



GREEN BOND FRAMEWORK

INPEX CORPORATION

Green Bond Framework

September 2021

Introduction

INPEX Corporation (hereinafter, “our company”, “INPEX”) has formulated the Green Bond Framework (hereinafter, “framework”) as follows. In formulating the framework, our company has received verification or evaluation of eligibility against the following standards related to green bond issuance from DNV Business Assurance Japan Co., Ltd., as a third-party reviewer and Ratings and Investment Information, Inc. This framework confirms that the Bonds issued under this Framework are aligned with the Climate Bonds Standard. This framework applies or references the following standards.

- Climate Bonds Standard Version 3.0
- Green Bond Principles 2021
- Green Bond Guidelines 2020

1. Outline and Environmental Initiative of the issuer

1.1 Outline of the issuer

INPEX is Japan’s largest oil and natural gas E&P company. INPEX will proactively engage in energy structure reforms towards the realization of a net zero carbon society by 2050, while responding to the growing energy demands of Japan and the world and fulfilling the company’s responsibility for the development and stable supply of energy over the long-term. By doing so, INPEX will contribute a brighter future for society and also sustainably increase its enterprise value.

1.2 Formulating “Business Development Strategy - Towards a Net Zero Carbon Society by 2050”

INPEX has formulated a long-term management policy envisioning a net zero carbon society by 2050 in view of the significant changes in its business environment given the historic impact of the coronavirus pandemic on the global economy since last year and the growing momentum to strengthen climate change response initiatives both in Japan and around the world. Specifically, INPEX has set climate change response goals to achieve its own net zero carbon emissions by 2050. The company will also actively

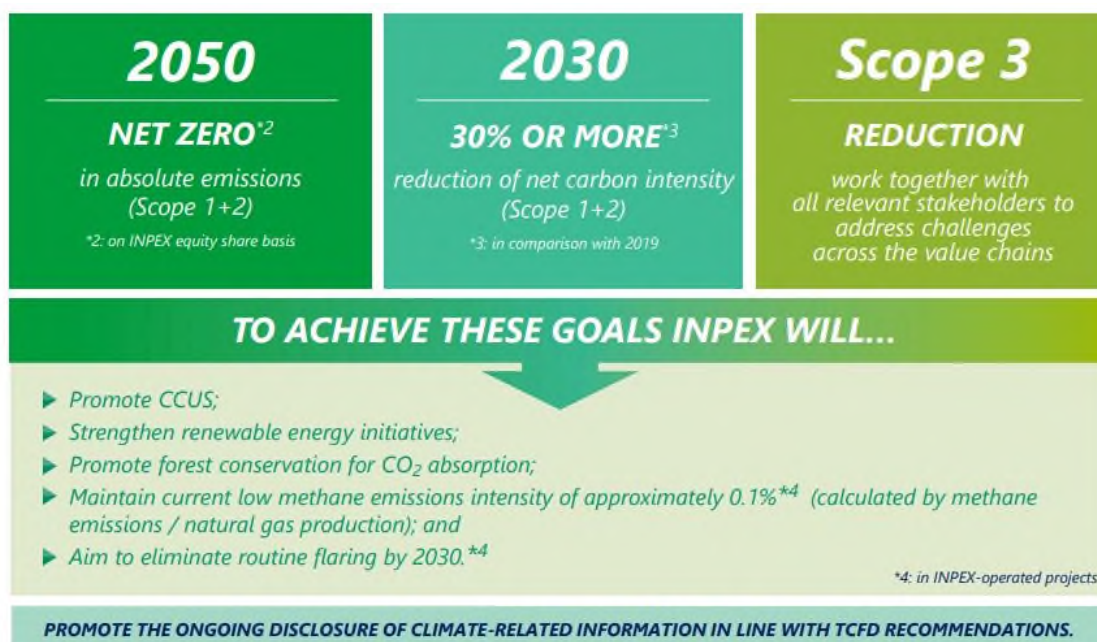
promote the following five business pillars by making full use of the technologies, assets and human resources we have nurtured until now through the development of crude oil and natural gas, and leveraging these strengths to grow the five business pillars to have sufficient earning power looking ahead towards 2050.

- I. Reduce CO₂ emissions from upstream operations (Promotion of CCUS)
- II. Develop a hydrogen business
- III. Enhance and emphasize renewable energy initiatives
- IV. Promote carbon recycling and cultivate new business opportunities
- V. Promote CO₂ absorption through forest conservation

By focusing on five business pillars that maximize our strengths, we will contribute to the sustainable development of the economy and society, and to the achievement of the Sustainable Development Goals (SDGs) of the United Nations.

【Climate Change Goals】

INPEX has set its own goals to contribute to realizing a net zero carbon society as outlined in the Paris Agreement’s goal of keeping average global temperature rise to well below 2 degrees Celsius.



【Five businesses】

1. Upstream CO₂ Reduction (Promotion of CCUS)

- As an oil and natural gas development company, INPEX will promote CCUS, working to reduce CO₂ in upstream business and supplying cleaner energy.
 - Taking advantage of its track record and technical expertise in CCUS (Japan's first CCUS project commenced at INPEX's Kubiki Oil field in Niigata in 1988), INPEX seeks to apply CCUS to achieve safe storage and efficient utilization of CO₂ in Japan and overseas including the Ichthys LNG Project in Australia
 - INPEX promotes a shift to natural gas and carbon neutral LNG in conjunction with efficient use of energy and implementation of energy saving measures across its entire business including exploration, development and production.

2. Develop a hydrogen business

- Envisioning the advent of a hydrogen society in the medium- to long- term, INPEX aims to establish a hydrogen business as an energy producer and supplier.
 - Utilize natural gas from INPEX assets to produce “carbon-free hydrogen” through a natural gas reforming process and CCUS with the CO₂ emitted from this reforming process.
 - Enhance R&D activities to establish hydrogen value chain in collaboration with external companies and organizations. In addition, INPEX aims to create a hydrogen society at an early stage through collaborative cross sector projects on the social implementation of hydrogen as a member of the Japan Hydrogen Association.
 - INPEX is also evaluating ammonia and liquified hydrogen business opportunities as ways to transport and import hydrogen to Japan
 - These opportunities are expected to eventually lead to a carbon-free energy business leveraging INPEX's natural gas assets outside of Japan.

3. Enhance and emphasize renewable energy initiatives

INPEX will accelerate its initiatives both in Japan and around the world relating to geothermal power generation applying oil and gas development technologies, as well as offshore wind leveraging experience in the construction and operation of offshore floating facilities gained at operations sites overseas.

4. Promote carbon recycling and cultivate new business opportunities

- INPEX will promote carbon recycling such as Methanation*¹ and Artificial Photosynthetic Chemical Process*² with aim of setting up operations at an early

stage, leveraging synergies with its oil and gas business operations.

- INPEX will swiftly pursue initiatives in new business fields showing signs of growth. For this reason, INPEX will accelerate the startup of business in the new fields through proactive tie-ups with external R&D ventures and research institutions, etc., in addition to internal ventures leveraging in-house resources to the maximum extent.

*1: Hydrogen is produced by electrolyzing water using renewable electricity. The hydrogen, high-concentration CO₂ emitted from coal-fired power plants, etc. and CO₂ associated with our natural gas production are converted to methane by a CO₂-methanation system (using a methanation catalyst).

*2: Water is decomposed into oxygen and hydrogen by solar power using a photocatalyst installed on the surface of the artificial photosynthetic panel. The extracted hydrogen is utilized as renewable fuel and raw materials.

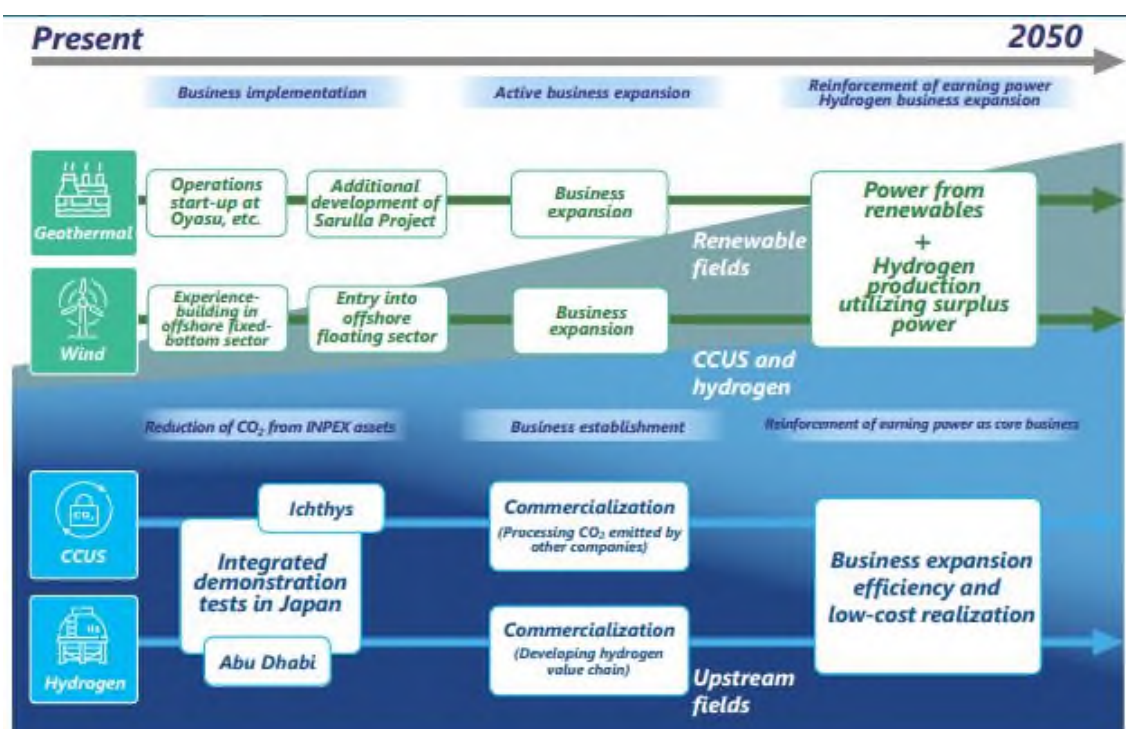
5. Promote forest conservation

- INPEX will contribute to forest conservation activities, mainly by supporting distinguished REDD+ projects*³ which contribute to climate change response, biodiversity conservation and improved living standards of local communities.

*3: Efforts to prevent forest deterioration and deterioration through forest management and increase carbon absorption through tree planting, etc.

【Business Milestones】

The outline of the milestones for 2050 for the above five business initiatives is as shown in the figure below. The green area in the figure is renewable energy, which means that the business will be expanded in stages. The dark blue area in the figure is the existing upstream business, and light blue is the hydrogen/CCUS business, and the existing business. It shows that the upstream business will be further cleaned up by hydrogen and CCUS.





























【Concept for finance allocation】

Based on the achievements after the launch of the Ichthys LNG project, INPEX expects the average annual scale of investment over the next five years to be between approximately 250 billion and 300 billion yen (Oil price assumption of USD 50~60 per barrel). Of this amount, our company foresees allocating around 20 to 30 billion yen annually to the five business pillars.

1.3 Strengthening sustainable management

Under our mission of contributing to the creation of a brighter future for society, in order to fulfill our two key social responsibilities of providing a stable energy supply and responding to climate change, we will build our resilience and promote cleaner business operations. INPEX will also strive to create value over the medium-to long-

term by continuing to strengthen the integration of ESG (environment, society and governance) into our business activities. INPEX identified six key issues among the seven core social responsibility subjects in ISO 26000 as Material Issues of importance for us and our stakeholders.

INPEX Group Initiatives		Global Goals
CSR Material Issues		Sustainable Development Goals (SDGs)
 Governance	Strengthen a governance structure Upgrade a risk management system	
 Compliance	Respect for human rights Legal compliance, prevention of bribery and corruption Conducting environmental and social impact assessments in supply chain	  
 HSE	Prevention of major incidents Securing occupational health and safety Conservation of biodiversity, appropriate water resource management	    
 Local Communities	Conducting assessments and measures to reduce impact on local and indigenous communities Contribution to local economies	    
 Climate Change	Promotion of renewable energy Development of natural gas as a cleaner source of energy Strengthen climate change-related risk management	  
 Employees	Human resource development and improvement of job satisfaction Promotion of diversity	  

1.4 Position on Climate Change

In January 2021, INPEX announced “Business Development Strategy”, which is our corporate management policy for a net-zero carbon society by 2050, and we simultaneously revised our “Corporate Position on Climate Change”. Based on these policies, we actively pursue reform of energy structure in order to achieve a net-zero carbon society by 2050 while still fulfilling the responsibilities of energy development and stable supply to meet the continually-increasing energy demands in Japan and around the world for the long term. Also, to contribute to the achievement of the Paris Agreement goals, we have established the climate change goals of net-zero Scope 1 + 2 emissions by 2050 as the main pillar. In order to address the two societal demands of meeting increasing energy needs and reducing greenhouse gas (GHG) emissions in a balanced manner, we are committed to conduct our business while appropriately assessing and managing climate change risks and opportunities. In addition, INPEX’s information disclosure related to climate change is in line with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations as always. The “Corporate Position on Climate Change” (issued in December 2015, last revised in January 2021) is available on our website.

<https://www.inpex.co.jp/english/csr/climatechange/pdf/20210216.pdf>

In “Corporate Environmental Management Plan”, we set five Corporate environmental targets to support the “HSE Policy” and to address key environmental materiality for us including the “response to climate change”, “biodiversity conservation” and “water resource management” with actions to achieve our targets.

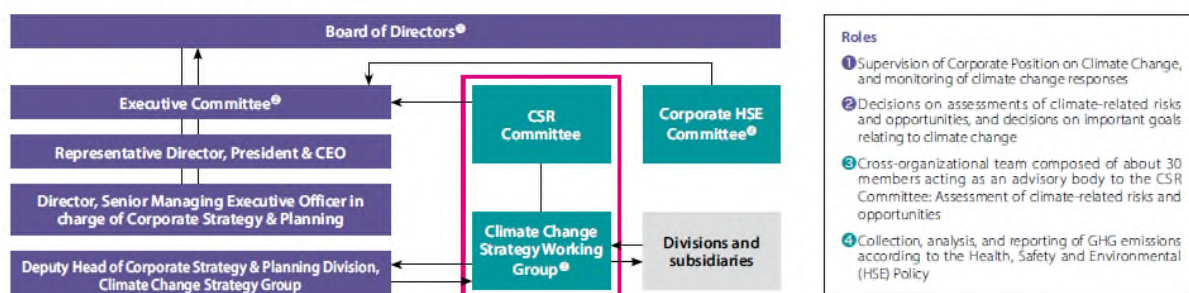
1.5 Governance Framework for Climate Change Response

INPEX recognizes that climate change is a critical issue, and the Board of Directors maintains its oversight and expands its involvement. Specifically, the “Corporate Position on Climate Change” is a matter for resolution by the Board of Directors. In January 2021, we announced “Business Development Strategy: Towards a Net Zero Carbon Society by 2050”, establishing the goal of net zero emissions by 2050, in line with the Paris Agreement goals. Accordingly, we completely revised our “Corporate Position on Climate Change” in January 2021 and disclosed it externally. Further, we added “INPEX’s Current Initiatives”, which describes specific progress status for climate change measures based on our policy, and disclosed it externally in February 2021. In principle, “INPEX’s Current Initiatives” will be updated on a yearly basis.

【Climate change response and Director’s compensation】

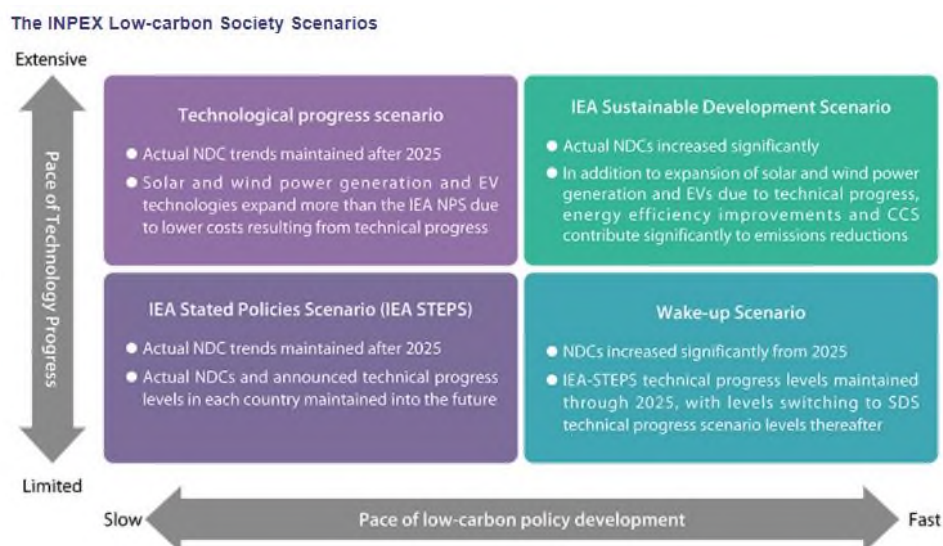
Regarding INPEX’s climate change measures, we establish qualitative goals for risk management and information disclosure in accordance with the TCFD Recommendations based on our “Medium-term Business Plan 2018-2022”. The evaluation of the level of achievement are reflected in the bonus for the director in change. Bonuses for representative directors and other directors are also calculated by comprehensively taking into considerations a range of factors such as ESG and HSE performance including climate change response, in addition to performance in main business operations based on net profits for the period.

Governance Framework for Climate Change Response



1.6 The INPEX low-carbon society scenarios

With regard to outlook for business environment such as energy demand and supply toward a low-carbon society by 2040, INPEX refers to the Stated Policies Scenario (IEA-STEPS) and the Sustainable Development Scenario (IEA-SDS) of the International Energy Agency (IEA)'s World Energy Outlook (WEO).



1.7 Reinforcement of Renewable Energy Initiatives

With the goal of becoming an integrated energy company that contributes to a stable energy supply to broader communities, INPEX is engaged in efforts to commercialize renewable energies and reinforce Research and Development (R&D) activities for the next generation. INPEX will continue to explore the business potential of various types of renewable energy such as geothermal, which has synergies with conventional oil and gas development, as well as wind power and photovoltaic power generation.

Currently, in addition to the solar power generation business in Joetsu, Niigata Prefecture, we are promoting the geothermal power generation business in Japan and Indonesia. INPEX will accelerate its initiatives relating to offshore wind power generation, leveraging experience in the construction and operation of offshore floating facilities gained at operations sites overseas.

1.8 Purpose and Significance of issuing green bond

Our company is to issue a green bond to raise proceeds to promote efforts towards the realization of the above-mentioned "Business Development Strategy: Towards a Net Zero Carbon Society by 2050", and we will communicate our efforts to our stakeholders.

2. Green Bond Framework

2.1 Use of proceeds

INPEX plans to allocate the proceeds from the Green Bond to new investments and refinance to the projects which meets the following eligibility criteria (hereinafter, “eligible project”).

【Eligibility criteria】

<Renewable energy>

Business related to the development, construction, operation and refurbishment of renewable energy of wind, geothermal and solar.

2.2 Process for project evaluation and selection

Regarding eligible projects, Finance & Accounting Division selects candidate projects based on the eligible criteria specified in section 2.1, and eligible projects will be approved through appropriate internal decision process in consultation with Renewable Energy & New Business Division and Corporate Strategy & Planning Division.

【Mitigation of environmental and social risks】

Environmental impacts

To minimize negative impacts on the environment and local communities, we conduct environmental and social impact assessments before starting a project, monitor those impacts through the project’s lifecycle, and promote environmental management based on the result of monitoring. In addition, since FY 2018, we have developed the Corporate Environmental Management Plan to manage our environmental activities and promoted corporate-wide management based on the plan.

Local Communities

Trusted relationships with the communities in which we operate are fundamental to maintaining our social license to operate. We build and maintain our relationships with our stakeholders through open and transparent engagement. INPEX Group Human Rights Policy outlines our commitment to recognize and respect the rights of people, including indigenous peoples, in our host communities. To minimize the negative impact of our business operations on the local communities in which we operate, we conduct impact assessments in advance and implement a variety of countermeasures. Engagement of local industry and people are essential to our business success. As a global company, INPEX is committed to contributing to the economic and social

development of society through our business and to building sustainable and prosperous communities.

2.3 Management of proceeds

The Finance & Accounting Division allocates and manages the proceeds. The balance of unallocated amount will be checked on a quarterly basis and managed the total amount of eligible projects in order to be not below the amount of green bond issuance until the allocation completed. The allocation status is regularly reported to the officer in charge of The Finance & Accounting Division. The proceeds will be managed in cash or cash equivalents until the full amount of the proceeds from the green bond is allocated.

2.4 Reporting

INPEX will disclose the following items in the annual report, sustainability report or its website until the full amount of the proceeds is allocated.

< Allocation reporting >

- Balance of unallocated amount
- Allocated amount
- Approximate amount (or share) of the proceeds used as refinancing

< Impact reporting >

Regarding the positive environmental impact of eligible projects, INPEX will disclose the following indicators within the scope of confidentiality and as far as reasonably practicable.

- Installed Capacity (MW)
- Annual CO₂ emission reduction amount (t-CO₂/y)

(End of Green Bond Framework)