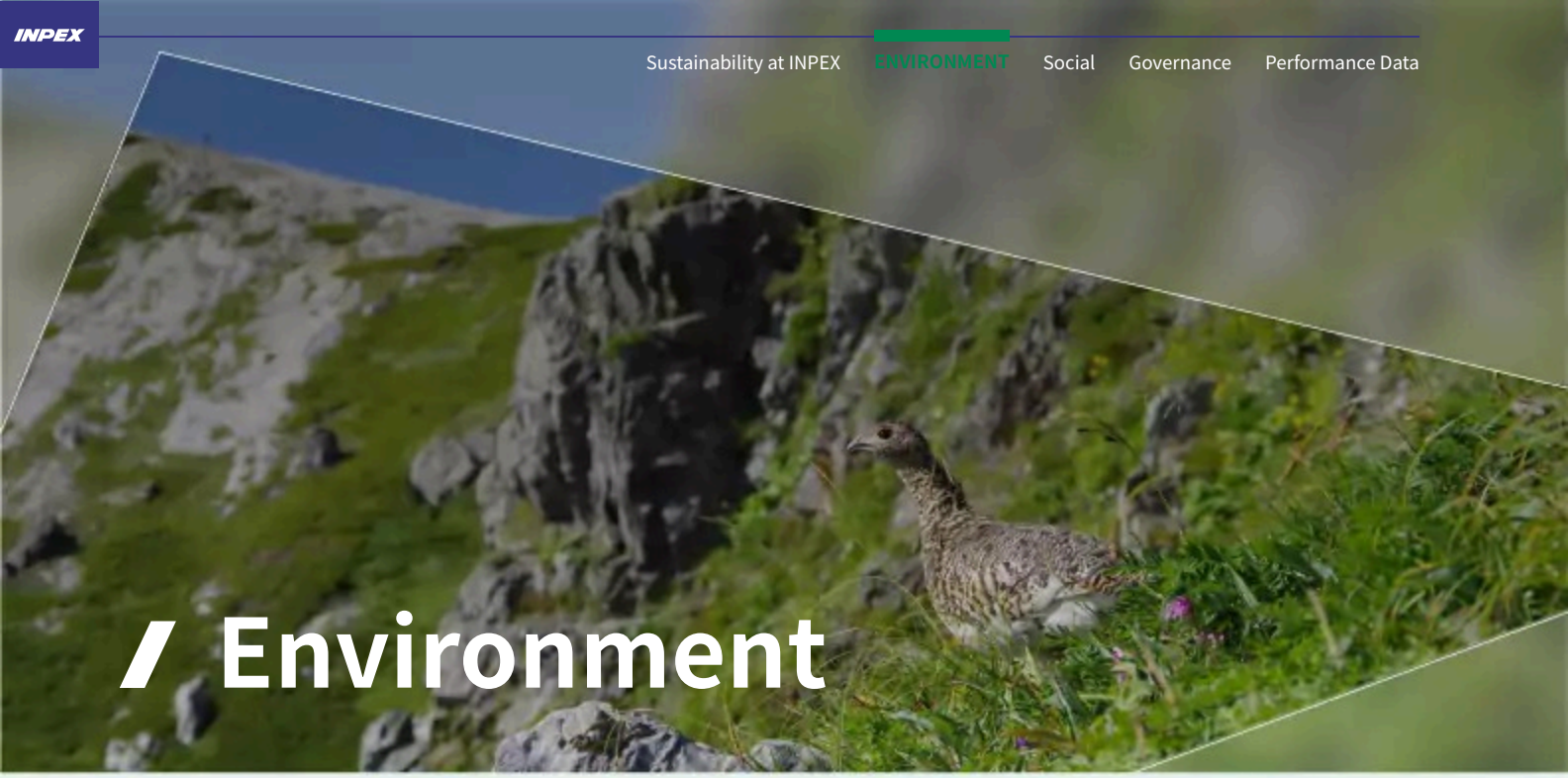

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Governance

INPEX's Board of Directors supervises issues relating to climate change. Regarding individual topics related to climate change, the Climate Change Strategy Working Group – an advisory body of the Sustainability Committee made up of around 30 members from organizations across the Company – assesses climate-related risks and opportunities once every year. INPEX's governance structure for climate change including compensation, is detailed in Sustainability Structure under the heading of Governance.

Strategy

We published our Corporate Position on Climate Change in December 2015. Subsequently, to support the respect countries' efforts toward achieving the goals of the Paris Agreement, we established a target in January 2021 to achieve net zero emissions by 2050 (Scopes 1 and 2). With changes in the external environment as well as the updating of our Long-term Strategy and Mid-term Business Plan, we then reviewed our policies and targets for achieving net zero emissions by 2050. In February 2025, together with the announcement of INPEX Vision 2035, we revised our Corporate Position on Climate Change. We will continue our efforts to reform our energy structure toward achieving net zero by 2050, while still meeting the energy demands of Japan and the world.

In addition, 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 Rationalization of Energy Use and Shift 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. In Japan, our primary base, we are active participants in the government-endorsed GX League. We engage in the emissions trading system (GX-ETS) and market-formation rule, demonstrating our leadership and commitment toward achieving net zero.

Corporate Position on Climate Change

1. We will continue to meet the increasing energy demands of Japan and the world, fulfilling our responsibility for energy development and stable supply over the long term. At the same time, we will actively work towards transforming the energy structure to achieve a net zero by 2050.
2. To contribute to the realization of the Paris Agreement goals on climate change, we will set climate change response targets challenging for net zero emissions by 2050.
3. We will promote lower-carbon initiatives to meet societal needs toward net zero. Concrete measures include supplying natural gas as a "pragmatic transition fuel" in a cleaner manner. Additionally, we will provide lower-carbon solutions such as CCS and blue hydrogen/ammonia to third parties while strengthening new initiatives in power-related fields.

Climate-related Risks and Opportunities

We assess climate-related risks and opportunities every year. In FY2024, we conducted an assessment after the timeline was set to be in line with the period of the Mid-term Business Plan.

Status of Climate-related Risks at End of FY2024: Assessment Coverage, Expected Timing, and Action Plans

Transition Risks

Risk Category	Risk Description	Expected Timing of Risk Occurrence	Action Plan
Policies, laws, and regulations	Risk of direct costs for Scope 1 and Scope 2 emissions due to introduction and strengthening of carbon pricing systems, methane emission control regulations, environmental laws and regulations, and other such frameworks as the countries and regions where projects are located strengthen their climate change measures	Short-term ~ Mid-term	• Promotion of efforts to reduce GHG emissions from projects • Monitoring of policies and trends in the countries and regions where projects are located • Implementation of financial impact and economic assessments • Introduction of clean energy in project operations • Achievement of zero routine flaring by 2030 • Management to maintain methane emission intensity at 0.1% • Joining OGMP 2.0; enhancement of measurement, reporting, and verification (MRV) efforts, including at non-operator projects • Development and implementation of carbon credit strategy • Engagement with relevant stakeholders
Technologies and markets	Risk of lower demand for oil and gas due to a preference for low-carbon energy, such as renewable energy and electric vehicles	Long-term	• Promotion of efforts to reduce GHG emissions from projects • Monitoring of policies and trends in the countries and regions where projects are located as well as technological progress • Acceleration of CCS and other low-carbon business efforts • Promotion of efforts to reduce costs
Reputation	Risk of requirement for absolute Scope 1 and Scope 2 emission reduction targets from 2035 toward net zero by 2050	Mid-term ~ Long-term	• Promotion of efforts to reduce GHG emissions from projects • Monitoring of policies and trends in the countries and regions where projects are located • Establishment of targets of 60% reduction in net carbon intensity by 2035 and net zero by 2050 • Acceleration of CCS and other low-carbon business efforts • Management to maintain methane emission intensity at 0.1% • Review of business portfolio • Development and implementation of carbon credit strategy • Assessment of new projects' effects on GHG reduction targets
	Risk of requirement for establishing Scope 3 emission reduction targets	Short-term ~ Mid-term	• Engagement with suppliers; consideration of supplier diversification • Acceleration of CCS and other low-carbon business efforts • Disclosure of net zero strategy's progress • Promotion of efforts to reduce GHG emissions at sales destinations through efforts such as sale of 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 ~	Mid-term	• Promotion of efforts to reduce GHG emissions from projects • Promotion of information disclosure in line with TCFD recommendations, etc. • Dialogue and engagement with investors and financial institutions • Engagement with funding providers and consideration of funding provider diversification

Physical Risks

Risk Category	Risk Description	Expected Timing of Risk Occurrence		Action Plan
Acute	Risk of adverse effects on operations due to extreme weather phenomena	Short-term		• Implementation of regular assessment of acute physical risks • Incorporation of disaster countermeasures into designs, repairs and renovation of facilities • Development of manuals, implementation of drills and use of external information
Chronic	Risk of adverse effects on operational facilities due to the long-term average temperature increases, changes in rainfall patterns, and sea level rises	Mid-term ~	Long-term	• Implementation of regular assessment of chronic physical risks • Incorporation of disaster countermeasures into designs, repairs and renovation of facilities • Development of manuals, implementation of drills and use of external information • Implementation of measures against sea level rises at coastal facilities

Short-term Less than one year Mid-term One to less than three years Long-term Three years or more

Status of Climate-related Opportunities at End of FY2024: Assessment Coverage, Expected Timing, Strategies, and Progress

Opportunities Related to Resource Efficiency

Opportunity Assessment Target	Expected Timing of Opportunity Occurrence	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

Opportunities Related to Energy Sources

Opportunity Assessment Target	Expected Timing of Opportunity Occurrence		Response Status
Use of renewable energy sources in production processes	Short-term ~	Mid-term	• Consider adopting a battery energy storage system (BESS) and small solar power generation system at the Ichthys LNG Project
	Mid-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

Opportunities Related to Products and Services

Opportunity Assessment Target	Expected Timing of Opportunity Occurrence	Response Status
Natural gas and LNG businesses	Mid-term	• Conduct studies with the view to introducing CCS and increasing and expanding production capacity at the Ichthys LNG Project; promote lower-carbon operations by introducing measures to minimize flaring and fuel gas during production • Promote business activities, including the introduction of CCS, at the Abadi LNG Project • Pursue opportunities to join natural gas development projects where CCS introduction is expected
CCS business	Mid-term	• Investigate a CCS project utilizing existing facilities and pipelines from the LNG site at Darwin in Australia and maritime Bayu-Undan gas-condensate field in Timor-Leste
	Long-term	• Conducting various studies after adoption of the Tokyo Metropolitan Area CCS Project and Tohoku Region West Coast CCS Initiative Project, in which we participate, under the 2024 Engineering Design Work for Advanced CCS Projects commissioned by Japan Organization for Metals and Energy Security (JOGMEC) • Conducting new 3D seismic survey and its processing work, and conduct assessment drilling at the Bonaparte Basin CCS block in Australia; commence joint study with JERA on establishing a value chain involving the separation and recovery of CO_2 emitted in Japan and its transportation to Australia for storage • Investigate the feasibility of a future CCS project (accepting CO_2 from third parties) at the Abadi LNG Project in Indonesia • Promote research and development related to technologies for efficient maritime transportation of CO_2
Hydrogen business	Long-term	• Completed feasibility study of large-scale blue hydrogen production project in Niigata Prefecture and undertaking study toward transition to FEED • Pursue opportunities to participate in clean ammonia business in Abu Dhabi • Completed pre-FEED work for a large-scale, low-carbon ammonia production project at the Port of Houston, Texas in the United States, through a collaboration with the Air Liquide Group, LSB Industries, and other companies; undertaking discussions toward transition to FEED • Signed a joint study agreement with Green Hydrogen International for a green hydrogen project in southern Texas of the United States and completed the feasibility study; undertaking discussions toward transition to next phase • Promote research and development related to technologies for efficient transportation of hydrogen

Power business	Short-term	• Carry out additional development at Muara Laboh Geothermal Power Project in Indonesia for GHG reduction; commence trial drilling for Okuhida project; pursue new geothermal exploration projects in Japan • Continue to participate in bidding rounds for offshore wind power projects in Japan; pursue opportunities to participate in offshore wind power projects and power businesses in Europe • Commence study on implementing pilot project for solar thermal collection in Abu Dhabi • Promote solar power, storage battery, and onshore wind power projects through the Potentia Energy joint venture
	Mid-term	• Progress construction for Oyasu Geothermal Power Project in Akita Prefecture; promote geothermal exploration project in Fukushima; pursue new geothermal exploration projects in Japan (Hokkaido and the Tohoku region); expand existing projects and pursue opportunities to participate in new geothermal projects in Indonesia; commence preparation for trial drilling at Sempo area project • Progress construction of the floating offshore wind power project off Goto City in Nagasaki Prefecture • Study and pursue renewable energy generation and storage battery projects in Japan, as well as a power value chain that includes electricity trading
	Long-term	• Pursue projects combining geothermal energy with lithium batteries in the United States • Conduct and pursue various studies regarding floating offshore wind power projects in the EEZ
Underground resources other than oil and natural gas	Mid-term	• Provide lateral support for the adoption of perovskite solar cells through supplying iodine, a by-product from Naruto water-soluble gas field
	Long-term	• Promote research and development related to technologies for efficient recovery of mineral resources from brine
Others	Short-term	• Promote a carbon farming and potential future renewable biofuel project in Australia in conjunction with Australia and New Zealand Banking Group (ANZ) and Qantas Airways • Commence creation of J-Credits with Numata City in Gunma Prefecture • Pursue biomethane supply projects in Indonesia, etc.
	Mid-term	• Conduct studies regarding methane pyrolysis, etc.
	Long-term	• Conduct a joint feasibility study agreement with Masdar and Mitsubishi Chemical Group for a carbon recycle chemicals production project, including production of polypropylene derived from green hydrogen, in Abu Dhabi • Promote research and development of sustainable aviation fuel (SAF) using waste as well as artificial photosynthesis

Opportunities Related to Markets

Opportunity Assessment Target	Expected Timing of Opportunity Occurrence	Response Status
Access to new markets	Short-term	• Sell carbon offset products • Discuss with relevant parties toward building of supply chain for low-carbon aviation fuel (LCAF)
	Mid-term	• Provide renewable diesel (RD), a low-carbon fuel derived from renewable resources, in Japan; conduct verification of RD40 (a fuel where diesel is mixed with 40% RD)

Short-term Less than one year Mid-term One to less than three years Long-term Three years or more

Transition Risk Assessment

We use two methods to assess the potential financial effect of climate-related risks using scenarios in the International Energy Agency (IEA) World Energy Outlook (WEO) report. The first method is a valuation of our projects using our internal carbon price. We employ our internal carbon price on the base case of our valuation as well, 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. Through codifying application of the internal carbon price also on the base case, we have come to recognize the costs incurred for GHG emissions as an important factor in business investment. We also show our stakeholders that we are making management decisions after considering the transition risks.

Each year, we update our internal carbon price with reference to the carbon prices in the WEO. Starting in FY2023, we reflect on 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 referenced variable prices linked to the 2023 version of the STEPS EU prices (2030: US$120/ton-$CO_2$e; 2040: US$129/ton-CO_2e; 2050: US$135/ton-$CO_2$e).

However, the 2024 version of the STEPS EU prices on 2030 are at a higher level than the prices in the Announced Pledges Scenario (APS) by developed countries who have declared to achieve net zero emissions. Therefore, it is becoming less appropriate to use the STEPS EU prices as the base case for countries without a carbon price system. In addition, taking into consideration the system design overview of GX-ETS, Japan's emissions trading system (ETS) which is currently being discussed, the concept such as free allocation of emission allowances is similar to the current ETS of South Korea among the countries listed in the WEO. As such, for FY2025 and onward, we use the predicted prices of South Korea in STEPS for countries without a carbon price system.

The second method is to assess the resilience of our business portfolio. This is an assessment of the effect on our portfolio from the oil and carbon prices in the STEPS, 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 effect 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 Effect Assessment

	Valuation of Projects	Assessment of Resilience of Portfolio
Assessment method	Assessment of the economic effect on projects using internal carbon prices	Assessment of the financial effect 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 metric prices
Status	Adopted as base case since FY2021	Implemented since FY2018; NZE scenario added from FY2022

Physical Risk Assessment

We analyze physical risks to the Company as either acute risks or chronic risks, reviewing them as necessary. In FY2018, we reviewed the process for assessing physical risks, then developed a roadmap and started assessing physical risks at the Ichthys LNG and our domestic assets in Niigata Prefecture, as major operator projects. Together, they account for 100% of our insurance coverage of domestic and overseas operator projects in operation. Subsequently, we reassessed physical risks at the 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. We also hire an external assessment service to calculate the costs of direct and indirect damage to our domestic assets caused by potential riverine flooding and storm surges. As a result, we confirmed limited potential damage as of 2030 and 2050, to the top 10 sites in Japan (plants, gas pipelines, and major subsidiary offices) covered by our comprehensive corporate indemnity insurance. For all these physical risk assessments, we used the same metrics, 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 and maintenance 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 jetty at 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 via the jetty at the power station. 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 countermeasures, 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. 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 to realize a low-carbon society by 2050 ❶, 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).

INPEX Vision 2035, our Long-term Strategy and Mid-term Business Plan, was developed in February 2025 based on these scenarios. We will continue to grasp changes in the business environment through scenario review, and review management strategies and plans in line with social trends.

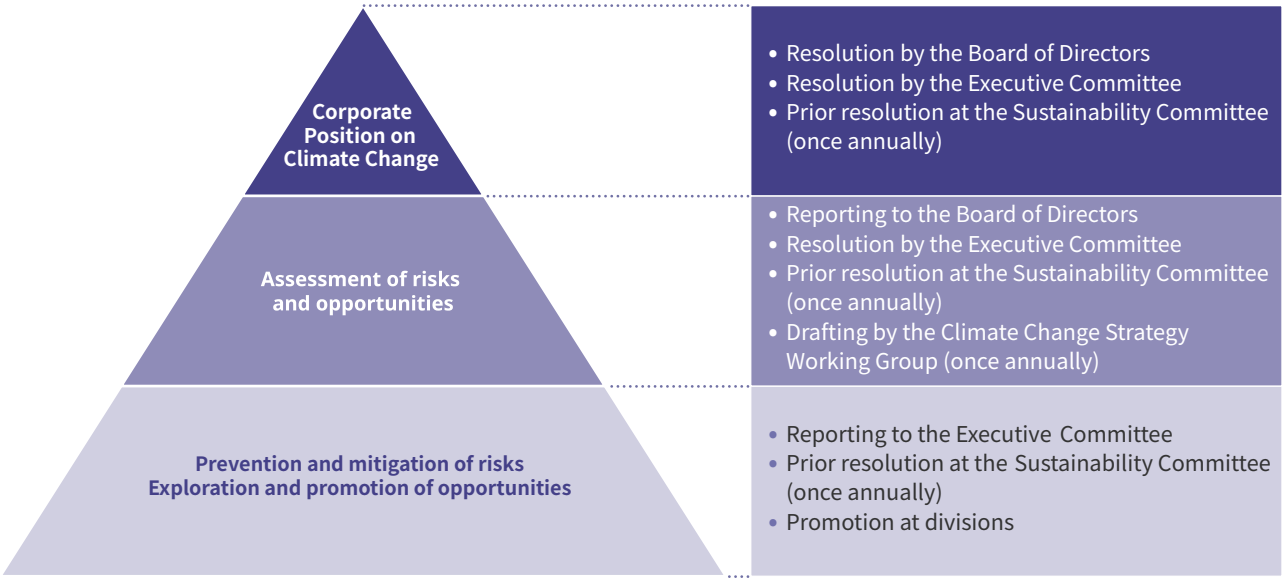
❶ The IEA WEO sets out an outlook on the global energy situation through 2050.

Risk Management

As a general rule, INPEX assesses and manages climate-related risks and opportunities on an annual basis.

Regarding revisions and assessments of our climate-related policies, after deliberation and approval by the Sustainability Committee, reports will be submitted to the Executive Committee and Board of Directors according to the details (Figure A). 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 – an advisory body of the Sustainability Committee – conducts climate-related risk assessments and develops proposals for prevention and mitigation measures.

Figure A: Framework for Approval and Reporting Related to Risks and Opportunities



Our climate-related risk assessment process follows the procedure outlined in ISO 31000:2018 (Figure B), 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, prevention measures, mitigation measures, and residual risks (Figure C). We assess the residual risks using the Risk Assessment Matrix (Figure D) we developed.

Figure B: ISO 31000 Process

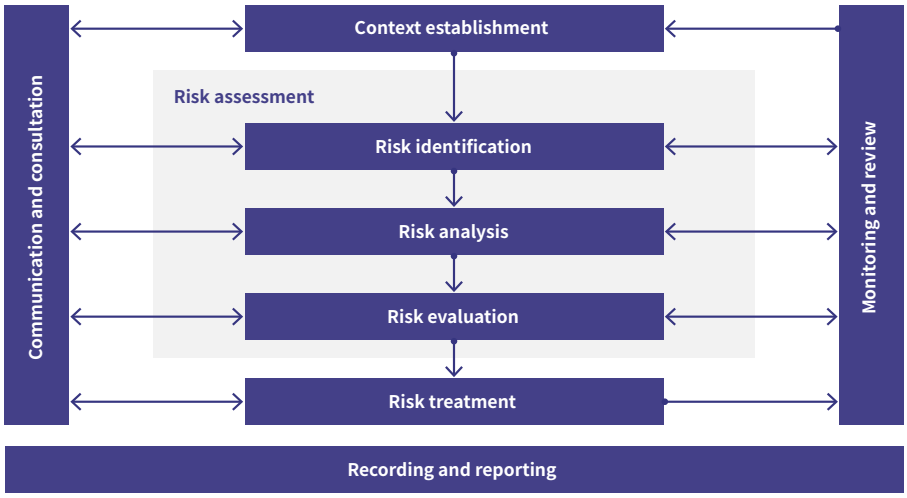


Figure C: Risk Analysis Process

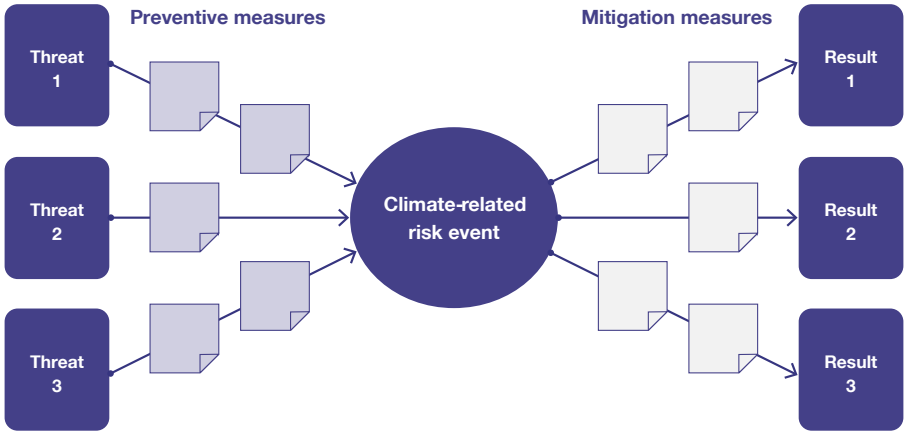


Figure D: Risk Assessment Matrix

Magnitude of financial effects	Likelihood: Low	Likelihood: Medium	Likelihood: High
Major			
Moderate			
Minor			

Metrics and Targets

Targets

Following its Corporate Position on Climate Change, INPEX has set its own targets along two axes – decarbonization of its business and contribution to lower-carbon society – to contribute to realizing a low-carbon society as outlined in the Paris Agreement. For the decarbonization of our business, we aim to achieve net zero by 2050, and as part of the process, reduce net carbon intensity by at least 60% versus 2019 levels by 2035. To achieve this target, in our Mid-term Business Plan for 2025 to 2027, we seek to achieve a net carbon intensity reduction of 35% versus 2019 levels by 2027 as a milestone.

This target has been revised upwards following the early achievement of the previous target of 30% reduction versus 2019 levels by 2030 stated which was set in the previous Mid-term Business Plan. Next, as a contribution to lower-carbon society, regarding the reduction of Scope 3 emissions, we will work together with all relevant stakeholders to address challenges across the value chain. At the same time, through providing CCS and other lower-carbon solutions and supplying clean power, we aim to generate 8.2 million tons of avoided emissions each year for society by 2035. We will also continue to maintain methane emission intensity (methane emissions / natural gas production) at the current low levels (about 0.1%) and aim to achieve zero routine flaring.

Targets for Addressing Climate Change

Decarbonization of INPEX Business		Contribution to lower-carbon society	
2050	2035	Scope 3 reduction	2035
Net zero in absolute emissions (Scope 1 and Scope 2)[1]	60% reduction[2] of net carbon intensity (Scope 1 and Scope 2)[1]	Work together with all relevant stakeholders to address challenges across the value chain	8.2 Mt avoided emissions generated

Contribution to lower-carbon society

- Promote CCS and other lower-carbon solutions
- Contribute to the development of a high-value-added and clean power supply
- Maintain current low methane intensity of approximately 0.1% [3] (calculated by methane emissions/natural gas production)
- Aim to eliminate routine flaring by 2030 [3]

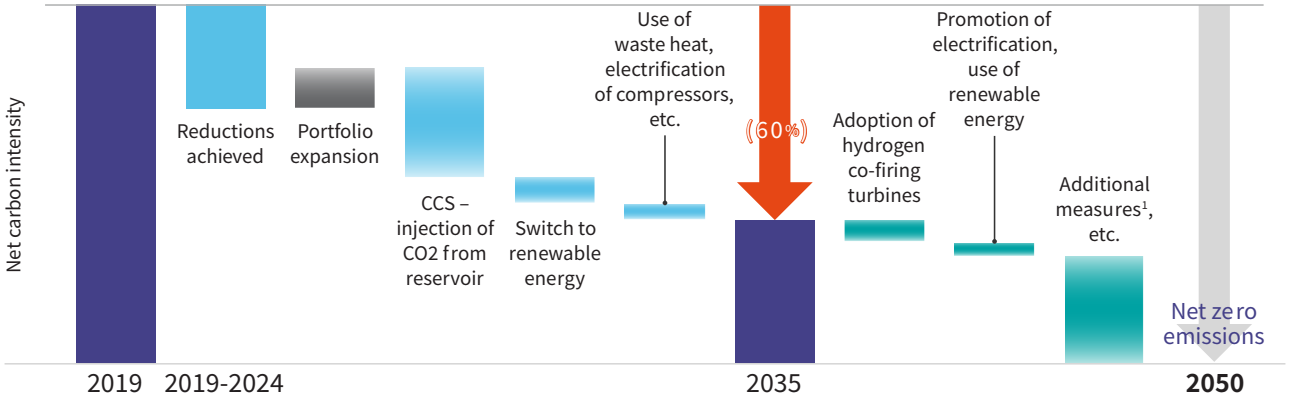
1 On INPEX equity share basis
2 In comparison with 2019 level. Note that the reduction ambition and targets reflect the current economic environment and reasonable expectations. These are premised on a business environment of consistent progress in decarbonization technology, economic rationality and realization of policies in each country and region.
3 In INPEX-operated projects

Roadmap to Achieve Targets

We have developed the roadmap, as detailed below, to achieve our targets for the decarbonization of our business. As the roadmap and achievement of targets are affected by the external environment, including technological progress and the feasibility of measures in each country and region, we identify such risks through scenario analysis and other means, and at the same time, use the marginal abatement cost (MAC) curve ❶ for analyzing the cost-effectiveness of reduction measures and regularly revise our strategy.

❶ It represents individual abatement measures by illustrating the reduction potential (the expected reduction amount from implementing the measure) and the abatement cost (the cost required to reduce one ton of CO_2). The measures are arranged in order of increasing abatement cost, showing the reduction potential of each measure.

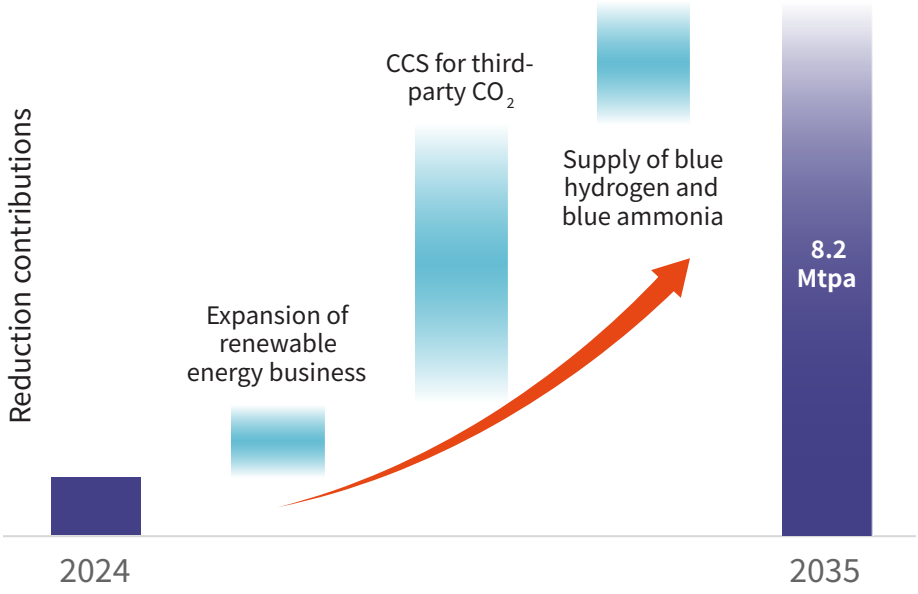
Roadmap to Achieve Decarbonization of INPEX Business by 2050



1 We will further adopt optimal reduction measures according to technological progress.

In addition to reducing our emissions, we also work on the decarbonization of society. We state avoided emissions as targets toward the decarbonization of society, and we will work toward them after strictly assessing the profitability of individual projects, taking into consideration the use of government support in each country.

Roadmap to Contribute to a Low Carbon Society



Results

In FY2024, our GHG emissions (Scope 1 and Scope 2) amounted to approximately 6,878 thousand tons-CO_2e, which was decrease of approximately 42 thousand tons-CO_2e compared to FY2023 levels. This was due to the use of clean power in operations and a review of our business portfolio.

INPEX's GHG Emissions performance

Item	Jan–Dec, FY2022	Jan–Dec, FY2023	Jan–Dec, FY2024
Direct GHG emissions (Scope 1)[1] (thousand tons-CO_2e)	6,839	6,864	6,833
Direct GHG emissions (Scope 2)[1] (thousand tons-CO_2e)	69	56	45
Net carbon intensity[2] (kg-CO_2e/boe)	28	28	28
Methane emission intensity[3] (%)	0.05	0.05	0.05

INPEX's Net Carbon Intensity

$$\frac{\text{Scope 1} + \text{Scope 2} - \text{offsets}\ ^{4}}{\text{Net production of oil and natural gas upstream businesses} + \text{Electricity generated from renewable energy businesses}}$$

1 INPEX's equity share emissions
2 Net carbon intensity including offsets
3 Methane emission 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 us. 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 GHG emissions within our operational control ❷ are detailed below.

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

GHG Emissions performance within INPEX's Operational Control

Item	Jan–Dec, FY2022	Jan–Dec, FY2023	Jan–Dec, FY2024
Direct GHG emissions (Scope 1) (thousand tons-CO_2e)	6,339	6,622	6,614
Direct GHG emissions (Scope 2) (thousand tons-CO_2e)	48	35	36

Collection, Analysis, and Reporting of GHG Emissions

We regularly collect, analyze, and report our GHG emissions in accordance with procedures based on host country systems and international guidelines,such as the GHG Protocol. We also obtain third-party assurance – using International Standard on Assurance Engagements (ISAE) 3410 as the verification standard – of our environmental data from SOCOTEC Certification Japan to ensure the reliability of our GHG emission reporting.

As part of efforts to reduce emissions in our upstream business in Japan, we participate in the Keidanren Carbon Neutrality Action Plan, which is a voluntary emission reduction initiative, through our membership in the Japan Energy Resources Development Association. In FY2021, we reexamined our targets for reducing emissions by FY2030. We are also a member of GX League and subject to the voluntary emission trading (GX-ETS Phase 1) in Japan. After carrying out calculations and monitoring according to the guidelines stipulated by the GX League's secretariat, since FY2024, we have been reporting our progress toward the voluntary targets of GX-ETS set based on the government's targets.

Efforts to Reduce GHG Emissions

To reduce GHG emissions, INPEX implements energy-saving activities tailored to the site's circumstances and avoids continuous flaring and venting during routine operations at operator projects. At our head office in Tokyo, we effectively use renewable energy for 100% of our energy needs. We also implement reduction measures together with partner companies for non-operator projects. 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. In Norway, we are supplying power from a floating offshore wind farm to our production facilities in the northern part of the North Sea.

Efforts to Use Energy Efficiently in Japan

In Japan, we are rationalizing the use of energy according to the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. Based on Japan's laws and regulations, we report energy usage, the state of other energy use, and studies and efforts related to the rationalization of energy use in the activities of our organizations.

Regarding the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, we have set ourselves the target of reducing average net carbon intensity by 1% or more per year over five years. We have also developed a mid- to long-term plan to achieve this target, and we assess our progress each year and report to the Ministry of Economy, Trade and Industry.

Research Study for Saving Energy

At the Naoetsu LNG Terminal, we reviewed the value of the LNG pump minimum flow setting to limit the generation of boil-off gas (BOG) ❶ in LNG tanks and reduce the power consumption of BOG compressors. We also introduced LED lighting at the Nagaoka Field office to reduce power consumption.

❶ BOG is gas that evaporated due to the entry of natural heat from the external environment when low-temperature liquids such as LPG and LNG are being transported or stored.

Education and Training to Improve Energy Efficiency

Regarding the rationalization of energy use, we appoint energy management planning promoters and assistants to improve and monitor the maintenance of facilities that consume energy and methods of energy use. Based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, energy management planning promoters and energy management assistants undergo legally required training courses related to knowledge and skills necessary for the rationalization of energy use.

Efforts to Reduce Fugitive Methane Emissions

Our target is to maintain our methane emission intensity at its existing low level (about 0.1%). In FY2024, our methane emission intensity was 0.05%, which is below our target level.

We have joined the Oil & Gas Methane Partnership 2.0 (OGMP 2.0), a reporting framework for methane emission 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 emission reductions. Since FY2024, we have been reporting methane emission reductions through the OGMP 2.0 framework and have achieved the Gold Standard for Pathway which is given to companies that meet the standards stipulated in OGMP 2.0. Through this reporting, we will ensure the accuracy and transparency of our methane emission reporting, and actively pursue technological innovations and share of case studies with other member companies with the aim of measuring and reducing methane emissions.

To manage and reduce methane emissions, we have been collecting and reporting data on fugitive emissions based on international methods before joining OGMP 2.0.

Starting from FY2019, we have surveyed and identified inspection points for fugitive emissions from equipment and facilities at our projects in Japan, establishing a structure for data collection and reporting. Subsequently, we brought in a laser methane detector to enable inspections at almost all applicable points. We also introduced vehicle-mounted methane detectors and drones which we can inspect all 1,500 kilometers of our gas pipelines in Japan. Fugitive emissions detected through this inspection process are rectified immediately.

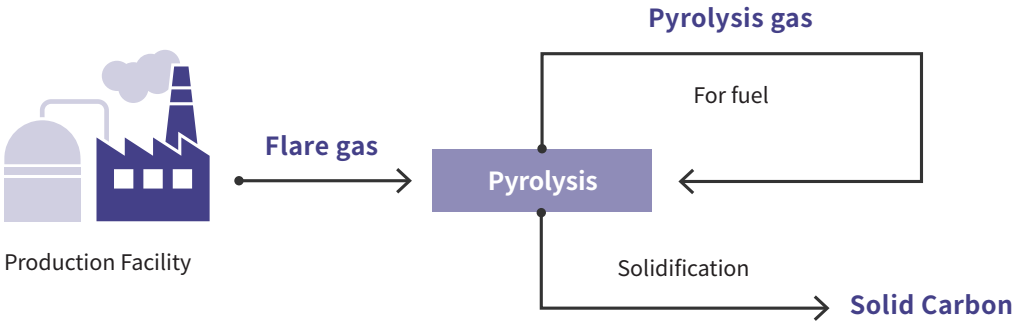
At our overseas projects, we carried out inspections of fugitive emissions through a leak detection and repair (LDAR) program using infrared cameras. At the Ichthys LNG Project, we inspected the central processing facility (CPF) and floating production, storage, and offloading (FPSO) facility in FY2022, and the onshore gas liquefaction plant in FY2023.

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

Efforts to Reduce Flaring

We have set a target of zero routine flaring at our operator projects by 2030, and we are examining flare reduction measures through collaboration among relevant departments. In Japan, as part of our research and development of flaring reduction measures, we are exploring the implementation of methane pyrolysis technology (see the diagram below) for a reduction of atmospheric CO_2 emissions by solidifying carbon in flare gases. Since FY2022, we have also been managing our flaring divided into two categories – routine and non-routine flaring – in accordance with the Flaring Management Guidance for the Oil and Gas Industry developed by Ipieca, IOGP, and the Global Gas Flaring Reduction Partnership (GGFR).

Methane Pyrolysis to Reduce Flaring



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—Toward Scope 3 Reduction

Efforts with Contractors and Suppliers

Our HSE Policy states that we will "pursue every effort to manage and reduce Greenhouse Gas (GHG) emissions based on our 'Corporate Position on Climate Change'." 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 establishes the undertaking of voluntary environmental initiatives, such as measures to reduce GHG emissions, as an expectation on our suppliers. We also collect information about our suppliers' efforts regarding the reduction of GHG emissions by asking them to answer our CSR self-assessment surveys.

Promotion of Carbon Offset Product Sale

We promote the sale of carbon offset products to our customers. Carbon offset products comprise LNG, natural gas, LPG, and jet fuel we sold 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 offset products, we contribute to our customers' efforts to reduce their supply chain carbon footprints.

Past Efforts

- **2018:** Published the Corporate Position on Climate Change (since then, regularly reviewed and revised)
- **2020:** Made the Climate Change Strategy Working Group an advisory body to the Sustainability Committee
- **2021:** Established target to achieve net zero by 2050 (Scope 1 and Scope 2)
- **2022:** Announced the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) and established the five net zero businesses
- **2023:** Joined the Oil & Gas Methane Partnership 2.0
- **2024:** Joined the Oil and Gas Decarbonization Charter
- **2025:** Announced INPEX Vision 2035 and revised the Corporate Position on Climate Change (latest version)

Case Study: Promotion of Forest Conservation Targeting Net Zero Emissions

Materiality of Forest Conservation and Afforestation in Tackling Climate Change

We continue to see nature-based solutions – such as forest conservation and afforestation projects – as fulfilling an important role in tackling climate change.

The role of forests 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).

Signing ceremony for partnership agreement on creation of J-Credits from Numata Forests

INPEX's Forest Conservation and Afforestation Initiatives

We are reducing GHG emissions through our businesses by providing CCS, hydrogen, ammonia, and other lower-carbon solutions. Besides these businesses, we are also promoting forest conservation and afforestation. We are focusing on credits obtained through CO_2 absorption achieved by forest conservation and afforestation as a complement to our initiatives to achieve net zero emissions through cleaner oil and gas businesses, a transition to natural gas, CCS, and renewable energy. One example is the signing of a partnership agreement with Gunma Prefecture's Numata City and other parties such as forest associations to create J-Credits from forests owned by Numata City. Through this partnership, we seek to define new environmental and economic value of the forests in Numata City and contribute to the sustainability of the forests and the local community. We will continue to promote efforts after taking into consideration the progress of our businesses, both in Japan and overseas, and the legal systems of each country, among other factors.

Approach to Procuring and Utilizing Carbon Credits

We use carbon credits for our carbon offsets on GHG emissions in accordance with the approach of the Mitigation Hierarchy. We plan to use credits certified under highly trusted domestic and international schemes and those we receive in return for support and participation in forest conservation projects. Therefore, we work to understand the trend of carbon-related regulations in countries where our assets are located. At the same time, we also track the latest developments in the carbon credit market such as initiatives in Japan and overseas and assess the mid- to 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 schemes shown below.

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 permanence ❷ concerns, potential issues with local communities and other stakeholders, and 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 assessments by external assessment companies.
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 with the Sustainable Development Verified Impact Standard (SD VISta) ❸ and Climate, Community & Biodiversity Standards (CCB Standards) ❹ that deliver co-benefits by contributing to the United Nations' SDGs

❷ 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.
❸ A framework for certifying a project's contribution to the SDGs.
❹ A framework for certifying projects that simultaneously deliver tangible climate, community, and biodiversity benefits.

Disclosures in Line with TCFD Recommendations

Disclosures in Line with TCFD Recommendations

Overview of TCFD Recommendations	INPEX's Disclosures
Governance	
Disclose the company's governance around climate-related risks and opportunities	
1 Describe the board's oversight of climate-related risks and opportunities	• Sustainability at INPEX > Sustainability Management > Sustainability Structure
2 Describe management's role in assessing and managing climate-related risks and opportunities	• Sustainability at INPEX > Sustainability Management > Sustainability Structure
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material	
1 Describe the climate-related risks and opportunities the company has identified over the short, mid and long term	• FY2024 Status of Climate-related Risks • FY2024 Status of Climate-related Opportunities
2 Describe the impact of climate-related risks and opportunities on the company's businesses, strategy and financial planning	• INPEX Vision 2035 • Corporate Position on Climate Change
3 Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• INPEX's Low-carbon Society Scenarios • Transition Risk Assessment • Physical Risk Assessment
Risk Management	
Disclose how the company identifies, assesses and manages climate-related risks	
1 Describe the company's processes for identifying and assessing climate-related risks	• Risk Management
2 Describe the company's processes for managing climate-related risks	• Risk Management
3 Describe how the company's processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management	• Risk Management Structure
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 company to assess climate-related risks and opportunities in line with its strategy and risk management process	• Targets
2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	• Performance Data: Climate Change <Target Management>
3 Describe the targets used by the company to manage climate-related risks and opportunities and results against targets	• Targets

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

Overview of Metrics	INPEX's Disclosures	Pages
1 Capital deployment	What INPEX aims to achieve by 2035	INPEX Vision 2035: Realizing a Responsible Energy Transition
2 Climate-related opportunities	Balanced cash allocation in growth investments and shareholder returns	INPEX Vision 2035: Realizing a Responsible Energy Transition
3 Remuneration	Compensation	Sustainability at INPEX > Sustainability Management > Sustainability Structure
4 Physical risks	Physical Risk Assessment	Physical Risk Assessment
5 Transition risks	Transition Risk Assessment	Transition Risk Assessment
6 Internal carbon prices	Transition Risk Assessment	Transition Risk Assessment
7 GHG emissions	Scope 1, 2, 3	Result

Energy Transition

To achieve net zero emissions by 2050, INPEX is advancing lower-carbon solutions through carbon capture and storage (CCS) and hydrogen technologies. Additionally, the company is exploring new ventures in power-related business fields.

CCS and Hydrogen

In the transition toward net zero emissions, it is important to select appropriate methods according to the circumstances and transition stage of each region. Besides the introduction of renewable energy, the introduction of CCS for existing oil and gas facilities, the use of hydrogen or ammonia, and other such efforts are also realistic transition pathways. As an energy company, we seek to have a stable supply of oil and natural gas. At the same time, to achieve net zero emissions by 2050, CCS and hydrogen projects are important. They allow us to meet the needs of society by bringing together our technologies and rich experience in underground resource exploration to provide methods for greenhouse gas (GHG) emission reductions.

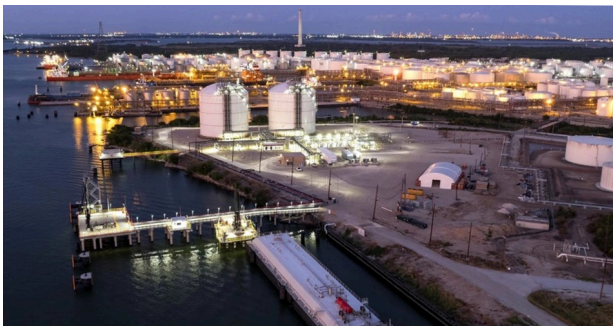
To promote CCS and hydrogen projects, we stated in the INPEX Vision 2035 our target of creating new revenue streams by 2035. We will do so through reducing GHG emissions by integrating CCS into our natural gas and LNG projects. Additionally, we will offer GHG emission reduction solutions to third parties by leveraging CCS and hydrogen technologies.

To achieve this target, we have undertaken specific efforts in our CCS projects. These include conducting reservoir assessments and acquiring and processing new 3D seismic data at the GHG assessment block in Australia. We are also advancing research towards practical application. In Japan, we completed 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 Japan Organization for Metals and Energy Security (JOGMEC). The Tokyo Metropolitan Area CCS Project and Tohoku Region West Coast CCS Initiative Project have been adopted under the 2024 Engineering Design Work for Advanced CCS Projects, and we are planning and studying various projects.

For our hydrogen and ammonia projects, the construction of aboveground facilities for integrated demonstration testing of hydrogen and ammonia production and usage in Kashiwazaki City, Niigata Prefecture, Japan, is progressing as planned. We have also completed a feasibility study for producing blue hydrogen using our natural gas fields and existing infrastructure in Niigata Prefecture. Preparations for the basic design towards commercialization have begun.

In the United States, we have completed the initial design for a large-scale, low-carbon ammonia production project at the Port of Houston in Texas in collaboration with Air Liquide Group, LSB Industries, Inc., and Vopak Exolum Houston LLC. Additionally, we have signed a joint study agreement with Green Hydrogen International Corp.(GHI) for a green hydrogen project in southern Texas and completed the feasibility study.

We will continue to see the provision of clean energy and GHG emission reduction solutions as business opportunities and strive to transition toward a net zero society.



Blue ammonia project at the Port of Houston

Blue hydrogen/ammonia production and usage demonstration testing in Kashiwazaki City (Hirai Blue Hydrogen project).

Renewable Energy and Power Solution Business

We plan to enhance profitability and expand renewable energy – a major effort in our power business – by focusing on core business regions and fields where we can leverage our technical capabilities. We will also maximize the value of our power asset portfolio by optimizing the combination of renewable energy and balancing power sources (battery and gas-fired power).

Ceremony for signing a memorandum of understanding on a joint geothermal study with PLN Indonesia Power.

In FY2024, we reached a final investment decision in May 2024 on the Quorn Park photovoltaic and battery energy storage system project in Australia through Potentia Energy Pty Ltd. Construction is underway, with commercial operations expected to commence in FY2026. In June and July 2024, we began work on exploratory drilling for geothermal energy projects at two locations in Japan: Okuhida Onsengo district of Takayama City in Gifu Prefecture and Shibetsu Town in Hokkaido. In December 2024, we signed a memorandum of understanding with PT PLN Indonesia Power for a joint geothermal study in Indonesia, continuing our efforts to promote geothermal development in the country.

We have renewable energy sources in Japan and overseas that exceed a total capacity of 600 megawatts. This includes offshore wind power generation in Europe, geothermal energy generation in Indonesia, and solar and onshore wind power generation in Australia. Moving forwards to gain revenue across the entire power value chain, we will establish a stable power source portfolio, enhance value through our efforts in power solutions, and create synergy with our existing businesses (such as gas, hydrogen, ammonia, and CCS) to help achieve net zero emissions by 2050.

Biodiversity Conservation and Environmental Pollution Measures

Governance and Strategy

Governance

INPEX's governance structure for environmental management, including biodiversity conservation, is detailed in Sustainability Structure under the heading of Governance.

Strategy

HSE Policy

First issued in November 2003, our Health, Safety and Environmental Policy is reviewed and updated every few years. We reissued it as "HSE Policy" in January 2025, and it sets out our policy and HSE-related initiatives. The executive officer in charge of HSE is responsible for these initiatives. Please refer to the "HSE Policy" on our website for details.

HSE Management System

To ensure implementation of the HSE Policy in our business activities, we adopted an HSE Management System (HSEMS) based on the International Association of Oil & Gas Producers (IOGP) OMS510 report, referencing the international standards ISO 9001, ISO 14001, and ISO 45001. Funded on the principles of leadership, risk management, and continuous improvement, OMS510 is the foundation for improving the performance and effectiveness of our HSEMS. Please refer to Safety for details.

Environmental Commitments

In December 2022, we established and published our policies and commitments on biodiversity conservation, water management and waste management – which are material global environmental issues – through a resolution of the Board of Directors. In 2024, to further promote our commitments, we also formulated measurable quantitative targets across the INPEX Group. For detailed information on our quantitative targets regarding environmental issues, please refer to the Metrics and Targets.

Group-wide Environmental Management Based on HSE Objectives

To ensure the continuous improvement of our HSEMS and achieve Group-wide HSE management, we set annual HSE objectives in corporate divisions. We develop and execute annual plans that consolidate activities to achieve these objectives. Our HSE objectives and annual plans also encompass environmental management efforts, promoting Group-wide environmental management. For details on the achievement of HSE objectives in FY2024, please refer to the HSE - related Targets and Results.

HSE objectives incorporating key environmental management measures for FY2025 are detailed below.

- Establishment and implementation of Group-wide environmental management that includes responses to global environmental issues, based on environmental commitments.
  - Under the Group-wide structure, develop and implement a GHG emission reduction plan (including management of methane emissions) and manage the progress of targets related to Group-wide GHG emission reduction.
  - Develop systems to measure and assess the state of achievement of Group-wide quantitative targets related to nature (biodiversity and water) and waste.

Risk Management

INPEX complies with the environmental laws and regulations of the countries where it engages in business. At the same time, to minimize the negative impacts of our operator projects, we identify, analyze, and assess HSE risks through operation of our HSEMS, in accordance with international standards (ISO 31000 and ISO 17776). Before engaging in operations, we confirm that risk levels are lowered to acceptable levels. For details, please refer to the Safety as well as the Identification and Assessment of Environmental and Social Risks and Impacts below.

In FY2024, there were no significant violations of environmental laws and regulations within our business operations related to the environment (such as the atmosphere, water, and waste). 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 and Social Risks and Impacts (Implementation of ENVID and ESIA)

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 for consistent risk assessment across the INPEX Group.

In addition, for projects that may have significant impacts on the environment or society, we conduct Environmental and Social Impact Assessment (ESIA) to identify and assess the project's impacts, then develop an environmental and social impact management plan to mitigate and manage the impacts.

HSE Audits (Environment)

To assess whether the HSEMS is being consistently utilized, we formulate a HSE auditing program every year and perform regular HSE audits on all operational organizations and the corporate HSE Unit. HSE audits are conducted at two levels. The first is corporate HSE audits conducted by the corporate HSE Unit to assess operational organizations, and the second is internal HSE audits conducted by operational organizations to assess field offices and other sites under their management. In principle, corporate HSE audits are conducted on all operational organizations once every three years. The internal HSE audits by operational organizations are conducted annually for all sites. In FY2024, out of the eight operational organizations, HSE audits for each level were conducted on four operational organizations engaged in operation and construction work. Through these HSE audits, we identify and control environmental risks and impacts related to our business, and monitor and improve the environmental performance of the entire organization.
In addition to the above, the Nagaoka Field Office conducts internal and external audits as stipulated in ISO 14001. Furthermore, HSE audits are conducted by internal Lead Auditors who received an equivalent level of training to someone with international certification from the International Register of Certificated Auditors (IRCA).

Metrics and Targets

Environmental Metrics and Targets

In December 2022, INPEX established and published its policies and commitments on biodiversity conservation, water management, and waste management – which are material global environmental issues – through a resolution of the Board of Directors. In 2024, to further observe and promote our commitments, we also formulated measurable quantitative targets across the INPEX Group, as detailed below, and stated them in INPEX Vision 2035, which was published in February 2025.

Quantitative targets for biodiversity conservation

- Achieve net-zero deforestation in operational organizations starting in 2025 or later
- Implement 100% of planned biodiversity conservation activities

Quantitative targets for water management

- Maintain zero freshwater withdrawal in high water stress ❶ areas

Quantitative targets for waste management

- Maintain a final landfill rate of 1% or less for drilling cuttings ❷
- Maintain recovery rate ❸ of 70% or more of waste generated by regular operations

In 2024, the implementation rate of biodiversity conservation activities was 90%, the freshwater withdrawal in high water stress areas was zero, the final landfill rate of drilling cuttings was 0%, and the recovery rate of waste generated by regular operations stood at 83%. Regarding water management and waste management, we successfully achieved the goals we had set.

Moving forward, we will continue to strengthen and sustain these efforts while striving for further improvements.

❶ A state of limited availability of freshwater as defined by the World Resources Institute.
❷ Except in cases when the energy consumption and such required for recycling are significantly higher compare to landfill disposal.
❸ The percentage of INPEX's total generated waste that falls under the category of "Waste diverted from disposal" (Preparation for reuse; Recycling; Other recovery operations) in GRI 306.

Environmental Pollution Measures

Response to Blowouts and Oil Spill Incident

INPEX needs to be prepared not only for large-scale blowouts and oil spills at oil and natural 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.

We have developed rules and procedures for consistent management aimed at preventing incidents. We also work with oil spill response organizations, including Oil Spill Response Limited – the world's largest provider of oil spill response services – to develop response structures according to our projects' risks and establish a structure for responding to a large-scale oil spill. At the same time, we constantly acquire knowledge of oil spill response technologies.

Other Efforts for Environmental Pollution Measures

Prevention of Air Pollution

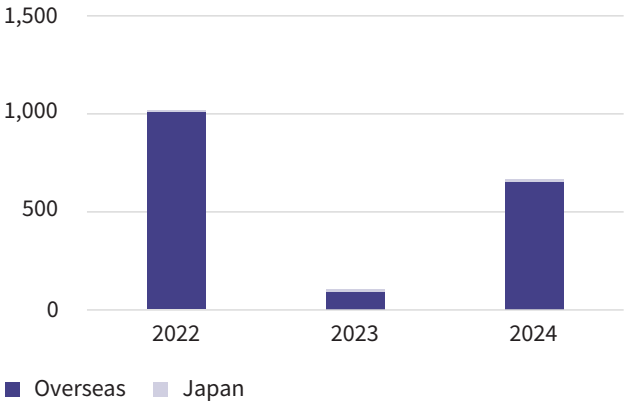
To reduce the impact of its business activities on air quality, we monitor our emissions and air quality and take measures to prevent air pollution in line with the laws and regulations of countries in which we operate our projects, and international good practice.

Air pollutants emitted from our project sites include sulfur oxides (SOx), nitrous oxides (NOx), and volatile organic compounds (VOCs). In our operator projects, we manage emissions by identifying the sources of Air pollutants – such as production processes, fuel combustion facilities, venting of natural gas, and shipment by tank trucks – and measuring and managing the amount of emissions released, striving to reduce air pollution.

Values may fluctuate because the amount of Air pollutants emitted is significantly affected by factors such as the state of operation of each facility. In FY2024, SOx emissions within the INPEX Group totaled 653 tons. NOx emissions stood at 3,380 tons, which is almost the same level as FY2023. Non-methane VOC (NMVOC) emissions were 3,023 tons, up approximately 14% from FY2023.

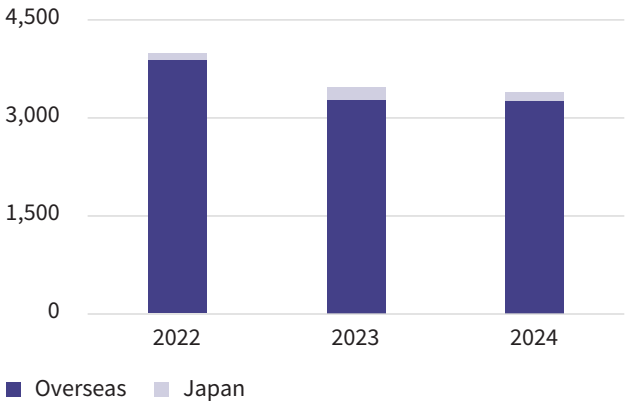
Changes in SOx Emissions in Japan and Overseas

Unit: Ton



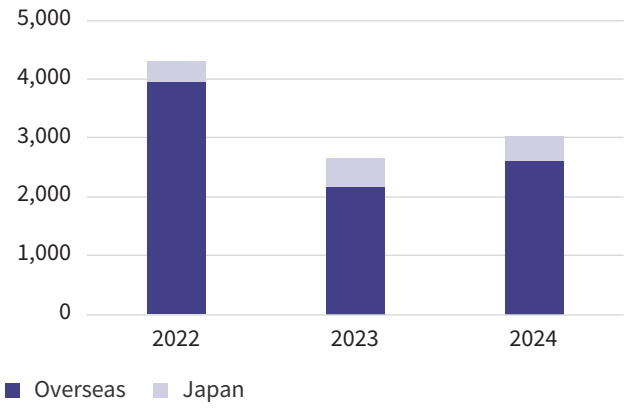
Changes in NOx Emissions in Japan and Overseas

Unit: Ton



Changes in NMVOC Emissions in Japan and Overseas

Unit: Ton



Please refer to the Appropriate Waste Disposal and Development of a Circular Economy or Water Resource Management – for details on environmental pollution measures related to our management of waste and water.

Appropriate Waste Disposal and Development of a Circular Economy

Commitments on Recycling and Appropriate Disposal

INPEX actively practices the 3Rs of waste management – reduce, reuse, and recycle – at its projects, offices, and other business sites to reduce its environmental impact.

We also appropriately 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 industrial waste generated by our operations, we appropriately treat and dispose of it via licensed waste service providers. We also carry out confirmation through regular visits, inspections, and such on waste service providers.

Since FY2023, for waste generated at each of our business sites, we have introduced classification according to GRI 306 standard. We also conduct visits, interviews, and such on waste service providers to understand the detailed treatment process of waste up to final disposal and state of disposal. Through these efforts, we establish measurable quantitative targets across the INPEX Group. At the same time, we continue to further reduce the amount of waste for final disposal and promote reuse and recycling to work on appropriate waste management.

The amount of waste generated by our operating projects varies significantly depending on the type of the work conducted at each business site, such as the presence or absence of drilling operations. To identify issues relating to waste management in our operations, as well as to promote initiatives for the efficient use of resources including reuse and recycling, we have categorized the waste generated by routine and non-routine operations ❶ and have been collecting the waste according to the GRI 306 reporting categories since FY2023. Of the approximately 12,000 tons of waste generated in routine operations, we recover approximately 10,000 tons. We carry out appropriate treatment, such as recycling, on the approximately 14,000 tons of cuttings generated in drilling operations, with none being disposed of through final landfill in FY2024.

To further observe and promote our commitments, in FY2024, we established "Maintain a final landfill rate of 1% or less for drilling cuttings" and "Maintain recovery rate of 70% or more of waste generated by regular operations" as Group-wide measurable quantitative targets. In FY2024, our landfill rate was 0% and our recovery rate was 83%. We will continue to work toward achieving and maintaining our targets.

❶ Drilling-related operations, etc.

Efforts to Develop a Circular Economy

We will actively develop a circular economy in addition to our usual appropriate waste management and further implementation of the 3Rs.

Well drilling operations in oil and gas development generate geologically derived drill cuttings. Such cuttings can be said to be waste unique to oil and gas development, and they are often sent to a landfill for final disposal. Cuttings from our projects in Japan often undergo appropriate treatment by waste service providers and get reused as improved soil, including being used as roadbed and backfill materials.

Overseas Efforts to Develop a Circular Economy

Since being awarded exploration rights in FY2019, we have been exploring Onshore Block 4 in the United Arab Emirates (UAE). We recycle the drill cuttings generated by this project through a cement manufacturer.

This recycling process is called co-processing, in which the mineral components in the drill 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, at least 500 tons of drill cuttings were recycled annually without generating secondary waste.

Research toward the Development of a Circular Economy

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.

Please refer to the Efforts to Reduce GHG Emissions for details.

Recycling of drill cuttings at JEL

CO_2-methanation, which we have been studying for commercialization since FY2013, was selected in FY2021 as a project under the theme of Development of Technologies for CO_2 Reduction and Utilization (FY2021 to FY2026) by the New Energy and Industrial Technology Development Organization (NEDO). We are currently constructing Japan's first and one of the world's largest test facilities that is thermally insulated and isothermal, capable of producing 400 normal cubic meters of methane per hour. In the demonstration test scheduled to commence in FY2025, CO_2 recovered from the Nagaoka Field Office will be used to produce synthetic methane, which will then be introduced into our city gas pipelines and delivered to users. The CO_2-methanation technology established through the demonstration test and such is expected to contribute toward the creation of a circular economy.

Education and Training on Waste Management

We implement regular education and training for staff at our operational sites in Japan to ensure appropriate waste management practices. Through this education and 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 continuously.

Biodiversity Conservation

Identification of Biodiversity-related Risks and Opportunities

Please refer to TNFD-related Initiatives for details.

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

INPEX has 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, 2024, none of our operator projects are operating in areas that we have defined as exclusion zones.

Furthermore, since FY2019, we have been enhancing our geographic information system (GIS) with information on protected areas obtained from the World Database on Protected Areas (WDPA) [1], and animal and plant species that fall under the International Union for Conservation of Nature (IUCN) Red List categories below.

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

[1] Database developed by the United Nations Environment Programme (UNEP) and International Union for Conservation of Nature and Natural Resources (IUCN)

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. In accordance with the WBCSD guidance, we identified that our progressing areas in particular are the development and disclosure of biodiversity and water commitments, and efforts to avoid, mitigate, and compensate for biodiversity impacts based on the mitigation hierarchy. In the future, we will consider nature-related impacts and dependencies 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 business activities have on biodiversity differ depending on the scale, activities, and location of each project. Accordingly, the biodiversity conservation efforts required for each project also differ. Therefore, we assess the materiality of biodiversity in the areas in which we operate, and the risks and impacts on biodiversity that each project brings. For environmentally sensitive areas that are particularly important (protected areas, critical habitats of threatened species, forests, mangroves, coral reefs, wetlands, and tidal flats, etc.), we plan and implement biodiversity conservation actions to avoid, mitigate, and compensate for the risks and impacts of the project, based on the mitigation hierarchy.

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

In FY2024, to further observe and promote our commitments, we established "Achieve net-zero deforestation in operational organizations starting in 2025 or later" and "Implement 100% of planned biodiversity conservation activities" as Group-wide measurable quantitative targets. In FY2024, we implemented 90% of our planned biodiversity conservation activities.

Furthermore, to appropriately manage the impact of our business activities on biodiversity, we conduct biodiversity assessments at all sites of our operator projects. Based on the results, high-risk sites have been identified, and it has been confirmed that there are 7 sites (92,319.08 hectares) that we operate, are adjacent to areas for biodiversity conservation. At these high-risk sites, we have biodiversity management plans and are actively working to mitigate our impacts, conserve habitats, and enhance monitoring, among other efforts.

	Number of Sites	Area (ha)
Operational sites	46	92,416.44
Sites where biodiversity impact assessments are conducted	46	92,416.44
Of the sites assessed, sites in close proximity to critical biodiversity	7	92,319.08
Of the sites in close proximity to critical biodiversity, sites that have biodiversity management plan	7	92,319.08

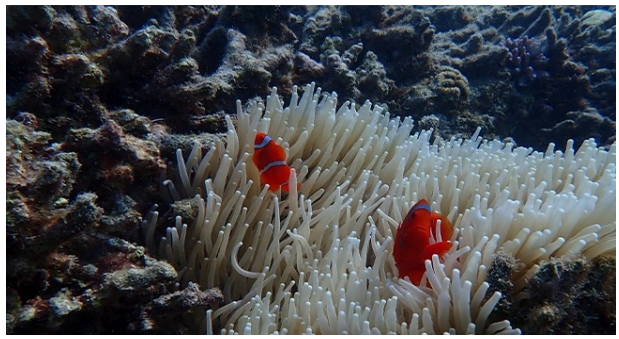
Overseas Efforts to Conserve Biodiversity

The Ichthys LNG Project's 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, we have continued to comprehensively monitor wastewater quality, seawater quality, and growing conditions for mangrove forests and other natural vegetation in Darwin Harbour even after we began the project operation. We further contribute to biodiversity conservation around the plant by sponsoring marine research projects such as dugong studies in the Northern Territory.

Please refer to the Cardno report: "Darwin Harbour – A Summary of the Ichthys LNG Project Nearshore Environmental Monitoring Program" (page 98)

As a part of the Environmental and Social Impact Assessment process (AMDAL) for the Abadi LNG Project in Indonesia, we surveyed the distribution of coral reefs in the marine area near the project site using satellite image analysis in 2021 . We also conducted a coral reef survey by diving in the sea 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 impacts on coral reefs based on a mitigation hierarchy.

Mangroves subject to environmental monitoring program around Darwin Harbour



Coral reefs in Indonesia

Efforts to Conserve Biodiversity in Japan

Understanding of Characteristics of Environments around Site in Japan

In FY2021, we conducted desktop reviews to understand the regional characteristics of environments around sites in Japan (rivers, fishing grounds/farms, forests, biodiversity conservation areas, cultural heritages, natural monuments, critical habitats of threatened species, etc.). We then compiled this information using our GIS. This enabled us to understand the ecosystems around our sites, and also to understand environmentally sensitive areas around sites at the planning stage of new projects. The results of these reviews are also used to identify and assess – following the LEAP approach of the TNFD framework – the natural capital on which our sites depend or impact. Please refer to TNFD-related Initiatives for details.

Efforts for Tokyo Bay UMI Project

In 2024, we started participating in the Tokyo Bay UMI Project, an environmental conservation initiative aimed at restoring and maintaining the rich natural environment of Tokyo Bay. This project aims to sustain biodiversity by restoring eelgrass beds in Tokyo Bay and increase public awareness and understanding of the sea through its activities. Through public-private collaboration, the Ministry of Land, Infrastructure, Transport and Tourism undertakes activities together with private companies and NPOs.

Commemorative photo with Amamon, the mascot of the Tokyo Bay UMI Project

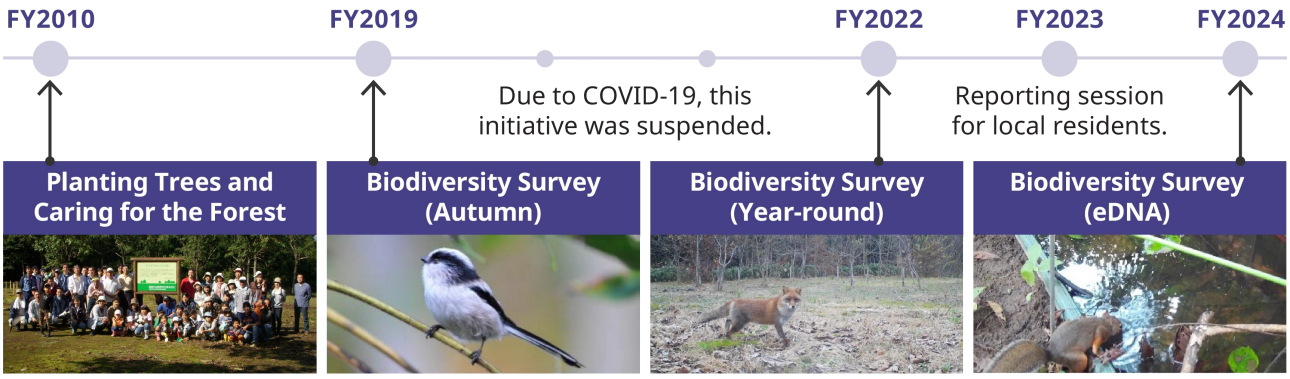
In 2024, we participated in an activity where sand and mulch were mixed with eelgrass seeds that were selected in the summer, packing the seeds into biodegradable, non-woven fabric packages and handing these to authorized divers to lay them on the seabed. Our employees and their families took part in this activity. All participants, including small children and adults, listened intently to a lecture on seed-planting by the Association for Shore Environment Creation, an NPO that runs the event, and enjoyed selecting and packaging the eelgrass seeds. The seeds planted on this occasion are expected to sprout on the sea floor and bloom next spring.

Efforts at "Kitsunedaira Donguri-no-mori"

As part of the Niigata Prefecture's Forest Management Support Program ongoing since FY2010, the Kitsunedaira Donguri-no-mori (Acorn Forest) Project is being conducted in the Fudosawa district of Nagaoka City, adjacent to the Nagaoka Field Office. In addition to this forestation activities, 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. In FY2024, we conducted additional surveys using environmental DNA analysis in addition to the current survey methods.

Kitsunedaira Donguri-no-mori reforestation activities

- As part of Niigata Prefecture's "Forest Management Support Program" launched in FY2010, the Kitsunedaira Donguri-no-mori (Acorn Forest) Project is being conducted.
- In addition to conventional reforestation activities, a biodiversity pilot survey was conducted in autumn of FY2019.
- Based on the results of the autumn FY2019 survey, a year-round survey was conducted in FY2022.
- The results of the survey were shared with participants in forestation activities in FY2023.
- In addition to conventional reforestation activities, environmental DNA analysis was conducted in FY2024.



• Reforestation Activities

Twice a year, in spring and autumn, we work with local community members on forest maintenance, tree planting activities, and holding of nature observation sessions for children. (This initiative was suspended in 2020 due to COVID-19 and recommenced in 2024.)

In 2024, in addition to regularly conducting reforestation activities, we carried out environmental education for children regarding the species inhabiting Kitsunedaira Donguri-no-mori as well as their ecologies.

Environmental education

• 2024 Biodiversity Survey (Environmental DNA Analysis)

For approximately seven months, from April to October 2024, we placed eight sensor cameras in the same locations as the 2022 survey to understand the state of biodiversity at Kitsunedaira Donguri-no-mori continuously and in greater detail. We also created a makeshift water spot in the forest, and we similarly conducted fixed point observation using a sensor camera to study the species visiting the water spot. We also conducted an environmental DNA analysis study at the water spot, and by comparing with the results from the sensor camera study, we studied the potential of using environmental DNA analysis techniques.

At first, few species were confirmed at the water spot, but with time, the water spot came to be recognized and used as a place for bathing and a source of drinking water. The establishment of the water spot has led us to the identification of new species – such as the Eurasian goshawk and the ruddy kingfisher – that could not be identified in studies using only existing sensor cameras. It is suggested that installation of water spot has contributed to a more detailed understanding of the species inhabiting Kitsunedaira Donguri-no-mori. We also conducted environmental DNA analysis on water samples obtained from the water spot, and many birds and mammals confirmed by the sensor camera to frequently visit the water spot were also detected through the analysis. Through this study, in addition to existing methods such as those using sensor cameras, we think that it is possible to obtain highly accurate information for identifying species by conducting environmental DNA analysis. We also succeeded in detecting bats, reptiles, and amphibians, which are difficult to detect using sensor cameras. This information will be useful in selecting survey methods for future studies at Kitsunedaira Donguri-no-mori in the future.

Makeshift water spot and the installed sensor camera

Eurasian goshawk (chick)

Ruddy kingfisher (chick)

Common raccoon dog

Water Resource Management

Water Risk Assessment and Identification of High Water Stress Areas

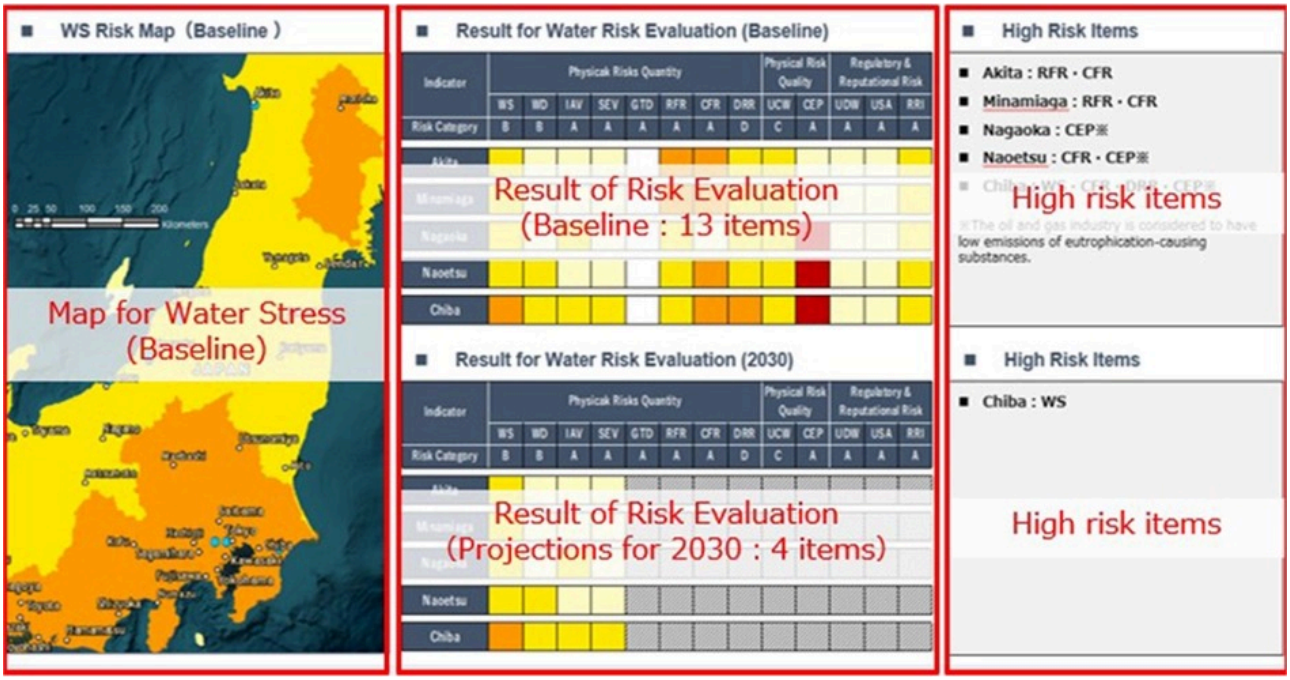
INPEX annually checks the water risk in the areas where its operator projects are located using Aqueduct, a water risk mapping tool developed by the World Resources Institute (WRI). The water risks we check include dependencies on water resources, impacts of our projects, potential future changes in water demand and quality, future potential regulatory changes at a local level, and reputation from external stakeholders. In FY2024, to further observe and promote our commitments, we also established "Maintain zero freshwater withdrawal in high water stress areas" as a Group-wide measurable quantitative target. As of the end of 2024, we are operating five oil and gas projects in production and one project under development as the operator. Among these, the Abadi Project, currently under development, is located in areas of high water stress. For this project, we are planning to install a seawater desalination plant. Therefore, no freshwater will be taken from the project area. Additionally, the exploration project at Onshore Block 4 in Abu Dhabi is also located in areas of high water stress. However, we procure water from a supplier that uses seawater desalination, no freshwater is being obtained from groundwater and such. In FY2024, we achieved our target of zero freshwater withdrawal in high water stress areas.

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

List of Water Risk Issues to Be Assessed Using Aqueduct

Indicators	Indicator name	Explanation
Physical risks quantity	**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
Physical risks quality	**UCW**	Untreated connected wastewater
	CEP	Coastal eutrophication potential
Regulatory and reputational risk	**UDW**	Unimproved/no drinking water
	USA	Unimproved/no sanitation
	RRI	Peak RepRisk country ESG risk index

Risk map of domestic 2024 risk assessment results and 2030 projections



Efforts Contributing to Efficient Water Use

We conducted a water balance survey to identify water usage and improve water efficiency in each operator project. The survey results were used to understand in detail and analyze water usage for each facility and process. We aim to keep reducing water consumption and improve wastewater quality while reflecting the insights gained from our understanding and analysis.

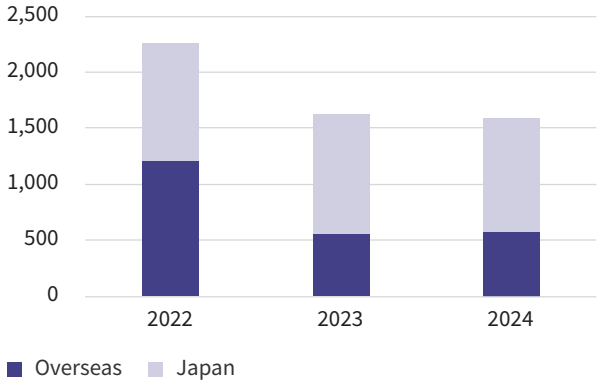
Use of Freshwater

As one of water resources we utilize in our business operations, we recognize the freshwater withdrawal management to be a major issue in our water management. We have been working to reduce our impacts on water resources by managing the water withdrawal of our operator projects in Japan and overseas as well as the discharge of produced water arising from oil and natural gas production. Our operator project sites use freshwater (tap water, industrial water, and groundwater) mainly as coolants and for power generation and excavation work. In FY2024, the volume of freshwater used across the INPEX Group totaled 1,590 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 withdrawal in Japan and overseas

Unit: thousand m³



Within the Ichthys LNG Project, we conduct investigations into freshwater consumption with the aim of reducing consumption in its facilities. We use the findings of these investigations 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

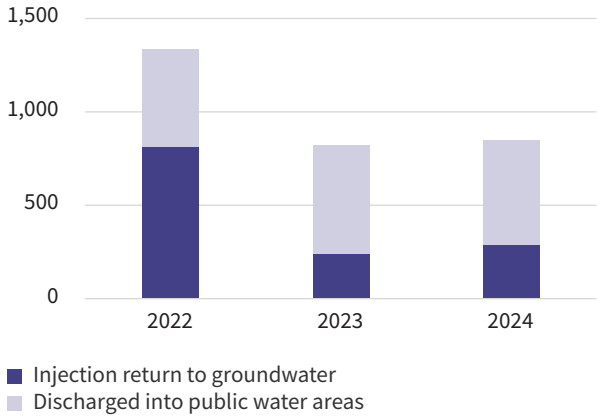
Instead of freshwater, the Ichthys LNG Project's offshore production facilities use seawater for cooling, and the Naoetsu LNG Terminal uses it for heat exchange in the vaporizer. Mandatory checks of seawater temperature difference between water withdrawal temperature and wastewater temperature as well as residual chlorine levels ensure that the marine environment will not be harmed. These checks also guarantee local laws and regulations and international guidelines are met before the used seawater is discharged back into the sea. At Abu Dhabi, which has high water risks, we use desalinated seawater instead of freshwater such as groundwater.

Wastewater Management of Produced Water

Produced water from our oil and natural gas projects is reinjected underground, or discharged as wastewater, after being confirmed to comply with the wastewater standards in local and international guidelines. In FY2024, 33% of the total produced water (approximately 0.85 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 m³



Appropriate Treatment and Management of Produced Water

At our operator projects, produced water is injected into injection wells – with maintained integrity – and returned underground, or discharged into rivers and seas after going through water treatment systems and meeting the standards stipulated in the laws and regulations of the respective country or region. Regarding the discharge of produced water into the sea, besides existing regulations targeting dispersed oil in the water, some countries and regions have gone on to adopt regulatory values that also include dissolved hydrocarbon components. For the operation of the Ichthys LNG Project, we also adopt a tertiary advanced processing system that uses Macro Porous Polymer Extraction (MPPE) to remove soluble hydrocarbons before discharging produced water that have met the standard values into the sea.

Education and Training on Water Management

We regularly provide education and training to the staff at our operational sites in Japan to ensure appropriate water management practices and promote efficient water use. We invited an outside lecturer to conduct a seminar on the Mine Safety Act and Water Pollution Prevention Act. We will continue to work on efforts to enhance knowledge and awareness of our staff as necessary.

TNFD-related Initiatives

INPEX is enhancing its biodiversity and nature-related initiatives in line with global trends.

We have participated in the TNFD Forum since FY2022, and have started gathering information related to the TNFD framework [1] and 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 will undertake ongoing assessment, improvement, and disclosures. This includes identifying the required data and developing assessment processes.

[1] TNFD framework is 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 a process proposed in the framework for systematically assessing nature-related risks 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; 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.

Nature-related Governance

Governance Structure

INPEX's governance structure for environmental management, including biodiversity conservation, is detailed under the heading of Governance in Sustainability Structure.

Stakeholder Engagement

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 of Respect for Human Rights, 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 engage in our business activities, including stakeholders in our supply chains.

As detailed under the heading of Human Rights Due Diligence, we identify, map, and actively communicate with stakeholders around our project sites from the initial stage 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 Performance Standards established by the International Finance Corporation (IFC), which are global environmental and social guidelines.

Strategy regarding Nature

Biodiversity loss is, together with the need to address climate change, a social issue at the global level. Internationally, discussions are ongoing at the Conference of the Parties to the Convention on Biological Diversity (CBD-COP) and there is increasing importance placed on the expectations and roles of companies regarding biodiversity conservation. There is a growing possibility that such changes in the business environment may link the risk of biodiversity loss directly to our risks that include those related to trust, financing, laws and regulations, and markets.

To enhance our biodiversity conservation 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, IFC's Performance Standard 6, the TNFD Framework, and guidance from IOGP and Ipieca, while also considering the business activities and local characteristics of our projects.

We also established measurable targets for achieving our environmental commitments and stated them in INPEX Vision 2035, which was published in February 2025. We will deepen our efforts to deal with nature-related issues at the Group-wide level.

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

In FY2023, we conducted a trial assessment on our operator projects in Japan (14 sites) based on the LEAP approach of the TNFD Framework beta release (v0.4).

The final recommendations for the TNFD framework (v1.0) were officially published in September 2023, and the guidance on the LEAP approach (v1.1) was updated in October 2023. We therefore updated our trial assessment method. In FY2024, we also expanded the scope of our operator projects for the trial assessment to 24 sites in Japan and 6 sites overseas.

The Locate and Evaluate processes of our FY2024 trial, following the LEAP approach of the TNFD framework (v1.0), are explained below.

Locate (Locate Your Interface with Nature)

In the Locate phase, based on the TNFD guidance, we identified priority locations, taking into consideration the impacts of our operations' business activities on nature as well as the impacts of changes in the natural environment on our operations. We identified priority locations using the three steps below to understand their materiality to the Company and the ecosystems around the assessed sites.

Steps in the Assessment's Locate Phase

1 Selection of target areas

Target projects: Select oil and gas exploration and development, production operations, and INPEX's operational projects sites (24 sites in Japan and 6 sites overseas) as well as their areas of influence, as the target areas

Screen dependencies and impacts related to business activities, referencing tools such as ENCORE

2 Collection and assessment of nature-related information

Collect and assess nature-related information within the 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

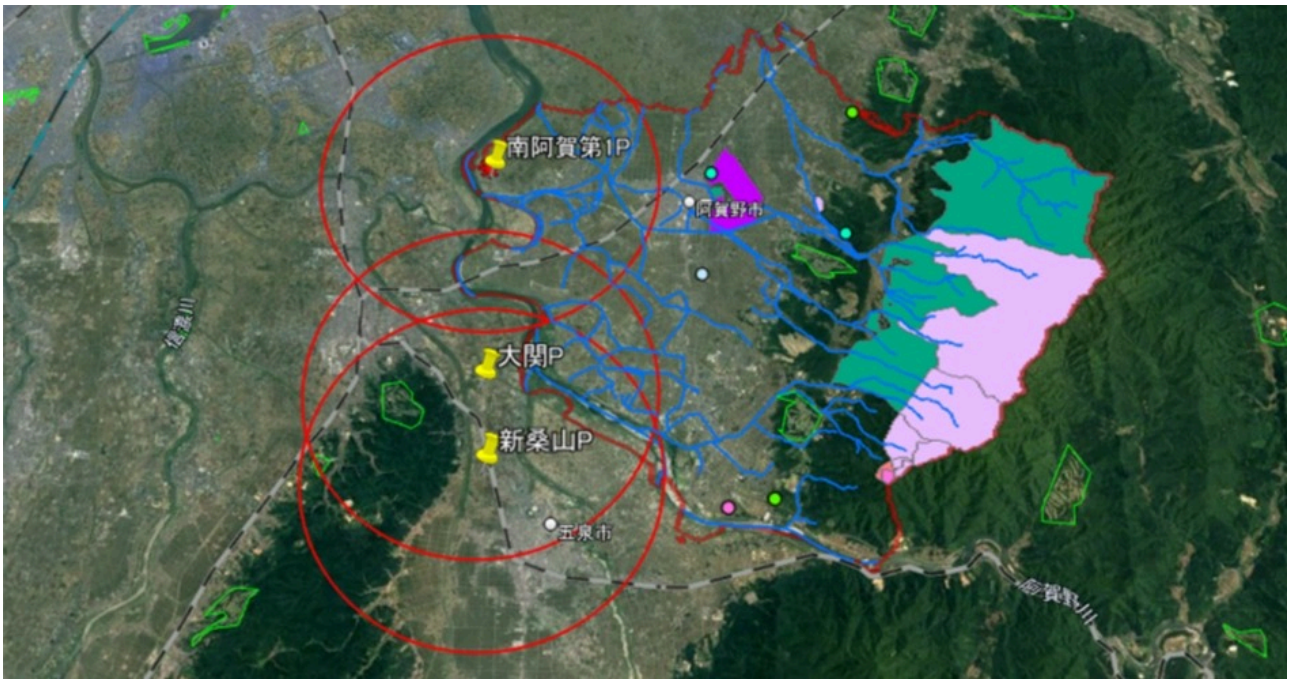
3 Identification of priority areas

Material locations for INPEX: Locations with key nature-related issues (locations important to INPEX)

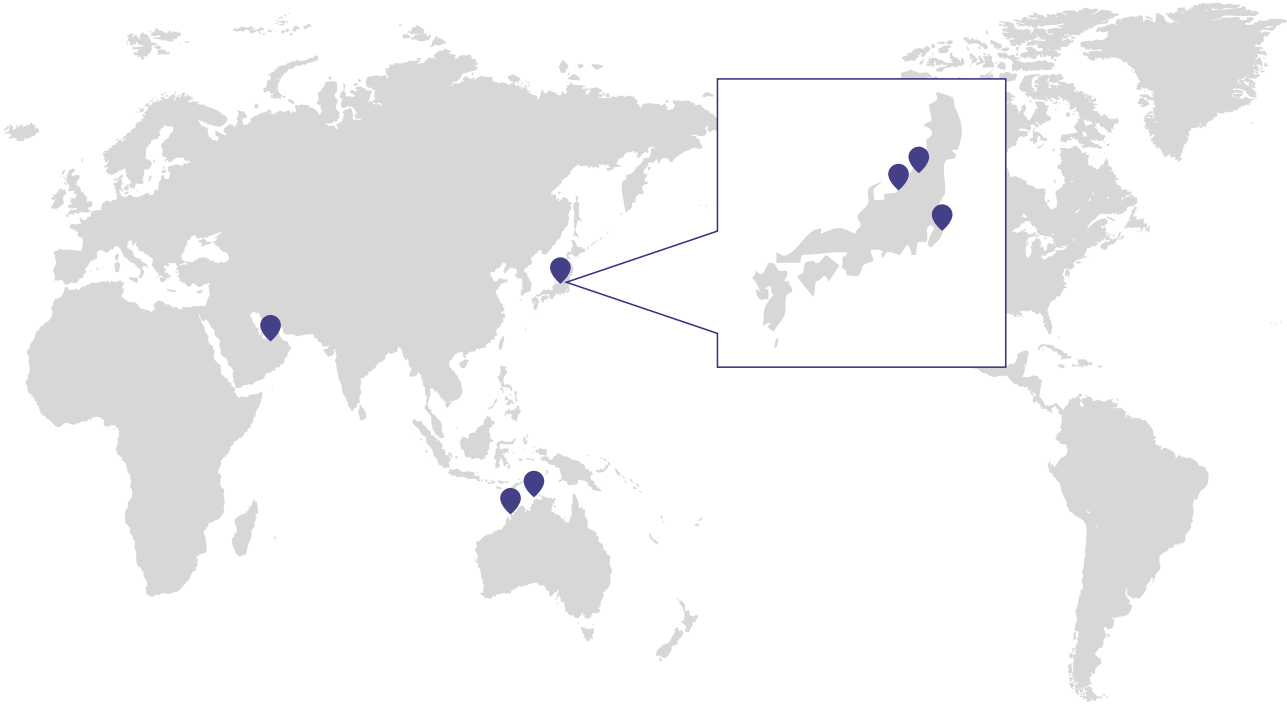
Sensitive locations (ecologically vulnerable areas)

- Protected areas
- Areas important for biodiversity, including species
- Areas of high ecosystem integrity
- Areas with high physical water stress
- Others

Overview of internal database of ecosystem-related data



Priority locations in INPEX's operator projects identified in FY2024's assessment



Priority Locations		Project Details	Material locations Are there key dependencies, impacts, risks, or opportunities? • Project scale • Project description • Dependency on ecosystem services • Existence of neighboring communities	Sensitive locations Is this an area with high vulnerability to nature, or adjacent to such an area? • Biodiversity importance • Ecosystem integrity • Physical water risk • Ecosystem service provision importance
Japan	Nagaoka Field Office	Production, storage, transportation, power generation, and underground storage of natural gas and condensate	✓	
	Minamiaga Field Office	Production and transportation of natural gas and crude oil		✓
	Chiba Field Office (Discharge outlet)	Brine discharge during emergencies		✓
	Naoetsu LNG Terminal	Storage and vaporization of LNG		✓
Australia	Ichthys LNG plant	Production, storage, and transportation of natural gas and condensate	✓	✓
	Offshore Facilities (CPF, FPSO)	Production, storage, and transportation of natural gas and condensate	✓	
UAE	JEL	Test production of natural gas and crude oil	✓	✓
		Lorry transportation		

Evaluate (Evaluate Your Dependencies and Impacts on Nature)

In the Evaluate phase, based on the screening results from ENCORE ② and such, we identified our business activity-related dependencies and impacts at our priority locations. Our activities, which are categorised in the oil and gas development sector, have impacts on a range of terrestrial, freshwater and marine ecosystems, as well as the atmosphere and aquatic environments around our areas of operations. We also depend on a range of ecosystem services for our operations. ENCORE assessments generate a typical result for the sector, therefore we conduct our in-house assessment, including adding weights to the assessment items, with consideration to the locations and business activities of our project sites in Japan and overseas.

② ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is 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).

Steps in the Assessment's Evaluate Phase

1 Understanding of natural capital in priority locations and their surroundings	Understand the natural capital (such as environmental assets and biomes) in priority locations using the following internal data and external tools: • EIA Reports • Web-GIS (Natural Environmental Information GIS by Japanese Ministry of the Environment) • IUCN Global Ecosystem Typology • Others
2 Identification of dependencies and impacts on natural capital	Understand the dependencies and impacts in priority locations, taking into consideration the locations of INPEX's operator projects in Japan and overseas and project details, based on screening results obtained from the following external tools: • ENCORE • Materiality Screening Tool created by Science Based Targets Network (SBTN)
3 Measurement of dependencies and impacts on natural capital	Understand the scale and scope of INPEX projects' dependencies on natural capital in priority locations Understand the severity of negative impacts and the scale and scope of positive impacts from INPEX projects on natural capital in priority locations

Dependencies and Impacts at INPEX's Operator Projects

The results of this assessment showed that our business activities have an especially high level of dependencies on the following four natural capital services. These ecosystem services are essential for stable operations and environmental risk management. It is necessary to carefully assess the impacts of changes in natural capital on business.

1. **Water supply service necessary for business activities**
   A large amount of water is needed in the oil and gas production process. A stable supply of water is essential in the cooling process, and operation risks increase in high water stress areas. Please refer to the Water Resource Management for details of our efforts for water resource management.
2. **Dilution service for pollutants emitted by business activities**
   To limit atmospheric pollution and impacts on water quality arising from our business activities, we carry out appropriate measures to prevent air pollution and wastewater treatment in line with the laws and regulations of countries in which we operate, and international good practice. Furthermore, we depend on the ventilation and dilution functions of the natural environment (atmosphere, rivers, and oceans), and it is important these functions are maintained properly. If the quantity or quality of water in a watershed deteriorates, its dilution capability will drop, placing a greater burden on the environment. At the same time, there may also be impacts on continuity of operations. We will continue to comply with environmental regulations, strengthen air quality and water resource management, and study measures to maintain sustainable operations.
3. **Climate regulation service for stable operations**
   Our business activities may be affected by climate conditions such as atmospheric temperature, rainfall, and wind speed. An increase in extreme weather phenomena (such as hurricanes, drought, and rising sea levels) may lead to impacts on our business activities, including changes to equipment operation conditions and suspension of operations. Please refer to the Climate Change for details.
4. **Soil and sediment retention service for stable operations (Nagaoka Field Office)**
   Solid ground is essential for the stable equipment operation. The topography around the Nagaoka Field Office comprises flat grasslands and hilly and mountainous areas, with a mix of residential areas, farms, forests, and industrial facilities. Therefore, it is thought that there are high dependencies on the soil and sediment retention service provided by the surrounding vegetation. The occurrence of floods and storms around the Nagaoka Field Office may lead to land erosion, ground sinking, and such, and to impacts on our business activities. We clearly state risks related to heavy rain and floods in our risk register, develop manuals for proper management, and take other measures to achieve quick responses and minimize damage. We also established a structure for staying on alert using a disaster monitoring system and hazard maps, adopting measures for ensuring safety.

The assessment results identified two main factors impacting the natural environment due to our business activities. These factors are directly linked to business sustainability and regulatory compliance, necessitating careful management and the implementation of appropriate measures.

1. **Changes in terrestrial and marine ecosystem use in business activities**
   Changes in terrestrial and marine ecosystem use arise from our business activities. On land, deforestation and site preparation for facility construction may have impacts on the ecosystem and may lead to land erosion and loss of biodiversity. At LNG terminals located in coastal areas, land reclamation and dredging may lead to marine environmental changes or impacts to the ecosystem. We develop and implement management plans to minimize the impacts from changes in terrestrial and marine ecosystem use.
2. **GHG emissions from business activities**
   GHG emissions from business activities form a material impact driver for the loss of biodiversity arising from climate change. In our business activities, GHG is emitted from various phases such as drilling, production, and transportation. Please refer to the Climate Change for details on our specific measures for GHG emission reduction.

Nature-related Dependencies at INPEX's Priority Locations

	Japan				Australia		UAE
Ecosystem Services	Nagaoka Field Office	Minamiaga Field Office	Chiba Field Office	Naoetsu LNG Terminal	Ichthys LNG Onshore Plant	Ichthys LNG Offshore Facilities (CPF, FPSO)	JEL
Animal-based energy	–	–	–	–	–	–	–
Biomass provisioning services	VL	VL	–	VL	–	–	–
Water supply	H	M	–	H	H	H	H
Genetic material services	–	–	–	–	–	–	–
Bioremediation	–	–	–	–	–	–	–
Soil and sediment retention	H	–	–	–	–	–	–
Water purification	M	L	–	–	–	M	–
Soil quality regulation	–	–	–	–	–	–	–
Dilution by atmosphere and ecosystems	M	M	L	M	M	H	M
Disease prevention or pest control	–	–	–	–	–	–	–
Air filtration	–	–	–	–	–	–	–
Flood mitigation	H	–	–	–	L	–	–
Storm mitigation	H	–	–	–	L	L	–
Climate regulation	L	L	–	M	M	L	L
Nursery population and habitat maintenance	–	–	–	–	–	–	–
Noise attenuation	–	–	–	–	–	–	–
Mediation of sensory impacts	–	–	–	–	–	–	–
Pollination services	–	–	–	–	–	–	–
Water flow regulation	H	L	–	–	–	–	–
Rainfall pattern regulation	–	–	–	–	–	–	–
Visual amenity	–	–	–	–	–	–	–
Recreation - education, sciencific, research	VL	–	–	–	–	–	–
Spiritual, artistic and symbolic	–	–	–	–	–	–	–

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

Nature-related Impacts at INPEX's Priority Locations

Impact Drivers	Japan				Australia		UAE
	Nagaoka Field Office	Minamiaga Field Office	Chiba Field Office	Naoetsu LNG Terminal	Ichthys LNG Onshore Plant	Ichthys LNG Offshore Facilities (CPF, FPSO)	JEL
Terrestrial ecosystem use	H	H	H	–	H	–	H
Freshwater ecosystem use	M	M	–	–	–	–	–
Marine ecosystem use	–	–	M	H	H	H	–
Water use	M	M	–	M	M	M	L
Other resource use	–	–	–	–	–	–	–
GHG emissions	M	M	–	M	H	H	M
Non-GHG air pollutants	M	M	–	M	M	M	M
Water pollutants	M	M	L	M	M	M	L
Soil contaminant	L	L	L	L	L	–	L
Solid waste	M	M	–	M	M	M	M
Disturbance	M	M	–	M	M	M	M
Invasive alien species	L	L	–	L	L	L	L
Social impact	M	M	M	M	M	M	M

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

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 collecting nature-related information through IOGP, Ipieca, and Society of Petroleum Engineers (SPE) conferences, and exchanging knowledges with energy companies in Japan and overseas.

Please refer to the Biodiversity Conservation under the Biodiversity Conservation and Environmental Pollution Measures for details on our specific efforts for biodiversity and nature.

Future Initiatives

In the LEAP assessments conducted in FY2023 and FY2024, we assessed the relationships between our operator projects and the natural environment. Based on the results and knowledge obtained, we will continuously improve our in-house assessment method and update the assessment results. In FY2025, we plan to expand the assessment scope while considering the state of our projects and assess our nature-related material risks and opportunities.

Disclosures in Line with "Recommended Disclosures and Guidance for All Sectors" of the TNFD

TNFD's recommended disclosures		Sustainability Report 2024
Governance	a) The board's oversight of nature-related dependencies, impacts, risks and opportunities.	• Sustainability at INPEX > Sustainability Management > Sustainability Structure
	b) Management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	• Sustainability at INPEX > Sustainability Management > Sustainability Structure
	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 organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	• INPEX website > About INPEX > Basic policies > INPEX Group Human Rights Policy • Social > Human Rights > Respect for Human Rights • Social > Human Rights > Human Rights Due Diligence • Social > Human Rights > Response to Feedback from Stakeholders • Social > Human Rights > Engagement with Indigenous Communities
Strategy	a) The nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, mid and long term.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > 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 organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > 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 organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	–
	d) The locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities • INPEX website > Our business

TNFD's recommended disclosures		Sustainability Report 2024
Risk and impact management	a) The processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s)	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities
	b) The processes for monitoring nature-related dependencies, impacts, risks and opportunities.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (For future consideration)
	c) How processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (For future consideration)
Metrics and targets	a) The metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (For future consideration) • Performance Data > Environment
	b) The metrics used by the organization to assess and manage dependencies and impacts on nature.	• Environment > Biodiversity Conservation and Environmental Pollution Measures > TNFD-related Initiatives > Identification and Assessment of Nature-related Dependencies, Impacts, Risks, and Opportunities (For future consideration) • Performance Data > Environment
	c) The targets and goals used by the organization to manage nature-related dependencies, impacts, risks, and opportunities and its performance against these.	• Sustainability at INPEX > Sustainability Management > Sustainability Material Issues: Targets and Achievements • Environment > Biodiversity Conservation and Environmental Pollution Measures > Metrics and Targets • Performance Data > Environment