

# ENVIRONMENT, SOCIETY AND GOVERNANCE | 6



# Corporate Social Responsibility – to Remain Essential for Society

INPEX aspires to be essential for society by contributing to economic growth and social advancement through its business operations, and be given even higher ratings from the society. The section on the environment, society and governance in Annual Report 2013 describes mainly the substance of our CSR activities and our approaches to enhance corporate governance in the year ended March 31, 2013.

## Environment, Society and Governance Summary – actual data for FY2012

### Environment ▶ pp. 76–78

#### Highlights in FY2012 in the Environmental Aspect

Share of total waste occupied by the subtotal recycled (both inside and outside Japan)  
**85.2%**

Emissions into water areas  
**1,655,758 m<sup>3</sup>**

Volume of water sources used  
**1,749,451 m<sup>3</sup>**

#### Breakdown of GHG emissions by type

Unit: (CO<sub>2</sub> : tons, CH<sub>4</sub> & N<sub>2</sub>O: tons-CO<sub>2</sub>)

Type	2011	2012	2013
CO <sub>2</sub>	346,357	355,601	501,536
CH <sub>4</sub>	13,428	8,161	10,516
N <sub>2</sub> O	21	114	894

#### Receipt of Third-Party Environment-Related Verification

Receipt of verification by Bureau Veritas Japan Co., Ltd., in connection with disclosure of data for environmental performance



### Society ▶ pp. 79–81

#### Highlights in FY2012 in the Social Aspect (figures in parentheses indicate percentages of respective totals)

Expenditures on activities for social contribution.....**¥1.81 billion**

Number of women in management positions.....**20 (2.8%)**

Number of foreign nationals in management positions.....**108 (15.4%)**

Number of employees who quit.....**17 (1.3%)**

#### Awarded Kurumin Mark



(a certification provided by the Ministry of Health, Labor and Welfare in recognition of company efforts to support child rearing by employees)

#### Trend of employment of the challenged



### Corporate Governance ▶ pp. 82–89

#### Highlights in FY2012 in the Social Aspect

##### Holding of meetings of the INPEX Advisory Committee

October 1, 2012  
Announcement of institution of the INPEX Advisory Committee

December 18, 2012  
The first meeting of the INPEX Advisory Committee

June 6, 2013  
The second meeting of the INPEX Advisory Committee

##### Profile of the Corporate Governance System

- Organizational structure**  
company with statutory auditors
- Number of directors**  
16 (including 5 outside directors) / term of 1 year
- Number of statutory auditors**  
5 (including 4 outside auditors) / term of 4 years
- Number of independent directors and auditors**  
9 (consisting of 5 outside directors and 4 outside auditors)

##### Abolishment of the Bonus Compensation Component for Outside Directors and Auditors

In an effort to further bolster corporate governance, INPEX has consolidated outside director and outside statutory auditor compensation into a single fixed amount while abolishing the bonus component effective from the year ending March 31, 2014.



For more detailed information on activities in these areas, please see Sustainability Report 2013 and our CSR Web site.

▶ [inpx.co.jp/english/csr](http://inpx.co.jp/english/csr)

**Five Key CSR Subjects**

On our current CSR agenda, we are emphasizing approaches to five key issues which have a significant impact on both INPEX and our stakeholders, and which require reinforcement of activities for the time being.



**Compliance**  
Comply with laws and social norms (including consideration for human rights)



**HSE initiatives**  
Practice safety and environmental protection in operations



**Greenhouse gas countermeasures**  
Address climate change



**Community contribution**  
Build trust with and contribute to local communities (including education)



**Employee development**  
Develop and utilize human resources as a global company

**Ichthys Project Approaches ▶ p. 78**



Dredging vessel

In consideration of the impact on dolphins etc., we are performing dredging work in the Port of Darwin without underwater blasting.

- Operation reflecting concern for climate change
- Development and supply of diverse energy for response to climate change

Suppliers  
Business partners

**Activities on Community Contribution ▶ p. 80**



Tuition assistance at an orphanage in the Democratic Republic of the Congo

Of the total expenditure of about ¥1.8 billion on activities for community contribution in fiscal 2012, about 70% was spent on support for education.

Shareholders  
Investors

Customers

Employees

Local communities  
NGOs & NPOs

- Full communication with stakeholders in operation area
- Respect for culture and conventions in operation area
- Contribution to social advancement in operation area

Oil / gas-producing countries

- Responsible management as a global company
- Observance of the requirements of compliance
- Enhancing IR activities

**Enhancing IR Activities ▶ p. 89**



IR presentation for individual investors (September 2012 in Osaka)

In FY2012, we held a total of nine IR presentations for individual investors.

**Building a sustainable society & continuously creating corporate value**

# HSE Management

## Outline of the HSE Management System and Its Operational Structure

INPEX has prepared an HSE Management System encompassing approaches to health, safety, and environment with consideration of the standards under ISO 9000 and ISO 14001 as well as management systems for labor safety and health, and the guidelines of the International Association of Oil & Gas Producers (OGP). It is likewise promoting the improvement and refinement of this system on an ongoing basis. The system consists of the HSE Policy, the HSE Management System Manual, Corporate HSE procedures and guidelines, an organizational structure comprising the HSE Committees, and the HSE objectives and programs devised each fiscal year. As for methodology, the A-PDCA cycle\* beginning with risk assessment is performed to assure execution of the HSE Management System.

\* Access-Plan-Do-Check-Act: In this case, "Access" refers to risk management and determination of legal and other requirements; "Plan", to the preparation of HSE plans and emergency response plans; "Do" and "Check", to the collection and analysis of HSE-related data and HSE audits; and "Act", to management reviews.

### HSE Auditing and Management Review

For ongoing improvement of HSE performance, we implement HSE audits on the Corporate\*2 and Operational Organizations. These audits cover the HSE Management System, its operation, and all related HSE activities. They set priorities that are the subject of work for improvement at each site.

In fiscal 2012, HSE audits were carried out at locations including the Copa Macoya block.

\*2 Corporate: the framework (organizational and functional) encompassing the whole company in the HSE Management System

## Initiatives for Promoting and Implementing the HSE Management System



### Priorities of HSE Audits

- Structure of the HSE Management System
- Degree of adequacy of the A-PDCA cycle
- Efficacy of HSE objectives
- State of improvement on items indicated in the last audit
- Management of contractors
- Assessment of efficacy of response to emergencies

### HSE Communication

We are striving to enhance in-house communication to improve HSE awareness. In fiscal 2008, we began holding HSE Annual Meeting composed of representatives from Operational Organizations in Japan and other countries. We also hold HSE Managers Meeting, which is for the personnel assigned to HSE in each Operational Organization.

To bolster communication with HSE units and overseas business divisions, we

regularly hold HSE Liaison Meetings for a sharing of information on the details of HSE Management Systems and activities.



An HSE audit at the Copa Macoya project



An HSE Annual Meeting

## Message from the Director in Charge of HSE



Masatoshi Sugioka,  
Vice Chairman, in charge of HSE

INPEX formulated HSE Policy in 2006 and the HSE Management System Manual in 2007. On this basis, it has prepared manuals and guidelines related to labor safety and health, and environmental preservation. These approaches to HSE over the past few years are behind the deepening in-house penetration of the HSE culture and trend of improvement in actual data for HSE activities, but there remain shortcomings as compared to the HSE activities of other companies in our industry around the world. To raise our HSE level even higher, we intend to take vigorous action in areas indicated in the second HSE medium-term plan for three years from April 2013, such as HSE audits, HSE risk management, process safety management, and prevention of major accidents.

### Breeding of an HSE Culture and HSE Education

To foster the growth of an HSE culture, we conducted a survey aimed at determining its degree of maturation in fiscal 2011. Based on the findings, we posted a higher level of HSE capacity company-wide and reinforcement of HSE communication as HSE objectives in fiscal 2012, and launched activities to attain them.

To help the HSE culture reach maturity and to impart HSE-related knowledge and capabilities, we hold annual programs of HSE education in correspondence with levels of HSE skills and training rules. In fiscal 2012, we likewise staged HSE seminars for younger engineers.



An HSE program

### HSE Awards

To enhance HSE awareness and better the HSE record throughout the Company, we present HSE awards for outstanding HSE activities. In fiscal 2012, we handed out HSE awards to four project teams including contractors. One of them was given an award for completing a drilling campaign that lasted more than 240 days in the Suriname Project in South America with zero lost-time injuries (LTI).



Onsite in the Suriname Project

## Approaches to Prevent Major Accidents

### Campaign to Spread Knowledge of the Seven INPEX Safety Rules

For increased attention to safety, we conducted a campaign to publicize the seven INPEX safety rules in step with Japan's National Mine Safety Week in July 2013. In this campaign, we held meetings to describe the seven rules to our employees and representatives of contractors, put up posters with pictorial symbols to prompt awareness of safety, and distributed related novelty goods.



### Toward Reduction of Accidents

All of our operational entities are promoting HSE campaigns aimed at "Zero Accidents" and safety activities to reduce the number of accident occurrences.

On the corporate level, every year, we post target indicators for occurrence of accidents and engage in activities to reduce occurrences. In fiscal 2012, we set a target value for LTIF (rate of injuries resulting in fatalities or lost time per million hours worked) of 0.77, and a TRIR (rate of recordable injuries (fatalities, lost time, restricted workdays and medical treatment) per million hours worked) of 4.05.

Frequency of accident occurrence (LTIF, TRIR)



# Environmental Action

## Measures for Prevention of Global Warming

Methane, the main constituent of natural gas, is a type of greenhouse gas (GHG); its greenhouse effect is 21 times as great as that of CO<sub>2</sub>. In the oil and natural gas business, there are some cases in which there is no choice but to temporarily release methane into the atmosphere. INPEX makes efforts to curtail the amount of methane emissions, and is steadily installing grand flare\*1 systems at all sites to hold down emission levels when releases are unavoidable.

\*1 Grand flare: Equipment that incinerates excess hydrocarbon gas produced by crude oil drilling facilities, gas processing facilities and oil refineries instead of simply dissipating the gas as is. Shaped to combust flames within an upper chimney-like furnace, thereby resulting in no night-time illumination, noise pollution or effects on the surrounding environment.



A grand flare system at the facility for collection of newly extracted oil at the Akita District Office

### Major Sources of GHG Emissions

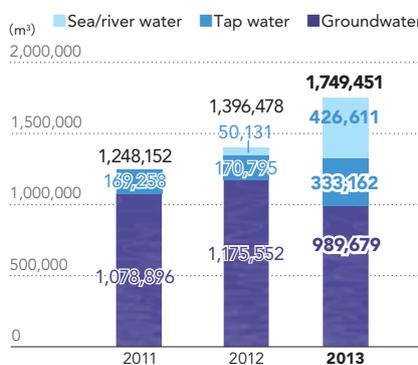
- ① Use of energy in oil and natural gas businesses
- ② Release of CO<sub>2</sub> separated and removed from natural gas
- ③ CO<sub>2</sub> derived from diffusion of natural gas
- ④ CO<sub>2</sub> derived from use of energy in power generation businesses

## Reduction of Water Use and Approaches to Prevent Water Pollution

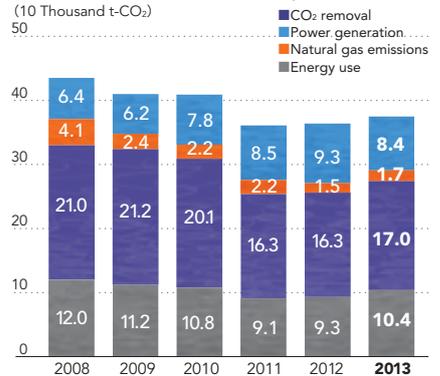
All our Operational Organizations observe the environmental laws and regulations in the host country in managing wastewater. The crude oil and natural gas which we produce sometimes contain groundwater. We separate and collect this water at the production facilities. We treat the water to remove any residual oil, etc.

In our production facilities in Japan, we handle wastewater in conformance with the related standards. For example, in disposing well water, we release it into rivers only after reducing concentrations of boron, nitrogen compounds, or other substances to levels that meet the wastewater standards in relevant regulations, by putting it through shaft wastewater treatment facilities. At offshore rig platforms and during the construction of LNG receiving terminals, seawater used for cooling is released back into the sea. In these releases, we make advance confirmations of temperature differences between the used water and the sea as well as of water quality, to curb any impact on the ecosystem in the sea to a minimum.

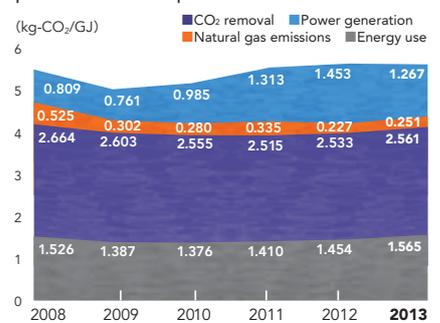
### Volume of water resources used



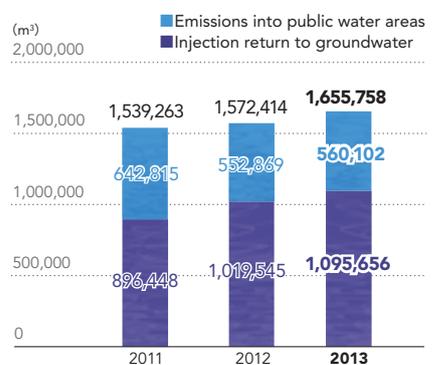
### Total GHG emissions (Japan)



### GHG emissions per unit of production (Japan)



### Emissions into water areas



## Protection of Biodiversity in a Project



Monitoring coral reefs in the Port of Darwin

In dredging works in the Port of Darwin, Australia, we perform most of the work during the rainy season, when the water of the Port is turbid, in order to curtail any impact on the surrounding environment to a minimum. We are also taking measurements of the influence of deposits from the dredging works through an environmental monitoring program. In these ways, we are striving to protect the ecosystem in the Port of Darwin and peripheral areas.

# Human Rights, Human Resources and Diversity

## Respect for Human Rights

In the pursuit of its business in oil and natural gas development around the world, INPEX follows all sorts of international standards regarding human rights and the social standards in the regions of operation. More specifically, we observe international standards including the Universal Declaration of Human Rights (UDHR) and the International Labor Standards of the International Labor Organization (ILO) as well as the 10 principles of the United Nations Global Compact based on the UDHR.

In our operator projects, we work to identify the risks by assessing impact in the environmental and social aspects, including the human rights dimension, that the project activities

could possibly have on the region of operation, and emphasize dialogue with local governments, residents, and other stakeholders.



Dialogue with local residents (Indonesia)

## Concern for Indigenous People in Projects

In the Northern Territory of Australia, where the Ichthys LNG Project is moving ahead, Indigenous (aboriginal) people make up about 40% of the Territory population. We are running the project while taking full consideration for the indigenous people.

INPEX signed a memorandum with representatives of the Larrakia people, who are the historical owners of land and water areas in the Darwin vicinity, and have built relations with them grounded in cooperation and mutual respect. In May 2013, we released the Reconciliation Action Plan (RAP), a new plan revolving around the three priority themes of relations, respect, and opportunity. We have therefore presented our commitment to the local community and our activity plans in the form of a public document.



Reconciliation Action Plan (RAP) – Cooperation Activities with Indigenous People  
The circles in the middle of the cover design stand for resource development and the energy supplied from it.

## Development and Use of Human Resources

In fiscal 2012, we formulated the INPEX HR VISION in our desire to promote various personnel initiatives from a global perspective and build organizations that will be internationally competitive. In accordance with the Vision, we are providing training based on personnel models, roles, and capabilities required in each type of job (clerical, technical, etc.) in the context of programs for human resource development. Furthermore, to help them function in global projects, we dispatch personnel to other countries, to take part in foreign language classes, training at overseas offices, and programs at specialized training institutes.



Scene at an in-house training

## Promotion of Diversity

### Awarded Kurumin Mark

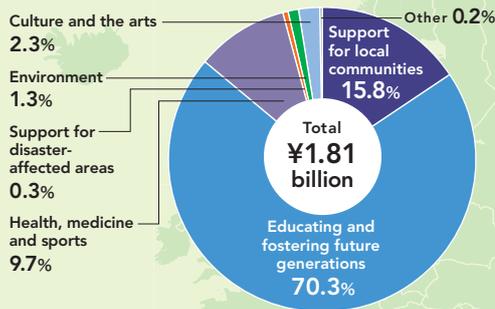
In August 2012, INPEX was awarded the Kurumin Mark, a certification provided by the Ministry of Health, Labor and Welfare indicating satisfaction of the standards based on the Law for Measures to Support the Development of the Next Generation. We were given the award in recognition of our achievements in preparing and implementing our general employer action plan (which sets forth approaches to assist employees in raising children and still keep their jobs), and attaining the targets contained therein.



# Activities of Community Contribution

In all the countries and regions in which it does business, INPEX engages in communication with governments, local residents, NGOs, and other parties, in order to comprehend their wants and needs, and to take requisite action in response. We endeavor to develop business in ways that assist social advancement in the regions of operation while respecting the culture and conventions there.

CSR expenditures by issue  
(for the year ended March 31, 2013)



## Azerbaijan, Georgia, and Turkey Project for Support of Agriculture in Local Communities

In the Azeri-Chirag-Guneshli (ACG) and Baku-Tbilisi-Ceyhan pipeline project, supporting programs are ongoing in order to support agriculture in Azerbaijan. We have spent a total of about US\$1 million for provision of greenhouses, bees, beehives, and related equipment, and are also offering education and training programs to farmers.



A beekeeper receiving support

## Congo Contribution in Muanda

In the city of Muanda in the Democratic Republic of the Congo, INPEX is engaged in activities for contribution to community development in the fields of health and medical care, education, and infrastructural conditioning.



An orphanage in Muanda

## Abu Dhabi, UAE Abu Dhabi International Hunting and Equestrian Exhibition

Every year since 2004, INPEX has set up a booth in the Abu Dhabi International Hunting and Equestrian Exhibition (ADIHEX). The booth introduces Japan's medieval falconry culture and other elements of traditional culture such as samurai swords and the tea ceremony.



People at the INPEX booth

## Angola Contribution in Cabinda Province

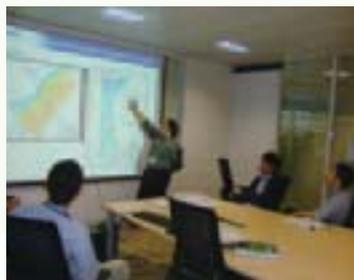
In the Angola province of Cabinda, we are promoting activities for contribution to the local community. These activities include the outlay of funds for construction of medical centers and related facilities, and their outfitting with medical apparatus, pharmaceuticals, furniture, and other items.



A local facility

## Malaysia Acceptance of Technical Trainees

In the context of an offshore project in Sabah, Malaysia, INPEX is providing opportunities for technical training through acceptance of young oil technicians in a program of on-the-job training (OJT) held at our Kuala Lumpur Office.



A geological technician receiving OJT

## Indonesia Support for Improvement of the Educational Environment

In connection with the Mahakam Block, INPEX is conducting a program to support education in the province of East Kalimantan. In 2012, we set about improving the environment of education by building new and remodeling old school facilities, with a view to raising the level of education for students.



A local school building



### East Timor

#### Construction of Greenhouses for Cultivation of Vegetables and Support for Agricultural Training

INPEX contributed to construct large greenhouses for crop farming in the suburbs of Dili, the capital city of East Timor. We have provided technical support to train local farmers in hydroponic growing methods. We hope this initiative will provide local farmers with a stable income and improve agricultural productivity.



Inside a greenhouse for vegetable cultivation

### Niigata Prefecture

#### Naoetsu LNG Terminal: Event for Painting on the Inside of an LNG Tank

In May 2012, shortly before the closure of the mouth of an LNG tank, INPEX staged an event in which it invited a total of 66 students and 11 teachers from two nearby elementary schools to paint pictures on the inside of the tank.



Painting on the inside of an LNG tank

### Tokyo (Head Office)

#### Donation of "Secrets of Natural Gas Development," a Popular Educational Materials Series

INPEX assisted the composition, production of illustrations, and overall editing work in preparation of "Secrets of Natural Gas Development" in the "Better Understanding through Comic Books,"\* a popular educational series published by Gakken Publishing Co., Ltd. This title was donated to some 23,500 elementary schools and 3,000 libraries nationwide.

\* Both tentative translations of titles available only in Japanese.



The cover of "Secrets of Natural Gas Development" in the "Better Understanding through Comic Books" series



### Indonesia

#### Planting mangrove trees

In the Mahakam Block, a program for planting one million mangrove trees was launched in cooperation with residents in the Mahakam river delta area. In 2012, we assisted the planting of about 1.6 million mangrove seedlings.



Planting mangrove trees

### Australia

#### Support for establishment of a research center

INPEX provided a sum of A\$3 million for establishment of the North Australian Centre for Oil and Gas in Charles Darwin University. The Centre opened its doors in 2012 and is offering students programs of education and training related to oil and natural gas.



Scene at the ceremony of donation

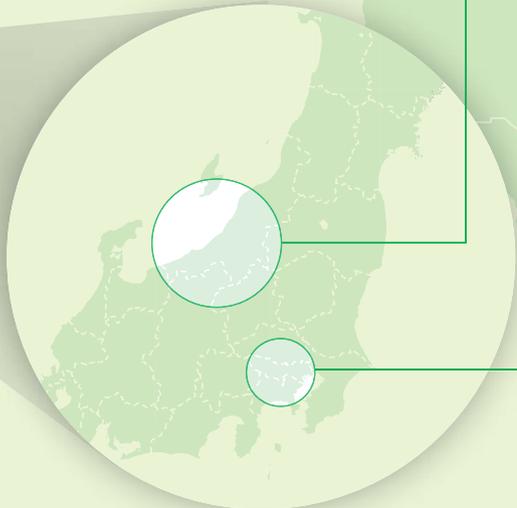
### Australia

#### Support for a Program of Scientific Learning

In connection with the Ichthys LNG Project, we are providing students of three schools in the Northern Territory with opportunities to participate in the Science and Technology Education Leveraging Relevance (STELR) project, which is aimed at reinforcing education in science and mathematics.



A class in the program for scientific learning



# Corporate Governance

INPEX works diligently to continuously strengthen its corporate governance activities as a part of efforts to engage in responsible management as a global company.

(The information presented in this section was current as of June 26, 2013, unless otherwise stated.)

## Overview of the Corporate Governance Structure and Changes Implemented to Strengthen that Structure

### Overview of the Corporate Governance Structure

- Organizational structure** ..... Company with statutory auditors
- Directors**  
Number of directors as stipulated by the Articles of Incorporation..... up to 16  
Number of directors (number of outside directors)..... 16 (5)  
Term..... 1 year
- Statutory auditors**  
Number of statutory auditors as stipulated by the Articles of Incorporation..... up to 5  
Number of statutory auditors (number of outside auditors) ..... 5 (4)  
Term..... 4 years
- Number of independent directors and auditors**..... 9  
(5 outside directors, 4 outside auditors)
- Rights plan and other measures to protect against a takeover**..... None
- Other**..... Issuance of Class A Stock to the Minister of Economy, Trade and Industry

### Changes Implemented to Strengthen the Corporate Governance Structure

	Strengthened the supervisory and audit functions	Undertook steps to address management issues	Addressed issues relating to compensation
2006		Established the Compliance Committee	
2007		Established the Information Security Committee	
2008	Implemented the Executive Officer System	Established the Corporate HSE Committee	
2009	Strengthened the Support to the statutory auditors (two members, one of which is a management position, are assigned to concurrently serve as ancillary staff)		
2012	Shortened the directors' and executive officers' terms of office (from two years to one year)	Established the CSR Committee	Established guidelines for the purchase of shares of INPEX
2013	Appointed an additional outside director (from four directors to five directors) Registered nine outside directors / statutory auditors as independent as stipulated by the Tokyo Stock Exchange Established the Advisory Committee	Established the Medium- to Long-Term Vision of INPEX	Consolidated outside director and statutory auditor compensation into a single fixed amount while abolishing the bonus component

## Establishment of the Advisory Committee

The Advisory Committee comprising eminent persons both from Japan and overseas was established on October 1, 2012 to enhance the Company's value and further bolster corporate governance. The role of the Advisory Committee is to provide objective recommendations and advice that incorporate a wide range of opinions and perspectives on important matters relating to the Company's business and management including political and economic conditions in Japan and overseas, circumstances surrounding energy, and CSR. The Advisory Committee is generally scheduled to meet twice each year. The first meeting was held in December 2012 and the second meeting in June 2013.

### Issues discussed during the first meeting of the Advisory Committee on December 18, 2012

- Operating conditions in the United States (energy policies in the United States and the impact of the shale gas revolution in the United States on international politics and economic conditions)

### Issues discussed during the second meeting of the Advisory Committee on June 6, 2013

- The impact of ongoing shale gas and oil development in the United States on such issues as the structure of energy supply and demand as well as prices
- The impact on international conditions attributable to such factors as changes in energy supply and demand in the United States
- Changes in global country risks owing to such factors as forecasts of conditions in the Middle East
- The promotion of CSR management as a global company



Advisory Committee members in attendance (front row from the left)

- |                                                                                |                                                                                         |                                                                             |                                                                                                                                                |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dr. Masayuki Yamauchi</b><br>Professor Emeritus,<br>The University of Tokyo | <b>Dr. Tsutomu Toichi</b><br>Advisor,<br>The Institute of<br>Energy Economics,<br>Japan | <b>Ms. Kaori Kuroda</b><br>Executive Director,<br>CSO Network<br>Foundation | <b>Dr. Kent Eyring Calder</b><br>Director, the Edwin O.<br>Reischauer Center for East<br>Asian Studies; Professor,<br>Johns Hopkins University |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|

Participants from INPEX (back row from the left)

- |                                                                       |                                             |                                 |                                           |
|-----------------------------------------------------------------------|---------------------------------------------|---------------------------------|-------------------------------------------|
| <b>Seiji Yui</b><br>Director,<br>Senior Managing<br>Executive Officer | <b>Toshiaki Kitamura</b><br>President & CEO | <b>Naoki Kuroda</b><br>Chairman | <b>Masatoshi Sugioka</b><br>Vice Chairman |
|-----------------------------------------------------------------------|---------------------------------------------|---------------------------------|-------------------------------------------|

# The Company's Management Structure

## [1] Directors and the Board of Directors

Directors with a wide range of knowledge appointed from within the Company, deliberate on and determine important matters relating to the conduct of business in conjunction with outside directors. In this manner, INPEX ensures that decisions are made in a rational, effective, and objective manner.

The Company's Board of Directors comprises 16 members, five of whom are outside directors. In addition to a monthly meeting, the Board of Directors meets as necessary in order to discuss and determine the execution of important matters. The Board also supervises the execution of duties by directors. In addition, the term of office for directors has been set at one year to enable a faster response to changes in the Company's operating environment and to further clarify management responsibilities.

## [2] Executive Committee and Executive Officer System

From the perspective of increasing the speed of decision making related to the execution of business, we have established an Executive Committee with attendance by full-time directors and managing executive officers. The meetings are held weekly and as necessary. At the Executive Committee, flexible decision making is conducted for resolutions not affiliated with the Board of Directors, and deliberation is held to contribute to decision making by the Board of Directors.

We implemented an Executive Officer System in order to respond accurately and quickly to a rapidly changing management environment and the expansion of our business activities. The term of office for executive officers is set to one year, the same as for directors.

## [3] Director Compensation

Compensation Paid to Directors and Auditors (Year ended March 31, 2013)

Director classification	Total amount of compensation paid (¥ million)	Total amount of compensation paid by type of compensation (¥ million)		Number of directors eligible for basic compensation (person)
		Basic compensation	Bonus	
Directors (excluding outside directors)	500	403	97	12
Statutory Auditors (excluding outside auditors)	27	25	2	1
Outside Directors	79	69	10	10

- Notes: 1. The Company does not maintain a stock option plan.  
 2. The Company does not maintain an accrued retirement benefits plan.  
 3. The total amount of compensation paid includes a provision to accrued bonuses to directors for the year ended March 31, 2013.  
 4. The number of directors eligible for compensation includes two directors (including one outside director) who retired due to the expiration of their terms effective from the Board of Directors' meeting held on June 26, 2012 following the close of the Company's 6th ordinary General Meeting of Shareholders.  
 5. In addition to the amounts of compensation paid presented in the table, an amount totaling ¥2 million was paid by a subsidiary company as director compensation to an outside director of the Company for the year ended March 31, 2013.

In the business of developing oil and natural gas, a considerable amount of time is required between the launch of a business venture and any investment recovery. Accordingly, INPEX does not consider it appropriate to reflect short-term performance in directors' compensation. Compensation for directors consists of monthly compensation (basic compensation), which is paid based on the duties of each director, and a bonus based on the Company's performance. Compensation is determined by the Board of Directors. Similarly, compensation paid to statutory auditors consists of monthly compensation (basic compensation) and a bonus, which is determined through consultation between statutory auditors.

The table at the bottom left of the page shows the amount of compensation paid to directors and statutory auditors for the year ended March 31, 2013. From the current period, the bonus component paid to outside directors and statutory auditors has been abolished. Outside directors and statutory auditors are now paid a consolidated fixed compensation amount only. This takes into account efforts to further bolster corporate governance.

## [4] Accounting Audit and Auditor Compensation

In accordance with the Companies Act and the Financial Instruments and Exchange Act, we accept accounting audits from Ernst & Young ShinNihon LLC. The amount of compensation paid to the CPAs is determined in total based on the audit plan and the number of auditing dates, after obtaining approval from the Board of Auditors.

Compensation Paid to the CPAs and Related Parties (Year ended March 31, 2013)

Name of the CPA firm	Ernst & Young ShinNihon LLC
Names of the CPAs	Kazuhiko Umemura, Satoshi Takahashi
Accounting audit members	19 CPAs and 29 others
Compensation for auditing services	¥199 million (INPEX: ¥134 million; Consolidated subsidiaries: ¥65 million)
Compensation for non-auditing services	¥35 million (INPEX: ¥23 million; Consolidated subsidiaries: ¥12 million)

## Corporate Governance Framework



## Outside Directors: Independence and Reason for Appointment

### [1] Outside Directors

Regarding the appointment of outside directors, we place importance on evaluation for the validity of business decisions and consideration of their efficacy, professionalism and objectiveness in the oversight function in addition to the perspective of independence.

Our company's five outside directors possess broad knowledge and many years of experience as managers and in fields such as the resource / energy industry, finance and legal matters. Also, four of the outside directors are shareholders of our company and serve as directors and an advisor of companies that conduct business in the same field as us. Therefore, we recognize the importance of paying special attention to the possibility of competition and other conflicts of interest. In response, we collect written pledges from outside directors in order to ensure conformance with the Companies Act when taking a proper response toward noncompetition, the prevention of information leakage and the implementation of appropriate measures toward transactions with a conflict of interest. These written pledges are the same as those submitted by internal appointees.

### [2] Outside Auditors

When appointing outside auditors, we believe that it is important to comprehensively consider factors such as independence, efficacy in the oversight function and professionalism.

Four of the five auditors are outside auditors who possess

rich knowledge and experience in our company's business, as well as in fields such as finance and accounting and utilize these qualities when performing auditing activities for our company. One of those auditors also holds the position of director at Japan Petroleum Exploration Co., Ltd. (JAPEX), a company that engages in the same type of business as the Company.

### [3] Independence of Outside Directors

All of our company's outside directors (5) and outside auditors (4) satisfy the requirements\* for independent directors and are therefore designated as independent directors.

\*It has been confirmed that the outside directors / auditors do not fall under the conditions stipulated in the Ordinance for Enforcement of the Securities Listings Regulations, Article 211, Item 4, Sub-Item 5, and Article 226, Item 4, Sub-Item 5. Furthermore, it has been confirmed that there is no risk of a conflict of interest with ordinary shareholders.

### [4] Board of Auditors and Statutory Auditors

INPEX has adopted a statutory auditor system. The Board of Auditors is composed of five members, including four outside auditors. In addition to attending meetings of the Board of Directors and the Executive Committee, the statutory auditors review the execution of business duties by directors through reports given by and hearings for related departments. Furthermore, the statutory auditors meet on a regular and as needed basis with the Independent Auditors, and receive reports from the Independent

### Outside Directors



**Kazuo Wakasugi**  
Director (Outside)

**Yoshiyuki Kagawa**  
Director (Outside)

**Seiji Kato**  
Director (Outside)

**Rentaro Tonoike**  
Director (Outside)

**Yasuhiko Okada**  
Director (Outside)

#### Kazuo Wakasugi

April 1953 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)  
June 1984 Vice-Minister for International Affairs, Ministry of International Trade and Industry  
September 1986 Advisor to Long-Term Credit Bank of Japan, Ltd. (currently Shinsei Bank, Ltd.)  
June 1993 Representative Director, Executive Vice President of Mitsubishi Electric Corporation  
May 1995 Advisor to Japan Petroleum Exploration Co., Ltd. ("JAPEX")  
June 1995 Representative Director, President of JAPEX  
June 1996 Director of Indonesia Petroleum, Ltd. (INPEX Corporation)  
June 2001 Representative Director, Chairman of JAPEX  
April 2006 Director of INPEX Holdings Inc. (currently the Company) (incumbent)  
May 2007 Counsellor of JAPEX  
June 2013 Corporate Advisor of JAPEX (incumbent)

June 2006 Representative Director, President, CEO and COO of Mitsui Oil Exploration Co., Ltd.  
June 2007 Director of INPEX Holdings Inc. (currently the Company) (incumbent)  
June 2012 Senior Adviser of Mitsui Oil Exploration Co., Ltd. (incumbent)

#### Seiji Kato

April 1971 Joined Mitsubishi Corporation  
July 1997 General Manager of LNG Business Department A of Mitsubishi Corporation  
April 2003 Senior Vice President, Division COO of Natural Gas Business Division of Mitsubishi Corporation  
April 2006 Senior Vice President, Division COO of Natural Gas Business Division B of Mitsubishi Corporation  
April 2007 Executive Vice President, Group COO of Energy Business Group of Mitsubishi Corporation  
April 2008 Executive Vice President, Group CEO of Energy Business Group of Mitsubishi Corporation  
June 2010 Director of the Company (incumbent)  
June 2011 Corporate Adviser of Mitsubishi Corporation (incumbent)

#### Rentaro Tonoike

April 1978 Joined Nippon Mining Co., Ltd.  
April 2000 General Manager of Planning & Coordination Dept., Metal Division of Nippon Mining & Metals Co., Ltd.  
October 2003 General Manager (Group Companies Coordination) of Planning & Coordination Dept. of Nippon Mining & Metals Co., Ltd.  
April 2006 Executive Officer, General Manager (Planning & Coordination) of Planning & Coordination Dept. of Nippon

April 2008 Mining & Metals Co., Ltd. Executive Officer, General Manager (Planning & Coordination) of Planning & Coordination Dept.; General Manager of Coordination Dept., Metals Group; General Manager of Planning Dept., Copper Division, Metals Group of Nippon Mining & Metals Co., Ltd.  
April 2009 General Manager (Planning & Coordination) of Planning & Coordination Dept.; General Manager of Coordination Dept., Metals Group; General Manager on Special Assignment, Copper Division, Metals Group of Nippon Mining & Metals Co., Ltd.  
June 2012 Department 1 of JX Holdings, Inc.  
June 2012 Director of the Company (incumbent)  
Director, Senior Vice President and Executive Officer of JX Holdings, Inc. (incumbent)

#### Yasuhiko Okada

April 1966 Joined Ministry of Finance  
July 1994 Director-General for the Tokyo Regional Taxation Bureau  
May 1995 Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission  
July 1999 Administrative Vice-Minister of Environment Agency (currently Ministry of the Environment)  
June 2003 President of National Association of Labour Banks; President of The Rokinren Bank  
January 2012 Attorney at Law admitted to practice in Japan; Partner of Kitahama Partners (Tokyo Office) (incumbent)  
June 2012 Director of the Company (incumbent)

Auditors regarding audits. They also conduct regular meetings with the internal audit department (Audit Unit) to receive reports regarding internal audits and the evaluation of internal controls.

To strengthen the function of the statutory auditors and ensure viable corporate governance, we are working to enhance

ancillary staff for the statutory auditors and form partnerships between the statutory auditors, the Audit Unit and the independent auditors. Moreover, we have constructed a system to strengthen the monitoring function through periodic meetings with directors including representative directors.

#### Outside Directors / Outside Auditors: Concurrently Held Positions and Reason for Appointment

	Name	Independent director	Significant concurrently held positions	Reason for appointment	Attendance at board meetings
Outside directors	Kazuo Wakasugi	✓	Corporate Advisor for Japan Petroleum Exploration Co., Ltd., a shareholder in our company	To utilize in our company's management his rich experience and broad knowledge as a business executive	Board of Directors meetings 15/16
	Yoshiyuki Kagawa	✓	Senior Advisor of Mitsui Oil Exploration Co., Ltd., a shareholder in our company	To utilize in our company's management his rich experience and broad knowledge as a business executive	Board of Directors meetings 15/16
	Seiji Kato	✓	Corporate Advisor of Mitsubishi Corporation, a shareholder in our company	To utilize in our company's management his rich experience and broad knowledge in the resources/energy industry	Board of Directors meetings 16/16
	Rentaro Tonoike	✓	Director, Senior Vice President and Executive Officer of JX Holdings, Inc., a shareholder in our company	To utilize in our company's management his rich experience and broad knowledge in the resources/energy industry	Board of Directors meetings 12/12
	Yasuhiko Okada	✓	Partner of Kitahama Partners	Possesses extensive experience and knowledge in finance as well as professional knowledge and experience as an attorney, in addition to management experience in financial institutions	Board of Directors meetings 12/12
Outside auditors	Haruhito Totsune	✓	—	Possesses rich knowledge and experience in financial fields	Board of Directors meetings 15/16 Board of Auditors meetings 14/15
	Koji Sumiya	✓	—	To utilize in our company's auditing procedures his knowledge of finance	Board of Directors meetings 16/16 Board of Auditors meetings 15/15
	Hiroshi Sato	✓	Executive Vice President and Executive Officer of Japan Petroleum Exploration Co., Ltd., a shareholder in our company	To utilize in our company's auditing procedures his rich experience and broad knowledge in the resources/energy industry, as well as his accounting-related knowledge	Board of Directors meetings 13/16 Board of Auditors meetings 12/15
	Masaru Funai	✓	Former Senior Consultant of Marubeni Corporation	To utilize in our company's auditing procedures his rich experience and broad knowledge in the resources/energy industry, as well as his accounting-related knowledge	Board of Directors meetings 16/16 Board of Auditors meetings 15/15

#### Statutory Auditors



**Yoshitsugu Takai**  
Statutory Auditor

**Haruhito Totsune**  
Statutory Auditor (Outside)

**Koji Sumiya**  
Statutory Auditor (Outside)

**Hiroshi Sato**  
Statutory Auditor (Outside)

**Masaru Funai**  
Statutory Auditor (Outside)

#### Yoshitsugu Takai

April 1974 Joined Teikoku Oil Co., Ltd.  
March 1999 General Manager, Corporate Management Department and LNG Project Department of Teikoku Oil Co., Ltd.  
March 2001 Senior General Manager, Corporate Management Department and LNG Project Department of Teikoku Oil Co., Ltd.  
March 2002 Director, General Manager, Accounting & Finance Department of Teikoku Oil Co., Ltd.  
March 2005 Managing Director of Teikoku Oil Co., Ltd.  
October 2008 Senior Vice President, Logistics & IMT Division of the Company  
June 2011 Statutory Auditor of the Company (incumbent)

#### Haruhito Totsune

July 1969 Joined Ministry of Finance  
July 1995 Deputy Director-General of Financial Bureau  
July 1997 Director General of Japan Mint  
July 1998 Senior Executive Director of Japan Finance Corporation for Small and Medium Enterprise  
August 2004 Corporate Advisor of KPMG AZSA & Co. (currently KPMG AZSA LLC)  
June 2006 Statutory Auditor of INPEX Corporation  
June 2007 Statutory Auditor of INPEX Holdings Inc. (currently the Company) (incumbent)

#### Koji Sumiya

April 1976 Joined The Export-Import Bank of Japan  
April 2001 Director General, International Finance Department I of Japan Bank for International Cooperation  
April 2002 Director General, Policy Planning and Coordination Department of Japan Bank for International Cooperation

October 2005 Resident Executive Director, Osaka Branch of Japan Bank for International Cooperation  
October 2007 Senior Executive Director of Japan Bank for International Cooperation  
October 2008 Managing Executive Officer of Japan Bank for International Cooperation, Japan Finance Corporation  
May 2010 Retired from Japan Bank for International Cooperation, Japan Finance Corporation  
June 2010 Statutory Auditor of the Company (incumbent)

#### Hiroshi Sato

April 1970 Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)  
June 1999 General Manager of Finance and Accounting Department of JAPEX  
June 2002 Director, General Manager of Finance and Accounting Department of JAPEX  
June 2005 Managing Executive Officer of JAPEX  
April 2006 Statutory Auditor (part-time) of INPEX Holdings Inc. (currently the Company) (incumbent)  
June 2006 Managing Director & Executive Officer of JAPEX  
June 2007 Senior Managing Director & Executive Officer of JAPEX  
June 2010 Executive Vice President & Executive Officer of JAPEX (incumbent)

#### Masaru Funai

April 1972 Joined Marubeni Corporation  
April 1998 General Manager, Corporate Planning & Coordination Department of Marubeni Corporation  
April 2000 Executive Vice President and CFO of Marubeni America Corporation  
April 2001 Executive Vice President, CFO and CAO of Marubeni America Corporation

April 2002 General Manager, Risk Management Department of Marubeni Corporation  
April 2003 Corporate Vice President, General Manager, Corporate Planning & Coordination Department of Marubeni Corporation  
April 2005 Corporate Senior Vice President, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation  
June 2005 Corporate Senior Vice President, Member of the Board, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation  
April 2007 Corporate Executive Vice President, Member of the Board, Executive Corporate Officer, General Affairs Department, Human Resources Department, Risk Management Department and Legal Department of Marubeni Corporation  
April 2009 Senior Executive Vice President, Member of the Board, CIO, Chief Operating Officer, Information Strategy Department, Corporate Accounting Department, Business Accounting Department-I, Business Accounting Department-II, Business Accounting Department-III and Finance Department, Senior Operating Officer, Audit Department, Chief Operating Officer, Investor Relations of Marubeni Corporation  
April 2010 Senior Executive Vice President, Member of the Board, Senior Operating Officer, Audit Department of Marubeni Corporation  
June 2010 Statutory Auditor (part-time) of the Company (incumbent)  
April 2011 Senior Consultant of Marubeni Corporation

# Internal Control Systems / Risk Management

## Internal Control Systems

Our company has developed an internal control system and has established a system for the appropriate and efficient performance of company affairs.

An overview of these systems is as follows.

### Compliance by Directors and Employees

- A Corporate Social Responsibility Policy shall be established in order to ensure compliance by directors and employees.
- A representative director shall be elected to be the director in charge of compliance, and the Company shall establish a Compliance Committee chaired by that director.
- The Company shall establish an internal notification system with related departments and an external expert (lawyer) as providers of consultation services.
- To ensure effective compliance systems and relevant internal rules, the Company shall verify and evaluate them and make the necessary improvements through audits carried out by the internal audit department (Audit Unit), which reports directly to the President & CEO.
- The Company shall develop and manage a system to ensure the accuracy and reliability of financial reporting while evaluating its effectiveness.

### Storage and Management of Information Related to the Execution of Duties by Directors

- In accordance with applicable laws, regulations, the Articles of Incorporation and internal rules, an information security system shall be established for information related to the execution of duties under the jurisdiction of directors. Through this system, such information is appropriately stored and managed.

### Rules and Other Systems for Risk Management

- To manage all types of risks related to our business activities, directors shall identify, analyze and evaluate risks through close cooperation with related departments.
- Based on the internal rules on group management, directors shall manage group-wide risk.
- The management of risks related to the daily operations shall be reviewed, assessed and revised by the Audit Unit, related departments and /or external experts.

### Efficiency of Duties for Directors

- To establish a system that enables the efficient performance of duties, major corporate decisions shall be addressed promptly and properly through Executive Committee meetings, which are held weekly and as necessary.
- The person in charge at each level shall perform his/her daily duties promptly through delegation of authority based on internal rules such as job demarcation and administrative authority.

### Proper Operation of the INPEX Group

- Subsidiaries shall conduct a group management contract and shall be required to report to the Company on important matters. The Company shall issue approvals regarding such reports.
- Based on the internal rules on group management, a partnership shall be conducted for the risk management, compliance management and internal auditing of subsidiaries.

### Employees to Assist Statutory Auditors

- Two employees shall be assigned to concurrently assist with the statutory auditors' duties.
- These assistants shall execute their duties under the instruction of the statutory auditors.

### Independence of Employees to Assist Statutory Auditors

- Any changes in personnel of the statutory auditors' assistants shall be discussed with the statutory auditors.

### Reporting to Statutory Auditors

- Directors and employees shall report and provide information to the statutory auditors for matters provided by laws and regulations and matters that might have a significant impact on the Company.
- The statutory auditors shall always have the right to obtain business information by attending the Board of Directors' meetings and other important internal meetings, as well as receiving internal approval documents.

### Ensuring the Effectiveness of Audits by Statutory Auditors

- When conducting audits, the Company shall ensure close cooperation with external experts such as lawyers, certified public accountants and certified tax accountants.
- To improve the effectiveness of audits, the statutory auditors shall cooperate with the Audit Unit and shall receive regularly reports.

## Class A Stock

According to the stipulations of the Articles of Incorporation, INPEX issues a Class A Stock to the Minister of Economy, Trade and Industry. This share possesses influence on certain major corporate decisions. The Class A Stock does not possess voting rights at shareholders' meetings. However, it is possible for the holder of the Class A Stock to exercise veto rights for certain major corporate decisions. For our company, the issuance of the Class A Stock to the Minister of Economy, Trade and Industry is an effective countermeasure to

prevent outside control over the business of our company or against hostile takeovers for speculative purposes. Furthermore, we expect positive results in terms of external negotiation and credits as a leading oil and gas E&P contributing to the stable and efficient supply of energy in Japan.

▶ See pp. 138–139 for Business Risks (8. Class A Stock).

## Stock Data (As of March 31, 2013)

### Authorized Shares

**Common Stock:** 9,000,000 common shares  
(After stock split on Oct. 1, 2013: 3,600,000,000 shares)  
**Class A Stock:** 1 Class A Stock

### Total Number of Shareholders and Issued Shares

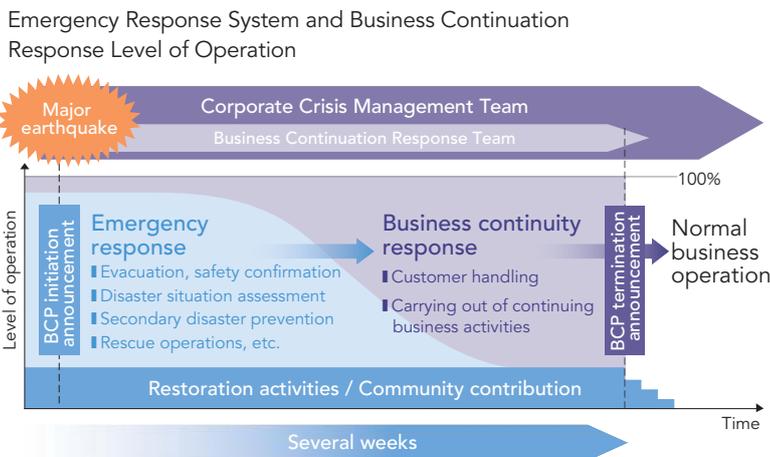
**Common Stock:**  
40,610 shareholders / 3,655,809 shares  
(After stock split on Oct. 1, 2013: 1,462,323,600 shares)  
**Class A Stock:** 1 shareholder (Minister of Economy, Trade and Industry) / 1 share

# Overview of Risk Management

## Business Continuity Plan (BCP)

Our Business Continuity Plan (BCP) prepares us for the smooth continuity of operations during emergency conditions without interrupting key headquarter functions. It has been compiled as an earthquake response manual that stipulates ① the basic BCP policy, ② the BCP for continuation of our key headquarter operations and ③ an earthquake response manual to transit to a BCP system.

We renewed the BCP Manual drawing on our experiences in the Great East Japan Earthquake. The BCP Manual exhaustively covers measures to be taken in the event of a major earthquake centered directly under Tokyo, stipulating every step from the first response measures through transition to the BCP structure. Responses to outbreaks of new strains of influenza are also included in the BCP, with a response manual that is distributed to all employees to cope with an operational disruption caused by an outbreak.



The Corporate Crisis Management Team engages in discussion

## Addressing Climate Change Risk

Among the risks to the INPEX Group imposed by climate change are damage to production facilities or pipelines from climatic events, water shortages at operational sites, the impact on operations of rising water levels and regulations on greenhouse gas emissions. We take all of these risks under consideration in implementing projects. For example, we have designed offshore facilities for the Ichthys LNG Project in Australia that can withstand major cyclones, and we have taken a rise in sea levels in consideration in placing our facilities there. The offshore facilities at the Abadi LNG Project also incorporate cyclone-proof design.



Offshore facility model test

## Information Security Measures

INPEX has established a Basic Policy for Information Security, and through the work of the Information Security Committee we have instituted a set of information security-related regulations, as well as an information security control structure. In addition to putting in place security measures to guard confidential information, we seek to improve consciousness about information security through employee training.

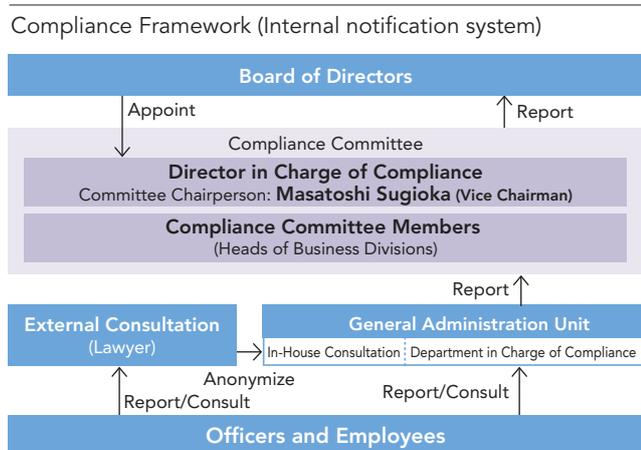


# Compliance / Disclosure

## Compliance Initiatives

### [1] Compliance Committee

To conduct integrated actions throughout our entire company, we established the Compliance Committee. Our company's Vice Chairman (director in charge of compliance) serves as the chairperson of the committee. The committee works together with the statutory auditors, the Board of Auditors, the Independent Auditors and the Audit Unit, which is the internal audit department. Through this cooperation, the committee proposes / implements compliance measures, formulates measures to prevent the reoccurrence of violations.

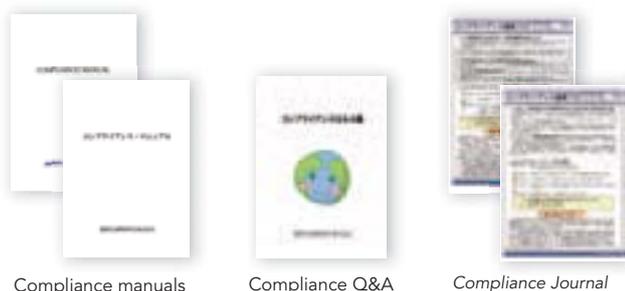


### [2] Internal Notification System

An internal notification system was established in April 2006 in accordance with the Whistleblower Protection Act. The system is available for use by the directors and employees of our company. Anonymous reporting is possible and whistleblowers are thoroughly protected to ensure that they are not subject to unfair treatment. There were four reports received during the year ended March 31, 2013.

### [3] Compliance Education

The Company distributes a compliance manual and compliance Q&A to each and every employee. At the same time, a designated compliance home page has been established on the intranet. Moreover, the *Compliance Journal* is issued and posted each month. To heighten awareness toward compliance, the Company also conducts level-based (middle management and general employees) compliance training as well as e-learning programs. Furthermore, lawyers serve as lecturers at group training sessions.



Compliance manuals

Compliance Q&A

Compliance Journal

### [4] Anti-Corruption Initiatives



#### Endorsement of the UN Global Compact

INPEX endorsed the UN Global Compact in December 2011. Having endorsed the Compact, the Company agrees to commit to 10 universally accepted principles across the four fields of human rights, labor, the environment, and anti-corruption. In this manner, INPEX is working to contribute to the sustainable development of the international community.

#### Increasing the awareness of directors and employees toward anti-corruption

The Company's Code of Conduct outlines the need for directors and employees to adhere strictly to the related laws and regulations as they relate to the prevention of bribery and corrupt practices in each country. In addition, INPEX is currently preparing specific guidelines in connection with the prevention of corruption. Based on these guidelines, the Company will continue to bolster its global anti-corruption structure and systems.

#### Participating in EITI

INPEX has been a participant in the Extractive Industries Transparency Initiative (EITI) from October 2012. EITI is a global initiative that aims to implement good governance and promote economic development throughout resource-rich countries by eradicating political corruption and poverty through the clarification of the flow of funds from resource exploration industries to the governments of resource producing countries. As of May 2013, 40 resource producing countries, numerous supporting countries including Japan, and a substantial number of companies and NGOs were participants.



The exhibition booth at EITI's annual meeting



Compliance training



# Disclosure Structure and IR Activities

## [1] Disclosure Structure

INPEX has put in place internal regulations to ensure the proper disclosure of corporate information. These regulations define the processes for collecting, managing, transmitting, and disclosing information.

▶ Please refer to the Company's Web site for details: URL: [inpex.co.jp/en/ir/policy](http://inpex.co.jp/en/ir/policy)

Representative directors and responsible directors as well as six dedicated staff conduct proactive IR activities for shareholders and investors in Japan and overseas. For any questions regarding IR information, please contact the Investor Relations Group (TEL.: +81-3-5572-0234). Inquiries may also be directed through the Company's Web site. For inquiries and to request information via the Internet: URL: [inpex.co.jp/en/ir/inquiries](http://inpex.co.jp/en/ir/inquiries)

## [2] Shareholder and Investor Contact (IR activities)

### 1. To invigorate the general meeting of shareholders and promote effective voting

	Supplementary explanation
<b>Early delivery of convocation notices for the general meeting of shareholders</b>	At the 7th Ordinary General Meeting of Shareholders held on June 25, 2013, we sent convocation notices on June 3, which was more than three weeks before the date of the meeting.
<b>Use of voting rights through the Internet</b>	We implemented the use of voting rights via the Internet. We also adopted a platform for the electronic use of voting rights.
<b>Other</b>	The convocation notice and other related documentation are available in both Japanese and English on our company's Web site and TDnet. On the day of the shareholders' meeting, we used videos and a slide show to explain our business before opening the meeting.

### 2. Enhancing IR Activities

	Supplementary explanation	Explanation by representative: Yes / No
<b>Regular IR presentations for individual investors</b>	We participate in events such as IR fairs for individual investors and meetings in venues such as branches of brokerage firms. For the year ended March 31, 2013, we held 9 meetings in 8 cities throughout Japan. The meetings were attended by more than 750 individual investors.	Yes
<b>Regular IR presentations for analysts and institutional investors</b>	We hold biannual meetings on financial results for analysts and institutional investors. The President & CEO and the director in charge of finance and accounting explain our financial details and business forecast to approximately 200 analysts and institutional investors. Video archives of the meetings are made available on the same day on our company's Web site. An English translation is included in the transmission.	Yes
<b>IR meetings</b>	We held more than 400 IR meetings with analysts and institutional investors for the year ended March 31, 2013. Meetings included overseas IR road shows, conferences and one-on-one meetings.	Yes
<b>IR materials available on Web site</b>	Our Web site (IR section) features financial reports, stock information, presentation materials, videos and brochures for individual investors. ▶ <a href="http://inpex.co.jp/english/ir">inpex.co.jp/english/ir</a>	Yes



7th Ordinary General Meeting of Shareholders (June 25, 2013)



IR presentation for individual investors (presented by Toshiaki Kitamura, President & CEO in January 2013)



IR presentation for individual investors (presented by Masatoshi Sugioka, Vice Chairman in February 2013)



The Company's booth at the IR fair for individual investors (February 2013)



Overseas site tour for analysts (December 2012)

## Board of Directors (As of June 26, 2013)



**Naoki Kuroda**  
Chairman

**Masatoshi Sugioka**  
Vice Chairman

**Toshiaki Kitamura**  
President & CEO

**Seiji Yui**  
Director,  
Senior Managing  
Executive Officer

**Masaharu Sano**  
Director,  
Senior Managing  
Executive Officer



**Shunichiro Sugaya**  
Director,  
Managing  
Executive Officer

**Masahiro Murayama**  
Director,  
Managing  
Executive Officer

**Seiya Ito**  
Director,  
Managing  
Executive Officer

**Wataru Tanaka**  
Director,  
Managing  
Executive Officer

**Takahiko Ikeda**  
Director,  
Managing  
Executive Officer

**Yoshikazu Kurasawa**  
Director,  
Managing  
Executive Officer



**Naoki Kuroda** Chairman

April 1963 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)  
 June 1992 Director-General for the Agency of Natural Resources and Energy  
 August 1993 Advisor to Bank of Tokyo Ltd. / Advisor to Mitsui Marine Insurance, Ltd. (currently Bank of Tokyo-Mitsubishi UFJ, Ltd. / Mitsui Sumitomo Insurance Co., Ltd.)  
 August 1995 Advisor to Sumitomo Corporation  
 June 1996 Managing Executive Director of Sumitomo Corporation  
 June 1999 Director of Indonesia Petroleum, Ltd. (INPEX Corporation)  
 April 2001 Representative Director, Executive Vice President of Sumitomo Corporation  
 August 2004 Senior Advisor to Sumitomo Corporation  
 September 2004 Representative Director, Executive Senior Vice President of INPEX Corporation  
 June 2005 Representative Director, President of INPEX Corporation  
 April 2006 Representative Director, President of INPEX Holdings Inc. (currently the Company)  
 June 2010 Representative Director, Chairman of the Company (incumbent)



**Masatoshi Sugioka** Vice Chairman

April 1968 Joined Teikoku Oil Co., Ltd.  
 April 1994 General Manager of Engineering Department of Teikoku Oil Co., Ltd.  
 March 1995 Senior General Manager of Teikoku Oil Co., Ltd.  
 March 1996 Director of Teikoku Oil Co., Ltd.  
 March 1999 Managing Director of Teikoku Oil Co., Ltd.  
 March 2002 Senior Managing Director of Teikoku Oil Co., Ltd.  
 March 2005 Representative Director, President of Teikoku Oil Co., Ltd.  
 April 2006 Representative Director of INPEX Holdings Inc. (currently the Company)  
 October 2008 Representative Director, Chief Technical Executive, in charge of HSE and Compliance of the Company  
 June 2010 Representative Director, Vice Chairman, Chief Technical Executive, in charge of HSE and Compliance of the Company (incumbent)



**Toshiaki Kitamura** President & CEO

April 1972 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)  
 July 2002 Director-General for Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry  
 July 2003 Director-General for Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry  
 June 2004 Director-General for Trade Policy Bureau, Ministry of Economy, Trade and Industry  
 July 2006 Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry  
 November 2007 Adviser to Tokio Marine & Nichido Fire Insurance Co., Ltd.  
 April 2008 Visiting Professor of Waseda University Graduate School  
 August 2009 Executive Vice President of the Company  
 June 2010 Representative Director, President & CEO of the Company (incumbent)



**Seiji Yui** Director, Senior Managing Executive Officer

April 1975 Joined Indonesia Petroleum, Ltd. (INPEX Corporation)  
 September 1999 General Manager of Jakarta Office of INPEX Corporation  
 June 2000 Director, General Manager of Jakarta Office of INPEX Corporation  
 March 2003 Director, Coordinator of Exploration Department 1 and Exploration Department 2 of INPEX Corporation  
 June 2003 Managing Director of INPEX Corporation  
 April 2004 Managing Director of Japan Oil Development Co., Ltd.  
 March 2006 Representative Director, Managing Director of Japan Oil Development Co., Ltd.  
 April 2006 Director, Deputy Senior General Manager of Corporate Strategy & Planning Division and Technology Division of INPEX Holdings Inc. (currently the Company)  
 March 2007 Managing Director, Senior General Manager of Technology and HSE Division, in charge of Oceania & America projects of INPEX Holdings Inc.  
 June 2007 Managing Director, Senior General Manager of Technology and HSE Division and Oceania & America Project Division of INPEX Holdings Inc.  
 October 2008 Director, Senior Managing Executive Officer, Senior Vice President of Asia & Australasia of the Company  
 June 2012 Director, Senior Managing Executive Officer, Senior Vice President of Corporate Strategy & Planning Division of the Company (incumbent)



**Masaharu Sano** Director, Senior Managing Executive Officer

April 1974 Joined Teikoku Oil Co., Ltd.  
 April 2000 General Manager of Technical Planning Department of Teikoku Oil Co., Ltd.  
 March 2001 Senior General Manager of Teikoku Oil Co., Ltd.  
 March 2001 General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.  
 March 2002 Director, General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.  
 March 2005 Managing Director, President of International Projects Division / Domestic Offshore Division of Teikoku Oil Co., Ltd.  
 April 2006 Director, Deputy Senior General Manager of Corporate Strategy & Planning Division / Technology Division of INPEX Holdings Inc. (currently the Company)  
 October 2008 Director, Senior Managing Executive Officer, Senior Vice President of The Americas & Africa Project Division of the Company  
 June 2012 Director, Senior Managing Executive Officer, Senior Vice President of Technical Division of the Company (incumbent)



**Shunichiro Sugaya** Director, Managing Executive Officer

April 1976 Joined Indonesia Petroleum, Ltd. (INPEX Corporation)  
 April 1997 General Manager of Development Department of Indonesia Petroleum, Ltd.  
 June 2001 Director, General Manager of Development Department of INPEX Corporation  
 June 2002 Director, Coordinator in charge of Development Department of INPEX Corporation  
 September 2005 Director, Senior General Manager of Asia Project Division, Assistant Senior General Manager of Technology and HSE Division and Coordinator in charge of Asia region / technology and HSE of INPEX Corporation  
 June 2007 Managing Director, Senior General Manager of Asia Project Division of INPEX Corporation  
 October 2008 Director, Managing Executive Officer, Senior Vice President of Masela Project of the Company (incumbent)



**Masahiro Murayama** Director, Managing Executive Officer

April 1976 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Corporate Bank, Ltd., etc.)  
 June 1999 General Manager of Financial Institutions Banking Division No. 2 of The Industrial Bank of Japan, Ltd.  
 June 2001 General Manager of Corporate Banking Department No. 2 of The Industrial Bank of Japan, Ltd.  
 April 2002 General Manager of Corporate Banking Division No. 9 of Head Office of Mizuho Corporate Bank, Ltd.  
 December 2002 General Manager of Syndicated Finance Structuring Division No. 1 of Mizuho Corporate Bank, Ltd.  
 October 2003 General Manager of Syndicated Finance Distribution Division No. 1 of Mizuho Corporate Bank, Ltd.  
 April 2004 Executive Officer, General Manager of Syndicated Finance Distribution Division No. 1 of Mizuho Corporate Bank, Ltd.  
 October 2004 Executive Officer, General Manager of Loan Trading Division of Mizuho Corporate Bank, Ltd.  
 April 2005 Managing Executive Officer, in charge of corporate banking of Mizuho Corporate Bank, Ltd.  
 April 2008 Director, Deputy President of Mizuho Securities Co., Ltd.  
 April 2009 Council of Mizuho Securities Co., Ltd.  
 May 2009 Advisor to the Company  
 June 2009 Director, Managing Executive Officer, Senior Vice President of Finance & Accounting of the Company (incumbent)



**Seiya Ito** Director, Managing Executive Officer

April 1977 Joined Indonesia Petroleum, Ltd. (INPEX Corporation)  
 April 2002 General Manager of Corporate Planning & Management Department of INPEX Corporation  
 June 2003 Director, General Manager of Corporate Planning & Management Department of INPEX Corporation  
 November 2004 Director, General Manager of Corporate Planning & Management Department and Public Affairs Department of INPEX Corporation  
 September 2005 Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit and Public Affairs Unit of INPEX Corporation  
 April 2006 Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit of INPEX Corporation  
 April 2006 Director, Assistant Senior General Manager of Corporate Strategy & Planning Division of INPEX Holdings Inc. (currently the Company)  
 July 2006 Director, Deputy Senior General Manager of Oceania & America Project Division of INPEX Corporation  
 October 2008 Director, Managing Executive Officer, Senior Vice President of Ichthys Project of the Company (incumbent)



**Wataru Tanaka** Director, Managing Executive Officer

April 1977 Joined Indonesia Petroleum, Ltd. (INPEX Corporation)  
 June 2000 General Manager of Planning & New Ventures Department of INPEX Corporation  
 June 2003 Director, General Manager of Planning & New Ventures Department of INPEX Corporation  
 June 2004 Director, Coordinator in charge of the Middle East and Caspian Sea regions of INPEX Corporation  
 October 2004 Director, Deputy General Manager of Tehran Office of INPEX Corporation  
 February 2007 Director, Coordinator in charge of Middle East projects of INPEX Corporation  
 April 2007 Director, Assistant Senior General Manager of General Administration and Corporate Planning Division of INPEX Corporation  
 October 2008 Managing Executive Officer, Deputy Senior General Manager of General Administration Division of the Company  
 June 2009 Director, Managing Executive Officer, Senior Vice President of General Administration of the Company  
 June 2011 Director, Managing Executive Officer, Senior Vice President of General Administration Division (incumbent) and Corporate Strategy & Planning Division of the Company



**Takahiko Ikeda** Director, Managing Executive Officer

April 1978 Joined Teikoku Oil Co., Ltd.  
 March 2002 General Manager of Production Department, Domestic Operating Division of Teikoku Oil Co., Ltd.  
 March 2004 Senior General Manager of Teikoku Oil Co., Ltd.  
 March 2005 Director of Teikoku Oil Co., Ltd.  
 April 2006 General Manager of Domestic Project Planning and Administration Unit, Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)  
 June 2007 Managing Director, President of Domestic Operation Division and General Manager of Niigata District Department of Teikoku Oil Co., Ltd.  
 October 2008 Director, Managing Executive Officer, Senior Vice President of Domestic Projects of the Company (incumbent)



**Yoshikazu Kurasawa** Director, Managing Executive Officer

April 1982 Joined Japan National Oil Corporation  
 February 2004 Deputy General Manager of Planning & New Ventures Department of INPEX Corporation  
 April 2005 General Manager of Planning & New Ventures Department of INPEX Corporation  
 September 2005 General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation  
 April 2006 General Manager of Overseas Project Planning and Administration Unit, Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)  
 June 2007 Executive Officer, General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation  
 October 2008 Executive Officer, Assistant Senior General Manager of Corporate Strategy & Planning, General Manager of Business Development and Legal Unit of the Company  
 June 2011 Managing Executive Officer, Vice President of Corporate Strategy & Planning of the Company  
 June 2012 Director, Managing Executive Officer, Senior Vice President of New Ventures Division of the Company (incumbent)

## Directors and Auditors

Chairman	Naoki Kuroda		
Vice Chairman	Masatoshi Sugioka		
President & CEO	Toshiaki Kitamura	(1)	
Director	Seiji Yui	(1)	
Director	Masaharu Sano	(1)	
Director	Shunichiro Sugaya	(1)	
Director	Masahiro Murayama	(1)	
Director	Seiya Ito	(1)	
Director	Wataru Tanaka	(1)	
Director	Takahiko Ikeda	(1)	
Director	Yoshikazu Kurasawa	(1)	

Director (Outside)	Kazuo Wakasugi	(2) (4)
Director (Outside)	Yoshiyuki Kagawa	(2) (4)
Director (Outside)	Seiji Kato	(2) (4)
Director (Outside)	Rentaro Tonoike	(2) (4)
Director (Outside)	Yasuhiko Okada	(2) (4)
Statutory Auditor	Yoshitsugu Takai	
Statutory Auditor (Outside)	Haruhito Totsune	(3) (4)
Statutory Auditor (Outside)	Koji Sumiya	(3) (4)
Statutory Auditor (Outside)	Hiroshi Sato	(3) (4)
Statutory Auditor (Outside)	Masaru Funai	(3) (4)

(1) Concurrently hold the position of executive officer

(2) Outside directors as defined in Article 2, Item 15, of the Companies Act

(3) Outside auditors as defined in Article 2, Item 16, of the Companies Act

(4) Independent directors / auditors as defined in Article 436, Item 2, Sub-Item 1, of the Securities Listings Regulations for the Tokyo Stock Exchange

## Executive Officers

President & CEO	Toshiaki Kitamura		
Senior Managing Executive Officer	Seiji Yui	Senior Vice President of Corporate Strategy & Planning Division	
Senior Managing Executive Officer	Masaharu Sano	Senior Vice President of Technical Division	
Managing Executive Officer	Shunichiro Sugaya	Senior Vice President of Masela Project Division	
Managing Executive Officer	Masahiro Murayama	Senior Vice President of Finance & Accounting Division	
Managing Executive Officer	Seiya Ito	Senior Vice President of Ichthys Project Division	
Managing Executive Officer	Wataru Tanaka	Senior Vice President of General Administration Division	
Managing Executive Officer	Takahiko Ikeda	Senior Vice President of Domestic Project Division	
Managing Executive Officer	Yoshikazu Kurasawa	Senior Vice President of New Ventures Division	
Managing Executive Officer	Sadafumi Tanigawa	Senior Vice President of Oil & Gas Business Division 1	
Managing Executive Officer	Kasaburo Tamura	Senior Vice President of Oil & Gas Business Division 2	
Managing Executive Officer	Akinori Sakamoto	Senior Vice President of Gas Supply & Infrastructure Division	
Managing Executive Officer	Kazuo Yamamoto	Senior Vice President of Logistics & IMT Division	
Managing Executive Officer	Shuhei Miyamoto	Senior Vice President of America & Africa Project Division	
Managing Executive Officer	Kenji Kawano	Senior Vice President of Asia, Oceania & Offshore Japan Project Division	
Managing Executive Officer	Yasuhisa Kanehara	Senior Vice President of Eurasia & Middle East Project Division	
Managing Executive Officer	Kazuhiko Itano	Vice President of Corporate Strategy & Planning Division	
Managing Executive Officer	Hiroshi Fujii	Vice President of Eurasia & Middle East Project Division	
Executive Officer	Noboru Himata	Vice President of Finance & Accounting Division General Manager of Finance Unit	

Executive Officer	Takashi Kubo	Vice President of Logistics & IMT Division General Manager of Logistics & Insurance Unit
Executive Officer	Toshihiko Fukasawa	Vice President of Domestic Project Division General Manager of Planning & Coordination Administration Unit
Executive Officer	Hirohisa Ota	Vice President of Masela Project Division, General Manager of Technical Unit
Executive Officer	Yoshinori Yamamoto	Vice President of Oil & Gas Business Division 2 General Manager of Gas Marketing Unit General Manager of Oil Products Marketing Unit
Executive Officer	Hajime Kawai	Vice President of Masela Project Division Vice President of Strategy & Condition, Jakarta Office
Executive Officer	Atsushi Sakamoto	Vice President of Ichthys Project Division Project Director of Onshore Technical Coordination, Perth Office
Executive Officer	Arihiro Kezuka	Vice President of Ichthys Project Division, General Manager of Technical Unit
Executive Officer	Kimiya Hirayama	Vice President of Domestic Project Division General Manager of Niigata District Office, General Manager of Production Unit, General Manager of Drilling Unit
Executive Officer	Nobuharu Sase	Vice President of Oil & Gas Business Division 1 General Manager of Oil Marketing Unit
Executive Officer	Shigeharu Yajima	Vice President of Oil & Gas Business Division 1 General Manager of Gas Business Unit
Executive Officer	Tetsuro Tochikawa	Vice President of Technical Division
Executive Officer	Yoshiro Ishii	Vice President of Corporate Strategy & Planning Division General Manager of New Business Planning Unit
Executive Officer	Toshiya Oshita	Vice President of Technical Division, General Manager of Technical Resources Unit
Executive Officer	Kimihisa Kittaka	Vice President of Corporate Strategy & Planning Division General Manager of Corporate Strategy & Planning Unit General Manager of Corporate Communication Unit
Executive Officer	Hideki Iwashita	Vice President of Ichthys Project Division Director of Commercial Coordination, Perth Office

## Internal Committees

	Objectives	Established	Number of Committee Meetings Held during the Year Ended March 31, 2013
<b>Advisory Committee</b>	The INPEX Advisory Committee is made of up key figures from Japan and overseas. The Committee provides the Company with advice and recommendations on a host of business-related issues and has been established to further enhance corporate value and corporate governance.	Oct. 2012	1
<b>CSR Committee</b>	The CSR Committee is charged with the responsibility of systematically promoting and continuously strengthening CSR activities Companywide.	Apr. 2012	5
<b>Compliance Committee</b>	The Compliance Committee is charged with the responsibility of fostering greater awareness toward compliance within the Company and strengthening corporate ethics and behavior.	Apr. 2006	6
<b>Corporate HSE Committee</b>	The Corporate HSE Committee promotes HSE (health, safety and environment) activities on a Group-wide basis in accordance with the HSE Management System.	Oct. 2007	9
<b>Information Security Committee</b>	The Company's Information Security Committee evaluates and determines a variety of measures that are considered essential to the maintenance, management, and strengthening of information security.	Nov. 2007	3