary offices, but also for guiding employee responses in the event of an earthquake occurring during a holiday or at night, as well as procedures for returning home from the office. We conduct an annual crisis response drill for this earthquake scenario. Lessons learned from drills are utilized to continuously strengthen our disaster preparedness, including by improving our manuals and reviewing our materials, equipment, and reserves.

Response to the 2024 Noto Peninsula Earthquake

The Noto Peninsula Earthquake of January 1, 2024, caused shaking in Joetsu City which measured 5 upper on the Japanese seismic intensity scale. Although the Naoetsu LNG Terminal stopped operating due to this earthquake, domestic natural gas, natural gas in pipelines, and natural gas loaned to us by other companies enabled us to maintain a stable supply of natural gas for our customers. Once the tsunami warnings and advisories were lifted, we rapidly confirmed safety conditions and resumed supplying gas from the terminal in less than a day. The earthquake was an unusually large one for an inland crustal earthquake in Japan, but all employees worked with safety as their highest priority. We were able to resume supplying gas extremely quickly, with no injuries, living up to our mission of stable energy supply.

Furthermore, to assist the people affected by the disaster and to provide support in disaster-stricken areas, we donated 30 million yen and 5,000 liters of oil through The Nippon Foundation. Our employee dormitories in Kashiwazaki City and Joetsu City welcomed members of the local community who evacuated due to the tsunami warnings, and in Joetsu City, we also provided evacuees with emergency food supplies.

Responses to Infectious Diseases and Epidemic Risk Management

We have long had in place an infection prevention manual for implementation against pandemics of any infectious disease. We have also developed a BCP for handling related crises during the pandemic. This commitment to pandemic preparedness is an essential aspect of fulfilling our responsibility as an infrastructure company, ensuring the continuous supply of oil and gas even during crisis situations.

In response to the global COVID-19 pandemic that started in 2020, we established a Corporate Crisis Management Team headed by the Representative Director, President & CEO. This team ensured countermeasure policies were implemented thoroughly and pandemic-related information was shared throughout the Group. Local crisis response teams were also established at each of our domestic and overseas offices and sites. These teams were headed by the manager in charge at each location and systems were established according to respective circumstances. By applying our aforementioned BCP, we effectively handled major situational changes—such as a government declaration of a state of emergency—while maintaining stable oil and gas supply.

Tax Governance

Our Policy

Aligned with our Sustainability Principles—and under the leadership of our senior management executives—INPEX is committed to ensuring tax compliance in the countries in which it operates. We adhere with both the spirit and the letter of the laws of respective countries, and engage in ethical business conduct in accordance with all international and social norms. Our officers and employees acknowledge that one of our key social responsibilities is to foster the socioeconomic development of the countries and regions in which we operate. This is achieved through responsible tax payments in accordance with relevant laws and regulations, as well as ensuring the transparency of our tax practices.

As part of our commitment to maximizing shareholder value, we strive to optimize tax expenses by utilizing available tax incentives and eliminating double taxation in the normal course of business activities. We will not apply schemes (using tax structures with no commercial entity) or engage in tax planning with the intent to avoid taxes, nor will we migrate created value to countries with low tax rates (using tax havens) with the intent to avoid taxation.

In addition, the transfer prices we apply to international transactions are calculated in accordance with the independent enterprise principles, as prescribed in the OECD Transfer Pricing Guidelines.

Tax Governance Structure

As a global business, our overseas subsidiaries and cross-border transactions with those subsidiaries are increasing. Following the publication of the 2015 Final Reports issued by the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project [1] in October 2015, a global consensus was reached to address tax-related issues resulting from the digitalization of the economy in the form of the OECD/G20 Inclusive Framework on BEPS in October 2021. Legislation governing international transactions has been developed in Japan and other countries based on the consensus, and the environment surrounding international taxation continues to undergo significant change. In accordance with those changes, we are strengthening our tax governance to effectively respond to taxation risks associated with international transactions. As a part of our efforts, with the aim of raising awareness of tax compliance among all our officers and other employees, we established our Tax Policy by determination of the Board of Directors and publish it on our website. The Senior Vice President of the Finance & Accounting Division is responsible for such efforts.

In FY2021, we developed Tax Management Rules to promote tax compliance actions by our officers and other employees in line with our Tax Policy. We also introduced our Tax Management Policy, which stipulates the establishment and operation of a tax management structure in accordance with the Tax Management Rules. Our Tax Management Rules stipulate that we shall not carry out transactions solely for the purpose of tax reduction that at odds with the spirit of tax treaties or laws and regulations.

[1] OECD/G20 Base Erosion and Profit Shifting (BEPS) Project: Project to review overall international taxation rules to prevent excessive tax avoidance by global companies using gaps and loopholes in the international taxation system

Taxation Risks

We identify taxation risks as an important business issue. In compliance with our Tax Policy, our division in charge of tax affairs works to mitigate taxation risks by developing a deeper understanding of the tax laws in each country in which we operate, transfer pricing taxation, other international tax laws, and OECD tax guidelines. The division also cooperates and communicates closely with other divisions to mitigate taxation risks. We also make effective use of external expert advice in mitigating these risks.

Relationships with Tax Authorities

We strive to build constructive and trusting relationships with tax authorities and pay taxes appropriately, such as by obtaining certainty through advanced pricing agreements.

Tax Transparency

There is global movement for greater transparency and information disclosure in relation to corporate tax-related activities. As an example, the government of Australia—one of our core business areas—issued a set of principles (the Voluntary Tax Transparency Code) stipulating the voluntary disclosure of tax information by large corporations. In accordance with these principles, we annually publish a tax transparency report ❷ that consolidates our Australia-related tax information, including an overview of our local tax governance and cross-border transactions, and how much tax we pay, on our website. We also annually publish the amounts of tax and other payments made to the governments of countries participating in the Extractive Industries Transparency Initiative (EITI) ❸.

As a global company, we will continue to closely monitor international taxation trends and legislative developments in each country and strive to adapt to them in a timely and appropriate manner.

❷ INPEX Australia 2022 Tax Transparency Report

❸ Performance Data

Compliance

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66 Supply Chain Management

Our Policy

INPEX is systematically developing a compliance structure that is essential for the sustainable development of the Company, and strives to ensure compliance with laws and regulations and adherence to corporate ethics. Specifically, we have established the Compliance Committee, which is chaired by the officer in charge of compliance (a Director) and is composed of Senior Vice Presidents and officers of the standing organizational units. The Committee develops compliance-related policies and plans, discusses important matters, monitors the effectiveness of compliance-related regulations, and supervises the implementation of compliance programs to promote unified compliance initiatives throughout the INPEX Group.

In addition, under the Sustainability Principles, we have established the Code of Conduct. This code defines the practices to be followed to ensure compliance and supports observance of the Business Principles that guide how we conduct our business. We are also working to raise awareness of compliance among our officers and employees. The Business Principles and Code of Conduct were established by respective determination of the Board of Directors and Compliance Committee, and are continuously reviewed in light of changes in the external environment as well as legal and regulatory requirements.

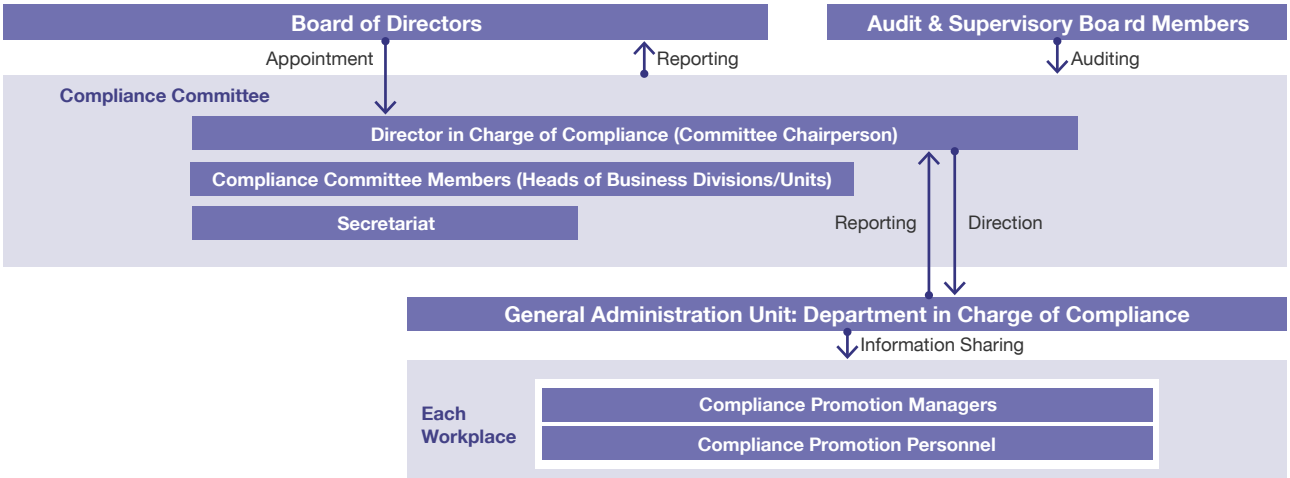
Initiatives towards Promoting Compliance

Compliance Structure

The officer in charge of compliance and the Compliance Committee cooperate with the Audit & Supervisory Board and its members, the accounting auditor, the Audit Unit (our internal audit department), subsidiaries, and other equivalent bodies or departments. This team develops and implements compliance measures, monitors implementation, and responds to compliance violations (such as investigating, taking corrective action, and preventing reoccurrences). The officer in charge of compliance reports to the Board of Directors in relation to the above activities periodically or as required. Our Business Principles and employee work regulations stipulate the necessary corrective actions to address a compliance violation, which may involve disciplinary actions. There were no confirmed cases of serious compliance violations in FY2023.

To ensure coordination between the Committee and the site, compliance promotion personnel and managers are assigned to each workplace. The General Administration Unit, which serves as the secretariat of the Compliance Committee, regularly holds liaison meetings with compliance promotion personnel to further enhance and solidify their understanding and awareness of compliance. We also carry out anti-bribery and anti-corruption measures, provide compliance education and training, enhance Group compliance coordination, continuously improve our whistleblower system, and implement measures related to our operating status. We conduct internal auditing throughout all compliance processes to ensure appropriate implementation.

Compliance Structure

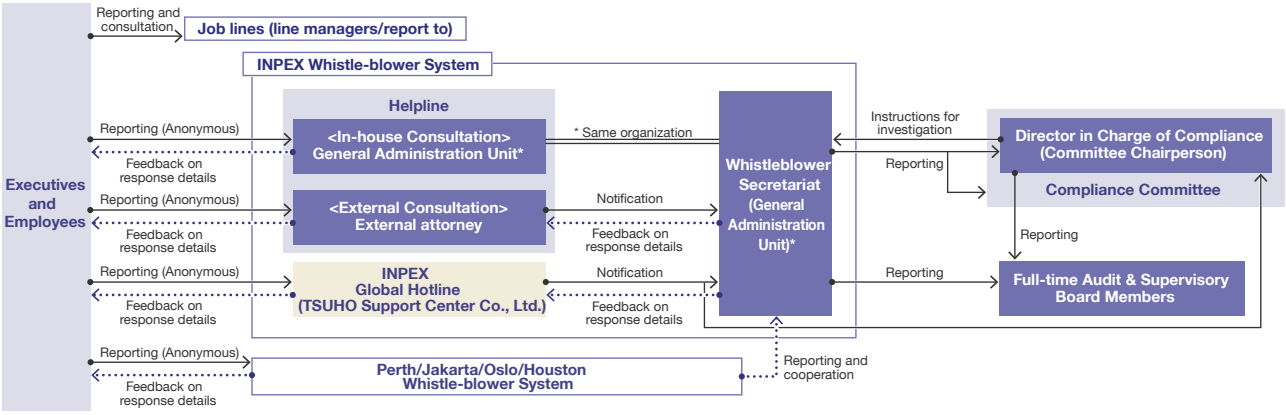


Development and Operation of Whistleblower System

Internally, we operate a whistleblower system in accordance with the Whistleblower Protection Act. We have set up a helpline for receiving all reports related to discrimination, human rights, and harassment. We have also launched the INPEX Global Hotline with support in roughly 20 languages, which specializes in three business-critical risk areas: bribery and corruption, violation of antitrust laws (competition laws), and accounting fraud. The helpline has internal and external (law firm) contact points, while the INPEX Global Hotline is wholly administered by an external service provider. Reporting can be completed anonymously. Both digital and analogue methods, such as email and telephone, can serve as reporting tools.

Response to Whistleblowing Reports

Whistleblowing Structure



In accordance with the Whistleblowing Rules, the General Administration Unit, which serves as the internal whistleblowing contact point, and the external law firm inform whistleblowers within 20 days of receiving a report either that they will begin a fact-finding investigation or if they will refrain with due cause from investigating the claim. We are committed to protecting whistleblowers from any negative consequences. The officer in charge of compliance collaborates with other divisions, as necessary, to conduct an investigation, take corrective actions, and implement reoccurrence prevention measures.

Whistleblower reports, including the results of investigations and responses, are promptly communicated to the full-time Audit & Supervisory Board Members to enhance the efficiency of the whistleblower system.

We have recently amended some internal regulations in line with the June 2022 revision of the Whistleblower Protection Act. This included adding former employees within one year of their departure from the Company to the list of eligible whistleblower system users, which was previously only available to current officers and employees of our offices in Japan and overseas. We also added provisions for appointing personnel able to respond to whistleblower reports and invited external experts to conduct training for these individuals.

During FY2023, we received seven internal whistleblower reports and four external reports. Of these: eight reports related to suspected human rights, discrimination, and harassment violations; two related to employment; and one related to another matter. As of December 31, 2023, one of the reports—relating to suspected human rights, discrimination, and harassment violations—remained under investigation. There were no compliance violations among the reported cases subject to disciplinary action, as stipulated in the Code of Conduct. The number of consultations for each country is stated in the Performance Data.

Anti-bribery and Anti-corruption Initiatives

Anti-bribery and anti-corruption (ABC) laws and regulations are becoming increasingly stringent each year. As a global company operating in approximately 20 countries worldwide, we recognize the importance of taking a zero-tolerance policy towards bribery and corruption. Accordingly, all officers and employees are required to always act with integrity, which is one of the INPEX Values shared across the Group. These values are integrated as a fundamental component of the competency framework used for assessing work behavior in our human resources evaluations.

In addition to requiring compliance with the ABC laws and regulations in the countries where we operate, the Business Principles and Code of Conduct stipulate the establishment of sound and appropriate relationships with governments and administrative authorities. They also prohibit political donations and facilitation payments, except where legally permitted. We have participated in the United Nations Global Compact since FY2011 and have declared our commitment to preventing corruption.

To strengthen our ABC compliance, we developed ABC policies and procedure guidelines as part of our internal regulations. In FY2019, we established the INPEX Group Global Anti-Bribery and Anti-Corruption (ABC) Policy as a clear and comprehensive statement of our position on ABC. The policy is disclosed on our website.

In line with these policies and procedures, preapproval is required for the giving or receiving of gifts or entertainment. We conduct thorough and necessary due diligence based on the ABC risks associated with potential business partners. In FY2023, 124 cases of due diligence were performed in Japan.

Since FY2015, we have been working to enhance the development and operation of our ABC structure, rooted in a risk-based approach. This involves conducting risk assessments of our head office and overseas offices in stages and implementing improvement measures based on the results of these assessments. In FY2023, we conducted risk assessments and ABC training at our head office-based Europe & Middle East Projects Division, at our Oslo and London offices. We also added ABC training to our ongoing compliance training for new graduates and mid-career employees.

As an ongoing initiative to improve our global ABC compliance structure, we consistently share information and exchange views on compliance activities with our overseas offices in Perth, Jakarta, and Oslo.

In FY2023, there were no major violations or disciplinary actions related to ABC.

Enhancement of Transparency through Participation in EITI

Since FY2012, we have been participating in and supporting the efforts of the Extractive Industries Transparency Initiative (EITI). This multinational initiative aims to improve the transparency and sound management of the flow of funds from extractive industries to the governments of resource-producing countries. As of January 2024, 57 resource-producing countries and many supporting countries including Japan, companies in extractive industries, and nongovernmental organizations were participating in the EITI. We provide the EITI with data concerning the participating countries where we operate projects.

Promotion of Training on Compliance and Human Rights

We regularly conduct compliance training for all employees to strengthen their compliance awareness and practice compliance with laws and regulations in their day-to-day work. This training covers specific topics, such as prevention of harassment and discrimination, and involves sessions targeted at specific employment roles/tiers. In FY2023, we conducted compliance training for officers focusing on topics such as preventing corporate fraud and scandals.

We have also adapted and implemented our Code of Conduct at overseas offices in line with local laws, regulations, and culture, to strengthen our global compliance structure. Data on training held in each country are outlined in the Performance Data.

Compliance Awareness Surveys and Harassment Prevention Training for Managers

In addition to a short annual compliance assessment, we conduct compliance awareness surveys for all employees every three to four years. The surveys consist of approximately 80 questions on subjects such as harassment and other compliance violations, organizational culture, and the level of awareness of measures. Based on the assessment results, we then provide harassment prevention training for managers which includes instruction on how to prevent harassment of and between staff.

Respect for Human Rights

Our Policy

INPEX supports international norms such as the International Bill of Human Rights, the International Labour Standards of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights, and the human rights principles of the United Nations Global Compact. In FY2017, we issued the INPEX Group Human Rights Policy to clearly define our commitment to respecting human rights and fulfill our responsibilities in this regard. In accordance with that policy, we implement measures to address the human rights of all stakeholders in each country and region where we operate, including stakeholders in our supply chains. The policy prohibits all forced labor and child labor and affirms our respect for the protection of freedom of association and right to collective bargaining.

INPEX annually discloses our 'Modern Slavery Act Statement' to comply with the United Kingdom Modern Slavery Act and an 'INPEX Australia Modern Slavery Statement' to comply with the Australian Modern Slavery Act. These statements outline our policies, systems, and specific initiatives for preventing slave labor and human trafficking within the company and throughout our supply chain. Starting from FY 2022, INPEX Idemitsu Norge conducts due diligence on human rights and labor conditions in compliance with the Norwegian Transparency Act. We also publish an annual report called the 'Transparency Act Due Diligence Report' to disclose the implementation status.

In FY2023, to enhance our supply chain management we formulated Supplier Code of Conduct Guidelines. Additionally, we reviewed our human rights due diligence assessment sheets with the aim of reassessing the risks we face in our business. In FY2024, we plan to conduct surveys and interviews regarding human rights issues that are particularly relevant based on benchmark studies and trends across the oil, gas and renewable energy industries.

Management Structure

Our approach to human rights is outlined in the INPEX Group Human Rights Policy approved by our Board of Directors. The Compliance Committee reports to the Board on human rights-related risks and performance. For information regarding our compliance structure, please see Initiatives towards Promoting Compliance .

The INPEX Group Human Rights Policy, Sustainability Principles, Business Principles, and Code of Conduct require all of our officers and employees not only to comply with laws and regulations but also to respect social norms and act with high moral values. Our Business Principles makes the following statements concerning human rights.

- We recognize that human rights are important rights that derive from the dignity of individuals, and we respect the human rights of individuals in relevant countries.
- Non-complicity in human rights violations, compliance, social security, and fair competition: We respect international human rights codes, and we pay attention not to be involved in any act that may infringe human rights.
- Prohibition of discrimination and equality under the law: We do not discriminate based on factors such as race, skin color, gender, sexual orientation, gender identity, age, creed, religion, birth, nationality, disabilities, or educational background.
- Abolition of forced labor and child labor: We do not force employees to work against their will, and we do not cause children to work.

Human Rights Due Diligence

Since FY2016, we have been conducting human rights due diligence with the assistance of outside human rights experts at our sites in Japan and overseas to enhance our human rights management. Conducted in line with the INPEX Group Human Rights Policy, we have applied this due diligence to all seven of our operational sites in three countries as of the end of FY2023.

In FY2024, we added renewable energy business risks to our oil and gas industry risks and reassess human rights risks through our value chain with the cooperation of third-party organization.

These reassessments will extend to all of the stakeholders in our value chain—our employees, indigenous peoples, migrant workers, suppliers and contractors, and local communities.

For the projects for which INPEX serves as the operator, we manage social and environmental risks—including human rights due diligence—based on the Performance Standards of the International Finance Corporation (IFC), which are globally recognized guidelines for environmental and social risk management. We monitor compliance with these standards within the Ichthys LNG

Project operations through regular reports and audits. IFC Performance Standard 2—Labor and Working Conditions covers forced labor, child labor, working conditions, and grievance mechanisms.

Desktop Investigation

In 2024, we updated our desktop investigation, expanding its scope to include renewable energy business and covering human rights risks to our employees, women, children, indigenous peoples, migrant workers, the employees of suppliers/contractors, and local communities.

- Utilized the database of RepRisk—a provider of the ESG risk research and analysis—to identify potential instances of human rights violations in the oil and gas sector
- Classified the country risk of the areas in which we operate into three levels (high/medium/low) based on documents issued by Verisk Maplecroft and other research organizations
- Performed studies of international norms, guidelines, and industry-related documents to identify critical human rights issues

Interview Surveys

- Conducted surveys and interviews—with reference to the Global Compact Self Assessment Tool for the Ten Principles of the United Nations Global Compact—at all of our sites to understand the status of responses to human rights risks identified through the desktop investigation
- Revised content of assessments to assess latent and manifest risks in FY2024

Examination and Implementation of Corrective Action Plans

- Confirmed the status of management of human rights risks, based on assessments in light of the results of the surveys mentioned above
- Provided feedback on the assessment results to each site and discussed future actions, such as widely disseminating the INPEX Group Human Rights Policy and providing human rights education
- Continued to provide human rights education as part of our efforts to strengthen respect for human rights based on the assessment results
- Conducted regular reviews of the risks and content of surveys to more precisely monitor the risks and actions to address them
- Investigated human trafficking, equal wages, and other human rights risk areas through a risk identification and assessment process (Considering geographical and other characteristics of our business operations, and the risk management already conducted, these areas were not deemed to be salient human rights risks for the Company.)

In FY2023, with no operational sites requiring a human rights-related mitigation plan, there were similarly no corrective actions required.

To avoid these risks, we are implementing the following measures.

Respect for human rights in the workplace

The following critical human rights issues relate to human rights risks in workplace environments: non-complicity in human rights violations, compliance, social security, fair competition, prohibition of discrimination, equality under the law, forced labor, child labor, occupational health and safety, working hours (rights to breaks and days off), appropriate working environments (including access to water), wages (right to enjoy an adequate standard of living), freedom of association and right to collective bargaining, responsible safety management, and more. We engage in the following activities with respect to these issues. For information regarding our helpline contact points, please see the Development and Operation of Whistleblower System section.

Raising Awareness of Human Rights

In FY2017, to deepen awareness of the importance of considering the human rights of various stakeholders as we go about our day-to-day business, we conducted human rights training for all officers and employees. Since FY2018, we have been providing this training every year to all new graduates and mid-career hires. Every year, to deepen awareness of the importance of considering the human rights of various stakeholders as we go about our day-to-day business, we conduct human rights training for new graduates and mid-career hires. This training emphasizes the importance of treating others sincerely, respectfully, and fairly, and all of our human rights training emphasizes respect for human rights.

Improvement of Working Environments

Aligned to our Code of Conduct, we strive to create sound working environments for our employees, which is in part achieved through fair working hours and wages.We ensure that standard working hours at all of our sites in Japan and overseas are a maximum of 48 hours per week, and any overtime work is performed with the consent of the employee concerned.We also pay wages to all employees at a level that exceeds the living wage of the site where they work. In addition to these measures, each year we administer a survey to employees to monitor their working environments and check that there are no human rights violations such as harassment.

Dialogue between Labor and Management

Our labor agreement with the INPEX Labor Union stipulates that the Union possesses the right to organize, the right to bargain collectively, and the right to act collectively. We strive to maintain and develop a healthy labor and management relationship by regularly providing opportunities for these parties to exchange views and ideas on a wide range of issues, such as challenges faced by the Company and future prospects, in addition to labor issues (health & safety, working environments, remuneration, working hours, training, career development, stress management, equal opportunities, etc.).

The Union is made up of a central head office and branches, and has established its branches at our five key sites in Japan. Furthermore, the central head office manages and handles seconded employees in Japan and other sites without branches.The central head office and the branches engage in close communication and dialogue regarding labor-management issues through biannual central labor-management meetings and labor-management meetings by five branches.Union officers go on-site to overseas sites once per year to engage in direct discussions with personnel dispatched overseas. They conduct local labor and living condition studies, perform document-based fact-finding studies for areas they were unable to visit in person, and share information regarding actual conditions at overseas sites and requests from locally stationed personnel with the Company (the head office Human Resources Unit and overseas offices) to address problems and make improvements.

We provide appropriate notification in advance of any operational changes that will significantly affect employees. No complaints have been received from the union since it was formed in FY2008.

External Stakeholders (Local Communities and Suppliers)

Establishment of Grievance Mechanism

We actively respond to inquiries, complaints, and grievances from all stakeholders at all of our sites in Japan and overseas. We have a dedicated page on our website for handling inquiries and grievances from external stakeholders—including local residents and suppliers—and we respond to their feedback in a timely and appropriate manner in person at our sites, and via telephone, mail, and our website.

In FY2023, no human rights complaints were received in Japan, Indonesia, or Australia.

For information regarding inquiries, please see the Local Communities section.

Supply Chain

Thorough procurement practices involve human rights risks related to the freedom of association, collective bargaining, forced labor, child labor, workplace discrimination, working conditions (occupational health and safety, wages, working hours, access to water, etc.), impact on local communities, worker rights, and more.

Measures to address them include the release of a statement based on the UK Modern Slavery Act and Australian Modern Slavery Act, formulation of the Supplier Code of Conduct and Supplier Code of Conduct Guidelines, and conducting of ESG workshops for our business partners.

As part of our own supplier selection process, in FY2023 we introduced a self-assessment of modern slavery risks, formulated Supplier Code of Conduct Guidelines, and explained our initiatives at our supplier forum.

For more information, please see the Supply Chain Management section.

Local Communities

The rights of indigenous peoples and local residents encompass issues such as access to water and land, livelihoods, employment, vulnerable groups, and impact on the protection of cultural heritage. To avoid negatively affecting local communities, we conduct assessments of our environmental and social impact on local communities and have established a complaint contact point.

Assessments of Impact on Human Rights of Local Communities

For the Abadi LNG Project in Indonesia, we have examined and assessed the human rights requirements of the IFC Performance Standards using the following process as part of the environmental and social impact assessments we are currently conducting.

Processes	Human Rights Initiatives
Selection of evaluation items	● Select impact on vulnerable groups (women, children, economically disadvantaged people, the elderly, and people with disabilities) as an assessment item ● Select impact on the local residents' traditional customary law-based ways of life (culture, customs, means of livelihood, etc.), sacred sites, cultural heritage, and the like as an assessment item ● Collect and analyze existing data on above items
Baseline survey	● Perform focus group discussions (FGDs), household surveys, and key informant interviews (KIIs) to understand the current status of vulnerable groups in the affected communities and their traditional customary law-based ways of life (culture, customs, means of livelihood, etc.), sacred sites, cultural heritage, and land rights
Impact assessments	● Perform impact assessments on vulnerable groups and local residents with traditional customary law-based ways of life during construction and operation phases
Development of environmental management/monitoring plans	● Develop environmental management and monitoring plans based on the results of the impact assessments above

We confirm and manage social risks, including human rights, in accordance with internal regulations. These risks relate to the requirements of the Voluntary Principles on Security and Human Rights (VPSHR).

Through our dialogue with stakeholders, we formulated the Social Investment Strategy 2021–2023. We have planned and are now implementing a wide array of activities in the following focus areas: 1) Improvement of local economies; 2) Education; 3) Public health; 4) the Environment; and 5) Strategic community contribution. Of these, our primary initiatives related to public health and access to clean water are indicated below.

FY	Human Rights Initiatives
2020	● Provided assistance to promote the widespread adoption of public toilets; conducted classes on infant health and nutrition ● Provided recovery support and medical supplies to areas affected by flooding
2021	● Designed and implemented a Clean & Healthy Behavior Program to establish a community water tank and pipeline network so that clean drinking water can be supplied to every household ● Guided community-led installation of facilities for providing drinking water based on the model of community-based participation and involvement
2022	● After the installation of facilities, transferred operation to the local community
2023	● Implementation of public health awareness campaign, infant health check-ups, and supplementary food donations.

For information on other specific initiatives on FY2023, please see the Local Communities section.

Identification of Salient Human Rights Risks

The salient human rights risks identified in the current human rights due diligence are as follows.

- Child labor
- Forced labor
- Impact on cultural heritage and traditional culture
- Infringement on the rights of local communities
- Discrimination in recruitment and employment
- Environmental damage impacting local communities

We also investigated human trafficking, equal pay, and other human rights risk areas through a risk identification and assessment process. Considering geographical and other characteristics of our business operations, and the risk assessments already conducted, these areas were not deemed to be salient human rights risks for the Company.

In FY2024, we reviewed our human rights risk desktop investigation, including our renewable energy business within the investigation scope. We identified the following issues.

Human Rights Issues to Consider

Oil and Gas	Renewable Energy
● Non-compliance in human rights violations, compliance, social security, and fair competition	● Non-compliance in human rights violations, compliance, social security, and fair competition
● Prohibition of discrimination and equality before the law	● Thorough procurement practices (business partner management)
● Thorough procurement practices (business partner management)	● Child labor
● Forced labor	● Forced labor
● Occupational health and safety	● Occupational health and safety
● Appropriate work environment (including access to water)	● Working hours
● Wages (right to an adequate standard of living)	● Appropriate work environment (including access to water)
● Freedom of association and right to collective bargaining	● Wages (right to an adequate standard of living)
● Rights of indigenous peoples and local residents	● Freedom of association and right to collective bargaining
● Responsible safety management	● Rights of indigenous peoples and local residents
	● Responsible safety management

In the future, based on the results of surveys, we will assess the risks involved with identified human rights issues. For human rights risks that are determined to be salient risks, we plan to prioritize the implementation of corrective actions.

Supply Chain Management

Our Policy

As a company that operates projects in roughly 20 countries worldwide, INPEX recognizes that fair and impartial procurement as well as management of suppliers that offer materials, equipment, and services are its key issues. Our Details on Ethical Procurement Guideline expressly prohibits impediments to fair and impartial competition, abuse of dominant bargaining positions, and inappropriate granting or receipt of benefits. It also requires that we protect the confidentiality of supplier information and technologies. In addition to that fundamental policy on procurement, it requires our officers and employees to comply with our Mission, Sustainability Principles, and Code of Conduct, which defines requirements for conducting our business, for the purpose of fair and impartial procurement. In FY2022, we established the Supplier Code of Conduct, which sets out our expectations of our suppliers across seven ESG-related areas, and includes compliance with labor and environmental laws and regulations, prevention of corruption, and respect for the INPEX Group Human Rights Policy. In FY2023, we issued our Supplier Code of Conduct Guidelines to promote greater understanding of the Supplier Code of Conduct. Furthermore, as part of our supply chain management, we invited 75 major suppliers in our domestic business and conducted our first ever supplier forum. We will continue to strengthen our relationships with suppliers through this forum, engage in competitive procurement, and enhance our supply chain management, including ESG performance management, risk management, and performance assessments.

Procurement Overview

Worldwide

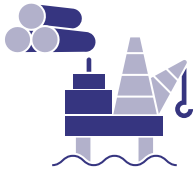
Around
20 countries

Number of Suppliers

Around
2,000

Procurement

More than
2 Billion USD



Management Structure

The Compliance Committee consists of members including the Senior Vice President of the Logistics & IMT Division responsible for supply chain management. The Committee meets regularly to ensure strict compliance with corporate ethics and behavior in accordance with the Details on Ethical Procurement Guideline and Code of Conduct. In January 2023, the Sustainability Committee discussed external assessments of our supply chain management and our initiatives in this area.

We select approximately 400 major suppliers we do business with in Japan from the perspectives of their importance to our business continuity and the versatility of the products that are procured, and conduct the analysis of their supply chain and CSR risks.

Supply Chain Risk Management

Each year, the INPEX Group procures approximately 300 billion yen in goods and services from roughly 2,000 suppliers. We take appropriate prevention, detection, and corrective actions to manage risks within our supply chain. As a preventive control, we require suppliers to comply with labor and environmental laws and regulations, respect the INPEX Group Human Rights Policy, and comply with the Supplier Code of Conduct. These requirements are built into our standard contracts.

At the supplier forum, referred to earlier, we provided an explanation of our Supplier Code of Conduct Guidelines to foster a greater understanding of our policies and the Supplier Code of Conduct among suppliers.

We strive to provide opportunities for potential new suppliers, both in Japan and overseas irrespective of the scale of their business based on fair and impartial assessments. Furthermore, in selecting suppliers for large-scale construction projects and services, we comply with the laws and regulations of each country and incorporate our ABC Policy, HSE requirements, ESG, and other perspectives in our assessments to ensure fair and impartial procurement.

As for detective controls [1], since FY2018, we have administered self-assessment surveys to our major suppliers and performed monitoring through our grievance mechanisms, HSE and CSR audits.

To reinforce supply chain risk management of our business in Japan, we strive to improve HSE in supplier operations by holding HSE Liaison Meetings with our major suppliers. Activities include: 1) explanation and dissemination of our HSE objectives and activity programs; 2) explanation and sharing of information about incidents and near misses; and 3) introduction and sharing of HSE-related information from these suppliers and hearing their thoughts on HSE. In Australia, we have opportunities for engagement with our major suppliers by regularly holding liaison meetings with them to review their performance in terms of HSE, quality, and service content, as well as by exchanging views in a timely and appropriate manner on risks to our business and corresponding mitigation measures.

Through detective controls, we are taking actions against suppliers assessed as high risk as corrective controls, including 1) improvement activities through HSE and CSR audits; and 2) avoidance and mitigation of risks, including through review of contracts.

[1] Detective controls: Measures to prevent processing errors or improprieties in operations

Supplier Assessment

In FY2023, several employees in our procurement division obtained SA8000 auditor qualifications and conducted the self-assessment surveys and CSR audits of major suppliers to identify and address sustainability risks in the supply chain. We have further enhanced our risk management by adding questions regarding human rights and labor, along with questions regarding discrimination, occupational health and safety, and long working hours which are highly linked to risk.

Also in FY2023, we conducted CSR audits of two major suppliers, performed more detailed assessments of their CSR management structure, and discussed improvement measures. In FY2024, we are considering performing CSR audits that combine written and on-site supplier audits based on the survey results. Through the surveys for major suppliers, CSR audits, and improvement measure discussions, we are working to reduce risks for our entire supply chain.

In our Australian business, we are identifying the human rights risks of our supply chain and finalizing our framework for conducting further risk assessments, carrying out auditing processes, and making improvements.

Supplier Code of Conduct and Supplier Code of Conduct Guidelines

In July 2022, we established our Supplier Code of Conduct, which clearly outlines our expectations of our suppliers in the following seven ESG-related areas to address ESG throughout our supply chain.

Area	Overview
Human rights and labor rights	General principles of human rights, including elimination of child labor and discrimination, and protection of workers
Fair business practice	No bribery, collusion or cartels, or association with antisocial forces, etc.
Environment	Prevention of environmental destruction through business activities, and reduction of CO_2 emissions, etc.
Confidentiality	Protection of personal and confidential information obtained through business operations
Local community	Promotion of coexistence and co-prosperity with local communities
Whistleblower system and grievance mechanism	Establishment of a whistleblower reporting system and training sessions conducted for employees on how to use it.
Disclosure	Disclosure of ESG-related information and ensuring transparency

We require contracted suppliers to comply with the Supplier Code of Conduct by including it in our standard contracts and having it accessible via our website. Furthermore, for major transactions that meet or exceed specified contract periods or amounts, we perform ESG assessments during the bidding process. The results of these assessments are used in supplier screening and deliberations regarding risk countermeasures.

In June 2023, we issued our Supplier Code of Conduct Guidelines. These guidelines contain explanations and conduct examples, to promote greater understanding of and compliance with the code among our suppliers.

Details on Ethical Procurement Guideline

Supplier Code of Conduct

Supplier Code of Conduct Guidelines

Climate Change

70 Our Policy

72 Ongoing Initiatives to Address TCFD Recommendations

Our Policy

In line with the long-term goals of the Paris Agreement, INPEX is committed to addressing climate change and established a target in January 2021 to achieve net zero emissions by 2050 (Scope 1 and 2).

In February 2022, we announced INPEX Vision @2022 as part of efforts to reform our energy structure towards the realization of a net zero carbon society by 2050, while still meeting the energy demands of Japan and the world. Climate change forms one of our Material Issues. As such, we are working to address climate change by reducing our net carbon intensity and driving our five net zero businesses which include hydrogen and renewable energy.

Our disclosures related to climate change response are in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We support the Japanese government's laws and regulations (Act on Rationalizing Energy Use and Shifting to Non-fossil Energy, Act on Promotion of Global Warming Countermeasures, etc.) and range of policies related to climate change, and incorporate them into our own policies and business strategies. At our primary work locations in Japan, we are active participants in the government endorsed GX League❶. We engage in emissions trading schemes and market-formation rule◇GX-ETS◇, demonstrating our leadership and commitment toward achieving net zero.

❶ GX League: A framework for companies, taking on the challenge of green transformation (GX) and targeting sustainable growth for current and future society, to have the opportunity to work with other like-minded companies in collaboration with government and academia with a view to achieving carbon neutrality and reforming society by 2050

Message from the Officer in Charge of Climate Change Response

This is the final year of our Long-term Strategy and Medium-term Business Plan of INPEX Vision @2022, which lays out our path to achieving the target of net zero emissions by 2050 as announced in 2022. This plan states that net carbon intensity shold be reduced by 10% (4.1 kg-CO_2-e/boe) or more over three years from 2022, and we have made good progress in 2023. We will continue to work towards achieving our targets. In 2023, we also joined OGMP 2.0❷, which is an international reporting framework for reducing methane emissions. This framework enables us to share technological innovation and information on specific initiatives among members of the partnership, while working to reduce greenhouse gas (GHG) emissions across the industry as a whole.

Toshiaki Takimoto
Director, Senior Managing Executive Officer, and Senior Vice President in charge of the Corporate Strategy & Planning Division

We plan to release a new vision and Medium-term Business Plan at the start of 2025, including a roadmap to achieving our target of net zero emissions by 2050. As part of that, I would like to share our medium- to long-term climate change response policy, which will include the following initiatives.

First, we will continue to strengthen our efforts to achieve low-carbon energy and provide related solutions. INPEX Vision @2022 includes our basic policy for a net zero carbon society by 2050, summed up in the statement: "As a pioneer in energy transformation (EX), INPEX will provide a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen and renewable power." Our specific initiatives to promote low-carbon energy in Japan and overseas include: promotion of CCS/CCUS projects to make existing energy cleaner; construction of aboveground plant facilities for integrated demonstration testing of blue hydrogen and ammonia production and utilization in Japan to achieve a next-generation clean energy supply; subsequent development of a commercialization project; and participation in a renewable energy business in Australia.

Secondly, is to address the energy trilemma. The energy industry is currently facing three issues: energy security and supply stability, equitable access to affordable and clean energy, and realizing a sustainable global environment. While these issues are at times contradictory, and difficult to simultaneously address, our projects aim to respond to demands for energy supply and work towards a society with net zero carbon emissions. As an energy development company, we will continue to provide a stable supply of existing energy and accelerate efforts toward cleaner, low-carbon energy. Therefore, as an energy development company, we will continue efforts to maintain a stable supply of existing energy with a commitment to making it cleaner, and we will accelerate efforts to promote low-carbon energy. In addition, we will strive to maximize the disclosure of information on these initiatives to all stakeholders.

2 The Oil & Gas Methane Partnership 2.0: The international, comprehensive, measurement-based reporting framework that is developed by the United Nations Environment Programme, UNEP.

Climate change response past efforts

2020	2021	2022	2023	2024
• Made the Climate Change Strategy Working Group an advisory body to the Sustainability Committee • Established our Guidelines for Assessment and Management of Climate-related Risks and Opportunities • Obtained a CDP Climate Change A- score • Disclosed greenhouse gas emissions on an equity share basis	• Announced our Business Development Strategy and set climate change response goals • Revised our Corporate Position on Climate Change • Established our Guidelines for Transactions and Management of VCUs[1] • Established our Guidelines for Climate Change Response Goals • Obtained a CDP Climate Change A- score • Participated in the IC-VCM[2] consultation group	• Announced our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) • Revised our Corporate Position on Climate Change • Participated in the CCS+ initiative[3] • Created a forestation credit screening form (improved the process) • Obtained a CDP Climate Change A- score	• Implemented the financial impact assessment based on the NZE scenario • Updated our Current Initiatives based on INPEX Vision @2022 • Joined the Oil & Gas Methane Partnership 2.0 • Obtained a CDP Climate Change A- score • Join the GX League	• Updated our Current Initiatives based on INPEX Vision @2022 • Joined the Oil and Gas Decarb-onization Charter

1 VCUs: Verified Carbon Units
2 IC-VCM: Integrity Council for Voluntary Carbon Markets, an organization promoting the development of global standards for the quality of voluntary carbon credits
3 CCS+ initiative: An international initiative to develop a methodology for creating credits from projects related to CCUS

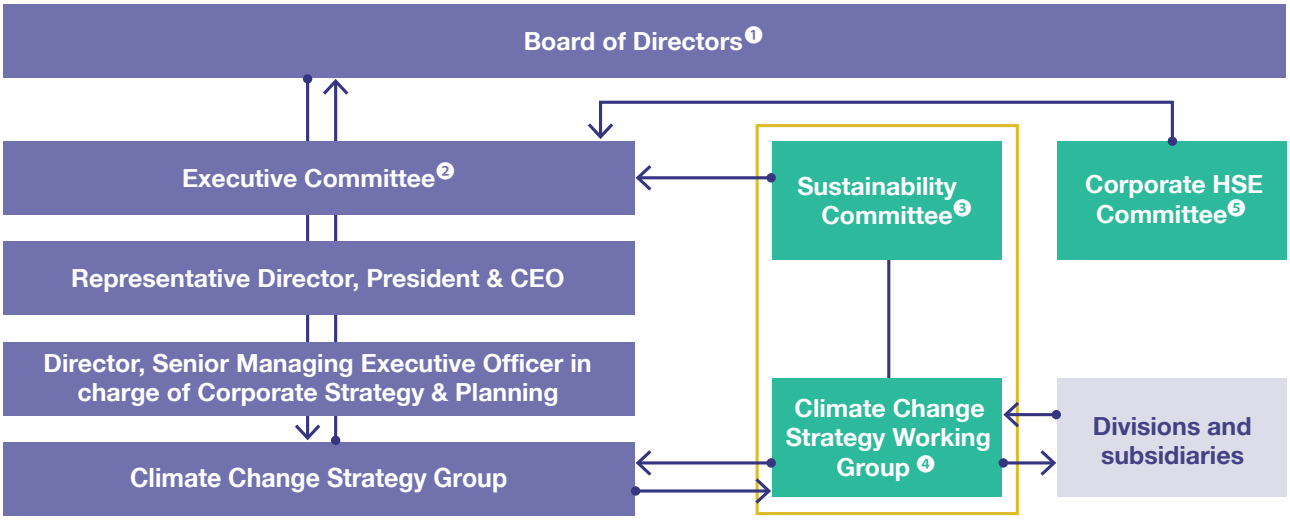
Ongoing Initiatives to Address TCFD Recommendations

Governance Structure for Climate Change Response

At INPEX, we recognize that addressing climate change is an important management issue. Our Board of Directors maintains a supervisory role and is expanding its involvement in this area. In particular, matters that relate to our Corporate Position on Climate Change require a resolution of the Board of Directors. During meetings of the Board of Directors, we also report on assessment results of climate change risks and opportunities, as well as the progress of our five net zero businesses. In FY2023, proposals related to climate change response - including the five net zero businesses - were discussed at 14 of the total 16 Board of Directors meetings held. This resulted in three items for resolution and 18 items for deliberation and reporting. In addition, we have established a Sustainability Committee which is chaired by the President & CEO. The Committee's advisory body, the Climate Change Strategy Working Group, assesses climate-related risks and opportunities. Matters assessed and discussed by the working group are reported to and deliberated by the Sustainability Committee, after which they are approved by the President & CEO, and then reported to the Executive Committee and the Board of Directors.

Our governance structure for climate change response has been highly evaluated both in Japan and overseas, and was listed in the TCFD's 2022 Status Report as a case study.

Governance Structure for Climate Change Response



Roles

1. Board of Directors: Decisions on Corporate Position on Climate Change, and supervision of climate change responses
2. Executive Committee: Decisions on assessments of climate-related risks and opportunities, and decisions on important goals relating to climate change responses
3. Sustainability Committee: Deliberation of basic policies on sustainability and promotion of Group-wide, systematic sustainability activities
4. Climate Change Strategy Working Group: An advisory body to the Sustainability Committee, comprising about 30 cross-organizational members and responsible for assessing climate-related risks and opportunities
5. Corporate HSE Committee: Aggregation, analysis, and reporting of GHG emissions according to the Health, Safety and Environmental Policy (HSE Policy)

Number of Board of Directors Meetings and Details of Each

Year	Attendance at the Board of Directors Meetings	Number of Resolutions	Number of Deliberations/ Reports	Main Details
2021	11/16 times	6	13	Formulation of the Corporate Position on Climate Change, and issuing of green bonds
2022	14/15 times	6	16	Formulation of the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022), partial revision of initiatives based on the Corporate Position on Climate Change, and updates of the status of the five net zero businesses and the evaluations of their risks and opportunities
2023	14/16 times	3	18	Partial revision of initiatives based on the Corporate Position on Climate Change, and updates of the status of the five net zero businesses and the evaluations of their risks and opportunities

Climate Change Response and Officers' Compensation

In FY2022, we revised our compensation system for all of our internal Directors, including Representative Directors. We adopted net carbon 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. For the officer in charge of climate change response, qualitative targets are set each year to promote climate change response, including goals for addressing climate change, risk management, and information disclosure. The degree to which these targets have been achieved is evaluated and reflected in their compensation.

Strategy

Our business strategy is to attain net zero emissions by 2050. We will achieve this in two ways: by providing a stable supply of energy through ongoing clean and robust upstream businesses, and by accelerating initiatives for the five net zero businesses.

FY2023 Status of Climate-related Risks: Assessment Coverage, Expected Timing, and Action Plans

Transition risks

Risk Category	Risk Description	Expected Timing of Risk Occurrence		Action Plan
Policies, laws, and regulations (related to Scope 1 emissions)	● Risk of increased costs due to earlier-than-expected introduction and strengthening of environmental laws, regulations, and standards, including carbon pricing systems and methane emission control regulations, as the countries and regions in which the INPEX Group operates projects strengthen their climate change measures	Short-term	~ Medium-term	● Ongoing monitoring of external environment, including trends in carbon pricing policies ● Implementation of economic assessment using our internal carbon price as a base case; ongoing revision based on EU STEPS prices in the IEA WEO or the carbon cost forecast for each country ● Introduction of clean energy and implementation of emission reduction measures in project operations as initiatives for reducing emissions ● Management to maintain methane emissions intensity at 0.1% ● Joining of OGMP 2.0 and enhancement of MRV efforts, including in non-operator projects ● Engagement with relevant stakeholders
Technologies and markets (oil and gas demand/ price drops)	● Risk of progressively lower demand or lower prices for oil and gas due to accelerating development of low-carbon technologies, cost reductions for renewable energies, electric vehicles, and batteries, etc., or a market preference for low-carbon energy ● Risk of a customer preference for gas/LNG with lower net carbon intensity	Medium-term	~ Long-term	● Monitoring of technology/market trends ● Implementation of financial assessment using APS in the IEA WEO as main scenario; consideration of the NZE scenario in the IEA WEO ● Pursuit of low carbon and low costs in operations ● Acceleration of initiatives for the five net zero businesses
Reputation (related to Scope 1 and Scope 2 emissions)	● Risk of requirement for absolute Scope 1 and Scope 2 emission reduction targets from FY2030 ● Risk of transition plan for net zero carbon by 2050 being seen as insufficient	Short-term	~ Long-term	● Establishment of targets as 30% or more reduction in net carbon intensity by 2030, and net zero by 2050; consideration of further targets ● Promotion of technical development and commercialization with the goal of achieving annual CO_2 injection volume of 2.5 million tons or more through CCS by around 2030 ● Maintenance of methane emissions intensity (methane emissions/natural gas production) at current low levels (about 0.1%) ● Zero routine flaring by 2030 ● Review of business portfolio ● Monitoring of trends in international institutions and financial/credit markets
Reputation (related to Scope 3 emissions)	Risk of requirement for establishing Scope 3 emission reduction targets	Short-term	~ Medium-term	● Engagement with stakeholders to reduce Scope 3 emissions ● Consideration of efforts to reduce emissions at sales destinations ● Carbon-neutral product* sale *Also called carbon offset products
Financing	Risk of adverse effects on funding as investors or financial institutions consider our business activities, efforts to reduce GHG emissions, or information disclosure to be inadequate	Short-term	~ Medium-term	● Promotion of efforts to reduce GHG emissions from projects ● Promotion of information disclosure in line with TCFD recommendations ● Dialogue and engagement with investors and financial institutions ● Consideration of diversification of funding providers

Physical risks

Risk Category	Risk Description	Expected Timing of Risk Occurrence	Action Plan
Acute	Risk that extreme weather phenomena, including tropical cyclones and floods, will adversely affect operating facilities	Short-term ~ Medium-term	● Regular assessment of acute physical risks ● Preparations for natural disasters through appropriate planning, repairs, operational measures, training, and use of external information, etc.
Chronic	Risk the long-term average temperature increases, changes in rainfall patterns, and sea level rises will adversely affect operational facilities	Medium-term ~ Long-term	● Regular assessment of chronic physical risks ● Implementation of measures against sea level rises at coastal facilities

Short-term: up to one year | Medium-term: one to five years | Long-term: longer than five years

FY2023 Status of Climate-related Opportunities: Assessment Coverage, Expected Timing, Long-term Strategies, and Progress

Opportunities related to resource efficiency

Opportunity Assessment Target	Timing	Long-term Strategy for Opportunities and Response Status
Improvements to energy efficiency in production processes	Short-term	● Implement low-carbon operations through the fuel gas flaring reduction initiative, gas leak detection and repair (LDAR) program, and other initiatives at the Ichthys LNG Project in Australia

Short-term: up to one year | Medium-term: one to five years | Long-term: longer than five years

Opportunities related to energy sources

Opportunity Assessment Target	Timing	Long-term Strategy for Opportunities and Response Status
Use of renewable energy sources in production processes	Short-term ~ Medium-term	● Adopt a battery energy storage system (BESS) and small solar power generation system at the Ichthys LNG Project
	Medium-term ~ Long-term	● Investigate switching from on-site combined-cycle power generation to renewable energy-derived grid power at the Ichthys LNG Project
	Long-term	● Evaluate the potential to introduce onshore hydropower in the Wisting Oil Field development plan

Short-term: up to one year | Medium-term: one to five years | Long-term: longer than five years

Opportunities related to products and services

Opportunity Assessment Target	Timing	Long-term Strategy for Opportunities and Response Status
Promotion of CCUS	Medium-term	● Conduct injection testing for CO_2 EOR demonstration testing in the Minamiaga Field Office and consider moving to the next phase ● Conduct a study for CCUS project development at the Tangguh LNG Project in Indonesia ● Investigate a CCS project utilizing existing facilities and pipelines from the LNG site at Darwin in Australia and the Bayu-Undan gas-condensate field in the Timor Sea
	Long-term	● Continue the joint feasibility study for a CCS project in Malaysia through a joint cooperation agreement with local company PETROS ● Conduct a business feasibility study for adoption of the Tokyo Metropolitan Area CCS Project and Tohoku Region West Coast CCS Initiative Project, in which we participate, under the 2023 Survey on Implementation of Advanced CCS Projects commissioned by JOGMEC ● Conduct assessment and preparatory work ahead of acquiring seismic data and drilling at the Bonaparte Basin CCS block in Australia ● Investigate the feasibility of a future CCS project (accepting CO_2 from third parties) at the Abadi LNG Project in Indonesia
Expansion of hydrogen projects	Medium-term	● Begin construction of aboveground plant facilities (July) for ground preparation, CO_2 injection, production, and observation well drilling for the hydrogen and ammonia production demonstration project in Kashiwazaki City, Niigata Prefecture, Japan, with operations planned to begin in 2025 ● Pursue opportunities to participate in clean ammonia business in Abu Dhabi ● Begin pre-FEED work for a large-scale, low-carbon ammonia production project at the Port of Houston, Texas, USA, through a collaboration with the Air Liquide Group, LSB Industries, Inc., and Vopak Moda Houston LLC ● Sign a joint study agreement for a green hydrogen project in South Texas, USA, through a collaboration with Green Hydrogen International Corp.
	Long-term	● Take a stake in Japan Suiso Energy, Ltd., which is a joint venture between Kawasaki Heavy Industries, Ltd. and Iwatani Corporation, and participate in a demonstration project between Japan and Australia to establish an international liquefied hydrogen supply chain
Expansion of renewable energy projects	Short-term	Geothermal ● Carry out additional development at Muara Laboh Geothermal Power Project in Indonesia
	Medium-term	Wind ● Progress construction of the floating offshore wind power project off Goto City, Nagasaki Prefecture, Japan Geothermal ● Progress construction for Oyasu Geothermal Power Project
Promotion of carbon recycling	Medium-term	● Construct a plant as a methanation technology development project with the aim of beginning operation during 2026
	Long-term	● Sign a joint feasibility study agreement with Masdar for an e-methane production project in Abu Dhabi ● Sign a joint feasibility study agreement with Masdar and Mitsubishi Chemical Group Corporation for a carbon recycle chemicals production project, including production of polypropylene derived from green hydrogen, in Abu Dhabi ● Pursue further R&D in artificial photosynthesis
Development of new business	Medium-term	● Begin a detailed study for a biomethane supply project in Indonesia
	Medium-term ~ Long-term	● Conduct studies regarding drone utilization, methane pyrolysis, CO_2 recovery, storage battery-related projects, etc. ● Invest in OCOchem, a U.S. company developing green formic acid production technologies using CO_2 and water as the raw materials
	Long-term	● Invest in Kyoto Fusioneering Ltd., a Japanese company aiming to achieve early development of fusion energy (energy generated in a nuclear fusion reaction)

Promotion of the carbon-neutral product sale	Short-term	● Sell carbon-neutral products
Promotion of forest conservation	Short-term	● Begin planting trees in August 2023 for a carbon farming and renewable biofuel project in Australia in conjunction with Australia and New Zealand Banking Group Limited (ANZ) and Qantas Airways Limited

Short-term up to one year | Medium-term one to five years | Long-term longer than five years

Opportunities related to the market

Opportunity Assessment Target	Timing	Long-term Strategy for Opportunities and Response Status
Diversity of energy supply	Medium-term	● Provide renewable diesel, a low-carbon fuel derived from renewable resources, in Japan
Development of cleaner natural gas	Medium-term	● Conduct studies with the view to CCS introduction, and increased production capacity and expansion, at the Ichthys LNG Project ● Promote business activities such as the introduction of CCS at the Abadi LNG Project

Short-term up to one year | Medium-term one to five years | Long-term longer than five years

Case Study: Promotion of forest conservation targeting net zero emissions

Importance of Forest Conservation and Afforestation in Tackling Climate Change

There is a growing interest in nature-based solutions as a way to tackle climate change, and as a responsible company with worldwide operations, we are also eager to increase our involvement in this area. Forest conservation and afforestation projects not only reduce CO_2 emissions by preventing deforestation and forest degradation and increase CO_2 absorption through afforestation, but also offer co-benefits by safeguarding critical biodiversity, conserving water sources, reducing soil erosion, and raising the living standards of local communities, thereby contributing to achieving the United Nations' Sustainable Development Goals (SDGs).

INPEX's Forest Conservation and Afforestation Initiatives

In our Long-term Strategy and Medium-term Business Plan of INPEX Vision @2022, we identified forest conservation as one of the five net zero businesses we plan to promote in pursuit of a net zero carbon society by 2050. The reason is that in accordance with the approach of a mitigation hierarchy [1], we are focusing on CO_2 absorption through forest conservation and afforestation as a complement to our initiatives to achieve our net zero goal through cleaner oil and gas businesses, a transition to natural gas, CCUS, and renewable energy. As the operator of the Ichthys LNG Project in Australia, we are implementing a savannah fire management program in the Northern Territory and a eucalyptus tree planting program in the South West region of Western Australia. Through the savannah fire management program, we are supporting development and operation of the project, and our project-related fire management technologies are contributing to reduced GHG emissions from fires. The eucalyptus tree planting program began in 2008, and to date, approximately 1.4 million eucalyptus seedlings have been planted. In addition to sequestering carbon, the program is helping prevent salinity and erosion-related soil degradation while creating windbreaks for neighboring land.

Through these two programs, we have accumulated 235,737 tons worth of Australian carbon credit units (ACCUs). (One ACCU represents one ton of carbon dioxide equivalent (tCO_2-e).)

Additionally, in 2023 we commenced tree planting for a carbon farming and renewable biofuel project - Wheatbelt Connect - in collaboration with Australia and New Zealand Banking Group Limited (ANZ) and Qantas Airways Limited.

[1] Mitigation hierarchy: The idea that after avoiding, minimizing, or taking steps to remedy negative impacts on the environment, the final measure should be an offset to compensate for any remaining impacts

INPEX's Approach to Procuring and Utilizing Carbon Credits

For our carbon offsets on GHG emissions, we use carbon credits certified under highly trusted domestic and international schemes, which we receive in return for support and participation in forest conservation projects. We also track the latest

developments in the carbon credit market such as initiatives in Japan and overseas and assess the medium- and long-term performance of our projects. Through these efforts, we work to procure high-quality credits. We select and use carbon credits certified under the following schemes:

Verified Carbon Standard (VCS): Verification standard established by Verra, an international body for setting carbon offset standards	Verified Carbon Standard A VERRA STANDARD
Joint Crediting Mechanism (JCM): Japanese Government-led bilateral credit program for reduction and removal of GHG emissions in cooperation with developing countries, with both sides sharing the benefits of reduction and removal	JCM THE JOINT CREDITING MECHANISM
J-Credit: Scheme designed to certify the amount of GHG emissions reduced and removed in Japan, with credits certified by the Japanese Government.	J－クレジット制度
Australian carbon credit units (ACCUs): Australian carbon credits issued according to Australia's emissions reduction act	

Efforts to Procure High-quality Credits

1. **Internal Project Assessments**
   To ensure acquisition of high-quality carbon credits from top-grade projects, we first assess projects before making a final selection and purchase. These assessments are designed to identify any permanence❷ concerns or potential issues with local communities and other stakeholders, and also to verify that land ownership and usage rights are unambiguous and guaranteed to extend beyond the life of the crediting period. We make a comprehensive judgment on projects by considering the results of these internal assessments alongside the results of credit evaluations by external assessment companies such as Calyx Global Inc.
2. **Priority on Projects with Co-benefits**
   In addition to the effectiveness of reducing CO_2 emissions and absorbing CO_2, we give preference to projects that deliver co-benefits by contributing to the United Nations' SDGs.
   - Sustainable Development Verified Impact Standard (SD VISta): framework for certifying a project's contribution to the SDGs
   - Climate, Community & Biodiversity Standards (CCB Standards): A framework for certifying projects that simultaneously address climate change, support communities, and conserve biodiversity.

❷ Permanence: The concept that refers to the need to ensure that CO_2 reduction and absorption volumes are nonreversible, with no risk of release into the atmosphere

Financial Impact Assessment of Transition Risks

We use two methods to assess the potential financial impact of climate-related risks using scenarios in the International Energy Agency (IEA) World Energy Outlook (WEO) report.

The first method is an economic assessment of our projects using our internal carbon price. We employ this method because more than 150 countries and regions have already declared net zero targets by 2050, anticipating a growing number of countries to introduce carbon pricing as they bolster policies to tackle climate change. Each year, we update our internal carbon price with reference to the carbon prices in the Stated Policies Scenario (IEA-STEPS) in the WEO. Starting in FY2023, we reflect the IEA WEO carbon price forecast and, if there is a carbon price system in the country in which we operate, reference our quoted price based on factors such as estimates provided by external experts. If there is no carbon price system in the country in which we operate,

we reference variable prices linked to the IEA-STEPS EU prices (2030: US$120/t$CO_2$e; 2040: US$129/tCO_2e; 2050: US$135/t$CO_2$e).

The second method is to assess the financial impact on our business portfolio. This is an evaluation of the impact on our portfolio from the oil and carbon prices in the STEPS, Announced Pledges Scenario (APS), and Net Zero Emissions by 2050 Scenario (NZE). We apply the oil and carbon prices under these three scenarios to the net present value (NPV) calculation for projects, and calculate the percentage of change from the NPV for the base case to assess the impact on our portfolio. We will continue to refine the implementation standards for this method to improve the competitiveness of our business portfolio as we factor in changes in the business environment.

Two Approaches to Financial Assessment

	Projects economic evaluation	Portfolio financial impact evaluation
Assessment method	Financial impact assessment of carbon pricing policies on projects	Financial impact assessment based on oil and carbon prices under the following scenarios: ● Stated Policies Scenario (STEPS) ● Announced Pledges Scenario (APS) ● Net Zero Emissions by 2050 Scenario (NZE)
Metric	IRR based on internal carbon price (base case)	The percentage of change from NPV based on application of the relevant index price (sensitivity analysis)
Status	Adopted as base case since FY2021	Implemented since FY2018; NZE scenario added from FY2022

Assessment of Physical Risks at Our Assets

We analyze physical risks to the Company as either acute risks or chronic risks, and we review them each year. In FY2018, we reviewed the process for assessing physical risks and developed a roadmap. In FY2019, we started assessing physical risks at the Ichthys LNG Project and our domestic assets in Niigata Prefecture, as major operator projects. Together, they account for 100% of our insurance coverage of operator projects in operation domestically and internationally. In FY2020 and FY2021, we also assessed physical risks at 11 non-operator projects. In FY2022, we reassessed physical risks at Naoetsu LNG Terminal, one of our major facilities, following a revision of a report that informs our assessments. This report provides observations and projections assessment, as issued by the Japan Meteorological Agency. The Representative Concentration Pathways 8.5 (RCP 8.5) scenario, discussed in this report, predicts an average sea level rise of approximately 0.19 meters. Our assessment showed that this facility structure can withstand a sea level rise of that magnitude. In FY2023, we hired an external assessment service to calculate the costs of direct damage and indirect damage to our domestic assets caused by potential riverine flooding and storm surges. As a result, limited potential damage was confirmed, as of 2030 and 2050, to the top 10 sites (domestic plants, domestic gas pipelines, and major subsidiary offices) covered by our comprehensive corporate indemnity insurance. For all these physical risk assessments, we used the same indices, such as mid-21st century average temperature rises and sea level rises, in the RCP 8.5 scenario outlined in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

For chronic risks, the assessments indicate a low risk from floods at the Ichthys LNG Project and other major facilities located on the seaboard because they have been designed to withstand rising sea levels. Future temperature increases could conceivably impair operating efficiency, but because we conduct ongoing improvements to the facilities as required, we have concluded that no major damage is likely to occur through 2030.

For acute risks, we strive to ensure that our major operator projects are adequately prepared for typhoons, cyclones, and other extreme weather phenomena through appropriate planning, operational measures, training, and use of external information. At the LNG receiving pier of the Naoetsu LNG Terminal, we have installed an interconnection line linking to the neighboring power station. This setup ensures continuity in operations in the event of damage to our own facilities, enabling us to continue to receive LNG shipments via the pier. Insuring our major facilities against natural disaster is another way we strive to reduce financial losses associated with acute risks. We also assessed risks to our gas pipeline from natural disasters in Japan and considered counter-measures, from which we carried out replacement work on sections of the pipeline deemed to have a high natural disaster risk.

In the Hazard Identification (HAZID) guidelines, a HSE management system document, we have included a section on the impact of climate change in the introductory work for HAZID workshops. We are incorporating physical risk assessments into our risk management approach across all life cycles of business activities, including new projects. Cross-organizational teams will continue

to conduct periodic physical risk assessments and make appropriate disclosures regarding physical risks. Simultaneously, we aim to diversify our analysis methods to conduct more comprehensive assessments.

INPEX's Low-carbon Society Scenarios

In considering the outlook for the business environment, including energy demand and supply toward a low-carbon society by 2050 [3], we refer to the STEPS, APS, and NZE of the IEA WEO as well as the Reference Scenario and Advanced Technologies Scenario of The Institute of Energy Economics, Japan (IEEJ).

Our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) was developed based on these scenarios. We will continue to conduct scenario reviews to promptly identify changes in the business environment, and review management strategies and plans in line with social trends.

[3] The IEA WEO sets out a panoramic view of the international energy situation through 2050.

Referenced Scenarios

International Energy Agency (IEA) World Energy Outlook (WEO)	Stated Policies Scenario (STEPS)
	Announced Pledges Scenario (APS)
	Net Zero Emissions by 2050 Scenario (NZE)
Institute of Energy Economics, Japan (IEEJ)	Reference Scenario
	Advanced Technologies Scenario

Assessment and Management of Climate-related Risks and Opportunities

As a general rule, we assess and manage climate-related risks and opportunities on an annual basis. Our overall response to climate change is managed by the Climate Change Strategy Group that resides in the Corporate Strategy & Planning Unit of the Corporate Strategy & Planning Division.

The Climate Change Strategy Working Group - composed of some 30 representatives from each division of the company - conducts climate-related risk assessments and develops proposals for prevention or mitigation measures. These proposals are deliberated by the Sustainability Committee and reflected in annual plans.

Our climate-related risk assessment process follows the procedure outlined in ISO 31000:2009 (Figure A), an international risk management standard. We update external and internal factors and share information regarding the Company's status among Working Group members. We then identify risks and analyze their causes, preventive measures, mitigation measures, and residual risks (Figure B). The residual risks are assessed using the Risk Assessment Matrix Based on TCFD Recommendations (Figure C), developed by the Company.

Our disclosure of climate-related risk assessments was featured as a best practice in the Guidance on Climate-Related Financial Disclosures 3.0 (Case Examples), published by the TCFD Consortium.

Figure A: ISO 31000 Process

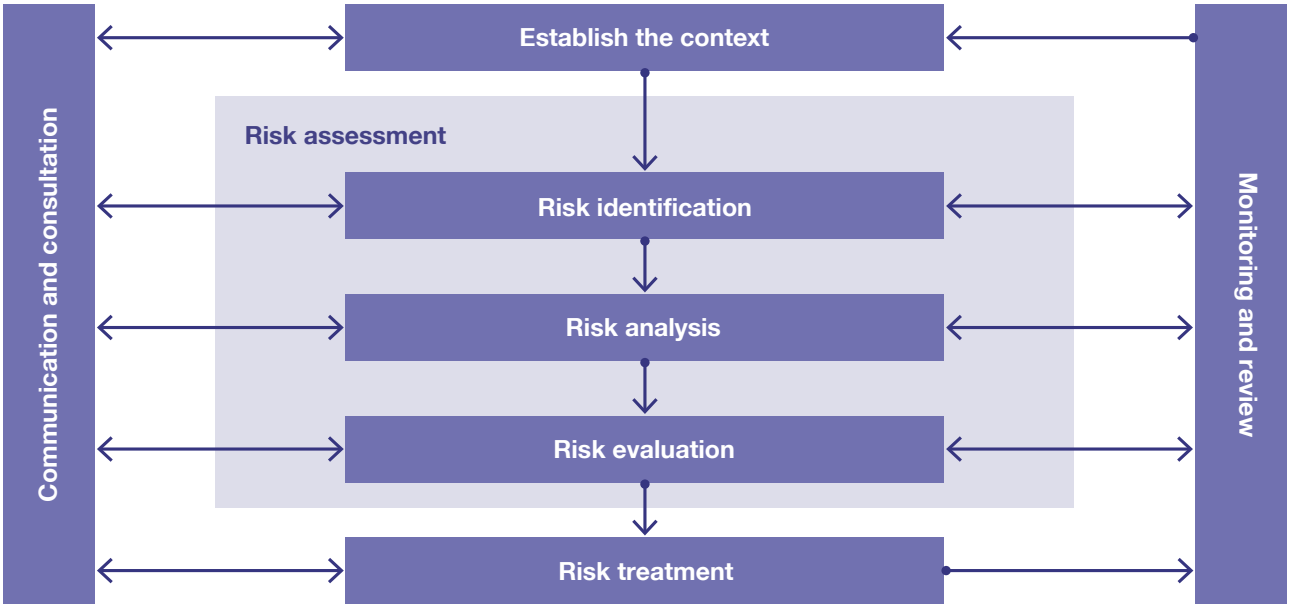


Figure B: Risk Analysis Process

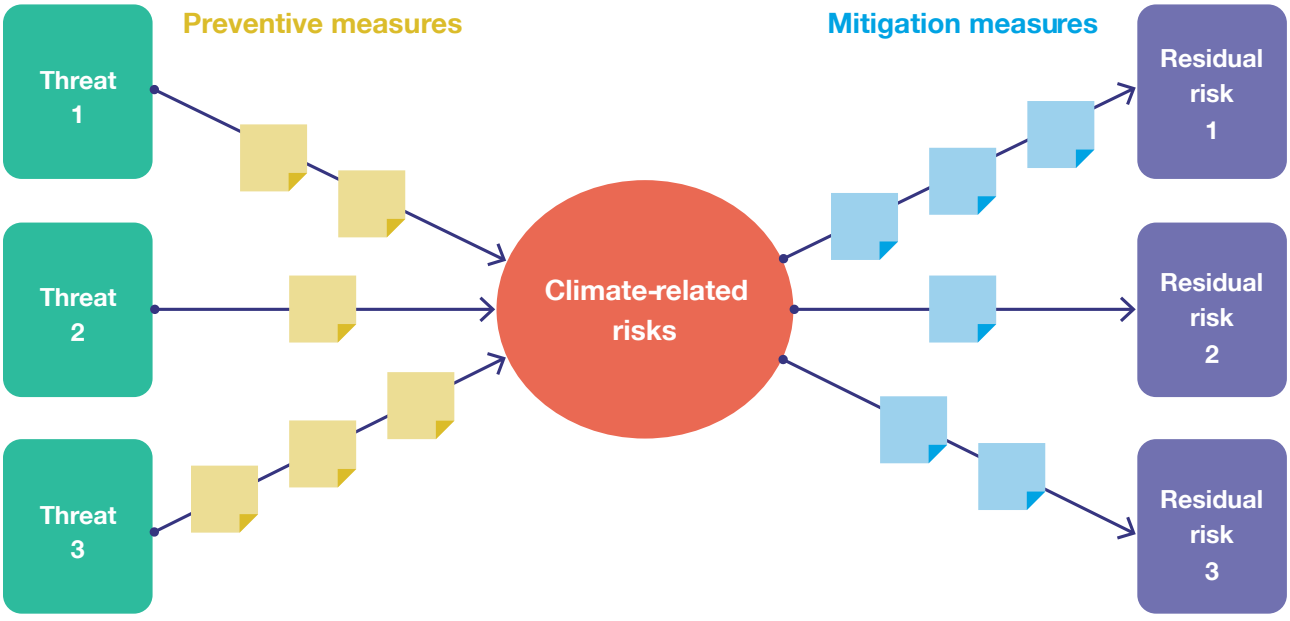


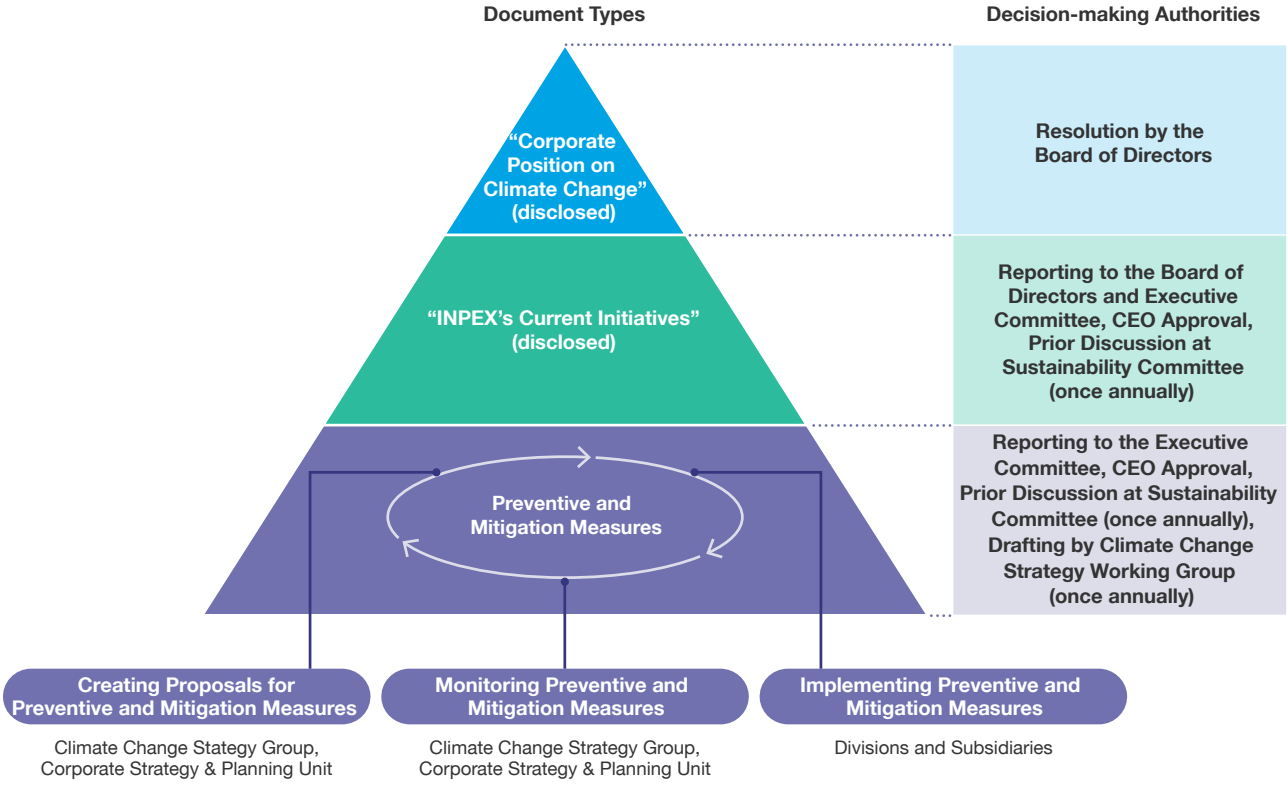
Figure C: Risk Assessment Matrix Based on TCFD Recommendations

		Likelihood				
		5 Highly unlikely	4 Unlikely	3 About as likely as not	2 Likely	1 Highly likely
Severity of consequences	A Significant	A5 Medium-Low	A4 Medium-High	A3 Medium-High	A2 High	A1 High
	B Major	B5 Medium-Low	B4 Medium-Low	B3 Medium-High	B2 Medium-High	B1 High
	C Moderate	C5 Low	C4 Medium-Low	C3 Medium-Low	C2 Medium-High	C1 Medium-High
	D Minor	D5 Low	D4 Low	D3 Medium-Low	D2 Medium-Low	D1 Medium-High
	E Insignificant	E5 Low	E4 Low	E3 Low	E2 Medium-Low	E1 Medium-Low

As outlined in our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022), we adopt a Group-wide approach to climate-related opportunities, with a focus on the Innovation Division, Hydrogen & CCUS Development Division, and Renewable Energy Division.

INPEX's Current Initiatives based on the Corporate Position on Climate Change further details initiatives related to the five net zero businesses, cleaner upstream businesses, and the transition to natural gas. This document undergoes deliberation by the Sustainability Committee, approval by the President & CEO, and subsequent reporting to the Executive Committee and the Board of Directors (Figure D).

Figure D: Process of Assessing and Managing Climate-related Risks



Metrics and Targets

Goals for Addressing Climate Change

We have 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. The third 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 added one further goal to reduce our net carbon intensity by 10% (4.1 kg-CO_2-e/boe) over that three-year time frame, in pursuit of our 2030 target.

Goals for Addressing Climate Change

2050

NET ZERO*1
in absolute emissions (Scope 1+2)

*1 On INPEX equity share basis

2030

30% OR MORE*2
reduction in net carbon intensity (Scope 1+2)

*2 In comparison with 2019

Scope3

REDUCTION
work together with all relevant stakeholders to address challenge across the value chain

Scope 1 and 2 emissions, which are emissions from our business processes, are covereed under these goals.

Results

In FY2023, our GHG emissions (Scope 1 and 2) amounted to approximately 6.92 million tons-CO_2-e, which was an increase of approximately 0.1 million tons-CO_2-e on FY2022 levels. The main cause of this increase in GHG emissions was an increase in production at the Ichthys LNG Project.

INPEX's Emissions

	FY2021, Jan-Dec	FY2022, Jan-Dec	FY2023, Jan-Dec
Direct GHG Emissions (Scope 1)[1] (thousand tons CO_2e)	7,302	6,839	6,864
Indirect GHG Emissions (Scope 2)[1] (thousand tons CO_2e)	136	69	55
Net carbon intensity[2] (kg CO_2e/boe)	33	28	28
Methane emissions intensity[3] (%)	0.04	0.05	0.05

INPEX's Net Carbon Intensity

$$\frac{\text{Scope1} + \text{Scope2} - \text{offsets}^{4}}{\text{Net production of oil and natural gas upstream businesses} + \text{Electricity generated from renewable energy businesses}}$$

1 INPEX's equity share emissions
2 Net carbon intensity including offsets
3 Methane emissions intensity on operational control basis: Calculated as methane emissions/gas production (%), the formula used by the Oil and Gas Climate Initiative
4 Offsets include the amount absorbed through forest conservation and the amount contributed to reduction through renewable energy projects where the environmental value of said projects are considered to be attributable to INPEX. Contributions from renewable energy are calculated based on the Guidelines for Measurement, Reporting and Verification of GHG Emission Reductions in JBIC's GREEN (the J-MRV Guidelines).

The following table lists GHG emissions in FY2023 from businesses within our operational control.

GHG Emissions within INPEX's Operational Control

	FY2021, Jan-Dec	FY2022, Jan-Dec	FY2023, Jan-Dec
Direct GHG Emissions (Scope 1) (thousand tons CO_2e)	6,658	6,339	6,622
Indirect GHG Emissions (Scope 2) (thousand tons CO_2e)	45	48	35

Operational control: This scope includes our head office and Technical Research Center (both in Tokyo), overseas offices, and operational organizations in Japan and overseas.

Efforts to Reduce INPEX's GHG Emissions

In order to reduce GHG emissions, as operator for projects in Japan and overseas, we implement energy-saving activities tailored to the site's circumstances, and avoid continuous flaring and venting during routine operations.

At INPEX head office as well, we effectively use renewable energy for 100% of our energy needs.

In addition to using 100% clean power at our onshore facilities in Abu Dhabi, we are working with ADNOC to adopt clean power, including using onshore clean power to supply offshore facility power needs.

Efforts to Reduce Fugitive Methane Emissions

Our target is to maintain our methane emissions intensity at its existing low level (about 0.1%). In FY2023, our methane emissions intensity was 0.05%, which is below our target level.

In FY2023, we joined the Oil & Gas Methane Partnership 2.0 (OGMP 2.0), a reporting framework for methane reductions by oil and gas companies. OGMP 2.0 was established as an international reporting framework under the United Nations Environment Programme (UNEP), providing member companies with a framework for comprehensive, measurement-based reporting to promote methane reductions. By reporting methane emission reductions through the OGMP 2.0 framework, we are improving the accuracy and transparency of our methane emissions reporting. We are also actively sharing technological innovation and information on specific initiatives with other member companies with the aim of measuring and reducing methane emissions.

To manage and reduce methane emissions, we have been aggregating and reporting data on fugitive methane emissions based on international methods since FY2018.

In FY2019, we surveyed and identified fugitive emission inspection locations for equipment and facilities at our projects in Japan. We also established a structure for data aggregation and reporting. In FY2020, we brought in a laser methane detector to enable inspections at almost all applicable points. We also introduced vehicle-mounted methane detectors and drones with which we are able to inspect all 1,500 kilometers of our domestic gas pipelines. Fugitive emissions detected through this inspection process are rectified immediately.

For our overseas projects, we carried out fugitive emission inspections through a leak detection and repair (LDAR) program using infrared cameras. At the Ichthys LNG Project, we inspected the central processing facility (CPF) and floating production, storage, and offloading (FPSO) facility in FY2022, and the onshore gas liquefaction plant in FY2023. We are now investigating how to achieve the level of methane emission management required by OGMP 2.0 by using drones and other methods going forward.

We are exploring the possibility of implementing similar inspections at additional projects, and will continue to take further action to reduce fugitive methane emissions across the entire Group.

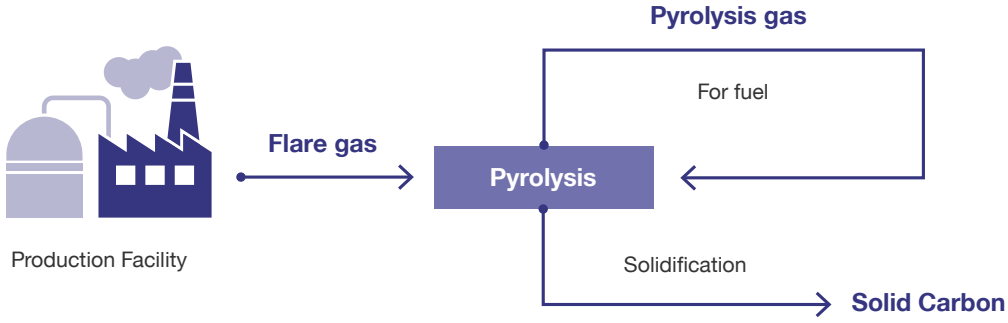
Efforts to Reduce Flaring

Having set a goal of zero routine flaring in our operator projects by 2030, relevant departments across the Company have been working together to study measures to reduce flaring.

In Japan, as part of our research and development of flaring reduction measures, we are studying the introduction of initiatives to reduce atmospheric CO_2 emissions by fixing carbon in flare gases through the use of methane pyrolysis technology (see the diagram below).

Since FY2022, we have also been managing our flaring along two lines - routine and non-routine flaring - in line with the Flaring Management Guidance for the Oil and Gas Industry developed by Ipieca, IOGP, and the Global Gas Flaring Reduction Partnership (GGFR).

Methane Reduction through Methane Pyrolysis



As small quantities of non-condensable gas from oil production fields encounter challenges in feasible utilization, such gas is often incinerated in the flare system with CO_2 emissions. The application of methane pyrolysis technology enables the extraction of solid carbon from flare gases and consequently, reduce CO_2 emissions by flaring.

Efforts to Reduce Emissions in Supply Chain—Towards Scope 3 Reduction

Efforts with Contractors and Suppliers

Our Health, Safety and Environmental Policy (HSE Policy) states that we will "pursue every effort to reduce Greenhouse Gas (GHG) emissions and adhere to the GHG emissions management process." In line with our efforts to reduce emissions across the supply chain, our contractor and supplier agreements include a clause requiring compliance with our HSE Policy.

Our Supplier Code of Conduct established in July 2022 sets out specific expectations for our suppliers to undertake voluntary environmental initiatives, such as measures to reduce GHG emissions. In November 2023, we held a supplier forum for 75 suppliers in Japan. During the forum, we shared information on the procurement environment, our business plan, and discussed compliance with the Supplier Code of Conduct and ESG risks to the supply chain, including GHG emission reductions. We are considering expanding scope of forum discussions and introducing an awards system for future supplier forums, and will continue our efforts to reduce emissions throughout the entire supply chain.

Promotion of Carbon-neutral Product Sale

We promote the sale of carbon-neutral products [4] to our customers. The total GHG emission reduction through the sales of such products so far exceeds 1.72 million tons of CO_2 equivalent. Carbon-neutral products comprise LNG, natural gas, LPG ,and jet fuel sold by the Company for which the GHG emissions produced across the life cycle - from extraction through transportation and combustion - are offset by the equivalent volume of carbon credits, resulting in net zero GHG emissions. By supplying these carbon-neutral products, we contribute to our customers' efforts to reduce their supply chain carbon footprints.

[4] Also called carbon offset products

Aggregation, Analysis, and Reporting of GHG Emissions

We regularly aggregate, analyze, and report our GHG emissions in accordance with procedures based on host country systems and international guidelines. In Japan, we properly manage and report in accordance with domestic laws and regulations, including the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. We also obtain third-party assurance of our environmental data from SOCOTEC Certification Japan to ensure the reliability of our GHG emissions reporting.

In our domestic exploration and development operations, through our membership in the Japan Energy Resources Development Association, we participate in the Keidanren Carbon Neutrality Action Plan, a voluntary emissions reduction initiative. In FY2021, we reexamined our targets for reducing emissions by FY2030. In FY2023, we endorsed the concept and directions of GX as advocated by the Japanese government, and completed the steps for transitioning to participation in the GX League. Member companies of the GX League participate in the GX-ETS, a voluntary emissions trading scheme. Therefore, we will commence reporting in accordance with this scheme from FY2024.

Disclosures in Line with TCFD Recommendations

Disclosures in Line with TCFD Recommendations

Overview of the TCFD Recommendations		INPEX's Disclosures
Governance		
Disclose the organization's governance around climate-related risks and opportunities		
1	Describe the board's oversight of climate-related risks and opportunities	● Governance Structure for Climate Change Response
2	Describe management's role in assessing and managing climate-related risks and opportunities	● Message from the Director in Charge of Climate Change Response ● Governance Structure for Climate Change Response
Strategy		
Disclose the organization's governance around climate-related risks and opportunities		
1	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	● FY2023 Status of Climate Change-related Risks ● FY2023 Status of Climate Change Opportunities
2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	● Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)
3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	● The INPEX Low-Carbon Society Scenarios ● Financial Impact Assessment of Transition Risks ● Assessment of Physical Risks at Our Assets
Risk Management		
Disclose how the organization identifies, assesses and manages climate-related risks		
1	Describe the organization's processes for identifying and assessing climate-related risks	● Assessment and Management of Climate-related Risks and Opportunities
2	Describe the organization's processes for managing climate-related risks	● Assessment and Management of Climate-related Risks and Opportunities
3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	● Risk Management System
Metrics and targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
1	Disclose the metrics used by the organization to assess climate change-related risks and opportunities in line with its strategy and risk management process	● Goals for Addressing Climate Change ● Climate Change Response and Officers' Compensation
2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	● ESG Performance Data: Climate Change <Target Management>
3	Describe the targets used by the organization to manage climate change-related risks and opportunities and performance against targets	● Goals for Addressing Climate Change

Seven Metrics of Disclosure in Line with TCFD Guidance of Metrics, Targets, and Transition Plans

Overview of Metrics		INPEX's Disclosure	Pages
1	Capital Deployment	Investment from 2022 to 2030	Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)
2	Climate-Related Opportunities (Five net zero businesses)	Operating cash flow around 2030	Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)
3	Remuneration	Climate Change Response and Directors' Compensation	Climate Change Response and Directors' Compensation
4	Physical Risks	Assessment process for physical risks	Assessment of Physical Risks at Our Assets
5	Transition Risks (Assessment of Financial Impact)	Financial Impact Assessment of Transition Risks	Financial Impact Assessment of Transition Risks
6	Internal Carbon Prices	Financial Impact Assessment of Transition Risks	Financial Impact Assessment of Transition Risks
7	GHG emissions	Scope 1, 2, 3 (ESG Performance Data)	Climate Change <Target Management>

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Our Policy

Through a resolution by the Board of Directors, INPEX has defined a Group-wide **Health, Safety and Environmental Policy** (HSE Policy) that aims to ensure the health and safety of its employees, contractors, project partners, local community members, and all other stakeholders while addressing global environmental issues and generating environmental value. The policy is applied to all employees and contractors who engage in Group activities, including our operational sites. The HSE Policy is implemented through the combined efforts of the corporate HSE Unit—comprising the Planning, Health & Safety, Process Safety, and Environment groups—and by way of our robust HSE Management System.

In 2022, we formulated The Corporate HSE 4th Phase Mid-Term Strategy (FY 2023 - 2025) (FY2023–2025), a three-year plan comprising the following commitments, based on INPEX Vision @2022. In line with this plan, we are enhancing initiatives to further improve our HSE management.

- Strengthening incident prevention efforts
- Further improving process safety management through systemic programs
- Helping to address global environmental challenges and creating environmental value
- Preparing for emerging threats [1]
- Reinforcing health management and measures for infectious diseases
- Demonstrating HSE leadership and improving effectiveness of the HSEMS
- Enhancing HSE competency and securing personnel
- Implementing HSE management for the five net zero businesses

[1] Emerging threats: Geopolitical risks, cyberterrorism, large-scale natural disasters, etc.

Message from the Officer in Charge of HSE

Hideki Kurimura
Managing Executive Officer, Senior Vice President,
Technical Headquarters and in charge of HSE

To realize the sustainable energy development, we advocate as part of our Mission, we are required to conform to high ethical standards as a member of society and foster a corporate culture that prioritizes safety and environmental conservation. To maintain a stable energy supply, we must conduct our business internationally in search of natural resources. To this end, we have developed our HSE Management System (HSEMS) and conduct our activities in accordance with global standards.

In addition to our Group-wide HSE Policy, we have developed a comprehensive HSEMS Manual to ensure our policy is thoroughly and reliably implemented. We are expanding our platform of operation to ensure safety and protect the environment by applying the four basic principles of leadership, risk management, continuous improvement, and implementation as we conduct our activities.

We also formulated The Corporate HSE 4th Phase Mid-Term Strategy (FY2023–2025) in 2022. To achieve a rate of zero major incidents [2], we will ensure compliance with the fundamental Life-Saving Rules and strengthen our process safety management. Through these measures and other efforts outlined in the Plan, these and other efforts, we will ensure implementation of the eight initiatives to further improve our HSE management.

Going forward, through our relentless pursuit of HSE excellence, we will contribute to society by improving our resilience in the oil and gas business and fulfilling our responsibility to ensure a stable supply of clean energy.

[2] Major accidents: Fatalities, major leaks, or serious injuries occurring in an operator project

HSE Management System (HSEMS)

Our Policy

To ensure the successful implementation of the HSE Policy in its business activities, in FY2007 INPEX developed the HSEMS Manual, referencing standards such as ISO 9001 and ISO 14001. This manual was revised in FY2017 based on the international standard OMS510 [1], issued by the International Association of Oil & Gas Producers (IOGP). OMS510 is a system whose fundamental principles are leadership, risk management, continuous improvement, and implementation. This system forms the foundation by which we improve the performance and effectiveness of our HSEMS. Based on these fundamentals, the HSEMS Manual defines the structural elements vital to the implementation of our HSEMS. These include: the preparation and revision of key HSE documents such as corporate manuals, procedures, and guidelines; the establishment of HSE organizations; HSE technical support for each division; HSE education and training; HSE communication activities; and periodic HSE audits and reviews.

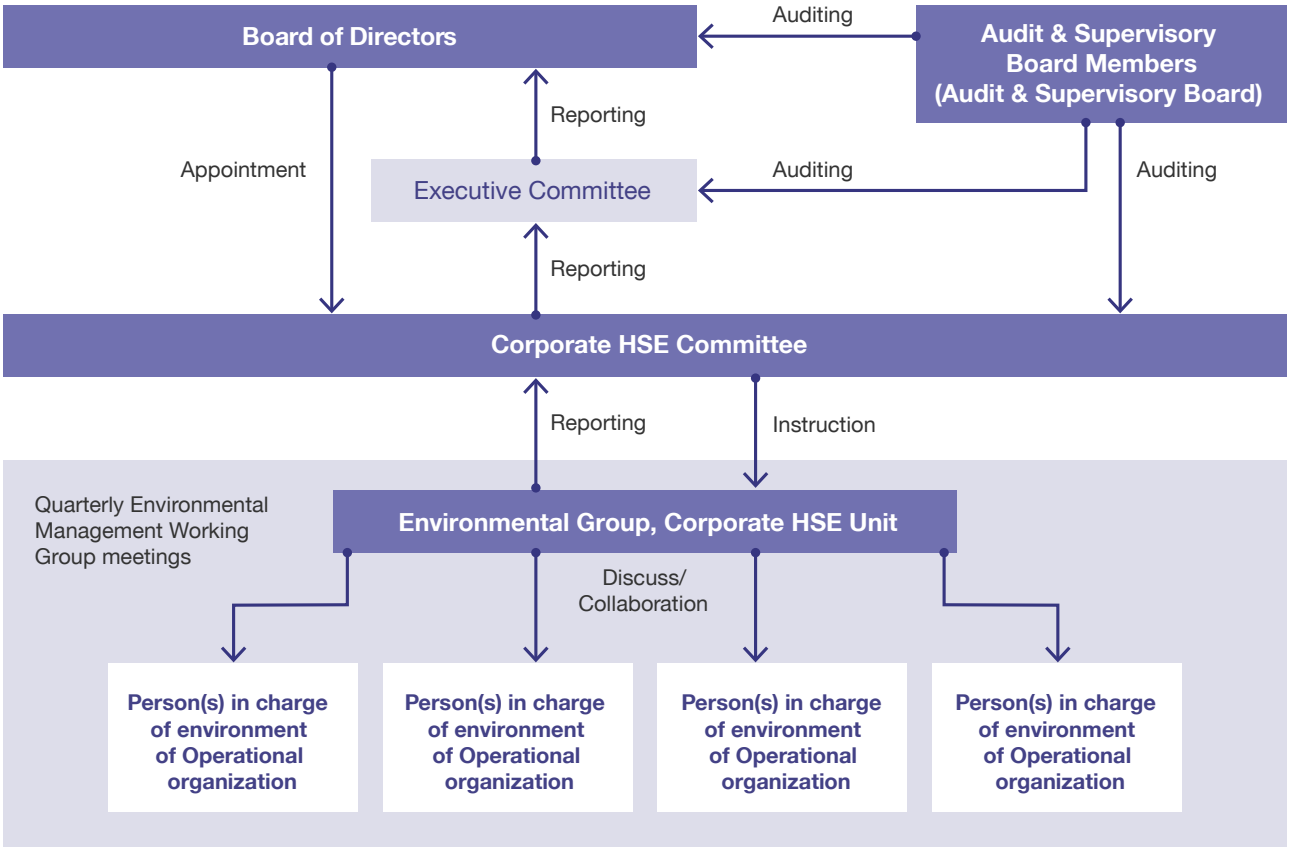
The Nagaoka Field Office, our largest office in Japan, obtained ISO 14001 certification in FY2003 and has maintained this international certification for environmental management systems ever since, in conjunction with our HSEMS.

[1] OMS510: IOGP Report No. 510: "Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry"

HSEMS Structural Diagram

HSE Governance

HSE Management Structure



The Board of Directors and the Executive Committee oversee HSE. Our Corporate HSE Committee comprises the Senior Vice Presidents of our operational organizations that implement and manage operator projects, and head office divisions that manage non-operator projects and subsidiaries, and the General Managers of corporate divisions. The Committee meets regularly to propose and implement the Group's initiatives for tackling HSE challenges, analyze risks and opportunities, and monitor the operating status and effectiveness of the HSEMS. Important Group-wide matters resolved by the Committee are then discussed by the Executive Committee and the Board of Directors.

HSE Objectives and Programs

To ensure the continuous improvement of our HSEMS and achieve Group-wide HSE management. We do this by setting annual HSE objectives, developing and executing annual HSE programs to achieve these HSE objectives, and managing improvement progress. The key achievements of our FY2023 HSE programs were as follows:

1. We established and conducted a Group-wide "safety month" campaign from September to October. We used the catchphrases "time in field" (prioritizing the workplace) and "speak up" (active dialogue) to enhance occupational safety (thorough compliance with the Life-saving Rules) and process safety management, while encouraging leaders to talk with staff at each site.
2. In response to increasing external demands for reduced methane emissions, we had several discussions with relevant internal organizations, leading to the joining of the Oil & Gas Methane Partnership 2.0 (OGMP 2.0). We also enhanced our presence through self-assessment surveys based on the Taskforce on Nature-related Financial Disclosures (TNFD) guidelines, and presentations at workshops with IOGP and national oil companies in Asia, to comply with TNFD, an globally significant body for biodiversity and water, etc.
3. As part of preparations for emerging threats, and in consideration of increasing cyber risks, we formulated emergency response plans anticipating attacks on operation and information systems. This was executed in collaboration with the Information Security Committee which also involved leading crisis response drills to strengthen preparedness.

Our FY2024 HSE objectives were created based on The Corporate HSE 4th Phase Mid-Term Strategy (FY 2023 - 2025).

Compliance with HSE Legal Requirements

We engage in our business activities in compliance with the laws of the countries in which we operate our projects.

For our operator projects, we identify legal requirements and manage the compliance status of each project in line with our internal procedure. This assessment outlines the measures for identifying, disseminating, and complying with HSE legal requirements, and responding to their changes. We also regularly update information to reflect new enactments and changes to laws.

For our non-operator projects, we periodically deliberate with related departments regarding the approach to managing and being involved in efforts to comply with HSE legal requirements.

We will continue to coordinate with projects and related departments, both in Japan and overseas, creating systems for managing HSE legal requirements throughout the Group, and complying with all such legal requirements.

HSE Risk Management

To minimize the negative impact of our operator projects, INPEX identifies, analyzes, and assesses HSE risks in accordance with international standards (ISO 31000 and ISO 17776). Before engaging in operations, we confirm risk levels are lowered to acceptable levels.

Furthermore, to achieve the INPEX Vision @2022 goal of “zero major accidents,” we conduct thorough HSE risk management throughout the Group. As part of these efforts, our corporate HSE Unit receives quarterly reports on risks that have potential to lead to major accident events (MAEs ❷) and the other top 10 risks at all operator projects. We confirm the reported risks are being managed to as low as reasonably practicable (ALARP) level and provide our findings to the Executive Committee.

❷ Major accident events (MAEs): Events that cause fatalities, serious injuries, and other serious harm to people and property in the surrounding area, including fires, explosions, and toxic gas clouds resulting from large-scale leakages

Fostering of HSE Culture

To establish a mentality that prioritizes HSE within our organization, we have engaged in ongoing efforts to foster a strong HSE culture. This includes developing our HSEMS, providing HSE education and training, and sharing what we have learned from incidents through the course of our incident investigations (Learning from Incidents: LFI) with all employees.

As an additional effort aimed to foster HSE culture, we present annual Corporate HSE Awards. These awards aim to motivate and raise HSE awareness within organizations, divisions, and individuals, as well as improving Group-wide HSE performance. In FY2023, six awards in total were presented, with the HSE Excellence Award presented to one group and HSE Activity Awards given to three groups and two individuals.

We believe that our senior management must lead the way in our efforts to raise HSE awareness among our employees and the proactively implement HSE activities.

To realize “Safety Number One,” one of the INPEX Values, we also conduct HSE management site visits which enable senior management executives to observe field operations firsthand, helping to gain a better understanding of the risks involved and directly reinforce the significance of HSE to those in operational sites. During FY2023, senior management executives participated in HSE management site visits to a total of 11 sites in Japan and overseas.

Management Site Visits

Ichthys LNG Project offshore facility

Communication with employees

In May, our Director in charge of HSE visited three onshore and offshore sites of the Ichthys LNG Project. During the visit, the Director told employees that while continuous production and operation are needed, the sites require a lot of maintenance work. Therefore, there may need to be a trade-off sometimes between production/operation and safety, which may entail actions such as production stoppages. This emphasized the point of safety first, a policy that must never be compromised.

In August, our President & CEO visited the fifth phase construction site of the New Tokyo Line. His visit reaffirmed that regular visits to the site by our management, as the customers in this case, increases the safety culture at the site that results in an accident-free workplace.

At all sites, senior management executives demonstrate HSE management leadership. The visits were valuable opportunities for senior management and site employees to communicate directly about HSE initiatives and challenges. By engaging senior management to deliver a unified HSE management message to each site, these visits aim to increase overall HSE awareness throughout the Group. We will continue to conduct HSE management site visits in FY2024.

Annually in September, a HSE Forum is held, bringing together operational organization HSE personnel, and representatives of head office operational and corporate divisions for intensive discussions on Group-wide HSE issues.

With the settling of COVID-19, FY2024 saw an increase in global activity. In response, we established and conducted a Group-wide “safety month” campaign from September to October. Using the catchphrases “time in field” (prioritizing the workplace) and “speak up” (active dialogue) to enhance occupational safety (thorough compliance with the Life-saving Rules) and process safety management, we encouraged leaders to talk with staff at each site. We also held internal seminars on the topics of succession and thoughts about safety, learning from incidents, and being aware of subtle danger signals. From video messages from the President & CEO to Group-wide distribution of posters, we implemented a range of measures, resulting in greater safety awareness across the Group.

Annual HSE Meetings

At our Annual HSE Meeting in November, we reflected on the “safety month” campaign and discussed safety activities for the next fiscal year. As our commitment toward safety, attendees at the meeting, including the President & CEO, other senior management executives, and site leaders, all signed the Safety Declaration.

Education and Training for Enhanced HSE Competency

In FY2023, we conducted 2,245.5 person-hours of HSE education and training via internal workshops and training sessions. In addition, for junior technical employees, we provide ongoing hands-on outside training opportunities, both in Japan and overseas, so they can acquire practical occupational safety management and process safety engineering skills.

We also develop job competency profiles by field for our HSE personnel and encourage them to further develop their HSE competencies through on-the-job training (OJT), opportunities and participation in training sessions offered by external organizations specializing in HSE. We will continue to provide training opportunities to employees in FY2024 as we strive to raise the level of their HSE competencies.

HSE Assurance

We periodically conduct HSE audits and reviews to evaluate if the HSEMS is being put to full and steady use in our operator projects and corporate divisions, with the aim of strengthening HSE assurance. To do this, every year we formulate a corporate HSE auditing program and periodically perform HSE audits of operational organizations and the corporate HSE Unit. HSE audits are conducted by internal Lead Auditors with an equivalent level of training to someone with international certification from the International Register of Certificated Auditors (IRCA). In FY2023, we conducted risk-based corporate HSE audits ❸ for two domestic operational organizations. The results of the HSE audits are reflected in improvements to the HSEMS as necessary.

We also conduct internal reviews to evaluate projects from technical and economic perspectives when considering: new projects led by domestic and overseas operational organizations; non-operator project participation planned by head office divisions; and projects under the five net zero businesses, such as hydrogen and ammonia projects at individual sites. HSE-focused evaluations of projects are also conducted. The results of the evaluations are used to formulate corrective actions, based on mutual agreement. The progress of these corrective actions is then tracked and HSE operation support is provided as necessary, promoting ongoing improvements by steadily implementing corrective actions.

❸ Risk-based corporate HSE audits: A methodology for narrowing audit focus to areas with greater risk by considering risks inherent in the organization

HSE Objectives and Plans

The Corporate HSE 4th Phase Mid-Term Strategy (FY 2023 - 2025): Initiatives for Better HSE Management

1. Strengthen incident prevention efforts

Goals of the Mid-term Plan

- Maintain rate of zero major incidents. Strengthen HSE risk management for preventing incidents to reduce LTIR and TRIR to IOGP average levels.
- Develop HSE management documents and tools to efficiently support operational projects. Consider development of IT systems for efficient HSE data management.
- Consider adoption of new technologies for reducing occupational safety risks.

FY2023 Objectives	Evaluation	Evaluation and future actions
Quickly share incident information and lessons, and analyze trends such as root causes. Also, conduct thorough safety education and dialogues with employees and contractors.	**Poor**	• INPEX Group-wide LTIR was higher than last year and TRIR was lower (2022: LTIR 0.27, TRIR 2.53/2023: LTIR 0.51, TRIR 2.17). Also failed to achieve IOGP average levels, which is a goal of the Mid-term Plan (Ref. 2022: LTIR 0.28, TRIR 0.98). • One Tier 1 process safety incident occurred at the Ichthys LNG Project. • Conducted a Group-wide “safety month” campaign from September to October 2023 due to the reduced safety performance.

2. Further improve process safety management through systemic programs

Goals of the Mid-term Plan

- Strengthen asset integrity and process safety management (AIPSM) according to the focus area program and goals of the process safety management roadmap.

FY2023 Objectives	Evaluation	Evaluation and future actions
Steadily conduct initiatives for asset integrity and process safety management based on the roadmap.	**Good**	• Started work to identify necessary process safety-related competencies and establish management methods for all employees. Identified target positions and necessary competencies. Planning to complete this work in 2024 and start rolling it out to operational organizations. • Published change control requirements. • Started work to confirm process safety risks at the Ichthys LNG Project. Planning to complete this work in 2024 and connect process safety risk management activities at the Ichthys LNG Project with corporate HSE risk management activities. • Acquired practical knowledge of hydrogen and ammonia safety design and evaluation through design operations across multiple projects.

3. Help to address global environmental challenges and create environmental value

Goals of the Mid-term Plan

- Revise environmental management mechanisms in the current HSE Management System. Respond to global environmental challenges and strengthen social management.
- Promote initiatives to reduce GHG emissions.
- Implement biodiversity conservation and water management based on mitigation hierarchy and promote creating positive impact.

FY2023 Objectives	Evaluation	Evaluation and future actions
Build foundations for Group-wide environmental and social impact management. Promote Group-wide studies to reduce GHG emissions and help to address global environmental challenges.	**Good**	• Developed a structure for reducing GHG emissions through a collaboration with the Climate Change Strategy Group and Technical Planning & Coordination Unit. Officially joined OGMP 2.0. • Conducted trial evaluations of domestic biodiversity in compliance with requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) and identified challenges associated with the evaluation work. • Conducted a careful examination of water balance and waste disposal flow.

4. Prepare for emerging threats

Goals of the Mid-term Plan

- Strengthen geopolitical risk preparedness (thorough security risk assessments) and reexamine security risks at each site.
- Strengthen cyber security risk preparedness.
- Strengthen preparedness for increasingly intense natural disasters.

FY2023 Objectives	Evaluation	Evaluation and future actions
Enhance preparations for emerging threats by checking and revising plans for cyber security, natural disasters, and geopolitical risks.	Good	● Continuing to conduct emergency response exercises for natural disasters and geopolitical risks at each organization. ● Corporate established emergency response plans, anticipating geopolitical risks, for several overseas sites and conducted regular exercises. ● Corporate worked with Information Management & Technology Unit to establish an emergency response plan, anticipating cyber attacks at operational sites. ● Reorganized the Corporate Crisis Management Team and collaborated with the General Administration Division to update the Metropolitan Tokyo Earthquake Response Plan.

5. Reinforce health management and measures for infectious diseases

Goals of the Mid-term Plan

- Implement requirements of the Corporate Health Management Standard and enhance Group-wide occupational health management.
- Promote the INPEX Group Health Statement initiative, with a particular focus on enhancing mental health care.
- Establish a preparedness and response capability for infectious disease outbreaks.

FY2023 Objectives	Evaluation	Evaluation and future actions
Work to improve health management and performance, including the areas of mental health, infectious diseases, and fatigue control, in line with the Corporate Health Management Standard.	Good	● C-CMT served as the secretariat (for COVID-19), monitored the latest COVID-19-related trends, and gathered and reported information on measures, in a timely manner. ● Currently conducting a Mental Health and Wellbeing Program at the Ichthys LNG Project. ● Enhancing measures against heatstroke at domestic organizations.

6. Demonstrate HSE leadership and improve effectiveness of the HSEMS

Goals of the Mid-term Plan

- Increase top management engagement in HSE and improve Group-wide HSE awareness.
- Improve the quality of HSE Management System documents.
- Improve the quality of HSE audits.

FY2023 Objectives	Evaluation	Evaluation and future actions
Use results of the HSEMS gap analysis and corporate HSE audits to improve the effectiveness of the HSE◇S. Also improve audit quality and capability.	Good	● Conducted 11 management site visits to sites of domestic and overseas organizations. ● Expanding the scope of informal meetings and inspections during site visits to domestic organizations. ● Conducted corporate audits of DOM and DSM, and confirmed that there were no major issues related to management systems.

7. Enhance HSE competency and secure personnel		
Goals of the Mid-term Plan	● Establish mechanisms for identifying and managing the required HSE competencies for each job category. ● Establish mechanisms for promoting personnel exchanges to develop HSE personnel and improve the HSE competency of employees in INPEX at a global level.	
FY2023 Objectives	**Evaluation**	**Evaluation and future actions**
Create a plan for mechanisms to develop HSE personnel and improve the HSE competency of employees.	**Good**	● Corporate sent process safety engineers and environmental specialists to domestic and overseas organizations. ● HSE advisors sent on short-term assignment to corporate from the Ichthys LNG Project. ● Created a draft document for the HSE competency management framework.

8. Implement HSE management for the five net zero businesses		
Goals of the Mid-term Plan	● Support the five net zero businesses by implementing fit-for-purpose HSE management processes. ● Promote HSE technical support not only for E&P businesses, but also for the five net zero businesses.	
FY2023 Objectives	**Evaluation**	**Evaluation and future actions**
Actively participate in and support HSE management for projects of the five net zero businesses.	**Good**	● This fiscal year, started implementing HSE management processes at the Hirai Blue Hydrogen and Okuhida geothermal well drilling projects in Japan, and in the Wheatbelt region for the Ichthys LNG Project.

Safety Management

At INPEX, the overarching goal of health and safety management is to ensure that all employees at its worksites return home each day, free from injury and illness. We recognize that our employees' physical and mental well-being is the foundation of the Company. Accordingly, we strive to provide them with a safe work environment and carry out initiatives aimed towards maintaining their good health. The safety of our employees and contractors involved in our projects as our top priority, managing health and safety risks through our HSEMS. In the course of our operations, it is imperative for the occurrence of major accidents (such as fatalities, major leaks, or serious injuries) to never occur. Therefore, we aim to achieve "zero major accidents" as one of our management goals and have subsequently set common safety goals for all our employees.

Incident prevention efforts

YEAR 2023

FAR		LTIR		TRIR		Process Safety Event			
Fatal accident rate 0		Lost time injury rate 0.51		Total recordable injury rate 2.17		Process safety event Tier 1 1		Process safety event Tier 2 2	
Target	0	Target	0.27	Target	2.35	Target	0	Target	–

* Tier 1 and Tier 2 process safety events (PSEs): Tier 1 and Tier 2 PSEs are unexpected releases or leakages of any material, including flammable liquids. In line with IOGP requirements, we classify and report such events as Tier 1 or Tier 2 depending on the degree of consequence (personal harm, direct cost to the Company, type and quantity of material released, etc.).

As a way of quantitatively measuring our safety performance, we monitor two key performance indicators (KPIs) of injury-causing accidents: the lost time injury rate (LTIR) ❶ and the total recordable injury rate (TRIR) ❷. We gather such data in accordance with reporting guidelines defined by the IOGP and while benchmarking ourselves against IOGP participating companies. Our LTIR and TRIR for FY2023 were 0.51 and 2.17 respectively, representing a year-on-year increase for LTIR and decrease for TRIR.

During FY2023, a Tier 1 process safety event occurred at the Ichthys LNG Project ❸, but we identified the cause of the leak and have already implemented recurrence prevention measures.

As efforts for incident prevention, we continue to thoroughly share learning from incidents, and analyze and share insights on trends in major accidents and injurious incidents.

We also monitor two leading safety KPIs related to incident management—(1) implementation of incident investigations; and (2) implementation of high-priority corrective actions—to strengthen our ability to conduct prompt incident investigations and take remedial actions.

Incident investigations are conducted promptly upon occurrence, and the results of the investigation are required to be submitted within 7 to 40 days of the incident, depending on the severity. Bulletins and lessons drawn from incidents are shared with all employees via the HSE Portal and other methods. All incidents reported during 2023 were investigated and corrective actions were taken.

Further activities to prevent major accidents include firmly embedding Life-saving Rules to ensure the safe performance of tasks that carry a high risk of fatality.

❶ Lost time injury rate (LTIR): Rate of injuries resulting in fatalities or lost time per million hours worked
❷ Total recordable injury rate (TRIR): Rate of injuries resulting in fatalities or lost time, not entailing lost work time, or requiring medical treatment per million hours worked
❸ Tier 1 process safety event at the Ichthys LNG Project: A heating medium oil leaked from the heating medium cooling system used in processing at the onshore LNG production facility. Production was stopped immediately and the leak was contained, so there was no impact on safety or the surrounding environment.

Process Safety Management

Our Policy

Process safety management is the framework of systems and processes for the robust design, engineering, operating, and maintenance practices needed to prevent the leakage of flammable liquids or other hazardous substances, or the occurrence of MAEs, such as fires and explosions that may occur from such leakages.

By thoroughly managing process safety, we endeavor to prevent leakages from the processes of our facilities.

Thorough Implementation of Process Safety Management

As shown in the figure below, our process safety management consists of four focus areas and 20 elements. Each element has a detailed set of expectations to which operator projects must adhere. Within the process safety management framework, we prevent process leakage-related MAEs at facilities through systematic identification and assessment of risks. We have also voluntarily adopted a Safety Case regime at our operational facilities. This documents implementation of sufficient measures to reduce impact in the event of MAEs, and ensures risks are maintained to the ALARP level.

In FY2022, we created the 2023–2027 Roadmap for Ongoing Improvements to Process Safety Management. With the aim of systematic implementation of ongoing improvements, this roadmap outlines the process involved in bringing all organizations in the Group up to the same level of maturity in five priority areas by FY2027. This roadmap is being applied from FY2023 onward to strengthen our process safety management. In FY2023, we developed a mechanism for achieving Group-wide process safety management competency and published new change control requirements. We are also applying our process safety knowledge to the fields of hydrogen, ammonia, and CCUS.

Process Safety Management Framework

Process Safety KPIs

We collect and report Tier 1 and Tier 2 process safety events (PSEs [1]) to quantify our process safety management performance. In FY2023, one Tier 1 and two Tier 2 PSEs occurred. We also set and monitor Tier 3 and Tier 4 leading KPIs for operator projects to help further prevent process leakages. We aim to improve the reliability of operations by collecting and analyzing data on process safety KPIs, drawing learning from past leakages to prevent recurrences, pinpointing trends in accident-causing factors, and—as a leading KPI—monitoring the implementation rate of actions that help to prevent leakages. At the same time, we share information on our process safety performance with stakeholders to avoid complacency and raise awareness of the importance of MAE prevention.

[1] Tier 1 and Tier 2 process safety events (PSEs): Tier 1 and Tier 2 PSEs are unexpected releases or leakages of any material, including flammable liquids. In line with internationally accepted guidelines, we classify and report such events as Tier 1 or Tier 2 depending on the degree of consequence (personal harm, direct cost to the Company, type and quantity of material released, etc.). We have also adopted Tier 3 and Tier 4 classifications as leading KPIs, referring to internationally accepted guidelines.

Asset Integrity Assurance

An Asset Integrity/Process Safety (AIPS) assurance review is a systematic series of reviews conducted by an independent team at appropriate points during each phase of a project. Specifically, this process assesses the actions implemented at a site to fulfill the expectations embodied in the 20 elements of process safety management. Benefits that can be expected from an AIPS assurance review include the following:

- Providing assurance to senior management and stakeholders that asset (equipment) value is being adequately protected
- Confirming our equipment meets AIPS management requirements
- Sharing good AIPS practices and learning from project to project

In addition, we conduct other reviews at each phase of the project, including reviews ahead of facility launch and operational readiness reviews. By tracking progress in the implementation of recommendations generated from these reviews and providing feedback on areas for improvement, we endeavor to enhance the integrity of our assets.

Security and Crisis Management

Our Policy

In response to the growing uncertainties of the security environment in recent years, INPEX makes continual efforts to reinforce and improve security management overseas. We also develop emergency response plans and conduct drills to strengthen our readiness to respond to various accidents, such as fires, explosions, and oil spills. In addition to the threat of novel infectious diseases like COVID-19, we also recognize emerging threats in recent years, such as natural disasters caused by heavy rains, floods, or other abnormal weather, or cyberattacks that might suspend operations—an example being the Colonial Pipeline ransomware attack in 2021. We are working to improve our readiness to manage such threats.

Evaluation and Management of Security Risks

The Middle East, one of our key regions of operation, has seen rising tensions between Iran and the United States, the change in government in Afghanistan, and missile and drone attacks on the United Arab Emirates (UAE) associated with the civil war in Yemen, among other concerns. We see these changes in world affairs, including the situation in Ukraine, as risks to our projects and employees, and recognize the ongoing need to keep a close eye on these situations.

The safety of our employees takes highest priority and we take all necessary precautions when our employees travel overseas on business in particular. Prior to employees travelling to high risk considered zones, we conduct security risk assessments and take appropriate safety measures to ensure their safety during business travel.

These pre-travel security risk assessments take a number or factors into consideration, including the political situation and law and order, with information always available for the employees to access. Assessments are used for determining any necessary safety measures and for taking appropriate countermeasures. We prepare contact details and response measures in case of an emergency, and conduct detailed local security reviews as necessary. This enables us to fully understand the regions where we operate, the local operational sites, routes of travel, accommodation used by employees, and other pertinent information, to take appropriate measures for ensuring employee safety.

For relevant overseas sites, we conduct ongoing security risk assessments, identify and implement any necessary safety measures, and prepare accordingly.

In addition, we conduct regular Hostile Environment Awareness Training (HEAT) for employees. HEAT is a comprehensive training program aimed at improving response capabilities in dangerous environments. This provides employees with the opportunity to acquire important skills for adapting to foreign cultures and environments.

Emergency and Crisis Response Structure

Our corporate divisions, our domestic and overseas organizations, and our operational sites have all prepared structures for responding to emergencies. Through drills and other opportunities, we regularly verify and update our emergency response documents, maintain and expand the required facilities and equipment. We work to elevate the level of coordination between organizations in the event of an emergency.

In 2023, we completely reorganized our Corporate Crisis Management Team at Akasaka head office, and strengthened our response capabilities, to support our crisis response personnel. We also finalized a backup Corporate Crisis Management Team office on the outskirts of Tokyo in preparation for an earthquake centered directly under the Tokyo metropolitan area.

Emergency Response Drills

Each year, our organizations in Japan and overseas conduct planned emergency response drills—both independently and together with our head office—to continuously improve emergency response capabilities.

In addition to ongoing drills anticipating MAEs impacting operations, we conducted a range of crisis response drills in 2023. They included joint cyberattack drills with our head office, emergency response drills in response to a worsening security situation at overseas sites, and drills focused on coordination with the backup Corporate Crisis Management Team office in the event of a Tokyo earthquake. Going forward, we will continue to use learning from such drills to guide improvements to existing manuals and strengthen our emergency responsiveness through various measures, including the deployment of new materials, equipment, and reserves. After the January 1, 2024, offshore earthquake that struck Japan's Noto Peninsula, our regular drills enabled us to quickly ensure employee safety, confirm damage status, and resume operations.

Response to Blowouts and Oil Spill Incident

We need to be prepared not only for large-scale blowouts and oil spills at oil and gas development sites, but also for small-scale spills from tanks and pipelines at production facilities, which may affect the local community's safety, health, and business interests.

Taking learnings from incidents experienced by other companies, we are enhancing incident management structures for our wells, pipelines, plants, and other assets in all aspects of incident prevention, containment, and response. We have developed rules and procedures for consistent management aimed at preventing incidents. To prepare against the malfunctioning of a subsea blowout preventer in offshore drilling, we maintain a contract with Wild Well Control, Inc., a supplier of capping equipment. We also have a contract with Oil Spill Response Limited—the world's largest provider of oil spill response services—to establish a structure for responding to a large-scale oil spill, and to constantly acquire knowledge of oil spill response technologies. There were no oil spills at our operator projects in FY2023.

Promotion of Health and Productivity Management

INPEX Group Health Statement

INPEX believes the mental and physical health of all employees is the foundation of the Company, therefore regard health management as a material management issue. The INPEX Group Health Statement issued in September 2018 sets out our position to support and improve the health of employees and their families, with the President & CEO appointed as Chief Health Officer.

The statement declares that: the Company will maintain and improve the physical and mental health of employees as well as their families; the Company aims to build a vibrant corporate culture by creating a work environment to maximize the potential of all employees; and employees should recognize their own responsibility in improving their lifestyles and proactively strive to maintain physical and mental health.

Approach to Health and Productivity Management

Under the leadership of the President & CEO as Chief Health Officer, we are working with our labor union, health insurance union, and medical officers to maintain and improve the health of our employees and their families and to create a healthy workplace.

For this purpose, we have set up Health Management Committee(Committee inauguration date: September 26, 2018). The Committee meets regularly, at least once a year to identify employee health issues and consider relevant solutions, while implementing ongoing improvements through the PDCA cycle. To improve the expertise of the Committee, our head office medical officers are also members.

Health Management Committee

Health Management Committee					
	(Vice-chair)	(Chair)	(Vice-chair)		
Members	Director in Charge of HSE	Head of General Administration Division	Head of Corporate Strategy & Planning Division	Head of Domestic Energy Supply & Marketing Division	Head of Domestic Exploration and Production Division
	General Manager, HSE Unit	General Manager, Human Resources Unit	General Manager, Corporate Strategy & Planning Unit	General Manager, Administration Unit, Domestic Energy Supply & Marketing Division	General Manager, Planning & Coordination Administration Unit
	Labor union	Health insurance union	Headquarters medical officer		
Secretariat	HR Unit	Public health nurse			

Agenda items:

- Issues relating to employee health and required countermeasures
- Groundwork for health and productivity management, steps to improve the workplace environment
- Specific measures to address employee mental and physical health
- Review of effectiveness of measures to maintain and improve health
- Other important matters relating to maintaining and improving health

Measures to Maintain and Improve Health

The INPEX Group Health Statement declares that the Company will maintain and improve the physical and mental health of employees, and their families, aiming to build a vibrant corporate culture by creating a work environment to maximize the potential of all employees. We have established a centralized database to manage the results of employee health checks, and have stationed health nurses on a permanent basis at our head office and at operational locations with more than a certain number of employees. There is much collaboration between medical staff at different locations as part of a systematic approach to mental and physical health management.

To maintain and improve the health of employees, we have implemented a range of measures, such as: 100% participation in annual health checks; measures related to mental health and overwork; establishment of separate smoking areas; introduction of health apps; and health promotion events. Taking a medium- to long-term perspective on health to further enhance these initiatives, in FY2022, we developed the INPEX Health Management Strategy Map and INPEX 7 Health Actions, continuing to monitor the degree of implementation and effectiveness of health actions to further improve the health levels of all employees. We have also established specific targets for: employee participation in health checks and stress checks; average overtime hours; paid leave acquisition rate; and participation in government-sponsored specified health checks and specified health guidance programs. To reduce the incidence of high stress and poor health among our employees, we are also working to become a company where every employee has a high level of health awareness, is healthy in mind and body, and is highly motivated in their work.

Employees posted to positions outside Japan are provided with immunization against infectious diseases and annual health checks in Japan. They also receive information on medical care in their assigned localities, and are covered by emergency transportation arrangements, which include international transportation in case of injury or sickness.

Mental Health Initiatives

Employee stress checks are conducted once a year to ascertain the mental and physical condition of each employee, and analyze the organizational environment to enable workplace improvements. These checks allow us to monitor the mental health of employees at regular intervals, with a high 93% of employees completing the check in FY2022.

For those with mental health issues, the primary physician, medical officers, health nurse, HR department, and the employee's supervisor work together to provide follow-up care while the employee is on leave and after their return to work.

We have also: provided education on psychological safety to new employees during their orientation training; offered an external employee assistance program (EAP) that allows employees to seek consultation when feeling mentally or physically unwell; and conducted regular pulse check-in surveys. We also enabled access to mental health counselors to employees stationed overseas and their immediate family members. The system under which trainees receive operational guidance and emotional support from older workers—referred to as "mentors" (for first-year office workers and first and second-year technical employees) and as "supporters" (for second and third-year office workers)—is now well established.

Initiatives to Tackle Health Issues

We conduct a variety of initiatives to support the health of our employees.

For health checks, various measures are in place to enable employees to receive regular examinations. These include workplace health checks, financial assistance for complete medical examinations and cancer screenings, and, the receipt of health check results from medical officers. Regarding infectious diseases, we also offer financial assistance for influenza vaccinations.

In addition to health checks before and after overseas assignments for applicable employees and their families, we also provide an annual health check during the assignment to ensure they remain in good health. We strive to alleviate the health concerns of our employees and maintain their health on assignment. Our efforts involve familiarizing everyone with the risk of infectious diseases (malaria, Zika virus, HIV, tuberculosis, etc.) and other overseas medical risks. We also cover the costs of vaccinations before overseas assignments and health checks when they return temporarily to Japan.

Furthermore, we strive to create work environments to enable employees with cancer, or other serious illness or issues, to balance treatment and work commitments. This is achieved through our newly established sick leave system and flexibility in workstyles (extension of shorter working hours, shortened working hours for flextime work, and selecting the number of working days per week).

Results of Health and Productivity Management

FY2023 Results

Health Management Committee Meetings

- Held two meetings (June 1 and December 14, 2023)

Major Initiatives for Health and Productivity Management

- Enhanced mental health management (Group-wide mental health training/e-learning)
- Entered contracts with mental health specialists and enhanced cooperation with specialized medical facilities
- Introduced a new health app
- Entered the second year of a three-year plan to eliminate smoking from all offices during working hours
- Continued implementation of a total health support plan that combines online health seminars and smoothie deliveries to improve dietary habits by addressing issues like skipping breakfast and vegetable intake shortage

Status and Verification of Effectiveness of Health and Productivity Management Initiatives

Boundary		FY2020	FY2021	FY2022
Promotion of health actions	Installation of health support app (%)	19.1	20.0	58.3
	Participation in health events (%)	6.7	3.8	—
	Participation in online health seminars (%; from FY2022)	—	—	11.6
Prevention of lifestyle-related diseases and their aggravation	Participation in specified health guidance (%)	9.8	23.7	30.7
	Participation in periodic health checks (%)	100.0	100.0	100.0
	Participation in follow-up health checks (%)	66.9	79.6	83.7
	Participation in health checks for employees on overseas assignments during temporary return to Japan (%)	40.0	51.7	60.2
	Number of applications for financial assistance for cancer screening	21	17	19
	Number of sick leave cases (from FY2022)	—	—	11
	Number of employees who took sick leave	4	0	1
	Rate of employees who smoke (%)	15.1	16.3	16.6
	Rate of employees who maintain appropriate weight (%)	69.4	70.5	68.4
	Rate of employees who regularly exercise (%)	28.7	36.3	29.2
	Rate of employees who feel sufficiently rested after sleep (%)	81.7	81.0	77.5
	Rate of employees who regularly consume alcohol (%)	18.9	17.9	18.6
	Rate of employees with blood pressure risk (%)	0.4	0.2	0.4
	Rate of employees with potential risk related to blood sugar level (%)	0.2	0.2	0.5

	Rate of employees with poorly controlled diabetes (%)	0.4	0.5	0.6
Measures for mental health	Participation in self-checks (%)	23.1	18.2	17.5
	Participation in seminars regarding care by management or self-care (%)	—	—	—
	Participation in stress check (%; organizational diagnosis)[1]	94.5	91.3	93.1
	Stress reaction (deviation)	53.2	50.6	50.6
	Work engagement (deviation)[2]	51.4	52.0	52.7
	Rate of employees with high levels of stress (%)	6.0	6.3	6.3
	Rate of employees with high levels of engagement (%)	12.8	14.7	15.8
	Psychological safety (deviation)	—	50.8	50.9
	Absenteeism (days)[3]	0.8	1.1	0.9
	Presenteeism (points)[4]	62.9	64.6	65.4
	Number of employees on long-term absence/leave due to mental issues	15	17	16
	Number of cases received by various consultation desks	241	222	201
Promotion of work-life balance	Average hours of overtime work	21.3	22.6	21.9
	Total number of employees with more than 45 hours of overtime work in a month	1,398	1,413	1,654
	Total number of employees with more than 80 hours of overtime work in a month	77	69	82
	Rate of taking leave (%)	65.0	66.5	71.8
	One-on-one meetings (%; from FY2022)	—	—	48.4
	Use of financial assistance for various club activities (%)	12	17	63
	Use of outsourced welfare services (%)	51.0	51.5	56.4

1 Participation in the stress check (organizational diagnosis) was calculated, using the following figures, by dividing the number of respondents by the number of applicable employees and multiplying by 100. FY2020 (1,776/1,878), FY2021 (1,695/1,855), FY2022 (1,741/1,870)
2 Work engagement was calculated using a service provider scale covering eight items that correlate highly with the Utrecht Work Engagement Scale to measure the average deviation score among all employees.
3 Absenteeism is the average number of days of paid sick leave (including absences) used in the current fiscal year among all employees.
4 Presenteeism is based on a survey of employees using the WHO-HPQ absolute presenteeism scale (0–100). The results are the average for all employees.

List of Other Measures for Maintaining and Improving Health

General Health Measures

- Establishment of infirmary/health management room (medical officer/public health nurse/nurse)
- Establishment of health consultation desk
- Support for requirements against lifestyle-related diseases
- Financial assistance for health checks

- Treatment of time required for follow-up health checks as working time
- Medical officer consultation based on result of health check
- Health-related seminars
- Stretching and yoga sessions for stiff shoulders and lower back pain
- Morning warm-up sessions (before work)
- Welfare activities
- Promotion of sports facility use through introduction of a Cafeteria Plan
- Provision of in-house influenza vaccinations or financial subsidy
- Treatment of time required for vaccination as working time

Recognition under Health & Productivity Stock Selection and Certified Health & Productivity Management Outstanding Organizations Recognition Program

From 2020 through 2023, we were recognized for four consecutive years under the Health & Productivity Stock Selection program jointly operated by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. From 2019 through 2023, we were also acknowledged for five consecutive years as a “White 500” enterprise in the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program. The Health & Productivity Stock Selection program selects publicly listed companies for exceptional performance in their strategic approach to employee health and productivity management [1] from a management perspective. White 500 enterprises are jointly recognized by METI and the Nippon Kenko Kaigi as enterprises making outstanding efforts to address health and productivity management.

To achieve recognition under these two programs (Health & Productivity Stock Selection program, and Certified Health & Productivity Management Outstanding Organizations Recognition Program), we will take the necessary measures to understand employee health issues. We will also implement specific measures to create a basic framework for health and productivity management and boost the mental and physical health of our employees.

[1] Health and productivity management: A registered trademark of the Workshop for the Management of Health on Companies and Employees

Environmental Management

Our Policy

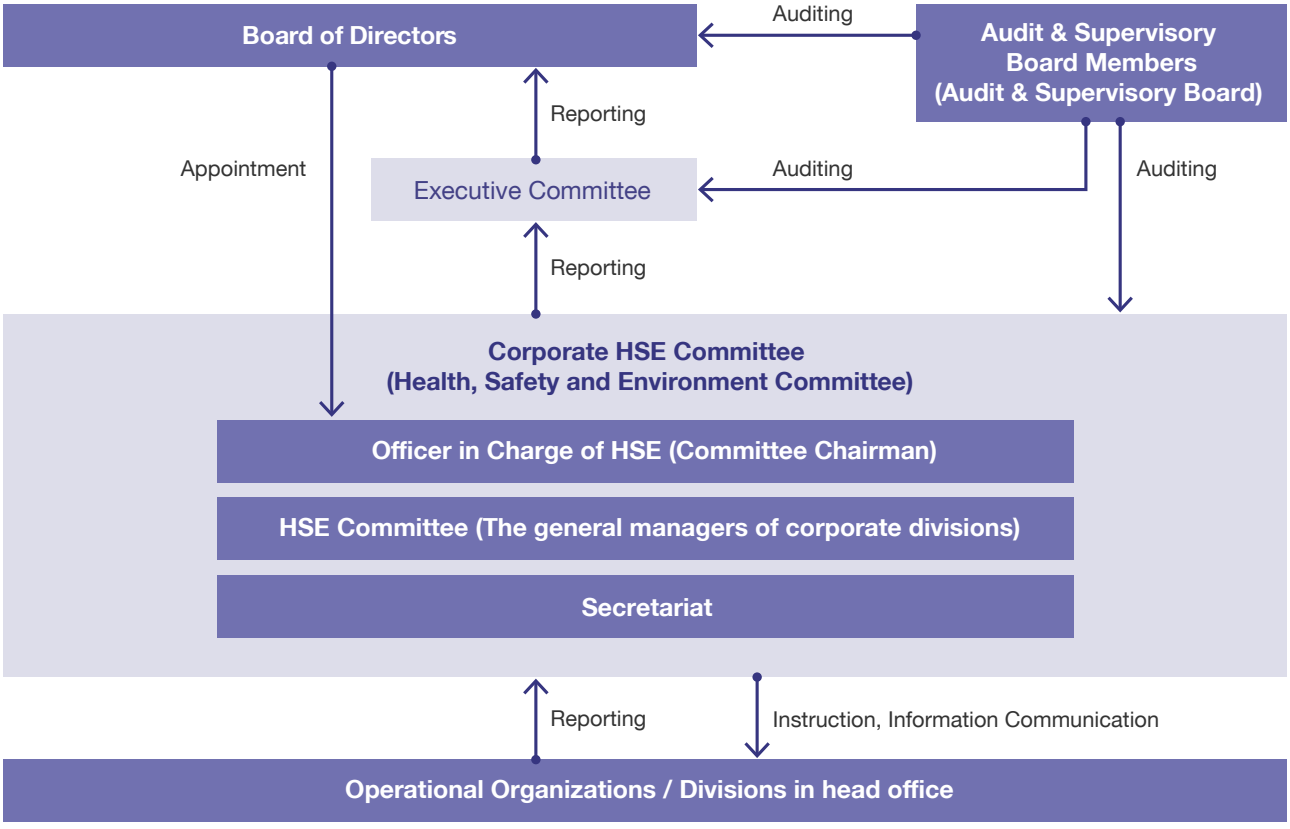
We recognize the importance of addressing the increasingly diverse global environmental issues emerging in recent years connected to our business activities, including climate change, biodiversity, and water management and waste. We have therefore incorporated initiatives to address such issues and to create environmental value as part of our HSE management enhancements. With this in mind, in FY2022, we revised our HSE Policy and published the policies and commitments on biodiversity conservation, water management, and waste management.

In this way, in addition to our traditional management initiatives to avoid, mitigate, or compensate for negative impacts on the environment surrounding our projects, we can contribute to the new creation of environmental value by working to promote a net positive approach to biodiversity and help create a circular economy through appropriate management of waste.

Governance

Our environmental management, including biodiversity conservation, is overseen by our Board of Director and Executive Committee meetings. In December 2022, the Board of Directors established fundamental principles and commitments on biodiversity conservation, water management, and waste management.

Furthermore, our environmental management initiatives are annually discussed in our Environmental Management Working Group, HSE Forum, and other meetings open to all stakeholders within the Company. The results of these discussions are reported to and deliberated by the Corporate HSE Committee, and important matters are reported to the Board of Directors.



Environmental Targets and Plans

Corporate Environmental Targets

In FY2019, we set five corporate environmental objectives as overarching goals for environmental management across the Group, along with 12 environmental KPIs to measure progress towards these objectives. Every year, we monitor the advancement toward these environmental KPIs, steadily progressing to achieve them through initiatives conducted over the past four years. In addition, while revising our HSE Policy and drafting the commitment documents in FY2022, which outlines efforts to address global environmental challenges and create environmental value, we established new environmental targets and KPIs.

From FY2023, we will implement Group-wide environmental management initiatives under these new environmental targets and KPIs, while making continuous improvements through application of the PDCA cycle.

Please refer to The Corporate HSE 4th Phase Mid-Term Strategy (FY 2023 - 2025) for the overall objectives of HSE.

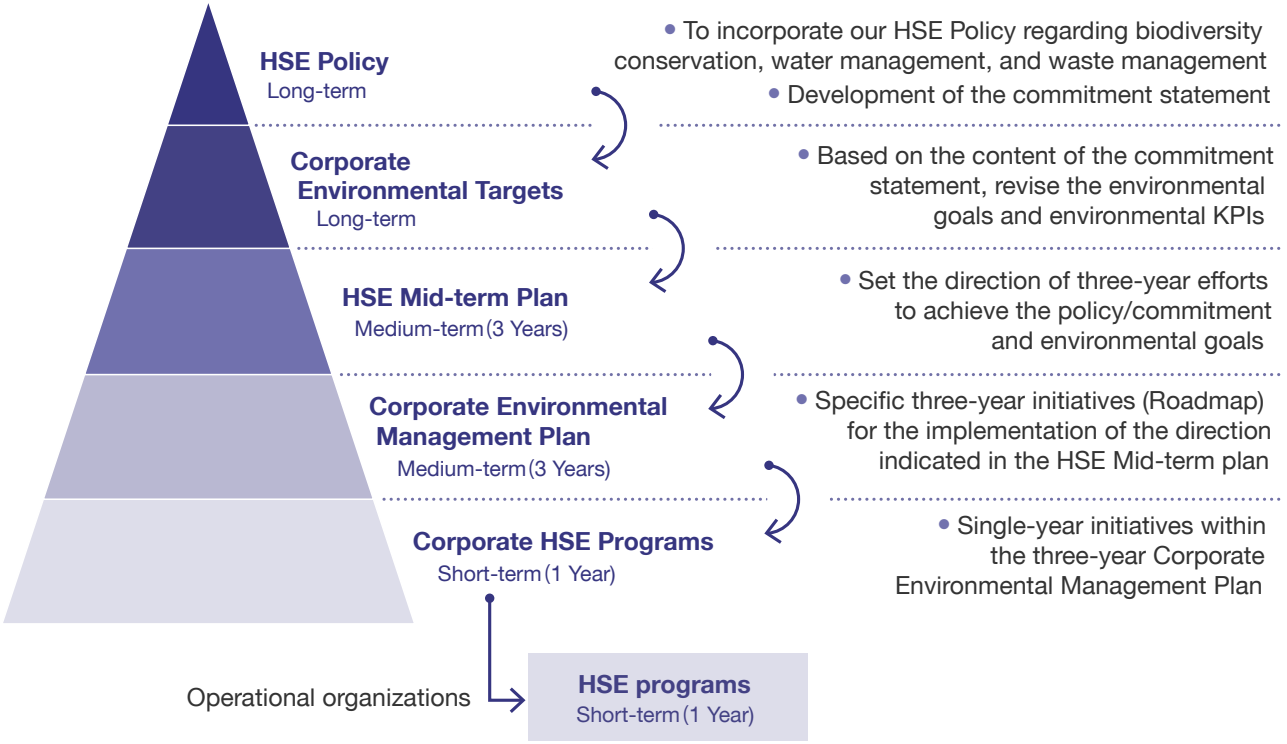
Environmental target 1	Low-carbonization in operations
	● Improve the accuracy of greenhouse gas emissions data management and enhance greenhouse gas emissions monitoring. ● Avoid continuous flaring and venting during normal operations. ● Minimize methane emissions through proper maintenance of facilities.
Environmental target 2	Group-wide environmental management
	● Identify and comply with environmental laws and regulations applicable to the business. ● Identify and assess the environmental risks and impacts of the business. ● Develop measures to reduce environmental risks and impacts and monitor their implementation.
Environmental target 3	Proper waste disposal and creation of a circular economy
	● Conduct periodic onsite inspections of waste disposal contractors to confirm proper disposal of waste. ● Ensure proper waste management during normal operations and implement the 3Rs — reduce, reuse, and recycle. ● Introduce initiatives for the creation of a circular economy.
Environmental target 4	Biodiversity conservation
	● Identify risks and opportunities related to biodiversity in INPEX. ● Avoid or reduce impacts on biodiversity associated with project implementation and plan and implement initiatives to create positive impacts based on the mitigation hierarchy[1]. ● Develop and implement Biodiversity Action Plans (BAP) including net positive impact in the case of projects implemented in critical habitats.
Environmental target 5	Water resource management
	● Identify risks and opportunities related to water resources in INPEX. ● Identify and visualize water use in the business. ● Implement appropriate water management (water intake, usage, and drainage) for the business.

1 Order of priority to avoid, reduce or minimize development impacts and then take compensatory measures for remaining impacts.

Please refer to the chapter on Climate Change for information on Low-carbonization in operations.

Environmental Management Document Architecture and Hierarchy

Within our Group-wide environmental management document architecture and hierarchy, corporate environmental targets have been set based on the direction of our environmental management as indicated in our HSE Policy and commitments, which serve as the primary HSEMS documents. In this, we have established the Corporate HSE Mid-term Plan (strategy) and Corporate Environmental Management Plan (three-year roadmap) to achieve the corporate environment targets. Based on these three-year plans, we execute consistent Group-wide environmental management by incorporating specific initiatives into annual HSE Programs across corporate and operational organizations.



Group-wide Environmental Management

In addition to complying with environmental laws and regulations of the countries in which we operate, we identify and assess environmental risks and impacts expected with our business activities, taking measures to prevent environmental pollution. In FY2023, there were no serious violations of environmental laws and regulations within our business operations. Going forward, we will continue working with relevant departments in Japan and overseas to ensure compliance with environmental laws and regulations, environmental risk management, and measures to prevent environmental pollution.

Identification and Assessment of Environmental Risks (ENVID Implementation)

We conduct Environmental Risks Identification (ENVID) in the early stages of new operator projects to identify potential environmental risks and develop risk mitigation measures.

ENVID is typically held in the form of a workshop, attended by experts from various fields, including those in charge of the planned project or task, engineers, and environmental specialists. In addition, we use our Risk Assessment Matrix (RAM) when assessing risks at ENVID, which leads to a Group-wide, consistent risk assessment.

HSE Audit (Environment)

The Nagaoka Field Office, our largest office in Japan, obtained ISO 14001 and has maintained this international certification for environmental management. In addition, our environmental management system (HSEMS) and ISO 14001 work in conjunction to identify and control environmental hazards and risks, and to monitor the environmental performance of the entire organization. These systems are audited by third-party organizations.

In addition, HSE audits based on our HSE management system are conducted by in-house Lead Auditors who have completed training equivalent to that of an internationally certified IRCA. In 2023, two HSE audits were conducted for operational organizations.

Proper Waste Disposal and Creation of a Circular Economy

Recognizing that proper management of waste is a critical environmental issue around the world, in December 2022, we established and published our Policy and Commitments on Waste Management, through a resolution of the Board of Directors.

Policy and Commitments on Waste Management

Our Policy

We ensure our actions reflect appropriate waste management, the 3Rs (reuse, reduce, recycle), and efficient use of resources to reduce environmental impact and form a circular economy.

Commitments

1. Reduce waste and implement appropriate waste segregation and collection
   - We will strive to reduce the amount of waste generated from our business activities and implement appropriate waste segregation and collection.
2. Implement appropriate waste treatment and disposal
   - We will treat and dispose waste generated from our business activities in accordance with the laws and regulations.
   - When outsourcing waste treatment and disposal to external contractors, we will undertake an appropriate contractor selection procedure and conduct regular inspections and audits to ensure that outsourced waste treatment and disposal is carried out appropriately.
3. Promote measures on the efficient use of resources
   - We will identify waste management issues in our businesses and promote measures on the efficient use of resources, including reuse and recycling.
4. Contribute to the formation of a circular economy
   - We will aim to contribute to the formation of a circular economy by building new business models, promoting innovation and leveraging our business operations.

Commitments on Recycling and Proper Disposal

We actively practice the 3Rs of environmental management - reduce, reuse, and recycle - at our projects, offices, and other sites to reduce our environmental impact.

We also properly manage, treat, and dispose of waste generated by our operations in line with the laws and regulations of countries in which we operate our projects. We create waste management plans for waste generated at our operator project sites that incorporate legal requirements, risk management methods, treatment and disposal methods, and audit plans.

When we are unable to viably reuse waste generated by our operations, we properly treat and dispose of it via licensed waste service providers.

Since 2023, we have conducted surveys to introduce more detailed classification methods for waste generated at each of our business sites, and to understand the detailed treatment status of waste up to final disposal. Through these efforts, we will further reduce the amount of waste for final disposal and promote reuse and recycling.

Efforts to Create a Circular Economy

In addition to our usual proper waste management and further implementation of the 3Rs, we will actively pursue a circular economy in our future endeavors.

Overseas Activities to Create a Circular Economy

Since being awarded exploration rights in 2019, we have been exploring Onshore Block 4 in the United Arab Emirates (UAE). Excavation cuttings generated by excavation activities are usually processed by an industrial waste processor before being sent to a final landfill for disposal, however, in this project, we recycle the cuttings through a cement manufacturer.

This recycling process is called co-processing, in which the mineral components in the excavation cuttings are used as raw materials for products, and the combustible components, such as oil, are recovered as heat in the clinker production process. Through these processes, more than 500 tons of excavation cuttings are recycled annually without generating secondary waste.

Research toward the Creation of a Circular Economy

As part of our research and development of flare reduction measures, we are currently studying the introduction of an initiative aimed at reducing CO_2 emissions by applying methane cracking technology to fix the carbon content of flare gas in Japan.

The fixed carbon produced through this technology can potentially be used in various ways as carbon black, and is expected to contribute to the formation of a circular economy.

For more information, please refer to Climate Change Response Initiatives.

Excavation cuttings recycling at JEL

Education and Training on Waste Management

We implement regular education and training for staff at our domestic operations to ensure appropriate waste management practices. Through this training program, we aim to improve understanding of waste management laws, regulations and systems, industrial waste classification and management methods, and 3Rs practices, and implement them.

Biodiversity Conservation

Recognizing biodiversity conservation as another significant global environmental issue, we have positioned this as one of our Key Tasks. We established and published our Policy and Commitments on Biodiversity Conservation in December 2022, following resolution by the Board of Directors.

Policy and Commitments on Biodiversity Conservation

Our Policy

We identify biodiversity related risks and opportunities in our businesses and actively promote initiatives for the conservation and sustainable use of biodiversity based on the mitigation hierarchy.

Commitments

1. Identify Biodiversity Related Risks and Opportunities
   - We will identify risks and opportunities for biodiversity in our business and promote initiatives for sustainable use.
   - We will promote disclosure of information on biodiversity conservation activities.

2. Set Exclusion Zones for Our Businesses
   - We will not operate our businesses inside UNESCO World Natural Heritage site boundaries.
3. Promote a Net Positive Approach
   - For our businesses located in critical habitats ❶, we will develop and implement Biodiversity Action Plans (BAP), including creating net positive impacts.
4. Enhance Biodiversity Conservation Activities
   - For new businesses, we will identify impacts on biodiversity and develop and implement measures to avoid or reduce impacts based on the mitigation hierarchy.
   - For existing businesses, we will reduce negative impacts on biodiversity to the extent possible and promote initiatives to create positive impacts on biodiversity.

❶ Areas of high biodiversity value as defined in IFC Performance Standard 6.

Identification of Risks and Opportunities Related to Biodiversity

Please refer to the special page on initiatives related to TNFD.

Avoidance and Mitigation of, and Compensation for, Impacts to Protected Areas

We have made a commitment in our Policy and Commitments on Biodiversity Conservation to "not operate our businesses inside UNESCO World Natural Heritage site boundaries." We have confirmed that, as of December 31, 2023, none of our operator projects are operating in areas that we have defined as exclusion zones.

Furthermore, since FY2019, we have been enhancing our geographical information system (GIS) with information on protected areas obtained from the World Database on Protected Areas (WDPA ❷), and animal and plant species that fall under the International Union for Conservation of Nature (IUCN) Red List categories.

- Confirmation if our operator projects operate in any protected area
- Initial screening of potential impacts of new projects to protected areas
- Planning for biodiversity conservation activities in existing projects

❷ World Database on Protected Areas (WDPA): Developed jointly by the United Nations Environment Programme (UNEP)

Promotion of a Net Positive Approach

To better understand the present situation of our nature-related efforts and identify further necessary actions, we have utilized the World Business Council for Sustainable Development (WBCSD) practitioner's guide: "What does nature-positive mean for business?" published by the WBCSD for practitioners in 2021. Using the guide, we have identified areas in which we are making particular progress. These areas include developing and issuing our commitments on biodiversity and water, and applying a mitigation hierarchy to avoid, mitigate, and compensate for our impacts on biodiversity. In the future, we will consider nature-related impacts and dependences in terms of the value chain and implement initiatives that contribute to net positive impacts.

Promotion of Biodiversity Conservation Activities

The type and degree of impact that our operations have on biodiversity differ depending on the scale, activities, or location of each project. Accordingly, the biodiversity conservation efforts required for each project also differ. Therefore, we assess the importance of biodiversity in the areas in which we operate, and the risks and impacts on biodiversity that each project brings. We then apply a mitigation hierarchy to plan strategies for avoiding, mitigating, and compensating for those risks and impacts, and to conserve biodiversity, in environmentally sensitive areas that are particularly important (protected areas, critical habitats of threatened species, forests, mangroves, coral reefs, wetlands, and tidal flats, etc.).

For many years, we have been conducting activities that contribute to biodiversity conservation at our domestic and overseas sites. We will continue to enhance our biodiversity conservation activities Group-wide based on our Policy and Commitments on Biodiversity Conservation established and published in December 2022.

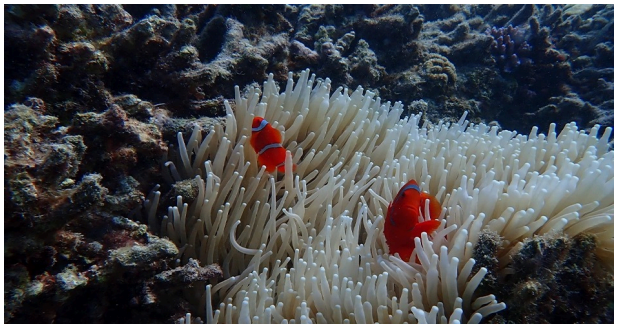
Overseas Activities to Conserve Biodiversity

The Ichthys LNG onshore processing plant is located in Darwin Harbour, where extensive mangrove forests along the coast provide breeding and feeding grounds for fish and sea turtles. To protect this rich biodiversity, Ichthys LNG has continued to comprehensively monitor effluent quality, seawater quality, and growing conditions for mangrove forests, and other natural vegetation in Darwin Harbour even after it began operation. We further contribute to biodiversity conservation around the plant by providing grants to marine research projects such as dugong studies in the Northern Territory.

More on this in the Cardno report: "Darwin Harbour – A Summary of the Ichthys LNG Project Nearshore Environmental Monitoring Program" (see page 98)

For the Abadi LNG Project in Indonesia, we surveyed the distribution of coral reefs in the sea area surrounding the project site using satellite image analysis in 2021 as part of the Environmental and Social Impact Assessment process (AMDAL). We also conducted a coral reef survey by diving in the sea area in front of the project site in November 2023. Using the results of these surveys, we are conducting an impact assessment and planning to formulate and implement measures to reduce the impact on coral reefs in the future based on the mitigation hierarchy.

Mangroves subject to environmental monitoring program around Darwin Harbour



Coral Reefs in Indonesia

PTTEP—Joint Workshop on Biodiversity with PETRONAS

In October 2023, PTTEP (Thailand), PETRONAS (Malaysia), and INPEX held a joint workshop on biodiversity and ecosystem services at PTTEP's head office in Bangkok. About 100 participants attended the workshop, including environmental and sustainability experts from the three companies, along with representatives from Thailand's ministry of environment, university professors, consulting firms, and other organizations.

At this workshop, we presented the results of a trial evaluation based on TNFD's LEAP approach that we conducted in our domestic operations in FY2023. When we shared the issues identified in this trial, we received several questions and comments from the participants, serving as a catalyst for constructive discussions among the participants.

Wild Bird Surveys at the Onshore Block 4 Project

JODCO Exploration Limited (JEL) has been involved in exploration activities since FY 2019, after acquiring Onshore Block 4 in Abu Dhabi, United Arab Emirates (UAE). From 2021 to 2022, JEL conducted drilling operations on Balghelam Island and Umm Al Barak Island, located approximately 20km northeast of Abu Dhabi. These islands are known as important sites for migratory birds. Therefore, JEL engaged external experts to conduct bird surveys with the aim of assessing the current status of bird species on the islands and considering mitigation measures for affected bird species prior to project implementation. The survey recorded the types of birds, population numbers, and behaviors (nesting, feeding, breeding) in each area, providing an overview of the bird ecology on the islands. Based on the survey results, measures were implemented during project implementation to consider the impact on birds, including the evaluation of the location and arrangement of project-related facilities, restrictions on access areas for personnel and vehicles (limiting access to nesting areas and areas away from access roads), and other measures. Currently, ongoing monitoring surveys are being conducted multiple times a year to assess the post-project impact and obtain baseline data for future development.

Wild Bird Surveys at the Onshore Block 4 Project (1)

Wild Bird Surveys at the Onshore Block 4 Project (2)

Activities to Conserve Biodiversity in Japan

Understanding the Characteristics of Environments around Domestic Offices

In FY2021, we conducted desktop reviews to understand the characteristics of environments around domestic offices (rivers, fishing grounds/farms, forests, biodiversity conservation areas, cultural properties, natural monuments, and critical habitats of threatened species). We then compiled this information using a geographic information system (GIS). This not only enabled us to understand the ecosystems around our domestic offices, but to also understand environmentally sensitive areas around sites at the planning stage of new projects.

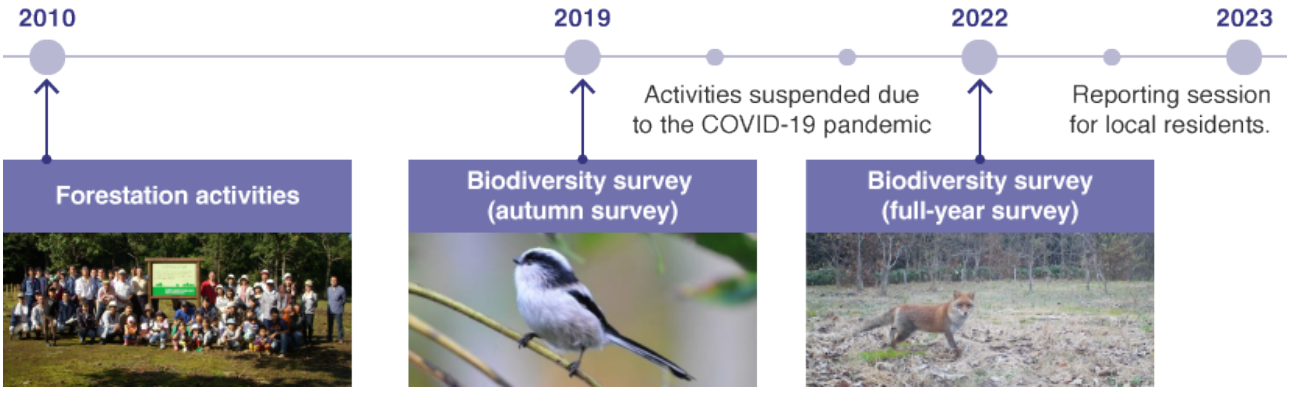
Biodiversity Conservation Activities in Japan (Efforts at “Kitsunedaira Donguri-no-mori”)

As part of an ongoing forestation support program launched by Niigata Prefecture in FY2010, the Kitsunedaira Donguri-no-mori (Acorn Forest) project is being conducted in Nagaoka City’s Fudosawa district, adjacent to the Nagaoka Field Office. In addition to this forestation efforts, since FY2019, we have been conducting biodiversity surveys in Kitsunedaira Donguri-no-mori to investigate the species that are using and inhabiting the forest. As a result of the surveys conducted in FY2019 and FY2022, a wide variety of species have been observed, including antelopes and foxes.

We plan to continue our biodiversity conservation activities at Kitsunedaira Donguri no-mori in the future. In FY2024, we also plan to conduct additional surveys using environmental DNA analysis in addition to the current survey methods.

Kitsunedaira Donguri-no-mori forestation activities

- As part of an ongoing forestation support program launched by Niigata Prefecture in FY2010, the Kitsunedaira Donguri-no-mori (Acorn Forest) project is being conducted.
- In addition to planting trees and caring for the forest, a pilot biodiversity survey was conducted in autumn of 2019.
- Due to the results of the autumn 2019 survey, a year-round survey was conducted in 2022.
- The results of this survey were shared with local residents in FY2023.



Planting Trees and Caring for The Forest

Twice a year, in spring and autumn, our employees work with local residents on forest maintenance, tree planting activities, and holding nature observation meetings for children. (This initiative has been suspended since 2020 due to COVID-19.)

FY2019 Biodiversity Survey (Autumn)

In autumn of 2019 (October–November), we conducted a simple survey to examine the state of Donguri-no-mori's biodiversity. For the survey, we set up six sensor cameras to capture images of creatures living in the forest.We observed several species of mammals at the site, including Japanese serow, and several species of birds in and around the area.

Planting trees as part of the Donguri-no-Mori project

Sensor camera at "Kitsunedaira Donguri-no-mori"

2022 Biodiversity Survey

Building on our observations from the 2019 survey, we conducted another survey in FY2022 to further understand the current state of biodiversity in Donguri-no-mori. Conducted over approximately an eight-month period between May and December 2022, we placed eight sensor cameras in the forest to capture images of creatures living there. A literature review was conducted alongside the field survey.

The survey confirmed the presence of gray-faced buzzards (birds) and foxes (mammals) at the apex of the Donguri-no-mori ecosystem. The survey also revealed a wide variety of creatures who habitat the forest throughout the year. It is not possible to obtain such a result from a single reclaimed environment created over a short time frame comprising only forests and grasslands. We understand this to be an overall improvement of species and ecosystem diversity as the result of 13 years of continuous care of the environment through ongoing forestation efforts (since FY2010). We also shared the results of the survey with local residents in FY2023. We will continue to work with local residents to maintain and improve the biodiversity of the Donguri-no-mori.

Japanese serow

Fox

Gray-faced buzzards

Oriental greenfinch

Water Resource Management

With water management and water risk management ❶ being internationally recognized issues, we have prioritized proper water management as one of our Key Tasks.

Additionally, we have established and published our Policy and Commitments on Water Management through a resolution of the Board of Directors in December 2022.

❶ Water risks: Water risks related to water supply necessary for current and future business continuity and the increasing rate of occurrence from abnormal weather associated with climate change

Policy and Commitments on Water Management

Our Policy

We consider the impact of our business on water resources and sustainability in local communities and promote efforts on impact mitigation and value creation.

Commitments

1. Assess water-related risks in areas around operational sites
   - We strive to understand the water-related risks at operating sites using internationally recognized risk assessment tools.
   - We will develop and implement additional measures based on mitigation hierarchy for areas evaluated as high water-related risk areas.
2. Restrict freshwater intake in high water stress ❷ areas
   - We will limit freshwater intake where significant impact is expected on local water resources as a result of freshwater intake by our operating sites.
3. Implement appropriate water management (water intake, usage, and drainage)
   - We will strive to understand the status of water usage (water intake, drainage, usage) at our operating sites and implement the 3Rs (reuse, reduce, recycle).
   - We will implement appropriate treatment and wastewater management for produced water and other associated wastewater.
4. Collaborate with stakeholders
   - We will collaborate with stakeholders to promote sustainable use of local water resources.

❷ Ratio of water demand to available and renewable surfacewater/groundwater

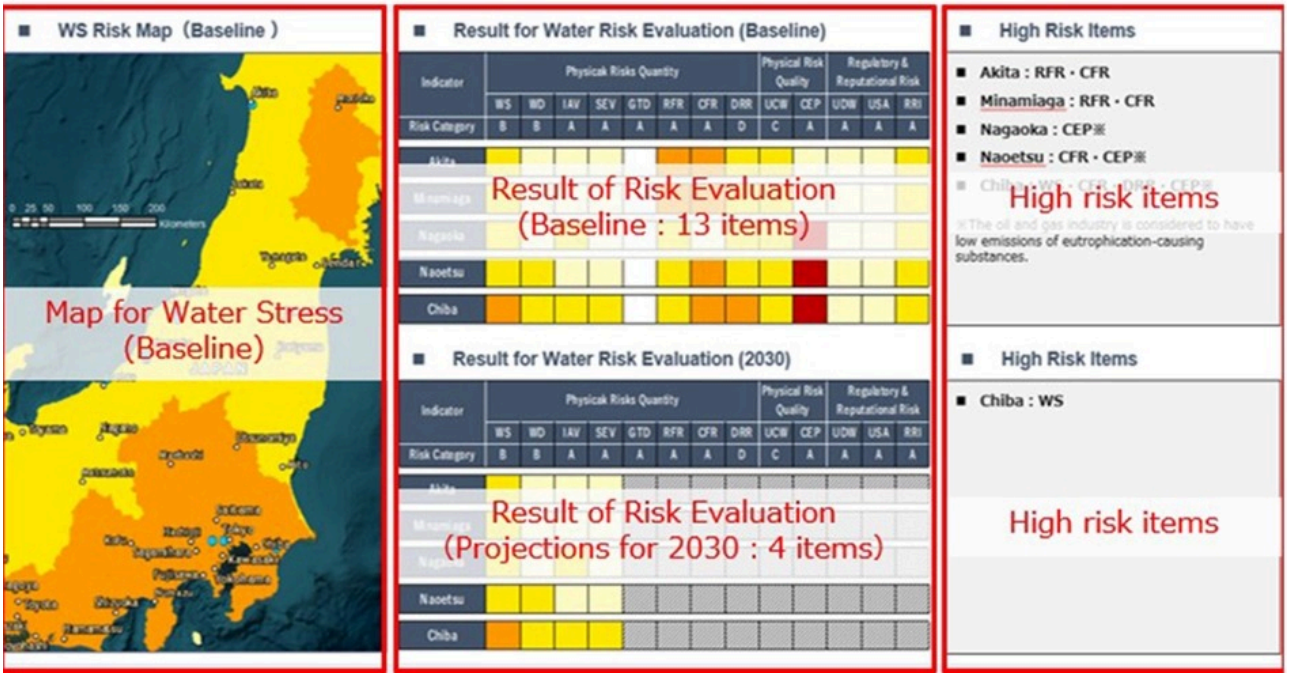
Water Risk Assessment and Identification of High-Water Stress Areas

We annually check the water risk in the areas where our operator projects are located using AQUEDUCT, a water risk mapping tool developed by the World Resources Institute (WRI). The water risks we check include dependence on water resources, impacts of our projects, potential future changes in water demand and quality, future potential regulatory changes at a local level, and impacts on local stakeholders. As of the end of 2023, among the 26 production assets and one development project in which we have an interest, both the Abu Dhabi project and the Abadi project under development are located in areas with high water stress. However, in Abu Dhabi, no freshwater is being withdrawn due to the installation of seawater desalination equipment. For the Abadi project, we plan to install a seawater desalination plant as well, so that no freshwater will be taken from the project area.

Since local water risks are influenced by various factors and change over time, going forward we will continue to identify water risks. If we find water risk to be too high, we will plan and implement additional measures according to the mitigation hierarchy.

List of water risk issues to be assessed using AQUEDUCT

Indicators	Indicator name	Explanation
Water Quantity Risk	WS	Water Stress
	WD	Water Depletion
	IAV	Interannual Variability
	SEV	Seasonal Variability
	GTD	Groundwater Table Decline
	RFR	Riverine Flood Risk
	CFR	Coastal Flood Risk
	DRR	Drought Risk
Water Quality Risk	UCW	Untreated Collected Wastewater
	CEP	Coastal Eutrophication Potential
Regulatory & Reputation	UDW	Unimproved/no drinking water
	USA	Unimproved/no sanitation
	RRI	ESG Evaluation Risk



Risk map of domestic 2023 risk assessment results and 2030 projections as an example

Initiatives Contributing to Improvement of Water Efficiency in the Water Use

In order to identify opportunities for improving water efficiency in each operator project, a water balance survey was conducted in 2023. This survey provided a detailed understanding and analysis of water usage for each facility and process, with the goal of reducing water consumption and improving wastewater quality.

Development of Effluent Water Treatment Technology

From FY2015 to FY2017, in collaboration with Chiyoda Corporation and METAWATER, and with the support of Japan Organization for Metals and Energy Security (JOGMEC), we conducted a pilot project at our Sotoasahikawa plant of the Akita Field Office to test a produced water treatment technology using ceramic membrane filtration. This technology is expected to further reduce the environmental impacts of water discharges from crude oil production. A joint follow-up study with JOGMEC was launched in FY2018, and a pilot test for commercial use of this technology is currently ongoing. To date, the test has confirmed sufficient capacity to treat the water effluent to the discharge standard for rivers as specified by Akita Prefecture.

As of March 31, 2022, we achieved a total operation time of 23,123 hours, constructed a produced water treatment facility, and continued to operate without incident or occupational injury throughout the entire operating period (approximately seven and a half years). The study was concluded in March 2023.

Education and Training on Efficient Water Management

We regularly provide education and training to the staff at our domestic operation sites to ensure proper water management practices and promote efficient water utilization.In 2022, we invited an outside lecturer to conduct a seminar on the topic of Mine Safety Act and Water Pollution Prevention Act.

Environmental Performance

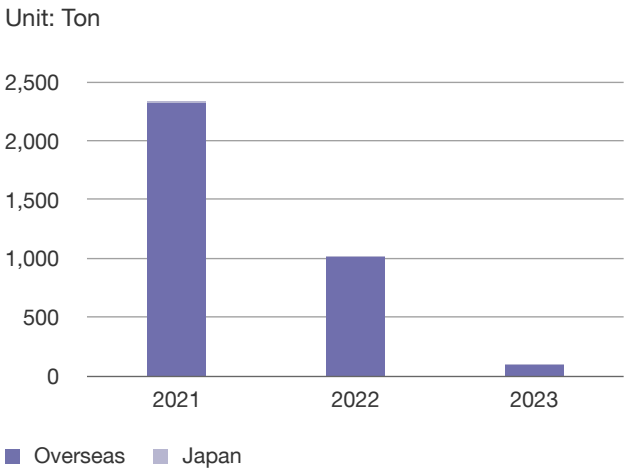
Prevention of Air Pollution

To reduce the impact of our business operations on air quality, we monitor our emissions and air quality and take measures to prevent air pollution in line with the laws and regulations of countries in which we operate our projects, and international good practice.

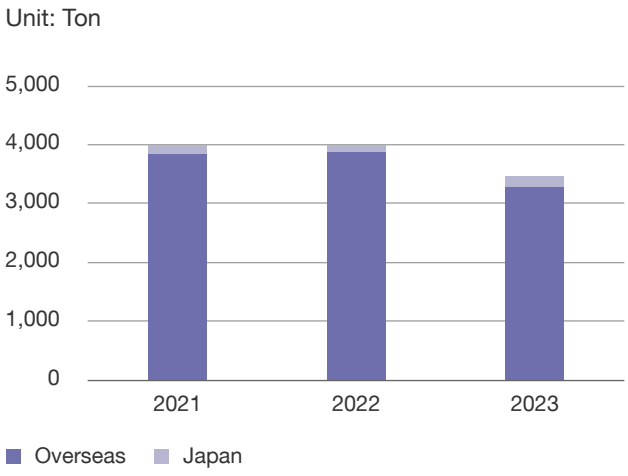
Atmospheric pollutants emitted from our project sites include sulfur oxides (SO_x), nitrous oxides (NO_x), and volatile organic compounds (VOCs). In our operator projects, we manage emissions by identifying the sources of atmospheric pollutants—such as production processes, fuel combustion facilities, venting of natural gas, and shipment by tank trucks—and measuring the amount of emissions released.

Our Group-wide SO_x emissions decreased by around 91% to 94 tons in FY2023 compared to FY2022. Our NO_x emissions, at 3,456 tons, down approximately 13% from the previous fiscal year.. Non-methane VOC (NMVOC) emissions were 2,651tons, down approximately 38% from the previous fiscal year. This decrease was mainly due to the reduction in flaring activities—which contain high concentrations of NMVOCs—in the Ichthys LNG Project. With this reduced flaring and stable operations at the Ichthys LNG Project, we also confirmed a reduction in PM emissions as well.

Changes in SO_x emissions in Japan & overseas

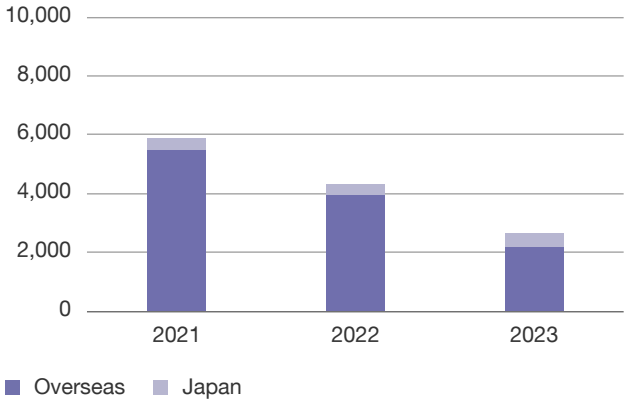


Annual NO_x emissions in Japan & overseas



Annual NMVOC emissions in Japan & overseas

Unit: Ton

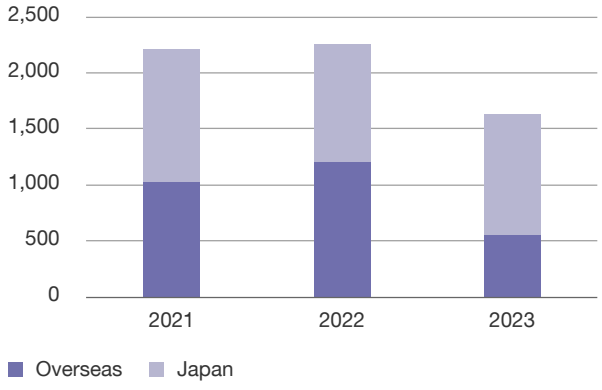


Use of freshwater

As one of the resources we utilize in our business operations, we recognize freshwater intake to be a major issue in our water management. We have been working to reduce our impact on water resources by managing the water intake of our operator projects in Japan and overseas, and the discharge of produced water arising from oil and natural gas production. Our operator project sites use freshwater (tap water, industrial water, and groundwater) as coolants, for power generation and excavation work. In FY2023, the volume of freshwater used across the Group totaled 1,625 thousand cubic meters.

In addition to using groundwater for normal cooling and drilling operations in Japan, we also use it for melting snow in winter. We are also taking action to reduce our freshwater consumption, including by adopting a circulating system for cooling water, and equipping snow-melting systems with automatic start and shutoff mechanisms.

Annual Freshwater intake in Japan and overseas



Within the Ichthys LNG Project, we conduct investigations into freshwater use with the aim of reducing consumption in its facilities. The findings of these investigations are being used to consider the feasibility of cost-effective approaches for reducing freshwater consumption by reusing water, such as treated wastewater from processing as well as wastewater and condensed steam from power generation facilities.

Use of Seawater

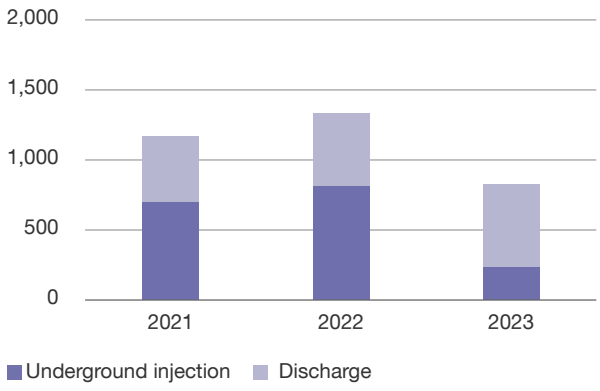
Instead of freshwater, the Ichthys LNG Project offshore production facilities use seawater for cooling, and the Naoetsu LNG Terminal uses it for heat exchange in the vaporizer. Mandatory checks of seawater temperature difference between intake water temperature, waste water temperature and residual chlorine levels, ensure that the marine environment will not be harmed. These checks also guarantee relevant laws and international guidelines are met before the used seawater is discharged back into the sea.

Wastewater Management

Water produced from our oil and natural gas projects is reinjected underground, or discharged as wastewater, after being confirmed to comply with the effluent standards in local and international guidelines. In FY2023, 28% of the total produced water (approximately 0.81 million cubic meters) was reinjected, while the remainder was discharged into rivers or seas after treatment.

Annual produced water discharge in Japan and overseas

Unit: Thousand m^3



Annual Waste Output

In FY2023, the total amount of waste generated by the entire Group was approximately 41,000 tons. The amount of waste generated by our operations varies significantly depending on the nature of the work conducted at each business site, such as the presence or absence of drilling operations. In order to identify opportunities for improving waste performance in our operations, which involves identifying the amount and type of waste being generated, as well as promoting initiatives for reuse and recycling, we have categorized the waste generated by routine and non-routine operations [1]. Additionally, we have aggregated the waste according to the GRI 306 reporting categories since FY2023. Of the approximate 30,000 tons of waste produced in Japan, around 12,000 tons was recycled. The amount generated by our overseas projects was approximately 11,000 tons, around 7,000 tons was recycled. . The actual amounts of waste generated by each of our sites varies considerably depending on their activities. In FY2023, our waste increased mainly in Japan due to drilling work.

For more information, see Performance Data.

[1] Excavation-related work, etc.

Taskforce on Nature-related Financial Disclosures-related Initiatives

At INPEX, we are enhancing our biodiversity and nature-related initiatives in line with global trends.

We have participated in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum since FY2022, and gathered information related to the TNFD framework [1] as well as conducting internal assessment on a trial basis.

With the final recommendations of the TNFD published in September 2023, there is increasing global interest in the organization's nature-related measures and disclosure requirements. The TNFD disclosure recommendations include required assessment and actions factoring in nature-related materiality, regional characteristics of businesses, and value chains. While considering the best way to meet these disclosure requirements, we are preparing for ongoing assessment, improvement, and disclosures. This includes identifying the required data and developing assessment processes.

[1] TNFD framework: A framework established by the Taskforce on Nature-related Financial Disclosures (TNFD) to assess nature-related risks and opportunities, and to disclose that information. The LEAP approach is one process proposed in the framework for systematically assessing nature-related risk and opportunities. The LEAP approach involves four phases: (1) Locate the interfaces with nature; (2) Evaluate dependencies and impacts on nature; (3) Assess nature-related risks and opportunities to your organization; and (4) Prepare to respond to nature-related risks and opportunities, including reporting on material nature-related issues to the primary users of financial reports and other stakeholders.

Approach to Nature-related Materiality

As detailed under the heading Sustainability Management, we have identified biodiversity conservation and water risk management as key sustainability tasks to prioritize.

To enhance our biodiversity conservation and water risk management efforts, in FY2022, we updated our HSE Policy and established and published our policies and commitments on biodiversity conservation, water management, and waste management. As part of these commitments, we have identified risks and opportunities concerning biodiversity. When establishing and updating these commitments, we referenced international frameworks and guidelines, including the Kunming-Montreal Global Biodiversity Framework, International Finance Corporation (IFC) Performance Standard 6, the TNFD framework, and guidance from International Association of Oil & Gas Producers (IOGP) and Ipieca, while also considering the business activities and local characteristics of our projects.

Nature-related Governance

Governance Structure

As detailed under the headings Sustainability Management and Environmental Management Promotion and Governance, our Board of Directors and Executive Committee supervise issues relating to the environment and nature.

Engagement with Stakeholders

As part of our business activities, we strive to build and maintain strong and trusting relationships with all stakeholders, including local communities and indigenous peoples.

As detailed under the heading Compliance, we support international norms such as the United Nations Guiding Principles on Business and Human Rights, and the human rights principles of the United Nations Global Compact. We also established and published the INPEX Group Human Rights Policy in FY2017, and implement measures to address the human rights of all stakeholders in each region where we operate, including stakeholders in our supply chains.

As detailed under the heading Local Communities, we identify, map, and actively communicate with stakeholders surrounding our project sites from the initial stages of a project. In our environmental and social impact assessments, in particular, we deal and maintain dialogue with local communities and indigenous peoples in accordance with the IFC Performance Standards, which are global environmental and social guidelines.

Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities

In FY2023, we conducted a trial identification and assessment of our nature-related dependencies, impacts, risks, and opportunities according to the LEAP approach of the TNFD framework. This trial focused on our operator projects in Japan.

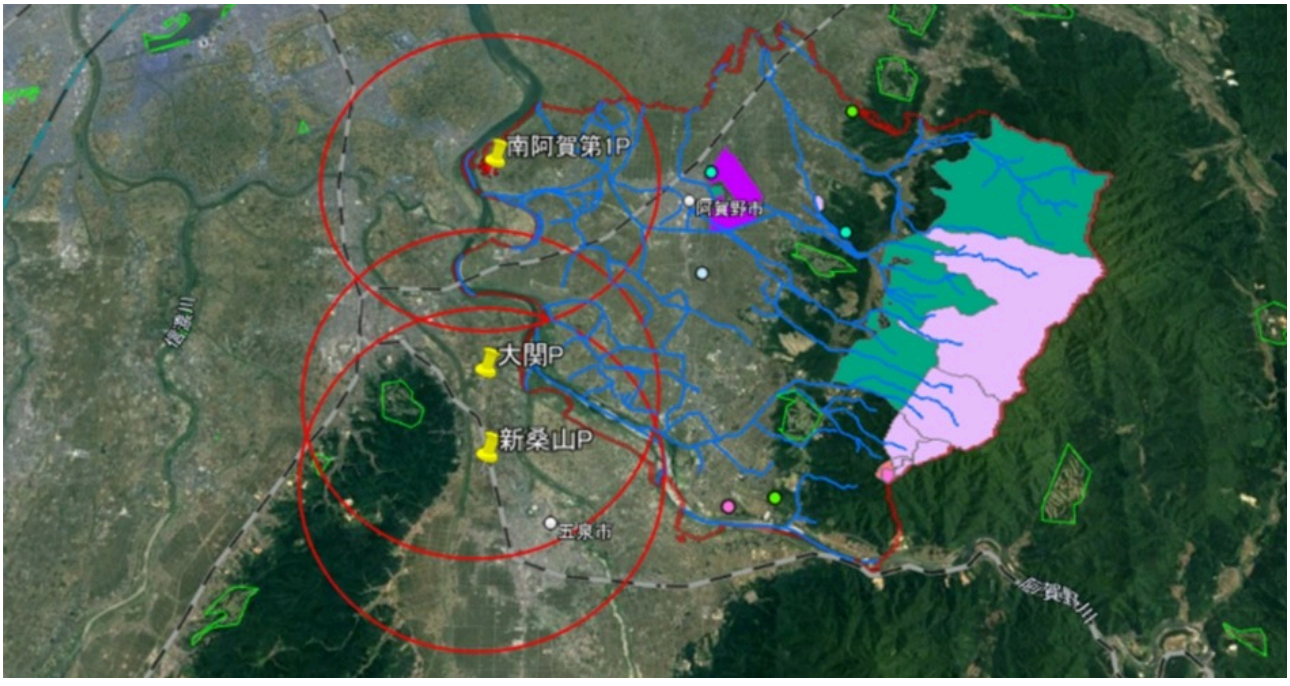
The Locate and Evaluate processes of our FY2023 trial, following the LEAP approach of the TNFD framework beta release, are explained below.

Locate (Locate Your Interface with Nature)

In the Locate phase, we followed the three steps below to understand the ecosystems around the trial facilities. Despite not operating within legally designated protection zones, some of the facilities are located within close proximity of important areas from the perspective of biodiversity according to international initiatives. Therefore, we plan to update our assessment criteria for priority areas in line with the final version of the TNFD framework.

Steps in the Trial's Locate Phase

1 Selection of target areas	Business activities: Crude oil and gas exploration, production, and operation Within a radius of 5 km from our domestic operator projects (14 sites)
2 Collection and organization of nature-related information	Collect and organize nature-related information within target areas using internal nature surveys and the following external tools • Web-GIS (Natural Environmental Information GIS by Japanese Ministry of the Environment) • IUCN Global Ecosystem Typology • World Database on Protected Areas • IBAT • WRI Aqueduct • Others
3 Assessment of priority areas	Establish assessment criteria for our own priority areas Assess ecologically vulnerable priority areas



Overview of Internal Database of Ecosystem-related Data

Evaluate (Evaluate Your Dependencies and Impacts on Nature)

In the Evaluate phase, we used ENCORE ❷ to screen and organize our business activity-related dependencies and impacts. The oil and gas development sector has a range of impacts on land, freshwater, and marine ecosystems, as well as atmospheric and marine environments, where operations are conducted. The sector is also dependent on a range of ecosystem services delivered by nature. ENCORE assessments generate a typical result for the sector, so we updated the results with consideration to the locations of our domestic project sites and business activities.

Steps in the Trial's Evaluate Phase

1 Understanding of target area environmental assets and biomes	Understand target area environmental assets and biomes using internal data and the following external tools • Web-GIS (Natural Environmental Information GIS by Japanese Ministry of the Environment) • IUCN Global Ecosystem Typology • Others
2 Screening of dependencies and impacts	Screen nature-related dependencies and impacts using the following external tools • ENCORE • SBTN Materiality Screening Tool
3 Correction of screening results	Correct the above screening results with consideration to the locations of our domestic operator project sites and business activities

Results of Nature-related Impact Screening Using ENCORE for the Oil and Gas Development Sector

Impact drivers	O&G Drilling	O&G Exploration and Production	O&G Transport
Terrestrial ecosystem use	H	H	H
Freshwater ecosystem use	H	H	H
Marine ecosystem use	VH	M	H
Water use	VH	VH	H
Other resource use	-	-	-
GHG emissions	H	H	H
Non GHG air pollutants	H	H	-
Water pollutants	H	H	L
Soil pollutants	H	H	L
Solid waste	H	H	-
Disturbance (Invasive)	H	H	-

VH Very High | H High | M Moderat | L Low | VL Very Low

Results of Nature-related Dependency Screening Using ENCORE for the Oil and Gas Development Sector

Dependency	O&G Drilling	O&G Exploration and Production	O&G Transport
Animal energy	-	-	-
Bioremediation	VL	-	-
Disease control	-	-	-
Fibre	-	-	-
Filtration	-	-	-
Genetic material	-	-	-
Maintain nursery	-	-	-
Mediation of sensory impact	-	-	-
Pest control	-	-	-
Pollinator	-	-	-
Filtration	VL	-	-
Climate regulation	VL	M	M
Flood & storm protection	VL	VL	M
Soil quality	-	-	-
Water quality	-	-	-
Ground water	VL	-	-
Surface water	VL	-	-
Water flow maintenance	-	-	-
Buffering & attenuation of mass flows	-	-	-
Mass stabilisation & erosion control	L	L	H
Dilution, Ventilation	-		-

VH Very High H High M Moderat L Low VL Very Low

[2] ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A tool for assessing nature-related dependencies and impacts of each business sector and production process. It was developed mainly by the United Nations Environment Programme Finance Initiative (UNEP FI) and United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC).

Specific Nature-related Initiatives

Based on the mitigation hierarchy, we implement initiatives to avoid and reduce negative impacts on biodiversity, and to regenerate and restore nature. We also actively collaborate with other companies and industry bodies, such as providing and receiving nature-related information through IOGP and Ipieca, and exchanging opinions with domestic and overseas energy companies.

Further information on our specific biodiversity and nature-related initiatives can be found under the heading Environment Management in HSE section.

Future Initiatives

In the first quarter of FY2024, we commenced the evaluation of all operator projects after reviewing, and updating as necessary, the knowledge obtained and methodology developed through the FY2023 trial assessment.

Going forward, we will continue to assess our nature-related risks and opportunities in light of these results. We will establish targets and indicators for managing our nature-related dependencies, impacts, risks, and opportunities. Additionally, we will also investigate expanding the scope of assessment to cover the entire value chain associated with our business activities.

Disclosures According to the “Recommended Disclosures and Guidance for All Sectors” of the TNFD

Disclosures According to the “Recommended Disclosures and Guidance for All Sectors” of the TNFD

TNFD-related Initiatives's recommended disclosures		Sustainability Report 2023
Governance	a) The board’s oversight of nature-related dependencies, impacts, risks and opportunities.	● HSE > Environment > TNFD-related Initiatives > Nature-related governance ● Sustainability at INPEX > Sustainability Management > Our Policy > Governance Structure ● HSE > Environmental Management > Governance
	b) Management’s role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	● HSE > Environment > TNFD-related Initiatives > Nature-related governance ● Sustainability at INPEX > Sustainability Management > Our Policy> Governance Structure ● HSE > Environmental Management > Governance
	c) Human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation’s assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	● HSE > Environment > TNFD-related Initiatives > Nature-related governance ● Corporate's website > Basic Policies > INPEX Group Human Rights Policy ● Local Communities > Stakeholders ● Local Communities > Community Feedback ● Local Communities > Indigenous Communities ● Compliance > Respect for Human Rights
Stategy	a) The nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term	● HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (Risks and opportunities are being considered and disclosed for the future)
	b) The effect nature-related dependencies, impacts, risks and opportunities have had on the organisation’s business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	● HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (Risks and opportunities are being considered and disclosed for the future)
	c) The resilience of the organisation’s strategy to nature-related risks and opportunities, taking into consideration different scenarios.	—
	d) The locations of assets and/or activities in the organisation’s direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	● HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities ● Corporate's website > Our Business

Risk & impact management	a) The processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	• HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities
	b) The processes for managing nature-related dependencies, impacts, risks and opportunities.	• HSE > Environment>TNFD>Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (for Future Consideration)
	c) How processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	• HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (for Future Consideration)
Metrics & targets	a) The metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	• HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (for Future Consideration)
	b) The metrics used by the organisation to assess and manage dependencies and impacts on nature.	• HSE > Environment > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (for Future Consideration) • ESG performance data > Environment
	c) The targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	• Sustainability at INPEX > Sustainability Management > Targets and Achievements > HSE • HSE > HSE Objectives and Plans • HSE > Environmental Management > Environmental Targets and Plans • ESG performance data > Environment

Local Communities

131 Our Policy

132 Stakeholder Engagement

134 Addressing Community Feedback

137 Engagement with Indigenous Communities

139 Contributing to Local Economies

140 Contribution to Local Communities

Our Policy

The support INPEX receives from local communities—underpinned by strong and trusted relationships—forms the basis of our social license to operate, and is therefore integral to the success of our business activities. Our engagement with local communities is guided by commitments within our Sustainability Principles. We are committed to engaging with, and fairly and proactively disclosing Company information to, a wide range of stakeholders, including the communities in which we operate. We seek to build and maintain relationships with our stakeholders through open and transparent engagement.

Our INPEX Group Business Principles and Code of Conduct outlines the expectations we have of our employees concerning human rights, including respecting the human rights of individuals in countries where we operate. The INPEX Group Human Rights Policy reflects the UN Guiding Principles on Business and Human Rights (UNGPs). It and further affirms our pledge to respect human rights and mitigate adverse human rights impacts in our operations and supply chain, including the rights of people in communities who may be affected by our business activities and the rights of indigenous peoples. In Australia, our commitment to working with Aboriginal and Torres Strait Islander communities is set out in outlined and implemented through our INPEX Australia Reconciliation Action Plan (2023–2025).

Both the INPEX Group Human Rights Policy and our Health, Safety and Environmental Policy include commitments to avoid or minimize any adverse impacts of our business activities on the communities in which we operate. We conduct impact assessments as part of the development of our business activities and implement a variety of control measures during their conduct. We engage with stakeholders as part of these assessments and integrate findings into our business plans. We also provide forums for ongoing community engagement as well as community inquiries and grievance management.

Our business success relies on access to strong local industries and skilled personnel. We are pleased to support the economic development of our host countries, regions, and communities by working closely with our stakeholders to support local employment and business opportunities, respectful of cultural diversity.

Regular meetings are held between teams supporting corporate social responsibility activities in Japan and at INPEX's global offices. These meetings to provide updates on community engagement and contribution activities across these jurisdictions and also to discuss, share insights and develop plans of action in response to common and emerging environmental, social and governance issues.

Active Community Consultation

Community consultation is conducted for all of the 26 production assets and one development projects in which we have an interest as of the end of 2023. Of these, we are responsible for the conduct of community consultation activities for assets/projects in which we act as operator. We are currently operator of the following assets/projects:

Production assets

- Ichthys LNG Project (Australia)
- Naoetsu LNG Receiving Terminal (operating site) (Japan)
- Minami Nagaoka Gas Field (Japan)
- Naoetsu LNG Terminal and service station Naoetsu Oil terminal and service station(Japan)
- INPEX Mega Solar Joetsu (Japan)

Development projects

- Abadi LNG Project(Indonesia)

Stakeholder Engagement

Japan

INPEX engages in dialogue with local stakeholders in Japan through the community engagement teams it has established at its production assets in Niigata, Minamiaga, Nagaoka, Kashiwazaki, Naoetsu, Akita, and Chiba, Japan.

Every year, we actively participate in community events, including providing sponsorship and volunteer support for a marathon in Kashiwazaki. Additionally, we sponsor firework displays at summer festivals in Niigata, Nagaoka, Kashiwazaki, Naoetsu, and Akita. Collaborating with residents of Nagaoka, we contribute to environmental conservation through a semiannual reforestation project. Naoetsu LNG Terminal—the core facility of our gas supply chain and the receiving terminal for LNG shipped from the Ichthys LNG Project in Australia—publishes a bimonthly newsletter for local residents, municipal offices, and government agencies to inform them on the terminal's operations, safety efforts, and other matters. Our employees also engage with local residents through involvement in community activities such as softball tournaments.

Australia

Our Australian-based community engagement teams are committed to informing our key stakeholders and the wider community about Ichthys LNG operations and our other business activities in the region. This includes sharing updates on local employment, business, and community investment opportunities. Engagement is conducted in local communities and regions in which INPEX operates or otherwise conducts its business activities. Tailoring our engagement approach to suit the purpose and taking into account stakeholder preferences, we use a range of engagement methods including face-to-face and virtual meetings, industry and community forums and events, emails and online information, mainstream and social media, advertising, and communications collateral.

In FY2023, more than 300 engagements were held with government, industry, business, and community stakeholders. A toll-free phone number and an enquiry e-mail address are published on our website and in other forums for community members to provide feedback on our activities. In FY2023, 380 inquiries were received, 48% of which related to employment opportunities.

Community Engagement in the Northern Territory 2023

Kimberley Community Update 2023

Indonesia

We strive to maintain productive communication with relevant stakeholders for the Abadi LNG Project in Indonesia. This includes not only the local communities, residents, and others directly impacted by our project operations, but also NGOs and the central, provincial, and local governments. As part of this commitment, we base employees who were raised in the areas surrounding the operational sites, in those locations. This enables them to directly support our efforts to maintain active dialogue with those communities.

Regarding the environmental and social impact assessment currently underway, we developed a Stakeholder Engagement and Public Consultation Plan (SECP) ahead of the public consultations for local residents that are held as part of the Indonesian Environmental and Social Impact Assessment process (AMDAL). The SECP goes beyond the requirements of AMDAL to incorporate stakeholder engagement requirements stipulated in the Performance Standards of the International Finance Corporation (IFC), which are globally recognized guidelines for environmental and social risk management. We are implementing initiatives in accordance with the SECP.

Our stakeholder engagement at each process of the environmental and social impact assessment are summarized as follows.

Year	Processes	Stakeholder-related Initiatives
2018	**Identifying stakeholders**	● Identified a wide array of stakeholders in the project and creating a stakeholder map.
2019	**Developing a Stakeholder Engagement and Public Consultation Plan (SECP)**	● Identified requirements for AMDAL and stakeholder engagement as stipulated in the IFC PS. ● Developed a SECP to comprehensively manage the above requirements.
	Implementing AMDAL Public Consultation	● Held AMDAL public consultations in each project location area and hearing the local community's concerns.
	Developing KA-ANDAL	● Developed Terms of Reference (KA-ANDAL) for an environmental and social impact assessment that take into consideration the community concerns identified in the aforementioned public consultations.
	Baseline Survey	● Conducted surveys through face-to-face dialogues—including through focus group discussions, household surveys and key informant interviews—to understand the current situation of the affected communities.
2020—2021	**Impact Assessment**	● Assessed the potential impacts on affected communities during construction and operations phases. The impact assessment was relevant to community concerns.
2022	**Developing environmental management plan/monitoring plan**	● Currently developing environmental management and monitoring plans based on the results of the aforementioned impact assessments.
2023	**Expanding assessment applicability**	● As a result of dialogue with Indonesia's southwest Maluku province and its residents, adjacent to our project site, added the region to the list of regions subject to environmental and social impact assessment.

Abu Dhabi

We actively communicate with the local communities near the site of our Abu Dhabi Onshore Block 4 project, with our employees engaging in ongoing respectful and timely dialogue using the local language.

Local communities are living on and farming the land surrounding the area in which we are drilling for this project. With our environmental and social impact assessments, we seek to identify the stakeholders impacted by our projects, and to understand their regional distribution. We assess the impact of the project on stakeholders and use the results to plan and implement impact reduction measures and environmental monitoring. Through these assessments, we are monitoring environmental air quality and noise levels in the vicinity of the project site.

Prior to drilling or conducting other on-site work, we collaborate with the local government to distribute project brochures and send SMS messages to people in the local community. This ensures that they are informed about the nature of the work, duration and potential impacts, and contact details for inquiries. Upon receiving questions or feedback from the local community, we promptly respond in person or by telephone and other channels, ensuring a high level of transparency in our communications.

Addressing Community Feedback

In accordance with the principles outlined under "Our Policy," INPEX records and manages the feedback it receives from local communities, offering suitable responses as required.

At our main sites, located Japan, Indonesia, Australia, and Abu Dhabi, we receive community feedback via diverse channels. This includes telephone, email, letter, and face-to-face conversations with our office representatives. In Indonesia, we respond through our employees who are based not only in Jakarta, where our office is, but also at our project sites. In Abu Dhabi, we distribute project brochures and send SMS messages through local government bodies, to broadly publicize the contact details of our complaint hotline (telephone and email) and ensure we appropriately respond to complaints and other inquiries from local communities.

Feedback received is shared between relevant personnel and used to monitor community sentiment. We strive to identify any new areas of concern as early as possible and minimize potential risks. Should we receive grievances from local communities, we respond in the local language and follow our established procedures to ascertain the facts and provide appropriate responses, in collaboration with relevant stakeholders.

No grievances were recorded under those procedures during FY2023.

Community Feedback and Responses

This pie chart shows the breakdown of inquiries and feedback from local communities, received during FY2023 in line with our external stakeholder response procedures, at sites where we act as the project operator.

Breakdown of inquiries and feedback received from local communities in Japan, Australia, and Indonesia in FY2023 [1]

[1] Community Feedback in Australia

Grievance Management

INPEX undertakes community and stakeholder engagement activities based on the principles of timely, integrated, consistent and responsive communication. These principles are consistently applied in managing feedback and grievance, as well as the escalating stakeholder issues.

INPEX recognizes grievances may arise from external stakeholders in relation to its activities and has a defined process for identifying, investigating and resolving any such external grievances.

Case Study: Pre-construction Briefings and Consent (FPIC)

When constructing gas pipelines in Japan, we ensure free prior and informed consent (FPIC) is received from local governments, and residents and companies along the route. To do this, we offer pre-construction briefings, circulate notices about the work and provide worksite tours.

Site tour for members of the local community

As a standard practice, we typically select pipeline routes that pass under public land, such as public roads, thereby minimizing the need for residents to relocate.

As an exception, when conducting shield tunneling and jacking work, we negotiate with landowners along the route to lease the minimum area of land required for construction period. We then pay a fee to lease the land for the duration of work. When leasing agricultural land, such as rice paddies and vegetable gardens, we financially compensate farmers for the duration of our work and according to the crops being grown. Based on the construction plan, we invite landowners to briefings and site visits before work commences. After the construction is completed, we promptly restore and return land to farmers.

Case Study: Complaints and Responses

One complaint received concerned noise coming from our Nagaoka Field Office at night. After discussing the details with the complainant, we quickly implemented additional noise mitigation due to the existing measures being insufficient.

Another complaint concerned a damaged steel fence at the Akita Field Office. After receiving a report indicating potential danger to people passing by, we repaired it immediately.

Case study: Perceptions survey providing insights into stakeholder engagement

Following the conduct of a similar activity in Western Australia in 2022, in 2023 a comprehensive stakeholder survey was conducted to measure perceptions of INPEX and the company's economic and social contribution to the Northern Territory, with a focus on Darwin—one of our key communities in Australia.

Across a 12-week engagement period, a consultancy firm on behalf of INPEX, undertook 39 face-to-face interviews with government, peak industry associations, local businesses, and community stakeholders.

Digital promotion in 2023 welcoming general public feedback on INPEX's business activities in the Northern Territory, Australia

The survey campaign also generated 184 responses from the general public via a digital survey and 26 responses from individual businesses at a business networking event.

The survey results highlighted an overall positive sentiment with:

- 56% of respondents agreeing or strongly agreeing INPEX is a trusted organization;
- 60% of all respondents agreeing or strongly agreeing INPEX creates value for communities;
- 60% of all respondents agreeing or strongly agreeing INPEX has a strong presence in the community; and
- 69% agreeing INPEX contributes to the Northern Territory's economy.

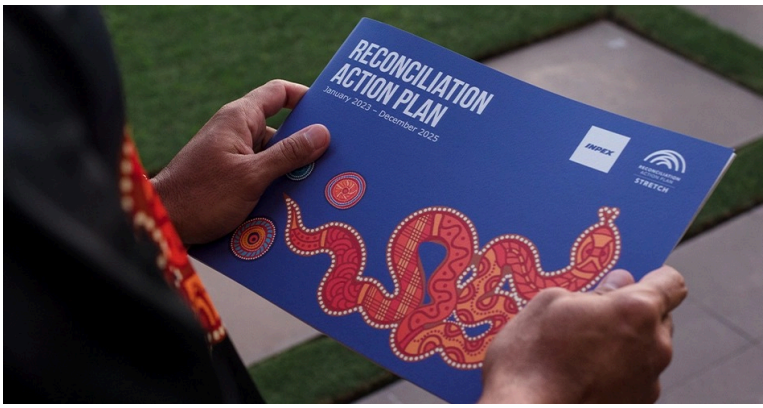
The digital survey targeting the general public found 66% of community respondents reported knowing an employee or contractor at INPEX and were more likely to respond favorably to the values-based questions.

In terms of overall findings, the survey indicated INPEX's social investment programs, relationship with the Larrakia People and the contribution to the Darwin community are considered a benchmark across the energy industry.

The survey outcomes identified areas of opportunity for INPEX to increase awareness around future activities such as carbon capture and storage as well as sharing its work in the community through case studies.

Engagement with Indigenous Communities

Reconciliation Action Plan



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).

A RAP sets out practical actions and deliverables to help advancing reconciliation in the communities in which we operate. In 2023, we launched our third INPEX Stretch Reconciliation Action Plan (RAP) 2023–2025 which includes various actions and deliverables that are further stretching our targets, building on achievements under our previous RAPs. The implementation of actions and deliverables contained in the RAP are facilitated by a RAP Working Group with oversight from a RAP Steering Committee. Progress of the RAP implementation is shared regularly internal and externally. [1]

[1] Reconciliation Action Plan Report 2022

Employment and Local Businesses

Through our business activities, INPEX is laying the foundation in Australia to support sustainable, multi-generational economic participation opportunities for Aboriginal and Torres Strait Islander communities. We integrate both employment and business participation opportunities through regular reviews of our human resources and procurement practices to remove barriers to engaging Aboriginal and Torres Strait Islander peoples and businesses.

Our “Solid Pathways” program provides learning and developmental employment opportunities to Aboriginal and Torres Strait Islander individuals to work in the energy industry. The program’s participants receive on-the-job support and external training for 12 to 18 months, in preparation for potential long-term direct employment with INPEX Australia. As at the end FY2023, nine Aboriginal and Torres Strait Islander individuals were engaged through this program.

Under its Stretch RAP 2023–2025, INPEX is committed to increase its direct Aboriginal and Torres Strait Islander employees to 60, or 5% of employees by end of FY2025. As of end of FY2023, 52 Aboriginal and Torres Strait Islander peoples are employed which is 3.7% of the overall employees.

In terms of business opportunities, our Stretch RAP 2023–2025 includes a commitment for INPEX or its business partners to engage a targeted 24 Aboriginal and Torres Strait Islander-owned businesses, with a target total spend of A$ 15 million over the three-year period. At the end of FY2023, we had engaged with 16 Aboriginal and Torres Strait Islander-owned businesses, with a total spend of A$ 8.2 million.

Case Study: Celebrating milestones

In May 2023, INPEX held a celebratory event in Darwin to mark an exciting career milestone for nine trainees, now newly qualified Production Technicians.

The two-year trainee program, delivered by Programmed Skilled Workforce, combines on-the-job and classroom-based training, where participants gain a Certificate II and III in Process Plant Operations, as well as other important training including emergency response, high risk work licences, first aid, and a suite of safety training courses.

Production Technicians celebrate with INPEX and Programmed management

General Manager Onshore Operations, Dave Dann praised the team on their achievements.

"I would like to acknowledge that our newly qualified Production Technicians commenced training during the COVID-19 pandemic, where the tempo was high, people were in short supply and our facilities underwent the first large-scale maintenance campaign."

"Your resilience and perseverance in the face of these challenges is a testament to your strength of character, which will undoubtedly serve you well in your future careers," Dave said.

Also recognized at the event, were the families who provided support and the Programmed Skilled Workforce team whose mentorship and encouragement played a major role in helping the trainees navigate through the program and reach this important milestone. In FY2023, nine Production Technicians have accepted employment with INPEX.

Since 2015, 12 Aboriginal and Torres Strait Islander peoples have successfully completed their Production Technician traineeships, equating to 34% of INPEX's overall trainee cohort of 35.

Heritage Management

In Australia, heritage management plans have been developed and implemented to protect the cultural heritage of the communities in which we operate. The INPEX Larrakia Advisory Committee—a group primarily comprising of Larrakia people from a range of backgrounds and experience—is consulted on cultural heritage matters as the traditional owners of the Larrakia lands and waters in the Darwin region on which the Ichthys LNG onshore processing plant is located.

INPEX has long been committed to preserving items of cultural significance to Aboriginal peoples and has been engaging Larrakia Heritage Monitors since the early stages of the Ichthys LNG onshore processing facilities construction to minimize impact on archaeological sites in surrounded areas.

During FY2023, INPEX engaged a Larrakia-owned business to install a permanent fence and signage around Heritage Hill—a place where some cultural objects were relocated in consultation with the Larrakia people—to protect this culturally significant area and items.

Contributing to Local Economies

Business and employment opportunities are some of the key economic benefits that our business provides within local communities.

INPEX Australia's Industry Participation Plan (IPP) for Ichthys LNG commits to providing full, fair, and reasonable opportunities to Australian suppliers. These commitments are cascaded to contractors through our contracts and procurement processes. Regular progress reporting and scheduled meetings with key contractors are incorporated to assess levels of local content achieved against submitted plans and targets.

INPEX Australia personnel participated in the 2023 "Meet the Buyer" event held in Darwin, Australia

Our supplier opportunities portal on the INPEX Australia website provides guidance to suppliers seeking opportunities with INPEX Australia [1]. The Industry Capability Network Northern Territory (ICNNT) is engaged to help identify local capability, and we encourage local suppliers seeking opportunities to establish and maintain a company profile with the ICNNT. INPEX also sponsors and participates in the Energy Club Northern Territory's annual 'Meet the Buyer' event, which provides suppliers the opportunity to connect with potential buyers, including INPEX, and promote their capabilities. In FY2023, an overall Australian content level of 85% was achieved for Ichthys LNG operations.

Training and apprentice programs continue to be run by INPEX and key contractors to provide opportunities for locals—including Aboriginal and Torres Strait Islander peoples—to commence careers in the industry and contribute to building local workforce capability.

[1] INPEX Australia website—Supplier information

Contribution to Local Communities

INPEX engages in social contribution programs to support and enhance the social and economic development of local communities in response to their needs. We contributed 4.4 billion yen to social investment activities in FY2023.

Australia

In Australia, we contribute to building communities that are vibrant and economically resilient. Our Community Investment Strategy sets out INPEX's approach to conducting voluntary community investment activities that contribute to positive outcomes in the communities where we operate. The Strategy identifies the following priority areas:

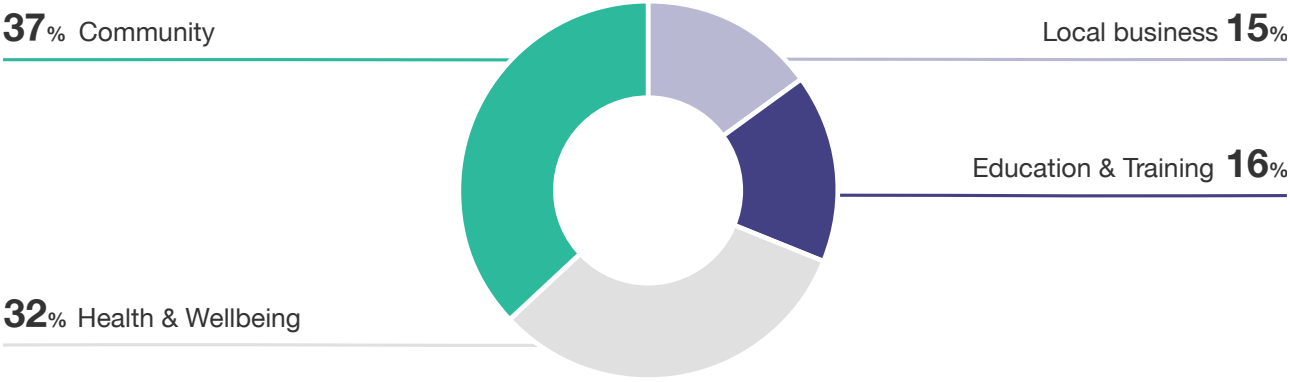
- Education and training
- Health and wellbeing
- Local business capacity building
- Community connectivity and resilience.

In FY2023, we supported more than 55 community programs, ranging from small community grants to strategic partnerships with for-purpose organizations.

Our focus is on the development and expansion of strategic community partnerships, with the intention of creating meaningful and long-term positive impact in our host communities. We are also taking steps to strengthen the governance and outcomes measurement frameworks that underpin our community investment activities.

Each year, we continue to support community events and initiatives through sponsorship, and provide donations for disaster relief and recovery efforts in impacted communities. We also offer in-kind support to community partners and their programs through employee volunteering, career mentoring, capacity building, and paid-for advertising and promotional opportunities.

INPEX Australia voluntary community investment in 2023 (by outcome area)



Indonesia

Since FY2009, we have engaged in diverse activities at the Abadi LNG Project in Indonesia to support the sustainable growth of local communities surrounding the project site. This includes efforts to preserve the environment and traditional culture and create economic opportunities. We identify the needs of local communities through dialogue with stakeholders, and carry out activities that serve those needs according to our Social Investment Strategy, developed with a medium- to long-term strategic outlook.

A wide array of activities were planned and are currently underway as part of the Social Investment Strategy 2021–2023, which was developed in FY2020. Five focus areas were identified under this strategy: (1) Improvement of local economies; (2) Education; (3) Public health; (4) the Environment; and (5) Strategic community contribution. Key efforts made in FY2023 include the following:

Scholarship Program

Collaborated with the Lelemuku Saumlaki University Foundation, which is located near the project site, to provide scholarships to 56 students by the end of 2023.

Health Program (Malnutrition and Underdevelopment Prevention Program)

Surveyed local communities (Bomaki, Lermatang, and Latdalam villages in the Tanimbar Islands, where our project is located) and, based on the results, conducted nutrition awareness activities, provided infant health checks, and donated supplementary meals.

Environmental Program (Tree Planting Program)

Worked with a supervising authority (SKK Migas) for our upstream oil and gas business operations to establish a seed nursery and conduct tree planting activities in the Tanimbar Islands, where our project is located.

Infrastructure Program

Provided donations for church renovation work in the surrounding areas of our project site.

Natural Disaster Response Program

Provided donations for restoring buildings, public facilities, and places of worship after damage caused by an earthquake in January 2023 in the Tanimbar Islands, where our project is located.

Scholarship Program (INPEX Scholarship Foundation)

Since its establishment in 1981, the INPEX Scholarship Foundation has provided scholarships aimed at promoting mutual understanding, friendship, and goodwill between Japan and Indonesia through student exchanges. In FY2022, this scholarship program was expanded to include students from Australia and the United Arab Emirates (UAE). The Foundation has supported 150 Indonesian, 70 Japanese, three Australian, and two Emirati students to date. Many of the students are now contributing to friendship and goodwill between Japan and their home countries in the research fields they studied during their time abroad.

FY2023 INPEX Scholarship Foundation year-end exchange

Abu Dhabi

In Abu Dhabi, we are conducting social contribution activities with a focus on the three areas of education, environment, and culture. We are working through our subsidiary Japan Oil Development, Co., Ltd. (JODCO) and through the established INPEX JODCO Foundation.

In the area of education, we are implementing the following initiatives:

- Supporting an initiative, together with other Japanese companies operating in Abu Dhabi, for Emirati children to enroll in the Japanese School in Abu Dhabi.
- Supporting implementation of the Kumon Method mathematics learning format, together with the Abu Dhabi National Oil Company (ADNOC), at elementary schools in Abu Dhabi.
- Accepting university students from UAE as interns in cooperation with the internship program for Emirati students being implemented by the Japan International Cooperation Center (JICE).

In the area of environment, we are implementing the following initiative:

- Holding lectures by Japanese mangrove specialists at the Japanese School in Abu Dhabi since FY2023 and providing mangrove planting experiences.

In the area of culture, we are implementing the following initiatives:

- Participating in the Abu Dhabi International Hunting and Equestrian Exhibition (ADIHEX) and introducing Japanese traditional cultural activities, including falconry, sword-making, candy making, and tea ceremony.
- Supporting tea ceremony activities of the Urasenke Tankokai Abu Dhabi Association.
- Holding Judo Japanese Ambassador's Cup tournaments with the Embassy of Japan in the United Arab Emirates and the UAE Judo Federation.
- Implementing the UAE-Japan Falconer Friendship Program with the Emirates Falconers' Club since FY2023. Providing falconry cultural experiences at the Japanese School in Abu Dhabi, sending Japanese falconers to UAE, and holding exchanges with UAE falconers.
- Sponsoring teamLab Phenomena Abu Dhabi, which is scheduled for completion in 2024. [planned]

UAE-Japan Falconer Exchange Program (©Emirates Falconers' Club)

Mangrove planting experience for students of the Japanese School in Abu Dhabi

Norway

Our subsidiary INPEX Norway Co., Ltd. has signed a sponsorship agreement between INPEX Idemitsu Norge AS (IIN) and the Munch Museum. IIN has been a sponsor of the museum for more than 30 years since the days of IIN's predecessor, Idemitsu Petroleum Norge AS, and has contributed more than 100 million Norwegian krone to the museum since its inception in 1991. Donations from IIN have contributed to realizing several major projects, including the extension and repair of the museum as well as the restoration of *The Scream* and *Madonna*, as well as Edvard Munch's masterpieces that were stolen in 2004 and subsequently recovered.

Munch Museum

Kazakhstan

In the Kashagan Project, in which our subsidiary INPEX North Caspian Sea, Ltd. participates, the operator NCOC (North Caspian Operating Company N.V.) has been conducting ongoing social infrastructure projects since 1998. These projects include the construction of housing, educational institutions, healthcare facilities, and urban development, contributing to the development of the local community. To date, the number of completed projects in the operational regions of Atyrau and Mangistau exceeds 220. Additionally, NCOC implements social contribution programs with a focus on five key areas: healthcare, education, sports, culture, and charity.

Engagement in Education: Gathering photo of raising young ecologist program participants

Japan

Our employees voluntarily contribute to a charitable giving program through which a portion of their pay is deducted for donation to NGOs and NPOs chosen through an annual employee vote, with the Company also donating matching sums of money. The beneficiaries selected engage in activities across three key areas: the Environment; Education and Fostering Future Generations; and Support for Local Communities.

From 2023 to 2024, as part of our support for Education and Fostering Future Generations, a key area of our social contribution activities, we sponsored the 92nd Music Competition of Japan, which has propelled numerous promising musicians onto the world stage of music. We also sponsored LA FOLLE JOURNÉE TOKYO 2024, a musical event held mainly at the Tokyo International Forum. In 2023, we invited 51 members of families supported by the Ashinaga Foundation, one of the donation recipients from our charitable giving program, to LA FOLLE JOURNÉE TOKYO 2023.

92nd Music Competition of Japan (©The Mainichi Newspapers Co., Ltd.)

LA FOLLE JOURNÉE TOKYO 2024 (© Photo by Shun Itaba)

Our Akita Field Office employees team up with relevant local organizations to plant flower seeds along Cosmos Road in Akita City's Yabase district. Nagaoka Field Office employees join with agricultural workers and organizations to pick up litter and maintain flower beds in the area around Koshijihara Plant.

At our Naoetsu LNG Terminal, we support requests of educational field trip opportunities for the local community—such as government offices, residents, and businesses—and offer tours that explore the terminal's LNG tanks and other facilities. The tour includes a stop at the onsite INPEX Museum, a small theater that screens a fascinating video presentation of the story of oil and gas—from its formation through to its use in our everyday lives. In FY2023, fourth and fifth graders from the local Yachiho Elementary School visited the terminal for a field trip. Employees also visited the school to engage with sixth graders. In addition, as active members of the local community, our employees also participate in beach clean-ups organized by a local environmental group. Activities include picking up litter, mowing grass along roads near the office, and other beautification activities.

Beautification activity in Akita Prefecture

Clean-up of Kotagahama Beach, Niigata Prefecture

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Our Policy

Embodying the management philosophy of the INPEX Group, it is essential for INPEX to build an organizational structure and cultivate a workplace capable of amplifying its **strengths in fieldwork, technology, and internationalism**, and respond flexibly even in a rapidly changing business environment. Our objective is to build an organizational culture in which people feel empowered to voice their ideas without constraint fostering an environment for growth and innovation. We seek individuals who create business value through embracing diversity, a commitment to personal growth, and demonstrate autonomy. To achieve this, we are working on various key measures based on our Basic Policy on INPEX Human Resources Strategy.

Basic Policy of Our Human Resources Strategy

To become the "Employer of Choice," the most rewarding company to work for, by creating an organization, workplace and culture that encourages employees to take on challenges and act autonomously

- Foster a corporate culture that encourages **innovation** by endorsing ideas and changes that are not bound by precedent
- Build a culture that encourages individual performance and collaboration to achieve goals with a "Safety Number One" mindset

To assign the right people to the right positions and conduct appropriate evaluations and compensation in order to enable diverse human resources to play an active role

- **Develop and deploy leaders** at a **global level** to adapt to business speed and create value by integrating human resources with diverse backgrounds
- Enhance motivation through highly transparent evaluations and competitive compensation based on such evaluations

To secure and develop human resources capable of continuously creating value in a changing business environment and improve their engagement

- Establish recruitment branding to build understanding and empathy for the Company's businesses
- Provide **practical growth opportunities** to increase on-site and technological capabilities

INPEX Human Resource Vision

As a company operating across the world, we view workforce diversity and common values shared by our global workforce as essential for sustainable and responsible business management. To achieve these goals, our Human Resources (HR) Unit developed the INPEX HR Vision, comprising four key pillars as a common vision for our Group human resources departments. This vision has been developed in consultation with the heads of HR departments in each country.

With these four core pillars, we are working to create an internationally competitive organization by applying a global perspective as we implement HR initiatives to improve the capabilities of our employees and team performance.

Four key pillars in INPEX HR Vision

Development of INPEX Values to Become the Employer of Choice

At INPEX, we recognize that for each employee to demonstrate their full potential—regardless of age, gender, nationality, or other characteristics—it is important to adhere to the shared INPEX Group Values for both Group officers and employees to live and champion.

In addition, we regularly host psychological safety seminars for officers and employees, Open Offices (Dialogue with President & CEO, Senior Executive Vice Presidents, Senior Vice Presidents) and town hall meetings. We also foster communications through activities like team building exercises. Our aim is to create an organizational culture where people feel empowered to be themselves and contribute to innovation, ultimately striving to become the "**employer of choice**" at a global level.

Enhancement of Group Collaboration

To achieve sustainable growth for the Group in a rapidly changing business environment, we believe it is important for our foreign employees (who account for **approximately 40%** of our workforce) to collaborate. We encourage teamwork to cultivate growth and innovation, by leveraging shared knowledge and individual experiences and integrating strengths and capabilities. Specifically, we are building an organization where our employees from both local and overseas subsidiaries can collaborate and support individual projects. This involves holding regular global workshop meetings and technology exchange meetings across various divisions, as well as ongoing efforts to share knowledge, experience and pursue best practices across the Group.

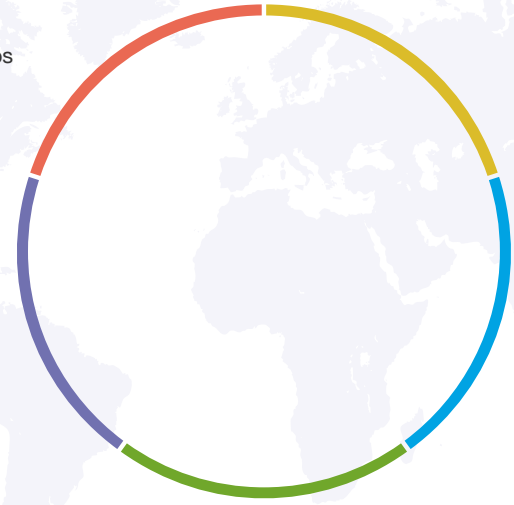
We support HR development by providing leadership programs and skills-related training tailored to the circumstances of each country. Our head office leadership training program, designed for emerging leaders across local and overseas subsidiaries, aims to broaden their horizons and strengthen unity within the Group. While temporarily suspended during the COVID-19 pandemic, the program resumed in FY2023, with seven employees from Australia working at our head office.

Collaboration

We rely on unity and team spirit to bulld strong professional working relationships within INPEX as well as within the communities in which we operate.

Safety

Anzen dai ichi – 'Safety Number One' – is the way we think, act and promote safety at INPEX that forms the core of a strong HSE culture.



Ingenuity

We embrace initiative and innovative proplem-solving at every level of INPEX and celebrate our successes at every opportunity.

Integrity

We are ethical, honest and trustworthy in our business relationships and professional in our conduct at all times.

Diversity

We proactively embrace our individual differences which is central to who we are at INPEX and what makes a unique and welcoming workplace environment.

Professional Development

In line with its Basic Policy on human resources (HR), INPEX implements initiatives aimed at developing employees who embody the Company's desired qualities, support positive organizational culture, and contribute to the medium- to long-term growth of its workforce. In addition to providing training on the knowledge and skills required for each job grade and managerial position, we also offer business training for personnel to acquire specialized knowledge and business skills for the energy industry. Specific leadership training has also been developed to strengthen management skills of global-level leaders. This includes programs focused on cultivating internationalism, strengthening leadership and management capabilities, as well as diversity, equity, and inclusion (DE&I) training to enable participants to work and produce results with diverse workforce. We also conduct age-specific career workshops and implement a fast-track selective program for chosen employees, to support early career development. Through these training programs, we can not only provide employees with the necessary business knowledge and skills, but to also cultivate an awareness of their own growth. In this way, we aim to support the performance and growth of program participants and contribute to long-term success and development of the organization as a whole.

In FY2023, a total of 564 employees participated in our leadership development and related programs, including next-generation leader selection and development.

Approach to HR Development (extract from the employees' guidebook)

Support based on a mid- to long-term perspective

The Company provides support to employees from a mid- to long-term perspective, so that they can achieve self-actualization through their work.

Support for development with an emphasis on independence

The Company actively supports those who think and keep making efforts independently.
In order to help employees to demonstrate their abilities at a higher level, the Company provides employees with opportunities to acquire human, conceptual, and technical skills.

Support for autonomous career development

The Company supports all employees to have a career ownership mindset that allows them to choose their career based on their own values.
The Company provides them with opportunities to think proactively and find their own role.

Human Resource Development for Younger Employees

The first three years of graduate employment in the Company is a designated development period for these young employees. During this period, we implement various measures that enable them to acquire the basic skills needed to operate and grow in the workplace, while taking ownership of their careers.

In FY2023, we provided new employees with a joint three-week group training program for all job categories, aimed at equipping them with the necessary mindset and skills needed as a member of the workforce.

After the group training, we conduct regular pulse surveys and counseling sessions with external experts alongside additional role-specific development programs. During the first three years of the graduate program, we provide continuous workplace adaptation assistants and personal growth support, along with yearly follow-up training for all work categories.

Support systems have also been implemented tailored to each work category-specific development program. This includes a mentoring system (for technical employees) under which support is provided by veteran employees, and an on-the-job system (for office workers and some technical employees) under which guidance is provided in each workplace.

Alongside these support systems, we offer assignments to our young employees for practical training at our offices and operational sites in Japan and overseas. Our main focus is to develop a workforce capable of playing active roles across global operations.

In addition to the above, we provide medium- to long-term development opportunities to foster skilled and autonomous engineers capable of working collaboratively with engineers from other fields. By implementing development pathways starting from their third year, our objective is for them to develop their own areas of specialization by their sixth year.

Supporting Career Autonomy for All Employees

To encourage employees to take ownership of their careers, we provide a range of training opportunities tailored to each employee's individual desire to learn. This includes personal development programs and business knowledge training (free choice of e-learning courses). We also conduct career workshops for employees aged 30, 40, and 50 years providing them with opportunities for self-reflection and assessing their career experiences.

In FY2023, we established an internal Career Support Desk. The purpose of this support desk is to offer employees career guidance through interviews with career consultants who have nationally recognized qualifications. At the same time, we conduct career awareness surveys for all employees and undertake initiatives to encourage and enhance career development while regularly monitoring trends in career awareness within the Company.

Occupational safety training in Malaysia for technical employees

Selective Development of Next-generation Leaders

In FY2021, we launched our Breakthrough Leadership Program (BLP) ❶, a selective leadership development program for non-managerial employees. By identifying and nurturing individuals with the potential to become the next generation of managers, we aim to develop autonomous and transformational leaders who will assume leadership roles within the Company in the future. Additionally, in FY2022, we launched the Advanced Leaders Program (ALP) ❷ aimed at empowering and strengthening leadership abilities for our existing executives. Both selective programs are open for employees to self-nominate, with those most likely to be self-driven next-generation leaders being selected for participation. In FY2023, the third year of the BLP, a total of five participants were selected from among the 51 new manager applicants.

In Australia, we launched a leadership development program in FY2022 with team leaders and managers participating in a training program aimed at further improving the qualities and behavioral attributes expected of leaders.

❶ Breakthrough Leadership Program (BLP): A program lasting up to five years and tailored based on the experiences of each selected employee to accelerate their development, and fast-track their employment as managers, by strategically and deliberately subjecting them to an intensive series of challenging assignments (including more sophisticated tasks, leadership positions, and jobs at different departments) over a short time frame

❷ Advanced Leaders Program (ALP): A program to develop next-generation managers with strong foundations and rich ideas, through participation in management and business programs in Japan and overseas, learning of the latest information and trends to acquire skills for identifying issues, and engagement with employees from other companies

Leadership Development

We incorporate individual and group capability development plans into our leadership development program for non-managerial employees to improve their motivation for personal growth and execution of their duties. After appointing executives, we provide group training programs with 100% attendance required by applicable executives. Programs include new executive training in scenario and business planning, new manager training in HR evaluation and feedback, and new general manager training in vision-making. In FY2023, we also began a 360-degree feedback program for all members of management up to and including the President and CEO. The objective is to encourage self-reflection and behavioral changes through feedback from peers about one's own performance.

Case study: Developing leaders in Australia

Introduced in 2022, *Leading@INPEX* is our primary leadership development program for Australian-based personnel. The program has been designed to create a culture in which people: are empowered, accountable and authentic; maintain a value focus; build strong relationships; and consider the big picture.

The program consists of several elements:

- **A leadership framework that outlines six core capabilities for all leaders and expectations of behaviors.**
- **Three one-day leadership modules**—Leading Teams, Leading People, and Enabling People and Removing Barriers.
- **A 360-degree feedback program**, to focus on individual development for leaders, and to provide consolidated data on strengths and opportunities for INPEX leaders. This data will inform the content of future training modules, and provides individuals with feedback to prepare their development plans.
- **Bi-annual Leader Forums** attended by up to 100 leaders each time, providing opportunities for leaders to learn from external key-note speakers, hear from our most senior leaders, and build relationships with each other.
- **A Business Advisory Group consisting of 30 individuals of different role levels and types**, who review and provide feedback on the elements of the program.

In addition, we provide devices and teaching materials to reinforce the key models and tools taught in the program, such as desk flipcharts. We also offer an intranet platform called "Leader Hub" specifically designed for program participants.

More than 390 personnel from a cohort of 426 have participated in the Leading@INPEX program to date.

In addition, we have introduced two new leadership programs:

- **A *Leading Change* training program**, targeted at leaders and any individuals who lead a project, with the aim to assist them to manage, communicate and embed change effectively.
- A recently piloted two-day ***Emerging Leaders* program**, targeted at future leaders to prepare them for their first leadership roles at INPEX.

More than 100 personnel have participated in the *Leading Change* program, and close to 100 nominations have been made for the *Emerging Leaders* program, which formally rolls out in 2024.

By supporting the continued development of leadership skills and attributes in our managers, team leads and aspiring leaders, we support these personnel to build and guide strong and productive teams, and create an engaged workforce who feel happy to work at INPEX, thereby maximizing our retention of core skills, business stability and productivity.

Our key means for measuring the success of the *Leading@INPEX* program is a bi-annual employee engagement survey (Check-in Survey), which provides an engagement score for the overall INPEX Australia business, as well as at departmental level, and feedback on the effectiveness against the six core capabilities of the *Leading@INPEX* program. Pleasingly, our survey participation rate improved by 30% and our employee engagement score increased by 5 points on our first survey in 2022, and we maintain a lower attrition rate than many of our industry peers.

HR Evaluation and Allocation

At the core of INPEX's approach to HR management, is a commitment to fairness in its personnel system. This approach is based on three concepts: a fair job-based grading system, a pay-for-job/performance compensation system, and a transparent evaluation system.

We conduct HR evaluations along two axes: work target evaluations (target management) and work behavior evaluations (competencies). Accordingly, we disclose the evaluation process and criteria to those being evaluated to ensure transparency and fairness, and connect achievement of performance targets for the organization with the growth of individuals. We do this by (1) setting targets linked to high-level targets and work responsibilities, (2) providing real-time feedback and progress confirmation, and (3) ensuring well-balanced evaluations and treatment. To fully implement this evaluation system for non-managerial employees from FY2024, we are providing briefings on HR evaluations for both those being evaluated and those conducting the evaluations. We are also striving to set appropriate targets in line with work responsibilities, and improve understanding and awareness of the evaluation system.

To support the continued development of our personnel, we are working to prevent rigidity in personnel assignment, the dependency on individuals, and reduction in opportunity for promotion. We do this by regularly reviewing the position, succession plan, and talent of executives in each division. A tenure system has also been introduced for line management positions. Each year, employees are encouraged to declare their job and division preferences, to help management better understand their career outlook. We also provide regular one-on-one meetings between employees and their supervisors, where dialogue can lead to medium- to long-term career development. In addition, we provide opportunities for employees to pursue their own career paths through an internal job posting system. This leads to more appropriate personnel allocation and assignment while motivating employees. Concurrently, we run a return-to-work program to welcome back motivated employees who had resigned from the Company due to unavoidable personal reasons.

Promotion of Diversity

Our Policy on DE&I

INPEX respects international norms on human rights in accordance with the INPEX Group Code of Conduct. We do not discriminate based on factors such as race, skin color, gender, sexual orientation, gender identity, age, creed, religion, birth, nationality, disabilities, or educational background. We mutually respect and utilize the individuality and diversity of every employee, and strive to ensure employees have fair and equitable access to opportunities for self-fulfillment and career development. We do not tolerate harassment or behavior that could be misconstrued as harassment.

We want all personnel to fully understand the importance of DE&I. We aim to create an organization in which people can freely and openly express their opinions without being bound by preconceived notions, continue to try new things, and innovate. Therefore, we aim to build a workforce that creates business value based on acceptance of diversity, willingness to grow, and autonomous behavior.

We consider promotion of DE&I to be an essential element of INPEX becoming the employer of choice. Through this approach, we will create an active and diverse workforce to help us achieve sustainable growth even in a rapidly changing business environment. We aim to become a company that is valued for its contributions in creating a more prosperous society.

Promotion of Women's Empowerment

In line with our policy on DE&I, we are intent on creating an environment that enables women to showcase their full potential. We recognize there is uneven representation of females across job categories and their underrepresentation in managerial roles. To address these issues, we are actively recruiting mid-career women with management capabilities. Similarly, our graduate recruitment efforts focus on boosting female representation by participating in targeted events for female students. In this and other ways, we are working to achieve recruitment of at least 30% females in each year's new employee cohort. Our previous target was for women to fill 4% of management positions (as defined by our grading system)[1] by December 31, 2023. We were pleased to achieve this target, with women filling 4.3% of management positions by the end of 2023. Going forward, we aim to increase our target to 6% during FY2025 through more intensive mid-career recruitment of women across management roles. When promoting or appointing personnel, we also evaluate employees who are temporarily restricted from performing their work duties due to life events in an appropriate manner to avoid impeding on their career advancement. In FY2021 and FY2022, we held unconscious bias seminars for all personnel. In FY2023, we also held internal seminars on the subjects of gender bias and women's empowerment, with a total of 387 males and females attending. In efforts to develop greater female leadership, we selected six females from within the Company to attend an external training program. Through these initiatives, we are promoting greater diversity in the workplace and building a foundation for more active participation of female employees.

[1] Non-consolidated employees including seconded employees but excluding the employees who are temporary transfer to INPEX

LGBTQ+

Within the Group, the term "diversity" refers to all differences related to people or businesses, including sexual orientation and gender identity.

To promote understanding towards LGBTQ+ within our workforce, we have conducted a regular internal training program since FY2017, and in FY2018, held lectures for officers concerning LGBTQ+ matters. In FY2019, at the request of employees, we launched an INPEX LGBT Ally[2] program. Efforts have also been under way to upgrade internal systems. In FY2020, employees were given the right to refuse requests to undertake business travel on the grounds that they are LGBTQ+, and in FY2021, "family" was redefined to include same-sex partners and their children under the Company's benefit program. Employees are also encouraged to start using names (including pronouns and titles) that reflect their gender identity. In addition to an internal LGBTQ+ consultation desk, we set up a second consultation desk managed by outside experts in FY2022. Our continuing positive action in these areas have earned us recognition in Japan. Every year since FY2019, we have received Gold or Silver awards in the PRIDE Index, Japan's first index evaluating initiatives in the workplace related to LGBTQ+ and sexual minorities.

[2] Ally: A supporter and person who understands related issues

Employment of Foreign Nationals

We actively employ foreign nationals as we believe that diversity brings vitality to the workplace. To achieve inclusion—which means to build workplace environments and interpersonal relationships that contribute to business through mutual respect and recognition—we provide relocation support services for foreign nationals, in particular those who normally use English in their daily work, to minimize the challenges they may experience living and working in Japan. In addition, we prepare intranet postings and documents in both Japanese and English, and offer weekly Japanese-language lessons with an external teacher, with the aim of creating work environments where employees can be active and comfortable.

Efforts to Engage Older Workers

In FY2019, we introduced career training for employees aged 30, 40, and 50 years to understand the importance of career development, learn to design their own pathway for future success and growth, self-reflection, and assessing career experiences. Since FY2022, we have also offered career consultation by qualified personnel to employees aged 55 years to support the autonomous career development of our senior employees.

In April 2023, we revised our personnel system for older workers (under reemployment contracts) and changed the remuneration structure for people over 60 years of age to one based on their work roles.

In FY2019, we set up INPEX Solutions, LTD. as a fully owned subsidiary functioning as a think tank for the Group. This subsidiary conducts surveys and research, as well as providing support in consulting and HR development. Many retired Group employees transfer to the Company where they can make use of their expertise. This includes sharing their knowledge accumulated throughout their career or by exploring new business opportunities for the Group.

Promotion of Employment of People with Disabilities

We have been proactive in the employment people with disabilities, taking into consideration the nature of the work and the workplace environment. As of the end of FY2023 (December 31, 2023), we have employed 45 people with disabilities, representing 2.9% of the workforce in Japan. Since FY2020, it has become common to work from home, a more amenable and conducive workplace environment for people with physical disabilities. This has enabled us to maintain an employment rate of people with disabilities that exceeds the legally required rate in Japan. The wearing of masks during the COVID-19 pandemic has posed challenges for employees with hearing disabilities, who rely on lip reading to communicate. We have been providing these employees with support according to the situation, including chat-enabled virtual meetings and closed captioning for videoconferences. Going forward, we will continue implementing measures to remove barriers for employees with disabilities.

Promotion of Work-life Balance

In accordance with its policy on DE&I, INPEX is promoting work-life balance, aiming to create an environment where all employees can work according to their individual circumstances while maximizing their abilities in a way that suits their lifestyle.

To support this objective, in April 2019, we established a Group-wide flextime work system, a system which had previously been limited to employees with childcare and nursing-care responsibilities. We also introduced work-from-home arrangements for office-based employees in April 2020. In April 2021, core time was eliminated from the flextime work system, and the system was extended to include employees at all Japan-based operational sites. In addition to allowing paid leave in half-day units, we continue to encourage employees to take consecutive days off during summer and set recommended dates for taking paid leave. These measures aim to give employees time for physical and mental refreshment. To reduce overtime work, Wednesday is designated as a work-life balance day in Japan, where employees are encouraged to go home early. If an employee's overtime continuously exceeds a certain threshold, the employee's supervisor and the Human Resources Unit will communicate with the employee to understand the situation, jointly identify problems, and devise strategies to address these problems.

As a further measure to promote diversity and individuality, we introduced a year-round casual business dress code to make the work environment even more motivating for employees.

Support for Childcare and Nursing Care

We support work-life balance for employees who are either parenting or providing care to family members, and have created a comprehensive framework to support lifestyle requirements. We offer statutory childcare leave to employees (maximum of 24 months), up to the day before the child's first birthday, or up to the child's second birthday if childcare facilities cannot be used and the Company agrees. We also exceed the legal requirement in paying employees their full salary for the first five days of starting childcare leave and 20% of their salary during childcare or nursing-care leave ❶. We also provide payment of salary during sick/injured childcare leave or nursing-care leave for up to five days per eligible family member ❷, which is again above the legal requirement.

Moreover, we have adopted flextime without core time so that employees can take leave during working hours regardless of the reason. To round out the flexible workstyles we provide, we also offer work-from-home arrangements, which have become well established within the Company. The scheme offers a high degree of flexibility, allowing employees with childcare or nursing-care responsibilities to work at different times of the day, as well as for shorter periods through the shortened work hours program with flextime.

In addition to these system-related initiatives, we have also focused our efforts towards fostering positive attitudes through an ongoing training program for supervisors overseeing staff with children. This aims to ensure diligent follow-up care by supervisors. We also encourage male employees to participate in parenting and share information on our intranet to advocate for the benefits of childcare leave for male employees and how the system works. As a result of these efforts, there is a growing trend in the percentage of males taking childcare leave. We seek to establish an environment that supports childcare leave and promote its understanding through actions such as holding internal briefings in alignment with the revision of the Child Care and Family Care Leave Law, as well as extending the eligibility of special leave for spouse's childbirth (three days of paid leave) to encompass both pre and post-expected due dates, rather than solely after childbirth.

In order to help alleviate any anxiety employees retuning to work after childcare leave may have, we offer a personal development program to those interested in improving their skills while on leave and encourage participation in discussions prior to returning to the workplace. Those who return to work prior to their child's first birthday, are entitled to two 30-minute nursing breaks per day (paid) until the child turns one year old.

To further assist employees with childcare responsibilities, we provide childcare support arrangements for children up to the age of three. In addition, we have an agreement with a Company-led nursery school to give enrollment priority to the children of our employees. We have also signed up with a childcare service provider.

Acknowledging these efforts, the Tokyo Labor Bureau has consistently praised INPEX since FY2012 as a company that supports its employees to balance work with childcare responsibilities. As a testament to our commitment, we have been awarded with the "Kurumin" next-generation certification four times.

We also support a balance of work and nursing-care responsibilities by offering flexible arrangements related to nursing-care leave for those with elderly parents, even if they are not officially certified care recipients as per the usual legal requirement.

❶ During childcare leave, the public employment security office pays 67% or 50% of regular monthly salary as childcare allowance. Separate from this childcare allowance, we go beyond the legal requirement and pay 20% of an employee's salary during childcare leave. In October 2022, we introduced measures in Japan aimed at encouraging male employees to further engage in parenting responsibilities. These measures included parental leave, allowing up to four weeks within the first eight weeks after childbirth, as well as the option to take this leave in up to two installments.
❷ A maximum of 10 days if there are two or more eligible family members

Other Initiatives

Senior Vice President's Awards and General Manager's Awards:

These awards aim to energize the organization by recognizing the day-to-day achievements of employees.

Cafeteria Plan (free-choice employee benefit program)

The Cafeteria Plan grants points to employees each year. Employees are able to use their points to choose benefits that most suit them. Benefit options include childcare and nursing care support, disease prevention, access to fitness gym or sporting facilities, leisure activities, and entertainment options.

Internal company event support (team building and recreation activities)

Financial support is provided to cultivate a sense of unity and strengthen relationships within the organization, aiming to promote interaction and communication between employees.

Employee shareholders' association (57% participation)

Employees are supported in their efforts toward medium- to long-term wealth accumulation, including through payment of financial incentives to employees participating in the employee shareholders' association.

Free-choice defined contribution plans (80% participation)

Employees are supported in their efforts to build wealth for the future. Based on the choice and life plan of the individual, a set allowance is paid as part of their salary or contributed to their pension plan.

Support for employees undergoing medical treatments

Employees are assisted in managing their work commitments alongside medical treatments, serious illness such as cancer or otherwise as specified by the government, through flexible work arrangements tailored to their treatment solutions.

Performance Data

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Environment

Numbers in table may not sum due to rounding or numbers after decimal point.

Climate Change <Target Management>

Item			Boundary	FY2021	FY2022	FY2023	Unit
Direct GHG Emissions (Scope 1)*[1, 2] ✓			**Equity Share**[4]	7,302	6,839	6,864	thousand tons-CO_2e
Indirect GHG emissions (Scope 2)*[1, 2] ✓				136	69	55	
Net Carbon Intensity[3]				33	28	28	kg-CO_2e/boe
Indirect GHG Emissions (Scope 3)[1]	Category 1	Purchased Goods and Services[5]	**Operational Control**[6]	376	686	1,973	thousand tons-CO_2e
	Category 11	Use of Sold Products[5] ✓	**Equity Share**[4]	77,805	84,310	86,199	
Methane Emissions Intensity			**Operational Control**[6]	0.04	0.05	0.05	%

* Of the equity share emissions in 2023, we have obtained third-party verification for Scope 1 emissions 4,478 thousand tons and Scope 2 emissions 34 thousand tons from the production projects where INPEX takes the operator role as of December 31, 2023, and from INPEX headquarters and technical research center.
1 Scope 1: Direct emissions from resources owned or controlled by the reporting company. Categories 4 & 9 are being included in Scope 1 from 2021.
2 The emissions are calculated in accordance with local laws and regulations and rules for HSE-related data.
3 Net carbon intensity includes offset. The basic unit described here shows the GHG emissions of heat production rate per consolidated production of oil and natural gas and renewable energy.
4 The total amount of emissions corresponds to the net economic share of each production project.
5 Category 1: Total volume of contractor emissions and upstream emissions from the production of purchased goods.
Category 11: The emissions are calculated by multiplying the total sales volume of crude oil, natural gas and LPG by CO_2/CH_4/N_2O emission factor under the assumption that all amounts of crude oil, natural gas and LPG are combusted. The emissions are calculated from 2006 IPCC Guidelines for National Greenhouse Gas Inventories emissions factors.
6 HSE data are reported on an operational control basis including Head office, Technical Research Center, overseas offices and Operational Organizations in Japan and overseas.

Renewable Energy

Boundary	Item		FY2021	FY2022	FY2023	Unit
Consolidated	Electricity Generated Using Renewable Energy[1]	Geothermal	n/c	425,372	668,425	MWh
		Wind	n/c	313,240	836,832	
		Solar	n/c	5,647	37,318	
		Total	396,390	744,259	1,542,575	
	Total Investment in Renewable Energy[2]		5,151	79,836	77,435	million yen

* Items for which data are not collected are marked with n/c (not collected).
1 Sustanability Report 2022 (issued on June 30, 2023) uses data on electricity sold. The breakdown of this item is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023).
2 Only the amount of total investment in Japan is disclosed in 2020 data.

HSE <Environmental Data>

Boundary	Item				FY2021	FY2022	FY2023	Unit
Operational Control[1]	Direct GHG Emissions (Scope 1)[2, 3]	Emissions Source	Domestic ✓	Energy Use	168	165	160	thousand tons-CO_2e
				Flaring	13	7	4	
				Other Ventings & Fugitives	11	7	17	
				Raw-CO_2 Venting	116	91	83	
			Overseas ✓	Energy Use	3,176	3,081	3,178	
				Flaring[10]	769	530	318	
				Other Ventings & Fugitives	48	67	139	
				Raw-CO_2 Venting	2,359	2,390	2,722	
		Gas Types	Domestic ✓	CO_2	293	263	245	
				CH_4	14	8	19	
				N_2O	0	0.03	0	
			Overseas ✓	CO_2[10]	6,234	5,903	6,192	
				CH_4[10]	109	159	160	
				N_2O	9	6	5	
		Total			6,658	6,339	6,622	
	Indirect GHG emissions (Scope 2)[2, 3]		Domestic ✓		44	48	34	
			Overseas ✓		1	1	1	
			Total		45	48	35	
	Energy Consumption[4]		Domestic ✓	Fuels (oil, natural gas, etc.)	4,029	3,211	3,096	TJ
				Purchased Electricity and Heating	727	766	754	
			Overseas	Fuels (oil, natural gas, etc.)	61,121	60,955	61,552	
				Purchased Electricity and Heating	6	6	6	
			Total		65,883	64,938	65,408	

Emissions to the Atmosphere	VOC[5]	Domestic ✓	417	358	490	tons
		Overseas	5,450	3,939	2,161	
		Total	5,867	4,297	2,651	
	NOx	Domestic ✓	147	120	187	
		Overseas	3,837	3,867	3,269	
		Total	3,984	3,987	3,456	
	SOx	Domestic ✓	5	5	4	
		Overseas	2,317	1,003	89	
		Total	2,322	1,008	94	
Fresh Water Consumption	Domestic ✓	Tap Water	163,850	145,445	144,619	m^3
		Water for Industrial Use	177,457	123,310	123,415	
		Groundwater and Surface Water	846,508	787,798	806,317	
		Total	1,187,815	1,056,553	1,074,351	
	Overseas	Tap Water	635,373	528,329	551,260	
		Water for Industrial Use	0	0	0	
		Groundwater and Surface Water	388,016	672,156	0	
		Total	1,023,389	1,200,485	551,260	
	Total	-	2,211,204	2,257,038	1,625,610	
Discharge of Produced Water	Domestic ✓	Discharged into Public Water Areas	110,350	100,174	98,532	m^3
		Injection Return to Groundwater	340,570	303,709	233,422	
		Total	450,920	403,883	331,954	
	Overseas	Discharged into Public Water Areas	357,833	426,946	487,435	
		Injection Return to Groundwater	356,606	503,023	0	
		Total	714,439	929,969	487,435	
	Total		1,165,360	1,333,852	819,389	

Waste[6, 7]	Domestic[8] ✓	Non-hazardous waste (Waste diverted from disposal)	Preparations for Reuse	n/c	n/c	0	
			Recycling	n/c	n/c	962	
			Other	n/c	n/c	0	
			Total	2,168	2,006	962	
		Non-hazardous waste (Waste directed to disposal)	Incineration (with energy recovery)	n/c	n/c	105	
			Incineration (without energy recovery)	n/c	n/c	136	
			Landfill	n/c	n/c	193	
			Other	n/c	n/c	180	
			Total	3,473	4,618	613	
		Hazardous waste (Waste diverted from disposal)	Preparations for Reuse	n/c	n/c	0	
			Recycling	n/c	n/c	0	
			Other	n/c	n/c	15	
			Total	0	0	15	
		Hazardous waste (Waste directed to disposal)	Incineration (with energy recovery)	n/c	n/c	22	tons
			Incineration (without energy recovery)	n/c	n/c	95	
			Landfill	n/c	n/c	0	
			Other	n/c	n/c	782	
			Total	1,811	9,109	899	
		Total		7,453	15,734	2,490	
	Overseas	Non-hazardous waste (Waste diverted from disposal)	Preparations for reuse	n/c	n/c	2,850	
			Recycling	n/c	n/c	385	
			Other	n/c	n/c	1,639	
			Total	3	0	4,875	
		Non-hazardous waste (Waste	Incineration (with energy recovery)	n/c	n/c	76	
			Incineration (without	n/c	n/c	0	

		directed to disposal)	energy recovery)				
			Landfill	n/c	n/c	1,312	
			Other	n/c	n/c	0	
			Total	34,512	29,326	1,389	
		Hazardous waste (Waste diverted from disposal)	Preparations for reuse	n/c	n/c	0	
			Recycling	n/c	n/c	47	
			Other	n/c	n/c	0	
			Total	0	0	47	
		Hazardous waste (Waste directed to disposal)	Incineration (with energy recovery)	n/c	n/c	605	
			Incineration (without energy recovery)	n/c	n/c	0	
			Landfill	n/c	n/c	86	
			Other	n/c	n/c	0	
			Total	0	0	691	
		Total		34,512	29,326	7,001	
	Total			41,964	45,059	9,491	
Waste (drilling-related work)[7, 9]		Domestic[8] ✓	Waste diverted from disposal	n/c	n/c	10,920	
			Waste directed to disposal	n/c	n/c	16,121	
			Total	n/c	n/c	27,041	
		Overseas	Waste diverted from disposal	n/c	n/c	2,400	
			Waste directed to disposal	n/c	n/c	1,981	
			Total	n/c	n/c	4,382	
		Total		n/c	n/c	31,422	
Oil Spills			Number of Spills	1	0	0	cases

Quantity of Spills ✓	0.06	0	0	bbl

* Items for which data are not collected are marked with n/c (not collected).
1 HSE data are reported on an operational control basis including Head office, Technical Research Center, overseas offices and Operational Organizations in Japan and overseas.
2 Scope 1: Direct emissions from resources owned or controlled by the reporting company. Categories 4 & 9 are being included in Scope 1 from 2021.
Scope 2: Indirect emissions from the consumption of electricity, steam, heat and cooling purchased by the reporting company.
Scope 3: All indirect emissions that occur in the value chain of the reporting company.
3 The emissions are calculated in accordance with local laws and regulations and rules for HSE-related data.
4 The data is calculated in accordance with the laws and regulations of each country (including the Act on the Rational Use of Energy [Energy Conservation Act] in Japan).
5 Domestic: VOC emissions are calculated using the "PRTR Release and Transfer Calculation Manual for Oil Refineries and Oil Storage Depots, etc." published by the Petroleum Association of Japan. Overseas: The emissions are calculated in accordance with the laws and regulations of each country.
6 For waste amount reporting from FY2023 onward, the aggregation classification has been changed to comply with GRI 306 reporting standards.
7 The definition of hazardous wastes are in accordance with the laws of each country. Within Japan, "specially controlled industrial wastes" as stipulated in the Act on Waste Disposal and Public Cleansing are set as "hazardous wastes" and other wastes (including "industrial wastes" and "municipal waste") are set as "non-hazardous wastes."
8 Among general waste, all waste is counted as landfill since the amount of waste classified as non-flammable is not known by treatment category.
9 From FY2023 onward, the amount of waste generated from excavation-related work such as cutting has been counted individually.
10 Historical data has been revised.

HSE <Environmental Investment>

Boundary	Item	FY2021 CAPEX	FY2021 OPEX	FY2022 CAPEX	FY2022 OPEX	FY2023 CAPEX	FY2023 OPEX	Unit
Operational Control[1]	Global warming prevention (including energy saving)	200,771	425,140	45,150	273,680	412,680	832,122	thousand Yen
	Conservation of air quality	98,586	6,930	148,067	8,275	48,755	7,841	
	Conservation of soil and groundwater environment	170,831	0	216,800	0	38,830	0	
	Conservation of water quality	15,800	101,227	0	228,181	0	316,673	
	Waste management	310	646,457	471,389	701,701	22,849	591,494	
	Project management	3,900	66,466	303,763	308,881	345,690	220,885	
	Monitoring environmental impact/ Conservation of soil and groundwater environment (Onshore)	46,375	57,527	40,625	63,152	179	6,860	
	Monitoring environmental impact/ Conservation water quality (Onshore)							
	Monitoring environmental impact/ Conservation water quality (Offshore)	2,485	27,305	2,590	12,114	2,485	72,293	
	Monitoring environmental impact/ Project management (Offshore)							
	Monitoring environmental impact/ Biodiversity conservation	0	165,062	21,181	207,348	22,344	287,526	
	Total	539,058	1,496,115	1,249,565	1,803,332	893,812	2,335,693	
	Grand Total	2,035,173		3,052,897		3,229,505		

1 HSE data are reported on an operational control basis including Head office, Technical Research Center, overseas offices and Operational Organizations in Japan and overseas.

Social

Numbers in table may not sum due to rounding or numbers after decimal point.

Compliance

Boundary	Item		FY2021	FY2022	FY2023	Unit
Japan, Australia, Indonesia, Norway, U.S.	Number of Internal Reports	Japan	8	11	11	cases
		Australia	0	0	4	
		Indonesia[1]	36	22	30	
		Norway	0	0	0	
		U.S.	0	1	0	
Japan	Breakdown of whistleblower reports[2]	Corruption or Bribery	n/c	0	0	cases
		Antimonopoly or competition laws violation	n/c	0	0	
		Fraudulent accounting treatments	n/c	0	0	
		Human rights, Discrimination or Harassment	n/c	10	8	
		Work condition	n/c	1	2	
		Customer Privacy Data	n/c	0	0	
		Conflicts of Interest	n/c	0	0	
		Money Laundering or Insider trading	n/c	0	0	
		Other	n/c	1	1	
Japan	Human Rights Training (provided for new employees)	Attendance Ratio	100	100	100	%
		Training Hours	13	26	23	hours
Japan, Australia, Indonesia	Anti-Bribery and Anti-Corruption (ABC) Training	Japan[3]	282	127	219	persons
		Australia	864	1,103	1,680	
		Indonesia	178	116	114	

* Items for which data are not collected are marked with n/c (not collected).
1 The number of internal reports in Indonesia includes consultations on the procedures for ABC (anti-bribery and anti-corruption) measures.
2 This item is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023).
3 The data includes the number of participants in training at overseas locations excluding Australia and Indonesia.

HSE <Health & Safety>

Boundary	Item				FY2021	FY2022	FY2023	Unit
Operational Control[1]	Incident Frequency	LTIR[2]	By Contract ✓	Employees	0.31	0.31	0.44	-
				Contractors	0.42	0.23	0.57	
				Total	0.38	0.27	0.51	
			By Region	Japan	0.00	0.39	0.55	
				Norway[3]	n/c	17.64	0.00	
				Australia	0.64	0.12	0.56	
				Indonesia	0.00	0.00	0.00	
				UAE	0.00	0.00	0.00	
				U.S.	0.00	0.00	0.00	
		TRIR[4]	By Contract ✓	Employees	1.40	1.24	1.18	-
				Contractors	3.91	3.51	3.12	
				Total	2.90	2.54	2.17	
			By Region	Japan	0.00	2.16	2.00	
				Norway[3]	n/c	17.64	0.00	
				Australia	4.89	3.08	2.64	
				Indonesia	0.00	0.00	0.00	
				UAE	0.00	0.00	0.00	
				U.S.	0.00	1.51	0.00	
	Fatalities		By Contract	Employees	0	0	0	persons
				Contractors	0	0	0	
				Total	0	0	0	
			By Region	Japan	0	0	0	
				Norway[3]	n/c	0	0	
				Australia	0	0	0	
				Indonesia	0	0	0	
				UAE	0	0	0	
				U.S.	0	0	0	
	Lost Time Injury		By Contract	Employees	2	2	3	cases
				Contractors	4	2	4	
				Total	6	4	7	
			By Region	Japan	0	2	3	

		Norway[3]	n/c	1	0	
		Australia	6	1	4	
		Indonesia	0	0	0	
		UAE	0	0	0	
		U.S.	0	0	0	
Restricted Workday Injury	By Contract	Employees	6	3	1	cases
		Contractors	25	13	12	
		Total	31	16	13	
Medical Treatment of Injury	By Contract	Employees	1	3	4	cases
		Contractors	8	15	6	
		Total	9	18	10	

* Items for which data are not collected are marked with n/c (not collected).
1 HSE data are reported on an operational control basis including Head office, Technical Research Center, overseas offices and Operational Organizations in Japan and overseas.
2 The rate of injuries resulting in fatalities or lost time per million hours worked (LTIF: Lost Time Injury Frequency).
3 Noway data is is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023).
4 The rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million working hours (TRIR: Total Recordable Injury Rate).

<Process safety>

Boundary	Item	FY2021	FY2022	FY2023	Unit
Operational Control	Tier 1 ✓	0	0	1	cases
	Tier 2	7	0	2	

* Tier 1 and Tier 2 Process Safety Events (PSEs): Tier 1 and Tier 2 PSEs are unexpected releases or leakages of any material, including flammable liquids. In line with internationally accepted guidelines, we classify and report such events as Tier 1 or Tier 2 depending on the degree of consequence (personal harm, direct cost to the Company, type and quantity of material released, etc.).

Local Communities

Boundary	Item		FY2021	FY2022	FY2023	Unit
Consolidated	Social Investment[1]	Education and Fostering Future Generations	539	727	785	million yen
		Support for Local Communities[1]	2,043	4,403	2,438	
		Health, Medicine and Sports	56	82	70	
		Support for Disaster-affected Areas[1]	5	388	9	
		Environment	286	326	419	
		Culture and Arts	13	72	581	
		Others	71	46	100	
		Total[1]	3,013	6,043	4,402	
	Percentage of Senior Executives Appointed from Local Communities[2]	Overseas subsidiaries	n/c	n/c	60.1	%

* Items for which data are not collected are marked with n/c (not collected).
1 Historical data has been revised.
2 Managerial position refers to line managers and above. This item is newly disclosed from Sustanability Report 2023 (issued on June 28, 2024).

Human Capital <Employment>

Boundary	Item				FY2021	FY2022	FY2023	Unit
Consolidated	Overall Employees	By Gender (Figures in parentheses denote the ratio)	Male	General Employees	1,785 (75.9)	1,880 (75.3)	1,970 (74.8)	persons %
				Managerial Employees	793 (94.9)	817 (94.3)	839 (93.6)	
				Total	2,578 (80.8)	2,697 (80.2)	2,809 (79.6)	
			Female	General Employees	568 (24.1)	618 (24.7)	665 (25.2)	
				Managerial Employees	43 (5.1)	49 (5.7)	57 (6.4)	
				Total	611 (19.2)	667 (19.8)	722 (20.5)	
			Total		3,189	3,364	3,531	
		By Employment Contract	Permanent Employees	Male	2,578	2,697	2,809	persons
				Female	611	667	722	
				Total	3,189	3,364	3,531	

			Temporary Employees	Male	333	313	361	
				Female	102	98	104	
				Total	435	411	465	
		By Region	Japan	Permanent Employees	1,789	1,777	1,819	persons
				Temporary Employees	206	212	244	
				Total	1,995	1,989	2,063	
			Asia and Oceania	Permanent Employees	1,213	1,327	1,478	
				Temporary Employees	187	149	171	
				Total	1,400	1,476	1,649	
			Eurasia	Permanent Employees	35	95	97	
				Temporary Employees	9	12	16	
				Total	44	107	113	
			Middle East and Africa	Permanent Employees	97	109	106	
				Temporary Employees	28	36	33	
				Total	125	145	139	
			Americas	Permanent Employees	55	56	31	
				Temporary Employees	5	2	1	
				Total	60	58	32	
		By Nationality[1]	Japanese		n/c	2,021	2,062	persons
			Australian		n/c	1,003	1,111	
			Indonesian		n/c	46	49	
			Norwegian		n/c	51	47	
			UK citizens		n/c	57	57	
			Others[2]		n/c	186	205	
Unconsoli-dated	Employees[3]			Male	1,093	1,062	1,075	persons
				Female	287	287	309	
				Total	1,380	1,349	1,384	
	Average Length of Service			Male	14.9	14.5	13.9	years

			Female	10.0	10.5	10.4	
			Total	13.8	13.7	13.1	
Number of Staff Turnovers		Male	29 and under	5	3	2	persons
			30-60	16	22	15	
			Total	21	25	17	
		Female	29 and under	5	7	1	
			30-60	5	5	5	
			Total	10	12	6	
		Total Number of Staff Turnovers		31	37	23	
		Staff Turnover Rate[4]		2.25	2.75	1.67	%
Recruitment	Process	New Graduate Hires	Male	29	28	33	persons
			Female	10	11	12	
			Total	39	39	45	
		Mid-career Hires	Male	17	38	51	
			Female	4	3	18	
			Total	21	41	69	
	Category of Employee	Managerial Employees		8	12	19	
		General Employees		13	29	50	
	Age	40s and over		6	10	15	
		30s		11	22	35	
		Teens and 20s		4	9	19	
Ratio of Standard Minimum Salary to Local Minimum Wage[5]				1.05	1.04	1.20	times
Number of Employees with Disabilities (Figures in parenthesis denote the percentage in total employment)[6]				46 (2.9)	46 (3.1)	45 (2.9)	persons
Number of Employees Working under Re-employment Contracts				27	38	54	persons
Labor Union Participation Rate[7]				60.7	59.7	59.7	%

* Items for which data are not collected are marked with n/c (not collected).
1 Overall Employees by nationality is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023).
2 Those whose nationality is unknown are included.
3 London office data is included.
4 Calculated based on the number of voluntary resignees.
5 Data source of “Local Minimum Wage”: Japanese Ministry of Health, Labour and Welfare.
6 The disclosure period has been changed including of past data in the Sustainability Report 2023 (issued on June 28, 2024).
7 Fixed-term employees are not included.

Human Capital <Work-life Balance>

Boundary	Item			Apr. 2021—Mar. 2022	Apr. 2022—Mar. 2023	Apr. 2023—Mar. 2024	Unit
Unconsolidated	Monthly Average of Overtime Work			22.6	22.9	21.2	hours
	Average Days of Paid Leave Taken ( ) Average Rate of Paid Leave Taken[1]		Male	12.9 (68.3)	13.2 (70.9)	13.7 (73.8)	days %
			Female	14.3 (76.0)	15.3 (81.7)	15.1 (81.7)	
			Total	13.2 (69.8)	13.7 (73.2)	14.0 (75.4)	
	Rate of Receipt of Physical Examinations and Checkups			100	100	100	%
	Number of Employees Taking Maternity Leave[2]			17	16	13	persons
	Number of Employees Taking Advantage of Parental Leave System[2, 3]	Male	Number of Employees[4]	29	38	40	persons
			Rate of those taking parental leave[5]	n/c	70.4	76.9	%
			Rate of those returning to work[5]	100	100	100	
			Retention Rate[7]	95	96.7	97.0	
		Female	Number of Employees[4]	36	16	13	persons
			Rate of those taking parental leave[5]	n/c	100	100	%
			Rate of those returning to work[6]	91.7	82	88.9	
			Retention Rate[7]	87.5	83.3	94.7	
		Total	Number of Employees[4]	65	54	53	persons
			Rate of those returning to work[6]	97.6	92.7	98.0	%
			Retention Rate[7]	93	92.9	96.2	
	Number of Employees Taking Advantage of Shortened Working Hours for Childcare, and Flextime Work System		Male	3	4	6	persons
			Female	37	48	43	
			Total	40	52	49	

Number of Employees Taking Child Healthcare Leave	Male	38	25	48	persons
	Female	44	51	50	
	Total	82	76	98	
Number of Employees Taking Advantage of Childcare, Nursery, and Babysitter Subsidies	Male	53	48	62	persons
	Female	25	30	24	
	Total	78	78	86	
Number of Employees Taking Advantage of Nursing Care Leave System	Male	1	1	1	persons
	Female	0	0	0	
	Total	1	1	1	
Number of Employees Taking Advantage of Shortened Working Hours for Nursing Care System	Male	0	0	0	persons
	Female	0	1	1	
	Total	0	1	1	
Number of Employees Taking Special Leave for Family Care	Male	15	17	21	persons
	Female	15	15	18	
	Total	30	32	39	
Number of Employees Utilizing Volunteer Leave System		7	7	3	persons

* Items for which data are not collected are marked with n/c (not collected).
1 Data includes some fixed-term employees.
2 The section for April 2023 - March 2024 include the numbers collected from January to December 2023.
3 Eligible individuals who have the right to take childcare leave in our company refer to employees who live with and raise children under the age of 1 and wish to take leave for childcare purposes (excluding those who have been with the company for less than 1 year).
4 This item indicate the total number of individuals. Starting from April 2022 - March, indicate the actual number of initial recipients within the fiscal year.
5 This item is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023)
6 The rate of employees returning to work from parental leave is the number of returned employees in the current fiscal year divided by the number of employees expected to return in the current fiscal year multiplied by 100.
7 The retention rate of employees having returned to work from parental leave is the total number of employees retaining employment 12 months after return from leave divided by the number of employees returning to work in the previous fiscal year multiplied by 100.

Human Capital <Human Resource Development>

Boundary	Item			FY2021	FY2022	FY2023	Unit
Unconsolidated[1]	Number of Participants in Training Programs	Level-specific Training		811	1,031	511	persons
		Career Design Training	For age 55	41	n/c	n/c	
			For age 50[3]	n/c	249	48	
			For age 40	73	46	47	
			For age 30	108	60	46	
		Business Knowledge Training		500	157	178	
		Overseas and Domestic Business-Practice Training		27	44	66	
		Study Overseas Program		5	5	4	

Unconsolidated[1]	Training Hours per Person	By Gender	Male[3]	70.6	72.8	62.5	hours/ persons
			Female[3]	42	65.9	75.7	
		By Country	Japan[3]	64.8	71.4	65.0	
Australia[2]			Australia	43.2	47.6	64.5	
Unconsolidated + Australia[2]		Total		55.6	60.3	64.8	
Unconsolidated[1]	Training Cost per Person	By Gender	Male[3]	163,344	184,600	228,387	yen
			Female[3]	60,772	164,019	227,253	
		By Country	Japan[3]	142,360	180,251	228,179	
Australia[2]			Australia	268,261	397,996	437,028	
Unconsolidated + Australia[2]		Total		196,085	281,216	315,899	
Unconsolidated[1]	Employees who Seek Personal and Career Development Reviews Regularly	By Gender	Male	100	100	100	%
			Female	100	100	100	
			Total	100	100	100	
		Category of Employee	Managerial Employees	100	100	100	
			General Employees	100	100	100	
			Total	100	100	100	

* Items for which data are not collected are marked with n/c (not collected).
1 INPEX Corporation employees (Non-consolidated employees in Japan plus seconded employees in Japan and overseas, excluding seconded employees from other companies)
2 Employees of subsidiaries in Australia
3 This item is newly disclosed from Sustanability Report 2022 (issued on June 30, 2023).

Human Capital <Gender Equality>

Boundary	Item		FY2021	FY2022	FY2023	Unit
Unconsolidated[1]	Gender Pay gap[2]	Permanent Employees	n/c	61.8	62.4	%
		Temporary Employees	n/c	78.8	65.9	
		Total (Permanent+Temporary)	n/c	62.7	62.6	
Consolidated		Permanent Employees	n/c	n/c	74.1	
Unconsolidated[1]	Percentage of women in management positions in the GM level		n/c	2.2	2.0	
Consolidated			n/c	n/c	4.7	
Unconsolidated[1]	Percentage of women in management positions in the Lead/Manager level		n/c	3.8	4.7	
Consolidated			n/c	n/c	6.7	
Unconsolidated[1]	Percentage of women among new hires[3]		n/c	n/c	26.3	
Consolidated			n/c	n/c	25.5	

* Items for which data are not collected are marked with n/c (not collected).
1 INPEX Corporation employees (non-consolidated employees in Japan plus seconded employees in Japan and overseas, excluding seconded employees from other companies)
2 Percentage is calculated by (average annual wage for women) ÷ (average annual wage for men).
3 This item is newly disclosed from Sustanability Report 2023 (issued on June 28, 2024).

Governance

Boundary	Item		As of March 25, 2022	As of March 28, 2023	As of March 26, 2024	Unit
Consolidated	Directors and Executive Officers	Male	38	37	36	persons
		Female[1]	3	3	3	
		Total Number of Directors and Executive Officers	41	40	39	
		Outside Directors (Figures in parentheses denote the ratio of Outside Directors)	5 (42)	5 (42)	5 (50)	persons %
		Outside Auditors (Figures in parentheses denote (%) the ratio of Outside Auditors)	4 (80)	4 (80)	4 (80)	

1 As of March 26, 2024, the percentage of female executive officers is 7.7%.

Amounts paid to EITI countries

Boundary	Item		Year	Amount	Unit
Consolidated	Payment Amounts to Governments (EITI)	Kazakhstan	2021	15,147	thousand USD
		East Timor[1]	2021	74,909	
		Indonesia	2020	5,984	

1 Total payment amounts by INPEX Timor Sea, Ltd. and INPEX Sahul, Ltd.

Independent Assurance Report

To ensure the reliability of environmental and social performance data included in Sustainability Report 2023, INPEX has obtained independent third-party assurance from SOCOTEC Certification Japan for all data marked with the symbol (✓) in the ESG Performance Data section.

Scope of Assurance: 2023 data covering the period from January to December for the following environmental and social performance data.

Environmental performance

<Scope: Operational control ❶ in Japan>

- GHG Scope 1 emissions (by emission source, gas type)
- GHG Scope 2 emissions
- Energy consumption
- Water consumption and discharge of produced water
- Emissions to the atmosphere (VOC, NO_x, and SO_x)
- Waste – hazardous waste (waste diverted from disposal, waste directed to disposal) , non-hazardous waste (waste diverted from disposal, waste directed to disposal) , and Drilling waste(mugs and cuttings)
- Oil Spill (quantity of spills)

<Scope: Overseas operational control ❷>

- GHG Scope 1 emissions (emission source, gas type)
- GHG Scope 2 emissions
- Oil Spill (quantity of spills)

<Scope: Equity share based ❸>

- GHG Scope 1 emissions
- GHG Scope 2 emissions
- GHG Scope 3 Category 11 emissions (use of sold products)

Social performance

<Scope: Operational control ❶ including Japan and global organizations>

- Lost time injury rate (LTIR) by contract
- Total recordable injury rate (TRIR) by contract
- Process safety Tier 1 accidents(for this case only, results for FY2021 and FY2022 are also included)

❶ HSE and GHG emissions management data are reported on an operational control basis and include operational organizations in Japan, INPEX headquarters, and the INPEX Technical Research Center.
❷ The production projects where INPEX takes the role of operator as of the end of December 2023, and overseas offices are included.
❸ Equity share-based Scope 1 and Scope 2 emissions cover the production projects where INPEX takes the role of operator as of the end of December 2023, INPEX headquarters and the INPEX Technical Research Center. Scope 3 Category 11 emissions are calculated by multiplying the total sales volume of crude oil, natural gas, and LPG by each product's emission factor, under the assumption that the total volume of each is combusted.

CERTIFICATION INTERNATIONAL
SOCOTEC

Independent Assurance Report

Mr. Takayuki Ueda
Representative Director, President & CEO
INPEX CORPORATION

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from INPEX CORPORATION (hereafter "the Company") in order to provide an opinion as to whether the environmental and social performance indicators marked with ✔ included in the subject matter information ("Sustainability Report 2023 for the Reporting Period 1 January 2023 to 31 December 2023") of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria

The subject matter information for our assurance is the environmental and social performance indicators marked with ✔ included in "Sustainability Report 2023 for the Reporting Period 1 January 2023 to 31 December 2023" covering the operations and activities of the Company and the consolidated subsidiaries.
The criteria for preparing subject matter information is "its own calculating and reporting criteria".

2 Management Responsibility

The environmental and social performance indicators marked with ✔ included in "Sustainability Report 2023 for the Reporting Period 1 January 2023 to 31 December 2023" was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.
The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the environmental and social performance indicators marked with ✔ included in "Sustainability Report 2023 for the Reporting Period 1 January 2023 to 31 December 2023" is free from material misstatement whether intentional or negligent.

3 Assurance Practitioner's Responsibility

The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.
SOCOTEC performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "JIS Q 14064-3:2023 (ISO 14064-3:2019) Specification with guidance for the verification and validation of greenhouse gas statements", the International Standard on Assurance Engagements (ISAE) 3410, "Assurance Engagements on Greenhouse Gas Statements" and the ISAE 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of International Auditing and Assurance Standards Board (IAASB).
The procedures implemented in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures implemented in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.
Our procedures performed depend on the assurance professional practitioner's judgement, including the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.
We believe that we have obtained the evidence to provide a basis for the conclusion for limited assurance.

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4 Assurance Procedures

The procedures that SOCOTEC has conducted are based on professional judgment and include, but are not limited to:

- Evaluation of policies and procedures created by the Company in relation to subject matter information
- Questions to the Company personnel to understand the above policies and procedures
- Verification that the target project meets eligibility requirements
- Matching with the basis data by trial calculation and recalculation
- Obtaining and collating material for important assumptions and other data
- We conducted verification procedures for Domestic Exploration & Production Division East Japan Regional Office Nagaoka Field Office by a sampling method, in order to confirm the calculation structure and procedures, data collection and implementation status of record control.

5 Statement of Our Independence, Quality Control and Competence

SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO17021 Conformity assessment -- Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO14065 Greenhouse gases -- Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of International Standard on Quality Control 1 by the International Auditing and Assurance Standards Board and Code of Ethics for Professional Accountants by International Ethics Standards Board for Accountants. We maintain a comprehensive quality control system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.

The SOCOTEC Group is a comprehensive third-party organisation in inspection, testing and certification operations, and conducts management system certification services and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies, and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.

We assure that the team engaged in the assurance is selected based on knowledge, experience in the relevant industry, and the competence requirements for this assurance engagement.

6 Use of Report

Our responsibility in performing our limited assurance activities is to the management of the company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.

7 Our Conclusion

On the basis of our procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.

SOCOTEC Certification Japan

S. Futaba

Seigo Futaba
Managing Director
17 June 2024

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External Evaluation

INPEX proactively engages in dialogue with stakeholders through information disclosure and supplies information to external evaluators. The evaluations by external organizations and the major ESG indexes for which INPEX has been selected as a component stock are shown as follows.

FTSE4Good Developed Index, FTSE4Good Japan Index

FTSE4Good

FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Indexes

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

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MSCI Nihonkabu ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

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S&P/JPX Carbon Efficient Index

S&P/JPX カーボン エフィシェント 指数

CDP Climate Change 2023 Score◇A-

CDP
DISCLOSURE INSIGHT ACTION

STOXX® Platinum Career 150 Index

STOXX Member 2024/2025 Platinum Career Index

SOMPO Sustainability Index

2023
Sompo Sustainability Index

Selected as Yearbook Member in the S&P Global Sustainability Award 2023

INPEX Corporation
Oil & Gas: Upstream & Integrated Industry

Sustainability Yearbook Member

S&P Global Corporate Sustainability Assessment (CSA) Score 2023

S&P Global CSA Score 2023: 69/100
Score date: February 7, 2024
The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any controlling approaches. Position and scores are industry specific and reflect exclusion screening criteria. Learn more at https://www.spglobal.com/esg/csa/yearbook/methodology/.

S&P Global Sustainable1

Environmental Sustainability and Progress in the Ministry of Environment's ESG Finance Awards Japan

2024 ESG FINANCE AWARDS JAPAN
2024 ESG FINANCE AWARDS JAPAN PROGRESS
2024 ESG FINANCE AWARDS JAPAN SUSTAINABLE

Daiwa Investor Relations "Internet IR Awards 2023" Excellence Award in the Sustainability Category

Internet IR Sustainability Excellence Award 2023 Daiwa Investor Relations